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**WONDERFUL HI-TECH CO., LTD.**

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# **2023 Annual Report**

**Printed on May 15, 2024**

I. Spokesperson and Deputy Spokesperson of the Company:

Status	Spokesperson	Deputy Spokesperson
Name	Yu-Hsiu Hsu	Shu-Mei Huang
Title	Vice President	Manager of Financial Department
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Email	<b>nancy.hsu@wontex.com.tw</b>	<b>wtc261@wontex.com.tw</b>

II. Address and Telephone Number of Headquarter and Branch:

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

Telephone: (03) 452-7777

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Telephone: (02) 2298-8033

Branch: None

III. Stock Transfer Institution:

Name: Transfer Agency Department of CTBC Bank Co., Ltd.

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

Telephone: (02)6636-5566

Website: <https://ecorp.chinatrust.com.tw/cts/index.jsp>

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

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

Accounting Firm: PricewaterhouseCoopers (PwC) Taiwan

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

Telephone: (02)2729-6666

Website: [www.pwcglobal.com.tw](http://www.pwcglobal.com.tw)

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

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

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

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

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## One. Letter to Shareholders

### I. 2023 Business Report

(I) In 2023, although the North American market demonstrated strong economic data performance, the market inventory level was high, and most customers were conservative in their order placements. The whole year's revenue growth was less than expected. The market status for the last year is described in the following:

1. Commercial office and residential markets were affected by the high-interest rate, and the economic performance was weak.
2. Market demand in China was weak and competition was severe.
3. The Japanese yen continued to depreciate, and Japanese enterprises preferred local purchases of materials and products.
4. For other markets in Asia, the consumption willingness decreased due to inflation.
5. The space industry continues to develop rapidly.

Under such an environment, Wonderful Group continued to strengthen factory integration in terms of product development, production allocation, and resource input, thus maximizing the overall combat power to provide full support for the development of the North American market. Factories in China continued to adjust the operational direction with great effort, and industrial automation and new energy industry demands were developed locally. The two factories in Southeast Asia continued to benefit from the local automotive, home appliance, air conditioning markets and the development of heavy machineries and cables, such that the business performance was maintained. For the North American market, due to the destocking effect of customers, the order placements slowed down, and the whole-year revenue was NT\$6.5 billion at the end. In comparison to the revenue and profit in 2022, this year's revenue and profit both indicated negative growth.

(II) The 2023 business result report of the Company is as follows:

Unit: NT\$ thousand

Item \ Year	2023	2022	Increase (decrease) %
Operating revenue	6,518,035	9,028,285	(27.80)
Gross profit	960,310	1,578,065	(39.15)
Profit margin %	14.73	17.48	(15.73)
Net income before tax	379,451	750,427	(49.44)

(III) Financial Revenue/Expenditure and Profitability Analysis

Debt ratio (debt/total assets):	47.83%
Current ratio (current assets/current liabilities):	235.38%
Return on shareholders' equity (net profit after tax/average net shareholders equity):	8.95%
Net profit margin (net profit after tax/net operating revenue):	4.10%
Earnings per share (net profit after tax/weighted average number of issued shares):	NT\$1.46

(IV) Research and Development Status

The research and development expenses were NT\$45.34 million in 2023. As of Q1 this year, NT\$12.61 million has been invested in R&D. For 2024, Wonderful Group will continue to focus on technology innovation in order to overcome veracious challenges associated with the global economy and geopolitical changes. Through technology innovation and continuous pursuit of

certification, we expect to increase our product competitiveness, satisfy customers' diverse demands, and promote the Company's long-term development in the industry at the same time.

## II. 2024 Business Plan

### (I) 2024 Outlook

1. Global central banks are coming to an end in raising interest rates to combat inflation.
2. There is still uncertainty about whether the global economy will fall into recession.
3. The development of the industry is affected by geopolitical conflicts, and globalization is inevitable.
4. ESG investment has become a topic for sustainable management of enterprises.

Wantai's management team will continue to integrate the cable group, take advantage of the established regional factories in Southeast Asia, implement the development of regional factories and regional markets, and at the same time expand opportunities to move the industrial chain out of China, using the group's resources to serve and meet new needs. Customers from many different industries.

### (II) Future Company Development Strategy

1. Product development:
  - A. Focus on the development of products required by the network/electronics/residential/electric car/robotics/green energy/healthcare industry.
  - B. Continue to develop and apply cables with special materials(Liquid cooling charging cable).
  - C. Continue to expand all kinds of core extrusion machines and technologies.
  - D. Integrate the production capabilities and equipment resources of each factory to develop new products and new lines.
2. Production planning:
  - A. Expand the Southeast Asian market planning, continuously improve production capacity and expand production cable types.
  - B. Dongguan Plant continues to expand the local sales and transforms from manufacturing in China to deep-rooted business development of the Chinese market.
  - C. Replace Taiwan Plant's old equipments, and develop it into a cable research and development center.
3. Industrial chain transfer:
  - A. Target key development industries: space industry/data center/ electric vehicle / Internet of Things/green energy.
  - B. Seizing the opportunity of industrial chain transfer, factories in Thailand and Vietnam accept customer opportunities from China to Southeast Asia for development.
  - C. Establish North American operation center and supply center in North America.
4. Market planning:
  - A. Deeply cultivate existing markets: North America and Southeast Asia
  - B. Develop new markets: Europe
  - C. Reduce dependence on the single market

(III) Sales Volume Forecast for Next Year

Product item	2024 sales volume forecast (thousand meters)
LAN cables	290,885
Electronic cables	719,142
Computer cables	9,152
High temperature wires	26,619
Power cables	10,998
Automotive cables	414,052
Irrigation cables	18,143
Others	301,524
Total	1,790,515

We wish all shareholders all the best.

Sincerely,

Chairman Ming-Lieh Chang

## **Two. Company Profile**

### **I. Date of Establishment**

Date of Establishment: June 19, 1978

### **II. Company History**

Early Development Period (1978~1982)

- 1978: Company was officially established with the capital of NT\$5 million.
- 1979: Factory construction was completed, and production and sales of products officially started. The number of employees during the early stage was 35 employees, and the capital increased to NT\$20 million.
- 1980: Business development continued to expand and operated at a profit from deficit.
- 1981: Capital increased to NT\$60 million to satisfy the business development needs.

Business Growth Period (1983-1986)

- 1983: Capital increased to NT\$90 million to satisfy the demands for production capability expansion and additional purchase and installation of equipment.
- 1986: Capital increased to NT\$120 million, and the Company also became one of the national leading professional manufacturers for “electronic cables”, and the Company’s industrial position was firmly established.

External Investment Period (1987-1990)

- 1987: Engaged in joint venture with Asahi Tsushin Japan to establish “Wan Shin Electronic Co., Ltd.” and to set up a wire harness plant.
- 1988: Capital increased to NT\$150 million, and product development successfully obtained the certificates of VDE of West Germany, SAA of Australia and F / T Mark of Japan.
- 1989: Capital increased to NT\$195 million, and invested in Thai Wonderful Wire Cable Co., Ltd. to set up cable and wire harness production lines.
- 1990: Engaged in joint venture with Asahi Tsushin Japan again to establish ASAHIBASE in Malaysia in order to set up a wire harness plant. Flat cables were further included as part of the production line of the Company.  
Engaged in joint venture with Wan Shih to establish “Wan Shin Hong Kong” in order to set up a wire harness plant in Dongguan China.

Fast Development Period (1991-1994)

- 1991: Securities and Exchange Commission approved the public offering, and the capital increased to NT\$300 million.
- 1992: Invested in Le Hao Co., Ltd. Hong Kong.  
Invested in Thai Wonderful Wire Cable Co., Ltd.  
Capital increased to NT\$402 million.
- 1993: Wonderful Building located at the Wugu Industrial Park was completed, and the departments of Administration and Marketing also moved into the building to cope with the fast development needs of the Company.
- 1994: Obtained quality assurance of ISO 9002 1994 Edition certified by BSI of UK and UL of US  
Obtained CNS 12682 Quality Assurance certified by the Commodity Inspection Bureau of MOEA.  
Received the honor of the first non-Japanese company certified by “Z-Mark” of Japan Electrical Testing Laboratory Inc.  
Invested and established “Wonderful Holding (BVI) Co., Ltd.” for investing in the establishment of “Yong Tai Electric Wire & Cable Co., Ltd.” in Dongguan for the professional manufacturing of “rubber cables”.



#### Market Development Period (1995-2002)

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

#### New Business Expansion Period (2003~Present)

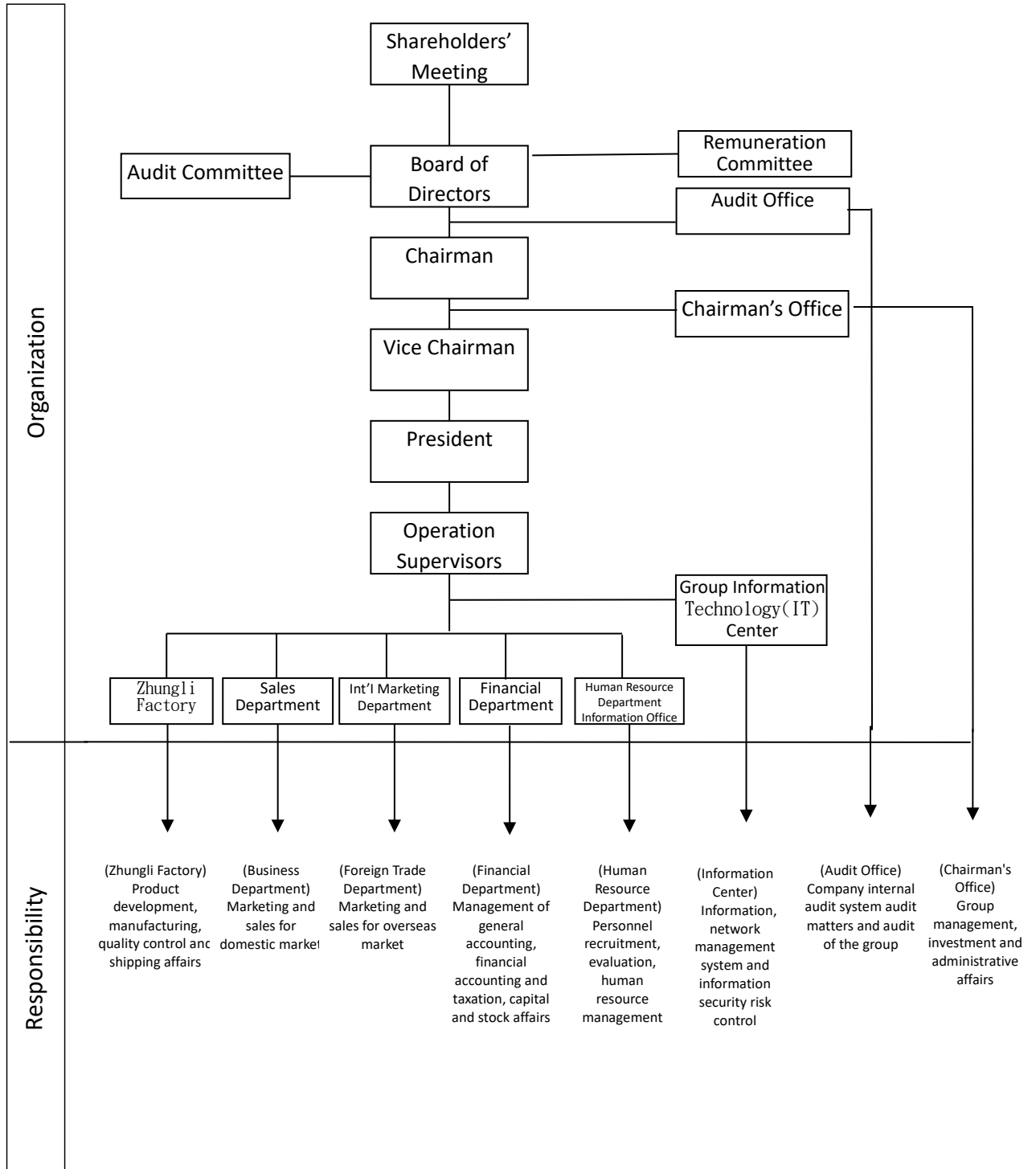
- 2003: Successfully developed the new product RF High Frequency Co-axial Cable, and started mass production and sales of the new product. Established Suzhou Wanshih Electronic Element Co., Ltd.
- 2004: Issued the first time of overseas secured convertible bonds and raised the fund of USD 8 million.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

- 2014: Executed treasury share cancellation in April, and the paid-in capital after capital reduction was NT\$1.2326 billion.  
Issued the fourth domestic secured convertible bonds, and raised the fund of NT\$200 million.
- 2015: Indirectly executed capital increase of Shanghai Elitech Technology Co., Ltd. in June through a third region investment in Yi-Tai Technology Co., Ltd., and the capital increase amount was USD 1,500 thousand.  
Shanghai Elitech Optoelectronic Technology Co., Ltd. changed its name to “Shanghai Elitech Technology Co., Ltd.” on November 1, 2015.
- 2016: Executed treasury share cancellation in April, and the paid-in capital after capital reduction was NT\$1.276 billion.  
The 11th and 12th repurchased of treasury shares of the Company for a total of 1,650 thousand shares were transferred to employees completely.  
Participated in the cash capital increase of NT\$15 million for the Saga YesFamily Healthcare Co., Ltd. in May, and acquired 28.30% of the equity of the company.
- 2017: Executed the fourth domestic secured convertible bonds of 2 thousand stock certificates (1000 shares/stock certificate) and converted into common shares of 19,607,714 shares completely.
- 2018: Acquired the equity of the associate ABA Industry Inc. and the shareholding increased to 82% in January.  
Obtained CAT8 certification in March, and CMP CAT8 cable was the first to receive the US EFL certification worldwide, CMR CAT8 received the Channel certification.  
Received the honor of first domestic wire and cable manufacturer to be granted with the patent for manufacturing equipment management system in December.
- 2019: Increased the investment in Inga Nano Technology Co., Ltd. and acquired a total of 33.36% of equity.
- 2020: Completed the Phase 3 facility construction of Wonderful (Vietnam) Wire and Cable Co., Ltd. in March 2020 for a three storage building with a total area of 9,720 square meters.  
Established the ACTife Hi-Tech Co., Ltd., and the paid-in capital was NT\$20 million.  
Established the Leading LOHAS International Trading Company, and the paid-capital was NT\$1million.
- 2021: Executed the cash capital increase with the issuance of new shares of 9,200 thousand shares, and raised the fund of NT\$191.36 million.  
Issued the fifth domestic unsecured convertible bonds with the total issuance par value of NT\$300 million, and raised the fund of NT\$19.19 million.
- 2022: The Company executed the 14th and 15th repurchase of treasury shares for a total of 5,530 thousand shares, and transferred 3,885 thousand shares on December 22, 2018 and 1,645 thousand shares on March 31, 2022, such that all of the repurchased shares were transferred to employees completely.  
Executed the fifth domestic unsecured convertible bonds of 3 thousand stock certificates (1000 shares/stock certificate) and converted into common shares of 12,096,693 shares completely.  
Issued the sixth domestic unsecured convertible bonds with the total issuance par value of NT\$ 800 million only, and raised the fund of NT\$ 810,092,000.
- 2024: Thai Wonderful Wire Cable Co., Ltd. increased capital in cash, with a total issuance amount of THB\$140,000,000. After the capital increase, the capital amount was changed to THB214,457,000, with the company accounting for 73.5%.

### Three. Corporate Governance Report

#### I. Organization System

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



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

### (I) Director Information (1):

April 14, 2024

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment) date	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Chairman	Taiwan	Ming-Lieh Chang	Male 61~70 years old	2022.6.8	3 years	1978.6.19	11,009,911	6.83	11,465,911	7.08	1,145,748	0.71	0	0	John's University Chairman of Wanshih Electronic Co., Ltd.	Director of Le Hao International Co., Ltd. Director of Le Hao Co., Ltd. Chairman of Wonderful Photoelectricity (Dongguan) Co., Ltd. Director of Wonderful Holding (Cayman) Co., Ltd. Director of Wonderful International (Cayman) Co., Ltd. Director of Wonderful Holding (Thailand) International Co., Ltd. Chairman of Thai Wonderful Wire Cable Co., Ltd. Chairman of Wonderful Photoelectricity Co., Ltd. Chairman of Vietnam Wonderful Wire Cable Co., Ltd. Corporate Director Representative of Wanshih Electronic Co., Ltd. Chairman of Wan Shih (Hong Kong) Co., Ltd. Director of Suzhou Wanshih Optical Communication Co., Ltd. Director of ASAHI BEST BASE SDN.BHD Director of PT Asahi Best Base Indonesia Chairman of ABA Industry Inc. Director of Data Lake Co., Ltd. Chairman of Inga Nano Technology Co., Ltd. Chairman of ACTife Hi-Tech Co., Ltd.	Director Director	Ming-Hua Chang Cheng-Po Chang	Brothers Father-son	. Note
Vice Chairman	Taiwan	Ming-Hua Chang	Male 71~80 years old	2022.6.8	3 years	1978.6.19	1,924,605	1.19	1,924,605	1.19	886,017	0.55	0	0	National Pingtung University of Science and Technology Vice Chairman of Wonderful Hi-Tech Co., Ltd.	Director of Le Hao International Co., Ltd. Director of Le Hao Co., Ltd. Director of Wonderful Holding (Thailand) Co., Ltd. Director of Thai Wonderful Wire Cable Co., Ltd.	Chairman	Ming-Lieh Chang	Brothers	

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment) date	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Director	Taiwan	Cheng-Po Chang	Male 41~50 years old	2022.6.8	3 years	2004.6.21	1,540,443	0.96	840,443	0.52	328,799	0.20	700,000	0.43	Chihlee University of Technology Vice Factory Director of Wonderful Hi-Tech Co., Ltd. Head of Operation of ABA Industry Inc.	Vice President of the Company Director of Le Hao International Co., Ltd. Director of Le Hao Co., Ltd. Director of Wonderful Photoelectricity (Dongguan) Co., Ltd. Director of Wonderful Photoelectricity Co., Ltd. Director of Vietnam Wonderful Wire Cable Co., Ltd. Director of Yi-Tai Technology Co., Ltd. Director and Head of Operation of ABA Industry Inc. Chairman of Mei Ming Investment Co., Ltd. Director of Inga Nano Technology Co., Ltd. Chairman of Xuanheng Investment (Co., Ltd.)	Chairman	Ming-Lieh Chang	Father-son	
Director	Taiwan	Lung-Chih Chung	Male 51~60 years old	2022.6.8	3 years	2007.6.13	348,246	0.22	348,246	0.22	42	0.00	0	0	STRAYER COLLEGE U.S.A. Director of Wonderful Hi-Tech Co., Ltd.	President's Special Assistant and Sales Manager of Fu San Machinery Co., Ltd.	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment) date	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Independent Director	Taiwan	Kuei-Sen Huang	Male 71~80 years old	2022.6.8	3 years	2010.6.8	0	0.00	0	0.00	0	0.00	0	0	MBA, Harvard University U.S.A. Master of Mechanical Engineering, South Dakota School of Mines and Technology U.S.A., Bachelor of Mechanical Engineering, Osaka University Japan Qualified 1969 national advanced examination in mechanical engineering, qualified 1969 professional mechanical engineer examination, qualified US national engineer examination President of Amphenol Taiwan Corporation and Korean FCI Group President of Full Rise Electronic Co., Ltd.	Chairman of UJU Electronics International Inc Chairman of Vericon Co., Ltd.	None	None	None	
Independent Director	Taiwan	Ching-Feng Sun	Male 61~70 years old	2022.6.8	3 years	2010.6.8	0	0.00	10,000	0.01	0	0.00	0	0	MBA, University of Michigan USA Master of Material Science, Wayne State University USA Department of Materials and Mineral Resources Engineering, National Taipei University of Technology R&D Team Leader, Prime Optical Fiber Corporation Director of Asia Technology Center, Emerson Electric Company Financial Analysis of United Tech-Carrier Assistant Vice President of Chengxin Venture Capital President of Shuchengfeng /Shengda / Kangqun Venture Capital	President of SAGA Unitek Ventures Chairman of Fitek Photonics Corporation Independent Director of Tah Tong Textile Co., Ltd. Supervisor of Pixon Technologies Corporation Supervisor of Taiwan Venture Capital Association Independent Director of Hua Eng Wire & Cable Co., Ltd. Independent Director of Chicony Power Technology Co., Ltd.	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment) date	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Independent Director	Taiwan	Shih-Yang Chen	Male 61~70 years old	2022.06.08	3 years	2022.06.08	0	0.00	0	0.00	201	0.00	0	0	Department of Accounting, Soochow University CPA of Taipei Office and Responsible Person of Taipei Office, Zhongshan Accounting Firm	CPA and Responsible Person of Taipei Office, Zhongshan Accounting Firm Chairperson of National Accounting and Taxation Committee of Certified Public Accountant (CPA) Director of Hsin Kuang Steel Co., Ltd. Director of Taiwan Chinsan Electronic Industrial Co., Ltd. Monthly Journal Deputy Editor of Angle Review of Finance and Taxation Practices Independent Director of Dahua Construction Co., Ltd.	None	None	None	
Independent Director	Taiwan	Chun-Chi Yang	Female 51~60 years old	2022.06.08	3 years	2022.06.08	0	0.00	0	0.00	0	0.00	0	0	PhD., Department of Business Administration, National Taiwan University. Director of International Education, Director of Human Resources, and Director of the Department of Business Administration, Fu Jen Catholic University.	Professor and Department Director of Department of Business Administration, Fu Jen Catholic University. Independent Director and Remuneration Committee Member of Poweretch Industrial Co., Ltd. Remuneration Committee Member of Makalot Industrial Co., Ltd.	None	None	None	

Note: Where the Company's Chairman and President or equivalent job position (highest managerial officer) refer to the same individual, or being spouse or first-degree relative of each other, it is necessary to explain the reason and relevant information on the reasonability, necessary and responsive measures (such as the method of increase of independent director seats, a majority of directors without concurrent job position of employee or managerial officer etc.) :  
The Chairman and the General Manager of the company are first-degree relatives. This arrangement is made in consideration of the second-generation succession plan for the company. To address this, the company has appointed an additional independent director, resulting in a total of four independent directors. Furthermore, the majority of directors (7 out of 8 directors) are not concurrently serving as employees or executives.

## Director Information (2)

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

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



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

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

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

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

## II. Diversity and independence of board of directors:

### (I) Diversity of board of directors:

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

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

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

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

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

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

(II) Independence of board of directors:

The Company has established the “Regulations for Election of Directors’ according to Articles 21 and 41 of the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”. The selection of independent directors complies with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, and the election of directors of the Company adopts the candidate nomination system and the cumulative voting system. There are a total 8 board members for the present term of office of the Company, including 4 independent directors, accounting for 50% of the total number of directors. There is one general director and 3 directors equipped with the employee status, accounting for 50% of the total number of directors. There are 7 directors among total of 8 directors, exceeding the majority of directors, not concurrently acting as employees or managerial officers. All directors and independents are not subject to matters described in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

Status of directors having the relationship of spouse or relative within second degree of kinship with other directors (please refer to Director Information (1) on pages 8~11 for details)

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

April 14, 2024

Title	Nationality	Name	Gender	Date of election (appointment) date	Shareholding		Holding of shares by spouse, underage children		Shareholding by nominee arrangement		Main Educational Background (Experience)	Current adjunct positions at other companies	Manager with relationship of spouse or within second degree of kinship			Remarks
					Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %			Title	Name	Relationship	
President	Taiwan	Cheng-Ya Chang	Male	2024.01.01	10,613	0.01	327,401	0.20	850,000	0.52	Department of Business Administration, National Central University Executive Vice President of Wire and Cable Business Unit, Wonderful Hi-Tech Co., Ltd. Vice President of Thai Wonderful Wire Cable Co., Ltd.	Director of Thai Wonderful Wire Cable Co., Ltd. Director of Le Hao International Co., Ltd. Director of Le Hao Co., Ltd. Director of Vietnam Wonderful Wire Cable Co., Ltd. and Wonderful Photoelectricity Dongguan Director of Shanghai Elitech Technology Co., Ltd. Director of Mei Ming Investment Co., Ltd. Chairman of Yayi Investment Co., Ltd.	Chairman Vice President	Ming-Lieh Chang Cheng-Po Chang	Father-son Brothers	Note
Vice President	Taiwan	Cheng-Po Chang	Male	2024.01.01	840,443	0.52	328,799	0.20	700,000	0.43	Chihlee University of Technology Vice Factory Director of Wonderful Hi-Tech Co., Ltd. Head of Operation of ABA Industry Inc.	Director of Le Hao International Co., Ltd. Director of Le Hao Co., Ltd. Director of Wonderful Photoelectricity (Dongguan) Co., Ltd. Director of Wonderful Photoelectricity Co., Ltd. Director of Vietnam Wonderful Wire Cable Co., Ltd. Director of Yi-Tai Technology Co., Ltd. Director and Head of Operation of ABA Industry Inc. Chairman of Mei Ming Investment Co., Ltd. Director of Inga Nano Technology Co., Ltd. Chairman of Xuanheng Investment (Co., Ltd.)	Chairman Vice President	Ming-Lieh Chang Cheng-Ya Chang	Father-son Brothers	
Vice President	Taiwan	Yu-Hsiu Hsu	Female	2022.07.01	24,000	0.01	0	0	0	0	Business Administration Class of Senior Officer Enterprise Master Program, National Central University CFO of Wanshieh Electronic Co., Ltd. Manager of General Management Division, Wonderful Hi-Tech Co., Ltd.	Director of Wonderful Photoelectricity Co., Ltd. Supervisor of Suzhou Wanshieh Optical Communication Co., Ltd. Supervisor of Wan Shieh (Hong Kong) Co., Ltd. Director of Le Hao International Co., Ltd. Director of Le Hao Co., Ltd. Supervisor of Wonderful Photoelectricity (Dongguan) Co., Ltd.	None	None	None	

Title	Nationality	Name	Gender	Date of election (appointment) date	Shareholding		Holding of shares by spouse, underage children		Shareholding by nominee arrangement		Main Educational Background (Experience)	Current adjunct positions at other companies	Manager with relationship of spouse or within second degree of kinship			Remarks
					Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %			Title	Name	Relationship	
Vice President	Taiwan	Ming-Yuan Hsieh	Male	2024.01.01	74,000	0.05	0	0	0	0	Department of Mechanical Engineering, Datong Institute of Technology	President of Thai Wonderful Wire Cable Co., Ltd. Southeast Operations Chief of WONDERFUL HI-TECH CO., LTD. Director of Wonderful Holding (Thailand) Co., Ltd. Director of Wonderful International (Cayman) Co., Ltd.	None	None	None	

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

The Chairman and the General Manager of the company are first-degree relatives. This arrangement is made in consideration of the second-generation succession plan for the company. To address this, the company has appointed an additional independent director, resulting in a total of four independent directors. Furthermore, the majority of directors (7 out of 8 directors) are not concurrently serving as employees or executives.

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

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

Unit: NT\$ thousand

Title	Name	Remuneration of directors								Total of Four Items of A+B+C+D as a Percentage of Net Income		Relevant compensation received by adjunct employees								Total of Seven Items of A+B+C+D+E+F+G as a Percentage of Net Income		Compensation from investees or parent company other than subsidiaries received
		Remuneration (A)		Retirement Pension (B) (Note 2)		Remuneration of Directors (C) (Note 1)		Expenses for execution of business (D)				Salary, bonus and special disbursement (E)		Retirement Pension (F) (Note 2)		Employees' remuneration (G) (Note 1)						
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies listed in the financial statements	
Chairman	Ming-Lieh Chang	3,159	3,630	0	0	603	603	30	30	3,792 1.69%	4,263 1.90%	593	593	305	305	0	0	0	0	4,690 2.09%	5,162 2.30%	1,762
Vice Chairman	Ming-Hua Chang	2,475	2,475	0	0	603	603	30	30	3,108 1.38%	3,108 1.38%	555	555	260	260	0	0	0	0	3,923 1.75%	3,923 1.75%	None
Director	Lung-Chih Chung	0	0	0	0	603	603	30	30	633 0.28%	633 0.28%	0	0	0	0	0	0	0	0	633 0.28%	633 0.28%	None
Director	Cheng-Po Chang	0	0	0	0	603	603	20	20	623 0.28%	623 0.28%	3,045	3,045	99	99	320	0	320	0	4,087 1.82%	4,087 1.82%	None
Director (Note 3)	Dang-Wu Yang	0	0	0	0	0	0	10	10	10 0.00%	10 0.00%	0	0	0	0	0	0	0	0	10 0.00%	10 0.00%	None
Independent Director	Kuei-Sen Huang	390	390	0	0	603	603	85	85	1,078 0.48%	1,078 0.48%	0	0	0	0	0	0	0	0	1,078 0.48%	1,078 0.48%	None
Independent Director	Ching-Feng Sun	390	390	0	0	603	603	85	85	1,078 0.48%	1,078 0.48%	0	0	0	0	0	0	0	0	1,078 0.48%	1,078 0.48%	None
Independent Director	Shih-Yang Chen	390	390	0	0	603	603	25	25	1,018 0.45%	1,018 0.45%	0	0	0	0	0	0	0	0	1,018 0.45%	1,018 0.45%	None
Independent Director	Chun-Chi Yang	390	390	0	0	603	603	30	30	1,023 0.46%	1,023 0.46%	0	0	0	0	0	0	0	0	1,023 0.46%	1,023 0.46%	None

1. Please describe the payment policy, system, standard and structure for remuneration of independent directors, and explain the relationship with the remuneration payment according to the job duties handled, risks and time invested, etc.:

When the directors of the Company perform job duties of the Company, regardless whether the Company is operating at a profit or loss, the Company may pay remuneration, and the board of directors is authorized to determine the remuneration according to their participation level and contribution value to the operation of the Company along with the consideration of the standard adopted in the same industry. In addition, transportation allowance may also be paid.

When the Company has a surplus earning, remuneration is further distributed according to Article 26 of the Articles of Incorporation of the Company.

2. In addition to the disclosure of the table above, the remuneration collected in by directors of the Company for providing services (such as acting as non-employee consultant of the parent company/companies/investees indicated in the financial report): Dang-Wu Yang Director served as the consultant of the Company and received a remuneration of NT\$ 1,153,000 as of 5/31, 2023

Note 1: The 2023 surplus earning of the Company has not yet been resolved by the shareholders' meeting for distribution, and the remunerations of directors and employees refer to the proposed amount approved by the board of directors.

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

Note 3: Has been dismissed on June 2, 2023.

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

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

Unit: NT\$ thousand

Title	Name	Salary (A)		Retirement Pension (B) (Note 2)		Bonus and special disbursement (C)		Employees' remuneration (D) (Note 1)				Total of Four Items of A+B+C+D as a Percentage of Net Income		Compensation from investees or parent company other than subsidiaries received
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companies listed in the financial statements		The Company	All companies listed in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President(Note)	Cheng-Ya Chang													
Vice President(Note)	Cheng-Po Chang	5,037	5,037	301	301	3,784	3,784	826	0	826	0	9,948 4.43%	9,948 4.43%	0
Vice President	Yu-Hsiu Hsu													

Note: The general manager was originally held by Cheng-Po Chang. Starting from January 1, 2024, in conjunction with the company's position adjustment, Cheng-Ya Chang will be held as the general manager.

#### Remuneration bracket

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

Note 1: The 2023 surplus earning of the Company has not yet been resolved by the shareholders' meeting for distribution, and the remuneration of employees refers to the proposed amount approved by the board of directors.

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

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

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

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

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

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

December 31, 2023; NT\$ thousand

Title		Name	Stock amount	Cash amount	Total	Ratio of Total to Net Income (%)
Managerial officers	President	Cheng-Ya Chang	0	826	826	0.37
	Vice President	Cheng-Po Chang				
	Vice President	Yu-Hsiu Hsu				

Note: The 2023 surplus earning of the Company has not yet been resolved by the shareholders' meeting for distribution, and the remuneration of employees refers to the proposed amount approved by the board of directors.

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

Unit: NT\$ thousand

Title	2023				2022			
	Total remuneration paid		As a percentage of net come %		Total remuneration paid		As a percentage of net come %	
	The Company	All companies in the consolidated statements	The Company	All companies in the consolidated statements	The Company	All companies in the consolidated statements	The Company	All companies in the consolidated statements
Director	12,363	12,834	5.51	5.72	16,659	20,456	3.57	4.39
President and Vice Presidents	9,948	9,948	4.43	4.43	18,752	20,209	4.03	4.34
Total	22,311	22,782	9.94	10.15	35,411	40,665	7.60	8.73

Independent directors of the Company receive fixed remuneration, and the rest of directors receive attendance fee for each board of directors' meeting. In addition, according to the Articles of Incorporation of the Company, when the Company has a profit for a fiscal year, 2% to 4% of the profit before tax and before the deduction of the distribution of remunerations of directors shall be set



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

(IV) Continuing Education and Training Status of Directors

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

2023 continuing education status of directors is as follows:

Title	Name	Organizer	Course Name	Training Hours	Whether it complies with the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies”
Director	Ming-Lieh Chang	Taiwan Corporate Governance Association	Corporate carbon rights and carbon asset management responses under the operation of the global carbon trading mechanism	3	Yes
Director	Ming-Hua Chang	Chinese National Association of Industry and Commerce Taiwan Corporate Governance Association	Corporate governance, corporate fraud and major case analysis 2024 Global Economic Outlook and Industrial Trends	3 3	Yes
Independent Director	Ching-Feng Sun	Chinese National Association of Industry and Commerce	Business secret litigation practice, non-compete clauses and cases Financial technology innovation application trends	3 3	Yes
Independent Director	Shih-Yang Chen	National Accounting of Certified Public Accountant (CPA)  Taiwan Corporate Governance Association	1.Accountant money laundering prevention supervision and practice. 2.IAS 12 Income Tax 3.Analysis on the practical operation of independent directors and audit committee 4.Investment grade sustainability report Board governance under ESG	3 3 3 3 3	Yes
Independent Director	Chun-Chi Yang	Taiwan Corporate Governance Association  Chinese National Association of Industry and Commerce	1.Decarbonization and corporate purchasing of green electricity/Integrated strategies for climate action and decarbonization vision 2.Trends and risk management of digital technology and artificial intelligence Sustainable Transformation Course Series: Global Nature and Biodiversity Trends, Challenges and Opportunities	3 3 3	Yes

#### IV. Corporate Governance Status

##### (I) (1) Board Operation Status:

During the period from 2023/1/1 to 2024/4/30, there were 7 board meetings (A), and the attendance status of directors is as follows:

Title	Name	Actual number of attendance (B)	Number of attendance by proxy	Actual attendance rate (%) [B/A] (Note)	Remarks
Chairman	Ming-Lieh Chang	7	0	100	
Director	Ming-Hua Chang	7	0	100	
Director	Lung-Chih Chung	7	0	100	
Director	Cheng-Po Chang	7	0	100	
Director	Dang-Wu Yang	2	0	100	Dismissed on June 2, 2023 Should attend 2 times
Independent Director	Ching-Feng Sun	7	0	100	
Independent Director	Kuei-Sen Huang	6	1	86	
Independent Director	Shih-Yang Chen	6	1	86	
Independent Director	Chun-Chi Yang	7	0	100	

Other matters required to be recorded:

- I. Where the operation of a board meeting is subject to one of the following, the board meeting date, session, proposal content, opinion of all independent directors and Company's handling for the opinions of independent directors shall be described:
  - (I) Matters specified in Article 14-3 of Securities and Exchange Act: Please refer to important resolutions of the board of directors' meetings and resolution result on pages 46~47.
  - (II) Except for the aforementioned matters, other resolutions of board meetings subject to dissenting opinions or qualified opinions and equipped with records or written statements:  
The independent directors held no dissenting or qualified opinions.
- II. For the execution status of recusal of directors due to conflicts of interest, the name of directors, proposal content, reasons of recusal and participation in voting shall be described: No such thing
- III. Public company shall disclose the information on the evaluation cycle and period, evaluation scope, method and evaluation content, etc. of the self-evaluation (or peer evaluation) of the board of directors, and Table 2 (2) Board evaluation execution status shall be described.
- IV. Goals (such as establishment of Audit Committee, improvement of information transparency etc.) for establishment of and execution status evaluation on the enhancement of functions of the board of directors for the current year and the most recent year: The Company has established the Audit Committee formed by all independent directors to replace the supervisors according to Article 14-4 of the Securities and Exchange Act, in order to enhance the functions of the board of directors.

Note: All independent directors of the Company attended each board meeting in person in 2023 and up to the date of April 30, 2024.

##### (2) Board of Directors Evaluation Implementation Status:

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

				committee C. Improvement of quality of decisions made by the functional committee D. Composition of the functional committee and election of its members E. Internal control F. Other items
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The company will submit the evaluation results to the board of directors held on March 13, 2024. The evaluation results are as follows:

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

(II) Audit Committee Implementation Status:

Audit Committee Implementation Status Information:

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

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

The responsibilities and authorities of the committee are as follows:

- I. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- II. Review on the effectiveness of the internal control system.
- III. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- IV. Matters bearing on the personal interest of a director.
- V. Material assets or derivatives transactions.
- VI. Material monetary loans, endorsements, or provision of guarantees.
- VII. Offering, issuance, or private placement of any equity-type securities.
- VIII. Appointment, discharge, or compensation of an attesting CPA.
- IX. Appointment or discharge of financial, accounting, or internal auditing officers.
- X. Annual and semi-annual financial reports.
- XI. Other material matters specified by the Company or competent authority.

From 2023/1/1 to 2024/4/30, a total of 6 sessions (A) of Audit Committee meetings were convened, and the attendance status of independent directors is as follows:

Title	Name	Actual number of attendance (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Independent Director	Kuei-Sen Huang	6	0	100	
Independent Director	Ching-Feng Sun	6	0	100	
Independent Director	Shih-Yang Chen	6	0	100	
Independent Director	Chun-Chi Yang	6	0	100	
Other matters required to be recorded:					
I. Where the operation of Audit Committee is subject to one of the following, the board meeting date, session, proposal content, dissenting opinion of independent directors, reserved opinions or major recommendation item content, resolution result of the Audit Committee meeting and the Company's handling with respect to the opinions of the Audit Committee.					
(I) Matters specified in Article 14-5 of the Securities and Exchange Act.					
(II) In addition to the aforementioned motions, other motions without approval by the Auditing Committee but passed by the Board with 2/3 of the Directors.					
Audit Committee Meeting Convention Date	Proposal content, dissenting, qualified opinions or major recommendation content of independent directors and subsequent handling	Matters specified in Articles 14-5 of the Securities and Exchange Act	Resolutions not approved by the Audit Committee but with the consent of more than two-thirds of all directors		
11st meeting of 2nd term 2024.3.13	1. 2023 Consolidated and parent company only financial statements prepared according to IAS. 2. 2023 earnings distribution. 3. Distribution of 2023 remuneration of employees and remuneration of directors. 4. Handling of financial derivatives. 5. CPA independence and competency assessment and appointment. 6. Evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others. 7. Increased capital of Thailand Wantai by THB 102,900,000 (USD 2,882,352.95). 8. Amend some provisions of the Company's "Organizational Rules of the Audit Committee". 9. 2023 statement of internal control system.	V  V V V V	None	Resolution result of the Audit Committee: The proposal was passed without objection. Company's Handling for Opinions of Audit Committee: Approved by all attending directors.	
10st meeting of 2nd term 2023.12.20	1. Formulate the Company's 2024 operating plan. 2. Formulate the Company's 2024 audit plan. 3. Handling of financial derivatives. 4. Loaned fund of USD 2 million only to Thai Wonderful Wire Cable Co., Ltd., a subsidiary of Wonderful Hi-Tech Co., Ltd. 5. The ratified certified accountants, their firms and their affiliated companies may provide non-certified services to the company and its subsidiaries (Non-assurance services).	V V	None	Resolution result of the Audit Committee: Case No. 5 Independent Director Shih-Yang Chen suggested that the ratio of assurance services and non-affirmation services provided by accountants should be used for reference in the future. The proposal was passed without objection. Company's Handling for Opinions of Audit Committee: Approved by all attending directors.	
9st meeting of 2nd term 2023.11.10	1. Report on consolidated financial statements prepared in accordance with IAS in Q3/2023. 2. Evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others.	V V	None	Resolution result of the Audit Committee: The proposal was passed without objection. Company's Handling for Opinions of Audit Committee: Approved by all attending directors.	
8st meeting of 2nd term 2023.8.9	1. Report on consolidated financial statements prepared in accordance with IAS in Q2/2023. 2. Handling of financial derivatives. 3. Evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others.	V V V	None	Resolution result of the Audit Committee: In the first case, independent director Shih-Yang Chen suggested that the sales, procurement, and production management information of the Thai factory should be closely communicated to avoid excessively high inventory levels. The proposal was passed without objection. Company's Handling for Opinions of Audit Committee: Approved by all attending directors.	
7st meeting of 2nd term 2023.5.12	1. Report on consolidated financial statements prepared in accordance with IAS in Q1/2023. 2. Handling of financial derivatives.	V V	None		

	3.Evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others.	V	
	Resolution result of the Audit Committee: The proposal was passed without objection.		
	Company's Handling for Opinions of Audit Committee: Approved by all attending directors.		
6st meeting of 2nd term 2023.3.17	1. 2022 Consolidated and parent company only financial statements prepared according to IAS.	V	None
	2. 2022 earnings distribution.		
	3. Distribution of 2022 remuneration of employees and remuneration of directors.		
	4. Handling of financial derivatives.	V	
	5. CPA independence and competency assessment and appointment.	V	
	6.The sixth issuance of domestic unsecured convertible bonds for conversion into new shares and the establishment of capital increase base date.		
	7. Evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others.	V	
	8.A letter of support was issued to Taiwan Taishin Bank for its subsidiary - Vietnam Wonderful Hi-Tech Group, Vietnam, to facilitate its credit application.		
	9. Amend the "Procedures for Transferring Repurchased Shares to Employees" of the Company.		
	10. Amend some provisions of the "Articles of Incorporation" of the Company.		
	11. 2022 statement of internal control system.	V	
	Resolution result of the Audit Committee: The proposal was passed without objection.		
	Company's Handling for Opinions of Audit Committee: Approved by all attending directors.		

II. For the execution status of recusal of independent directors due to conflicts of interest, the name of independent directors, proposal content, reasons of recusal and participation in voting shall be described: None.

III. Status of Communication of Independent Directors and Internal Audit Officer and CPA

(I) Policy for Communication of Independent Directors and Internal Audit Officer and CPA

1. Independent directors maintain proper two-way communication with CPA, and the communication matters include: Communication plan, role and responsibility of the accountant in charge, audit plan, independence of CPA, and other matters. All information helpful to the audit operation, and particularly, any fraud previously occurred, suspected or heard, or any matters nonconforming to the regulatory requirements and abnormal operation or unusual transactions. For such matters, the CPA or Assistant Manager in charge shall be informed timely, or further interviews shall be arranged.
2. The internal audit officer and independent directors convene meeting at least once quarterly and to submit report on the internal audit execution status and internal control operation status of the Company. In case of material abnormal events, meeting may be convened at any time.

(II) Summary on Status of Communication of Independent Directors and Internal Audit Officer

Independent Directors and Internal Audit Officer Communication Seminar

Date: 2023/03/17

Communication matter: 1.Audit Report covering the 1st quarter of 2023

2.2022 Declaration of Internal Control System.

3.Head of internal auditor responds to questions raised in the meeting.

Communicate results: Passed after review,Report to the Board for final approval.

Date: 2023/05/12

Communication matter: 1.Audit Report covering the 2st quarter of 2023

2.Head of internal auditor responds to questions raised in the meeting.

Communicate results:It is confirmed that there,were no material,opinions put forth.

Date: 2023/08/09

Communication matter: 1.Audit Report covering the 3st quarter of 2023

2.Head of internal auditor responds to questions raised in the meeting.

Communicate results:It is confirmed that there,were no material,opinions put forth.

Date: 2023/11/10

Communication matter:1.The first Audit Report covering the 4st quarter of 2023

2.Head of internal auditor responds to questions raised in the meeting.

Communicate results:It is confirmed that there,were no material,opinions put forth.

Date: 2023/12/20

Communication matter: 1The second Audit Report covering the 4st quarter of 2023

2.2024 Annual Audit Plan.

3.Head of internal auditor responds to questions raised in the meeting.

Communicate results: Passed after review,Report to the Board for final approval.

(III) Summary on Status of Communication of Independent Director and CPA

Date: 2023/8/9

Subject: CPA review completion stage and governance unit communication matters

A.Review scope and conclusion

B.Sharing of major legal updates

C.Introduction to the sustainable development action plan of listed companies

Date: 2023/12/20

Subject: CPA check the planning stage and governance unit communication matters

A.Communication method/time schedule

B.Audit plan  
C.Other communication matters  
D.Audit quality indicators  
E.Action plan and schedule for sustainable development of listed companies



<p>own discretion?</p> <p>(III) Has the Company established a set of policies and assessment tools to evaluate the board's performance? Is performance evaluated regularly at least on an annual basis? In addition, has the result of the performance assessment been submitted to the board of directors' meeting and used as reference for the remuneration and nomination or reelection of individual director?</p> <p>(IV) Are external auditors' independence assessed on a regular basis?</p>	<p>V</p> <p>V</p>	<p>(III) The Company has established the "Regulations for Board of Directors Performance Evaluation" and has implemented self-evaluation for the board of directors and individual directors. In addition, the result of performance evaluation has been reported to the board meeting held on 2024.3.13, which is also used as the reference for distribution of remuneration of directors, nomination and consecutive term of office of directors. The Company has reported the performance evaluation result before the first quarter of 2024 according to the regulations.</p> <p>(IV) The Company evaluates the CPA's independence and competency once annually during the board meeting. For the evaluation process, please refer to Note 3 for details.</p>	<p>committees according to the actual development status and future needs.</p> <p>(III) No major difference</p> <p>(IV) No major difference</p>
<p>IV. Has the publicly listed company designated a department or personnel that specializes (or is involved) in corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, convention of board meetings and shareholder meetings, company registration and changes, preparation of board meeting and shareholder meeting minutes etc.)?</p>	<p>V</p>	<p>The position of corporate governance staff of the Company was concurrently held by Yu-Ling Cheng, The company has designated Manager Huang Mianmei of the Finance Department to concurrently serve as the director of corporate governance. The two of them have rich experience in discussion and other management. Secretary of Chairman's Office, and she is equipped with the working experience in meeting affairs management for ten years. The main responsibilities include handling matters of board of directors' meetings and assisting matters related to shareholders' meetings according to the laws, preparing meeting minutes of the board of directors' meetings and shareholders' meetings, assisting assumption of office and continuing education of directors, providing documents necessary for directors to perform duties, assisting directors in legal compliance, etc. Duty execution status is as follows:</p> <ol style="list-style-type: none"> <li>1. Assist independent directors and general directors to perform job duties, provide necessary documents and arrange the training for the directors.</li> <li>2. For the amendment and development of the latest laws and regulations in the corporate operation field and corporate governance relevant field, provide such information to the board members timely and to update information periodically.</li> <li>3. Examine the confidentiality level of relevant information and provide company information necessary for directors, maintain the smoothness of communication and exchange among directors and all business supervisors.</li> <li>4. Inquire opinions of all directors before the board of directors' meeting and prepare meeting agenda, and also inform all directors for attendance at least seven days before the meeting and provide sufficient meeting documents, in order to facilitate directors to understand the content of relevant proposals. When any proposal content involves conflict of interest with stakeholder and recusal is required, the counterparty is informed in advance, and the board of directors' meeting minutes is also completed within 20 days after the meeting.</li> <li>5. Confirm the shareholders' meeting date according to the time-limit specified by the law, and prepare shareholders' meeting handbook and shareholders' meeting minutes.</li> </ol>	<p>No major difference</p>
<p>V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?</p>	<p>V</p>	<p>The Company has established the spokesperson system, and communication information is provided on the Company's website. In addition, public information system is also properly utilized, thereby allowing shareholders and stakeholders to sufficiently understand the financial status and corporate governance implementation status of the Company. The Company, based on the principles of ethics and transparency, provides sufficient information to correspondent banks and other creditors to facilitate their understanding of the operational status of the Company, in order to make judgement and decisions.</p>	<p>No major difference</p>



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

			<p>The Company has established a risk management policy, and all material proposals related to major operational policy, investment cases, endorsements/guarantees, loaning of funds, derivatives, and bank financing, etc., are evaluated and analyzed by appropriate responsible departments and executed according to the resolution of board meetings. The Audit Office also establishes the annual audit plan according to the risk assessment result and executes the audit properly, such that the supervisory mechanism and risk control management are implemented properly.</p> <p>(VIII) Customer policy implementation status: The Company is committed to quality and professional skill improvement, and has set up the Foreign Trade Department and Sales Department to be responsible for the products and after-sale service of overseas and domestic customers. In addition, the quality abnormality and product exchange/return process have also been established. The Quality Assurance Department is responsible for handling customer complaint cases, in order to protect the rights and interests of customers.</p> <p>(IX) Status of liability insurance purchased by the Company for the directors and supervisors: The Company has purchased liability insurance for directors and independent directors.</p>	
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IX. Please provide explanation on the improvement status of the corporate governance evaluation announced by Taiwan Stock Exchange (TWSE) in the most recent year, and provide priority enhancement and measures for matters yet to be improved.

(I) Corporate Governance Evaluation Result

According to the evaluation result of the 10th Term of Corporate Governance Evaluation System announced by the Securities and Futures Institute on April 30, 2024, the Company is a company ranked at top 51% to 65%.

(II) Status of improvement made:

No.	Evaluation indicator	Improvement measure adopted
1. 7	Does the Company upload the shareholders' meeting handbook and meeting supplementary information 30 days before the convention of general shareholders' meeting?	The Company uploads information 30 days before the convention of general shareholders' meeting.
2. 5	Is the number of directors who are employees of the Company, its parent, subsidiary or brother company less than (including) one-third of the total number of directors?	The 16th term of board members of the Company have met the requirements of the governance evaluation score.
2. 6	Does the Company's Board of Directors include at least one female director?	The 16th term of board members of the Company have met the requirements of the governance evaluation score.
2. 8	Does the Company have more than one-half of its independent directors who will serve no more than three consecutive terms of office?	The 16th term of board members of the Company have met the requirements of the governance evaluation score.

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

(Based on the 2024 of Corporate Governance Evaluation Indicator:

No.	Evaluation indicator	Improvement measures
1.7	Does the Company upload the Chinese and English version of meeting handbook and supplementary information 30 days before the convention of general shareholders' meeting?	The Company will entrust a translation company to assist the completion of an English version of the meeting handbook and supplementary information.
1.8	Does the Company upload the Chinese and English version of annual report 18 days before the convention of general shareholders' meeting?	The Company will entrust a translation company to assist the completion of English version of annual report.
2.11	Has the company's interim financial report been approved by the audit committee and submitted to the board of directors for discussion and resolution?	Submit each quarter's financial report to the Audit Committee for approval and submit it to the Board of Directors for discussion and resolution.
3.5	Does the Company upload the English version of annual financial report 16 days before the convention of general shareholders' meeting?	The Company will entrust a translation company to assist the completion of English version of annual financial report.
3.6	Does the company disclose the interim financial report in English within two months after the filing deadline for the Chinese version of the interim financial report?	The Company will entrust a translation company to assist the completion of English version of annual financial report.

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

Note 2: The "Corporate Governance Self-evaluation Report" refers to evaluation and explanation conducted by the Company individually according to the corporate governance self-evaluation items, and report is

then made with respect to the present operation and implementation status of the Company for the self-evaluation items.

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

1. According to Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", the independence and competency of the CPA retained shall be evaluated periodically.
2. According to the Ethics for Professional Accountants No. 10 "Integrity, Objectivity and Independence", the Financial Department of the Company reviews the independence and competency of CPA.
3. Up to the review report issuance date, CPA and relevant personnel of the Company are not found to be subject to any incompetency and violation of independence. (Please refer to the following table)
4. After the independence and competency evaluation of CPA described in the preceding paragraph, the Company plans to retain CPA Shu-Chung Chang and CPA Po-Chuan Lin of PwC Taiwan to be the 2024 financial and taxation CPAs of the Company.
5. The Chairman of the Board is authorized to approval the CPA retention contract signing and payment of remuneration.

Wonderful Hi-Tech Co., Ltd.

CPA Review Evaluation Form

Review Date: February 29, 2024

(1) Basic Information

Subject of Review:

CPA: Po-Chuan Lin

Currently retained  Candidate for retention

(II) Evaluation content:

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

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

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

(III)

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

(IV) Evaluation Result:

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

Wonderful Hi-Tech Co., Ltd.  
 CPA Review Evaluation Form  
 Review Date: February 29, 2024

- (I) Basic Information      Subject of Review:      CPA: Shu-Chung Chang  
 Currently retained    Candidate for retention
- (II) Evaluation content:      Evaluation content is established according to Article 47 of the Certified Public Accountant Act and the Ethics for Professional Accountants No. 10:

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

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

(III)

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

(IV) Evaluation Result:

<p>The CPA is independent from the Company, and the CPA's services of financial and taxation consultation and certification provided to the Company are considered appropriate.</p>
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(IV) Formation, responsibilities and implementation status of Remuneration Committee

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

(1) Information of Remuneration Committee members:

Identity	Condition Name	Professional qualification and experience	Independence status	The number of public companies where the person also holds positions in their remuneration committees
Convener Independent Director	Kuei-Sen Huang	Please refer to the relevant contents of Director Information (I) on page 12~14 and of Director Information (II) Disclosure of professional qualification of directors and independence of independent directors on page 9.	<ol style="list-style-type: none"> <li>1. Not an employee of the Company or any of its affiliates.</li> <li>2. Not a director or supervisor of the Company or any of its associates.</li> <li>3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.</li> <li>4. Not a managerial officer listed in (1) or not a spouse, relative within second degree of kinship or direct blood relative within third degree of kinship of personnel listed in (2) and (3).</li> <li>5. Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or of a corporate shareholder that ranks among the top five in shareholdings, or of a proxy appointed according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act.</li> <li>6. Not a director, supervisor or employee of other company not controlled by the same parties holding a majority of the number seats of directors of the Company or a majority of shares with voting rights.</li> <li>7. Not a director (managing director), supervisor (managing supervisor) or employee of other company or institution being the same person holding the position of Chairman, President or equivalent position in the Company or a spouse thereof.</li> <li>8. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company.</li> <li>9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any associate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any associate of the Company for which the provider in the past two years has received compensation, or a spouse thereof.</li> <li>10. Not a person subject to any conditions defined in Article 30 of the Company Act.</li> </ol>	0
Independent Director	Ching-Feng Sun			3
Others	Tu-Tsun Tsai	Equipped with the working experience in commerce, legal, finance and accounting. Previously acted as the Vice Chairman of Institute of Internal Auditors-Chinese Taiwan, Chairman of Computer Audit Association, Financial Department Manager of Ford Motor Company Taiwan, Vice President of Westinghouse Electric Taiwan, Chief Auditor of Acer Group. Presently act as the Responsible Person of Xing Ye Jia Business Consultant Co., Ltd.		1

(2) Operation Status of Remuneration Committee

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

II. Term of office of the current committee members: From June 30, 2022 to June 29, 2025, and from 2023 to April 30, 2024. The Remuneration Committee held 4 meetings (A), and details of members' eligibility and attendance are as follows:

Title	Name	Actual number of attendance (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Kuei-Sen Huang	4	0	100	
Committee Member	Ching-Feng Sun	4	0	100	
Committee Member	Tu-Tsun Tsai	4	0	100	

Other matters required to be recorded:

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

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

Remuneration Committee Meeting Convention Date	Proposal content	Resolution result	Company's handling for opinions of Remuneration Committee
5st meeting of 5th term 2024.01.25	1. Review the salary of the general manager and deputy general manager of the company 2. Review of 2023 distribution of year-end bonus of the Company 3. Discussion on the proposal of appropriation ratio of 2023 remuneration of employees and remuneration of directors and supervisors of the Company	Agreed and approved by all attending members	None
4st meeting of 5th term 2023.07.25	1. Review of the Company's Corporate Governance Officer Salaries 2. Review the company's employee remuneration distribution for 2022 3. Review of the Company's Directors' Remuneration Allocation for 2022	In the first case, members Sun and Huang suggested that the work of concurrently serving as the head of other departments has become broader and the responsibilities have increased. Therefore, it is recommended that the company should design relevant allowances for concurrently serving as the head of other departments or similar positions to encourage employees to be courageous in taking on tasks. Agreed and approved by all attending members	After discussions, the company has designed the assessment and payment standards for part-time allowances.
3st meeting of 5th term 2023.04.28	Review of 2022 distribution of staff bonus of the Company	Agreed and approved by all attending members	None
2st meeting of 5th term 2023.01.10	1. Reviewed the salary of the President and Vice President of Finance of the Company 2. Review of 2022 distribution of year-end bonus of the Company	Agreed and approved by all attending members	None

	<p>3. Discussion on the proposal of appropriation ratio of 2022 remuneration of employees and remuneration of directors and supervisors of the Company</p> <p>4. Proposal for amendment to the Procedures for Transferring Repurchased Shares to Employees</p> <p>5. Proposal for amendments to the Procedures for Employee Share Subscription of the Company</p>		
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(3) Nomination committee member information and operation status: The Company has not established the nomination committee; therefore, this is not applicable.

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

Implementation items	Status of implementation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof
	Yes	No	Summary	
I. Has the Company established the governance structure for promoting the sustainable development, and set up a unit that specializes (or is involved) in the promotion of sustainable development, and does the board of director authorize the senior management for handling such mater, and the supervision status of the board of directors? (TWSE Listed and TPEX Listed Companies should fill in the implementation status, not follow or explain.)	V		The company's board of directors has established a "Sustainable Development Promotion Group". This group was established in 2023 and the general manager serves as the general convener. It integrates communication with heads of departments to jointly review sustainability issues and formulate strategies related to sustainable development. Policies, planning and execution of annual plans. The company reports on the sustainability strategy and project implementation results to the board of directors at least twice a year.	No major difference
II. Has the Company implemented the risk assessment of environmental, social, and corporate governance issues related to corporate operation, and has the Company established relevant risk management policies or strategies based on the principle of materiality? (Note 2) (TWSE Listed and TPEX Listed Companies should fill in the implementation status, not follow or explain.)		V	Relevant environment, society and corporate governance issues have no material impacts on the investors and other stakeholders of the Company. The company is currently conducting a risk assessment in accordance with the GRI guidelines and is beginning to develop a risk management policy.	The sustainability report is expected to be completed by the end of 2024.
III. Environmental Issues (I) Has the Company established environmental policies suitable for the Company's industrial characteristics? (II) Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment? (III) Does the Company evaluate the climate change on the present and future potential risks and opportunities of the corporation,	V V V		(I)The company promotes ISO14001 environmental management system and is expected to obtain the certificate in July. (II) Status of the Company's commitment in achieving efficient use of resources, and using renewable materials that produce less impact on the environment. For recyclable objects specified by the Environmental Protection Administration, further classification is performed for submission to qualified resource recycle vendor. (III) The Company has evaluated the climate change on the present and future potential risks and opportunities of the corporation, Detailed description is as follows in the table "Climate-related Information Implementation Situation".	No major difference



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

V

(IV)

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

(1) Greenhouse gas: Carbon dioxide emissions, directly from the emission source owned or controlled by the Taipei Company and Zhongli Factory.

Unit: metric tons CO2e/million revenue

Year	Total amount of greenhouse gases (Category 1 & Scope 2)	Revenue (millions)	Carbon emission intensity
2022	4,519.93	4,099	1,102
2023	3,331.30	2,788	1,195
Increase (decrease) difference	(1,188.63)	(1,311)	0.093

(2) Water consumption: Total water consumption in the most recent two years (Taipei Company and Zhongli Factory)

Unit: degree/million revenue

Year	Total water consumption	Revenue (millions)	water intensity
2022	21,088	4,099	5.144669
2023	21,093	2,788	7.565638
Increase (decrease) difference	5	(1,311)	2.420969

(3) Wastes: Total volume of wastes in the most recent two years (Taipei Company and Zhongli Factory)

Unit: tons/million revenue

Year	Industrial wastes	Revenue (millions)	Unit product output volume
2022	233.7	4,099	0.057014
2023	236.8	2,788	0.084935
Increase (decrease) difference	3.1	(1,311)	0.027921

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

The factory will complete the greenhouse gas inventory report in 2023 and confirm the content of the report through Zicheng United Accountants, and set that year as the base year. It is expected to complete the greenhouse gas inventory of the Vietnam factory, Thailand factory and Dongguan factory in 2024. The goal is to reduce carbon emissions by 15%-25% by 2025.

The Company has established the energy saving and carbon reduction policy, and has also promoted employees to cooperate with the execution of such policy. The specific method of energy saving and environmental protection is described in the following

1. Air conditioning temperature is set to 27-28 degree Celsius.
2. Turn of lights when not in use.
3. Save energy and water consumption.
4. Use own chopsticks and cups.
5. Recycle and use of papers.
6. Without wearing of tie.

The reduction of electricity consumption and electricity bill target achievement status are tracked monthly, and the specific method includes the following:

		<ol style="list-style-type: none"> <li>1. Replace all old and obsolete T8 light tubes to LED light tubes, and change the power source to alternating switch, “for example: Nos 1, 3 and 5 lamps are turned on while Nos 2, 4 and 6 lamps are turned off. “</li> <li>2. Use solar power for dormitory electricity consumption..</li> <li>3. Change air conditioners to split type variable frequency air conditioner (with energy saving mark).</li> <li>4. Enhance the repair and maintenance of air compressor and motor to increase the efficiency.</li> <li>5. Change the power source switch to alternating type of switch.</li> <li>6. Waste resource classification and recycle</li> <li>7. Waste battery recycle.</li> <li>8. Set up the energy saving mode for the multi-function office machine, such that it automatically enters the lower power consumption and sleep state when it is not in use for 5~10 minutes.</li> <li>9. Cooperate with the lunch break time to turn off unnecessary basic lighting.</li> <li>10. Perform annual maintenance for all machines and appliances, and replace all old and obsolete parts with new ones in order to increase product performance efficiency.</li> <li>11. Install additional power control switch (thermal energy) on the cooling tower such that when the temperature reaches a certain level, continuous operation is stopped for cooling.</li> <li>12. Change the public area to thermal sensor activating power source such that when heat source is not detected, the power is cut off automatically.</li> </ol>	
<p>IV. Social Issues</p> <p>(I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?</p> <p>(II) Has the Company developed and implemented reasonable employee welfare measures (including compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in employees' compensation?</p>	<p>V</p> <p>V</p>	<p>(I) The Company respects the basic human rights of employees, such as property right and privacy. In addition, the Company also handles relevant matters according to relevant government's labor laws of the Labor Standards Act and Act of Gender Equality in Employment, etc.</p> <p>(II) 1. The Company conducts employee performance evaluation semi-annually, explicitly specifies the reward and punishment standards, includes relevant performance evaluation items and establishes relevant benefits and the Employee Welfare Committee according to the Labor Standards Act. Furthermore, the Company also provides three-holiday gifts and gift money and birthday gift money, stipulates budget for annual travel and year-end party, birthday party and group insurance. In addition, according to the Employee Welfare Committee Charter, employees may apply for retirement and employment benefits of maternity allowance, marriage/funeral subsidy and education subsidy, etc. In addition, the Article 26 of the Articles of Incorporation of the Company specifies that if the Company has a profit at the end of a fiscal year, an amount equivalent to 2% to 4% of the profit shall be appropriated as the employees' remuneration. Workplace diversity and equality: For 2024Q1, the average ratio of female employees was approximately 29%, and the average ratio of female officers was approximately 5%.</p> <p>2. The Company appropriately reflects the operational performance or outcome in the remuneration of employees, and the policy establishment and implementation status are as follows: Remuneration issuance subject according to the Regulations for Issuance of Employee Remuneration: All current official on-job employees of the Company during remuneration calculation year, and the remuneration calculation refers to the year audited and certified by CPA, and the remuneration of employees is issued in the following year.</p> <p>[Employee stock option] is to allow employees to participate in the operation of the Company and to share the business outcome, in order to establish a harmonic labor-management relationship, thus contributing effort to achieve the goal of sustainable operation jointly. Employees are entitled to receive the corresponding subscription right proportional to one's job rank, seniority and performance.</p> <p>[Regulations for Transferring Repurchased Shares to Employees] has been established to encourage employees and to improve the cohesion of employees. The Company has established the Regulations for Transferring Repurchased Shares to Employees according to Subparagraph 1 of Paragraph 1 of Article 28-2 of the Securities and Exchange Act and the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies announced by FSC, Executive Yuan and relevant regulations. The Company's repurchase of shares for transferring to employees, in</p>	<p>No major difference</p>

(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?

V

addition to compliance with relevant laws, is handled according to the aforementioned regulations. Number of subscribable shares for employees: For official employees on-board of the job for one full year, the number of subscribable shares is calculated according to the job rank, seniority and performance standard, and the average price of actual repurchase is used as the transfer price.

[Regulations for Bonus Sharing of Staff] is to provide rewards to employees with contribution, in order to improve employees' work performance. Accordingly, these regulations are established as the basis for the issuance of bonuses to the staff of the Company. The receivable amount is calculated according to the employee's job rank, seniority and performance in order to obtain the conversion weight, following which the distributable bonus to staff is multiplied by such weight in order to obtain the receivable amount.

[Regulations for Issuance of Holiday Bonuses] is to encourage employees to achieve the annual profit target, and the regulations for issuance of holiday bonuses during the Dragon Boat Festival and Mid-Autumn Festival. Holiday bonuses are issued according to the main business net profit target achievement percentage.

[Employee Stock Ownership Trust] refers to that for the purpose of caring the post-retirement life of employees, and to achieve co-existence and co-prosperity of employees with the Company, employees jointly form the Stock Ownership Trust Committee, and a certain amount of the salary of each member is appropriated according to the 40%~60% additional bonus voluntarily agreed by the member for submission to the trustee (third party financial institution) for benefit management and utilization of all members, thus assisting members to accumulate wealth and to protect their future living and security.

(III) The Company implements fire drills and audits the group meal hygiene and drinking water safety. In addition, the Company also implements industrial safety training for on-site operators, and provides health examination to all on-job employees annually free of charge. Relevant information on specific employee working environment and personnel safety protection measures is as follows:

1. Access security control: Rigorous access security surveillance system is installed round the clock, and security guards are available during the nighttime and holiday in order to maintain the safety of the Company and dormitory.
2. Factory operation safety: According to the "Factory Act", "Enforcement Rules of Factory Act", "Occupational Safety and Health Act" and other relevant laws, the Company supervises the factory affairs personnel to enhance the promotion of labor safety and health education and training. In addition, the Company has established various machine and equipment standard operation procedures, and safety operation methods and also installs safety protection equipment, in order to train operators to use machines and equipment properly and to implement management and prevention of hazards.
3. Maintenance and inspection of equipment: According to the Regulations for Inspecting and Reporting Building Public Safety, the Company entrusts a professional company to perform public safety inspection every two or four years. In addition, according to the Fire Services Act, the Company also entrusts external vendor to perform fire inspection, and various machines and equipment, including air conditioner and fire equipment, are maintained and inspection periodically according to the Occupational Safety and Health Act. Moreover, conduct fire safety protection drills twice a year. External professional vendor is entrusted to perform inspection on the elevators, and inspection result is also recorded.
4. Environmental sanitation: The workplace shall be maintained clean at all times, and garbage is disposed daily. Water supply and drainage as well as lighting equipment are maintained properly. The drinking water is quarterly inspection and the filter is replaced periodically in order to ensure the drinking water health of employees.
5. Physiological and psychological hygiene: According to the promotion of government's laws and policies, the Company prohibits smoking at the workplace and also posts up non-smoking slogan to notify employees to not smoke at the workplace, in order to maintain the quality of the working environment. Furthermore, the Company also arranges regular and irregular employee health examination, in order to maintain the physical and mental health of employees. Medical staff are also arranged to provide on-site services and arrange lectures and interviews every month..

<p>(IV) Does the Company have an effective career capacity development training program established for the employees?</p> <p>(V) Has the Company complied with laws and international standards with respect to customers' health, safety and privacy, marketing and labeling in all products and services offered, and implemented consumer protection policies and complaint procedures?</p> <p>(VI) Has the Company established a supplier management policy, and requested suppliers to comply with relevant regulations with regards to the issues of environmental protection, occupational safety and health or labor rights etc., and the implementation status thereof?</p>	<p>V</p> <p>V</p> <p>V</p>	<p>6. Insurance: The Company applies for labor insurance (including occupational accident insurance), health insurance and group insurance according to the law. In case of any occurrence of injury or death of employee, the personnel unit will assist the handling of relevant insurance related affairs.</p> <p>Describe the number of employee occupational accident(s) of the current year, number of people and its ratio to the total number of employees, and relevant improvement measures: None.</p> <p>Describe the number of fires in the year, the number of casualties and the ratio of the number of casualties to the total number of employees, and related improvements in response to fires measures: None.</p> <p>(IV) The department heads of the Company encourage employees to participate in the internal and external education and training according to the on-job competence of employees. In addition, the promotion of outstanding employees is also organized. For relevant information, please refer to the employee continuing education and training status on pages 77.</p> <p>(V) The Company complies with the laws and international standards with regard to the marketing and labeling of products and services. In addition, customer complaint handling standard has been established.</p> <p>(VI) The Company has established the "Supplier Management Procedure" and "Environmental Management Substance Operation Control Audit" for the management of suppliers. In addition, the evaluation team is formed by the R&amp;D, Quality Assurance and Procurement, in order to perform written and field evaluations on suppliers. The focus of the audit includes the assurance of quality and product safety. For all suppliers with transactions, regular and irregular audits on quality management and hazardous substance management are performed, in order to ensure that suppliers comply with environmental protection, safety and health related regulations. Furthermore, for raw material suppliers, the Company also requests them to issue the "Green Product Declaration" in order to declare that their raw materials comply with the regulations, thus ensuring usage safety. Suppliers are requested to properly comply with laws and social norms. Most of the domestic and foreign suppliers of the Company have been in long-term cooperation relationships with the Company. In case of any supplier has material environmental, labor condition, human rights and social related negative impacts, the Company will request for termination or rescission of contracts.</p>	
<p>V. Has the Company stipulated standards or guidelines according to the internationally accepted report, prepared sustainability report and reports for disclosing non-financial information of the Company? Has the aforementioned reports obtained the assurance or guarantee opinions from a third verification unit?</p>	<p>V</p>	<p>The company is currently preparing a sustainability report which is expected to be completed by the end of 2024.</p>	<p>The sustainability report is expected to be completed by the end of 2024.</p>
<p>VI. If the Company has established its own sustainable development principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" please describe its current practices and any discrepancies from the Best Practice Principles: The Company has not yet established the Sustainable Development Best Practice Principles; therefore, this is not applicable.</p>			
<p>VII. Other important information to facilitate the understanding of the execution status of promotion of sustainable development:</p> <p>Since 2009, the Company has consecutively donated funds to the Taiwan Fund for Children and Families, and the donation amount has reached NT\$3,450 thousand, in order care and make contribution to the disadvantaged group.</p> <p>Since 2020, the Company has consecutively donated funds to Taiwan Good Neighbors Association, and the donation amount has reached NT\$ 300 thousand.</p> <p>Since 2020, the Company has consecutively participated in the Baishatun Event, and a total of 3,150 thousands of masks has been donated.</p> <p>Donated 8,200 masks to the Road Running Association-Golden Gate Marathon. He went to the Benyuan School in Myanmar in northern Thailand to hold a filial piety award and awarded a scholarship of 1 million baht.</p> <p>●The company invested NT\$1 million in TSMC green bonds (bond abbreviation: P12 TSMC 2A, code: B618DG) in 2023. The bond has obtained the green bond qualification approval of the OTC Trading Center.</p>			

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

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

Climate-related information for listed OTC companies

1. Implementation of climate-related information

item	Execution situation
<p>(I) Describe board and management oversight and governance of climate-related risks and opportunities.</p> <p>(II) Describe how the identified climate risks and opportunities affect the company's business, strategy and finance (short-term, medium-term, long-term).</p> <p>(III) Describe the financial impact of extreme climate events and transition actions.</p> <p>(IV) Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.</p> <p>(V) If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be described.</p> <p>(VI) If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transition risks.</p> <p>(VII) If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p> <p>(VIII) If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning schedule, annual achievement progress and other information should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the information should be explained. The source and quantity of offset carbon reduction credits or the quantity of renewable energy certificates (RECs).</p> <p>(IX) Greenhouse gas inventory and assurance, reduction targets, strategies and specific action plans (fill in 1-1 and 1-2 separately).</p>	<p>(I) The company has established the "Greenhouse Gas Inventory Implementation Committee" in 2022, with the general manager serving as the chairman and the convener of this committee. The company conducts greenhouse gas inventory and verification schedule planning reports to the board of directors every quarter, submits them to the board of directors, and controls them on a quarterly basis.</p> <p>(II) A total of three risks were identified:</p> <p>(1) To increase the pricing of greenhouse gas emissions, Taiwan's Climate Change Response Act in 2024 will impose a carbon fee on the country's first wave of large carbon emitters with annual carbon emissions exceeding 25,000 tons. Although Wonderful Hi-Tech is not the first wave of companies to adopt management, it considers that regulations may become increasingly strict in the future. Enterprises under management are under revision, so risks must still be included in the assessment. This is a short-term impact.</p> <p>(2) The severity and frequency of extreme climate events are increasing, and factories are spread all over the world. The intensification of extreme climate has exposed various locations around the world to different climate risks. In the past, factories in China have faced extreme high temperatures that led to factory shutdowns. Factories in the lower reaches of the Yangtze River were flooded due to heavy rains, causing equipment damage and affecting supply. In U.S. factories, hurricanes have caused the supply chain to be unable to supply raw materials as scheduled, resulting in delayed delivery. Such weather disasters have increased the company's risk of disrupting operations and had a substantial impact on the company's finances. This is a medium-term impact.</p> <p>(3) Adopt low-carbon energy projects and take energy-saving measures. As countries currently tighten controls on total carbon emissions and import carbon tariffs, if energy-saving and carbon reduction measures are not taken, the export competitiveness of the company's products may decline and increase additional carbon costs beyond sales. On the contrary, if enterprises actively deploy low-carbon energy and energy-saving solutions, they will be able to reduce the costs caused by carbon emissions, and factories with lower carbon emissions may have potential benefits from excess carbon rights. This is a short-term impact.</p> <p>(III) Extreme weather events may cause an increase in the company's operating costs, unstable supply chain supply, increased water and electricity costs in areas with water shortages, and high temperatures that may cause thermal hazards to production line employees.</p> <p>(IV) The "Greenhouse Gas Inventory Implementation Committee" jointly proposes risks that may affect the company in their respective fields, and discusses the impact of each issue and response strategies through irregular meetings.</p> <p>(V)~(VIII) NA</p> <p>(IX) As described in the table below</p>

1-1 Company greenhouse gas inventory and confirmation status in the last two years

1-1-1 Greenhouse gas inventory information

Describe the emission volume (metric tons CO <sub>2</sub> e), intensity (metric tons CO <sub>2</sub> e/million yuan) and data coverage of greenhouse gases in the past two years.
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The scope of the greenhouse gas inventory covers the Taipei headquarters and the Zhongli Factory.  
 The greenhouse gas emissions (Scope 1 and 2) in 2022 are 4,412 metric tons CO<sub>2</sub>e, and the intensity is 1.1 metric tons CO<sub>2</sub>e/million yuan.  
 Greenhouse gas emissions (Scope 1 and 2) in 2023 are 3,331 metric tons CO<sub>2</sub>e, and the intensity is 1.2 metric tons CO<sub>2</sub>e/million yuan.

#### 1-1-2 Greenhouse Gas Confirmation Information

Describe the confidence situation in the last two years as of the publication date of the annual report, including the scope of the confidence, the organization of the confidence, the criteria for the confidence and the opinion of the confidence.

The scope of the 2022 greenhouse gas inventory covers the Taipei headquarters and the Zhongli factory, and PWC has been appointed to confirm through the GHG Protocol;  
 The 2023 greenhouse gas inventory report will have the same scope as that of 2022, and is expected to be verified by the BSI British Standards Institute through the ISO14064-1 standard in September 2024.

#### 1-2 Greenhouse gas reduction goals, strategies and specific action plans

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans and achievement of reduction targets.

2022 is the base year for the greenhouse gas reduction plan. The short-term goal is to reduce emissions by 15%-25% compared with the base year in 2025. The mid-term goal is to reduce emissions by 40% in 2030. The long-term goal is to achieve net-zero carbon emissions in 2050. The greenhouse gas inventory of the Taipei headquarters, Zhongli Factory, Vietnam Factory, Thailand Factory and Dongguan China Factory will be completed in June 2024, and the greenhouse gas inventory of other operating sites will be completed in December of the same year. Through the collection and analysis of the above-mentioned site data, a clear Reduction policy.

Note: According to the schedule set by the Financial Supervisory Commission's order on Article 10, Paragraph 2, of the Standards on Matters to Be Recorded in the Annual Reports of Publicly Offering Companies: Our company is a company with a capital of less than 5 billion yuan and should complete the disclosure of inventory information starting from 2027. Disclosure of confident information will be completed starting from 2029.

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

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
I. Establish ethical corporate management policy and solution				
(I) Has the company established ethical management policies approved by the board of directors' meeting and stated in its memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment?	V		(I) The Company has established the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" approved by the board of directors, and relevant content has been disclosed on the Company's website, in order to promote ethical management policy. It is executed properly for the internal management and external business activities of the Company, in order to comply with the operation of ethical corporate management best practice of the Company.	Compliance with Articles 4, 5, 8, 18 and 21 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(II) Has the Company established an assessment mechanism for unethical conduct risk, performed periodic analysis and assessed operating activities of relatively higher unethical conduct risk in the scope of business, and has established unethical conduct solution accordingly, and at least covering	V		(II) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" according to the provisions of "Ethical Corporate Management Best Practice Principles" and relevant laws. In addition, operation procedure, code of conduct, disciplinary actions for violation and complaint system have also been specified. Furthermore, unethical conducts are also explicitly defined in order to regulate matters requiring attention during the execution of duties by the Company's personnel. In	Compliance with Articles 2, 6 and 10~14 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

<p>the preventive measures for the conducts described in each subparagraph of Paragraph 2 of Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?</p> <p>(III) Has the company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?</p>	V	<p>addition, the Chairman’s Office has also reported the ethical management status to the board of directors on March 13, 2024.</p> <p>(III) The Company has established the “Procedures for Ethical Management and Guidelines for Conduct” and reviews predefined plans periodically. In addition, the Chairman’s Office coordinates and prevents any occurrence of violation, and the mechanisms of the audit of internal auditors and communication channels of stakeholders are implemented in order to prevent occurrence of unethical conducts.</p>	<p>Compliance with Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p>
<p>II. Implement ethical management</p> <p>(I) Has the Company evaluated the record of the counterparties on business ethics, and explicitly stated business integrity as an integral part of the contracts when entering into agreements with counterparties of trade?</p> <p>(II) Has the Company established a dedicated unit directly under the board of directors and responsible for the promotion of corporate ethical management, and reporting its ethical management policy and proposal for prevention of unethical conducts as well as supervision of implementation status to the board of directors’ meeting periodically (at least once annually)?</p> <p>(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?</p> <p>(IV) Has the Company established effective accounting and internal accounting and control systems for the implementation of ethical corporate management policies, prepared audit plans according to the evaluation results of dishonesty risks, and have the results been audited by internal auditors or CPAs?</p> <p>(V) Has the Company provided internal and external training on topics of business integrity?</p>	V V V V V	<p>(I) Prior to establishing business relationship with others, the Company will assess the legality of the business transaction counterparties and determine whether there is any record of unethical conducts, in order to ensure that the business operation method is fair and transparent, and there shall be no request, offer or acceptance of any bribes. Although, such requirements have not yet been included in the sale and purchase contracts between the two parties, the Company will include clauses specifying relevant requirements during the signing of new contracts.</p> <p>(II) The Company designates the Chairman’s Office to be in charge of the promotion and supervision of the execution of relevant works, and the ethical management policy and prevention of unethical conducts as well as the supervision execution status have been reported to the board of directors on March 13, 2024. In addition, the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” have also disclosed on the Company’s website, in order to promote the implementation and execution of ethical management policy of all employees and stakeholders.</p> <p>(III) To prevent conflict of interests, the Company has established the “Procedures for Ethical Management and Guidelines for Conduct” and the “Rules of Procedure for Board of Directors Meetings”, in order to regulate method and handling procedure, and relevant channels are also provided. Directors, supervisors, and managerial officers of the Company also exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director’s proxy to exercise voting rights on that matter.</p> <p>(IV) The Company has established effective accounting and internal accounting and control systems for the implementation of ethical corporate management policies, has prepared audit plans according to the evaluation results of dishonesty risks, and the results have been audited by internal auditors. In addition, PwC Taiwan also audits the financial statements, and inspection on the internal control has been performed, in order to reasonably assure the design and execution effectiveness of the international control system.</p> <p>(V) The Company actively assigns personnel to participate in external education and training as well as seminars related to ethical management. The Company also shares successful stories of other enterprises during regular meeting, in order to convey and educate employees the importance of ethical management.</p>	<p>Compliance with Article 9 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p> <p>Compliance with Article 17 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p> <p>Compliance with Articles 19 and 23 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p> <p>Compliance with Article 20 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies</p> <p>No major difference</p>
<p>III. Implementation status of the Company’s reporting system</p> <p>(I) Has the Company established a substantive reporting and reward and punishment system and convenient channels for reporting, and appointed designated personnel for handling the targets of</p>	V	<p>(I) The Company has established the “Procedures for Ethical Management and Guidelines for Conduct” approved by the 21st meeting of the 13th term of board of directors on March 23, 2016, and it has specified the acceptance unit, reporting channel, handling procedure, reward/disciplinary action and</p>	<p>Compliance with Article 23 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM</p>

reports?			complaint filing system. Please refer to the Company's website ( <a href="http://www.wontex.com">http://www.wontex.com</a> )→Investment→Corporate Governance→Company Procedures and Regulations. The spokesperson's contact method and email channels are also disclosed on the Company's website. In case of discovery of any personnel of the Company violating the ethical corporate conduct, a report can be submitted directly. The Company has also set up the employee mailbox, allowing employees and relevant personnel to report any improper conducts.	Listed Companies
(II) Has the Company established standard operation procedures for responding to reports and complaints, the measures to be taken after the investigation, and related mechanisms for confidentiality?	V		(II) The "Procedures for Ethical Management and Guidelines for Conduct" of the Company has explicitly specified the reporting system, and dedicated personnel are responsible for handling report cases according to procedures specified. In addition, the written statement also specifies that reporter's identity and report content shall be kept confidential. In case where a violation is verified to be true, the individual being reported will be requested to stop relevant actions immediately, and appropriate disposition will also be made. When it is considered necessary, indemnification is claimed through legal proceedings, and disciplinary action is also imposed according to relevant laws or the "Work Rules" of the Company.	Compliance with Article 23 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(III) Has the Company taken any measures for the protection of the informants from suffering undue treatment?	V		(III) According to the "Procedures for Ethical Management and Guidelines for Conduct" established by the Company, the Company keeps the reporter's identity and report content confidential, and the Company also guarantees to protect the reporter such that the reporter is not subject to improper disposition due to his/her reporting.	Compliance with Article 23 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
IV. Enhance information disclosure Has the Company disclosed the Ethical Management Principles and effect of implementation thereof on its website and Market Observation Post System?	V		The Company has disclosed the "Corporate Ethical Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" on the Company's website. In addition, the ethical management implementation status and measures adopted are also disclosed on the Company's website and in the annual report. For the relevant provisions of the "Corporate Ethical Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct", please refer to the Company's website ( <a href="http://www.wontex.com">http://www.wontex.com</a> )→Investment→Corporate Governance→Company Procedures and Regulations. For the ethical management implementation status, please refer to the Company's website ( <a href="http://www.wontex.com">http://www.wontex.com</a> )→Investment→Corporate Governance→Ethical Management.	Compliance with Article 25 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
V. If the Company has formulated its own Corporate Governance Best Practice Principles as per the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, please specify the difference between its operation and the principles: To enhance the corporate culture of ethical management and the operating environment of sustainable development, the Company has established the "Corporate Ethical Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" according to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", in order to provide a basis for specifying requirements for execution of duties by the Company's personnel. There was no major difference in the principle and method adopted.				
VI. Other important information that is helpful in understanding the ethical management operation of the Company: 1. Directors, managerial officers and other stakeholders attending or invited to attend board meetings of the Company also exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter. Directors shall exercise a high degree of self-discipline, and improper mutual support is not acceptable. 2. The Company has established the "Corporate Internal Material Information Handling Operation Procedure" specifying that directors, managerial officers and employees of the Company shall act as a prudent administrator with due care and fulfill the obligation of loyalty in order to exercise duties based on the principle of good faith, and shall also sign the non-disclosure agreement. Directors, managerial officers and employees being aware of or knowing internal material information of the Company must not disclose such internal material information to others. For relevant provisions of the "Corporate Internal Material Information Handling Operation Procedure", please refer to the Company's website ( <a href="http://www.wontex.com">http://www.wontex.com</a> )→Investment→Corporate Governance→Company Procedures and Regulations.				

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

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



(IX) Internal Control System Implementation Status:

1. Statement of International Control System

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

Date: March 13, 2024

The Company hereby states the results of the self-evaluation of the internal control system for 2023 based on the findings of the self-assessment:

- I. The Company acknowledges and understands that establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managerial officers, and that such a system has already been established throughout the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc.), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. The internal control system has its inherent limitations, and regardless of how perfect the design is, the effectiveness of the internal control system can only provide reasonable assurance to the achievement of the aforementioned three objectives. In addition, due to the change of the environment and circumstances, the effectiveness of the internal control system may be changed. Only if the internal control system of the Company features a self-monitoring mechanism, can any shortcomings be corrected immediately once they are identified.
- III. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each of the elements in turn contains certain audit items. For more information on the items, please refer to the "the Criteria".
- IV. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.
- V. Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023, the internal control system (including the supervision and management of its subsidiaries), including the understanding the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives.
- VI. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement has been approved by the Company's board of directors on March 13, 2024. Among the eight directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared.

Wonderful Hi-Tech Co., Ltd.

Chairman: Ming-Lieh Chang

Signature/Seal

President: Chang Cheng Ya

Signature/Seal

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

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

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

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

Date of shareholders' meeting	Important resolution of shareholders' meeting	Implementation status
2023.6.7	I. Adoption of proposal for 2022 distribution of earnings with issuance of cash	1.The Company's 2022 earnings distribution proposal was approved for the distribution of cash dividend of NT\$308,102 thousand (NT\$1.99996414 per share was distributed). 2.July 16, 2023 was set to be the ex-dividend base date, and the dividends were distributed completely on July 31, 2023.
	II. (1)Approved the proposal for amendment to the "Procedures for acquiring or disposing of assets". (2)Approved the proposal for amendment to the "Rules of Procedure for Shareholders' Meeting". (3) Approved the proposal for amendment to the "company policy".	It was announced on the Company's website on June 30, 2023 and handled according to the procedures after amendment.

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

Board meeting session	Important resolution	Matters specified in Article 14-3 of Securities and Exchange Act
1th meeting in 2024 (15th meeting of 16th term) March 13, 2024	1. Approved the 2023 consolidated and parent company only financial statements prepared according to IAS. 2. Approved the 2023 earnings distribution proposal. 3. Approved the proposal for distribution of 2023 remuneration of employees and remuneration of directors. 4. Approved the handling of financial derivatives. 5. Approved the CPA independence and competency evaluation and appointment. 6. Approved the evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others. 7. Through the capital increase of THB 102,900,000 (approximately US\$3,000,000) in Thai Wonderful Wire Cable Co., Ltd. 8. Approved the 2023 statement of Internal control system. Opinion of independent directors: None. Company's handling for the opinions of independent directors: None. Result of resolution: Approved by all attending directors.	Yes  No No  Yes Yes Yes  Yes Yes
6th meeting in 2023 (14th meeting of 16th term) December 20, 2023	1. Approved the Company's 2024 operating plan. 2. Approved the Company's 2024 audit plan. 3. Approved the handling of financial derivatives. 4. Approved the loaning of fund of USD 2 million to Thai Wonderful Wire Cable Co., Ltd., a subsidiary of Wonderful Hi-Tech Co., Ltd. 5. Approved the appointment and dismissal of the general manager of the company. Opinion of independent directors: Independent Director Chen shih Yang suggested: 1. Looking forward to 2024, there is still uncertainty about whether the global economic development will fall into recession, and the company's revenue budget is still 27.7% higher than 2023. The management team needs to make more breakthroughs to achieve it, which is not a small problem. challenges. 2. When the Taiwan factory plans to develop into a cable group R&D center, it must pay attention to maintaining the operation of the factory to avoid an increase in related costs (for example: industrial electricity and tax pricing are not applicable). Company's handling for the opinions of independent directors: None. Result of resolution: Approved by all attending directors.	No No Yes Yes  No
5th meeting in 2023	1. Approved the 2023 third quarter consolidated financial statements.	Yes

(13th meeting of 16th term) November 10, 2023	2. Approved the evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others. 3. Approved the sixth issuance of domestic unsecured convertible bonds for conversion into new shares and the establishment of capital increase base date. Opinion of independent directors: None. Company's handling for the opinions of independent directors: None. Result of resolution: Approved by all attending directors.	Yes No
4th meeting in 2023 (12th meeting of 16th term) August 9, 2023	1. Approved the 2023 second quarter consolidated financial statements. 2. Approved the handling of financial derivatives. 3. Approved the sixth issuance of domestic unsecured convertible bonds for conversion into new shares and the establishment of capital increase base date. 4. Approved the evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others. 5. Through the company's change of stock agency from November 1, 2023. 6. Approved the amendment to the "Rules of Procedure for Shareholders' Meetings". Opinion of independent directors: None. Company's handling for the opinions of independent directors: None. Result of resolution: Approved by all attending directors.	Yes Yes No Yes Yes No
3th meeting in 2023 (11th meeting of 16th term) June 9, 2023	Approved the establishment of cash dividend distribution ex-dividend date related matters. Opinion of independent directors: None. Company's handling for the opinions of independent directors: None. Result of resolution: Approved by all attending directors.	No
2th meeting in 2023 (10th meeting of 16th term) May 12, 2023	1. Approved the 2023 first quarter consolidated financial statements. 2. Approved the handling of financial derivatives. 3. Approved the evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others. 4. By setting up a corporate governance officer. 5. Approved the proposal for 2022 bonus distribution for managerial officers and staff . Opinion of independent directors: None. Company's handling for the opinions of independent directors: None. Result of resolution: Approved by all attending directors.	Yes Yes Yes Yes No
1th meeting in 2023 (9th meeting of 16th term) March 17, 2023	1. Approved the 2022 consolidated and parent company only financial statements prepared according to IAS. 2. Approved the 2022 earnings distribution proposal. 3. Approved the proposal for distribution of 2022 remuneration of employees and remuneration of directors. 4. Approved the handling of financial derivatives. 5. Approved the CPA independence and competency evaluation and appointment. 6. Approved the sixth issuance of domestic unsecured convertible bonds for conversion into new shares and the establishment of capital increase base date. 7. Approved the evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others. 8. Approved a letter of support was issued to Taiwan Taishin Bank for its subsidiary - Vietnam Wonderful Hi-Tech Group, Vietnam, to facilitate its credit application. 9. Approved the proposal for amendment to the "Procedures for Transferring Repurchased Shares to Employees" of the Company. 10. Approved the proposal for amendments to the "Procedures for Employee Share Subscription" of the Company. Approved the proposal for amendments to the "Procedures for Employee Share Subscription" of the Company. 11. Approved the amendment to some provisions of the "Articles of Incorporation" of the Company. 12. Approved the 2022 statement of Internal control system. Opinion of independent directors: None. Company's handling for the opinions of independent directors: None. Result of resolution: Approved by all attending directors.	Yes No No Yes Yes No Yes No No No No No Yes

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

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

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

Title	Name	Date of Job Assumption	Date of Dismissal	Reason of Resignation or Dismissal
President	Cheng-Po Chang	2022.09.06	2024.01.01	post adjustment

## V. Information on Independent Auditor's Fee

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

Amount Unit: NT\$ thousand

Name of Accounting Firm	Name of CPA	CPA's Audit Period	Audit Fee	Non-Audit Fee	Total	Remarks
PwC Taiwan	Po-Chuan Lin	2023.1.1~2023.12.31	3,610	1,154	4,764	
	Shu-Chiung Chang					

Please describe the non-audit fee service content:

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

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

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

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

**VI. Change of CPA's Information: None.**

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

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

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

Title (Note 1)	Name	Up to April 14, 2024		2023	
		Increase (decrease) of shareholding	Increase (decrease) of pledged shares	Increase (decrease) of shareholding	Increase (decrease) of pledged shares
Chairman	Ming-Lieh Chang	0	0	(1,179,000)	(4,200,000)
Vice Chairman	Ming-Hua Chang	0	0	0	0
Director/ President	Cheng-Po Chang	0	0	(700,000)	0
Director	Lung-Chih Chung	0	0	0	0
Independent Director	Kuei-Sen Huang	0	0	0	0
Independent Director	Ching-Feng Sun	0	0	0	0
Independent Director	Shih-Yang Chen	0	0	0	0
Independent Director	Chun-Chi Yang	0	0	0	0
President	Cheng-Ya Chang	10,000	0	(790,000)	0
Vice President	Yu-Hsiu Hsu	0	0	(16,000)	0
Vice President	Ming Yuan Hsieh	0	0	0	0
manager	Shu mei Huang	(5,000)	0	(5,000)	0

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

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

Equity transfer information

Name (Note 1)	Reason of equity transfer (Note 2)	Transaction date	Transaction counterparty	Relationship of transaction party with the Company, directors, managerial officers and shareholders with shareholding percentage exceeding 10%	Number of shares	Transaction price
Cheng-Po Chang	Disposal (transfer)	2023/10/17	Chairman of Xuanheng Investment (Co., Ltd.)	The person in charge is the director himself	700,000	0
Cheng-Ya Chang	Disposal (transfer)	2023/12/25	Chairman of Yayi Investment Co., Ltd.	The person in charge is the general manager himself	800,000	0

Equity pledge information

Unit: thousand shares / NT\$ thousand

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

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

Information on relationship among shareholders of top 10 highest shareholder percentages

Name (Note 1)	Personal Shareholding		Holding of shares by spouse, underage children (Note 2)		Total shares held under the name of others		Information on the relations among the top 10 shareholders if anyone is a related party, a spouse, or a relative within second degree of kinship of another and their names. (Note 3)		Remarks
	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Company name (or individual name)	Relationship	
Mei ming Investment Co., Ltd. Responsible Person: Cheng-Po Chang	13,316,070	8.22	0	0	0	0	Ming-Lieh Chang Cheng -Chin Chang Guo Meiyong	Father-son Brothers mother and son	
Ming-Lieh Chang	11,465,911	7.08	1,145,748	0.71	0	0	Ming-Hua Chang Cheng-Po Chang Cheng -Chin Chang Ming-Liang Liang Guo Meiyong	Brothers Father-son Father-son Relative by marriage spouse	
Wanshih Electronic Co., Ltd. Chairman: Cheng-Chin Chang	4,200,121	2.59	0	0	0	0	Ming-Lieh Chang Cheng-Po Chang Guo Meiyong	Father-son Brothers mother and son	
Ming-Hua Chang	1,924,605	1.19	886,017	0.55	0	0	Ming-Lieh Chang Zhang Jiafang	Brothers father and daughter	
Lin Ruihua	1,628,000	1.01	0	0	0	0	none	none	
Fu San Machinery Co., Ltd. Responsible Person: Lien-Tsai Chung	1,528,512	0.94	0	0	0	0	Lien-Tsai Chung	Relative by marriage	
Lien-Tsai Chung	1,389,000	0.86	710,000	0.46	0	0	Ming-Lieh Chang Fu San Machinery Co., Ltd.	Relative by marriage Same as the Responsible Person	
Guo Meiyong	1,145,748	0.71	11,465,911	7.08	0	0	Ming-Lieh Chang Cheng-Po Chang Cheng-Chin Chang	Spouse mother and son mother and son	
Zhang Jiafang	1,143,265	0.71	0	0	0	0	Ming-Hua Chang	father and daughter	
Citi custodian investment account of Berkeley Capital Securities Co., Ltd.	1,026,000	0.63	0	0	0	0	none	none	

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

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

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

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

Comprehensive Shareholding Percentage

March 31, 2024

Unit: thousand shares/%

Investee	Investment of the Company		Investment by directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company (Remarks)		Consolidated investment		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	
Wonderful Holding (Cayman) Co., Ltd.	12,256	100.00	-	-	12,256	100.00	
Wonderful International (Cayman) Co., Ltd.	-	-	12,256	100.00	12,256	100.00	Held by subsidiary
Thai Wonderful Wire Cable Co., Ltd.	-	-	1,576	73.50	1,576	73.50	Held by subsidiary
Wonderful Holding (Thailand) Co., Ltd.	-	-	0.49	100.00	0.49	100.00	Held by subsidiary
ABA INDUSTRY INC.	92	56.10	72	43.90	164	100.00	Held by subsidiary
Vietnam Wonderful Wire Cable Co., Ltd.	-	50.00	-	50.00	-	100.00	Held by subsidiary
Le Hao International Co., Ltd.	16,326	81.63	0.697	3.485	17,023	85.12	Held by directors
Le Hao Co., Ltd.	-	-	41,401	100.00	41,401	100.00	Held by subsidiary
Wonderful Photoelectricity (Dongguan) Co. Ltd.	-	-	-	100.00	-	100.00	Held by subsidiary
Yi-Tai Technology Co., Ltd.	21,377	100.00	-	-	21,377	100.00	
Shanghai Elitech Technology Co., Ltd.	-	-	-	100.00	-	100.00	Held by subsidiary
Wonderful Cabling Systems Corporation	2,000	80.00	-	-	2,000	80.00	
Wanshih Electronic Co., Ltd.	17,497	24.11	34	0.05	17,531	24.16	Held by directors
Wan Shih (Hong Kong) Co., Ltd.	3,068	17.04	9,593	53.29	12,660	70.33	Held by associate
Suzhou Wanshih Optical Communication Co., Ltd.	-	2.56	-	87.26	-	89.82	Held by associate
Saga YesFamily Healthcare Co.	3,010	28.00	2,106	19.59	5,116	47.59	Held by directors
ACTife Hi-Tech Co., Ltd.	2,000	100.00	-	-	2,000	100.00	
Leading LOHAS International Trading Company	100	100.00	-	-	100	100.00	
ALPHA TREASURE INVESTMENTS LIMITED	508	35.00	-	-	508	35.00	
PT ALPHA GLOBAL TECHNOLOGY	-	-	-	56.00	-	56.00	Held by associate

## Four. Fundraising Status

### I. Capital and Shares

#### (I) Source of Capital:

##### 1. Source of capital

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



Date	Par value per share (NT\$)	Registered capital		Paid-in capital		Remarks			
		Number of shares (thousand)	Amount (NT\$ thousand)	Number of shares (thousand)	Amount (NT\$ thousand)	Source of capital (NT\$ thousand)	Those who use assets other than cash to offset the share price	Others	
2008/04/18	10	200,000	2,000,000	111,710	1,117,109	Domestic unsecured convertible bonds	5,858	None	Note 12
97/07/22	10	200,000	2,000,000	112,439	1,124,392	Domestic unsecured convertible bonds	7,283	None	Note 13
2008/08/20	10	200,000	2,000,000	114,694	1,146,943	Capital increase by surplus earnings Capital increase by employee bonuses	10,551 12,000	None	Note 14
2009/02/04	10	200,000	2,000,000	112,694	1,126,943	Cancellation of treasury shares	(20,000)	None	Note 15
2010/01/13	10	200,000	2,000,000	112,701	1,127,014	Domestic unsecured convertible bonds	71	None	Note 16
2010/04/19	10	200,000	2,000,000	117,573	1,175,727	Domestic unsecured convertible bonds	48,712	None	Note 17
2010/07/23	10	200,000	2,000,000	117,587	1,175,870	Domestic unsecured convertible bonds	143	None	Note 18
2010/09/02	10	200,000	2,000,000	119,673	1,196,727	Capital increase by surplus earnings	20,857	None	Note 19
2010/10/18	10	200,000	2,000,000	117,473	1,174,727	Cancellation of treasury shares	(22,000)	None	Note 20
2010/12/27	10	200,000	2,000,000	132,573	1,325,727	Cash	151,000	None	Note 21
2011/01/24	10	200,000	2,000,000	131,361	1,313,608	Cancellation of treasury shares Domestic unsecured convertible bonds	(20,000) 7,881	None	Note 22
2011/02/11	10	200,000	2,000,000	129,361	1,293,608	Cancellation of treasury shares	(20,000)	None	Note 23
2011/09/16	10	200,000	2,000,000	125,861	1,258,608	Cancellation of treasury shares	(35,000)	None	Note 24
2012/04/16	10	200,000	2,000,000	125,261	1,252,608	Cancellation of treasury shares	(6,000)	None	Note 25
2014/04/17	10	200,000	2,000,000	123,261	1,232,608	Cancellation of treasury shares	(20,000)	None	Note 26
2016/04/06	10	200,000	2,000,000	120,761	1,207,608	Cancellation of treasury shares	(25,000)	None	Note 27
2016/10/31	10	200,000	2,000,000	122,780	1,227,804	Domestic secured convertible bonds	20,196	None	Note 28
2017/01/18	10	200,000	2,000,000	123,535	1,235,353	Domestic secured convertible bonds	7,549	None	Note 29
2017/04/21	10	200,000	2,000,000	137,182	1,371,823	Domestic secured convertible bonds	136,470	None	Note 30
2017/07/28	10	200,000	2,000,000	140,369	1,403,685	Domestic secured convertible bonds	31,862	None	Note 31
2021/11/22	10	200,000	2,000,000	149,569	1,495,685	Cash capital increase	92,000	None	Note 32
2022/02/08	10	200,000	2,000,000	159,105	1,591,048	Domestic unsecured convertible bonds	95,362	None	Note 33
2022/05/04	10	200,000	2,000,000	161,012	1,610,120	Domestic unsecured convertible bonds	19,072	None	Note 34
2022/08/11	10	200,000	2,000,000	161,665	1,616,652	Domestic unsecured convertible bonds	6,532	None	Note 35
2023/06/29	10	300,000	3,000,000	161,665	1,616,652	Increase in rated capital	0	None	Note 36
2023/08/29	10	300,000	3,000,000	161,668	1,616,680	Domestic unsecured convertible bonds	28	None	Note 37

Date	Par value per share (NT\$)	Registered capital		Paid-in capital		Remarks			
		Number of shares (thousand)	Amount (NT\$ thousand)	Number of shares (thousand)	Amount (NT\$ thousand)	Source of capital (NT\$ thousand)	Those who use assets other than cash to offset the share price	Others	
2023/12/05	10	300,000	3,000,000	161,791	1,617,912	Domestic unsecured convertible bonds	1,232	None	Note 38

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

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

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

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

Note 5: Financial Supervisory Commission of Executive Yuan Jin-Guan-Yi-Zi No. 0950134445 Letter dated August 4, 2006.

Note 6: Jing-Shou-Shang-Zi No. 09501235220 Letter dated October 19, 2006.

Note 7: Jing-Shou-Shang-Zi No. 09601100250 Letter dated May 9, 2007.

Note 8: Jing-Shou-Shang-Zi No. 09601085790 Letter dated August 3, 2007.

Note 9: Financial Supervisory Commission of Executive Yuan Jin-Guan-Yi-Zi No. 0960036825 Letter dated July 16, 2007.

Jing-Shou-Shang-Zi No. 09601219630 Letter dated September 6, 2007.

Note 10: Jing-Shou-Shang-Zi No. 09601264980 Letter dated October 30, 2007.

Note 11: Jing-Shou-Shang-Zi No. 09701031050 Letter dated February 12, 2008.

Note 12: Jing-Shou-Shang-Zi No. 09701091550 Letter dated April 18, 2008.

Note 13: Jing-Shou-Shang-Zi No. 09701177370 Letter dated July 22, 2008.

Note 14: Financial Supervisory Commission of Executive Yuan Jin-Guan-Yi-Zi No. 09700321395 Letter dated June 27, 2008.

Jing-Shou-Shang-Zi No. 09701209670 Letter dated August 20, 2008.

Note 15: Jing-Shou-Shang-Zi No. 09801018420 Letter dated February 4, 2009.

Note 16: Jing-Shou-Shang-Zi No. 09901006620 Letter dated January 13, 2010.

Note 17: Jing-Shou-Shang-Zi No. 09901078410 Letter dated April 19, 2010.

Note 18: Jing-Shou-Shang-Zi No. 09901161760 Letter dated July 23, 2010.

Note 19: Jing-Shou-Shang-Zi No. 09901198920 Letter dated September 2, 2010.

Note 20: Jing-Shou-Shang-Zi No. 09901232710 Letter dated October 18, 2010.

Note 21: Jing-Shou-Shang-Zi No. 09901286450 Letter dated December 27, 2010.

Note 22: Jing-Shou-Shang-Zi No. 10001010680 Letter dated January 24, 2011.

Note 23: Jing-Shou-Shang-Zi No. 10001027780 Letter dated February 11, 2011.

Note 24: Jing-Shou-Shang-Zi No. 10001216410 Letter dated September 16, 2011.

Note 25: Jing-Shou-Shang-Zi No. 10101066670 Letter dated April 16, 2012.

Note 26: Jing-Shou-Shang-Zi No. 10301070280 Letter dated April 17, 2014.

Note 27: Jing-Shou-Shang-Zi No. 10501065030 Letter dated April 16, 2016.

Note 28: Jing-Shou-Shang-Zi No. 10501243630 Letter dated October 31, 2016.

Note 29: Jing-Shou-Shang-Zi No. 10601007100 Letter dated January 18, 2017.

Note 30: Jing-Shou-Shang-Zi No. 10601049250 Letter dated April 21, 2017.

Note 31: Jing-Shou-Shang-Zi No. 10601102900 Letter dated July 28, 2017.

Note 32: Jing-Shou-Shang-Zi No. 11001204710 Letter dated November 22, 2021.

Note 33: Jing-Shou-Shang-Zi No. 11101008260 Letter dated February 8, 2022.

Note 34: Jing-Shou-Shang-Zi No. 11101063270 Letter dated May 4, 2022.

Note 35: Jing-Shou-Shang-Zi No. 11101139580 Letter dated August 11, 2022.

Note 36: Jing-Shou-Shang-Zi No. 11230118850 Letter dated June 29, 2023.

Note 37: Jing-Shou-Shang-Zi No. 11230166020 Letter dated August 29, 2023.

Note 38: Jing-Shou-Shang-Zi No. 11230224630 Letter dated December 5, 2023.

## 2. Share Type

Unit: shares April 14, 2024

Share type	Registered capital			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Registered common shares	161,955,380	138,044,620	300,000,000	TPEX listed stocks on February 4, 1998

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

### (II) Shareholder Structure

Unit: shares April 14, 2024

Shareholder structure	Government agencies	Financial institutions	Other juridical persons	Individuals	Foreign institutions and natural persons	Treasury shares	Total
Quantity							
Number of shareholders	0	3	199	40,338	60	1	40,601
Number of shares held	0	250,962	23,661,229	124,460,245	5,968,944	7,614,000	161,955,380
Shareholding percentage %	0	0.15	14.61	76.85	3.69	4.70	100.00

### (III) Equity ownership dispersion status

April 14, 2024

Shareholding range	Number of shareholders	Number of shares held	Shareholding percentage %
1 ~ 999	21,294	547,526	0.34
1,000 ~ 5,000	15,786	31,728,351	19.59
5,001 ~ 10,000	2,029	16,630,575	10.27
10,001 ~ 15,000	498	6,393,026	3.95
15,001 ~ 20,000	332	6,244,418	3.86
20,001 ~ 30,000	260	6,767,967	4.18
30,001 ~ 40,000	108	3,910,228	2.41
40,001 ~ 50,000	72	3,419,269	2.11
50,001 ~ 100,000	111	8,021,639	4.95
100,001 ~ 200,000	46	5,963,067	3.68
200,001 ~ 400,000	28	7,506,302	4.63
400,001 ~ 600,000	7	3,451,529	2.13
600,001 ~ 800,000	10	6,971,711	4.30
800,001 ~ 1,000,000	8	7,016,267	4.33
1,000,001 or more	12	47,383,505	29.27
Total	40,601	161,955,380	100.00

### (IV) List of Major Shareholders

Name of major shareholders	Number of shares held	Shareholding percentage (%)
Mei ming Investment Co., Ltd.	13,316,070	8.22
Ming-Lieh Chang	11,465,911	7.08
Wanshih Electronic Co., Ltd.	4,200,121	2.59
Ming-Hua Chang	1,924,605	1.19
Lin Ruihua	1,628,000	1.01
Fu San Machinery Co., Ltd.	1,528,512	0.94
Lien-Tsai Chung	1,389,000	0.86
Guo Meiyang	1,145,748	0.71
Zhang Jiafang	1,143,265	0.71
Citi custodian investment account of Berkeley Capital Securities Co., Ltd.	1,026,000	0.63

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

Item		Year			
		Up to March 31, 2024 for current year (Note 8)	2023	2022	
Market price per share (Note 1)	Highest	36.40	40.70	44.50	
	Lowest	29.10	28.40	27.85	
	Average	34.01	34.77	37.64	
Net value per share (Note 2)	Before distribution	17.53	16.36	16.90	
	After distribution	-	-	14.90	
Earnings per share	Weighted average shares outstanding	154,177	154,105	153,195	
	Before retroactive adjustment - earnings per share	0.50	1.46	3.04	
	After retroactive adjustment- earnings per share	-	-	-	
Dividends per share	Cash dividends (Note 9)		-	1.20	2.00
	Stock dividends	Stock dividends appropriated from retained earnings (Note 3)	-	-	-
		Stock dividends from capital reserve	-	-	-
	Accumulated retained dividends (Note 4)		-	-	-
Return on Investment (ROI) analysis	Price-to-Earnings Ratio (PER) (Note 5)		68.02	22.34	11.63
	Price-to-Dividend Ratio (PDR) (Note 6)		-	27.18	17.67
	Cash dividend yield (Note 7)		-	3.68%	5.66%

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

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

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

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

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

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

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

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

Note 8: The information of the first quarter of 2024 is based on the consolidated financial statements audited and certified by CPA.

Note 9: The 2023 earnings distribution proposal has not yet been approved by the shareholders' meeting.

(VI) Company Dividend Policy and Implementation Status:

1. Dividend policy specified in the Articles of Incorporation:

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

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

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

Wonderful Hi-Tech Co., Ltd.  
2023  
Earnings Distribution Table

Item	Unit: NT\$ Amount
Unappropriated retained earnings at beginning of the term	184,725,263
Add: Adjustment to retained earnings for 2023 (Note 1)	20,425,590
Add: Net profit after tax for 2023	224,415,699
Accumulated distributable earnings	429,566,552
Recognized item	
Legal reserve (10%)	24,484,129
Reversal of special reserve (Note 2)	23,508,678
Current distributable earnings	381,573,745
Distribution item	
Shareholders' dividends (NT\$1.2 per share)(Notes 3 and 4)	185,012,590
Ending undistributed earnings reserved	196,561,155
<p>Note 1: It includes the adjustment of benefit plan actuarial benefit according to the actuarial report of NT\$4,519,511, the share of other comprehensive income or loss on associated companies and joint ventures accounted for using equity method - defined benefit plan actuarial gain of Interest of NT\$1,678,023 and unrealized gains and losses on equity instruments measured at fair value through other comprehensive gains and losses on disposal of associates and joint ventures of NT\$14,228,056.</p> <p>Note 2: Including the exchange losses of NT\$18,623,802 converted from the financial statements of foreign operating institutions, the provision for unrealized losses on financial assets measured at fair value through other comprehensive income of NT\$4,884,876.</p> <p>Note 3: This distribution plan was calculated based on the number of outstanding shares minus the number of treasury shares as of March 13, 2024.</p> <p>Note 4: For the aforementioned earnings, the earnings of 2023 is distributed first in priority, followed by distributing the earnings of 2022.</p>	

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

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

(VIII) Remuneration of employees and directors:

1. Information on the percentage or range of remuneration of employees and remuneration of directors specified in the Articles of Incorporation:  
Article 26: When the Company has a profit for a fiscal year, 2% to 4% of the profit before tax and before the deduction of the distribution of remunerations of employees and directors shall be set aside as the remuneration of employees and no higher than 2% thereof shall be set aside as the remuneration of directors. However, when the Company has accumulated losses, amount shall be reserved for making up the accumulated losses first.
2. The estimation basis for the remunerations of employees and directors of the Company refers to that 2% of the profit before tax and before the deduction of the distribution of remunerations of employees and directors is set aside as the remuneration of employees and 1% thereof is set aside as the remuneration of directors. When there is difference between the actual distribution amount and the estimation amount, such difference is recorded under the current expense for the year of distribution.
3. Remuneration distribution status approved by the board of directors:  
The 2023 net income before tax of the Company is NT\$284,790,444, and the income before subtracting the distribution of remunerations of employees and directors from the net Income before tax is NT\$301,509,504. According to the Articles of Incorporation and the

recommendation of the Remuneration Committee, remuneration of employees in cash of 3.2% for an amount of NT\$9,648,304 and remuneration of directors in cash of 1.6% for an amount of NT\$4,824,152 are proposed for distribution.

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

Unit: NT\$

Item	March 17, 2023 Approval through resolution of board of directors' meeting	June 7, 2023 Approval through resolution of shareholders' meeting	Difference
Remuneration of directors	8,957,681	8,957,681	0
Employees' remuneration distruated in cash	17,915,362	17,915,362	0
Employees' remuneration distruated in stocks	0	0	0

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

- (1) Repurchase executed completely:

April 30, 2024

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

- (2) Currently under execution: None

## II. Issuance of Corporate Bonds:

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

Corporate bond type	Sixth domestic unsecured convertible corporate bond
Issuance (processing) date	October 31, 2022.
Face Value	NT\$ 100,000
Issuance and transaction place	Not applicable.
Issue price	101.00 of par value adopted for issuance (issue at premium)
Total amount	Total par value of issuance of NT\$800,000,000 Total amount of issuance of NT\$810,092,410
interest rate	0%
Maturity	Three years Maturity date: October 31, 2025.
Guarantee institution	Not applicable.
Trustee	Taiwan Cooperative Bank Commercial Bank Co., Ltd.
Underwriting institution	MasterLink Securities Corporation
Review attorney	Handsome Attorneys-at-law Attorney Yang-Wen Chiu
CPA for financial statement of most recent year	PwC Taiwan CPA Pei-Ling Tu, CPA Po-Chuan Lin
Repayment Methods	In addition to conversion or redemption according to the issuance and conversion method, bonds are redeemed all at once in cash according to the par value of the bonds.
Outstanding principal	NT\$790,100,000 (up to April 30 , 2024.)
Covenants for redemption or early repayment	Please refer to Regulations for Corporate Bond Issuance and Conversion
Restrictive covenants	Please refer to Regulations for Corporate Bond Issuance and Conversion
Name of credit rating agency, rating date, rating result of corporate bonds	None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities
	Up to April 30 , 2024,The amount converted into ordinary shares is NT\$9,900,000 (99 shares converted, 290,150 shares).
	Issuance and conversion, exchange or subscription method
	Please refer to Regulations for Corporate Bond Issuance and Conversion
Issuance and conversion, exchange or subscription method, issuing condition dilution and impact on existing shareholders' equity	Please refer to the description of (III) for details
Name of transfer agent for the transfer subject matter	Not applicable.

### (II) Information on corporate bond conversion

Unit: NT\$

Corporate bond type		Sixth domestic unsecured convertible corporate bonds	
Year		Up to April 22 date, 2024 for the current year	2023
Item	Highest	117.05	118
	Lowest	102.50	96.7
	Average	110.54	102.56
Conversion price		NT\$34.1 per share	
Issue date and conversion price at issuance		10 month 31 date, 2022 NT\$36.2 per share	
Performance of conversion obligation method		Issuance of new shares	

(III) Issuing condition dilution on equity and impact on shareholders' equity:  
Sixth domestic unsecured convertible corporate bonds:

Unit: NT\$ thousand; thousand shares

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

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

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

**III. Issuance of preferred shares:** None.

**IV. Issuance of global depository receipts:** None.

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

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

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

**VII. Financing plans and implementation status:** None.

## Five. Overview of Operations

### I. Business Activities

#### (I) Business Scope

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



## 2. Business weights

Unit: NT\$ thousand

Product name	2023 operating income	Ratio %
LAN cables	2,243,472	35
Electronic cables	1,707,052	26
Irrigation cables	669,942	10
Automotive wires	448,969	7
Power cables	123,309	2
Computer cables	118,651	2
High temperature wires	24,860	0
Others	1,181,780	18
Total	6,518,035	100

## 3. Present products and service items of the Company

- (1) LAN cables
- (2) Optical fibers
- (3) Electronic cables
- (4) RF High frequency coaxial cables
- (5) Power cables
- (6) High temperature wires
- (7) Ultra-fine high temperature wires
- (8) Network copper cables and optical fiber peripherals and accessories
- (9) Automotive cables
- (10) Irrigation cables

## 4. New products planned for development

- (1) With the development of AI, the demand for high-speed computing and high-speed transmission is increasing, and the construction of data centers continues to expand. Cat6A high-grade cables, or optical-copper hybrid composite cables will be come the mainstream of application in the future. Wonderful Hi-Tech will continue to develop corresponding high-grade transmission cables for the industry's development.
- (2) Power over Ethernet (POE) technology has been applied to many devices, such as: VoIP, phones, sharing devices, IP cameras, LET lighting, point-of-sale terminals, external signage, and a variety of products that utilize IoT functionality. Due to the wide range of applications, the wire features and designs required are also different. Wonderful Hi-Tech will develop more cables with different structures or composite cables to meet the construction needs of customers in different applications.
- (3) As the development and application of low orbit satellites are becoming more and more extensive, Vietnam and Thailand factories will continue to develop designs that adapt to various environments and are more user-friendly, focusing on the transmission of ground receivers and power cables for low orbit satellites.
- (4) With the increasingly clear policy of switching from oil to electricity, the development of electric vehicles is unstoppable. The amount of copper used in electric vehicles is four times higher than that of ordinary fuel vehicles, and there is a huge demand for wires from external charging cables to internal battery peripherals. Examples include charging and energy storage cables, transmission cables for automobiles, network cables and coaxial

cables. Thailand and Vietnam factories have already expanded their facilities and will actively invest in the development of related wires.

- (5) In response to the development of intelligent buildings, the demand for upgraded end-use applications such as access control, temperature control cables, audio cables, fire alarm cables, and HVAC cables required in commercial offices or general residences has increased, and we will comprehensively develop a variety of corresponding cables to satisfy customers' needs.
- (6) With the evolution of information technology and the worsening of the global labor shortage problem, the development of robotics or robotic arm applications is becoming more and more important, and its applications can be found in various industries, which is one of the inevitable trends of the industry in the future. Wonderful - Dongguan factory has already invested in the development of related robotic wire.
- (7) After the epidemic, large cruise ships restarted business opportunities, also driving the demand for marine wire. Hydrolysis-resistant TPU cables are polymer elastomers with many excellent characteristics, which are particularly suitable for use on ships. Wonderful - Dongguan factory continues to develop marine-related cables, and the certification of cables is in progress.
- (8) The economic confrontation between China and the United States continues, and many Chinese manufacturers have shifted to Thailand to build factories. In the construction of factories, there is a need for various types of control cables, such as: power control cables, network cables or RS485 communication cables, sensor cables, control harnesses for equipment, etc. Depending on the needs of different applications and types of equipment, you can choose different type of control cables. Wonderful – Thailand factory grasps local business opportunities and develops corresponding wires.
- (9) The demand for medium and high voltage wires is increasing in response to the construction of power grids. For example, 600V XLPE cables up to 25Kv are suitable for transmission and distribution systems, with good insulation and heat resistance and superior electrical characteristics. With the economic development of various countries, the business opportunities for power grid infrastructure are growing steadily.
- (10) Wire for special applications, such as elevator cable, medical wire, and aerospace wire. We provide customized specifications according to customers' needs.

(II) Industry overview: Please explain the current status and development of the industry, the correlation among upstream, midstream and downstream in the industry, and various develop trend and competition of products.

#### 1. Industry Current Status and Development

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

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

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

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

### 3. Overall economic and industrial development trend

#### (1) Network Communications Development

High transmission, low latency, increased network capacity, security and reliability have become the inevitable direction of global network communications. In order to achieve such communication benefits, reliable infrastructure, including optical fiber and network cable architecture, is required to support the rapid development of communication technologies. The CAT6A network cable has a transmission speed of 10Gbps, and its 500MHz high-bandwidth feature eliminates delays and lagging conditions. In recent years, CAT6A is moving towards smaller OD to meet the space-saving needs of cabling construction. In addition, CAT7 has high transmission (10Gbps) and stronger anti-electrical interference features. Its structure is designed with stronger shielding, which makes it less likely to be affected by other devices, providing the best solution for equipment manufacturers and the professional audio-video industry. In addition to the transmission function, the copper cable can also supply power (PoE), which is more in line with the wiring requirements of low-voltage electrical equipment. Low-orbit satellites are characterized by high speed, high traffic volume, low latency and high coverage, which can comprehensively enhance the quality of communications and solve the problem of communication dead spots. In the future, it can also provide the best solution for the Internet of Things through its advantages. Advanced countries around the world have already invested in the construction of low-orbit satellite communication infrastructure networks, and the future business opportunities are unlimited.

#### (2) Smart Building Development

The development direction of smart buildings includes a stronger integration of the Internet of Things (IoT) to realize the intelligent interconnection of various devices and systems. The integrated wiring system in a building usually covers telecommunications, LAN, broadband coaxial, control of various devices, sensing and security systems, etc. In the future, through various applications, more versatile wiring structures will be developed, and ultimately, all wiring systems will be integrated to achieve the goal of facility automation.

#### (3) Industrial Internet of Things

With the global demographic changes, especially in advanced countries, the phenomenon of childlessness and aging is becoming more and more serious. Such a demographic structure will lead to labor shortages and skill gaps in many industries, especially in the manufacturing sector. The Industrial Internet of Things (IIoT) is the solution to the problem of childlessness and labor shortage. Through M2M communication, data collection and analysis, real-time monitoring and control system can replace the traditional manufacturing management mode, helping the manufacturing industry to transform and enhance its competitiveness. Industrial wires must be able to withstand a variety of harsh environments, and the development and

application of materials will be a major design focus.

(4) New Energy Infrastructure Trend

Countries around the world are vigorously promoting the development of new energy sources, such as solar energy, wind energy, hydrogen energy, etc. Electric vehicles are also one of the representatives of new energy development. In order to develop these green industries and achieve net-zero carbon emissions, countries are accelerating the improvement and development of related infrastructure, such as power cables, EV charging cables, and energy storage cables, for which the market demand continues to grow.

(5) Drone Industry Development and Application

The scope of application of drones is beyond imagination, especially in the era of manpower shortage, drones can be widely used in markets such as cargo transportation and logistics, agricultural assistance, film entertainment, disaster relief, site inspection, land surveys, climate and environmental monitoring, industrial automation, etc., and in the future, drones can even be used in outer space exploration, which is a huge business opportunity. As drones can satisfy many functions that humans cannot achieve, they are also a practical solution to the problem of labor shortage, and are one of the industries that will be highly valued in the future.

(6) Medical Cable Development and Application

With the advancement of technology, the development of digital healthcare is getting faster and faster, the future application and development of medical cables will face brand new requirements and challenges. In addition to telemedicine, which requires higher transmission and computational processing capabilities, more advanced material applications (e.g., materials that are harmless to the human body or can be decomposed and are environmentally friendly are also a key focus of future development), and smarter sensor integration, which can provide real-time monitoring and data feedback, both hardware and software must be upgraded in order to promote more effective medical treatments.

(7) Development Trend of Energy Storage and Charging Devices

New energy development is a “must-be” policy of global trend. With the energy transition, various new forms of energy continue to be refined, in order to ensure the stability of the power supply, energy storage systems will become a key indicator of the intelligence of the power grid, and the related charging devices will also be developed simultaneously, and bring significant business opportunity.

(8) Upgrading Trend of Temperature Sensor Wiring

Temperature sensor cables are special cables for measuring temperature and are widely used in various industries, such as industrial automation, HVAC systems, automotive industry and medical equipment. As technology advances, the material of temperature-sensitive cables will be upgraded from XLPE to Teflon to meet the needs of more end-use applications.

(9) Global Power Grid Upgrade, Medium and High Voltage Cable Market Demand

With the energy transformation and modernization needs, many countries are strengthening their power infrastructure. In particular, China and India are actively deploying power grids in response to industrial development. In addition, advanced countries such as the U.S. and Europe are upgrading their power grids to meet the growing demand for electricity due to aging grids. Medium and high voltage cables play

an indispensable role in the development of power grids, and market demand will grow steadily.

#### 4. Competition

- (1) In 2023, both the commercial and residential markets will be significantly impacted by high inflation and high interest rates, which will result in a reduction in corporate capital expenditure. Due to the slowdown in business activities, high inventory at the customer end and oversupply in the market have also resulted in increasing price competition. Wonderful Hi-Tech has long been committed to the development of new materials and optimization of product specifications to differentiate its products from its competitors in order to cope with the competitive market situation.
- (2) Vietnam's economy is highly dependent on the export trade. In the past few years, global trade tensions and changes in tariff policies have allowed Vietnam to achieve excellent export results, but the rapid growth of the economy has also led to rising labor costs and stricter environmental regulations, which have posed many challenges to business operations. In addition to the existing UL and AV product lines, Wonderful - Tai Vietnam Factory is also planning to set up an irradiation facility to provide irradiation lines and high temperature lines in order to expand its product lines and increase the opportunities for supplying to other industries, and to widen the gap between Wonderful - Vietnam Factory and its domestic competitors.
- (3) The export business of Wonderful - Dongguan factory has been affected by the trade war between China and the U.S. in the past few years, but the Southeast Asian and European markets have maintained a stable supply. China's domestic market offers enormous business opportunities, but the impact of the Chinese government's epidemic control policy in the past two years has led to foreign investors choosing to withdraw from the Chinese market, and the shrinking of the domestic demand market has further aggravated the manufacturing industry. In order to maintain business fundamentals and stimulate business growth, Wonderful – Dongguan factory has devoted itself to the development of new industries and customized cables, which has led to growth in the export market against the prevailing trend, and has maintained stable operations in the industry.
- (4) The Thailand government promotes the Thailand 4.0 policy, which focuses on transforming Thailand into an advanced manufacturing and technology center, and provides investment incentives to attract foreign investment. In recent years, many Chinese companies have been affected by the trade war and have turned to Thailand for development, making the competition in the cable industry increasingly fierce. Wonderful - Thailand factory has been cultivating the local market for decades and has a stable domestic customer base. In addition to the existing product lines (UL electronic cables, automotive wires, and power cables), the Thailand factory has also expanded its irradiator capacity to meet the increasing demand from both domestic and overseas markets. At the same time, in line with the industry trend, we are accelerating the development of new energy cables and actively creating new products to differentiate ourselves from our competitors.

#### (III) Technology and Research and Development Overview

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

The research and development expenses were NT\$45.34 million in 2023. As of Q1 this year, NT\$12.61 million has been invested in R&D. For 2024, Wonderful Group will continue to focus

on technology innovation in order to overcome veracious challenges associated with the global economy and geopolitical changes. Through technology innovation and continuous pursuit of certification, we expect to increase our product competitiveness, satisfy customers' diverse demands, and promote the Company's long-term development in the industry at the same time.

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

Item	Project item	Summary
1	New product design obtains CMX OUTDOOR CMP certification	We plan to launch network cable products with excellent performance for outdoor applications and are committed to obtaining CMX OUTDOOR CMP certification to ensure their stability, durability and safety in special environments.
2	Customer's specifications obtained certification UL wire special rod CMP-OF	In order to meet the diverse needs of our customers, we will focus on designing and manufacturing wires that meet special specifications and obtain UL CMP-OF certification to ensure their excellent reliability and safety in highly demanding applications.
3	Development of high-end audio cables and cables for special headphones and helmets	We will be committed to developing high-end audio cables and special headphone and helmet cables to meet the special needs of professional users. This will include audio cables that provide higher sound quality and lower noise, as well as customized development for the special needs of headset helmets.
4	Develop new CMP materials	We will continue to develop new suppliers and jointly conduct research and development of new CMP materials to improve the performance of wires. This involves the use of more economical materials, improved flame resistance and the impact of short chain supply. This initiative will help strengthen our competitive advantage in the market.
5	Develop new product flame-resistant direct buried wire	Considering some special application scenarios, we plan to develop a wire that is flame-resistant and suitable for direct burial environments, making our products more suitable for applications in different industries.

#### (IV) Long/Short-Term Business Development Plan

In the past few years, the world has been affected by the trade war between China and the United States, epidemics, and geopolitics, which have led to significant changes in the international supply chain, from globalization to conservatism or nationalism. Under the impact of inflation and high interest rates, the global economy is experiencing lower demand and slower market growth, and these external uncontrollable factors have made the export trade even more difficult. In addition, the post-epidemic situation has changed the way people live and work, and many new industrial trends and products have emerged in response. For example, the rapid development of AI and green energy has led to new industrial chains, and the upgrading of electric vehicles is gradually replacing the supply chain of fuel vehicles, which has been matured for decades. Whilst these changes in the industry are designed to make life easier, safer and more comfortable for people, companies are also facing greater challenges. In response to the international situation and the direction of industry development, Wonderful Hi-Tech has formulated short-term and long-term business development plans to fully utilize the production capacity of each factory, and refine its research and development capabilities to establish a leading position in the industry. A summary of the company's short-term and long-term business plans is as follows:

- Short-term development
  - (1) Continue to pay attention to global industrial development trends and develop new

- products accordingly.
- (2) Grasp the business opportunities in global infrastructure and cooperate with local customers to obtain project orders.
  - (3) Continuously optimize existing product lines to increase sales highlights and enhance competitiveness.
  - (4) Extend the product lines of existing OEM customers to increase sales, and to pursue new product development opportunities.
  - (5) Use team-work platform among 4 factories to track business opportunities and the development progress of new materials and products in each factory.
  - (6) Integrate and plan the production capacity of each factory to improve the flexibility of production and sales, and enhance customer service.
  - (7) Enhance market research and collect import/export and industry information in order to grasp the market and track competitors' status.
  - (8) Set up a marketing team to integrate new product information from all factories and create professional marketing material in order to facilitate sales people to achieve sales target.
  - (9) Increase factory visits to promote and extend each factory's products and technical capabilities to achieve the comprehensive effect of improving performance and management.
  - (10) Increase the number of exhibitions, trade shows and routine customer visits to grasp market trends and establish closer customer relationships.
- Long-term development
    - (1) Deeply explore the telecommunication industry and extend business opportunities to other industries.
    - (2) Participate in industry seminars to increase the exposure of Wonderful Group and build up a professional image.
    - (3) Strengthen co-operation with international certification companies to eliminate inferior products and maintain fair competition in the market.
    - (4) To continue to pay attention to the export trade advantages of various countries to facilitate the expansion of the international market as the global geopolitical risk heats up.
    - (5) Develop symbiotic relationship with customers to achieve a win-win situation and increase overall market share.
    - (6) Increase the number of U.S. bases and local supplies to shorten lead-time and improve customer service.
    - (7) Promote the development of ESG and endeavor to study a more environmentally friendly and friendly material supply market, so that Wonderful Hi-Tech can keep pace with the world.
    - (8) Continuously testing and certifying new materials and improving productivity to maintain competitiveness in the international market.
    - (9) Integrate the Group's R&D talents to continuously optimize existing products and create new products for a wider range of industries.
    - (10) Integrate the Group's business team to expand into new markets and develop new products to drive the Group's growth.

## II. Market Profile and Production and Sales

### (I) Market analysis

#### 1. Main product sales region

Region	2023 operating revenue	Ratio (%)
U.S.A.	2,256,467	34.62
Thailand	1,857,497	28.50
Vietnam	997,349	15.30
China and Hong Kong	524,656	8.05
Taiwan	510,527	7.83
Others	371,539	5.70
Total	6,518,035	100.00

#### 2. Market share

Benefiting from the rapid development of AI, it not only drives the demand for data center construction, but also prompts the upgrading of network communication equipment. Both terrestrial communication infrastructure and satellite communications will provide seamless coverage for the global communications market in the future, and the convergence of these two communications technologies is an important trend in the future development of communications technology. Over the past few years, Wonderful Hi-Tech has continued to participate in and expand its network cable production capacity to meet the demands of these two communications developments, and its share of network cable sales has increased year after year. In addition, more outsourcing plans are expected in the future due to labor shortages and production line upgrades by U.S. manufacturers.

The Dongguan factory of Wonderful is not only committed to the development of the high-speed rail and MRT related wires, and has already achieved results in public transportation wires, but also actively develops various industrial wires, such as wires for elevator, ships, medical treatment, robotics and robot arms, charging wires and energy storage wires, which will not only satisfy the needs of overseas customers, but also increase the competitiveness of the domestic market.

Wonderful - Vietnam factory has successfully taken over the production of satellite communication network cables, and will continue to study the development of new materials and provide customers with more environmentally friendly product concepts to strengthen the adherence of customer cooperation. In addition, the Vietnam factory will also take over the order transfer of irrigation wire from the Thailand factory, which is expected to result in a significant growth in 2024. In addition to the stable supply of product lines exported to the U.S., the Vietnam factory is also actively cooperating with wire assembly plants to enter the Japanese supply chain and expand the export market.

Thailand is benefited by the foreign investments of Japanese, Korean, and Chinese companies, Thailand's industries and infrastructure have been gradually upgraded over the past few years, which has led to a significant increase in demand in the Thai domestic market. In addition to the stable market share in UL electronic cables, automotive cables and power cables, Wonderful – Thailand factory plans to invest more resources in the development of new energy



cables (EC charging piles cables, fast charging cables, and energy storage battery connecting cables), power cables, engineering control cables and other high-voltage cables in the future, in order to support the growing domestic market demand, and to gradually expand to the Southeast Asian market.

### 3. Market future supply and demand status and growth

6G, satellite communications, AIOT, and cloud computing are rapidly developing network communications and affecting the future life style of mankind. In addition, advanced countries regard network communication as a national security issue, not only actively promoting infrastructure and network deployment, but also using their international power to influence the supply chain and become a global technology war. In short, these network trends will not only bring megabucks of business opportunities, but also new challenges and opportunities for the industry.

With decades of experience in the information and communications industry, Wonderful Hi-Tech has a strong foundation in the industry and has a track record of being an OEM for the world's top 10 brands, which has been recognized by our customers for its technical capabilities, quality and service. In response to the increasing demand for high-end network cables with high transmission, low latency, and anti-interference in the telecommunication market, Wonderful Hi-Tech has been developing new products or customized cables to meet the market needs of customers in different environments, and has established a more reliable R&D and manufacturing capability.

In addition to the communications industry, Wonderful Hi-Tech also has UL certification for various types of electronic cables, and supplies corresponding product lines for electrical, electromechanical, control, and HVAC systems in the integrated wiring market, such as temperature control, security, audio-video, sprinkler, and landscape lighting cables. Our diversified product lines, coupled with the breadth of our customers' industries, have enabled our factories to receive reorders and new product development opportunities, and to maintain a steady supply of products.

In recent years, due to the trade conflict between China and the U.S., the Southeast Asian and Indian markets, with their demographic dividends, have become the countries where global corporations go to invest one after another. Wonderful Hi-Tech has also actively invested in business resources to expand its territory to Southeast Asia. Through co-development with local assembly plants, Wonderful Hi-Tech has entered the supply chain of Japanese automobile manufacturers and is currently in the process of sample approval.

ESG elements have penetrated into various industries. The decarbonization policies of various countries, whether positively encouraging investment or negatively imposing a carbon fee, are all aimed at developing global clean energy as the ultimate goal. Green energy, energy storage technology, and electric vehicles are all regarded as key industries by advanced countries, and will have a significant impact on the global economy and society in the future, resulting in unlimited business opportunities for the industry. In addition to solar power cables, the R&D team of Wonderful Hi-Tech is also committed to the development of cables for electric vehicle charging piles and energy storage, as well as the research and development of certification requirements. With the global green energy industry, the development prospect is promising.

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

- Competition advantages

- (1) Wonderful Hi-Tech has been in the cable industry for over 40 years, and the R&D teams in each factory have accumulated 300 years of design experience, providing OEM or ODM services and assisting customers in developing new products. Wonderful Hi-Tech has been exporting to the United States for nearly 30 years, and has cooperated with the top 10 leading brands in the market, and the quality is highly recognized.
- (2) Wonderful Hi-Tech has set up production bases in Taiwan, Thailand, Vietnam, China, etc., with complete business layout and flexible production capacity. Over the past 6 years, from the US-China trade war, COVID, to geopolitical issues, Wonderful Hi-Tech has been able to provide customers with a continuous chain of services to strengthen customer confidence.
- (3) Wonderful Hi-Tech actively participates in various international cable industry organizations and regularly sends members to participate in specification development or seminars to keep abreast of the latest specification and product development information. At the same time, Wonderful Hi-Tech is the only overseas member of the Cable and Communications Council of America (CCCA), and the quality of its products has been recognized by the US market.
- (4) Wonderful Group has a wide range of product lines, with each factory having its own special products and complete certifications. In addition to supporting the telecommunications, electronics, home appliance, and automotive industries. In recent years, Wonderful Hi-Tech has also expanded into the production of temperature control, audio-video, security, and sprinkler cables to increase the breadth of customer service. In addition to traditional cables, Wonderful Hi-Tech has also actively invested in the development of irradiation cables, high temperature cables, and electric vehicle charging cables in order to extend a wider range of product applications.
- (5) In order to reduce the risk of out-of-stock of raw materials due to trade wars and geopolitical problems, Wonderful Hi-Tech is committed to establishing a short-chain supply model to shorten the delivery time and stabilize the price.
- (6) Taiwan is a member of TAA, and Made In Taiwan products are available for U.S. government bidding.
- (7) Provide U.S. localized services and East and West Coast warehousing and logistics services to shorten lead-time and support customers in securing project orders. Integrate the business team to provide more timely communication and service.

- Competition disadvantages

- (1) The products in the market vary widely in quality and price. Except for professional manufacturers who can test the quality of cables, end customers are usually unable to judge the quality of the products. Especially when the market is oversupplied, it is easy for the market to fall into a price-orientation, which results in unfair market competition for the manufacturers who follow the regulations.
- (2) After the trade war between the US and China, most Chinese manufacturers have moved to non-North American regions to expand their business, and at the same time, they have also moved their production lines to Southeast Asia to avoid the high tariffs in the United States. In the past two years, these overseas production capacities have started to be put

into operation one after another, making the international market more competitive. This has intensified competition in the international market.

(3) Expanding global geopolitical risks and political influences on the economy are uncontrollable factors that test the ability of enterprises to cope with contingencies and increase their operating costs.

(4) Advanced countries around the world are facing the problems of childlessness and labor shortage, and most young people are reluctant to enter traditional industries, especially in the manufacturing sector.

- Responsive Strategy

(1) Continue to co-operate with international certification companies in order to identify substandard products in the market and to separate unscrupulous manufacturers so as to maintain fairness and justice in the market. At the same time, we will strengthen customer education and training in order to improve the image of our products.

(2) To explore mergers and acquisitions of upstream and downstream companies to take advantage of the integrated supply chain to expand business and increase revenue.

(3) Expanding distributors in various countries to increase brand awareness and improve performance.

(4) Expanding into new markets and adding new products by making use of the global marketing bases of existing customers.

(5) Increase customer adhesion and stabilize performance through ODM sales model.

(6) Actively participate in industry seminars to enhance our R&D capabilities and increase the visibility of Wonderful in the industry.

(7) Establish a group R&D center to integrate resources and lead new product development.

(8) Integrate sales resources and increase routine customer visits to understand industry trends and revitalize sales practices.

(9) Cultivate the Group's elite cadres, give them real power to increase their sense of responsibility, and provide them with opportunities to display their talents.

(10) Make good use of AI tools to streamline workflow and improve work quality.

## (II) Important purpose and manufacturing process of main products

### 1. LAN cables

#### (1) Main purpose

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

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

### 2. RF high frequency coaxial cables

#### (1) Main purpose

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

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

### 3. High temperature wires

#### (1) Main purpose:

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

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

### 4. Electronic cables

#### (1) Main purpose:

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

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

### 5. Automotive cables

#### (1) Main purpose:

Cable bundles for various internal control cables of vehicles.

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

### 6. Optical fibers

#### (1) Main purpose:

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

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

### (III) Primary raw material supply

Primary raw material name	Supplier	Supply status
Copper	GUAN、SUZH、Walsin, TACHAN, LS-VINA, STEC	Excellent
PVC powder	Formosa Plastics、TPC、THAI	Excellent
PTFE (Teflon)	Molecule、JIN	Excellent
PE	Yongqiang Chemical、Pan Heng	Excellent
Plasticizers	THAI、VAN、ZHON、UPC、Yuan Jen	Excellent
Chemical materials	Taiwan Huaju、Jhungi、ey Crown	Excellent

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

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

Up to the first quarter of 2024 ( Note 2)					2023				2022			
Item	Name	Amount	Net purchase percentage up to the current quarter (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer
1	JIN	264,066	18.68	None	LS	839,663	17.25	None	STEC	1,122,254	23.17	None
2	LS	260,586	18.43	None	JIN	627,653	12.90	None	LS	1,118,059	23.09	None
3	STEC	157,258	11.12	None	Dongguan Walsin	451,429	9.28	None	Dongguan Walsin	636,190	13.14	None
4	SUZ	98,920	7.00	None	SUZ	358,935	7.38	None	Cuprime Materia	400,595	8.27	None
5	Others	633,010	44.77	None	Others	2,588,528	53.19	None	Others	1,565,592	32.33	None
	Net purchase amount	1,413,840	100		Net purchase amount	4,866,208	100		Net purchase amount	4,842,690	100	

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

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

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

Up to the first quarter of 2024 (Note 2)					2023				2022			
Item	Name	Amount	Net sales percentage up to the current quarter (%)	Relationship with the issuer	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer
1	S Company	249,126	14.61	None	S Company	581,459	8.92	None	S Company	670,045	7.42	None
2	P Company	133,910	7.85	None	P Company	550,678	8.45	None	P Company	604,962	6.70	None
3	IC Company	75,952	4.45	None	IC Company	284,886	4.37	None	ALEXasia	490,102	5.43	None
4	I Company	51,255	3.01	None	I Company	241,680	3.71	None	I Company	384,086	4.25	None
5	Others	1,195,033	70.08	None	Others	4,859,332	74.55	None	Others	6,879,090	76.20	None
	Net sales	1,705,276	100		Net sales	6,518,035	100		Net sales	9,028,285	100	

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

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

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

Unit: KM/NT\$ thousand

Main product	2023			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
LAN cables	1,622,733	794,416	2,477,050	2,036,039	1,420,592	3,689,940
Electronic cables	968,141	380,746	863,747	953,372	454,679	1,011,284
Computer cables and high temperature wires	45,626	13,035	156,237	47,533	15,278	156,212
Power cables	147,134	14,026	152,691	120,273	30,488	292,801
Automotive cables	434,026	299,256	653,657	339,120	336,110	747,188
Irrigation cables	31,680	21,787	406,988	19,804	16,757	323,311
Others	430,220	264,255	1,036,731	548,354	564,083	1,626,596
Total	3,679,560	1,787,521	5,747,101	4,064,495	2,837,987	7,847,332

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

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

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

Unit: KM/NT\$ thousand

Main product	2023				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
LAN cables	19,956	203,005	736,770	2,040,467	21,570	211,603	861,657	3,480,242
Electronic cables	29,483	102,598	248,523	1,604,454	38,126	141,732	332,646	2,012,332
Computer cables and high temperature wires	4,044	40,755	9,571	107,414	4,911	41,834	10,616	143,885
Power cables	1	17	9,962	118,634	17	245	22,935	243,202
Automotive wires	0	0	310,661	669,942	0	0	360,091	797,294
Irrigation cables	0	0	22,712	448,969	0	0	15,234	403,940
Others	12,207	164,152	314,912	1,017,628	8,878	202,188	391,044	1,349,788
Total	65,691	510,527	1,653,111	6,007,508	73,502	597,602	1,994,223	8,430,683

### III. Employee Service Overview

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

Year		March 31, 2024	2023	2022
Number of employees	Direct labor	936	907	949
	Indirect labor	356	355	344
	Management personnel	110	114	135
	Total	1,402	1,376	1,428
Average age		42	41	41
Average service year		8	8	8
Educational background distribution ratio (%)	PhD	0.00	0.00	0.00
	Master	1.70	1.65	1.50
	University/College	18.21	18.56	18.96
	Senior high school	28.10	28.32	27.86
	Under high school	51.99	51.47	51.68

### IV. Environmental Expenses

#### (I) Information on environmental protection expenses

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

#### (II) Future responsive strategy

1. Enterprise controlled wastes: According to the environmental protection law, wastes are outsourced to Class A waste disposal contractor approved by the Environmental Protection Administration for disposal, classification and reuse. Report is also filed online 24 hours before the treatment and after leaving the plant, the correct weight is also reported online again for control. In addition, the weight is verified again online 4 days after the treatment in order to obtain the three-copy form and proper treatment documents for preservation and review.
2. Municipal garbage and wastes: According to the environmental protection law, wastes are outsourced to Class B waste disposal contractor approved by the Environmental Protection Administration for disposal and transportation to an incinerator for treatment. A report is also filed online 24 hours before the treatment and after leaving the plant. Once the report is filed online correctly, the correct weight is also reported online again for control. In addition, the weight is verified again online 4 days after the treatment in order to obtain the three-copy form and proper treatment documents for preservation and review.

3. Domestic sewage of factory: Sewage is drained in separate pipes for diversion and flowing into the Zhongli Industrial Park sewage treatment center for centralized treatment. Once it complies with effluent standard, it is then drained off uniformly.
4. The Company cooperates and complies with relevant regulations of the EU Restriction of Hazardous Substances in Electrical and Electronic Equipment (ROHS).

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

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

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

## V. Labor-Management Relations

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

1. Employee benefit program:

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

2. Continuing education and training status:

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

(1) 2023 continuing education and training status related to corporate governance participated by managerial officers of the Company is as follows:

List of managerial officers under training	Training course	Training hours (hours)	Fees (NT\$)
Financial Department Vice President, Yu-Hsiu Hsu	Organized by the Accounting Research and Development Foundation: 1. How to analyze key corporate financial information to strengthen crisis warning capabilities	6	3,500
	2. The latest policy development and internal control management practices related to "ESG Sustainability" and "Self-preparation of Financial Reports"	6	3,500



Financial Department Manager, Shu-Mei Huang	Organized by the Securities & Futures Institute:		
	1. Analysis of the main topics of IFRS	3	1,800
	2. Corporate governance practice operations and case analysis	6	3,500
	3. Analysis of practical cases of insider trading	3	1,500
	4. Introduction to disputes over company management rights and commercial incident trial law	3	3,000
	5. Integrity Business Code		
	6. Shareholders' meetings, management rights and equity strategies	3	3,000
	7. Transformation opportunities and challenges for Taiwan's industries under geopolitics - exclusive analysis by PMI/NMI	3	3,000
	8. How supervisors should supervise corporate risk management and crisis management	3	3,000
OTC hosted:	3	3,000	
Publicity and briefing session on insider equity of listed and emerging companies	3	0	

(2) The company's 2023 external training situation is as follows:

Participating department personnel	Course content name	Number of course hours (hours)	Fees (NT\$)
Financial Department	Institute of Internal Auditors-Chinese Taiwan: 1.Matters needing attention and practical analysis of "Shareholders' Meeting" and "Company Law"	6	3,300
	2.Analysis of regulations and key points in auditing the board of directors and functional committees	6	3,300
Audit Office	Institute of Internal Auditors-Chinese Taiwan: 1."Information Security Protection" and "Cloud Security" Audit Practice Research	6	3,000
	2."Internal Audit Digital Transformation" Practical Seminar	6	3,000
Human Resource Department	Tianxia Magazine: Tianxia 2023 Tianxia Talent Ecosystem	26	57,143
information centre	Hengyi Education and Training Center: International Network Security Certification Class	40	35,900
Manufacturing	China Productivity Center, etc.: independent maintenance and planned maintenance external training, smart factory management, etc.	68	33,130
	Sustainable Energy Foundation: ESG Course	80	38,095
The Company wide	Tianxia Magazine Co., Ltd.: Tianxia Innovation Academy-Online audio and video courses	Year round	274,286

3. Pension system and implementation status of the Company:

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

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

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

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

maintain excellent labor-management relations continuously.

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

## **VI. Cyber Security Management**

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

The Company has established relevant computerization and information system operation handling regulations, in order to implement internal control system and information security protection policy. Assign a dedicated information security manager and information security personnel. Through annual review and evaluation of security regulations and procedures, the appropriateness and effectiveness are ensured. Key aspects of the information security policy are described in the following:

(1) Personnel education and training

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

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

Simulation drills: Conduct social engineering phishing email tests from time to time to strengthen employees' risk awareness and strengthen training for those who are deficient.

(2) Stable operation of service

- A. All types of computer servers and personal computer equipment are managed by dedicated personnel such that any unauthorized use, removal and change is prohibited.
- B. The Company respects intellectual property rights, and prohibits the use of any unauthorized or unknown software and hardware.
- C. All computers are installed with anti-virus software, and the virus code is updated periodically by the control supervisor uniformly.
- D. For all types of computers, program patch is implemented according to the update notice announced by the system operator, in order to reduce system vulnerability.
- E. The Company signs maintenance service contracts with SI professional vendor, in order to ensure that server abnormality is resolved timely, thus reducing the service suspension and machine shutdown time.

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

(3) Outsourced service management

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

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

(4) Network security management

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

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

C. Personnel visiting the Company are prohibited to connect to the intranet unless prior application is submitted and approved. For users authorized to use the network, they are permitted to access network resources within the authorized scope only, and it is prohibited to provide relevant use information to others for use.

D. Regularly perform vulnerability scans and penetration tests on core information systems to repair system vulnerabilities immediately.

E. Join the information security information sharing organization to obtain information security early warning information, information security threats and vulnerabilities.

(5) System access control

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

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

## VII. Important Contracts

Contract type	Contracting parties	Contract starting and end date	Main content	Restrictive covenants
Purchase of SCR continuous cast copper rods	Cuprime Material Co., Ltd.	From 2024/02/01 to 2024/12/31	Supply of 2.6mm copper wires for approximately 80-120 tons per month	None
Purchase of SCR continuous cast copper rods	Walsin Lihwa Corporation	From 2024/02/01 to 2024/12/31	Supply of 2.6mm copper wires for 80-120 tons per month	None
Purchase of DIP continuous cast copper rods	Hua Eng Wire and Cable Co., Ltd.	From 2024/01/01 to 2024/12/31	Supply of 2.6mm copper wires for approximately 20-40 tons per month	None
Purchase SCR A grade electrolytic copper plate	PAN PACIFIC COPPER CO., LTD.	From 2024/03/01 to 2024/12/31	Supply of SCR copper plates is about 50 metric tons per month	None

## Six. Financial Information Overview

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

#### (I) Condensed Balance Sheet and Comprehensive Income Statement

##### Condensed Balance Sheet - Consolidated Financial Statements

Unit: NT\$ thousand

Item	Year	Financial information up to March 31, 2024 for the current year (Note 3)	Financial information for the most recent five years (Note 1)				
			2023	2022	2021	2020	2019
Current assets		3,759,995	3,567,225	4,203,980	4,427,953	3,031,814	2,489,212
Property, plant and equipment		1,147,037	1,160,512	1,177,505	1,048,570	872,624	835,035
Intangible assets		156,178	159,293	162,145	170,861	183,310	193,068
Other assets		833,728	729,393	763,829	808,936	634,543	623,402
Total assets		5,896,938	5,616,423	6,307,459	6,456,320	4,722,291	4,140,717
Current liabilities	Before distribution	1,564,898	1,515,532	2,084,559	3,583,649	2,321,031	1,876,493
	After distribution	-	Note 4	2,392,661	3,798,316	2,453,155	1,984,272
Non-current liabilities		1,160,633	1,171,074	1,188,595	414,430	447,433	249,344
Total liabilities	Before distribution	2,725,531	2,686,606	3,273,154	3,998,079	2,768,464	2,125,837
	After distribution	-	Note 4	3,581,256	4,212,746	2,900,588	2,233,616
Equity attributable to owners of parent company		2,706,195	2,522,540	2,602,846	2,095,785	1,606,003	1,655,213
Share capital		1,619,554	1,617,912	1,616,652	1,591,048	1,403,685	1,403,685
Capital surplus		393,107	388,880	383,677	258,139	16,858	9,009
Retained earnings	Before distribution	767,017	689,399	752,660	478,288	394,752	366,099
	After distribution	-	Note 4	444,558	263,621	262,628	258,320
Other equity		55,049	(45,119)	(21,611)	(75,389)	(78,808)	(33,760)
Treasury shares		(128,532)	(128,532)	(128,532)	(156,301)	(130,484)	(89,820)
Non-controlling interests		465,212	407,277	431,459	362,456	347,824	359,667
Total equity	Before distribution	3,171,407	2,929,817	3,034,305	2,458,241	1,953,827	2,014,880
	After distribution	-	Note 4	2,726,203	2,243,574	1,821,703	1,907,101

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

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

Note 2: Up to December 31, 2023, the Company has not yet executed asset revaluation.

Note 3: The financial information of March 31, 2024 has been audited and certified by CPAs.

Note 4: The 2023 earnings distribution proposal has not yet been approved by the shareholders' meeting through resolution.

## Condensed Statement of Comprehensive Income - Consolidated Financial Statements

Unit: NT\$ thousand

Item	Year	Financial information up to March 31, 2024 for the current year (Note 2)	Financial information for the most recent five years (Note 1)				
			2023	2022	2021	2020	2019
Operating revenue		1,705,276	6,518,035	9,028,285	7,538,001	4,789,608	4,910,993
Gross profit		267,221	960,310	1,578,065	1,083,183	739,464	788,532
Operating income or loss		96,789	351,239	708,305	359,360	245,375	273,358
Non-operating income and expenses		27,091	28,212	42,122	9,479	(10,267)	(37,335)
Net profit (loss) before income tax		123,880	379,451	750,427	368,839	235,108	236,023
Net income of continuing business unit		86,082	267,033	538,070	269,692	176,623	173,508
Loss on discontinued operations		-	-	-	-	-	-
Net income (loss) for the period		86,082	267,033	538,070	269,692	176,623	173,508
Other comprehensive income for the period (net amount after tax)		116,809	(5,676)	105,576	(25,403)	(57,304)	4,164
Total comprehensive income for the period		202,891	261,357	643,646	244,289	119,319	177,672
Net income attributable to owners of parent company		77,618	224,416	465,854	224,760	137,753	147,169
Net income attributable to non-controlling interests		8,464	42,617	72,216	44,932	38,870	26,339
Total comprehensive income attributable to owners of parent company		177,786	221,479	542,817	219,079	94,003	147,820
Total comprehensive income attributable to non-controlling interests		25,105	39,878	100,829	25,210	25,316	29,852
Earnings (loss) per share		0.50	1.46	3.04	1.68	1.03	1.06

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

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

Note 2: The financial information of March 31, 2024 has been audited and certified by CPAs.

## Condensed Balance Sheet - Parent Company Only Financial Statements

Unit: NT\$ thousand

Item	Year	Financial information for the most recent five years (Note 1)				
		2023	2022	2021	2020	2019
Current assets		1,383,246	1,716,764	2,044,895	1,070,578	1,069,297
Property, plant and equipment		207,154	211,089	228,808	194,531	211,220
Intangible assets		312	592	972	1,112	1,433
Other assets		2,595,218	2,465,030	2,083,964	1,884,034	1,752,592
Total assets		4,185,930	4,393,475	4,358,639	3,150,255	3,034,542
Current liabilities	Before distribution	624,059	802,951	2,011,346	1,180,351	1,214,616
	After distribution	Note 2	1,111,053	2,226,013	1,312,475	1,322,395
Non-current liabilities		1,039,331	987,678	251,508	363,901	164,713
Total liabilities	Before distribution	1,663,390	1,790,629	2,262,854	1,544,252	1,379,329
	After distribution	Note 2	2,098,731	2,477,521	1,676,376	1,487,108
Share capital		1,617,912	1,616,652	1,591,048	1,403,685	1,403,685
Capital surplus		388,880	383,677	258,139	16,858	9,009
Retained earnings	Before distribution	689,399	752,660	478,288	394,752	366,099
	After distribution	Note 2	444,558	263,621	262,628	258,320
Other equity		(45,119)	(21,611)	(75,389)	(78,808)	(33,760)
Treasury shares		(128,532)	(128,532)	(156,301)	(130,484)	(89,820)
Total equity	Before distribution	2,522,540	2,602,846	2,095,785	1,606,003	1,655,213
	After distribution	Note 2	2,294,744	1,881,118	1,473,879	1,547,434

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

Note 2: The 2023 earnings distribution proposal has not yet been approved by the shareholders' meeting through resolution.

## Condensed Statement of Comprehensive Income - Parent Company Only Financial Statements

Unit: NT\$ thousand

Item	Year	Financial information for the most recent five years (Note 1)				
		2023	2022	2021	2020	2019
Operating revenue		2,788,267	4,098,856	3,720,507	1,869,751	2,162,870
Gross profit		346,932	610,597	375,512	194,125	257,989
Operating income or loss		142,024	247,388	124,212	46,657	103,706
Non-operating income and expenses		142,767	324,280	149,408	114,014	63,107
Net profit (loss) before tax		284,791	571,668	273,620	160,671	166,813
Net profit (loss) from continuing operations of the current period		224,416	465,854	224,760	137,753	147,169
Loss on discontinued operations		-	-	-	-	-
Net income (loss) of current period		224,416	465,854	224,760	137,753	147,169
Other comprehensive income for the period (net amount after tax)		(2,937)	76,963	(5,681)	(43,750)	651
Total comprehensive income for the period		221,479	542,817	219,079	94,003	147,820
Earnings (loss) per share		1.46	3.04	1.68	1.03	1.06

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

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

Year	Name of accounting firm	Name of CPA	Audit report opinion
2023	PwC Taiwan	Po-Chuan Lin Shu-Chiung Chang	Unqualified opinion
2022	PwC Taiwan	Po-Chuan Lin Shu-Chiung Chang	Unqualified opinion
2021	PwC Taiwan	Pei-Ling Tu Po-Chuan Lin	Unqualified opinion
2020	PwC Taiwan	Pei-Ling Tu Shu-Chiung Chang	Unqualified opinion
2019	PwC Taiwan	Pei-Ling Tu Shu-Chiung Chang	Unqualified opinion



## II. Financial Analysis for the Most Recent 5 Years

### Financial Analysis - Consolidated Financial Statements

Analysis item (Note 2)		Year (Note 1) 2024Q1	Financial analysis for the most recent five years				
			2023	2022	2021	2020	2019
Financial structure (%)	Liabilities to assets ratio	46.22	47.83	51.89	61.93	58.63	51.34
	Ratio of long-term capital to property, plant and equipment	377.67	353.37	358.63	273.96	275.18	271.15
Solvency %	Current ratio	240.27	235.38	201.67	123.56	130.62	132.65
	Quick ratio	140.26	143.22	120.68	71.49	75.08	76.76
	Interest earned times	11.42	7.07	13.25	8.83	9.00	7.82
Operating performance	Accounts receivable turnover (times)	4.77	4.36	5.03	4.70	3.90	4.23
	Average collection period (days)	76.52	83.71	72.56	77.65	93.58	86.28
	Inventory turnover (times)	3.70	3.43	4.10	4.10	3.49	3.99
	Accounts payable turnover (times)	13.27	12.40	10.80	9.27	9.74	10.86
	Average days in sales	98.64	106	89	89	105	91
	Property, plant and equipment turnover (times)	5.91	5.58	8.11	7.85	5.61	6.13
	Total assets turnover (times)	1.18	1.09	1.41	1.35	1.08	1.18
Profitability	Return on asset (%)	6.64	5.32	9.20	5.50	4.52	4.85
	Return on equity (%)	11.29	8.95	19.59	12.23	8.90	8.52
	Pre-tax income to paid-in capital (%)	30.6	23.45	46.42	23.18	16.75	16.81
	Net profit margin (%)	5.05	4.10	5.96	3.58	3.69	3.53
	Earnings (loss) per share (NT\$)	0.5	1.46	3.04	1.68	1.03	1.06
Cash flows	Cash flow ratio (%)	(10.78)	58.19	50.31	(12.61)	6.55	8.21
	Cash flow adequacy ratio (%)	53.77	65.37	51.98	7.88	58.47	94.15
	Cash reinvestment ratio (%)	(8.32)	9.40	13.67	(14.16)	1.05	0.37
Leverage	Operating leverage	8.63	2.46	1.89	4.31	5.11	5.58
	Financial leverage	1.14	1.22	1.09	1.15	1.14	1.14

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

**(I) Solvency:**

**Interest earned times in comparison to last period decreased –**

This is because the pre-tax net profit decreased by NT\$370,976,000 compared with last year, which caused the interest coverage ratio to decrease compared period.

**(II) Management capacity :**

**Real estate, plant and equipment turnover rate and total asset turnover rate decreased compared with the previous period -**

Due to market conditions not being as good as expected, customer inventory was reduced, and net sales decreased by NT\$2,510,250,000 compared to the previous period, resulting in a decrease in the turnover rate of real estate, plant and equipment, and total asset turnover rate compared with the previous period.

**(III) Profitability:**

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

This is because the net profit for this period decreased by NT\$271,037,000 compared with last year, and the profitability ratios decreased compared with the previous period.

**(IV) Cash flows:**

**Cash flow adequacy ratio in comparison to last period increased –**

This is because short-term borrowings and accounts payable decreased by NT\$481,575,000 compared with the previous period, and the cash flow adequacy ratio increased compared with the previous period.

**cash reinvestment ratio in comparison to last period decreased –**

This is because the gross fixed assets of NT\$3.2 billion remained at a relatively high level, and cash from operating activities less cash dividends decreased by NT\$260 million compared with the previous period, resulting in a decrease in the reinvestment ratio.

**(IV) Leverage :**

**Operating leverage increased compared with the previous period -** As operating profit decreased by NT\$357,066,000 compared with the previous period, the leverage ratio for this period increased compared with the previous period.

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

## Financial Analysis - Parent Company Financial Statements

Analysis item (Note 2)		Year (Note 1)	Financial analysis for the most recent five years				
			2023	2022	2021	2020	2019
Financial structure %	Liabilities to assets ratio		39.74	40.76	51.92	49.02	45.45
	Ratio of long-term capital to property, plant and equipment		1719.43	1,700.95	1,025.88	1,012.64	861.63
Solvency %	Current ratio		221.65	213.81	101.67	90.70	88.04
	Quick ratio		166.59	156.31	80.34	62.39	64.21
	Interest earned times		18.96	36.05	21.05	14.97	17.90
Operating performance	Accounts receivable turnover (times)		3.20	3.55	3.91	3.02	3.55
	Average collection period (days)		114.06	102.82	93.35	120.86	102.82
	Inventory turnover (times)		5.89	7.70	8.76	5.40	6.83
	Accounts payable turnover (times)		6.16	5.30	5.63	5.68	5.82
	Average days in sales		61.97	47.40	41.67	67.59	53.44
	Property, plant and equipment turnover (times)		13.33	18.64	17.58	9.22	9.89
	Total assets turnover (times)		0.65	0.94	0.99	0.60	0.72
Profitability	Return on asset (%)		5.53	10.94	6.28	4.75	5.14
	Return on equity (%)		8.76	19.83	12.14	8.45	8.74
	Pre-tax income to paid-in capital (%)		17.6	35.36	17.20	11.45	11.88
	Net profit margin (%)		8.05	11.37	6.04	7.37	6.80
	Earnings per share (NT\$)		1.46	3.04	1.68	1.03	1.06
Cash flows	Cash flow ratio (%)		67.66	38.45	(0.70)	13.18	(7.49)
	Cash flow adequacy ratio (%)		63.69	54.63	31.70	58.42	84.60
	Cash reinvestment ratio (%)		2.64	2.18	(4.81)	1.78	(8.94)
Leverage	Operating leverage		10.7	7.73	15.15	19.46	8.88
	Financial leverage		1.13	1.07	1.12	1.33	1.11

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

**(I) Solvency:**

**Interest earned times in comparison to previous year period decreased –**

As the pre-tax net profit decreased by NT\$286,877,000 the interest coverage times decreased compared with the previous period.

**(II) Management capacity :**

**The inventory turnover rate decreased compared with the previous period, and the average sales days increased compared with the previous period –**

As operating costs decreased with revenue and decreased by NT\$1,046,924,000 compared with the previous period, the inventory turnover rate decreased compared with the previous period and the number of days sold increased.

**Real estate, plant and equipment turnover rate and total asset turnover rate decreased compared with the previous period –**

As the market conditions were not as good as expected, net sales decreased by \$1,310,589,000 compared with the previous period, resulting in a decrease in the turnover rate of real estate, plant and equipment and total asset turnover rate compared with the previous period.

**(III) Profitability:**

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

Because the net profit for this period decreased by NT\$241,438,000 compared with last year, the profitability ratios decreased compared with the previous period.

**(IV) Cash flows:**

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

Due to the decrease in inventory disposal and the decrease in the amount of accounts payable in the current period, cash from operating activities increased compared with the previous period, causing the ratio to increase.

**(V) Leverage:**

**Operating leverage increased -**

As operating profit decreased by NT\$105,364,000 compared with the previous period, the leverage ratio for this period increased compared with the previous period.

Note 1: The financial information of the most recent five years indicated above has been audited and certified by the CPAs, and the financial information of March 31, 2024 has been reviewed by the CPAs.

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

1. Financial structure

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

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

2. Debt servicing capability

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

- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
- (3) Interest earned ratio = Net income before tax and interest expense/Interest expenses in this period.

### 3. Operating performance

- (1) Accounts receivable turnover (including accounts receivable and notes receivable from operating activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and notes receivable from operating activities).
- (2) Average collection period (days) = 365/Accounts receivable turnover.
- (3) Inventory turnover = Cost of sales/Average inventory.
- (4) Accounts payable (include payable amounts and payable bills from operation) turnover = Sales cost / Average accounts payable in each period (include payable amounts and payable bills from operation) balance.
- (5) Average days in sales = 365 / Inventory turnover.
- (6) Property, plant and equipment turnover = Net sales /Average net worth of property, plant and equipment.
- (7) Total assets turnover rate = Net sales / Average total assets.

### 4. Profitability

- (1) Return on assets = [after-tax profit and loss + interest expense × (1 - tax rate)] / average total assets.
- (2) Return on equity = after-tax profit and loss / average net equity.
- (3) Net profit rate = after-tax profit and loss / net sales.
- (4) Earnings per share = (Earnings of parent company owner — Preference dividends) / weighted average number of shares outstanding. (Note 3)

### 5. Cash flows

- (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
- (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
- (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital). (Note 4)

### 6. Leverage:

- (1) Operating leverage = (net sales - variable cost) / income from operations (Note 5).
- (2) Financial balance = operating income / (operating income - interest expense).

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

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

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

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

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

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

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

Wonderful Hi-Tech Co., Ltd.

#### Audit Committee's Review Report

The Board of Directors has prepared the 2023 financial statements, business report and the earnings distribution proposal of the Company, among which the 2023 financial statements were audited by PwC Taiwan, by whom an audit report was issued. We have reviewed the aforementioned 2023 financial statements, business report and the earnings distribution proposal, to which we have found no misstatement, and we hereby issue a review report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Submitted to

2024 Shareholders' Meeting of Wonderful Hi-Tech Co., Ltd.

Audit Committee Convener: Kuei-Sen Huang

March 13, 2024

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

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

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

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

### I. Financial Status:

Unit: NT\$ thousand

Item	Year		Difference		Analysis and explanation for change of ratio
	2023	2022	Amount	Change %	
Current assets	\$ 3,567,225	\$ 4,203,980	\$ ( 636,755)	( 15.15 )	
Investment accounted for under the equity method	277,193	291,268	( 14,075)	( 4.83 )	
Property, plant and equipment	1,160,512	1,177,505	( 16,993)	( 1.44 )	
Other assets	611,493	634,706	( 23,213)	( 3.66 )	
Total assets	5,616,423	6,307,459	( 691,036)	( 10.96)	
Current liabilities	1,515,532	2,084,559	( 569,027)	( 27.30)	(II)1.
Long-term liabilities	75,991	79,320	( 3,329)	( 4.20 )	
Other liabilities	1,095,083	1,109,275	( 14,192)	( 1.28 )	
Total liabilities	2,686,606	3,273,154	( 586,548)	( 17.92)	
Share capital	1,617,912	1,616,652	1,260	0.08	
Capital surplus	388,880	383,677	5,203	1.36	
Retained earnings	689,399	752,660	( 63,261)	( 8.40 )	
Other equity	( 173,651)	( 150,143)	( 23,508)	( 15.66 )	
Total equity attributable to the owners of the parent company	2,522,540	2,602,846	( 80,306)	( 3.09 )	
Non-controlling interests	407,277	431,459	( 24,182)	( 5.60 )	
Total equity	2,929,817	3,034,305	( 104,488)	( 3.44 )	

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

(II) Analysis is explained in the following:

1. Current liabilities decreased significantly, mainly due to a decrease of NT\$30 million in Wantai borrowings compared with last year, a decrease of NT\$180 million in Vietnamese Wantai borrowings, and a decrease of NT\$150 million in Thai Wantai borrowings, while accounts payable decreased by NT\$120 million compared with last year, resulting in a decrease in overall current liabilities.

## II. Financial Performance:

### (I) Financial performance comparison

Unit: NT\$ thousand

Item	Year		Amount of increase (decrease)	Change ratio (%)	Analysis and explanation for change of ratio
	2023	2022			
Operating revenue	\$ 6,518,035	\$ 9,028,285	\$( 2,510,250)	( 27.80)	
Operating cost	( 5,557,725)	( 7,450,220)	( 1,892,495)	( 25.40)	(III)1.
Gross profit	960,310	1,578,065	( 617,755)	( 39.15)	
Operating expenses	( 609,071)	( 869,760)	( 260,689)	( 29.97)	(III)2.
Operating income	351,239	708,305	( 357,066)	( 50.41)	(III)3.
Other income	48,796	28,255	20,541	72.70	(III)4.
Other gains and (losses)	59,102	99,859	( 40,757)	( 40.81)	(III)5.
Financing costs	( 62,485)	( 61,266)	1,219	1.99	
Share of profits/losses of affiliated enterprises and joint ventures using the equity method	( 17,201)	( 24,726)	( 7,525)	( 30.43)	.
Total non-operating incomes and (expenses)	28,212	42,122	( 13,910)	( 33.02)	(III)6.
Net profit (loss) before tax	379,451	750,427	( 370,976)	( 49.44)	(III)7.
Income tax expense	( 112,418)	( 212,357)	( 99,939)	( 47.06)	(III)8.
Net income (loss) of current period	267,033	538,070	( 271,037)	( 50.37)	(III)9.
Other comprehensive income (loss), net	( 5,676)	105,576	( 111,252)	( 105.38)	(III)10.
Total comprehensive income for the period	261,357	643,646	( 382,289)	( 59.39)	(III)11.

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

(III) Analysis is explained in the following:

1. Due to market conditions not being as good as expected, customer inventory was reduced, resulting in a decrease in gross profit compared with last year.
2. Due to the decline in revenue, freight and export-related expenses decreased by NT\$140 million compared with last year. Due to the decline in profits, employee dividends and related expenses decreased by NT\$100 million.
3. Mainly due to the decline in gross profit, please explain in detail (3) 1.
4. Due to the interest rate increase in 2023, the deposit interest increased by NT\$13,946,000 compared with the previous period.
5. Because of the appreciation of the U.S. dollar continued throughout 2022 and reversed somewhat in 2023, the foreign exchange benefit decreased by NT\$63,869,000.
6. If the main reason is other profits and losses, please explain in details (3) 5.
7. Mainly due to the decrease in business interests, please explain in detail (3) 3.
8. Due to the decrease in pre-tax net profit, income tax expenses decreased by NT\$99,939,000 compared with last year.
9. For the decrease in pre-tax net profit, please refer to detail (3) 8.
10. Affected by the exchange rate, the cumulative translation adjustment of the financial statements of foreign operating institutions lost NT\$154,484,000 compared with the previous period, resulting in a decrease in other comprehensive profits and losses compared with the previous period.
11. For the decrease in net profit and other comprehensive gains and losses for the current period, please refer to (3) 10 and 11 for explanation.

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

The sales forecast volume is made based on the sales budget and estimated possible change in the market for 2024.

Product item	2024 sales volume forecast (thousand meters)
LAN cables	290,885
Electronic cables	719,142
Computer cables	9,152
High temperature wires	26,619
Power cables	10,998
Automotive cables	414,052
Irrigation cables	18,143
Others	301,524
Total	1,790,515

### III. Cash flows

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

Item \ Year	December 31, 2023	December 31, 2022	Increase (Decrease) Percentage %
Cash flow ratio (%)	58.19	50.31	15.66
Cash flow adequacy ratio (%)	65.37	51.98	25.76
Cash reinvestment ratio (%)	9.40	13.67	(31.24)

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

1. The cash flow adequacy ratio increased compared with the previous period because short-term borrowings and accounts payable decreased by NT\$481,575,000 compared with the previous period, and the cash flow adequacy ratio increased compared with the previous period.
2. This is because the gross fixed assets of NT\$320 million remained at a relatively high level, and cash from operating activities less cash dividends decreased by NT\$260 million compared with the previous period, resulting in a decrease in the reinvestment ratio.

(II) Cash flow analysis for the next year:

NT\$ thousand

Cash balance at the beginning of the year (1)	Expected annual net cash flow from operating activities (2)	Expected annual cash outflows (3)	Expected cash surplus (deficit) amount (1)+(2)+(3)	Expected cash deficiency amount remedies	
				Investment plan	Financial management plan
\$ 718,389	\$ 300,000	(\$ 400,000)	\$ 618,389	\$ -	\$ -

1. Analysis of current year cash flow change:

(1) Operating activities: It is expected that the operation and profit of the Company will continue to grow; therefore, there will be cash inflow from operating activities.

(2) Investing activities: It is expected that Taipei Wonderful Hi-Tech will purchase equipment and make new long-term investment; therefore, there will be net cash outflow from investing activities.

(3) Financing activities: It is expected that cash dividends of NT\$185,013,000 will be issued; therefore, there will be net cash outflow from financing activities.

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



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

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

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

- (I) Le Hao Hong Kong is facing an economic downturn in 2024, with industry competition and operating risks intensifying. In the future, it will invest in the development and subdivision of electric vehicle wires, focus on the development of industrial cables and energy storage wires, continue to optimize the production process, and implement the CST merger plan.
- (II) Thai Wonderful Wire and Cable will strengthen local marketing, new safety regulations and new customer sales, and integrate procurement and negotiation of copper and main materials to reduce the number of defective products. In the future, it plans to invest more resources in the development of new energy wires (wires for EC charging piles) and fast-charging cables, energy storage battery connection lines), power lines, engineering control lines and other high-voltage cables to support the growing domestic market demand and gradually expand.
- (III) Vietnam Wonderful Wire and Cable is accelerating localization and short-chain supply. In addition to the stable supply of product lines exported to the United States, Wonderful Hi-Tech Vietnam Factory is also actively cooperating with wire assembly factories to enter the Japanese supply chain, expand export markets, and is also preparing to Establish irradiation equipment in Vietnam to provide irradiation lines and high-temperature lines, thereby expanding product lines and increasing supply opportunities for other industries.

#### VI. Risk Analysis and Assessment

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

Unit: NT\$ thousand

Item	Amount
interest expenditure (A)	47,683
Operating revenue (B)	6,518,035
Operating profit (loss) (C)	351,239
(A)/(B)	0.73%
(A)/(C)	13.58%

The 2023 net interest expense of the Company was NT\$47,683,000, accounting for 0.73% of

the annual operating revenue, a decrease of NT\$8,917,000 from the interest expense of 2022. For an increase of 1% of the market interest rate, the annual interest expense of the Company increases by approximately NT\$9,735,000. To prevent impact of the interest rate change, the Company continues to maintain close contact with banks, in order to seek preferable loan interest rate.

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

Unit: NT\$ thousand

Item	Amount
Net foreign exchange gain (loss) (A)	30,552
Operating revenue (B)	6,518,035
Operating profit (loss) (C)	351,239
(A)/(B)	0.47%
(A)/(C)	8.70%

The 2023 net foreign exchange gain (loss) of the Company was NT\$30,552,000, accounted for 0.47% of the annual operating revenue. Such ratio is low. However, since the export sales market accounts a significant ratio of the revenue of the Company, USD depreciation and appreciation can affect the profit or loss of the Company. Accordingly, the Company has always monitored the exchange rate fluctuation in the international market, and continues to execute the following countermeasures:

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

3. Impact of inflation condition on the profit/loss of the company and future countermeasures in the most recent year: Although the price of raw materials fluctuates greatly in 2023, the sales quotation of the Company can be floated according to the copper price.

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

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

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

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

R&D plan for most recent year	Current progress	R&D budget for further investment (NT\$ thousand)	Expected mass production time frame	Main factors affecting success of R&D in the future
New product design has obtained CMX OUTDOOR CMP certification	<ul style="list-style-type: none"> <li>◎Open product design card.</li> <li>◎Special structure design and test.</li> <li>◎Adjustment of internal cable structure (copper wire, strand distance).</li> <li>◎ Sample making, testing and correction.</li> <li>◎Has obtained UL certification.</li> </ul>	3,000	2024.Q1	Develop special wires for special environment applications, which can meet OUTDOOR and indoor CMP fire resistance grades, oil resistance and WET LOCATION environment, be the first to get certified.

Obtained UL CMP certification for customer special specification cables	<ul style="list-style-type: none"> <li>⊙ Open product design card.</li> <li>⊙ structural design and specification adjustment.</li> <li>⊙ Sample making, testing and correction</li> <li>⊙ Submit to UL for certification.</li> </ul>	1,500	2024.Q2	Collaborate with customers to develop special specification cables.,use light copper composite design,send UL CMP-OF certification,it is expected that there will be more orders.
Development of high-end audio cables and cables for special headphones and helmets	<ul style="list-style-type: none"> <li>⊙ Open product design card.</li> <li>⊙ Copper wire structure design.</li> <li>⊙ Process parameter adjustment and testing.</li> <li>⊙ Sample making, testing and correction</li> </ul>	1,000	2024.Q4	The high-end 6A cable applies for CMP certification, complies with UL safety standards, and has high transmission performance.
Develop new CMP materials	<ul style="list-style-type: none"> <li>⊙ Open product design card.</li> <li>⊙ Development of special outer quilt materials.</li> <li>⊙ Debugging of production parameters.</li> <li>⊙ Sample production and certification.</li> </ul>	2,000	2024Q3	Developing new materials can comply with UL's CMP specifications, improve short-chain supply and reduce costs, making products more competitive.
Develop a new product, flame-resistant directly buried wire	<ul style="list-style-type: none"> <li>⊙ Open product design card.</li> <li>⊙ Development of special raw materials.</li> <li>⊙ Adjustment of cable internal structure.</li> <li>⊙ Sample making, testing and correction.</li> </ul>	2,000	2024.Q4	Develop flame-resistant directly buried wire, which can meet UL Direct Burial and CMX Outdoor combustion grade, which can be used in outdoor or underground special environments.

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

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

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

6G, satellite communications, AIOT, and cloud computing, these network communications developments are progressing rapidly and will affect the future of human life. In addition, advanced countries regard network communications as national security. In addition to actively promoting infrastructure construction and improving network deployment, they also use their international power to influence the supply chain and become a global technology war. In short, the development of these Internet trends will not only bring trillion-dollar business opportunities, but also bring more new challenges and opportunities to the industry. In addition to the communications industry, WTC also has various UL electronic wire certifications and supplies corresponding product lines for power, electromechanical, control and air conditioning systems in the integrated wiring market, such as temperature control, security, audio and video, sprinkler and landscape lighting, etc. Wire. The diversified product lines, coupled with the breadth of customer industries, allow WTC factories to receive transfer orders and new product development opportunities one after another, and are providing stable supply.

Presently, the Company has implemented a certain level of control on the information security risk and considers that information security risk is a new emerging risk. In addition, since it involves the information security level classification and compensation identification measures, the Company is currently under the stage of evaluating the future applicability. All current procedures are implemented properly to ensure data integrity and security. The risk assessment result is also proper. Accordingly, for the most recent year and up to the printing date of annual report, technology change has no material

adverse impact on the information security and there is no material operational risk.

- (VI) Impacts of change of corporate image on the corporate crisis management and countermeasures:  
The Company has always upheld the operational principle of active innovation and integrity, values corporate image and promotes internal control and risk control. Accordingly, up to the present day, there has been no potential change of corporate image that may cause crisis to the Company. In the future, the Company will continue to uphold such principle for operation, in order to ensure corporate sustainable development and the interests of shareholders and customers.
- (VII) Expected benefits, possible risks, and countermeasures for mergers and acquisitions: None.
- (VIII) Expected benefits and possible risks of plant expansions as well as the countermeasures: None.
- (IX) Risks faced due to concentrated procurement or sales as well as countermeasures: None.
- (X) Impacts, risks and countermeasures of directors, supervisors or major shareholders with shareholding percentage exceeding 10%, large equity transfer or change on the Company: None.
- (XI) Impacts, risks and countermeasures of change in management rights to the Company: None.
- (XII) In the case of litigation case or non-contentious case, specify the names of the directors, supervisors, the President, the de facto responsible person, shareholders each holding more than 10% of company shares, and subsidiaries with final ruling made or still in major legal proceedings, non-contentious matters, or administrative disputes, and where the result thereof may significantly affect shareholders' equity or stock price, disclose the fact of the contentions, the amount involved, the commencement date of the proceedings, the major litigants in the proceedings, and the status as of the publication date of this report: None.
- (XIII) Other significant risks and countermeasure: None.

## **VII. Other Important Matters:**

- (I) Acquisition status of relevant licenses specified by competent authority for personnel related to financial information transparency:  
Internal Auditor (R.O.C.): 1 staff of Audit Department.
- (II) Employee code of conduct or ethical rules:  
The Company has established the "Employee Work Rules" and various personnel management regulations. All employees of the Company are required to comply with all regulations and announcements to perform duties properly and to follow the instructions and supervision of superior officers. Officers at all levels shall be aware of one's own quality and improve the emotion of employees at work in order to achieve common goals.  
During the employment period, all employees shall comply with the following rules:
  1. Identify public and private matters properly, respect personality traits mutually, fair and honest treatment to others, and achieve corporate operational objectives jointly.
  2. Follow instructions and supervision of superior officers of all levels.
  3. Personal behavior shall comply with the principle of honesty and ethics, and any improper, extravagant, playful or gambling actions capable of damaging the integrity of the Company are prohibited.
  4. All units shall keep business or technical information confidential without disclosure to the

external.

5. Employees shall care all public assets without waste.

6. Any horseplay at work is prohibited.

7. Leaving one's job position arbitrarily during working hours without proper reasons is not acceptable.

8. The field work order must not be hindered and the environmental hygiene shall not be damaged.

9. External personnel are prohibited to enter the plant for visiting without permission.

10. It is prohibited to bring hazardous objects into the plant.

11. Taking advantages of others, concealing truth and engaging in fraud for personal benefits are prohibited.

12. Any hostile attack, defamation against colleagues and false evidence causing disturbance are prohibited.

13. Employees must not leave one's job position arbitrarily that may lead to accidents and major loss of the Company

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

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

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

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

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

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

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

## Eight. Special Disclosures

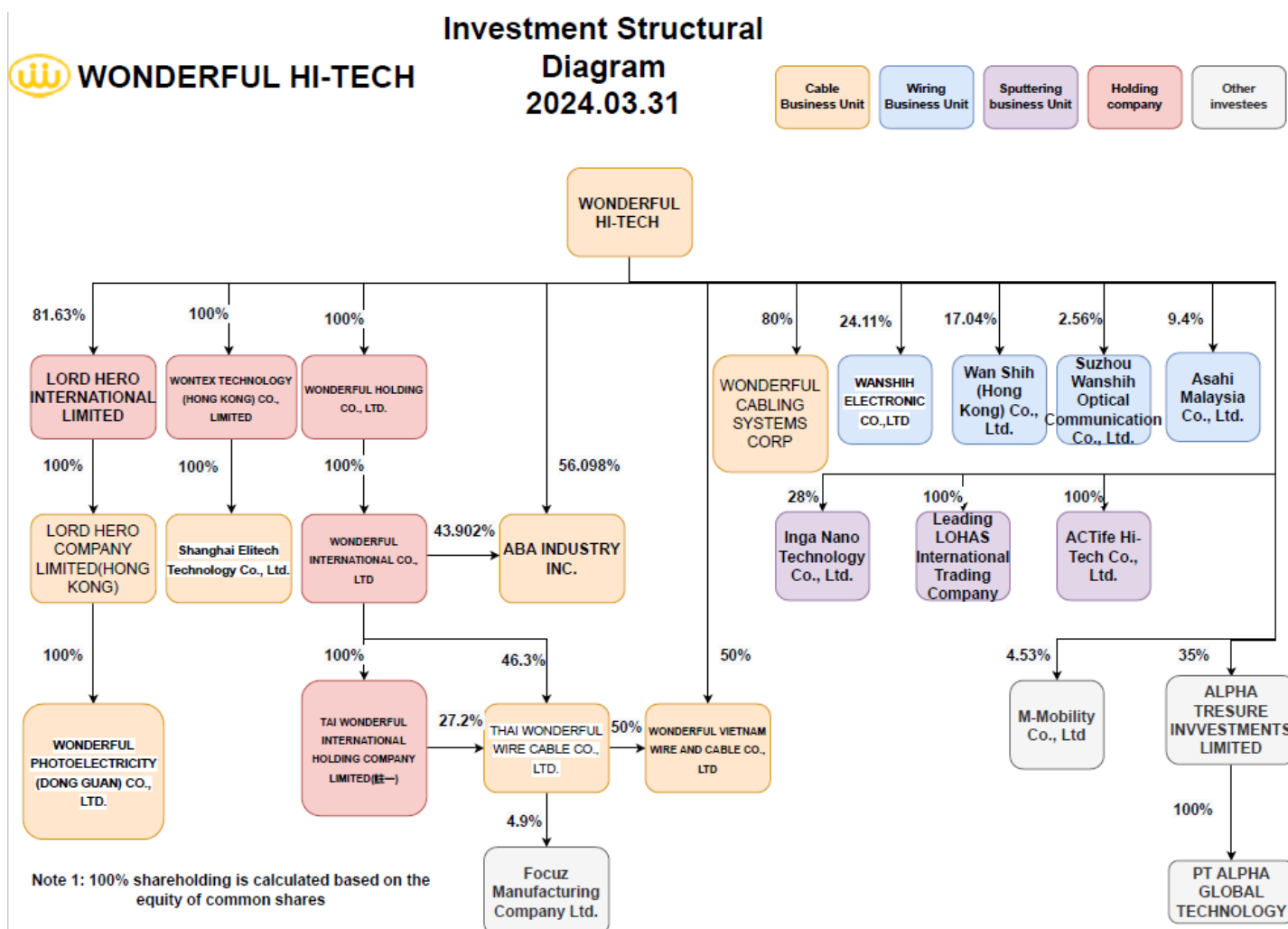
### I. Information on Affiliated Enterprises

#### (I) Consolidated Financial Statements of Affiliated Enterprises

We hereby declare that we have confirmed the companies which shall be included in the consolidated financial statements of the affiliates and the ones which shall be included in the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) No. 10 are identical; the related information has been disclosed in consolidated financial statements and will hence not be included in consolidated financial statements of the affiliates for the year ended in 2023 (from January 1 to December 31, 2023), in accordance with "Criteria Governing Preparation of Affiliation Reports" and "Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises."

#### (II) Business Report of Affiliated Enterprises

##### 1. Affiliated Enterprise Organizational Chart



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

## 2. Affiliated enterprise basic information

Unit: NT\$ thousand

Enterprise name	Establishment date	Address	Paid-in capital	Primary business or production item
Wonderful Holding (Cayman) Co., Ltd.	1996.12.10	Cayman Islands	USD 12,256	Holding company of investment
Wonderful International (Cayman) Co., Ltd.	1996.12.10	Cayman Islands	USD 12,256	Holding company of investment
Thai Wonderful Wire Cable Co., Ltd.	1990.04.24	947/23-24 THOSAPOL LAND BUILDING 4 6TH FLOOR, BANGNA-TRAD RD., KM. 3 BANGNA ,PHRAKHANONG, BANGKOK 10260 THAILANG.	THB 214,457	Sales and manufacturing of wires and cables
Le Hao International Co., Ltd.	1994.09.29	International Trust Building, P.O. Box 659, Road Town, Tortola, British Virgin Islands.	HKD 20	Holding company of investment
Le Hao Co., Ltd.	1985.09.06	Rm 14, 2/F., International Plaza, 20 Sheung Yuet Rd., Kowloon Bay, Kowloon, H.K.	HKD 41,401	Sales of wires and cables
Wonderful Photoelectricity (Dongguan) Co. Ltd.	2001.11.21	No. 51, 358 Dart, Loonge Yan, Hu-men, Dongguan, Guangdong, China	RMB 43,474	Sales and manufacturing of wires and cables
Wonderful Holding (Thailand) International Co., Ltd.	2005.01.04	947/23-24 THOSAPOLLAND BUILDING 4, 6 <sup>TH</sup> FLOOR, BANGNA TRAD RD., KM 3 BANGNA, BANGKOK, THAILAND	THB 100	Holding company of investment
Wonderful Cabling Systems Corporation	2006.03.16	1F, No. 72 Wugong 6th Rd., Wugu Dist., New Taipei City	NTD 25,000	Sales of wires and cables
Yi-Tai Technology Co., Ltd.	2009.11.19	RM.1702,SINO CENTRE,582-592 NATHAN RD.,MONGKOK,KLN.,H.K.	HKD 21,377	Holding company of investment
Shanghai Elitech Technology Co., Ltd.	2010.04.08	Room 201, Building 2, No.268, Taihong Road Minhang District, Shanghai, China	USD 2,700	Computer software development, manufacturing and sales of own products and surveillance equipment
Vietnam Wonderful Wire Cable Co., Ltd.	2010.05.20.	Lot XN 11B Dai An Industrial Zone, KM No.51, No.5 National road, Hai Duong Province, Vietnam	USD 15,000	Sales and manufacturing of wires and cables
ABA Industry, Inc.	1996.02.26	639 E WALNUT ST CARSON CA U.S.A 90746	USD 1,640	Sales of wires and cables
ACTife Hi-Tech Co., Ltd.	2020.07.08	2F, No. 72 Wugong 6th Rd., Wugu Dist., New Taipei City	NTD 20,000	Sales of non-woven fabric processing products
Leading International Company	LOHAS Trading 2020.07.08	2F, No. 72 Wugong 6th Rd., Wugu Dist., New Taipei City	NTD 1,000	Sales of non-woven fabric processing products

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

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

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

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

Unit: In thousand shares

Enterprise name	Title (Note 1)	Name	Representative	Number of shares held (Note2)(Note 3)	
				Number of shares	Shareholding percentage %
Wonderful Holding (Cayman) Co., Ltd.	Director	Wonderful Hi-Tech Co., Ltd.	Ming-Lieh Chang	12,256	100.00
Wonderful International (Cayman) Co., Ltd.	Director	Wonderful Hi-Tech Co., Ltd.	Ming-Lieh Chang	12,256	100.00
Thai Wonderful Wire Cable Co., Ltd.	Chairman	Wonderful International (Cayman) Co., Ltd.	Ming-Lieh Chang	993	46.30
	Director	Wonderful International (Cayman) Co., Ltd.	Lien-Tsai Chung	993	46.30
	Director	Wonderful International (Cayman) Co., Ltd.	Cheng-Po Chang	993	46.30
	Director	Wonderful International (Cayman) Co., Ltd.	Cheng-Ya Chang	993	46.30
	Director	Wonderful International (Cayman) Co., Ltd.	Ming-Hua Chang	583	27.20
	Director	Wonderful Holding (Thailand) International Co., Ltd.	Ming-Yuan Hsieh	583	27.20
	Director	Cheng-Hsin Yang		258	12.00
	Director	Mei-Li Fang		156	7.20
	Director	SOMSRI SRIMANUS		7	0.30
Le Hao International Co., Ltd.	Director	Wonderful Hi-Tech Co., Ltd.	Ming-Lieh Chang	16.326	81.63
	Director	Cheng-Ya Chang		0	0
	Director	Lien-Tsai Chung		0.463	2.32
	Director	Ming-Hua Chang		0	0
	Director	Ming-Lieh Chang		0.338	1.69
	Director	Cheng-Po Chang		0	0
	Director	Hsu Yu Hsiu		0	0



Le Hao Co., Ltd.	Director	Le Hao International Co., Ltd.	Ming-Lieh Chang	41,401	100.00	
	Director	Le Hao International Co., Ltd.	Ming-Hua Chang	41,401	100.00	
	Director	Le Hao International Co., Ltd.	Cheng-Po Chang	41,401	100.00	
	Director	Le Hao International Co., Ltd.	Lien-Tsai Chung	41,401	100.00	
	Director	Le Hao International Co., Ltd.	Cheng-Ya Chang	41,401	100.00	
	Director	Le Hao International Co., Ltd.	Wonderful Hi-Tech Co., Ltd.	41,401	100.00	
	Director	Le Hao International Co., Ltd.	Hsu Yu Hsiu	41,401	100.00	
Wonderful Photoelectricity (Dongguan) Co. Ltd.	Chairman	Le Hao Co., Ltd.	Ming-Lieh Chang	43,474	100.00	
	Director	Le Hao Co., Ltd.	Cheng-Po Chang	43,474	100.00	
	Director	Le Hao Co., Ltd.	Cheng-Ya Chang	43,474	100.00	
	Supervisor	Le Hao Co., Ltd.	Hsu Yu Hsiu	43,474	100.00	
Wonderful Holding (Thailand) International Co., Ltd.	Director	Wonderful International (Cayman) Co., Ltd.	Ming-Yuan Hsieh	0.49	100.00	
	Director	Wonderful International (Cayman) Co., Ltd.	Ming-Hua Chang	0.49	100.00	
	Director	Wonderful International (Cayman) Co., Ltd.	Ming-Lieh Chang	0.49	100.00	
Wonderful Cabling Systems Corporation	Chairman	Wonderful Hi-Tech Co., Ltd.	Ming-Lieh Chang	2,000	80.00	
	Director	Wonderful Hi-Tech Co., Ltd.	Hsu Yu Hsiu	2,000	80.00	
	Director	Wonderful Hi-Tech Co., Ltd.	Cheng-Po Chang	2,000	80.00	
	Director	Ming-Yu Huang		89	3.56	
	Director	Chin-Ken Chao		89	3.56	
	Supervisor	Chia-Fang Chang		0	0	
Yi-Tai Technology Co., Ltd.	Director	Wonderful Hi-Tech Co., Ltd.	Cheng-Po Chang	21,377	100.00	
Shanghai Elitech Technology Co., Ltd.	Director	Yi-Tai Technology Co., Ltd.	Cheng-Ya Chang	2,700	100.00	
Vietnam Wonderful Wire Cable Co., Ltd.	Chairman	Thai Wonderful Wire Cable Co., Ltd.	Ming-Lieh Chang	7,614	50.00	
	Director	Thai Wonderful Wire Cable Co., Ltd.	Cheng-Hsin Yang	7,614	50.00	
	Director	Wonderful Hi-Tech Co., Ltd.	Lien-Tsai Chung	7,386	50.00	
	Director	Thai Wonderful Wire Cable Co., Ltd.	Guang bo Li	7,614	50.00	
	Director	Wonderful Hi-Tech Co., Ltd.	Cheng-Po Chang	7,386	50.00	
	Director	Thai Wonderful Wire Cable Co., Ltd.	Mei-Li Fang	7,614	50.00	
	Director	Thai Wonderful Wire Cable Co., Ltd.	Cheng-Ya Chang	7,614	50.00	
ABA Industry, Inc	Chairman	Wonderful International (Cayman) Co., Ltd.	Ming-Lieh Chang	72	43.90	
	Director	Wonderful Hi-Tech Co., Ltd.	Cheng-Po Chang	92	56.10	
	Director	Ming-Lieh Chang		0	0	
	Director	Ming-Hsiang Chang		0	0	
ACTife Hi-Tech Co., Ltd.	Chairman	Wonderful Hi-Tech Co., Ltd.	Ming-Lieh Chang	2,000	100.00	
Leading International Company	LOHAS Trading	Chairman	Wonderful Hi-Tech Co., Ltd.	Ming-Lieh Chang	100	100.00

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

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

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

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

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

**IV. Additional information required to be disclosed:** None.

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

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Consolidated Financial Statements  
and Independent Auditor's Report  
For the Years Ended December 31, 2023 and 2022  
(Stock Code: 6190)

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

Tel: (03)452-7777

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Consolidated Financial Statements and Independent Auditor's Report  
for the Years Ended December 31, 2023 and 2022  
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Wonderful Hi-Tech Co., Ltd.

Affiliated Enterprise Consolidated Financial Statement Declaration

We hereby declare that we have confirmed the companies which shall be included in the consolidated financial statements of the affiliates and the ones which shall be included in the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) No. 10 are identical; the related information has been disclosed in consolidated financial statements and will hence not be included in consolidated financial statements of the affiliates for the year ended in 2023 (from January 1 to December 31, 2023), in accordance with "Criteria Governing Preparation of Affiliation Reports" and "Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises."

Declared by

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

Responsible Person: Ming-Lieh Chang

March 13, 2024

## Independent Auditors' Report

(2024) Cai-Shen-Bao-Zi No. 23004667

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

### **Opinion**

We have audited the accompanying consolidated financial statements of Wonderful Hi-Tech Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets for the years ended December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for January 1 to December 31, 2023 and 2022, and notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for January 1 to December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee Interpretations (IFRIC), and Standard Interpretations Committee Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China (R.O.C.).

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year 2023 are stated as follows:

### **Accuracy of Revenue Recognition**

#### Description

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

The Group's operates faces intense competition, and the overall market is impacted by environmental factors, increasing the risk associated with revenue recognition. Therefore, the auditor considers the recognition of sales revenue for the current year as one of the most significant matters under audit for the current year.

#### Corresponding Audit Procedures

We summarize the audit procedures executed in the following:

1. Understand and evaluate the internal controls over revenue recognition and test the effectiveness of internal controls related to sales revenue.
2. Obtain detailed records of annual sales revenue and sample sales revenue transactions and related documents to confirm the appropriateness of revenue recognition.
3. Review post-period significant abnormal sales returns and allowances.
4. Send confirmation letters for accounts receivable to significant transaction counterparts with substantial transaction amounts.

### **Inventory Valuation**

#### Description

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

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

#### Corresponding Audit Procedures

We summarize the audit procedures executed in the following:

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

#### **Other Matters - Relevant audits by other independent auditors**

For some of the subsidiaries and investees under equity method listed in the Group's consolidated financial statements, their financial statements were not audited by our representatives, but was audited by other independent auditors. Accordingly, regarding our opinion on the aforementioned consolidated financial statements, relevant amounts listed in the financial statements of these companies were based on the audit report by other independent auditors. As of December 31, 2023 and 2022, the total asset balances (including investments under the equity method) for the aforementioned companies were NT\$811,473 thousand and NT\$913,814 thousand respectively, accounting for 14% and 13% of the total



consolidated assets respectively. The net operating income for January 1 to December 31, 2023 and 2022 were NT\$658,944 thousand and NT\$1,369,595 thousand respectively, accounting for 10% and 15% of the consolidated net operating income respectively.

### **Other Matters – Parent Company Only Financial Statements**

Wonderful Hi-Tech Co., Ltd. (the “Company”) has prepared the parent company only financial statements for the years ended December 31, 2023 and 2022, to which we have also issued an independent auditor's report with unqualified opinion along with the section of other matters and provided for reference.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. The term of “reasonable assurance” refers to the high level of assurance. Nevertheless, the audit performed according to the Generally Accepted Auditing Standards of R.O.C. cannot guarantee the discovery of

material misstatements in the financial statements. Misstatements can arise from fraud or error, Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

1. Identify and assess the risk of material misstatement of the consolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain a necessary understanding of internal control concerning the inspection in order to design appropriate inspection procedures that are appropriate for the time being. The purpose, however, is not to effectively express opinions on the internal control of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. According to the audit evidence obtained, evaluate the appropriateness of the continuous operation accounting basis and whether events or circumstances possibly generating material concerns on the continuous operation ability of the Group have significant uncertainty, and provide a conclusion thereto. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. Nevertheless, future events or circumstances may cause the Group to have no ability for continuous operation.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including relevant notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Group and provide opinion on the consolidated financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion for the Group.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group's 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Po-Chuan Lin  
Certified Public Accountant  
Shu-Chiung Chang

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

March 13, 2024

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Consolidated Balance Sheet  
December 31, 2023 and 2022

Unit: NT\$ thousand

	Assets	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 718,389	13	\$ 717,008	12
1110	Financial assets measured at fair value through profit or loss - current	6(2)	3,259	-	8,758	-
1150	Notes receivable, net	6(4)	79,321	2	106,776	2
1170	Accounts receivable, net	6(4)	1,195,226	21	1,491,009	24
1180	Accounts receivable from related parties, net	7	14,069	-	22,645	-
1200	Other receivables		76,735	1	70,158	1
1210	Other receivables - related Party	7	116	-	421	-
130X	Inventory	6(5)	1,362,906	24	1,659,575	26
1410	Prepayments		33,714	1	28,848	1
1476	Other financial assets - current	8	56,379	1	85,239	1
1479	Other current assets - others		27,111	1	13,543	-
11XX	<b>Total current assets</b>		<u>3,567,225</u>	<u>64</u>	<u>4,203,980</u>	<u>67</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	1,001	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	65,878	1	64,921	1
1550	Investment accounted for under the equity method	6(6), and 8	277,193	5	291,268	5
1600	Property, plant and equipment	6(7) and 8	1,160,512	20	1,177,505	19
1755	Right-of-use assets	6(8) and 7	153,503	3	184,605	3
1760	Investment property, net	6(9) and 8	158,319	3	158,319	2
1780	Intangible assets	6(10)	159,293	3	162,145	3
1840	Deferred income tax assets	6(25)	42,638	1	35,598	-
1990	Other non-current assets - others		30,861	-	29,118	-
15XX	<b>Total non-current assets</b>		<u>2,049,198</u>	<u>36</u>	<u>2,103,479</u>	<u>33</u>
1XXX	<b>Total assets</b>		<u>\$ 5,616,423</u>	<u>100</u>	<u>\$ 6,307,459</u>	<u>100</u>

(Continued)

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Consolidated Balance Sheet  
December 31, 2023 and 2022

Unit: NT\$ thousand

Liabilities and Equity		Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(12)	\$ 713,378	13	\$ 1,078,476	17
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	2,256	-
2170	Accounts payable		365,463	7	462,850	7
2180	Accounts payable - related party	7	24,463	-	43,553	1
2200	Other payables		230,344	4	288,890	5
2220	Other accounts payable - related party	7	12,033	-	12,062	-
2230	Current income tax liabilities		71,284	1	108,578	2
2280	Lease liabilities - current	7	37,538	1	36,060	-
2320	Current portion of long-term borrowings	6(13)	45,192	1	42,076	1
2399	Other current liabilities - others		15,837	-	9,758	-
21XX	<b>Total current liabilities</b>		<u>1,515,532</u>	<u>27</u>	<u>2,084,559</u>	<u>33</u>
<b>Non-current liabilities</b>						
2530	Bonds payable	6(11)	771,581	14	762,578	12
2540	Long-term borrowings	6(13)	75,991	1	79,320	1
2570	Deferred income tax liabilities	6(25)	203,330	4	182,393	3
2580	Lease liabilities - non-current	7	70,504	1	99,099	2
2640	Net defined benefit liabilities—non-current	6(14)	45,343	1	61,915	1
2670	Other non-current liabilities - others		4,325	-	3,290	-
25XX	<b>Total non-current liabilities</b>		<u>1,171,074</u>	<u>21</u>	<u>1,188,595</u>	<u>19</u>
2XXX	<b>Total liabilities</b>		<u>2,686,606</u>	<u>48</u>	<u>3,273,154</u>	<u>52</u>
<b>Equity</b>						
<b>Equity attributable to owners of parent company</b>						
Share capital						
3110	Common share capital	6(16)	1,617,912	29	1,616,652	26
Capital surplus						
3200	Capital surplus	6(17)	388,880	6	383,677	5
Retained earnings						
3310	Statutory reserves	6(18)	140,530	3	91,626	2
3320	Special reserves		119,302	2	169,203	3
3350	Undistributed earnings		429,567	8	491,831	8
Other equity						
3400	Other equity		( 45,119)	( 1)	( 21,611)	( 1)
3500	Treasury shares	6(16)	( 128,532)	( 2)	( 128,532)	( 2)
31XX	<b>Total equity attributable to the owners of the parent company</b>		<u>2,522,540</u>	<u>45</u>	<u>2,602,846</u>	<u>41</u>
36XX	<b>Non-controlling interests</b>		<u>407,277</u>	<u>7</u>	<u>431,459</u>	<u>7</u>
3XXX	<b>Total equity</b>		<u>2,929,817</u>	<u>52</u>	<u>3,034,305</u>	<u>48</u>
Significant Contingent Liabilities and Unrecognized Commitments						
Material subsequent events						
3X2X	<b>Total liabilities and equities</b>	9	<u>\$ 5,616,423</u>	<u>100</u>	<u>\$ 6,307,459</u>	<u>100</u>

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

Chairman: Ming-Lieh Chang

Managerial Officer: Cheng-Po Chang

Accounting Officer: Yu-Hsiu Hsu

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Consolidated Statement of Comprehensive Income  
January 1 to December 31, 2023 and 2022

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

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6(19) and 7	\$ 6,518,035	100	\$ 9,028,285	100
5000 Operating costs	6(5) (24) and 7	( 5,557,725)	( 85)	( 7,450,220)	( 82)
5900 Gross profit		960,310	15	1,578,065	18
Operating expenses	6(24)				
6100 Selling expenses		( 307,003)	( 5)	( 448,712)	( 5)
6200 Administrative expenses		( 268,006)	( 4)	( 368,263)	( 4)
6300 Research and development expenses		( 45,343)	( 1)	( 47,230)	( 1)
6450 Expected credit impairment losses		11,281	-	( 5,555)	-
6000 Total operating expenses		( 609,071)	( 10)	( 869,760)	( 10)
6900 Operating profit		351,239	5	708,305	8
Non-operating income and expenses					
7100 Interest income	6(20)	18,378	-	4,628	-
7010 Other income	6(21) and 7	30,418	1	23,627	-
7020 Other gains and losses	6(22)	59,102	1	99,859	1
7050 Finance costs	6(23) and 7	( 62,485)	( 1)	( 61,266)	( 1)
7060 Share of profits and losses of affiliated enterprises and joint ventures using the equity method	6(6)	( 17,201)	-	( 24,726)	-
7000 Total non-operating incomes and expenses		28,212	1	( 42,122)	-
7900 <b>Net income before tax</b>		379,451	6	750,427	8
7950 Income tax expense	6(25)	( 112,418)	( 2)	( 212,357)	( 2)
8200 <b>Net income for the period</b>		\$ 267,033	4	\$ 538,070	6

(Continued)

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Consolidated Statement of Comprehensive Income  
January 1 to December 31, 2023 and 2022

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

Item	Note	2023		2022		
		Amount	%	Amount	%	
<b>Other comprehensive profit and loss (net)</b>						
<b>Items not reclassified subsequently to profit or loss</b>						
8311	Remeasurement of defined benefit programs	6(14)	\$ 8,391	-	\$ 11,630	-
8316	Unrealized equity instrument profit or loss measured at fair value through other comprehensive income	6(3)	723	-	13,249	-
8320	Share of other comprehensive income of affiliated enterprises and joint ventures accounted for using equity method - Items not to be reclassified into profit or loss		8,938	-	( 27,587 )	-
8349	Income taxes related to the items not re-classified	6(25)	( 1,694 )	-	( 2,326 )	-
<b>Items that may be reclassified subsequently to profit or loss</b>						
8361	Exchange differences on translation of the financial statements of foreign operations		( 25,311 )	-	129,173	1
8370	Share of other comprehensive income of affiliated enterprises and joint ventures accounted for using equity method - Items may be reclassified into profit or loss		( 1,432 )	-	2,381	-
8399	Income tax related to items may be reclassified into profit or loss	6(25)	4,709	-	( 20,944 )	-
8300	<b>Other comprehensive profit and loss (net)</b>		<u>(\$ 5,676)</u>	-	<u>\$ 105,576</u>	<u>1</u>
8500	<b>Total comprehensive income for this period</b>		<u>\$ 261,357</u>	<u>4</u>	<u>\$ 643,646</u>	<u>7</u>
Net income attributable to:						
8610	owners of the parent company		\$ 224,416	3	\$ 465,854	5
8620	Non-controlling interests		42,617	1	72,216	1
			<u>\$ 267,033</u>	<u>4</u>	<u>\$ 538,070</u>	<u>6</u>
Total comprehensive income attributable to:						
8710	owners of the parent company		\$ 221,479	3	\$ 542,817	6
8720	Non-controlling interests		39,878	1	100,829	1
			<u>\$ 261,357</u>	<u>4</u>	<u>\$ 643,646</u>	<u>7</u>
Earnings per share 6(26)						
9750	Basic earnings per share		<u>\$ 1.46</u>		<u>\$ 3.04</u>	
9850	Diluted earnings per share		<u>\$ 1.36</u>		<u>\$ 3.03</u>	

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

Chairman: Ming-Lieh Chang

Managerial Officer: Cheng-Po Chang

Accounting Officer: Yu-Hsiu Hsu

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Consolidated Statement of Changes in Equity  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Note	Equity attributable to owners of parent company										
		Retained earnings					Other equity					
		Common share capital	Capital surplus	Statutory reserves	Special reserves	Undistributed earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized financial assets profit or loss measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interests	Total
<u>2022</u>												
Balance as of January 1, 2022		\$ 1,591,048	\$ 258,139	\$ 70,060	\$ 172,622	\$ 235,606	(\$ 118,903 )	\$ 43,514	(\$ 156,301 )	\$ 2,095,785	\$ 362,456	\$ 2,458,241
Net income for the period		-	-	-	-	465,854	-	-	-	465,854	72,216	538,070
Other comprehensive income/loss of the period	6(3)	-	-	-	-	8,885	84,445	( 16,367 )	-	76,963	28,613	105,576 )
Total comprehensive income for this period		-	-	-	-	474,739	84,445	( 16,367 )	-	542,817	100,829	643,646
2021 Appropriation and distribution of retained earnings:	6(18)											
Statutory reserves		-	-	21,566	-	( 21,566 )	-	-	-	-	-	-
Special reserves		-	-	-	( 3,419 )	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	( 214,667 )	-	-	( 214,667 )	-	-	( 214,667 )
Issuance of convertible bonds	6(11)(17)	-	65,027	-	-	-	-	-	-	65,027	-	65,027
Conversion of convertible bonds	6(11)(17)	25,604	28,908	-	-	-	-	-	-	54,512	-	54,512
treasury stock transfer employee	6(16)(17)	-	( 4,459 )	-	-	-	-	-	27,769	23,310	-	23,310
Disposal of investments by the equity method	6(3)	-	-	-	-	2,090	-	( 2,090 )	-	-	-	-
Investment companies by the equity method dispose of equity instrument shares measured through fair value in other cases and profit and loss cases	6(3)	-	-	-	-	-	-	-	-	-	-	-
Difference between actual price of subsidiary equity acquired and the book value	6(17)(27)	-	-	-	-	12,210	-	( 12,210 )	-	-	-	-
Net change in affiliated enterprises and joint ventures accounted for under equity method	6(17)	-	4,816	-	-	-	-	-	-	4,816	( 15,611 )	( 10,795 )
Changes in equity ownership of subsidiaries	6(17)	-	10,450	-	-	-	-	-	-	10,450	-	10,450
Decrease in non-controlling interests	6(17)	-	2,854	-	-	-	-	-	-	2,854	( 2,854 )	-
Share-based payment transaction	6(15)(17)	-	-	-	-	-	-	-	-	-	( 13,361 )	( 13,361 )
Balance as of December 31, 2022		\$ 1,616,652	\$ 383,677	\$ 91,626	\$ 169,203	\$ 491,831	(\$ 34,458 )	\$ 12,847	(\$ 128,532 )	\$ 2,602,846	\$ 431,459	\$ 3,034,305
<u>2023</u>												
Balance as of January 1, 2023		\$ 1,616,652	\$ 383,677	\$ 91,626	\$ 169,203	\$ 491,831	(\$ 34,458 )	\$ 12,847	(\$ 128,532 )	\$ 2,602,846	\$ 431,459	\$ 3,034,305
Net income for the period		-	-	-	-	224,416	-	-	-	224,416	42,617	267,033
Other comprehensive income/loss of the period	6(3)	-	-	-	-	6,197	( 18,623 )	9,489	-	( 2,937 )	( 2,739 )	( 5,676 )
Total comprehensive income for this period		-	-	-	-	230,613	( 18,623 )	9,489	-	221,479	39,878	261,357
2022 Appropriation and distribution of retained earnings:	6(18)											
Statutory reserves		-	-	48,904	-	( 48,904 )	-	-	-	-	-	-
Special reserves		-	-	-	( 49,901 )	49,901	-	-	-	-	-	-
Cash dividends		-	-	-	-	( 308,102 )	-	-	( 308,102 )	-	-	( 308,102 )
Conversion of convertible bonds	6(11)(17)	1,260	2,843	-	-	-	-	-	-	4,103	-	4,103
Disposal of investments by the equity method	6(3)	-	-	-	-	570	-	( 570 )	-	-	-	-
Investment companies by the equity method dispose of equity instrument shares measured through fair value in other cases and profit and loss cases	6(3)	-	-	-	-	-	-	-	-	-	-	-
Difference between actual price of subsidiary equity acquired and the book value	6(17)(27)	-	-	-	-	13,804	-	( 13,804 )	-	-	-	-
Net change in affiliated enterprises and joint ventures accounted for under equity method	6(17)	-	1,479	-	-	-	-	-	-	1,479	( 50,654 )	( 49,175 )
Decrease in non-controlling interests		-	881	-	-	( 146 )	-	-	-	735	-	735
Balance as of December 31, 2022		\$ 1,617,912	\$ 388,880	\$ 140,530	\$ 119,302	\$ 429,567	(\$ 53,081 )	\$ 7,962	(\$ 128,532 )	\$ 2,522,540	\$ 407,277	\$ 2,929,817

Opinion

Chairman: Ming-Lieh Chang

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.  
Managerial Officer: Cheng-Po Chang

Accounting Officer: Yu-Hsiu Hsu



Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Consolidated Statement of Cash Flow  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Note	January 1 to December 31, 2023	January 1 to December 31, 2022
<u>Cash flows from operating activities</u>			
Net income before income tax		\$ 379,451	\$ 750,427
Adjustments			
Income/expenses items			
Amortization expenses	6(10)(24)	15,974	15,927
Depreciation expenses	6(7)(8)(24)	187,842	170,257
Expected credit impairment losses		( 11,281 )	5,555
Interest income	6(20)	( 18,378 )	( 4,628 )
Dividend income	6(21)	( 647 )	( 612 )
Interest expenses	6(23)	62,485	61,266
Gains on disposal of property, plant and equipment	6(22)	( 38,380 )	( 2,066 )
Net gain on financial assets and liabilities at fair value through profit or loss	6(2) (22)	14,672	12,113
Losses from disposals of investments	6(22)	( 5,089 )	( 11,611 )
Investment real estate fair value adjustment benefits	6(9)(22)	-	( 3,878 )
Share of profits and losses of affiliated enterprises and joint ventures using the equity method	6(6)	17,201	24,726
Share-based payments	6(15)	-	17,942
Change in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		6,862	33,110
Notes receivable		27,455	( 337 )
Accounts receivable		306,746	235,353
Accounts receivable - related party		8,579	21,376
Other receivables		( 7,129 )	83,140
Other receivables - related Party		779	287
Inventory		296,669	143,754
Prepayments		( 4,866 )	33,698
Other current assets		( 13,825 )	( 8,107 )
Net changes in liabilities relating to operations			
Financial liabilities measured at fair value through profit or loss		( 18,327 )	( 27,165 )
Accounts payable		( 97,387 )	( 342,861 )
Accounts payable - related party		( 19,090 )	( 23,825 )
Other payables		( 60,789 )	15,928
Other payables - related party		( 269 )	( 11,434 )
Other current liabilities		6,079	( 2,765 )
Other non-current liabilities		1,035	( 245 )
Cash inflow (outflow) from operating activities		1,036,372	1,185,275
Interest received		18,921	3,337
Dividends received		1,248	2,394
Interests paid		( 42,453 )	( 42,046 )
Income taxes paid		( 132,189 )	( 100,158 )
Net cash inflow (outflow) from operating activities		881,899	1,048,802

(Continued)

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Consolidated Statement of Cash Flow  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	<u>Note</u>	<u>January 1 to December 31, 2023</u>	<u>January 1 to December 31, 2022</u>
<u>Cash flows from investing activities</u>			
Decrease (increase) in other financial assets		\$ 28,860	(\$ 71,631 )
Acquisition of financial assets at fair value through other comprehensive income		-	( 19,380 )
Acquisition of investments by equity method		-	( 5,135 )
Proceeds from disposal of investments by equity method	6(6)	9,591	27,494
Acquisition of property, plant and equipment	6(28)	( 135,612 )	( 199,281 )
Proceeds from disposal of property, plant and equipment		40,425	4,065
Acquisition of Intangible assets	6(10)	( 13,019 )	( 6,532 )
Acquisition of financial assets at fair value through profit or loss	6(2)	( 1,002 )	-
Decrease (increase) in refundable deposits		257	( 3,382 )
Decrease (increase) in other non-current assets		4,415	124
Net cash outflow from investment activities		( 66,085 )	( 273,658 )
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings		( 365,098 )	( 1,261,102 )
Increase in long-term borrowings		48,000	138,415
Repayments of long-term borrowings		( 48,213 )	( 66,150 )
treasury stock transfer employee	6(16)	-	23,310
Repaid principal of lease liabilities		( 36,525 )	( 32,246 )
Issuance of bonds		-	804,593
Cash dividends paid	6(18)	( 308,102 )	( 214,667 )
Changes in non-controlling interests	6(27)	( 49,175 )	( 10,795 )
Payment of cash dividends to non-controlling interests		( 13,406 )	( 5,220 )
Net cash inflow from financing activities		( 772,519 )	( 623,862 )
Exchange rate effects		( 41,914 )	61,158
Increase in cash and cash equivalents for the period		1,381	212,440
Balance of cash and cash equivalents at beginning of period		717,008	504,568
Balance of cash and cash equivalents at end of period		\$ 718,389	\$ 717,008

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

Chairman: Ming-Lieh Chang

Managerial Officer: Cheng-Po Chang

Accounting Officer: Yu-Hsiu Hsu

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Notes to Consolidated Financial Statements  
For the Years Ended December 31, 2023 and 2022

Unit: NT\$ thousand  
(Unless otherwise specified)

I. Company History

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

II. Approval Date and Procedure of the Financial Statements

These consolidated financial statements were approved by the Board of Directors on March 13, 2024.

III. New Standards, Amendments and Interpretations Adopted

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

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

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective date announced</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

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

The applicable new promulgated, amended and revised standards and interpretations of IFRSs endorsed by the FSC in 2024 are as follows:

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or noncurrent’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier Finance Arrangements’	January 1, 2024

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

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

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

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Initial application of IFRS 17 and IFRS 9 – Comparative information”	January 1, 2023
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

IV. Summary of Significant Accounting Policies

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

(I) Statement of Compliance

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

(II) Basis of Preparation

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

(III) Basis of Consolidation

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

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

2. Subsidiaries included in the consolidated financial statements:

<u>Name of investor</u>	<u>Subsidiary name</u>	<u>Business nature</u>	<u>Shareholding percentage (%)</u>		<u>Description</u>
			<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Wonderful Hi-Tech Co., Ltd. (Wonderful Hi-Tech)	Wonderful Holding (Cayman) Co., Ltd. (Wonderful Holding Cayman)	Holding company of investment	100	100	
Wonderful Hi-Tech	Lord Hero International Co., Ltd. (Le Hao International)	"	81.63	74.23	Note 2
Wonderful Hi-Tech	Yi-Tai Technology Co., Ltd. (Yi-Tai Technology)	"	100	100	
Wonderful Hi-Tech	Wonderful Cabling Systems Corporation (Wonderful Cabling Systems)	Sales of wires and cables	80	80	
Wonderful Hi-Tech	Vietnam Wonderful Wire Cable Co., Ltd. (Vietnam Wonderful Wire Cable)	Sales and manufacturing of wires and cables	50	50	Note 1
Wonderful Hi-Tech	ABA Industry Inc. (ABA)	Sales of wires and cables	56.1	56.1	
Wonderful Holding Cayman	Wonderful International (Cayman) Co., Ltd. (Wonderful International Cayman)	Holding company of investment	100	100	
Wonderful International Cayman	Thai Wonderful Wire Cable Co., Ltd. (Thai Wonderful Wire Cable)	Sales and manufacturing of wires and cables	43.5	43.5	
Wonderful International Cayman	Wonderful Holding (Thailand) Co., Ltd. (Wonderful Holding Thailand)	Holding company of investment	100	100	
Wonderful International Cayman	ABA	Sales of wires and cables	43.9	43.9	
Wonderful Holding Thailand	Thai Wonderful Wire and Cable	Sales and manufacturing of wires and cables	30	30	
Thai Wonderful	Vietnam	"	50	55	Note 1

<u>Name of investor</u>	<u>Subsidiary name</u>	<u>Business nature</u>	<u>Shareholding percentage (%)</u>		<u>Description</u>
			<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Wire and Cable	Wonderful Wire and Cable				
Lord Hero International	Lord Hero Co., Ltd. (Lord Hero Hong Kong)	Sales of wires and cables	100	100	
Lord Hero Hong Kong	Wonderful Photoelectricity (Dongguan) Co., Ltd. (Wonderful Photoelectricity Dongguan)	Sales and manufacturing of wires and cables	100	100	
Yi-Tai Technology	Shanghai Elitech Technology Co., Ltd. (Elitech Technology)	Computer software development, manufacturing and sales of own products and surveillance equipment	100	100	
Wonderful Hi-Tech	ACTife Hi-Tech Co., Ltd. (ACTife Hi-Tech)	Sales of non-woven fabric processing products	100	100	
Wonderful Hi-Tech	Leading LOHAS International Trading Company (Leading LOHAS International)	Sales of non-woven fabric processing products	100	100	

Note 1: Wonderful Hi-Tech purchased 1.14%、5.86%、0.40% and 2.36% of equity of Lord Hero International on December 31、August 17、February 1, 2023 and April 29, 2022. Please refer to Note 6(27) for details.

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

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

5. Significant restrictions: None.

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

The total non-controlling interests of the Group as of December 31, 2023 and 2022 were NT\$427,277 NT\$431,459 respectively. The following provides information on the non-controlling interests and subsidiaries thereof having materiality on the Group:

<u>Subsidiary name</u>	<u>Main operating location</u>	<u>Non-controlling interests</u> <u>December 31, 2023</u>		<u>Non-controlling interests</u> <u>December 31, 2022</u>	
		<u>Amount</u>	<u>Shareholding percentage</u>	<u>Amount</u>	<u>Shareholding percentage</u>
Lord Hero International	Hong Kong	\$ 121,946	18.37	\$ 175,467	25.77
Thai Wire and Cable	Thailand	269,792	26.50	241,322	26.50

Summary of financial information of subsidiaries:

(1) Balance Sheet

	Lord Hero International Co., Ltd.	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 605,202	\$ 654,874
Non-current assets	163,198	172,275
Current liabilities	(102,219)	(144,433)
Non-current liabilities	(2,350)	(2,062)
Total net assets	\$ 663,831	\$ 680,764

	Thai Wonderful Wire Cable Co., Ltd.	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 1,000,256	\$ 1,146,783
Non-current assets	876,994	791,381
Current liabilities	(800,462)	(928,301)
Non-current liabilities	(58,704)	(99,212)
Total net assets	\$ 1,018,084	\$ 910,651

(2) Statement of Comprehensive Income

	Lord Hero International Co., Ltd.	
	<u>2023</u>	<u>2022</u>
Revenue	\$ 875,542	\$ 1,572,199
Net income before tax	\$ 22,896	\$ 115,786
Income tax expense	3,170	(25,475)
Net income for the period	26,066	90,311
Other comprehensive income (net, after tax)	(9,185)	40,874
Total comprehensive income for this period	\$ 16,881	\$ 131,185
Total comprehensive income attributable to non-controlling interests	\$ 3,344	\$ 35,708
Non-controlling interests dividends paid	\$ (6,212)	\$ (8,141)

	Thai Wonderful Wire Cable Co., Ltd.	
	<u>2023</u>	<u>2022</u>
Revenue	\$ 2,222,444	\$ 2,477,779
Net income before tax	\$ 140,449	\$ 190,872
Income tax expense	(16,496)	(26,677)
Net income for the period	123,953	164,195
Other comprehensive income (net, after tax)	(2,958)	61,179
Total comprehensive income for this period	\$ 120,995	\$ 225,374



Total comprehensive income attributable to non-controlling interests	\$ 32,064	\$ 59,724
Non-controlling interests dividends paid	(\$ 3,594)	(\$ 2,220)

(3) Statement of Cash Flows

	Le Hao International Co., Ltd.	
	<u>2023</u>	<u>2022</u>
Net cash inflow (outflow) from operating activities	(\$ 1,135)	\$ 233,337
Net cash inflow (outflow) from investment activities	(16,984)	(10,282)
Net cash inflow from financing activities	(32,218)	(60,226)
Effect of exchange rate changes on cash and cash equivalents	(5,914)	40,874
Increase (decrease) in cash and cash equivalents for the period	(56,251)	203,703
Balance of cash and cash equivalents at beginning of period	217,385	13,682
Balance of cash and cash equivalents at end of period	\$ 161,134	\$ 217,385

	Thai Wonderful Wire Cable Co., Ltd.	
	<u>2023</u>	<u>2022</u>
Net cash inflow (outflow) from operating activities	\$ 209,862	\$ 203,156
Net cash inflow (outflow) from investment activities	(38,178)	(45,811)
Net cash inflow from financing activities	(195,085)	(162,599)
Effect of exchange rate changes on cash and cash equivalents	(5,496)	51,942
Increase (decrease) in cash and cash equivalents for the period	(28,897)	46,688
Balance of cash and cash equivalents at beginning of period	85,261	38,573
Balance of cash and cash equivalents at end of period	\$ 56,364	\$ 85,261

(IV) Foreign currency translation

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

## 1. Foreign currency transactions and balance

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

## 2. Translation of foreign operations

- (1) The 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 recognised in other comprehensive income.
- (2) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (3) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

## (V) Classification of current and non-current items

1. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (1) Assets arising from operating activities that are expected to be realised, 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 realised 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.
2. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (1) Liabilities that are expected to be settled within the normal operating cycle;
  - (2) Liabilities arising mainly from trading activities;
  - (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.

(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 that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents..

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

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income..
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
3. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
4. The Group recognises the dividend income 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.

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

1. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

- (1) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - (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 fair value through other comprehensive income are recognised and derecognised 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:
    - (1) The changes in fair value of equity investments that were recognised 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 recognised 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
    - (2) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(IX) Accounts and Notes Receivables

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.

(X) Impairment of Financial Assets

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

(XI) Derecognition of financial assets

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

(XII) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is

recognised in profit or loss on a straight-line basis over the lease term.

(XIII) Inventory

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

(XIV) Investment accounted for under the 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 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
2. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised 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 recognise 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 do not arise from 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 the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
4. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised 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. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
6. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised 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. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(XV) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
2. Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
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	5~55 years
Machinery and equipment	5~30 years
Office equipment	5~10 years
Other equipment	3~50 years

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

1. Leases are recognised 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 recognised 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 are comprised of the following:

Fixed payments, less any lease incentives receivable;

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised 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 the following:

The amount of the initial measurement of lease liability ;

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 recognised as an adjustment to the right-of-use asset.

(XVII) Investment property

An investment property is stated initially at its cost and measured subsequently using the fair value model. A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

(XVIII) Intangible assets

1. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 5 years..

2. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

3. Customer relation and competition clauses

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

(XIX) Impairment of Non-Financial Assets

1. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
2. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
3. For the purpose of impairment testing, goodwill acquired in a business combination

is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(XX) Borrowings

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

(XXI) Accounts and Notes 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 notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

1. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges..
2. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(XXIII) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

1. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
2. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.



3. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
4. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
5. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss' ) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(XXIV) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(XXV) Offsetting financial instruments

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

(XXVI) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(XXVII) Employee benefits

1. Short-term employee benefits

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

2. Pension

(1) Defined contribution plans

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

(2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their

services with the Group in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) instead.

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

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

### 3. Employee compensation and directors' and supervisors' remuneration

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

#### (XXVIII) Employees share-based payments

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

#### (XXIX) Income tax

1. The tax expense comprises current tax and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax charge is calculated by applying the taxable income to the tax rate specified in the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. Where appropriate, management also estimates income tax liabilities based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings in a shareholders' meeting of

the following year.

3. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheets. However, the deferred tax is not accounted for if it arises from the initial recognition of goodwill or of an asset or liability in a transaction (excluding corporate merger) that at the time of the transaction affects neither accounting nor taxable profit (loss). Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXX) Share capital

1. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
2. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(XXXI) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(XXXII) Revenue recognition

Sale of goods

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

(XXXIII) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

None.

(II) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable 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 realisable 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, 2023, the carrying amount of the Group's inventory was NT\$1,362,906.

## VI. Details of Significant Accounts

### (I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	\$ 1,685	\$ 1,990
Checking deposits and demand deposits	585,801	523,616
Time deposits	130,903	191,402
	\$ 718,389	\$ 717,008

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

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

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets at fair value through profit or loss - shares listed on the stock exchange or the OTC market	\$ 3,669	\$ 3,669
Derivatives		
- Forward exchange	1,340	807
- Forward commodity	-	-
- Convertible bond redemption right	20,258	20,368
	25,267	24,844
Adjustments for change in value	(22,008)	(16,086)
	\$ 3,259	\$ 8,758
Current items:		
Financial liabilities derivatives possessed for transaction		
- Forward exchange	\$ -	(\$ 2,256)

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Financial assets at fair value through profit or loss -		
- Corporate bonds	\$ 1,002	\$ -
Adjustments for change in value	(1)	-
	\$ 1,001	\$ -

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

	<u>2023</u>	<u>2022</u>
Financial assets and liabilities at fair values		
compulsorily through profit or loss		
Equity instruments	(\$ 72)	\$ 66
Debt instruments	(1)	-
Derivatives	(8,676)	3,801
Convertible bond redemption right	(5,923)	(15,980)
	(\$ 14,672)	(\$ 12,113)

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

<u>December 31, 2023</u>		
<u>Derivative financial assets/liabilities</u>	<u>Contract amount (Item principal) (NT\$ thousand)</u>	<u>Contract period</u>
Current items:		
Derivative financial liabilities		
Forward exchange agreement (FXA)		
-Sale of USD and purchase of NTD	USD 1,000	2023.10.23-2024.01.23

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

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

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

Item	December 31, 2023	December 31, 2022
Non-current:		
Equity instruments		
Shares not traded on the stock exchange, the OTC market, or the emerging stock market	\$ 55,999	\$ 55,923
Adjustments for change in value	9,879	8,998
	\$ 65,878	\$ 64,921

1. The Group chose to classify its strategic investment equity instruments as the financial assets at fair value through other comprehensive income, and the fair value of such investment as of December 31, 2023 and 2022 were amounted to NT\$65,878 and NT\$64,921 respectively.

2. Financial assets at fair value through other comprehensive income recognized in profit and loss/comprehensive income are as follows:

	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value</u>		
Changes in fair value recognized in other comprehensive income - the Group	\$ 632	\$ 11,275
Changes in fair value recognized in other comprehensive income - investment accounted for under the equity method	8,857	(27,642)
Changes in fair value recognized in other comprehensive income - non-controlling interests	91	1,974
Accumulated benefits transferred to retained earnings due to delisting	(14,374)	(14,300)
	(\$ 4,794)	(\$ 28,693)

3. The Group has not pledged Financial assets at fair value through other comprehensive income.

4. Please refer to Notes 12(2) for information relating to credit risk of financial assets at fair value through other comprehensive income.

(IV) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 79,321	\$ 106,776
Less: Allowance for bad debt	-	-
	\$ 79,321	\$ 106,776
Accounts receivable	\$ 1,230,202	\$ 1,536,957
Less: Allowance for bad debt	(34,976)	(45,948)
	\$ 1,195,226	\$ 1,491,009

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

	<u>December 31, 2022</u>		<u>December 31, 2022</u>	
	<u>Accounts</u>	<u>Notes</u>	<u>Accounts</u>	<u>Notes</u>
	<u>receivable</u>	<u>receivable</u>	<u>receivable</u>	<u>receivable</u>
	<u>(including</u>	<u>receivable</u>	<u>(including</u>	<u>receivable</u>
	<u>related party)</u>	<u>receivable</u>	<u>related party)</u>	<u>receivable</u>
Not overdue	\$ 1,154,216	\$ 79,321	\$ 1,356,729	\$ 106,776
Within 30 days	49,582	-	116,371	-
31~90 days	13,960	-	52,987	-
Above 91 days	26,514	-	33,519	-
	\$ 1,244,272	\$ 79,321	\$ 1,559,606	\$ 106,776

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

2. As of December 31, 2023, December 31, 2022 and January 1, 2022, the balances of receivables (including notes receivable) from contracts of the Group with customers amounted to NT\$1,323,593, NT\$1,666,382 and NT\$1,922,776, respectively.
3. The Group does not hold any collateral
4. As at December 31, 2023 and December 31, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$79,321 and \$106,776, \$1,195,226 and \$1,491,009, respectively.
5. Credit risks associated with accounts receivable and notes receivable are stated in Note 12(2).

(V) Inventory

	<u>December 31, 2023</u>		
	<u>Costs</u>	<u>Allowance for</u>	<u>Carrying</u>
		<u>inventory valuation</u>	<u>amount</u>
Raw materials	\$ 377,212	(\$ 14,702)	\$ 362,510
Work in process	301,583	(13,266)	288,317
Finished products	424,517	(21,824)	402,693
Merchandise inventory	354,048	(69,147)	284,901
Inventory in transit	24,485	-	24,485
	\$ 1,481,845	(\$ 118,939)	\$ 1,362,906

	<u>December 31, 2022</u>		
	<u>Costs</u>	<u>Allowance for</u>	<u>Carrying</u>
		<u>inventory valuation</u>	<u>amount</u>
Raw materials	\$ 487,163	(\$ 6,209)	\$ 480,954
Work in process	314,739	(4,513)	310,226
Finished products	463,177	(26,015)	437,162
Merchandise inventory	452,954	(64,698)	388,256
Inventory in transit	42,977	-	42,977
	\$ 1,761,010	(\$ 101,435)	\$ 1,659,575

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



	<u>2023</u>	<u>2022</u>
Cost of inventory sold	\$ 5,629,512	\$ 7,533,353
Income from sale of scrap and waste materials	(93,826)	(116,734)
Inventory valuation losses	17,504	28,380
Loss (gain) on physical inventory and loss of scrap	4,535	5,221
	\$ 5,557,725	\$ 7,450,220

(VI) Investment accounted for under the equity method

1. Detail is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Associates:		
Wanshih Electronic Co., Ltd. (Wanshih Electronic)	\$ 269,297	\$ 277,816
Wan Shih (Hong Kong) Co., Ltd. (Wan Shih Hong Kong)	19,310	20,059
Suzhou Wanshih Optical Communication Co., Ltd. (Suzhou Wanshih)	11,380	11,380
Saga YesFamily Healthcare Co. (Saga YesFamily)	-	3,499
Inga Nano Technology Co., Ltd. (Inga Nano Technology) (Note 1)	29,254	32,428
ALPHA TREASURE INVESTMENTS LIMITED (ALPHA) (Note 2)	3,200	5,633
	332,441	350,815
Accumulated impairment loss	(55,248)	(59,547)
	\$ 277,193	\$ 291,268

Note 1: The company disposed of 100% of the equity totaling 283,000 shares of Saga YesFamily, a material associates of the Group in 2023, the disposal price is \$2,038 and its investment has not lost its significant influence, so it is prorated transfer the amount previously recognized in other comprehensive profit or loss and recognize it in "Other gains and losses Loss-disposal of investment interests" totaling \$2,038.

Note 2: To expand the market in Indonesia, in 2022, the Company participated in the cash capital increase of the newly established ALPHA company for NT\$5,135, and the shareholding percentage was 35%.

Note 3: The company disposed of 1,000,000 shares of Wanshih Electronic, a material associates of the Group in 2022, the disposal price is \$27,494 and its investment has not lost its significant influence, so it is prorated transfer the amount previously recognized in other comprehensive profit or loss and recognize it in "Other gains and losses Loss-disposal of investment interests" totaling \$11,661.

Note 4: The company disposed of 319,000 shares of Wanshih Electronic, a material associates of the Group in 2023, the disposal price is \$7,553 and its investment has

not lost its significant influence, so it is prorated transfer the amount previously recognized in other comprehensive profit or loss and recognize it in "Other gains and losses Loss-disposal of investment interests" totaling \$3,051.

Note 5: The Company didn't participated in the cash capital increase of the newly established Inga Nano Technology company in June 2022, and the shareholding percentage became 28%.

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

	<u>2023</u>	<u>2022</u>
Wanshih Electronic	(\$ 11,790)	(\$ 16,229)
Wan Shih Hong Kong	100	(737)
Inga Nano Technology	(3,174)	(5,358)
ALPHA	(2,337)	(2,402)
	(\$ 17,201)	(\$ 24,726)

3. The investment income (loss) recognized under equity method of the investee Inga Nano Technology for the years ended 2023 and 2022 was obtained from the financial statement valuation audited by other CPAs retained by the investee.

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

<u>Company name</u>	<u>Main operating location</u>	<u>Shareholding percentage</u>			<u>Measurement method</u>
		<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>the Group</u>	
Wanshih Electronic	Taiwan	24.11%	24.55%	Strategic investment	Equity method

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

Balance Sheet

	<u>Wanshih Electronic</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 291,173	\$ 370,225
Non-current assets	846,591	887,291
Current liabilities	(144,270)	(266,551)
Non-current liabilities	(265,774)	(248,584)
Total net assets	\$ 727,720	\$ 742,381
Proportion of net assets of associate held by the Group	\$ 175,454	\$ 182,254
Goodwill	49,975	50,894
Associate carrying value	\$ 225,429	\$ 233,148

Statement of Comprehensive Income

	<u>Wanshih Electronic</u>	
	<u>2023</u>	<u>2022</u>
Revenue	\$ 617,280	\$ 725,119

Net income (loss) of current period	(\$ 48,771)	(\$ 66,109)
Other comprehensive income (net, after tax)	30,995	(110,824)
Total comprehensive income for this period	(\$ 17,776)	(\$ 176,933)
Dividends received from associate	\$ -	\$ 1,782

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

As of December 31, 2023 and 2022, the total of the carrying amount of individual non-material associate of the Group were NT\$51,764 and NT\$58,120 respectively.

	<u>2023</u>	<u>2022</u>
Net loss for the period	(\$ 5,411)	(\$ 8,497)
Other comprehensive income (net, after tax)	(343)	1,275
Total comprehensive income for this period	(\$ 5,754)	(\$ 7,222)

5. The Group's material associate Wanshih Electronic had the quoted price, and its fair value as of December 31, 2023 and 2022 was NT\$342,947 and NT\$375,923 respectively.
6. (1) Due to the operating loss of the investment under the equity method- Wanshih Electronic, for Wanshih Electronic and its subsidiary, the Group used the fixed asset useful value as the recoverable amount during the impairment test, and the impairment loss amount of NT\$47,175. In addition, due to the Group's disposal of Wanshih Electric's shares in 2023, the accumulated impairment was delisted. As of December 31, 2023, the cumulative amount of impairment was \$43,868.  
 (2) For the investment accounted for under the equity method - Suzhou Wanshih, held by the Group, due to the recoverable amount being lower than the carrying value, the impairment loss for the previous years were recognized in full at an amount of NT\$11,380.  
 (3) For the investment accounted for under the equity method - Saga YesFamily, held by the Group, due to the recoverable amount being lower than the carrying value, the impairment loss for the previous years were recognized at an amount of NT\$3,499, and disposed all the shares in 2023.
7. The Company is the largest single shareholder of Wanshih Electronic and holds shares representing 24.11% of the voting rights. However, since the shareholding percentage of other top 10 major shareholders (non-related parties) is higher than that of the Company, and since there are no agreements for negotiation or group decision among the shareholders, the Company has no actual capability in directing material decisions. Accordingly, it is determined that the Company has no control power on the associate.
8. Please refer to Note 8 for information on collaterals provided for investments under equity method.

(VII) Property, plant and equipment

	<u>2023</u>					
	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Office</u>	<u>Others</u>	<u>Total</u>

		<u>and</u> <u>structures</u>	<u>and</u> <u>equipment</u>	<u>equipment</u>		
January 1						
Costs	\$ 182,392	\$ 572,218	\$ 1,834,813	\$ 70,022	\$ 432,880	\$ 3,092,325
Accumulated depreciation and impairment	-	(272,132)	(1,280,856)	(51,865)	(309,967)	(1,914,820)
	\$ 182,392	\$ 300,086	\$ 553,957	\$ 18,157	\$ 122,913	\$ 1,177,505
January 1	\$ 182,392	\$ 300,086	\$ 553,957	\$ 18,157	\$ 122,913	\$ 1,177,505
Addition	-	4,698	26,338	3,658	92,013	126,707
Disposal	-	-	(1,937)	-	(108)	(2,045)
Transfer	3,416	27,741	60,114	643	(75,164)	16,750
Depreciation expenses	-	(23,510)	(96,454)	(5,086)	(24,990)	(150,040)
Net exchange differences	780	(2,879)	(5,802)	(194)	(270)	(8,365)
December 31	\$ 186,588	\$ 306,136	\$ 536,216	\$ 17,178	\$ 114,394	\$ 1,160,512
December 31						
Costs	\$ 186,588	\$ 601,927	\$ 1,900,159	\$ 71,549	\$ 446,624	\$ 3,206,847
Accumulated depreciation and impairment	-	(295,791)	(1,363,943)	(54,371)	(332,230)	(2,046,335)
	\$ 186,588	\$ 306,136	\$ 536,216	\$ 17,178	\$ 114,394	\$ 1,160,512

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

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

(VIII) Lease transactions - lessee

1. The underlying assets of the Group's lease include lands, buildings, machinery equipment and company vehicles. The lease contract durations are typically for 3 to 8 years. Lease contracts are agreed upon individually and contain different terms and conditions. Except for leased assets shall not be used as collaterals, and are not restricted in any way.
2. The information on the carrying amount of the right-of-use asset and the recognized depreciation expense is as follows:

	<u>Carrying amount</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	\$ 45,465	\$ 48,367

Buildings	104,308	130,714
Transportation equipment (company vehicles)	3,730	5,524
	\$ 153,503	\$ 184,605

	<u>Depreciation expenses</u>	
	<u>2023</u>	<u>2022</u>
Land	\$ 1,754	\$ 1,704
Buildings	32,694	28,288
Transportation equipment (company vehicles)	3,354	2,860
	\$ 37,802	\$ 32,852

3. The Group's right-of-use asset increased by NT\$7,530 and NT\$16,927 for years ended 2023 and 2022, respectively.

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

	2023	2022
Items that affect profit or loss		
Interest expense of lease liabilities	\$ 1,659	\$ 1,825
Expenses attributable to short-term lease contracts	3,685	4,811

5. The Group's total cash used in lease contracts were NT\$41,869 and \$38,882 for the years ended 2023 and 2022, respectively.

6. Option of lease extension and option of lease termination

- (1) The lease subject matters classified as the building lease among the lease contracts of the Group is approximately 24%, including the option of extension that can be executed by the Group. The signing of such clause in the lease contract is to enhance the flexible operational management of the Group.
- (2) During the determination of lease period, the Group considers all of the facts and conditions related to economic incentives that may be generated due to exercise of the option of extension. When material event is assessed to occur due to exercise of the option of extension or non-exercise of the option of termination, the lease period will be re-evaluated.

(IX) Investment property

	<u>2023</u>	<u>2022</u>
January 1	\$ 158,319	\$ 154,441
Fair value adjustment benefit	-	3,878
December 31	\$ 158,319	\$ 158,319

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

	<u>2023</u>	<u>2022</u>
Rental income from investment property	\$ 8,268	\$ 7,764
Direct operating expenses arising from the investment property generating rental income in the current period	\$ 216	\$ 217

Direct operating expenses arising from the investment property without generating rental income in the current period \$ - \$ -

## 2. Investment property fair value basis

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

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

<u>Year</u>	<u>Subject property</u>	<u>Location</u>	<u>Appraisal method</u>	<u>Appraiser</u>	<u>Appraiser firm</u>	<u>Appraisal base date</u>
December 31, 2023	Wugu Building	Wugu District, New Taipei City	Income approach	Wei-Han Sun	Xianjian	December 31, 2023
December 31, 2022	Wugu Building	Wugu District, New Taipei City	Income approach	Wei-Han Sun	Xianjian	December 31, 2022

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

<u>Year</u>	<u>Subject property</u>	<u>Period</u>	<u>Discount rate (Note 1)</u>	<u>Income capitalization rate (Note 2)</u>
December 31, 2023	Wugu District, New Taipei City	10 years	2.750%	3.750%
December 31, 2022	Wugu District, New Taipei City	10 years	2.720%	3.720%

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

Note 2: The Income capitalization rate uses the investment return plus the risk premium of 1% of the real property value after 10 years.

<u>Year</u>	<u>Cash inflow item</u>	<u>Local rent status</u>	<u>Similar comparable subject property in the market</u>
December 31, 2023	Rental income (NT\$/ping/month)	Approximately NT\$763-NT\$797	Approximately NT\$740-NT\$767
December 31, 2022	Rental income	Approximately	Approximately

(NT\$/ping/month) NT\$669-NT\$815 NT\$669-NT\$809

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

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

(X) Intangible assets

		<u>2023</u>			
		<u>Goodwill</u>	<u>Customer relations</u>	<u>Computer software</u>	<u>Total</u>
January 1					
Costs		\$ 129,108	\$ 75,630	\$ 47,743	\$ 252,481
Accumulated amortization and losses		-	(54,021)	(36,315)	(90,336)
		\$ 129,108	\$ 21,609	\$ 11,428	\$ 162,145
January 1		\$ 129,108	\$ 21,609	\$ 11,428	\$ 162,145
Addition-acquired independently		-	-	13,019	13,019
Amortization expenses		-	(10,804)	(5,170)	(15,974)
Net exchange differences		-	-	103	103
December 31		129,108	\$ 10,805	\$ 19,380	\$ 159,293
December 31		-			
Costs		\$ 129,108	\$ 75,630	\$ 61,028	\$ 265,766
Accumulated amortization and losses		-	(64,825)	(41,648)	(106,473)
		\$ 129,108	\$ 10,805	\$ 19,380	\$ 159,293

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

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

	<u>2023</u>	<u>2022</u>
Operating costs	\$ 4,589	\$ 3,333
Selling expenses	10,813	10,816
Administrative expenses	536	1,681
Research and development expenses	36	97
	\$ 15,974	\$ 15,927

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
U.S.A.	\$ 129,108	\$ 129,108

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

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

	<u>2022</u>	<u>U.S.A.</u> <u>2022</u>
Profit margin	17.50%	17.00%
Growth rate	5.00%	5.00%
Discount rate	17.23%	16.30%

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

(XI) Bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bonds payable	\$ 795,700	\$ 800,000
Less: Bonds payable discount	(24,119)	(37,422)
	\$ 771,581	\$ 762,578

1. The Company issued the sixth time of domestic unsecured convertible bonds (referred to as "domestic fifth convertible bonds) on October 31, 2022, with the issuance total amount of NT\$800,000, and issued at 106% of par value. The main issuance criteria are as follows:

- (1) Issuance period: 3 years, from October 31, 2022 to October 31, 2025 for maturity.
- (2) Coupon rate: fixed annual interest rate of 0%
- (3) Redemption method:

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



(4) Conversion period:

Except that the sixth 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 sixth convertible bonds has reached three full months, the holders of the sixth convertible bonds may request the Company to convert the sixth convertible bonds into common shares newly issued by the Company.

(5) Conversion price:

The conversion price of the sixth convertible bonds is 101.63% of the reference price, i.e. NT\$36.2. The reference price is determined based on the closing price of NT\$35.62 of the common shares price listed at TPEX on the business day three day average before the base date specified by the Company. Since the Company has distribution the cash dividends, and according to Article 11 of the Regulations for Issuance and Conversion of Bonds, the conversion price shall be adjusted, the conversion price is adjusted to NT\$34.1 from NT\$36.2 starting from July 16, 2023.

(6) Callable right:

Under the following conditions, the Company may redeem the sixth 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 sixth convertible bonds is lower than 10% of the original total issuance amount, the Company may redeem all of the sixth convertible bonds early based on the early redemption amount.

2. 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\$65,027. In addition, with regard to the embedded callable right, according to IFRS 9 "Financial Instruments", since it is not closely related to the economic characteristic and risk of the debt instruments of the main contract, it is handled separately, and its net value is recognized under the "financial assets at fair value through profit or loss".

3. In 2023, the convertible bonds of the par value of NT\$100 and \$4,200 have been converted into common shares of 2,762 and 123,166 shares, and the conversion price is NT\$36.2 and NT\$34.1 per share.

(XII) Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank loans	\$ 224,523	\$ 244,176
Unsecured bank loans	488,855	834,300
	\$ 713,378	\$ 1,078,476

- interest rate range 1.72%~7.90% 1.45%~7.50%
- The interest expenses for the long and short term borrowings recognized for the years ended 2023 and 2022 were NT\$47,443 and NT\$56,216, respectively.
  - Please refer to Note 8 for details of the collaterals provided for the short-term borrowings of the Group.

(XIII) Long-term borrowings

Nature of borrowings	<u>December 31,</u> <u>2023</u>	<u>December 31, 2022</u>
Long-term bank loans		
Secured loan	\$ 78,183	\$ 121,396
Unsecured bank loans	43,000	-
Less: Current portion of long-term borrowings	(45,192)	(42,076)
	\$ 75,991	\$ 79,320
Interest rate range	1.953%~4.25%	1.70%-4.25%

- The secured borrowing repayment period is from 2021 to 2042 with repayments in installments and the Unsecured borrowing repayment period is from 2023 to 2027 with repayments in installments.
- The Company signed the credit extension contract with the Taipei Branch, Bangkok Bank of Thailand, which requested the financial report of the Company to satisfy the following key performance:
  - The current ratio of the annual consolidated financial statements shall not be less than 100% during the duration of the credit extension contract, and the debt-to-net worth ratio shall not be greater than 250% during the duration of the credit extension contract.
  - In case where the Company breaches the aforementioned commitment, the Bangkok Bank of Thailand will suspend the Company's application for new loans, and unless the consent of the Bangkok Bank of Thailand is obtained, no amount can be further drawn.
- Detail of the loan credit not yet drawn by the Group is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unused amount	\$ 354,663	\$ 355,101

- Please refer to Note 8 for details of the collaterals provided for the long-term borrowings of the Group.

(XIV) Pension

- (1) The Company and its domestic subsidiaries have 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 Labor Standards 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 and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

(2) Thai Wonderful Wire and Cable chooses to adopt the confirmed pension payment method according to the local law, and relevant pension expense is appropriated according to the expected unit payment method.

(3) The amounts recognized in the balance sheet are determined as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 103,240	\$ 116,656
Fair value of plan assets	(57,897)	(54,741)
Net defined benefit liability	\$ 45,343	\$ 61,915

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

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2023			
Balance on January 1	(\$ 116,656)	\$ 54,741	(\$ 61,915)
Current service costs	(2,511)	-	(2,511)
Interest expense (income)	(1,700)	657	(1,043)
Service in last year	6,662	-	6,662
	(114,205)	55,398	(58,807)
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	290	290
Changes in financial assumptions	2,025	-	2,025
Experience adjustments	6,076	-	6,076
	8,101	290	8,391
Pension fund appropriated	-	3,829	3,829
Pension paid	3,101	(1,620)	1,481
Translation differences	(237)	-	(237)

Balance on December 31	(\$ 103,240)	\$ 57,897	(\$ 45,343)
	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2022			
Balance on January 1	(\$ 122,677)	\$ 40,524	(\$ 82,153)
Current service costs	(2,938)	-	(2,938)
Interest expense (income)	(1,116)	284	(832)
Service in last year	(4,926)	-	(4,926)
	(131,657)	40,808	(90,849)
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,711	3,711
Changes in financial assumptions	3,577	-	3,577
Experience adjustments	4,342	-	4,342
	7,919	3,711	11,630
Pension fund appropriated	-	18,373	18,373
Pension paid	8,967	(8,151)	816
Translation differences	(1,885)	-	(1,885)
Balance on December 31	(\$ 116,656)	\$ 54,741	(\$ 61,915)

(5) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than the aforementioned rates, the government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 Paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	<u>2023</u>	<u>2022</u>
Discount rate		
- the Company	1.2%	1.2%
- Thai Wonderful Wire and Cable	2.9%	1.9%
Future salary increase rate		
- the Company	3.5%	3.5%
- Thai Wonderful Wire and Cable	3.0%	4.0%

With regard to the assumption on the future mortality rate, the future mortality rate was estimated based on the Sixth and Fifth Standard Ordinary Experience Mortality Table. For Thai Wonderful Wire and Cable, estimation was made based on the statistical numbers announced locally and past experience.

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

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase by</u>	<u>Decrease by</u>	<u>Increase by</u>	<u>Decrease</u>
	<u>1%</u>	<u>1%</u>	<u>1%</u>	<u>by 1%</u>
December 31, 2023				
Impact on present value of defined benefit obligation	(\$ 753)	\$ 13,511	\$ 12,546	(\$ 102)
December 31, 2022				
Impact on present value of defined benefit obligation	(\$ 7,809)	\$ 7,861	\$ 7,262	(\$ 6,787)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once.

The method of analyzing sensitivity and the method of calculating net pension

liability in the balance sheet are the same.

- (7) Expected contributions to the defined benefit pension plans of the Group for 2024 amounts to NT\$1,566.
  - (8) Up to December 31, 2023, the weighted average duration of the retirement plan of the Company is 6 years; the weighted average duration of the retirement plan of Thai Wonderful Wire and Cable is 12 years.
2. (1) Since July 1, 2005, the Company and Wonderful Photoelectricity have established their own pension regulations applicable to Taiwanese nationals in accordance with the Labor Pension Act. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in a lump sum upon the termination of employment.
  - (2) Wonderful Photo Electricity Dongguan, Elitech Technology and Wan Shih Hong Kong contribute a certain ratio of total amount of local employee salaries for the social insurance fund according to the social insurance system specified by the People's Republic of China (PRC). The pension for employees is managed independently by the government. Except for making a monthly contribution, the Group has no further obligation.
  - (3) ABA provides the Employee 401(K) Retirement Saving Plan, and the 401(K) plan adopts the confirmed appropriation system. During the employment period of employees, a certain ratio of the salary is appropriated to the personal pension account periodically according to the regulations.
  - (4) For the rest of overseas subsidiary, no retirement regulations and relevant policies have been established.
  - (5) The pension costs of the Group recognized according to the aforementioned pension regulations for the years ended 2023 and 2022 were NT\$26,016 and NT\$23,471 respectively.

(XV) Share-based payments

1. The Group's share-based payment arrangements for 2023 and 2022 are as follows:

<u>Type of agreement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Transfer of treasury stock to employees	2022.01.28	1,645 thousand shares	Not applicable	Immediate vesting

On January 28, 2022, the company gave employees a share-based payment transaction, restricting employees from transferring it within one year.

The said share-based payment arrangements are settled with equity.

2. The share-based payment transaction granted by the company on the grant day is based on the closing price on the grant day minus the performance price to estimate the fair value of the stock option.

3. The Group adopted the Black-Scholes option pricing model to evaluate the fair value of its employee stock options granted under share-based payment arrangements, stated as follows:

<u>Type of agreement</u>	<u>Grant date</u>	<u>Share price</u>	<u>Exercise price</u>	<u>Expected volatility</u>	<u>Expected duration</u>	<u>Expected dividend</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
Transfer of treasury stock to employees	2022.1.28	32.85	13.78~ 14.41	55.90%	0.118 year	-	0.1643%	10.71~ 11.34

Note: The expected volatility is estimated by using the stock price of the year before the grant as the sample range and the standard deviation of the stock return rate during the period.

3. The cost of the Group recognized due to the share-based payment transactions as follows:

2022

Equity delivery \$17,942

2

(XVI) Share capital

1. Up to December 31, 2023, the Company's authorized capital equal was NT\$2,000,000, paid-in capital equal was NT\$1,617,912, at par value of NT\$10 per share. All proceeds for share subscription of the Company were collected in full.

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

	<u>2023</u>	<u>2022</u>
January 1	154,050	149,845
Conversion of convertible bonds	126	2,560
transfer of treasury shares	-	1,645
December 31	154,176	154,050

2. Treasury shares

(1) Reason of recovering shares and quantity change status (thousand shares):

<u>December 31, 2023</u>			
<u>Name of shareholding company</u>	<u>Reason of recovering shares</u>	<u>Number of shares</u>	<u>Carrying amount</u>
The Company	For transfer of shares to employees	7,614 thousand shares	\$ 128,532
<u>December 31, 2022</u>			
<u>Name of shareholding company</u>	<u>Reason of recovering shares</u>	<u>Number of shares</u>	<u>Carrying amount</u>
The Company	For transfer of shares to employees	7,614 thousand shares	\$ 128,532

(2) According to the regulations of Securities and Exchange Act, the buyback ratio of the

outstanding shares of a company shall not exceed 10% of the issued shares of the company, and the total amount of the buyback shares must not exceed the retained earnings plus the premium of the issued shares and the realized capital reserve amount.

- (3) The treasury shares held by the Company, in accordance with Securities and Exchange Act, shall not be pledged and shall not enjoy the shareholders' right before transfer.
- (4) According to the regulations of the Securities and Exchange Act, the shares bought back for transfer to employees shall be transferred within 5 years from the buyback date. If a transfer is not completed by such time limit, it shall be deemed that the Company has not issued such shares, and the registration of share cancellation must be made. In addition, for the shares bought back for the purpose of protecting the credit of the Company and the shareholders' equity, the registration of share cancellation must be made within 6 months from the buyback date.
- (5) Up to the date of January 1, 2022, the number of treasury shares of the Company was 9,259 thousand shares. In 2022, 1,645 thousand treasury shares were transferred to employees, and the stock payment was \$23,310. As of December 31, 2023, the number of treasury shares was 7,614 thousand shares.
4. The number of shares held by associates of the Company as of December 31, 2023 and 2022 were 4,200 thousand shares and 9,282 thousand shares respectively.

(XVII) Capital surplus

Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting deficit. Furthermore, if the Company has no accumulated loss, capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original shareholding percentage. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. The Company may use capital surplus to offset loss only when the amount of reserves is insufficient to offset the loss.

	2023						
	Share premium	Treasury stock transactions	Corporate Bond Option	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
January 1	\$ 270,947	\$ 19,835	\$ 65,027	\$ 10,511	\$ 4,345	\$ 13,012	\$383,677
Conversion of convertible bonds	3,193	-	(350)	-	-	-	2,843
The difference between the equity acquired in the subsidiary and the book value	-	-	-	1,479	-	-	1,479
Recognition of change in equity of associates in portion to the Group's	-	-	-	-	-	881	881
December 31	\$274,140	\$ 19,835	\$ 64,677	\$ 11,990	\$ 4,345	\$ 13,893	\$388,880



	2022							
	Share premium	Treasury stock transactions	Employee restricted shares	Corporate Bond Option	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
January 1	\$ 234,399	\$ 6,352	\$ -	\$ 7,640	\$ 5,695	\$ 1,491	\$ 2,562	\$258,139
Share-based payment transaction	-	-	17,942	-	-	-	-	17,942
Share-Based Benefit Transactions	-	13,483	(17,942)	-	-	-	-	(4,459)
Conversion of convertible bonds	36,548	-	-	(7,640)	-	-	-	28,908
Issuance of convertible bonds	-	-	-	65,027	-	-	-	65,027
The difference between the equity acquired in the subsidiary and the book value	-	-	-	-	4,816	-	-	4,816
Recognition of change in equity of subsidiaries in portion to the Group's	-	-	-	-	-	2,854	-	2,854
Recognition of change in equity of associates in portion to the Group's	-	-	-	-	-	-	10,450	10,450
December 31	\$ 270,947	\$ 19,835	\$ -	\$ 65,027	\$ 10,511	\$ 4,345	\$ 13,012	\$383,677

(XVIII) Retained earnings

1. According to the Articles of Incorporation of the Company, when the Company has a profit after the closing account of a fiscal year, amount shall be appropriated to pay tax and make up losses for the preceding years first, followed by setting aside a legal reserve of 10% thereof. For the remaining amount, in addition to the distribution of dividends, If there is still remaining surplus, the distribution of shareholders' dividends shall be determined according to the resolution of the shareholders' meeting.
2. According to the dividend policy of the Company, the factors of profit status, financial plan, future development of the Company and shareholders' interests are comprehensively considered, and the Board of Directors then establishes the dividend distribution proposal annually according to the law, and the distribution amount shall not be less than 50% of the earnings after tax of the current year, and at least 10% of the cash dividends is distributed among the dividends distributed for the current year.
3. Except for covering accumulated deficits or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
4. According to law, the Company may appropriate earnings only after it has provided special reserve under the debit balance of other equity on the balance sheet date. If subsequently the debit balance of other equity is reversed, the reversed amount may be used as appropriate earnings.
5. The 2021 earnings distribution proposal of the Company resolved by the shareholders' meeting on June 8, 2022 was as follows:

	<u>2021</u>	
	<u>Amount</u>	<u>Amount</u>
Statutory reserves	\$ 21,566	\$ 21,566
Special reserves	(3,419)	(3,419)
Cash dividends	214,667	214,667
	\$ 232,814	\$ 232,814

6. The 2022 earnings distribution proposal of the Company resolved by the shareholders' meeting on June 7, 2023 was as follows:

	<u>2022</u>	
	<u>Amount</u>	<u>Dividends Per Share (In Dollars)</u>
Statutory reserves	\$ 48,904	
Special reserves	(49,901)	
Cash dividends	308,102	\$ 2.00
	\$ 307,105	

7. The 2023 earnings distribution proposal of the Company submitted to the Board of Directors on March 13, 2024 for resolution was as follows:

	<u>2023</u>	
	<u>Amount</u>	<u>Dividends Per Share (In Dollars)</u>
Statutory reserves	\$ 24,484	
Special reserves	23,508	
Cash dividends	185,013	\$ 1.20
	\$ 233,005	

The aforementioned 2023 earnings distribution proposal has not yet been resolved by the shareholder's meeting.

(XIX) Operating revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers	\$ 6,518,035	\$ 9,028,285

Details of revenue from contracts with customers

The Group's revenue derived from transfer of goods at a particular point of time are classified into the following categories:

	<u>2023</u>	<u>2022</u>
LAN cables	\$ 2,243,472	\$ 3,691,845
Electronic cables	1,707,052	2,154,064
Automotive wires	669,942	797,294
Paige cables	448,969	403,940
Computer cables	123,309	160,700
Power cables	118,651	243,447
High temperature wires	24,860	25,019
Others	1,181,780	1,551,976
	\$ 6,518,035	\$ 9,028,285

(XX) Interest income

	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 17,972	\$ 4,026
Other interest income	406	602
	\$ 18,378	\$ 4,628

(XXI) Other income

	<u>2023</u>	<u>2022</u>
Rental income	\$ 16,729	\$ 14,694
Dividend income	647	612
Other income — others	13,042	8,321
	\$ 30,418	\$ 23,627

(XXII) Other gains and losses

	<u>2023</u>	<u>2022</u>
Gains on disposal of property, plant and equipment	\$ 38,380	\$ 2,066
Gain from disposals of investments	5,089	11,661
Foreign exchange gain (loss)	30,552	94,421
Net gain on financial assets (liabilities) at fair value through profit or loss	(14,672)	(12,113)
Gains on fair value adjustment, investment property	-	3,878
Other losses	(247)	(54)
	\$ 59,102	\$ 99,859

(XXIII) Finance costs

	<u>2022</u>	<u>2022</u>
Interest expenses	\$ 47,683	\$ 56,600

Convertible bond	13,143	2,841
Other financial expenses	1,659	1,825
	\$ 62,485	\$ 61,266

(XXIV) Depreciation, amortization and employee benefit expenses

	<u>2023</u>	<u>2022</u>
Salary expense	\$ 602,918	\$ 682,117
Employee stock options	-	17,942
Labor and health insurance expense	31,274	27,904
Pension expense	22,908	32,167
Other personnel expense	54,424	37,634
Depreciation expenses	187,842	170,257
Amortization expenses	15,974	15,927

1. According to the Articles of Incorporation of the Company, when the Company has a profit for a fiscal year, 2% to 4% of the profit before tax and before the deduction of the distribution of remunerations of employees and directors shall be set aside as the remuneration of employees and no higher than 2% thereof shall be set aside as the remuneration of directors. However, when the Company has accumulated losses, amount shall be reserved for making up the accumulated losses first.
2. The estimated remunerations of employees and directors of the Company are as follows.

	<u>2023</u>	<u>2022</u>
Remuneration of directors	\$ 5,573	\$ 8,503
Remuneration of employees	11,146	17,007
	\$ 16,719	\$ 25,510

- (1) The remuneration of employees and the remuneration of directors for 2023 were estimated at 4% and 2%, respectively according to the profit status up to the current period.
- (2) The remuneration of employees and the 2023 remuneration of directors according to the resolution of the board of directors' meeting on March 13, 2024 were NT\$9,648 and NT\$4,824 respectively, and the remuneration of employees is to be distributed in the form of cash.
- (3) For 2022, the employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors amounted to \$17,915 and \$8,958, respectively. The difference of \$1,363 between the amounts resolved by the Board of Directors and the amounts recognised in the 2022 financial statements, had been adjusted in the profit or loss of 2023.
- (4) Relevant information on the remunerations of employees and directors of the Company as resolved by the board of directors is available at the Market Observation Post System" (MOPS) website for inquires.

(XXV) Income tax

1. Income tax expense

(1) Income tax components:

	<u>2023</u>	<u>2022</u>
Current income tax:		
Tax attributable to taxable income of the period	\$ 98,308	\$ 176,082
Underestimate of income tax of the previous year	(2,507)	(7,339)
Total current income tax	95,801	168,743
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	16,617	43,614
Income tax expense	\$ 112,418	\$ 212,357

(2) Income tax associates with other comprehensive income:

	<u>2023</u>	<u>2022</u>
Translation difference of foreign operations	\$ 4,380	(\$ 20,602)
Other comprehensive income of associates	329	(342)
Remeasurement of defined benefit obligation	(1,694)	(2,326)

2. Reconciliation between income tax expense and accounting profit

	<u>2023</u>	<u>2022</u>
Income tax of net profit before tax calculated at the statutory rate	\$ 114,156	\$ 215,919
Income tax effects of eliminated item according to tax law	1,326	5,565
Realizability evaluation change of deferred income tax assets	(557)	(1,788)
Underestimate of income tax of the previous year	(2,507)	(7,339)
Income tax expense	\$ 112,418	\$ 212,357

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

	<u>January 1</u>	<u>Recognized in P/L</u>	<u>2023 Recognized in other comprehensive income</u>	<u>Translation differences</u>	<u>December 31</u>
Deferred tax assets:					
Unrealized exchange loss	\$ 969	\$ 1,968	\$ -	\$ -	\$ 2,937
Unrealized gain from sale	8,883	2,311	-	-	11,194
Inventory falling price reserves	1,596	54	-	-	1,650
Transfinite numbers of allowance for doubtful accounts	489	(237)	-	-	252
Employee welfare	6,154	(863)	-	-	5,291
Actuarial gains and losses	11,610	-	(1,694)	(295)	9,621
Foreign operation exchange difference	2,743	-	4,709	-	7,452
Others	3,154	1,087	-	-	4,241
	\$35,598	\$ 4,320	\$ 3,015	(\$295)	\$42,638
Deferred income tax liabilities:					
Unrealized gains (losses)	(169)	(99)	-	-	(268)
Unrealized gains (losses) from sale of assets	(17,884)	(942)	-	-	(18,826)
Share of profits or losses of associates using the equity method	(134,896)	(23,413)	-	-	(158,309)
Appreciation of investment property	(10,247)	-	-	-	(10,247)
Intangible assets	(6,594)	3,297	-	-	(3,297)
Accrued pension liabilities	(5,956)	(496)	-	-	(6,452)
Others	(6,647)	716	-	-	(5,931)
	(\$182,393)	(\$20,937)	\$ -	\$ -	(\$203,330)
	<u>January 1</u>	<u>Recognized in P/L</u>	<u>2022 Recognized in other comprehensive income</u>	<u>Translation differences</u>	<u>December 31</u>
Deferred tax assets:					
Unrealized exchange loss	\$ -	\$ 969	\$ -	\$ -	\$ 969
Unrealized gain from sale	5,009	3,874	-	-	8,883
Inventory falling price reserves	1,093	503	-	-	1,596
Transfinite numbers	1,590	(1,101)	-	-	489

of allowance for doubtful accounts					
Employee welfare	5,475	679	-	-	6,154
Actuarial gains and losses	13,716	-	(2,326)	220	11,610
Foreign operation exchange difference	23,687	-	(20,944)	-	2,743
Others	2,230	924	-	-	3,154
	\$52,800	\$ 5,848	(\$ 23,270)	\$220	\$35,598
Deferred income tax liabilities:					
Unrealized exchange loss	(\$ 91)	\$ 91	\$ -	\$ -	\$ -
Unrealized gains (losses)	(139)	(30)	-	-	(169)
Unrealized gains (losses) from sale of assets	(18,407)	523	-	-	(17,884)
Share of profits or losses of associates using the equity method	(86,449)	(48,447)	-	-	(134,896)
Appreciation of investment property	(10,247)	-	-	-	(10,247)
Intangible assets	(9,891)	3,297	-	-	(6,594)
Accrued pension liabilities	(2,594)	(3,362)	-	-	(5,956)
Others	(5,113)	(1,534)	-	-	(6,647)
	(\$132,931)	(\$49,462)	\$ -	\$ -	(\$182,393)

4. Amounts of deductible temporary differences unrecognized as deferred tax liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences	\$ 71,476	\$ 77,080

5. The Company's profit-seeking income tax has been approved by the taxation authority through 2020.

(XXVI) Earnings per share

	<u>Post-tax amount</u>	<u>2023 Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (NT\$)</u>
<u>Basic earnings per share</u>			
Net profit attributable to owners of the parent company	\$ 224,416	154,105	\$ 1.46
<u>Diluted earnings per share</u>			
Net profit attributable to owners of the parent company	\$ 224,416	154,105	
Dilutive effects of the potential common shares			
Remuneration of employees	-	483	
Convertible bonds	16,438	21,981	

Effects of net profit attributable to owners of the parent company and potential common shares	\$	240,854	176,569	\$	1.36
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			<u>2022</u>		
			<u>Weighted average</u>		
			<u>number of</u>		
			<u>ordinary shares</u>		
			<u>outstanding</u>		<u>Earnings</u>
			<u>(shares in</u>		<u>per share</u>
			<u>thousands)</u>		<u>(NT\$)</u>
	<u>Post-tax amount</u>				
<u>Basic earnings per share</u>					
Net profit attributable to owners of the parent company	\$	465,854	153,195	\$	3.04
<u>Diluted earnings per share</u>					
Net profit attributable to owners of the parent company	\$	465,854	153,195		
Dilutive effects of the potential common shares					
Remuneration of employees		-	647		
Effects of net profit attributable to owners of the parent company and potential common shares	\$	465,854	153,195	\$	3.04

Note: Because of convertible bonds have an anti-dilution effect, so they are not included in the assessment

(XXVII) Transaction of non-controlling interests - additional interests from acquisition of subsidiary

The Group acquired additional 2.36% of issued shares of Le Hao International with cash at an amount of NT\$10,795 on April 29, 2022. The carrying amount of non-controlling interests of Le Hao International company on the acquisition date was NT\$186,106, the non-controlling interests decreased for the transaction was NT\$15,611, and the equity attributable to owners of parent company increased by NT\$4,816.

The effects of the equity change of Le Hao International on the equity attributable to owners of the parent company in 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Carrying amount of non-controlling interests acquired	\$ 50,654	\$ 15,611
Consideration paid for non-controlling interests	(49,175)	(10,795)
Other equity	-	-
Capital surplus - Difference between actual price of subsidiary equity acquired or disposed and the carrying value	\$ 1,479	\$ 4,816

(XXVIII) Additional Information on Cash Flows

	<u>2023</u>	<u>2022</u>
Acquisition of property, plant, and equipment and investment property	\$ 126,707	\$ 213,588
Add: Opening balance of payable on equipment	5,076	3,938
Prepayments for business facilities at end of	16,451	10,293



period			
Less: Prepayments for business facilities at beginning of period		(10,293)	(23,462)
Ending balance of payable on equipment		(2,329)	(5,076)
Cash paid in the period	\$	135,612	\$ 199,281
(XXIX) <u>Changes in liabilities arising from financing activities</u>			

		<u>Long-term borrowings (including portion matured in one year or one operating cycle)</u>	<u>Lease liabilities</u>	<u>Bonds payable</u>	<u>Total liabilities from financing activities</u>
January 1	\$1,078,476	\$121,396	\$135,159	\$762,578	\$2,097,609
Changes in cash flow from financing activities	(365,098)	(213)	(36,525)	-	(401,836)
Other non-monetary changes	-	-	9,408	9,003	18,411
December 31	\$713,378	\$121,183	\$108,042	\$771,581	\$1,714,184

		<u>Long-term borrowings (including portion matured in one year or one operating cycle)</u>	<u>Lease liabilities</u>	<u>Bonds payable</u>	<u>Total liabilities from financing activities</u>
January 1	\$2,339,578	\$49,131	\$137,152	\$61,022	\$2,586,883
Changes in cash flow from financing activities	(1,261,102)	72,265	(32,246)	804,593	(416,490)
Other non-monetary changes	-	-	30,253	(103,037)	(72,784)
December 31	\$1,078,476	\$121,396	\$135,159	\$762,578	\$2,097,609

## VII. Related-Party Transactions

### (I) Name and Relationship of Related Party

<u>Related party name</u>	<u>Relationship with the Group</u>
Wanshah Electronic Co., Ltd. (Wanshah Electronic)	Associate
Dongguan Humen Wanshah Electronics Co., Ltd. (Dongguan Humen)	"
Suzhou Wanshah Optical Communication Co., Ltd. (Suzhou Wanshah)	"
Wan Shih (Hong Kong) Co., Ltd. (Wan Shih Hong Kong)	"
Inga Nano Technology Co., Ltd. (Inga Nano Technology)	"
Vietnam Wanshah Optical Communication Co., Ltd. (Vietnam Wanshah)	"
Alpha Treasure Investments Limited	"
Ming-Lieh Chang	Key management
Wonderful Wire Cable Co., Ltd. (Wonderful Wire Cable)	Other related parties
JBC LLC	"

Sheng-Yi Tsai	"
Mei ming investment Co., Ltd.	"
Chang Min Tuei	"

(II) Significant Transactions with Related Party

1. Operating revenue

	<u>2023</u>	<u>2022</u>
Sale of goods:		
— Associates	\$ 58,558	\$ 91,059
— Key management	141	223
— Other related parties	11	-
	\$ 58,710	\$ 91,282

There were no relevant transactions for the sales price of the Group to the aforementioned related parties, and the transaction terms were determined based on the negotiation of both parties. The payment receipt period of the Group from the related parties was 90~145 days, and the payment receipt period for non-related parties was 3~120 days.

2. Purchase

	<u>2022</u>	<u>2022</u>
Purchase of goods:		
— Associates	\$ 31,050	\$ 31,050
Return of goods:		
— Associates	(\$ 11,276)	-

There were no relevant transactions for the purchase price of the Group from the aforementioned related parties, and the transaction terms were determined based on the negotiation of both parties. The payment period of the Group from the related parties was 90~105 days, and the payment period for non-related parties was 30~105 days.

3. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
— Associates	\$ 14,070	\$ 22,649
Less: Allowance for loss	(1)	(4)
	\$ 14,069	\$ 22,645

4. Payables to related parties:

	<u>December 31,</u> <u>2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
— Associates	\$ 24,463	\$ 43,553

5. Other receivables from and payables to related parties

(1) Other receivables from related parties

	<u>December 31, 2023</u>	<u>December 31,</u> <u>2022</u>
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Other receivables:		
— Associates	\$ 176	\$ 481
Less: Allowance for loss	(60)	(60)
	\$ 116	\$ 421

(2) Other payables to related parties

	<u>December 31,</u> <u>2023</u>	<u>December 31, 2022</u>
Other receivables:		
— Associates	\$ 33	\$ 62

6. Borrowings from related parties

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Other payables:		
— Ming-Lieh Chang	\$ 12,000	\$ 12,000
Interest expenses:		
— Ming-Lieh Chang	\$ 240	\$ 240
— Sheng-Yi Tsai	-	144
	\$ 240	\$ 384

(1) The terms of borrowings from Sheng-Yi Tsai was repayment on the due day, and 2022 interest was collected at the annual interest rate of 2.75% and interest was paid on the due day.

(2) The terms of borrowings from Ming-Lieh Chang was repayment on the due day, and 2022 interest was collected at the annual interest rate of 2% and interest was paid on the due day.

7. Rental income

The Group lease the following assets to the related parties, and the details are as follows:

<u>Leasing party</u>	<u>Subject property</u>	<u>Lease term</u>	<u>Rental income</u>	
			<u>2023</u>	<u>2022</u>
Associate - Wanshih Electronic	Office at 3F to 5F of Wugu District, New Taipei City	January 1, 2021 to December 31, 2023	\$ 8,268	\$ 7,764

The Group leases office to related parties, and rent is determined according to the general rent standard of the location of the lease property and the area of use, and the rent is collected on a monthly basis.

## 8. Lease transactions - lessee

(1) The Group leases office from related parties, and rent is determined according to the general rent standard of the location of the lease property and the area of use, and the rent is paid on a monthly basis.

(2) Acquisition of right-of-use assets

The Group signed the lease contract with JBC LLC in 2021, for a lease period of 5 years, and the monthly rent of approximately NT\$1,936.

(3) Lease liabilities

A. Ending balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Lease liabilities- current:		
— other related party - JBC LLC	\$ 30,507	\$ 28,680
Lease liabilities - non-current:		
— other related party - JBC LLC	\$ 57,165	\$ 80,306
B. Interest expenses		
	<u>2023</u>	<u>2022</u>
Other related party - JBC LLC	\$ 1,246	\$ 1,385

## 9. Other income

The incomes for providing information processing service and other support services to the associate - Wanshih Electronic in 2023 and 2022 were NT\$1,291 and NT\$1,405 respectively.

## 10. Acquisition of financial assets

			<u>December 31, 2023</u>	
	Accounts	No. of shares	Objects	Consideration
Sheng-Yi Tsai	Non-controlling interests	923	Le Hao International	30,601
Chang Min Tuei	Non-controlling interests	478	Le Hao International	15,733
				46,334

## (III) Information on Remuneration to Key Management

	<u>2023</u>	<u>2022</u>
Salaries and short-term employee benefits	\$ 24,468	\$ 35,899
Post-retirement benefits	867	800
Share-based payments	-	2,756
	\$ 25,355	\$ 39,455

## VIII. Pledged Assets

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

<u>Asset item</u>	<u>Carrying value</u>		<u>Purpose of collateral</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Other financial assets - current	\$ 8,000	\$ 8,000	Loan security and performance guarantee
Investment accounted for under the equity method	46,180	46,906	Loan security
Property, plant and equipment	938,873	834,841	Loan security
Investment property	158,319	158,319	Loan security
	\$ 1,151,372	\$ 1,048,066	

## IX. Significant Contingent Liabilities and Unrecognized Commitments

### (I) Contingencies

None.

### (II) Commitments

1. Please refer to Note 6(13).

2. Capital expenditures committed but not yet incurred:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	\$ 137,399	\$ -

## X. Losses Due to Major Disasters

None.

## XI. Significant Subsequent Events

(I) On March 13, 2024, the Board of Directors resolved that on May 1, 2024, the remaining 4,000,000 shares of treasury stock from the 16th repurchase program that have not been transferred will be transferred to employees in accordance with the "Employee Stock Transfer Regulations" of the Company. The transfer will be made at the average repurchase price of NT\$16.8 per share. The employee subscription record date is May 1, 2024.

(II) Please refer to Note 6(18) and (24) for details.

## XII. Others

### (I) Capital Management

The purposes of the Group's capital management are to ensure that the Group continues as a going concern, to maintain an optimal capital structure to lower financing costs, and to provide returns of investment to shareholders. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return share capital to shareholders, issue new shares or sell assets in order to adjust to reach the most suitable capital structure.

(II) Financial Instrument

1. Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets compulsorily measured at fair value through profit or loss	\$ 4,260	\$ 8,758
Financial assets at fair value through other comprehensive income (FVOCI)		
Investment in equity instruments of which the fair value is designated to be recognized in other comprehensive income at amortized cost	65,878	64,921
Cash and cash equivalents	718,389	717,008
Notes receivable	79,321	106,776
Accounts receivable	1,195,226	1,491,009
Accounts receivable - related party	14,069	22,645
Other receivables	76,735	70,158
Other receivables - related Party	116	421
Other financial assets - current	56,379	85,239
Refundable deposits (record in Other non-current assets – others)	12,870	13,127
Other financial assets - non-current (record in Other non-current assets – others)	-	3,253
	\$ 2,223,243	\$ 2,583,315
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial Liabilities</u>		
Financial liabilities measured at fair value through profit or loss	\$ -	\$ 2,256
Financial liabilities at amortized cost		
Short-term borrowings	713,378	1,078,476
Accounts payable	365,463	462,850
Accounts payables to related parties	24,463	43,553
Other payables	230,344	288,890
Other accounts payable - related party	12,033	12,062
Long-term borrowings due to one year or one operating cycle	45,192	42,076
Bonds payable	771,581	762,578
Long-term borrowings	75,991	79,320

	\$ 2,238,445	\$ 2,772,061
Lease liabilities - current	\$ 37,538	\$ 36,060
Lease liabilities - non-current	70,504	99,099
	\$ 108,042	\$ 135,159

## 2. Risk Management Policy

- (1) The Group's daily operations are affected by various financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk. The Group's risk management policy focuses on unpredictable market events in order to minimize their potentially adverse impacts on the Group's financial position and financial performance. The Group uses various derivative financial instruments to hedge specific risk exposure. Please refer to Note 6(2) for details.
- (2) The risk management of the Group is executed by the financial department according to the policies approved by the board of directors. The financial department of the Group cooperates with all operating units of the Group closely in order to be responsible for the identification, assessment and hedging of financial risks. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

## 3. Nature and Degree of Significant Financial Risks

### (1) Market risk

#### Exchange rate risk

- A. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and THB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- B. The Group's management has formulated a relevant policy to require entities within the Group to manage the foreign exchange risks associated with their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the financial department of the Group. The measurement of exchange rate risk is based on the expected transactions that are very likely to generate USD and RMB expenses, and to use forward exchange contracts in order to reduce the impacts of exchange rate fluctuation on the expected transactions.
- C. The Group used forward exchange transactions to hedge the exchange rate risk; however, the hedge accounting was not applied. Please refer to Notes 6(2) for information on recognition of financial assets or liabilities at fair value through profit or loss.
- D. The Group's businesses involve some non-functional currency operations such that they can be affected by the exchange rate fluctuation. The information on assets and liabilities denominated in foreign currencies whose values are materially affected by the exchange rate fluctuations is as follows:

					<u>December 31, 2023</u>		
<b>(Foreign currency)</b>	<b>currency:</b>	<b>functional</b>	<u>Foreign</u>	<u>Exchange</u>	<u>Carrying</u>		
			<u>currency</u>		<u>amount (In</u>	<u>rate</u>	<u>amount in</u>
			<u>Thousands)</u>			<u>NTD</u>	<u>(thousand)</u>
<u>Financial assets</u>							
<u>Monetary items</u>							
	USD : NTD		\$ 16,509	30.705	\$	506,909	
	USD : THB		1,389	34.052		42,649	
	USD : VND		6,988	24,408		214,567	
	USD : HKD		8,663	7.815		265,997	
<u>Non-monetary items</u>							
	USD : NTD		733	30.705		22,510	
<u>Financial Liabilities</u>							
<u>Monetary items</u>							
	USD : NTD		3,542	30.705		108,757	
	USD : THB		1,090	34.052		33,468	
	USD : VND		686	24,408		21,064	
	USD : HKD		91	7.815		2,794	

					<u>December 31, 2022</u>		
<b>(Foreign currency)</b>	<b>currency:</b>	<b>functional</b>	<u>Foreign</u>	<u>Exchange</u>	<u>Carrying</u>		
			<u>currency</u>		<u>amount (In</u>	<u>rate</u>	<u>amount in</u>
			<u>Thousands)</u>			<u>NTD</u>	<u>(thousand)</u>
<u>Financial assets</u>							
<u>Monetary items</u>							
	USD : NTD		\$ 21,573	30.71	\$	662,507	
	USD : HKD		4,904	34.347		150,602	
	USD : THB		5,934	23.730		182,233	
	USD : VND		10,672	7.798		327,737	
<u>Non-monetary items</u>							
	USD : NTD		837	30.71		25,692	
<u>Financial Liabilities</u>							
<u>Monetary items</u>							
	USD : NTD		5,711	30.71		175,385	
	USD : HKD		3,102	34.347		95,262	
	USD : THB		4,129	23.730		126,802	
	USD : VND		684	7.798		21,006	

- E. The total exchange gain (loss) (including realized and unrealized) arising from significant foreign exchange variation on the monetary items held by the Group for the years ended 2023 and 2022, amounted to profit of NT\$30,552 and NT\$94,421 respectively.
- F. Foreign exchange risks arising from significant exchange rate changes that the Group is exposed to are as follows:

2022



		<u>Sensitivity Analysis</u>		
<b>(Foreign currency)</b>	<b>currency: functional</b>		<u>Effects on</u>	<u>Effect on</u>
<b>currency)</b>		<u>Fluctuation</u>	<u>P/L</u>	<u>other</u>
				<u>comprehen</u>
				<u>ve income</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD : NTD	1%	\$ 5,069	-
	USD : THB	1%	426	-
	USD : VND	1%	2,146	-
	USD : HKD	1%	2,660	-
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
	USD : NTD	1%	1,088	-
	USD : THB	1%	335	-
	USD : VND	1%	211	-
	USD : HKD	1%	28	-

		<u>2021</u> <u>Sensitivity Analysis</u>		
<b>(Foreign currency)</b>	<b>currency: functional</b>		<u>Effects on</u>	<u>Effect on</u>
<b>currency)</b>		<u>Fluctuation</u>	<u>P/L</u>	<u>other</u>
				<u>comprehen</u>
				<u>ve income</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD : NTD	1%	\$ 6,625	-
	USD : HKD	1%	1,506	-
	USD : THB	1%	1,822	-
	USD : VND	1%	3,277	-
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
	USD : NTD	1%	1,754	-
	USD : HKD	1%	953	-
	USD : THB	1%	1,268	-
	USD : VND	1%	210	-

Price risk

- A. The Group is exposed to equity securities price risk due to the financial assets and available-for-sale financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income held and accrued by the Group. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- B. The Group mainly invests in equity instruments issued by a domestic or foreign company. The price of such equity instruments can be affected by changes in future value of their investment targets. If the prices of these equity instruments

had increased/decreased by 1% with all other variables held constant, the profit or loss of the equity instruments measured at fair value through profit or loss for the net income after tax of 2023 and 2022 would have increased or decreased by NT\$19 and NT\$20 respectively; and for other comprehensive income of 2023 and 2022 classified as the equity instrument measured at fair value through comprehensive income, the profit or loss would have increased or decreased by NT\$659 and NT\$649 respectively.

#### Cash flow and fair value interest rate risk

- A. The borrowing interest rate risk of the Group mainly came from the short-term borrowings. Due to the borrowings at floating interest rate, the Group borne the cash flow interest rate risk, and a portion of the risk was being offset by the cash and cash equivalents held. The borrowing according to the fixed interest rate caused the Group to be under the fair value interest rate risk.
- B. The borrowing of the Group was measured at amortized cost, and re-pricing was performed according to the annual interest rate specified in the contract. Therefore, the Group is exposed to the risk of future market interest rate change.
- C. When the borrowing interest rate increases or decreases by 1%, with other variables remain constant, the net income after tax for 2023 and 2022 will also decrease or increase by NT\$8,346 and NT\$11,999, respectively, which is mainly due to changes in interest expense caused by borrowings bearing a floating interest rate.

#### (2) Credit risk

- A. The Group's credit risk refers to the risk of financial loss to the Group arising from default by the clients or transaction counterparties of financial instruments on the contract obligations. Such risk is mainly due to the counterparties cannot repay the accounts payable according to the payment terms, and it is classified as the contract cash flow of debt instrument at amortized cost.
- B. The Group establishes a framework for managing credit risks from a group's perspective. As the internal credit approval policy stipulates, an operating entity within the Group shall manage and analyze the credit risk of a new client before proposing terms and conditions pertaining to payments and delivery of goods. Internal risk control is achieved by evaluating a client's credit quality against the client's financial position, credit records, and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored.
- C. The Group adopts IFRS 9 to provide preliminary assumption, and when the payment specified according to the contract term has exceeded 90 days, a breach of contract is deemed to have occurred.
- D. The Group adopts IFRS 9 to provide the following preliminary assumption, in order to use it as the basis for determining whether the credit risk of financial instruments has increased significantly since the original recognition:  
If the contract payments are past due over 30 days based on the terms, it is deemed that there has been a significant increase in credit risk on that instrument since initial recognition.
- E. The Group classifies accounts receivable due from clients according to the characteristics of trading credit risk, and adopts the simplified approach that

measures expected credit losses based on the preparation matrix.

- F. (A) The expected loss rate of customers of the related party group was 0.02%, and the accounts receivable - related party total carrying value and allowance for loss as of December 31, 2023 and 2022 were NT\$14,070 and NT\$1; NT\$22,649 and NT\$4 respectively.
- (B) The Group, according to the past experience, adopted the individual evaluation to calculate the expected credit loss for customers of relatively higher credit risk. The total carrying amount and allowance for loss as of December 31, 2023 and 2022 were also NT\$4,185 and NT\$4,185.
- (C) By including the forward-looking consideration on the global economic information, the Group adjusts the expected credit loss rate that was established based on historical or present information, so as to estimate the preparation matrices of the loss allowance for the accounts and notes receivable as follows:

	<u>Not overdue</u>	<u>Overdue within 30 days</u>	<u>Overdue 30 days</u>	<u>Overdue 60 days</u>	<u>Overdue 90 days</u>	<u>Total</u>
<u>December 31, 2023</u>						
Expected loss (%)	0.02%-1.28%	0.5%~16.69%	6.64%~46.80%	24.81%~77.96%	100%	
Total carrying amount	<u>\$ 1,219,467</u>	<u>\$ 49,582</u>	<u>\$ 3,457</u>	<u>\$ 10,503</u>	<u>\$ 22,329</u>	<u>\$ 1,305,338</u>
Allowance for loss	<u>\$ 3,369</u>	<u>\$ 1,105</u>	<u>\$ 603</u>	<u>\$ 3,385</u>	<u>\$ 22,329</u>	<u>\$ 30,791</u>
	<u>Not overdue</u>	<u>Overdue within 30 days</u>	<u>Overdue 30 days</u>	<u>Overdue 60 days</u>	<u>Overdue 90 days</u>	<u>Total</u>
<u>December 31, 2022</u>						
Expected loss (%)	0.02%-1.97%	0.03%-21.54%	0.03%-35.10%	0.03%-77.61%	100%	
Total carrying amount	<u>\$ 1,440,857</u>	<u>\$ 116,371</u>	<u>\$ 45,918</u>	<u>\$ 7,068</u>	<u>\$ 29,334</u>	<u>\$ 1,639,548</u>
Allowance for loss	<u>\$ 1,132</u>	<u>\$ 1,961</u>	<u>\$ 6,935</u>	<u>\$ 2,401</u>	<u>\$ 29,334</u>	<u>\$ 41,763</u>

- G. The loss allowance change table for accounts and notes receivable (including related party) of the Group is as follows:

	<u>2023</u>
January 1	\$ 45,952
Impairment losses recognized	(10,814)
Unrecoverable and written off amount	(12)
Exchange rate effects	(149)
December 31	\$ 34,977

	<u>2022</u>
January 1	\$ 44,249
Impairment losses recognized	5,846
Unrecoverable and written off amount	(5,042)
Exchange rate effects	899
December 31	\$ 45,952

The impairment loss recognized for accounts receivable from customer contracts for 2023 and 2022 were NT(\$10,814) and NT\$5,846 respectively.

(3) Liquidity risk

- A. Cash flows forecast is done by each operating entity; the Financial Department of the Group is responsible only for summarizing the results. The financial department of the Group monitors rolling forecasts of the Group's liquidity

requirements to ensure it has sufficient cash to meet operational needs.

- B. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date for non-derivative financial liabilities. Derivative financial liabilities were analyzed based on the balance sheet date to the retaining period at the expected maturity date. The table below disclosed the contractual cash flows not discounted.

December 31, 2023

<u>Non-derivative financial liabilities:</u>	<u>Within 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 713,378	\$ -
Accounts payable (including related party)	389,926	-
Other payables (including related party)	242,377	-
Lease liabilities	38,579	72,221
Bonds payable	-	795,700
Long-term borrowings (including portion matured in one year or one operating cycle)	45,192	75,991

December 31, 2022

<u>Non-derivative financial liabilities:</u>	<u>Within 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 1,078,476	\$ -
Accounts payable (including related party)	506,403	-
Other payables (including related party)	300,952	-
Lease liabilities	37,473	100,778
Bonds payable	-	800,000
Long-term borrowings (including portion matured in one year or one operating cycle)	42,076	79,320
<u>Derivative financial liabilities:</u>	<u>Within 1 year</u>	<u>Over 1 year</u>
Forward exchange	\$ 2,256	\$ -

### (III) Fair Value Information

- Below are the definitions assigned to each level of valuation technique used to measure the fair value of financial and non-financial assets.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed shares is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in most of the derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The Group's investments in equity instrument investment of non-active market and investment properties are included in Level 3.

2. Financial instruments not measured at fair values

Except for the ones listed in the table below, including cash and cash equivalents, notes receivable, accounts receivable, other accounts receivable, other financial assets, long/short-term borrowings, notes payable, accounts payable and other accounts payable, their book values are approximate to the reasonably close values of fair values:

		<u>December 31, 2023</u>		
	<u>Carrying</u>	<u>to fair</u>		
	<u>amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	\$ 771,581	\$ -	\$ 770,148	\$ -

		<u>December 31, 2022</u>		
	<u>Carrying</u>	<u>to fair</u>		
	<u>amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	\$ 762,578	\$ -	\$ 767,669	\$ -

3. Financial and non-financial assets at fair value are classified by nature, characteristic, risk, and fair value level, stated as follows:

(1) The Group classifies its assets and liabilities by their function; stated as follows:

	<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>					
<u>Recurring fair value</u>					
Financial assets at fair value through profit or loss					
Equity instruments	\$ 1,919	\$ -	\$ -	\$ -	\$ 1,919
Forward exchange	-	1,340	-	-	1,340
Investment in bonds	1,001	-	-	-	1,001
Financial assets at fair value through other comprehensive income (FVOCI)					
Equity instruments				65,878	65,878
Investment property				158,319	158,319
	\$ 2,920	\$ 1,340	\$ 224,197	\$ -	\$ 228,457
	<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>					
<u>Recurring fair value</u>					
Financial assets at fair value through profit or loss					

Equity instruments	\$ 1,991	\$ -	\$ -	\$ 1,991
Forward exchange	-	807	-	807
Forward commodity	-	-	5,960	5,960
Financial assets at fair value through other comprehensive income (FVOCI)				
Equity instruments			64,921	64,921
Investment property	-	-	158,319	158,319
	\$ 1,991	\$ 807	\$ 229,200	\$ 231,998

(2) The techniques and assumptions used by the Group to measure fair value are stated as follows:

- A. For the equity-based securities that the Group used the market quoted price as the fair value (i.e. level 1 inputs), the market quoted price refers to the closing price on the balance sheet date.
- B. Except for financial instruments with an active market, the fair value of other financial instruments is obtained either based on the valuation technique or by reference to the quotes from counter-parties. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (such as the reference yield curve of TPEX, Reuters commercial paper interest rate average price).
- C. When assessing non-standard and low-complexity financial instruments, such as forward exchange and forward commodity, the Group adopts the valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- D. For high-complexity financial instruments, the Group measures the fair value by using self-developed valuation model based on the valuation method and technique widely used within the same industry. Such type of valuation model is normally applied to derivative financial instruments, embedded derivative debt instruments or securitized commodities. Certain inputs used in such type of valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. For the impacts of non-market observable parameters on financial instrument valuation, please refer to Notes 12(3)-8 for details.
- E. The valuation of derivative financial Instrument is based on the valuation model widely used and accepted by users in the market, such as discount method and option pricing model. Forward exchange agreement is typically evaluated based on the current forward exchange rate.
- F. The fair value valuation technique for investment property at fair value adopted by the Group complies with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the fair value is

determined according to the valuation result of independent expert. Please refer to Note 6(9) for details.

G. Outputs from the valuation models are estimates and valuation techniques may not be able to reflect all relevant factors of the financial and non-financial instruments held by the Group. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments in the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

4. For 2023 and 2022, there was no transfer between Level 1 and Level 2.

5. The following table shows the change of Level 3 for 2023 and 2022.

	<u>2023</u>			
	<u>Equity</u> <u>instruments</u>	<u>Convertible bond</u> <u>redemption/buyback</u> <u>right</u>	<u>Investment</u> <u>property</u>	<u>Total</u>
January 1	\$ 64,921	\$ 5,960	\$ 158,319	\$ 229,200
Gains or losses recognized in other comprehensive income	723	-	-	723
Gain recognized in profit or loss	-	(5,923)	-	(5,923)
Conversion in current period	-	(37)	-	(37)
Exchange rate effects	234	-	-	234
December 31	\$ 65,878	\$ -	\$ 158,319	\$ 224,197

	<u>2022</u>			
	<u>Equity</u> <u>instruments</u>	<u>Convertible bond</u> <u>redemption/buyback</u> <u>right</u>	<u>Investment</u> <u>property</u>	<u>Total</u>
January 1	\$ 30,961	\$ 8,278	\$ 154,441	\$ 193,680
Purchase in current period	19,380	-	-	19,380
Issuance in current period	-	20,368	-	20,368
Gains or losses recognized in other comprehensive income	13,249	-	-	13,249
Gain recognized in	-	(15,980)	3,878	(12,102)

profit or loss					
Conversion	in	-	(6,706)	-	(6,706)
current period					
Exchange	rate	1,331	-	-	1,331
effects					
December 31		\$ 64,921	\$ 5,960	\$ 158,319	\$ 229,200

6. For 2022 and 2021, there was no transfer into or out of Level 3.
7. For the investment property of the Group, it is assumed that the Group has retained an external appraiser to perform appraisal according to the valuation method and parameter announced by the FSC. The financial department establishes the financial instrument and investment property fair value valuation policy, and valuation procedure and verifies compliance with the requirements of relevant International Financial Reporting Standards.
8. The significant non-observable input value quantified information and significant non-observable input value change sensitivity analysis for the valuation model used in relation to the Level 3 fair value measurements are as follows:

	<u>December</u> <u>31, 2023</u> <u>to fair</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable</u> <u>inputs</u>	<u>Interval</u> <u>(weighted</u> <u>average)</u>	<u>Relationship</u> <u>between</u> <u>inputs and</u> <u>fair value</u>
Investment property	\$ 158,319	Cash flow discount method	Discount rate	2.750%	The higher the discount rate, the lower the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	-	Cash flow discount method	Discount rate	5.180%	The higher the discount rate, the lower the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	19,964	Public company comparables	Enterprise value to operating revenue ratio	0.3833~ 1.0347	The higher the value multiples, the higher the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	28,066	Public company comparables	Price-book ratio (PBR)	1.0125~ 1.6825	The higher the value multiples, the higher the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	17,848	Public company comparables	Price-book ratio (PBR)	1.9891~ 3.0916	The higher the value multiples, the higher the fair value
Convertible bond redemption right	-	Least-squares Monte Carlo simulation approach	Volatility	29.210%	The higher the volatility, the higher the fair value



	<u>December 31, 2022 to fair</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Investment property	\$ 158,319	Cash flow discount method	Discount rate	2.720%	The higher the discount rate, the lower the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	-	Cash flow discount method	Discount rate	5.180%	The higher the discount rate, the lower the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	15,388	Public company comparables	Enterprise value to operating revenue ratio	0.3330-0.5735	The higher the value multiples, the higher the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	27,488	Public company comparables	Price-book ratio (PBR)	1.3571-2.3934	The higher the value multiples, the higher the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	22,045	Public company comparables	Price-book ratio (PBR)	1.6636-3.5048	The higher the value multiples, the higher the fair value
Convertible bond redemption right	5,960	Least-squares Monte Carlo simulation approach	Volatility	43.990%	The higher the volatility, the higher the fair value

### XIII. Other Disclosures

#### (I) Information on Significant Transactions

1. Loaning funds to others: Please refer to Table 1.
2. Provision of endorsements and guarantees: Please refer to Table 2.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated companies, and the control portion in a joint venture): Please refer to Table 3.
4. Accumulative purchase or disposal of the same marketable securities reaching NT\$300 million or 20% of paid-in capital or more: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
7. Transaction with related party reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 4.
8. Receivables due from related party reaching NT\$100 million or 20% of paid-in capital or

more: Please refer to Table 5.

9. Trading in derivative instruments: Please refer to Note 6(2) for details.

10. Business relationship, significant transactions, and significant transaction amount between parent and subsidiaries, or among subsidiaries: Please refer to Table 6.

(II) Information on Investees

Name and location of investees (excluding those in Mainland China): Please refer to Table 7.

(III) Information on Investment in Mainland China

1. Basic information: Please refer to Table 8.

2. Significant transactions with investees in Mainland China that are invested by the Group directly or Indirectly through another third region entity: Please refer to Table 6.

(IV) Information on Major Shareholders

Major shareholder information: Please refer to Table 9.

XIV. Operating Segment Information

(I) General Information

The Group management has determined the operating segments based on the reports reviewed by the operating decision maker that are used to make strategic decisions. The operating decision maker of the Group operates business according to the region and performs the sale of various types of wires and cables as the main source of income. Taiwan, China, and Hong Kong, Thailand are the main regions for the manufacturing and sales activities of the Group. The Group provides the individual operation result indicated in the consolidated statements to the operating decision maker for review and approval, in order to evaluate the performance of the segment.

(II) Segment Information

The Company and subsidiaries report the net income or loss before tax of each region to the main operating decision maker, and the income and expenses indicated in the income statement adopts consistent measurement method. In addition, the performance of each operating segment is evaluated according to the net income and loss before tax. The Company and subsidiaries have not provided the amounts of the total assets and total liabilities to the operating decision maker to make operational decisions.

The relevant regional financial information of the Group for 2022 and 2021 is as follows:

		<u>2023</u>						
		<u>Taiwan</u>	<u>China and Hong Kong</u>	<u>Thailand</u>	<u>Vietnam</u>	<u>U.S.A.</u>	<u>Adjustment and write-off</u>	<u>Total</u>
Revenue from external customers	\$	2,184,445	\$ 603,750	\$ 1,781,461	\$ 1,039,988	\$908,391	\$ -	\$ 6,518,035
Inter-segment transactions		778,232	337,680	440,983	348,976	-	(1,905,871)	-
Segment revenue	\$	2,962,677	\$ 941,430	\$ 2,222,444	\$ 1,388,964	\$908,391	(\$ 1,905,871)	\$ 6,518,035
Net income before tax of segment	\$	303,127	\$ 14,947	\$ 140,449	\$ 150,431	(\$ 8,048)	(\$221,455)	\$ 379,451

		<u>2022</u>					<u>Adjustment</u>	<u>Total</u>
		<u>Taiwan</u>	<u>China and Hong Kong</u>	<u>Thailand</u>	<u>Vietnam</u>	<u>U.S.A.</u>	<u>and write-off</u>	
Revenue from external customers	\$	3,222,752	\$ 1,255,304	\$ 2,100,699	\$ 1,232,381	\$1,217,149	\$ -	\$ 9,028,285
Inter-segment transactions		1,049,866	361,423	377,080	664,723	-	(2,453,092)	-
Segment revenue	\$	4,272,618	\$ 1,616,727	\$ 2,477,779	\$ 1,897,104	\$1,217,149	(\$2,453,092)	\$ 9,028,285
Net income before tax of segment	\$	593,070	\$ 108,003	\$ 190,872	\$ 152,004	\$ 52,226	(\$345,748)	\$ 750,427

(III) Reconciliation of Segment Profit or Loss

Since the operating decision maker evaluates the segment performance and determines the allocation of resources based on the segment revenue and segment net operating income or loss, adjustment of the profit or loss of the segment is not required.

(IV) Reportable Reconciliation of Segment Profit or Loss

The Company reports the net income or loss after tax of each region to the operating decision maker, and the income and expenses indicated in the statement of comprehensive income adopt a consistent measurement method. The Company has not provided the amounts of the total assets and total liabilities to the operating decision maker to make operational decisions. Since there is no difference between the statements provided to the operating decision maker to make segment operational decisions and the segment income statement, adjustment is not required.

XV. Information on Product and Labor Type

Please refer to Note 6(19) for details.

XVI. Information by regions

The information by regions of the Group for 2023 and 2022 is as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
U.S.A.	\$ 2,256,467	\$ 231,119	\$ 3,447,249	\$ 265,703
Thailand	1,857,497	470,654	2,015,177	432,728
Vietnam	997,349	296,792	1,166,806	321,546
China and Hong Kong	524,656	186,181	1,180,359	196,557
Taiwan	510,527	464,871	597,602	479,612
Others	371,539	-	621,092	-
Total	\$ 6,518,035	\$ 1,649,617	\$ 9,028,285	\$ 1,696,146

XVII. Information on major customers

There is no one single customer with consolidated sales revenue exceeding 10% and more.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Loaning funds to others  
January 1 to December 31, 2023

Table 1

Unit: NT\$ thousand  
(unless otherwise specified)

No. (Note 1)	Lending company	Borrower	Current items (Note 2)	Whether related	Current maximum amount (Note 3)	Ending balance (Note 8)	Interest rate range	Loan nature (Note 4)	Current amount (Note 5)	Reason for short-term financing (Note 6)	Allowance for loss	Security		Loan limit for specific borrower (Note 7)	Total loan limit (Note 7)	Remarks	
												Name	Value				
0	Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire	Financing funds	Yes	30,480	\$ -	\$ -	3.0%	2	\$ -	Working capital	\$ -	-	\$ -	\$ 100,000	\$ 485,373	
0	Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire	Financing funds	Yes	30,480	-	-	3.0%	2	-	Working capital	-	-	-	100,000	485,373	
0	Wonderful Hi-Tech Co., Ltd.	Thai Wonderful Wire Cable Co.,	Financing funds	Yes	64,850	-	-	3.2%	2	-	Working capital	-	Promissory note	-	100,000	485,373	
0	Wonderful Hi-Tech Co., Ltd.	Thai Wonderful Wire Cable Co.,	Financing funds	Yes	61,410	61,410.00	-	4.0%	2	-	Working capital	-	Promissory note	US\$2,000	100,000	485,373	
0	Wonderful Hi-Tech Co., Ltd.	Shanghai Elitech Technology Co.,	Financing funds	Yes	14,222	14,222	14,222	N/A	2	-	Working capital	-	-	-	100,000	485,373	
1	Wonderful Photoelectricity	Shanghai Elitech Technology Co.,	Financing funds	Yes	4,482	-	-	N/A	2	-	Working capital	-	-	-	30,694	56,009	
1	Wonderful Photoelectricity	Shanghai Elitech Technology Co.,	Financing funds	Yes	31,995	31,720	31,720	N/A	2	-	Working capital	-	-	-	30,694	56,009	
2	Lord Hero HongKong	Thai Wonderful Wire Cable Co., Ltd.	Financing funds receivable	Yes	46,058	46,058.00	46,058.00	4.0%	2	-	Working capital	-	Promissory note	US\$1,500	47,148	48,799	

Note 1: Instruction for the number column is as follows:

(1) Fill in 0 for the issuer.

(2) The investees are numbered in order starting from number 1.

Note 2: Accounts receivable from related companies, receivable from related parties, shareholder current account, advance payments, temporary payments... or any other items of loan nature must be filled in this field.

Note 3: The maximum balance of funds lent in the current year.

Note 4: The loan nature shall be specified as business payment or short-term financing.

(1) For business payment, please fill in 1.

(2) For short-term financing, please fill in 2.

Note 5: If the loan is a business payment, the amount should be filled in. The amount of business payment refers to the amount of the business transaction between the lending company and the borrower in the recent one year.

Note 6: If the loan is a short-term financing, the reason for the loan and use by the borrower shall be specified, such as repayment of loans, purchase of equipment, business turnover... etc..

Note 7: (1) For companies or firms that do business with Wonderful Hi-Tech Co., Ltd., the total loan amount shall not exceed 30% of the lower of the paid-up capital and net value of Wonderful Hi-Tech Co., Ltd.,

with individual loan amount not exceeding the amount of business transactions between the two parties in the recent one year, and shall not exceed NT\$100 million based on risk considerations.

For companies or firms that need short-term financing, the total loan amount shall not exceed 30% of the lower of the paid-up capital and net value of Wonderful Hi-Tech Co., Ltd., with the individual loan amount not exceeding NT\$60 million.

(2) The total amount of loan lent by Wonderful Photoelectricity (Dongguan) Co., Ltd. shall not exceed 20% of the net value of Wonderful Photoelectricity (Dongguan) Co., Ltd., with the individual loan amount not exceeding HK\$5 million.

(3) The total amount of loan lent by Thai Wonderful Wire Cable Co., Ltd. shall not exceed 20% of the lower of the paid-up capital and net value of Thai Wonderful Wire Cable Co., Ltd., with the individual loan amount not exceeding

THB 25 million. The "Maximum balance accumulated to the end of this month" and "Ending balance" of the loan lent by Thai Wonderful Wire Cable Co., Ltd. to Vietnam Wonderful Wire Cable Co., Ltd. are greater than the "Loan limit for specific borrower" due to the exchange rate difference.

Note 8: If the public offering company proposes the loan to the board of directors one by one in accordance with paragraph 1 of Article 14 of the Standards for the Treatment of Capital Loan and Endorsement Guarantee of Public Offering

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Provision of Endorsements and Guarantees  
January 1 to December 31, 2023

Table 2

Unit: NT\$ thousand  
(unless otherwise specified)

No. (Note 1)	Endorsement and guarantee provider	The endorsed or guaranteed Company name	Relations (Note 2)	endorsement and guarantee for a single enterprise	maximum balance of endorsement and guarantee	Ending balance of endorsement and guarantee (Note 5)	Actually paid (Note 6)	endorsement and guarantee secured by	accumulated amount of endorsement and guarantee to the	Maximum limit of endorsement and guarantee (Note 3)	and guarantee provided by the parent company to a	and guarantee provided by a subsidiary company to	t and guarantee provided to the mainland	Remarks
1	Thai Wonderful Wire Cable Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	2	101,808	38,910	36,846	-	-	3.62%	407,234	N	N	N	
1	Thai Wonderful Wire Cable Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	2	101,808	19,455	18,423	18,423	-	1.81%	407,234	N	N	N	

Note 1: Instruction for the number column is as follows:

(1) Fill in 0 for the issuer.

(2) The investees are numbered in order starting from Arabic digit 1.

Note 2: There are 7 types of relationship between the endorser and the endorsed as follows, fill in the code:

(1) A company having business dealings with the Company.

(2) A company in which the Company directly or indirectly holds more than 50% of shares with voting rights.

(3) A company that directly or indirectly holds more than 50% of shares with voting rights of the Company.

(4) Between companies where the Company directly or indirectly holds more than 90% of shares with voting rights.

(5) Companies of the same trade or joint manufactures that are mutually endorsed for the needs of the contracted works.

(6) A company endorsed and guaranteed by all the contributing shareholders in accordance with their shareholding ratio due to the joint investment relationship.

(7) Joint and several performance guarantee of the same trade for pre-sale house sales contracts in accordance with the consumer protection law.

Note 3: (1) The total amount of external endorsement and guarantee provided by Wonderful Hi-Tech Co., Ltd. shall not exceed 40% of the current net value of Wonderful Hi-Tech Co., Ltd., and the limit of endorsement and guarantee for a single

The net value shall be subject to the most recent financial statement audited or reviewed by an accountant.

(2) The total amount of external endorsement and guarantee provided by Thai Wonderful Wire Cable Co., Ltd. shall not exceed 40% of the current net value of Thai Wonderful Wire Cable Co., Ltd., and the limit of endorsement and guarantee for a

The net value shall be subject to the most recent financial statement audited or reviewed by an accountant.

For those provided with endorsement and guarantee due to business relationship with Thai Wonderful Wire Cable Co., Ltd., in addition to the foregoing limit, the amount of individual endorsement or guarantee shall not exceed the amount of

Note 4: The maximum balance of endorsement and guarantee provided for others in the current year.

Note 5: The amount approved by the board of directors shall be disclosed. However, if the board of directors authorizes the Chairman to determined the amount in accordance with paragraph 8 of Article 12 of the Standards for the Treatment of

Note 6: The actual amount used by the endorsed or guaranteed within the balance of the endorsement and guarantee amount.

Note 7: Fill in Y for endorsement and guarantee provided by the listed parent company to a subsidiary, or provided by a subsidiary to the parent company, or provided to the mainland China.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries

Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies, and the Control Portion in a Joint Venture)

January 1 to December 31, 2023

Table 3

Unit: NT\$ thousand  
(unless otherwise specified)

Holding company	Type and name of marketable securities (Note 1)	Relationship with the marketable securities issuer (Note 2)	Account	Ending				Remarks (Note 4)
				Number of shares (in thousands)	Carrying amount (Note 3)	Shareholdin g percentage	Fair value	
Wonderful Hi-Tech Co., Ltd.	Sanitar Co., Ltd.	-	Financial assets measured at fair the consideration through profit or loss - current	51.00	\$ 1,882	-	\$ 1,882	-
	NT Pharma Group Co., Ltd. (Hong Kong Stock)	-	Financial assets measured at fair the consideration through profit or loss - current	170.00	37	-	37	-
	TSMC 2023-2 unsecured bond	-	Financial assets measured at fair the consideration through profit or loss - uncurrent	10.00	1,001	-	1,001	-
	Asahi Malaysia Co., Ltd.	-	Financial assets at fair the consideration through other	1,900.00	19,964	9.40	19,964	-
	M-Mobility Co. Ltd.	-	Financial assets at fair the consideration through other	0.67	-	4.53	-	-
	Sunpower Energy Technology Co., Ltd.	-	Financial assets at fair the consideration through other	663.00	17,848	2.78	17,848	-
Thai Wonderful Wire Cable Co., Ltd.	Focuz Manufacturing Company Ltd.	-	Financial assets at fair the consideration through other comprehensive income - non-current	58.82	28,066	4.90	28,066	-

Note 1: The "marketable securities" in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items falling within IFRS No. 9 "Financial Instruments".

Note 2: If the issuer of marketable securities is not a related party, this column can be left blank.

Note 3: If measured at fair value, please fill in the book balance after the adjustment of fair value evaluation and deducting the accumulated impairment in the carrying amount column; if it is not measured at fair value, please fill in the book balance of original acquisition cost or amortized cost minus accumulated impairment in the carrying amount column.

Note 4: If the marketable securities are subject to restricted use due to the provision of guarantee, pledge loan or others agreed upon, the number of shares guaranteed or pledged, the amount of guarantee or pledge and the restricted use should be indicated in the remarks column.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Transaction with related party reaching NT\$100 million or 20% of paid-in capital or more.  
January 1 to December 31, 2023

Table 4

Unit: NT\$ thousand  
(unless otherwise specified)

Involved company	Name of Counterparty	Relationship	Transaction		Ratio to total		Period of credit		why the terms of transaction are different from those of ordinary		Bills receivable (payable), accounts		Remarks (Note 2)
			Transaction	Amount	transaction	granting	Unit price	granting	Balance	Ratio to total bills receivable (payable) and accounts			
Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	Subsidiary	Sales	\$ (652,396)	23%	90 days	\$ -	-	\$ 295,473	41%	None		
Wonderful Hi-Tech Co., Ltd.	Lord hero Co., Ltd.	Subsidiary	Purchase	317,632	13%	90 days	-	-	( 49,188)	14%	None		
Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	Subsidiary	Purchase	344,221	14%	90 days	-	-	( 108,822)	31%	None		
Wonderful Hi-Tech Co., Ltd.	Thai Wonderful Wire Cable Co., Ltd.	Subsidiary	Purchase	434,718	18%	90 days	-	-	( 61)	0%	None		
Lord hero Hongkong Co., Ltd.	Wonderful Photoelectricity (Dongguan) Co. Ltd.	Subsidiary	Purchase	175,506	25%	90 days	-	-	-	0%	None		

Note 1: If the related party transaction conditions are different from the general transaction conditions, the situation and reasons for the difference shall be stated in the field of unit price and credit granting period.

Note 2: If any payment is received (paid) in advance, the reasons, terms agreed, amount and the difference from the general transaction type shall be stated in the remarks column.

Note 3: The sale and purchase between Wonderful Hi-Tech Co., Ltd. and its subsidiaries is equivalent to the purchase and sale between the subsidiaries and Wonderful Hi-Tech Co., Ltd., so the relative transactions will not be disclosed separately.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries

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

31-Dec-23

Table 5

Unit: NT\$ thousand  
(unless otherwise specified)

Company disclosing receivables	Name of Counterparty	Relationship	Balance of receivables due from related parties	Turnover rate	Overdue Receivables due from related parties		Amount recovered after the payment	Allowance for loss
					Amount	Accounting treatment		
Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	Subsidiary	\$ 295,473	1.98	\$ 3,777	Strengthen collection	\$ 105,839	\$ -
Vietnam Wonderful Wire Cable Co., Ltd.	Wonderful Hi-Tech Co., Ltd.	parent	108,822	4.02	-		82,981	-

Note 1: Please fill in separately according to the accounts receivable, bills, other receivables... etc.

Note 2: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares have no par value or the par value of each share is not NT\$10, the transaction amount requirement of 20% of the paid-in capital shall be calculated at 10% of the equity attributable to the owner of the parent company in the balance sheet.

Note 3: The post-payment period ends on March 1, 2024



Wonderful Hi-Tech Co., Ltd. and Subsidiaries

Business relationship, significant transactions, and significant transaction amount between parent and subsidiaries, or among subsidiaries.

January 1 to December 31, 2023

Table 6

Unit: NT\$ thousand  
(unless otherwise specified)

No. (Note 1)	Name of trader	Counterparty	Relationship with the trader (Note 2)	Transaction circumstance			Ratio to total consolidated revenue or total assets (Note 3)
				Item	Amount	Conditions	
0	Wonderful Hi-Tech Co., Ltd.	Thai Wonderful Wire Cable Co., Ltd.	1	Purchase	434,718	Note 4	7%
0	Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	1	Purchase	344,221	Note 4	5%
0	Wonderful Hi-Tech Co., Ltd.	Lord hero Co., Ltd.	1	Purchase	317,632	Note 4	5%
0	Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	1	Sales revenue	652,396	Note 4	10%
0	Wonderful Hi-Tech Co., Ltd.	Wonderful Cabling Systems Corporation	1	Sales revenue	77,534	Note 4	1%
0	Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	1	Accounts receivable	295,473	Note 4	5%
0	Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	1	Accounts payable	108,822	Note 4	2%
0	Wonderful Hi-Tech Co., Ltd.	Lord hero Hongkong Co., Ltd.	1	Accounts payable	49,188	Note 4	1%
1	Lord hero Co., Ltd.	Wonderful Photoelectricity (Dongguan) Co. Ltd.	3	Purchase	175,506	Note 4	3%
2	Wonderful Photoelectricity (Dongguan) Co. Ltd.	Shanghai Elitech Technology Co., Ltd.	3	Sales revenue	55,474	Note 4	1%

Note 1: The business transaction information between the parent company and its subsidiaries shall be indicated in the number column respectively, details are as follows:

(1) Fill in 0 for the parent company.

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

Note 2: There are 3 types of relationship with counterparties as follows, fill in the code:

(1) The parent company to a subsidiary.

(2) A subsidiary to the parent company.

(3) Among subsidiaries.

Note 3: The ratio of transaction amount to total consolidated revenue or total assets shall be calculated by the ending balance as a percentage of the consolidated total assets for assets and liabilities items; for profit and loss items, it shall be calculated by the cumulative amount as a percentage of the consolidated total revenue.

Note 4: In accordance with the general sales method.

Note 5: Individual transaction with an amount less than 1% of the consolidated total revenue and consolidated total assets will not be disclosed.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Name and location of investees (excluding those in Mainland China).  
January 1 to December 31, 2023

Table 7

Unit: NT\$ thousand  
(unless otherwise specified)

Name of investor	Name of investee (Note 1, Note 2)	Location	Main business items	Original investment amount		Shareholding at the end of the period			Current gain and loss of the investee (Note 2(2))	Investment gains and losses recognized in the current period (Note 2(3) and 3)	Remarks
				At the end of the period	At the end of last year	Number of shares	Ratio	Carrying amount			
Wonderful Hi-Tech Co., Ltd.	Wonderful Holding (Cayman) Co., Ltd.	Cayman Islands	Holding company of investment	\$ 272,219	\$ 272,219	9,373,944	100.00	\$ 885,611	\$ 87,045	\$ 87,045	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Wanshih Electronic Co., Ltd.	Taiwan	Assembly of distribution lines	280,180	285,266	17,497,272	24.11	225,429	( 48,771)	( 11,790)	The investee evaluated by the equity method.
Wonderful Hi-Tech Co., Ltd.	Lord hero International Co., Ltd.	British Virgin Islands	Holding company of investment	461,167	411,992	16,326	81.63	541,885	26,006	20,765	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Yi-Tai Technology Co., Ltd.	Hong Kong	Holding company of investment	83,120	83,120	21,377,348	100.00	( 4,743)	( 7,950)	( 7,950)	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Wonderful Cabling Systems Corporation	Taiwan	Sales of wires and cables	12,800	12,800	2,000,000	80.00	61,093	22,349	17,728	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	Vietnam	Sales and manufacturing of wires and cables	217,101	217,101	-	50.00	358,256	119,441	59,720	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Wan Shih (Hong Kong) Co., Ltd.	Hong Kong	Assembly of distribution lines	28,541	28,541	3,067,500	17.04	19,310	581	100	The investee evaluated using the equity method.
Wonderful Hi-Tech Co., Ltd.	Inga Nano Technology Co., Ltd.	Taiwan	Other Textile Products Manufacturing	34,325	34,325	2,450,000	28.00	29,254	( 18,937)	( 3,174)	The investee evaluated using the equity method.
Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	U.S.A.	Sales of wires and cables	171,766	171,766	92,000	56.10	183,040	1,763	( 3,223)	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	ACTife Hi-Tech Co., Ltd.	Taiwan	Sales of non-woven fabric processing products	68,000	58,000	2,000,000	100.00	( 19,530)	( 6,921)	( 7,043)	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	LOHAS International Trading Company	Taiwan	Sales of non-woven fabric processing products	1,000	1,000	100,000	100.00	672	( 8)	( 8)	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Alpha Treasure Investments Limited	Republic of Seychelles	Holding company of investment	10,123	10,123	350,000	35.00	3,200	( 6,676)	( 2,337)	The investee evaluated using the equity method.
Wonderful Holding (Cayman) Co., Ltd.	Wonderful International (Cayman) Co., Ltd.	Cayman Islands	Holding company of investment	272,219	272,219	9,373,944	100.00	885,611	87,045	Note 3	Sub-subsidiary of the Company.
Wonderful International (Cayman) Co., Ltd.	ABA Industry Inc.	U.S.A.	Sales of wires and cables	20,909	20,909	72,000	43.90	138,339	1,763	Note 3	Subsidiary of the Company.
Wonderful International (Cayman) Co., Ltd.	Wonderful Holding (Thailand) Co., Ltd.	Thailand	Holding company of investment	47	47	490	100.00	305,487	37,054	Note 3	Sub-subsidiary of the Company.
Wonderful International (Cayman) Co., Ltd.	Thai Wonderful Wire Cable Co., Ltd.	Thailand	Sales and manufacturing of wires and cables	124,353	124,353	845,890	43.50	442,867	123,953	Note 3	Great-subsidiary of the Company.
Wonderful Holding (Thailand) Co., Ltd.	Thai Wonderful Wire Cable Co., Ltd.	Thailand	Sales and manufacturing of wires and cables	103,781	103,781	583,372	30.00	305,425	123,953	Note 3	Great-subsidiary of the Company.
Thai Wonderful Wire Cable Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	Vietnam	Sales and manufacturing of wires and cables	226,415	226,415	-	50.00	364,732	119,441	Note 3	Subsidiary of the Company.
Lord hero International Co., Ltd.	Lord hero Co., Ltd.	Hong Kong	Sales of wires and cables	245,513	245,513	41,401,000	100.00	661,258	26,066	Note 3	Sub-subsidiary of the Company.

Note 1: If the public offering company has a foreign holding company and the consolidated financial report is the main financial report according to the local law, the disclosure of information about the foreign investee may be disclosed only to the information about the holding company.

Note 2: For persons other than those mentioned in Note 1, fill in the following:

(1) The columns of "the investee's name", "location", "main business items", "original investment amount" and "ending shareholding situation" shall be filled out in accordance with the reinvestment situation of the (publicly issued) company and the reinvestment of the investee directly or indirectly under control. Indicate in the remarks column the relationship between each investee and the (public offering) company (if it is a subsidiary or a great -subsidiary).

(2) The "current profit and loss of investees" shall be fill in the amount of current profit and loss of each investee.

(3) The column "investment profit and loss recognized in the current period" is only required to fill in the profit and loss of the subsidiaries recognized by the (public offering) company for direct reinvestment and that of the investee evaluated by the equity acquisition method. The rest is not required. Fill in "The balance of loss of each subsidiary directly reinvested in the current period shall still be the loan limit approved by the board of directors. Although the funds may be repaid later, considering the loan may be granted again, the amount approved by the board of directors

Note 3: The investment profit and loss listed in the current period only discloses the part recognized by Wonderful Hi-Tech Co., Ltd., and the rest is exempted from completion according to regulations.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Information on investments in Mainland China - Basic Information  
January 1 to December 31, 2023

Table 8

Unit: NT\$ thousand  
(unless otherwise specified)

Name of investee in Mainland	Main business items	Paid-in capital	Form of investment (Note 1)	Accumulated investment remitted from Taiwan at the beginning of the period	Investment remitted or recovered in the current period		Accumulated investment remitted from Taiwan at the end of the period	Current gain and loss of the investee	The Company's shareholding in direct or indirect investment	Recognize investment gains and losses in the current period (Note 2)	Carrying amount of investment at the end of the period	Repatriated investment income as of the current period	Remarks
					Remitted	Recovered							
Suzhou Wanshih Optical Communication Co., Ltd.	Assembly of distribution lines	\$ 520,584	1	\$ 11,380	\$ -	\$ -	\$ 11,380	(\$ 199)	2.56%	\$ -	\$ -	\$ 5,008	Note 3
Siyang Wanshih Electronic Element Co., Ltd.	Assembly of distribution lines	367,939	2	16,099	-	-	16,099	-	-	-	-	-	Note 4
Shanghai Elitech Technology Co., Ltd.	Computer software development, manufacturing and sales of own products and surveillance equipment	83,081	2	83,081	-	-	83,081	( 7,950)	100.00%	(7,950) (2) B	4,743	-	
Wonderful Photoelectricity (Dongguan) Co., Ltd.	Sales and manufacturing of wires and cables	177,616	2	50,624	-	-	50,624	( 21,117)	81.60%	(17,238) (2) A	250,553	-	
	Cumulative investment remitted from Taiwan to the mainland China at the end of the period	The investment approved by the Ministry of Economic Affairs	Investment to the Mainland China approved by the Ministry of Economic Affairs										
Wonderful Hi-Tech Co., Ltd.	\$	325,940	\$	360,985	\$	1,513,524							

Note 1: Investments are made in the following four ways, fill in the code:

- (1) Direct investment in mainland China.
- (2) Re-investment in Mainland company through a third region company (please specify the third region company).
  - A. Reinvestment in Siyang Wanshih Electronic Element Co., Ltd., through Wonderful Holding (Cayman) Co., Ltd., and then through Wonderful International (Cayman) Co., Ltd.
  - B. Reinvestment in Shanghai Elitech Technology Co., Ltd. through Yi-Tai Technology Co., Ltd.
  - C. Reinvestment in Wonderful Photoelectricity (Dongguan) Co., Ltd. through Le Hao International Co., Ltd.
- (3) Other ways.

Note 2: In the investment profit and loss recognized in the current period:

- (1) Please specify if it is in preparation and there is no investment gain or loss.
- (2) Investment profit and loss are recognized on the following three basis, which should be specified.
  - A. Financial statements audited by an international accounting firm in partnership with a Republic of China accounting firm.
  - B. Financial statements audited by certified accountants of the parent company in Taiwan.
  - C. Financial statements prepared and not verified by accountants for the corresponding period

Note 3: Suzhou Wanshih Optical Communication Co., Ltd., an investee held by the Company under the acquisition equity method, is provided for impairment in full in 2012 because its recoverable amount is lower than the book value.

Note 4: Siyang Wanshih Electronic Element Co., Ltd., an investee held by the Group under the equity method, was disposed of in 2020.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Information on Major Shareholders  
31-Dec-23

Table 9

Name of major shareholders	Shares	
	Number of shares held	Shareholding percentage
Ming-Lieh Chang	11,465,911	7.08%
Mei Ming Investment Co., Ltd.	12,846,070	7.93%

Note 1: The information on major shareholders in this table shows the information of shareholders holding more than 5% of the Company's ordinary and special shares (including treasury shares) that have been delivered without physical registration as calculated by the depository company. The capital stock recorded in the financial report may be different from the actual number of shares delivered by the Company without physical registration due to a

Note 2: If the above information involves shareholder's handing over their shareholding to the trust, it shall be disclosed by the individual account of the trustor whose special trust account is opened by the trustee. As for shareholders who hold more than 10% of the shares and are subject to reporting requirements under the securities trading laws, this includes their own shareholding as well as shares held through entrusted arrangements where they have decision-making power over the entrusted assets.

For insider share declaration information, please refer to the Market Observation Post System.

Wonderful Hi-Tech Co., Ltd.  
Parent Company Only Financial Statements  
and Independent Auditors' Report  
For the Years Ended December 31, 2023 and 2022  
(Stock Code: 6190)

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

Tel: (03)452-7777

Wonderful Hi-Tech Co., Ltd.  
Parent Company Only Financial Statements and Independent Auditor's Report  
for the Years Ended December 31, 2023 and 2022

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## Independent Auditors' Report

(2024) Cai-Shen-Bao-Zi No. 23004621

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

### **Opinion**

We have audited the accompanying parent company only financial statements of Wonderful Hi-Tech Co., Ltd. (the "Company"), which comprise the parent company only balance sheets for the years ended December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for January 1 to December 31, 2023 and 2022, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for January 1 to December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee Interpretations (IFRIC), and Standard Interpretations Committee Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China (R.O.C.).

### **Basis for Opinion**

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



## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the Company for the year 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year 2023 are stated as follows:

### **Accuracy of Revenue Recognition**

#### Description

For description of the accounting policy and accounting Item for income recognition, please refer to Notes 4 (30) and 6(18) of the parent company only financial statements.

The Company's operates faces intense competition, and the overall market is impacted by environmental factors, increasing the risk associated with revenue recognition. Therefore, the auditor considers the recognition of sales revenue for the current year as one of the most significant matters under audit for the current year.

#### Corresponding Audit Procedures

We summarize the audit procedures executed in the following:

1. Understand and evaluate the internal controls over revenue recognition and test the effectiveness of internal controls related to sales revenue.
2. Obtain detailed records of annual sales revenue and sample sales revenue transactions and related documents to confirm the appropriateness of revenue recognition.
3. Review post-period significant abnormal sales returns and allowances.
4. Send confirmation letters for accounts receivable to significant transaction counterparts with substantial transaction amounts.

## **Inventory Valuation**

### Description

For the description of the accounting policy, accounting estimation and assumption of inventory and allowance for inventory write-down, please refer to Notes 4(12), 5(2) and 6(5).

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

### Corresponding Audit Procedures

We summarize the audit procedures executed in the following:

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

### **Other Matters - Relevant audits by other independent auditors**

For some of the investees under equity method listed in the Company's parent company only financial statements, their financial statements were not audited by our representatives, but was audited by other independent auditors. Accordingly, regarding our opinion on the parent company only financial statements, relevant amount listed in financial statements of such company was based on the audit report by other independent auditors. As of December 31, 2023, and 2022, the investments under equity method for the companies were NT\$632,232 thousand and NT\$595,494 thousand respectively, accounted for 15% and 14% of the total assets respectively. The compressive income for January 1 to December 31, 2023, and 2022 were NT\$28,091 thousand and NT\$106,420 thousand respectively, accounted for 13% and 20% of the comprehensive income respectively.

### **Responsibilities of Management and Those Charged with Governance for the Parent Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for necessary internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's Responsibilities for the Audit of the parent company only Financial Statements**

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

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

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

disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. Nevertheless, future events or circumstances may cause the Company to have no ability for continuous operation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Company's 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Po-Chuan Lin

Certified Public Accountant

Shu-Chiung Chang

Former Securities and Futures Commission, Ministry of  
Finance

Approval Certificate Document No.: Jin-Guan-Zheng-Shen-  
Zi No. 1100350706

Financial Supervisory Commission

Approval Certificate Document No.: Jin-Guan-Zheng-Shen-  
Zi No. 0990042602

March 13, 2024

Wonderful Hi-Tech Co., Ltd.  
Parent Company Only Balance Sheet  
December 31, 2023 and 2022

Unit: NT\$ thousand

Assets	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 279,891	7	\$ 242,409	6
1110	Financial assets measured at fair value through profit or loss - current	6(2)	3,259	-	8,758	-
1150	Notes receivable, net	6(4)	23,380	1	35,199	1
1170	Accounts receivable, net	6(4)	359,703	9	511,496	12
1180	Accounts receivable from related parties, net	7	342,160	8	421,994	10
1200	Other receivables		5,385	-	10,337	-
1210	Other receivables - related Party	7	17,489	-	16,571	-
130X	Inventory	6(5)	331,994	8	455,036	10
1410	Prepayments		11,603	-	6,620	-
1476	Other financial assets - current	8	8,000	-	8,000	-
1479	Other current assets - others		382	-	344	-
11XX	<b>Total current assets</b>		<u>1,383,246</u>	<u>33</u>	<u>1,716,764</u>	<u>39</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	1,001	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	37,812	1	37,433	1
1550	Investment accounted for under the equity method	6(6) and 8	2,307,750	55	2,173,826	49
1600	Property, plant and equipment	6(7) and 8	207,154	5	211,089	5
1755	Right-of-use assets	6(8)	17,758	-	24,674	1
1760	Investment property, net	6(9) and 8	188,525	5	188,525	4
1780	Intangible assets		312	-	592	-
1840	Deferred income tax assets	6(23)	34,345	1	25,320	1
1990	Other non-current assets - others		8,027	-	15,252	-
15XX	<b>Total non-current assets</b>		<u>2,802,684</u>	<u>67</u>	<u>2,676,711</u>	<u>61</u>
1XXX	<b>Total assets</b>		<u>\$ 4,185,930</u>	<u>100</u>	<u>\$ 4,393,475</u>	<u>100</u>

(Continued)

Wonderful Hi-Tech Co., Ltd.  
Parent Company Only Balance Sheet  
December 31, 2023 and 2022

Unit: NT\$ thousand

Liabilities and Equity	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(10)	\$ 100,000	2	\$ 130,000	3
2170	Accounts payable		189,359	5	268,183	6
2180	Accounts payable - related party	7	158,588	4	175,959	4
2200	Other payables		109,396	3	149,454	4
2220	Other accounts payable - related party	7	2,188	-	6,248	-
2230	Current income tax liabilities		40,506	1	60,216	1
2280	Lease liabilities - current		6,019	-	6,922	-
2320	Current portion of long-term borrowings	6(12)	12,000	-	42,076	1
2399	Other current liabilities - others		6,003	-	5,969	-
21XX	<b>Total current liabilities</b>		<u>624,059</u>	<u>15</u>	<u>802,951</u>	<u>18</u>
<b>Non-current liabilities</b>						
2530	Bonds payable	6(11)	771,581	18	762,578	17
2540	Long-term borrowings	6(12)	31,000	1		
2570	Deferred income tax liabilities	6(24)	175,276	4	151,260	-
2580	Lease liabilities - non-current		12,384	-	18,403	1
2640	Net defined benefit liabilities—non-current	6(13)	23,939	1	32,071	1
2650	Credit balance of investments accounted for using equity method	6(6)	24,273	1		
2670	Other non-current liabilities - others		878	-	23,366	-
25XX	<b>Total non-current liabilities</b>		<u>1,039,331</u>	<u>25</u>	<u>987,678</u>	<u>23</u>
2XXX	<b>Total liabilities</b>		<u>1,663,390</u>	<u>40</u>	<u>1,790,629</u>	<u>41</u>
<b>Equity</b>						
Share capital						
3110	Common share capital	6(14)	1,617,912	39	1,616,652	37
Capital surplus						
3200	Capital surplus	6(15)	388,880	9	383,677	9
Retained earnings						
3310	Statutory reserves	6(16)	140,530	3	91,626	2
3320	Special reserves		119,302	3	169,203	4
3350	Undistributed earnings		429,567	10	491,831	11
Other equity						
3400	Other equity		( 45,119)	( 1)	( 21,611)	( 1)
3500	Treasury shares	6(14)	( 128,532)	( 3)	( 128,532)	( 3)
3XXX	<b>Total equity</b>		<u>2,602,846</u>	<u>60</u>	<u>2,602,846</u>	<u>59</u>
Significant Contingent Liabilities and Unrecognized Commitments						
Material subsequent events						
3X2X	<b>Total liabilities and equities</b>	11	<u>\$ 4,185,930</u>	<u>100</u>	<u>\$ 4,393,475</u>	<u>100</u>

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

Chairman: Ming-Lieh Chang

Managerial Officer: Cheng-Po Chang

Accounting Officer: Yu-Hsiu Hsu



Wonderful Hi-Tech Co., Ltd.  
Parent Company Only Statement of Comprehensive Income  
January 1 to December 31, 2023 and 2022

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

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6(18) and 7	\$ 2,788,267	100	\$ 4,098,856	100
5000 Operating costs	6(5)(23) and 7	( 2,441,335)	( 88)	( 3,488,259)	( 85)
	Gross profit	346,932	12	610,597	15
5910 Unrealized gain from sale		( 55,970)	( 2)	( 44,415)	( 1)
5920 Realized gain from sale		44,415	2	25,045	-
5950 Gross Profit		335,377	12	591,227	14
	Operating expenses				
6100 Selling expenses	6(23) and 7	( 69,400)	( 3)	( 159,893)	( 4)
6200 Administrative expenses		( 95,435)	( 3)	( 157,245)	( 4)
6300 Research and development expenses		( 27,865)	( 1)	( 29,852)	-)
6450 Expected credit impairment losses		653)	-	3,151	-
6000 Total operating expenses		( 193,353)	( 7)	( 343,839)	( 8)
6900 Operating profit		142,024	5	247,388	6
	Non-operating income and expenses				
7100 Interest income	6(19) and 7	4,448	-	1,855	-
7010 Other income	6(20) and 7	12,384	1	12,271	-
7020 Other gains and losses	6(21) and 7	8,039)	-	82,697	2
7050 Finance costs	6(22)	( 15,859)	( 1)	( 16,310)	-
7070 Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	149,833	5	243,767	6
7000 Total non-operating incomes and expenses		142,767	5	324,280	8
7900 <b>Net income before tax</b>		284,791	10	571,668	14
7950 Income tax expense	6(24)	( 60,375)	( 2)	( 105,814)	( 3)
8200 <b>Net income for the period</b>		\$ 224,416	8	\$ 465,854	11

(Continued)

Wonderful Hi-Tech Co., Ltd.  
Parent Company Only Statement of Comprehensive Income  
January 1 to December 31, 2023 and 2022

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

Item	Note	2023		2022	
		Amount	%	Amount	%
<b>Other comprehensive profit and loss (net)</b>					
<b>Items not reclassified subsequently to profit or loss</b>					
8311	Remeasurement of defined benefit programs	6(13)	\$ 5,650	-	(\$ 9,400) --
8316	Unrealized equity instrument profit or loss measured at fair value through other comprehensive income	6(3)	379	-	5,797 --
8330	Share of other comprehensive income of affiliated enterprises and joint ventures accounted for using equity method - Items not to be reclassified into profit or loss		10,787	1	20,799) -
8349	Income taxes related to the items not re-classified	6(24)	( 1,130)	-	1,880) -
<b>Items that may be reclassified subsequently to profit or loss</b>					
8361	Exchange differences on translation of the financial statements of foreign operations		( 21,900)	( 1)	( 103,008 3)
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method- Items may be reclassified into profit or loss		( 1,432)	-	( 2,381 --
8399	Income tax related to items may be reclassified into profit or loss	6(24)	4,709	( 1)	20,944) ( 1-
8300	<b>Other comprehensive profit and loss (net)</b>		<u>(\$ 2,937)</u>	<u>-</u>	<u>(\$ 76,963) 2</u>
8500	<b>Total comprehensive income for this period</b>		<u>\$ 221,479</u>	<u>8</u>	<u>\$ 542,817 13</u>
Net income attributable to:					
Earnings per share					
9750	Basic earnings per share	6(25)	\$ 1.46	\$ 3.04	
9850	Diluted earnings per share		\$ 1.36	\$ 3.03	

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

Chairman: Ming-Lieh Chang

Managerial Officer: Cheng-Po Chang

Accounting Officer: Yu-Hsiu Hsu

Wonderful Hi-Tech Co., Ltd.  
Parent Company Only Statement of Changes in Equity  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Note	Equity attributable to owners of parent company								Total
		Retained earnings				Other equity				
		Common share capital	Capital surplus	Statutory reserves	Special reserves	Undistributed earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized financial assets profit or loss measured at fair value through other comprehensive income	Treasury shares	
<u>2022</u>										
Balance as of January 1, 2022		\$ 1,591,048	\$ 258,139	\$ 70,060	\$ 172,622	\$ 235,606	( \$ 118,903 )	\$ 43,514	( \$ 156,301 )	\$ 2,095,785
Net income for the period		-	-	-	-	465,854	-	-	-	465,854
Other comprehensive income/loss of the period	6(3)	-	-	-	-	8,885	84,445	( 16,367 )	-	76,963
Total comprehensive income for this period		-	-	-	-	474,739	84,445	( 16,367 )	-	542,817
2022 Appropriation and distribution of retained earnings:	6(17)									
Statutory reserves		-	-	21,566	-	( 21,566 )	-	-	-	-
Special reserves		-	-	-	( 3,419 )	3,419	-	-	-	-
Cash dividends		-	-	-	-	( 214,667 )	-	-	-	( 214,667 )
Issuance of convertible bonds	6(11)(16)	-	65,027	-	-	-	-	-	-	65,027
Conversion of convertible bonds	6(11)(16)	25,604	28,908	-	-	-	-	-	-	54,512
treasury stock transfer employee	6(15)(16)	-	( 4,459 )	-	-	-	-	-	27,769	23,310
Disposal of investments by the equity method	6(3)	-	-	-	-	2,090	-	( 2,090 )	-	-
Investment companies by the equity method dispose of equity instrument shares measured through fair value in other cases and profit and loss cases	6(3)	-	-	-	-	-	-	-	-	-
Difference between actual price of subsidiary equity acquired and the book value	6(16)	-	-	-	-	12,210	-	( 12,210 )	-	-
Net change in affiliated enterprises and joint ventures accounted for under equity method	6(16)	-	4,816	-	-	-	-	-	-	4,816
Changes in equity ownership of subsidiaries	6(16)	-	10,450	-	-	-	-	-	-	10,450
Share-based payment transaction	6(14)(16)	-	2,854	-	-	-	-	-	-	2,854
Balance as of December 31, 2022		\$ 1,616,652	\$ 383,677	\$ 91,626	\$ 169,203	\$ 491,831	( \$ 34,458 )	\$ 12,847	( \$ 128,532 )	\$ 2,602,846
<u>2023</u>										
Balance as of January 1, 2023		\$ 1,616,652	\$ 383,677	\$ 91,626	\$ 169,203	\$ 491,831	( \$ 34,458 )	\$ 12,847	( \$ 128,532 )	\$ 2,602,846
Net income for the period		-	-	-	-	224,416	-	-	-	224,416
Other comprehensive income/loss of the period	6(3)	-	-	-	-	6,197	( 18,623 )	9,489	-	( 2,937 )
Total comprehensive income for this period		-	-	-	-	230,613	( 18,623 )	9,489	-	221,479
2023 Appropriation and distribution of retained earnings:	6(17)									
Statutory reserves		-	-	48,904	-	( 48,904 )	-	-	-	-
Special reserves		-	-	-	( 49,901 )	49,901	-	-	-	-
Cash dividends		-	-	-	-	( 308,102 )	-	-	-	( 308,102 )
Conversion of convertible bonds	6(11)(16)	1,260	2,843	-	-	-	-	-	-	4,103
Disposal of investments by the equity method	6(3)	-	-	-	-	570	-	( 570 )	-	-
Investment companies by the equity method dispose of equity instrument shares measured through fair value in other cases and profit and loss cases	6(3)	-	-	-	-	-	-	-	-	-
Difference between actual price of subsidiary equity acquired and the book value	6(16)	-	-	-	-	13,804	-	( 13,804 )	-	-
Net change in affiliated enterprises and joint ventures accounted for under equity method	6(16)	-	1,479	-	-	-	-	-	-	1,479
Balance as of December 31, 2023		\$ 1,617,912	\$ 388,880	\$ 140,530	\$ 119,302	\$ 429,567	( \$ 53,081 )	\$ 7,962	( \$ 128,532 )	\$ 2,522,540

Opinion

Chairman: Ming-Lieh Chang

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

Managerial Officer: Cheng-Po Chang

Accounting Officer: Yu-Hsiu Hsu

Wonderful Hi-Tech Co., Ltd.  
Parent Company Only Statement of Cash Flows  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Note	January 1 to December 31, 2023	January 1 to December 31, 2022
<u>Cash flows from operating activities</u>			
Net income before income tax		\$ 284,791	\$ 571,668
Adjustments			
Income/expense items			
Unrealized gain from sale		55,970	44,415
Realized gain from sale		( 44,415 )	( 25,045 )
Depreciation expenses	6(23)	45,827	43,102
Amortization expenses	6(23)	1,620	1,503
Expected credit impairment losses		653	( 3,151 )
Interest income	6(19)	( 4,448 )	( 1,855 )
Dividend income	6(20)	( 117 )	612
Interest expenses	6(22)	15,859	16,310
Net gain on financial assets and liabilities at fair value through profit or loss	6(2)(21)	14,034	19,100
Gains on disposal of property, plant and equipment	6(21)	( 1,056 )	( 600 )
Gains on disposal of investments by equity method	6(21)	( 5,089 )	( 11,661 )
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	( 149,833 )	( 243,767 )
Investment real estate fair value adjustment benefits	6(21)		( 3,878 )
Share-based payments	6(14)		17,942
Change in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		( 8,571 )	( 3,299 )
Notes and accounts receivable		162,490	230,922
Accounts receivable - related party		79,837	91,353
Other receivables		4,997	3,542
Other receivables - related Party		27	( 765 )
Inventory		123,042	( 38,933 )
Prepayments		( 4,983 )	6,336
Other current assets		( 38 )	( 38 )
Net changes in liabilities relating to operating activities			
Financial liabilities measured at fair value through profit or loss		-	-
Accounts payable (including related party)		( 68,593 )	( 403,754 )
Other payables		( 37,307 )	27,457
Other payables - related party		( 4,060 )	1,939
Other current liabilities		34	( 1,985 )
Accrued pension liabilities		( 2,482 )	( 18,687 )
Cash inflow (outflow) from operating activities		458,189	317,559
Interests received		3,924	1,909
Dividends received		23,970	19,866
Interest paid		( 2,348 )	( 13,655 )
Income taxes paid		( 61,515 )	( 16,950 )
Net cash inflow (outflow) from operating activities		422,220	308,729

(Continued)

Wonderful Hi-Tech Co., Ltd.  
Parent Company Only Statement of Cash Flows  
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	<u>Note</u>	<u>January 1 to December 31, 2023</u>	<u>January 1 to December 31, 2022</u>
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at fair value through other comprehensive income		\$	(\$ 19,380 )
Decrease (increase) in financing funds receivable			41,520
Acquisition of investments by equity method		( 59,175 )	( 87,471 )
Proceeds from disposal of investments by equity method	6(6)	9,591	27,494
Acquisition of property, plant, and equipment	6(26)	( 17,636 )	( 19,941 )
Proceeds from disposal of property, plant and equipment		187	1,250
Acquisition of intangible assets			
Decrease (increase) refundable deposits		335	( 1,137 )
Acquisition of financial assets at fair value through profit or loss		( 1,002 )	
Increase in other non-current assets		( 14,644 )	( 2,439 )
Net cash outflow from investing activities		( 82,344 )	( 60,104 )
<u>Cash flows from financing activities</u>			
Increase (decrease) in short-term borrowings	6(27)	( 30,000 )	( 850,926 )
Increase of long-term borrowings	6(27)	48,000	-
Repayments of long-term borrowings	6(27)	( 5,000 )	
treasury stock transfer employee	6(15)	-	23,310
Repayment of the principal portion of lease liabilities	6(27)	( 7,292 )	( 6,610 )
Cash dividends paid	6(17)	( 308,102 )	( 214,667 )
Issuance of corporate bonds	6(27)		804,593
Net cash inflow (outflow) from financing activities		( 302,394 )	( 244,300 )
Net increase in cash and cash equivalents		37,482	4,325
Cash and cash equivalents at the beginning of the period		242,409	238,084
Cash and cash equivalents at the end of the period		\$ 279,891	\$ 242,409

The accompanying notes are an integral part of the parent company only financial statements. Please refer to them altogether.

Chairman: Ming-Lieh Chang

Managerial Officer: Cheng-Po Chang

Accounting Officer: Yu-Hsiu Hsu

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

Unit: NT\$ thousand  
(unless otherwise specified)

I. Company History

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

II. Approval Date and Procedures of The Financial Statements

These parent company only financial statements have been approved by the Board of Directors on March 13, 2024.

III. New Standards, Amendments and Interpretations Adopted

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

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

New, Amended, or Revised Standards and Interpretations	Effective date announced
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and operating result based on the Company’s assessment:

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

The applicable new promulgated, amended and revised standards and interpretations of IFRSs endorsed by the FSC in 2024 are as follows:

New, Amended, or Revised Standards and Interpretations	Effective date announced
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or noncurrent’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier Finance Arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Company’s financial condition and operating result based on the Company’s assessment:

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

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

New, Amended, or Revised Standards and Interpretations	Effective date announced
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Initial application of IFRS 17 and IFRS 9 — Comparative information”	January 1, 2023
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Company’s financial condition and operating result based on the Company’s assessment:

#### IV. Summary of Significant Accounting Policies

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

##### (I) Statement of Compliance

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

##### (II) Basis of Preparation

1. Except for the following significant accounts, the parent company only financial statements have been prepared under the historical cost convention:

- (1) Financial assets and liabilities (including derivatives) at fair value through profit or loss.
- (2) Financial assets at fair value through other comprehensive income.
- (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

##### (III) Foreign currency translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in “New Taiwan Dollars”, which is the Company’s functional currency.

1. Foreign currency transactions and balance

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



historical exchange rate on the transaction date.

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

## 2. Translation of foreign operations

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

## (IV) Classification of Current and Non-current Assets and Liabilities

1. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - (2) They are held primarily for trading.
  - (3) Assets that are expected to be realized within 12 months after the balance sheet date.
  - (4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.Assets that do not meet the above criteria are classified as non-current assets.
2. Liabilities that meet one of the following criteria are classified as current liabilities:
  - (1) Liabilities that are expected to be settled within the normal operating cycle.
  - (2) They are held primarily for trading.

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

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

(V) Cash equivalents

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

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

1. Financial assets not measured at cost after amortization or measured at fair value through other comprehensive income.
2. The Company adopts the trade date accounting to account for financial assets at fair value through profit or loss that are an arm's length transaction.
3. At initial recognition, the Company measures financial assets at fair value plus relevant transaction costs, and subsequently, the Company measures the financial assets at fair value, and its gain or loss is recognize in profit or loss.
4. When the right for dividend receipts is confirmed, the economic benefit related to the dividend may be received as income, and when the dividend amount can be reliably measured, the Company then recognizes it as dividend income.

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

1. It means the Company made an irrevocable election upon initial recognition to recognize the fair value changes in equity instruments not held for trading at other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through comprehensive income are recognized and derecognized using settlement date accounting.
3. The Company initially recognized the financial assets at fair value through profit or loss are initially recognized at fair value, and subsequently, they were measured and stated at fair value:

The fair value change of equity tool is recognized under the other comprehensive income, and during the derecognition, the cumulative profit or loss previously recognized under the other comprehensive income should not be re-categorized into income, but should be changed to list under the retained earnings. When the right for dividend receipts is confirmed, the economic benefit related to the dividend may be received as income, and when the dividend amount can be reliably measured, the Company then recognizes it as dividend income.

(VIII) Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable denote that the Company has unconditional right

to the consideration, in the form of receivables or notes, for the goods and services transferred.

2. However, short-term notes and accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(IX) Impairment of Financial Assets

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

(X) Derecognition of financial assets

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

(XI) Leasing arrangements (lessor) - operating leases

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

(XII) Inventory

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

(XIII) Investments accounted for using equity method / subsidiaries and associates

1. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Unrealized profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of

losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.

4. An associate is an entity over which the Company has significant influence but without control power, and it generally refers to an entity that the Company directly or indirectly holds more than 20% of shares of voting rights. The Company uses the equity method to account for its investments in associates, and costs are recognized during the acquisition thereof.
5. The Company's share of its associate's post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any other unsecured accounts receivable), the Company discontinues recognizing its share of further losses; unless that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.
6. When the associate is subject to equity change not for profit or loss or other comprehensive income and when the shareholding percentage on the associate is not affected, the Company then recognizes the equity change under the share of the associate for the Company as the "capital reserve" according to the shareholding percentage.
7. The unrealized profit or loss generated from the transactions between the Company and an associate has been eliminated according to the equity ratio of the associate. Unless there is evidence indicating that the asset transferred in such a transaction has an impairment, the unrealized loss is also eliminated. The accounting policies of the associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
8. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
9. When the Company disposes of an associate, if the Company loses its significant influence on the associate, then for all of the amounts related to the associate previously recognized in other comprehensive income, if its accounting handling basis is identical to the disposal of relevant assets or liabilities directly, i.e. such as the profit or loss recognized in the other comprehensive income, it is re-classified as profit or loss during the disposal of relevant assets or liabilities, then when the Company loses its significant influence on the associate, such profit or loss shall be re-classified as profit or loss from equity. If the Company still has a significant influence on the associate, then the amount previously recognized in the other comprehensive income is transferred out

proportionally according to the aforementioned method.

10. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statement.

(XIV) Property, plant and equipment

1. Property, plant, and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance is recognized in profit or loss when accrued.
3. Property, plant, and equipment are subsequently measured at cost. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Property, plant, and equipment is depreciated individually if they contain any significant components.
4. The assets’ residual values, useful lives, and depreciation methods are reviewed, and adjusted by the Company if appropriate, at the end of each reporting year. If expectations for the residual values of assets and useful lives differ from previous estimates or the patterns of consumption of the future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors”, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

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

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

1. The Company recognizes right-of-use assets and lease liabilities for all leases at the date when they are available for the Company’s use. Low-value asset and short-term leases are recognized as expenses on a straight-line basis over the lease period.
2. The Company measures its lease liability at commencement date by discounting future lease payments using its incremental borrowing interest rate. Lease payments include:  
Fixed payments, less any lease incentives receivable.  
Lease payments that are measured in subsequent periods using the effective interest rate method and amortized over the lease term. When a change in lease payments occurs not due to contract modification, lease liability will be remeasured, with such remeasurements adjusted to right-of-use assets.

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

Original measurement amount of lease liabilities.

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

(XVI) Investment property

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

(XVII) Intangible assets

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

(XVIII) Impairment of Non-Financial Assets

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

(XIX) Loans

Borrowings mean short and long term loans borrowed from banks. During the initial recognition, the Company measures according to the fair value with deduction of transaction cost. Subsequently, for any difference between the amount after the deduction of transaction cost and the redemption value, the effective interest method is adopted to recognize the interest expense in the profit or loss according to amortized procedure during the circulation period.

(XX) Accounts and Notes Payable

1. Accounts and notes payable are the debt incurred by credit purchase of raw materials, goods, or services and the notes payable incurred by operating and non-operating activities.
2. Short-term notes and accounts payable without bearing interest are subsequently measured at the initial invoice amount as the effect of discounting is immaterial.

(XXI) Convertible bonds payable

The convertible bonds payable issued by the Company are embedded with the conversion right (i.e., the right of the holder to choose the conversion of common shares of the Company, and a fixed amount for conversion of a fixed quantity of shares) and

right of redemption. During the initial issuance, the issuance price classified into financial assets, financial liabilities or equity according to the issuance criteria, and the handling is as follows:

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

(XXII) Derecognition of financial liabilities

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

(XXIII) Offsetting financial instruments

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

(XXIV) Non-hedging derivatives

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

is recognized under profit or loss.

(XXV) Employee benefits

1. Short-term employee benefits

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

2. Pension

(1) Defined contribution plans

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

(2) Defined benefit plans

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

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

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

3. Employee compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. When employee compensation is appropriated in shares, the basis for calculating the number of shares shall be the closing price at the date before the date the Board of Directors resolves on the appropriation.

(XXVI) Employees share-based payments

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity commodities granted at the grant date and are recognized as compensation costs over the vesting period, with a corresponding adjustment to equity. The fair value of the equity commodities granted shall reflect the impact of market vesting conditions and non-market vesting conditions.



Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(XXVII) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. Where appropriate, management also estimate income tax liabilities based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings in a shareholders' meeting of the following year.
3. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheets. However, the deferred tax is not accounted for if it arises from the initial recognition of goodwill or of an asset or liability in a transaction (excluding corporate merger) that at the time of the transaction affects neither accounting nor taxable profit (loss). Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXVIII) Share capital

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

(XXIX) Dividends appropriation

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

(XXX) Revenue recognition

Sale of goods

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

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

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

(I) Significant Judgments in Applying Accounting Policies

None.

(II) Significant Accounting Estimates and Assumptions

Evaluation of inventories

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

As of December 31, 2023, the carrying amount of the Company's inventory was NT\$331,994.

VI. Description of Significant Accounts

(I) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 802	\$ 802
Checking deposits and demand deposits	241,607	241,607
Time deposits	21,494	-
	<u>\$ 242,409</u>	<u>\$ 238,084</u>

1. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Company has classified the cash and cash equivalents provided for security under the "other financial assets - current". Please refer to Note 8 for details.
3. The Company has classified the restricted cash and cash equivalents to "other current assets - others".

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

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets compulsorily measured at fair value through profit or loss		
Shares listed on the stock exchange or the OTC market	\$ 3,669	\$ 3,669
Derivatives		
- Forward exchange	1,340	807
- Convertible corporate bond redemption right	<u>20,258</u>	<u>20,368</u>
	25,267	24,844
Adjustments for change in value	<u>( 22,008)</u>	<u>( 16,086)</u>
	<u>\$ 3,259</u>	<u>\$ 8,758</u>
Non-current items:		
Financial assets at fair value through profit or loss		
- Corporate bonds	\$ 1,002	\$ -
Adjustments for change in value	<u>( 1)</u>	<u>-</u>
	<u>\$ 1,001</u>	<u>\$ -</u>

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

	<u>2023</u>	<u>2022</u>
Financial assets and liabilities compulsorily measured at fair value through profit or loss		
Equity instruments	(\$ 72)	\$ 66
Debt instruments	( 1)	
Derivatives	( 7,292)	( 3,186)
Convertible corporate bond redemption right	( 5,923)	( 15,980)
	<u>(\$ 14,034)</u>	<u>(\$ 19,100)</u>

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

<u>December 31, 2023</u>		
<u>Derivative financial assets/liabilities</u>	<u>Contract amount</u> <u>(Item principal) (NT\$ thousand)</u>	<u>Contract period</u>
Current items:		
Derivative financial assets		
Forward exchange agreement (FXA)		
-Sale of USD and purchase of NTD	USD 1,000	2023.10.23-2024.01.23
<u>December 31, 2022</u>		
<u>Derivative financial assets/liabilities</u>	<u>Contract amount</u> <u>(Item principal) (NT\$ thousand)</u>	<u>Contract period</u>
Current items:		
Derivative financial assets		
Forward exchange agreement (FXA)		
-Sale of USD and purchase of NTD	USD 2,100	2022.09.27-2023.02.21

3. The forward exchange and commodity contracts signed by the Company were to hedge the exchange rate risk of (import) export and to hedge the price fluctuation of current positions; however, the hedge accounting was not applied.

4. The Company has not pledged financial assets at fair value through profit or loss.

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

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

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current:		
Equity instruments		
Shares not traded on the stock exchange, the OTC market, or the emerging stock market	\$ 46,982	\$ 46,982
Adjustments for change in value	<u>( 9,170)</u>	<u>( 9,549)</u>
	<u>\$ 37,812</u>	<u>\$ 37,433</u>

1. The Company chose to classify its strategic investment equity instruments as the financial assets at fair value through other comprehensive income, and the fair value of such investment as of December 31, 2023 and 2022 were amounted to NT\$37,812 and NT\$37,433 respectively.

2. Financial assets at fair value through other comprehensive income recognized in profit and loss/comprehensive income are as follows:

	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized		
- the Company	\$ 379	\$ 5,797
Changes in fair value recognized		
- Investment accounted for under the equity method	9,110	( 22,164)
Accumulated benefits transferred to retained earnings due to delisting	<u>( 14,374)</u>	<u>( 14,300)</u>
	<u>(\$ 4,885)</u>	<u>(\$ 30,667)</u>

3. The Company has not pledged financial assets at fair value through other comprehensive income.

4. Please refer to Notes 12(2) for information relating to credit risk of financial assets at fair value through other comprehensive income.

(IV) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 23,380	\$ 35,199
Less: Allowance for bad debt	-	-
	<u>23,380-</u>	<u>35,199-</u>
Accounts receivable	\$ 384,493	\$ 535,164
Less: Allowance for bad debt	<u>( 24,790)</u>	<u>( 23,668)</u>
	<u>\$ 359,703</u>	<u>\$ 511,496</u>

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

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Accounts receivable (including related party)</u>	<u>Notes receivable</u>	<u>Accounts receivable (including related party)</u>	<u>Notes receivable</u>
Not overdue	\$ 675,099	\$ 23,380	\$ 898,288	\$ 35,199
Within 30 days	24,031	-	31,777	-
31~90 days	4,251	-	3,782	-
Above 91 days	<u>23,751</u>	-	<u>23,792</u>	-
	<u>\$ 727,132</u>	<u>\$ 23,380</u>	<u>\$ 957,639</u>	<u>\$ 35,199</u>

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

2. As of December 31, 2023, December 31, 2022 and January 1, 2022, the balances of receivables (including notes receivable) from contracts of the Company with customers amounted to NT\$750,512, NT\$992,838 and NT\$1,316,441, respectively.

3. The Company does not hold any collaterals as security.
4. Without considering the collateral or other credit enhancements held, the maximum exposure amount that best represents the credit risk of the company's receivables as of December 31, 2023, December 31, 2022 and January 1, 2022 are \$23,380, \$35,199 and \$40,431 respectively; the maximum exposure amount that best represents the credit risk of the company's accounts receivable as of December 31, 2023, December 31, 2022 and January 1, 2022 are \$359,703, \$511,496 and \$734,326 respectively.
5. Credit risks associated with accounts receivable and notes receivable are stated in Note 12(2).

(V) Inventory

	December 31, 2023		
	Costs	Allowance for inventory valuation	Carrying amount
Raw materials	\$ 149,289	(\$ 7,759)	\$ 141,530
Works in process	95,324	( 4,829)	90,495
Finished products	99,859	( 7,914)	91,945
Raw materials in transition	8,018	-	8,018
Merchandise inventory	<u>1,632</u>	<u>( 1,626)</u>	<u>6</u>
	<u>\$ 354,122</u>	<u>(\$ 22,128)</u>	<u>\$ 331,994</u>
	December 31, 2022		
	Costs	Allowance for inventory valuation	Carrying amount
Raw materials	\$ 223,903	(\$ 4,804)	\$ 219,099
Works in process	80,796	( 4,102)	76,694
Finished products	125,053	( 9,123)	115,930
Raw materials in transition	42,059	-	42,059
Merchandise inventory	<u>2,593</u>	<u>( 1,339)</u>	<u>1,254</u>
	<u>\$ 474,404</u>	<u>(\$ 19,368)</u>	<u>\$ 455,036</u>

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

	<u>2023</u>	<u>2022</u>
Cost of inventory sold	\$ 2,448,105	\$ 3,510,459
Income from sale of scrap and waste materials	( 9,530)	( 26,050)
Inventory valuation loss	2,760	3,850
	<u>\$ 3,488,259</u>	<u>\$ 3,488,259</u>

(VI) Investment accounted for under the equity method

1. Detail is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Assets recognized		
Subsidiary:		
Wonderful Holding (Cayman) Co., Ltd. (Wonderful Holding Cayman)	\$ 885,611	\$ 809,548
Le Hao International Co., Ltd. (Le Hao International) (Note 8)	541,885	505,297
Yi-Tai Technology Co., Ltd. (Yi-Tai Hong Kong)	-	3,061
Wonderful Cabling Systems Corporation (Wonderful Cabling Systems)	61,093	57,769
Vietnam Wonderful Wire Cable Co., Ltd. (Vietnam Wonderful Wire Cable) (Note 5)	358,256	308,348
ABA Industry Inc. (ABA)	183,040	197,855
Leading LOHAS International Trading Company (Leading LOHAS International)	672	680
Associates:		
Wanshih Electronic Co., Ltd. (Wanshih Electronic) (Note 1 and 2)	269,297	277,816
Wan Shih (Hong Kong) Co., Ltd. (Wan Shih Hong Kong)	19,310	20,059
Suzhou Wanshih Optical Communication Co., Ltd. (Suzhou Wanshih)	11,380	11,380
Saga YesFamily Healthcare Co. (Saga YesFamily) (Note 7)	-	3,499
Inga Nano Technology Co., Ltd. (Inga Nano Technology) (Note 3)	29,254	32,428
ALPHA TREASURE INVESTMENTS LIMITED (ALPHA) (Note 4)	<u>3,200</u>	<u>5,633</u>
	2,362,998	2,233,373
Accumulated impairment loss	<u>( 55,248)</u>	<u>( 59,547)</u>
	<u>\$ 2,307,750</u>	<u>\$ 2,173,826</u>
Other non-current liabilities recognized - others:		
ACTife Hi-Tech Co., Ltd. (ACTife Hi-Tech) (Note 1)	<u>(\$ 19,530)</u>	<u>(\$ 22,487)</u>
Yi-Tai Technology Co., Ltd. (Yi-Tai Hong Kong)	<u>( 4,743)</u>	<u>                    </u>
	<u>(\$ 24,273)</u>	<u>(\$ 22,487)</u>

2. Share of profit or loss of subsidiaries and associates accounted for using equity method is as follows:

	<u>2023</u>	<u>2022</u>
Subsidiary:		
Wonderful Holding Cayman	\$ 87,045	\$ 137,756
Le Hao International	20,765	65,719
Yi-Tai Hong Kong	( 7,950)	( 7,784)
Wonderful Cabling Systems	17,728	16,302
Vietnam Wonderful Wire and Cable	59,720	55,922
ABA	( 3,223)	22,678
ACTife Hi-Tech	( 7,043)	( 21,803)
Leading LOHAS International	( 8)	( 297)
Associates:		
Wanshih Electronic	( 11,790)	( 16,229)
Wan Shih Hong Kong	100	( 737)
Inga Nano Technology	( 3,174)	( 5,358)
ALPHA	<u>( 2,337)</u>	<u>( 2,402)</u>
	<u>\$ 149,833</u>	<u>\$ 243,767</u>

Note 1: The Company disposed of a significant associated company Wanshih Electronic by 1,000 shares in 2022. The disposal price was \$27,494 and the investment did not lose significant influence. Therefore, the amount previously recognized in other comprehensive income was transferred out proportionally and recognized as other gains and losses-disposal of investment gains of \$11,661.

Note 2: The company disposed of 319,000 shares of Wanshih Electronic, a material associates in 2023, the disposal price is \$7,553 and its investment has not lost its significant influence, so it is prorated transfer the amount previously recognized in other comprehensive profit or loss and recognize it in "Other gains and losses Loss-disposal of investment interests" totaling \$3,051.

Note 3: The Company didn't participate in the cash capital increase of the newly established Inga Nano Technology company in June 2022, and the shareholding percentage became 28%.

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

Note 5: The Company participated in the cash increase of Vietnam Wonderful Wire Cable in 2022.

Note 6: The Company participated in the cash increase of ACTife Hi-Tech in 2023 and 2022.

Note 7: The company disposed of 100% of the equity totaling 283,000 shares of Saga YesFamily, a material associates of the Group in 2023, the disposal price is \$2,038 and its investment has not lost its significant influence, so it is prorated transfer the amount previously recognized in other comprehensive profit or loss and recognize it in "Other gains and losses Loss-disposal of investment interests" totaling \$2,038.

Note 8: Wonderful Hi-Tech purchased 1.14%、5.86%、0.40% and 2.36% of equity of Lord Hero International on December 31、August 17、February 1, 2023 and April 29.

3. The investment income (loss) recognized under equity method of the investees Le Hao International, Wonderful Cabling Systems and Inga Nano Technology for the years ended 2023 and 2022 was obtained from the financial statement valuation audited by other CPAs retained by each of the investees.

4. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2023 for more information on the Company's subsidiaries.



## 5. Associates

(1) The basic information of material associates of the Company is as follows:

<u>Company name</u>	<u>Main operating location</u>	<u>Shareholding percentage</u>		<u>Nature of relationship</u>	<u>Measurement method</u>
		<u>December 31, 2023</u>	<u>December 31, 2022</u>		
Wanshih Electronic	Taiwan	24.11%	24.55%	Strategic investment	Equity method

(2) The summary on the financial information of primary associates of the Company is as follows:

	<u>Wanshih Electronic</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 291,173	\$ 370,225
Non-current assets	846,591	887,291
Current liabilities	( 144,270)	( 266,551)
Non-current liabilities	( 265,774)	( 248,584)
Total net assets	<u>\$ 727,720</u>	<u>\$ 742,381</u>
Proportion of net assets of associate held by the Company	\$ 175,454	\$ 182,254
Goodwill	<u>49,975</u>	<u>50,894</u>
Associate carrying value	<u>\$ 225,429</u>	<u>\$ 233,148</u>

	<u>Wanshih Electronic</u>	
	<u>2023</u>	<u>2022</u>
Revenue	\$ 617,280	\$ 725,119
Net income of continuing business unit	(\$ 48,771)	(\$ 66,109)
Other comprehensive income (net, after tax)	( 30,995)	( 110,605)
Total comprehensive income for the current period	<u>(\$ 17,776)</u>	<u>(\$ 176,714)</u>
Dividends received from associate	<u>\$ -</u>	<u>\$ 1,782</u>

(3) The summary on the share of individual insignificant associate's service carrying amount and operating result of the Company is as follows:

As of December 31, 2023 and 2022, of the carrying amount of individual non-material associate of the Company were NT\$51,764 and NT\$58,120 respectively.

	<u>2023</u>	<u>2022</u>
Net loss for the period	(\$ 5,411)	(\$ 8,497)
Other comprehensive income (net, after tax)	<u>( 343)</u>	<u>1,275</u>
Total comprehensive income for the current period	<u>(\$ 5,754)</u>	<u>(\$ 7,222)</u>

6. The Company's material associate Wanshih Electronic had the market quoted price, and its fair value as of December 31, 2023 and 2022 was NT\$342,947 and NT\$375,923 respectively.

7. (1) Due to the operating loss of the investment by equity method- Wanshih Electronic, for Wanshih Electronic and its subsidiary, the Company used the fixed asset useful value as the recoverable amount during the impairment test, and the impairment loss amount of NT\$ \$47,175 in previous years. In addition, due to the disposal of Wanshih Electronic shares by the Group in 2022, accumulated impairment losses were removed. As of December 31, 2023, the accumulated impairment losses were \$43,668.

(2) For the investment accounted for under the equity method - Suzhou Wanshih, held by the Company, due to the recoverable amount being lower than the carrying value, the

impairment loss for the previous years were recognized at an amount of NT\$11,380.

(3) For the investment accounted for under the equity method - Saga YesFamily, held by the Company, due to the recoverable amount being lower than the carrying value, the impairment loss for the previous years were recognized at an amount of NT\$3,499 and will be disposed of in 2023.

8. The Company is the largest single shareholder of Wanshih Electronic and holds shares representing 24.11% of the voting rights. However, since the shareholding percentage of other top 10 major shareholders (non-related parties) is higher than that of the Company, and since there are no agreements for negotiation or group decision among the shareholders, the Company has no actual capability in directing material decisions. Accordingly, it is determined that the Company has no control power on the associate.

9. Please refer to Note 8 for information on collaterals provided for investments under equity method.

(VII) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
January 1, 2023						
Costs	\$ 28,535	\$ 80,249	\$ 723,373	\$ 1,335	\$ 134,133	\$ 967,626
Accumulated depreciation and impairment	-	( 50,395)	( 590,253)	( 1,197)	( 114,692)	( 756,537)
	<u>\$ 28,535</u>	<u>\$ 29,855</u>	<u>\$ 133,120</u>	<u>\$ 138</u>	<u>\$ 19,441</u>	<u>\$ 211,089</u>
January 1, 2023	\$ 28,535	\$ 29,855	\$ 133,120	\$ 138	\$ 19,441	\$ 211,089
Addition		2,784	8,378		7,171	18,333
Reclassification			12,420		4,330	16,750
Disposal			( 107)			( 107)
Depreciation expenses		( 2,322)	( 32,121)	( 49)	( 4,419)	( 38,911)
December 31, 2023	<u>\$ 28,535</u>	<u>\$ 30,317</u>	<u>\$ 121,690</u>	<u>\$ 138</u>	<u>\$ 19,441</u>	<u>\$ 207,154</u>
December 31, 2023						
Costs	\$ 28,535	\$ 80,249	\$ 723,373	\$ 1,335	\$ 134,133	\$ 967,626
Accumulated depreciation and impairment		( 48,116)	( 572,107)	( 1,148)	( 112,902)	( 734,273)
	<u>\$ 28,535</u>	<u>\$ 31,244</u>	<u>\$ 148,167</u>	<u>\$ 187</u>	<u>\$ 20,675</u>	<u>\$ 228,808</u>
January 1, 2022						
Costs	\$ 28,535	\$ 79,360	\$ 720,274	\$ 1,335	\$ 133,577	\$ 963,081
Accumulated depreciation and impairment	-	( 48,116)	( 572,107)	( 1,148)	( 112,902)	( 734,273)
	<u>\$ 28,535</u>	<u>\$ 31,244</u>	<u>\$ 148,167</u>	<u>\$ 187</u>	<u>\$ 20,675</u>	<u>\$ 228,808</u>
2022						
January 1	<u>\$ 28,535</u>	<u>\$ 31,244</u>	<u>\$ 148,167</u>	<u>\$ 187</u>	<u>\$ 20,675</u>	<u>\$ 228,808</u>
Addition	-	899	12,677	-	3,460	17,026
Reclassification	-	-	2,221	-	256	2,477
Disposal	-	-	( 378)	-	-	( 378)

Depreciation expenses	-	( 2,278)	( 29,567)	( 49)	( 4,950)	( 36,844)
December 31	\$ 28,535	\$ 29,855	\$ 133,120	\$ 138	\$ 19,441	\$ 211,089
December 31, 2022						
Costs	\$ 28,535	\$ 80,249	\$ 723,373	\$ 1,335	\$ 134,133	\$ 967,626
Accumulated depreciation and impairment	-	( 50,395)	( 590,253)	( 1,197)	( 114,692)	( 756,537)
	\$ 28,535	\$ 29,855	\$ 133,120	\$ 138	\$ 19,441	\$ 211,089

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

(VIII) Lease transactions - lessee

1. The underlying assets of the Company's lease include buildings and company vehicles. The lease contract durations are typically for 3 to 5 years. Lease contracts are agreed upon individually and contain different terms and conditions. Except for leased assets shall not be used as collaterals, and are not restricted in any way.
2. The information on the carrying amount of the right-of-use asset and the recognized depreciation expense is as follows:

	<u>Carrying amount</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Buildings	\$ 15,627	\$ 19,995
Transportation equipment (company vehicles)	<u>2,131</u>	<u>4,679</u>
	\$ 17,758	\$ 24,674
	<u>Depreciation expenses</u>	
	<u>2023</u>	<u>2022</u>
Buildings	\$ 4,368	\$ 4,197
Transportation equipment (company vehicles)	<u>2,548</u>	<u>2,061</u>
	\$ 6,916	\$ 6,258

2. The Company's right-of-use asset increased by NT\$0 and NT\$4,826 years ended 2023 and 2022 respectively.
4. Profit or loss items in relation to lease contracts are as follows:

	<u>2023</u>	<u>2022</u>
<u>Items that affect profit or loss</u>		
Interest expense of lease liabilities	\$ 371	\$ 433
Expenses attributable to short-term lease contracts	<u>1,218</u>	<u>1,185</u>

5. The Company's total cash used in lease contracts were NT\$8,881 and NT\$8,228 for the years ended 2023 and 2022 respectively.

6. Option of lease extension and option of lease termination

- (1) The lease subject matters classified as the building lease among the lease contracts of the Company is approximately 89 including the option of extension that can be executed by the Company. The signing of such clause in the lease contract is to enhance the flexible operational management of the Company.
- (2) During the determination of lease period, the Company considers all of the facts and conditions related to economic incentives that may be generated due to exercise of the option of extension. When material event is assessed to occur due to exercise of the option of extension or non-exercise of the option of termination, the lease period will

be re-evaluated.

(IX) Investment property

	<u>2023</u>	<u>2022</u>
January 1	\$ 188,525	\$ 184,647
Reclassification	-	3,878
December 31	\$ 188,525	\$ 188,525

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

	<u>2023</u>	<u>2022</u>
Rental income from investment property	\$ 9,603	\$ 9,082
Direct operating expenses arising from the investment property generating rental income in the current period	\$ 257	\$ 259
Direct operating expenses arising from the investment property without generating rental income in the current period	\$ -	\$ -

2. Investment property fair value basis

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

(1) The locations of investment properties of the Company and the appraisal method used are summarized in the following:

<u>Year</u>	<u>Subject property</u>	<u>Location</u>	<u>Appraisal method</u>	<u>Appraiser</u>	<u>Appraiser firm</u>	<u>Appraisal base date</u>
December 31, 2023	Wugu Building	Wugu District, New Taipei City	Income approach	Wei-Han Sun	Xianjian	December 31, 2023
December 31, 2022	Wugu Building	Wugu District, New Taipei City	Income approach	Wei-Han Sun	Xianjian	December 31, 2022

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

<u>Year</u>	<u>Subject property</u>	<u>Period</u>	<u>Discount rate (Note 1)</u>	<u>Income capitalization rate (Note 2)</u>
December 31, 2023	Wugu District, New Taipei City	10 years	2.75%	3.750%
December 31, 2022	Wugu District, New Taipei City	10 years	2.720%	3.720%

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

Note 2: The Income capitalization rate uses the investment return plus the risk premium of 1% of the real property value after 10 years.

<u>Year</u>	<u>Cash inflow item</u>	<u>Local rent status</u>	<u>Similar comparable subject property in the market</u>
December 31, 2023	Rental income (NT\$/ping/month)	Approximately NT\$763~ NT\$797	Approximately NT\$740~ NT\$767
December 31, 2022	Rental income (NT\$/ping/month)	Approximately NT\$669~ NT\$815	Approximately NT\$669~ NT\$809

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

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

(X) Short-term borrowings

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Secured bank loans	\$ 100,000	\$ 130,000
interest rate range	1.72%	1.45%~1.56

The interest expenses for the long and short term borrowings recognized for the years ended 2023 and 2022 were NT\$1,966NT\$13,036ectively.

(XI) Bonds payable

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Bonds payable	\$ 795,700	\$ 800,000
Less: Bonds payable discount	(24,119)	(37,422)
	\$ 771,581	\$ 762,578

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

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

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

(3) Redemption method:

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

(4) Conversion period:

Except that the fifth convertible bonds have been redeemed or repurchased early,

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

(5) Conversion price:

The conversion price of the fifth convertible bonds is 101.63% of the reference price, i.e. NT\$36.20. The reference price is determined based on the closing price of NT\$35.62 of the common shares price listed at TPEX on the business day one day before the base date specified by the Company.

(6) Callable right:

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

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

2. 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\$65,027. In addition, with regard to the embedded callable right, according to IFRS 9 “Financial Instruments”, since it is not closely related to the economic characteristic and risk of the debt instruments of the main contract, it is handled separately, and its net value is recognized under the “financial assets at fair value through profit or loss”.

3. In 2023, the convertible bonds of the par value of NT\$100 and \$4,200 have been converted into common shares of 2,762 and 123,166 shares, and the conversion price is NT\$36.2 and NT\$34.1 per share.

(XII) Long-term borrowings

Nature of borrowings	<u>December 31,</u> <u>2023</u>
Long-term bank loans	
Unsecured bank loans	43,000
Less: Current portion of long-term borrowings	(12,000)
	\$ 31,000
Interest rate range	1.98%

1. The interest expenses recognized for the years ended 2023 and 2022 were NT\$379 and NT\$216, respectively.
2. Please refer to Note 8 for details of the collaterals provided for the short-term borrowings of the Company.

(XIII) Pension

1.(1) By adhering to the requirements set forth in the Labor Standards Act, the Company has established its own defined retirement benefits plan, which is applicable both to the service years of all regular employees rendered before the enforcement of the Labor Pension Act on July 1, 2005, and to the service years of all employees who elected to continue applying the Labor Standards Act after the implementation of the Labor Pension Act. Pensions for employees qualified for retirement are calculated based on their servicing years and their average salaries of the 6 months prior to their retirement. Two bases are given for each full year of service rendered within 15 years (inclusive). But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the Independent Retirement Fund Committee. In addition, the Company estimates the balance of the said designated pension account before the end of year. If the balance calculated in the manner specified above is not sufficient to cover the amount to be paid to all employees qualifying the retirement conditions next year, a lump-sum deposit will be made before of the end of March of the following year to cover the difference.

(2) The amounts recognized in the balance sheet are determined as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 81,836	\$ 86,812
Fair value of plan assets	<u>(57,897)</u>	<u>(54,741)</u>
Net defined benefit liabilities	<u>\$ 23,939</u>	<u>\$ 32,071</u>

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

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
2023			
Balance on January 1	(\$ 86,811)	\$ 54,740	(\$ 32,071)
Current service costs	( 962)	-	( 962)
Interest expense (income)	<u>( 1,042)</u>	<u>657</u>	<u>( 385)</u>
	<u>( 88,815)</u>	<u>55,397</u>	<u>( 33,418)</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	291	291
Changes in financial assumptions		-	
Experience adjustments	<u>2,844</u>	-	<u>5,359</u>
	<u>5,359</u>	<u>291</u>	<u>5,650</u>
Pension fund appropriated	-	3,829	3,829
Pension paid	<u>1,620</u>	<u>(1,620)</u>	<u>-</u>
Balance as of December 31	<u>(\$ 81,836)</u>	<u>\$ 57,897</u>	<u>(\$ 23,939)</u>

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
2022			
Balance on January 1	(\$ 98,801)	\$ 40,524	(\$ 58,277)
Current service costs	( 1,158)	-	( 1,158)
Interest expense (income)	( 692)	284	( 408)
	<u>( 100,651)</u>	<u>40,808</u>	<u>( 59,843)</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,711	3,711
Changes in financial assumptions	2,845	-	2,845
Experience adjustments	<u>2,844</u>	<u>-</u>	<u>2,844</u>
	<u>5,689</u>	<u>3,711</u>	<u>9,400</u>
Pension fund appropriated	-	18,372	18,372
Pension paid	<u>8,151</u>	<u>( 8,151)</u>	<u>-</u>
Balance as of December 31	<u>(\$ 86,811)</u>	<u>\$ 54,740</u>	<u>(\$ 32,071)</u>

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

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

	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.2%</u>	<u>1.2%</u>
Future salary increase rate	<u>3.5%</u>	<u>3.5%</u>

The assumption of future mortality rates is estimated according to Taiwan life insurance industry sixth experience life table.

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

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase by 1%</u>	<u>Decrease by 1%</u>	<u>Increase by 1%</u>	<u>Decrease by 1%</u>
December 31, 2023				
Impact on present value of defined benefit obligation	(\$ 4,645)	\$ 4,766)	\$ 3,984	(\$ 3,909)



	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase by</u>	<u>Decrease by</u>	<u>Increase by</u>	<u>Decrease by</u>
	<u>1%</u>	<u>1%</u>	<u>1%</u>	<u>1%</u>
December 31, 2022				
Impact on present value of defined benefit obligation	\$ 5,458	(\$ 5,611)	(\$ 4,757)	\$ 4,660

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

The method and assumptions used for the preparation of sensitivity analysis the current period are the same as the ones of the previous period.

(6) The Company expects to contribute \$1,566 to the pension plan in 2023.

(7) As of December 31, 2023, the weighted average duration of that retirement plan is 6 years.

2. (1) Since July 1, 2005, the Company has established the pension regulations applicable to Taiwanese nationals in accordance with the "Labor Pension Act". For employees of the Company that choose to apply the Labor Pension Act, the Company makes a contribution equal to 6% of the monthly salary to their individual retirement account with the Bureau of Labor Insurance. Employee pensions may be paid in monthly installments or in lump-sum payment based the accumulated amount in the employee's individual retirement account.

(2) The pension costs of the Company recognized according to the aforementioned pension regulations for the years ended 2023 and 2022 were NT\$4,235 and NT\$6,240 respectively.

(XIV) Share-based payments

1. The Company's share-based payment arrangements for 2022 and 2021 are as follows:

<u>Type of agreement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Transfer of treasury stock to employees	2022.01.28	1,645 thousand shares	Not applicable	Immediate vesting

On January 28, 2011, the company gave employees a share-based payment transaction, restricting employees from transferring it within one year.

The said share-based payment arrangements are settled with equity.

2. The share-based payment transaction granted by the company on the grant day is based on the closing price on the grant day minus the performance price to estimate the fair value of the stock option.

3. The Company adopted the Black-Scholes option pricing model to evaluate the fair value of its employee stock options granted under share-based payment arrangements, stated as follows:

<u>Type of agreement</u>	<u>Grant date</u>	<u>Share price</u>	<u>Exercise price</u>	<u>Expected volatility</u>	<u>Expected duration</u>	<u>Expected dividend</u>	<u>Risk-free interest</u>	<u>Fair value per</u>
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						<u>rate</u>	<u>unit</u>
Transfer of treasury stock to employees	2022.1.28	32.85	13.78~ 14.41	55.90%	0.118 year	- 0.1643%	10.71~ 11.34

Note: The expected volatility is estimated by using the stock price of the year before the grant as the sample range and the standard deviation of the stock return rate during the period.

4. The cost of the Company recognized due to the share-based payment transactions as follows:

	<u>2022</u>
Equity delivery	\$17,942

(XV) Share capital

1. Up to December 31, 2023, the Company's authorized capital equal was NT\$2,000,000, paid-in capital equal was NT\$1,617,912, at par value of NT\$10 per share. All proceeds for share subscription of the Company were collected in full.

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

	<u>2023</u>	<u>2022</u>
January 1	154,050	149,845
Conversion of convertible corporate bonds	126	2,560
transfer of treasury shares		1,645
Cash capital increase		
Recovered shares	=	=
December 31	<u>154,176</u>	<u>154,050</u>

2. Treasury shares

(1) Reason of recovering shares and quantity change status (thousand shares):

		<u>December 31, 2023</u>	
<u>Name of shareholding company</u>	<u>Reason of recovering shares</u>	<u>Number of shares</u>	<u>Carrying amount</u>
The Company	For transfer of shares to employees	7,614 thousand shares	\$ 128,532
		<u>December 31, 2022</u>	
<u>Name of shareholding company</u>	<u>Reason of recovering shares</u>	<u>Number of shares</u>	<u>Carrying amount</u>
The Company	For transfer of shares to employees	7,614 thousand shares	\$ 128,532

- (2) According to the regulations of Securities and Exchange Act, the buyback ratio of the outstanding shares of a company shall not exceed 10% of the issued shares of the company, and the total amount of the buyback shares must not exceed the retained earnings plus the premium of the issued shares and the realized capital reserve amount.
  - (3) The treasury shares held by the Company, in accordance with Securities and Exchange Act, shall not be pledged and shall not enjoy the shareholders' right before transfer.
  - (4) According to the regulations of the Securities and Exchange Act, the shares bought back for transfer to employees shall be transferred within 5 years from the buyback date. If transfer is not completed by such time-limit, it shall be deemed that the Company has not issued such shares, and the registration of share cancellation must be made. In addition, for the shares bought back for the purpose of protecting the credit of the Company and the shareholders' equity, the registration of share cancellation must be made within 6 months from the buyback date.
  - (5) Up to the date of January 1, 2022, the number of treasury shares of the Company was 9,259 thousand shares. In 2022, 1,645 thousand treasury shares were transferred to employees, and the stock payment was \$23,310. As of December 31, 2023, the number of treasury shares was 7,614 thousand shares.
3. The number of shares held by associates of the Company as of December 31, 2023 and 2022 were 4,200 thousand shares and 9,282 thousand shares respectively.

(XVI) Capital surplus

Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting deficit. Furthermore, if the Company has no accumulated loss, capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original shareholding percentage. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. The Company may use capital surplus to offset loss only when the amount of reserves is insufficient to offset the loss.

	<u>2023</u>						
	Share premium	Treasury stock transactions	Corporate Bond Option	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
January 1	\$ 270,947	\$ 19,835	\$ 65,027	\$ 10,511	\$ 4,345	\$ 13,012	\$383,677
Conversion of convertible bonds	3,193	-	(350)	-	-	-	2,843
The difference between the equity acquired in the subsidiary and the book value	-	-	-	1,479	-	-	1,479
Recognition of change in equity of associates in portion to the Group's	-	-	-	-	-	881	881
December 31	\$274,140	\$ 19,835	\$ 64,677	\$ 11,990	\$ 4,345	\$ 13,893	\$388,880

	<u>2022</u>							
	Share premium	Treasury stock transactions	Employee restricted shares	Corporate Bond Option	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
January 1	\$ 234,399	\$ 6,352	\$ -	\$ 7,640	\$ 5,695	\$ 1,491	\$ 2,562	\$258,139
Share-based payment transaction	-	-	17,942	-	-	-	-	17,942
Share-Based Benefit Transactions	-	13,483	(17,942)	-	-	-	-	(4,459)
Conversion of convertible bonds	36,548	-	-	(7,640)	-	-	-	28,908
Issuance of convertible bonds	-	-	-	65,027	-	-	-	65,027
The difference between the equity acquired in the subsidiary and the book value	-	-	-	-	4,816	-	-	4,816
Recognition of change in equity of subsidiaries in portion to the Group's	-	-	-	-	-	2,854	-	2,854
Recognition of change in equity of associates in portion to the Group's	-	-	-	-	-	-	10,450	10,450
December 31	\$ 270,947	\$ 19,835	\$ -	\$ 65,027	\$ 10,511	\$ 4,345	\$ 13,012	\$383,677

(XVII) Retained earnings

1. According to the Articles of Incorporation of the Company, when the Company has a profit after the closing account of a fiscal year, amount shall be appropriated to pay tax and make up losses for the preceding years first, followed by setting aside a legal reserve of 10% thereof. For the remaining amount, in addition to the distribution of dividends, if there is still remaining surplus, the distribution of shareholders' dividends shall be determined according to the resolution of the shareholders' meeting.
2. According to the dividend policy of the Company, the factors of profit status, financial plan, future development of the Company and shareholders' interests are comprehensively considered, and the Board of Directors then establishes the dividend distribution proposal annually according to the law, and the distribution amount shall not be less than 50% of the earnings after tax of the current year, and at least 10% of the

cash dividends is distributed among the dividends distributed for the current year.

3. Except for covering accumulated deficits or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
4. According to law, the Company may appropriate earnings only after it has provided special reserve under the debit balance of other equity on the balance sheet date. If subsequently the debit balance of other equity is reversed, the reversed amount may be used as appropriable earnings.
5. The 2021 earnings distribution proposal of the Company resolved by the shareholders' meeting on June 8, 2022 was as follows:

	<u>Amount</u>	<u>2021</u> <u>Dividends Per</u> <u>Share (In</u> <u>Dollars)</u>
Statutory reserves	\$ 21,566	
Special reserves	(3,419)	
Cash dividends	214,667	\$ 1.40
	\$ 232,814	

6. The 2022 earnings distribution proposal of the Company submitted to the Board of Directors on March 17, 2023 for resolution was as follows:

	<u>Amount</u>	<u>2022</u> <u>Dividends Per</u> <u>Share (In</u> <u>Dollars)</u>
Statutory reserves	\$ 48,904	
Special reserves	(49,901)	
Cash dividends	308,102	\$ 2.00
	\$ 307,105	

7. The 2023 earnings distribution proposal of the Company submitted to the Board of Directors on March 13, 2024 for resolution was as follows:

	<u>Amount</u>	<u>2023</u> <u>Dividends Per</u> <u>Share (In</u> <u>Dollars)</u>
Statutory reserves	\$ 24,484	
Special reserves	23,508	
Cash dividends	185,013	\$ 1.20
	\$ 233,005	

The aforementioned 2023 earnings distribution proposal has not yet been resolved by the shareholder's meeting.

(XVIII) Operating revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers	\$ 2,788,267	\$ 4,098,856

Details of revenue from contracts with customers

The Company's revenue derived from transfer of goods at a particular point of time are classified into the following categories:

	<u>2023</u>	<u>2022</u>
LAN cables	\$ 1,683,100	\$ 2,864,485
Electronic cables	483,182	545,619
Paige cables	448,969	403,940
Computer cables	52,938	87,075
High temperature wires	22,190	25,647
Power cables	303	2,399
Others	<u>97,585</u>	<u>169,691</u>
	<u>\$ 2,788,267</u>	<u>\$ 4,098,856</u>

(XIX) Interest income

	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 2,435	\$ 912
Other interest income	<u>2,013</u>	<u>943</u>
	<u>\$ 4,448</u>	<u>\$ 1,855</u>

(XX) Other income

	<u>2023</u>	<u>2022</u>
Rental income	\$ 9,676	\$ 9,147
Dividend income	117	612
Others	<u>2,591</u>	<u>2,512</u>
	<u>\$ 12,384</u>	<u>\$ 12,271</u>

(XXI) Other gains and losses

	<u>2023</u>	<u>2022</u>
Net gain on financial assets (liabilities) at fair value through profit or loss	(\$ 14,034)	(\$ 19,100)
Net foreign exchange losses	<u>( 150)</u>	85,671
Gain from disposals of investments	5,089	11,661
Gains on fair value adjustment, investment property	-	3,878
Gains on disposal of property, plant and equipment	1,056	600
Miscellaneous expenses	-	(13)
	(\$ 8,039)	\$ 82,697

(XXII) Finance costs

	<u>2023</u>	<u>2022</u>
Interest expenses:		
Bank loans	\$ 2,345	\$ 13,036
Convertible bonds	13,143	2,841

Other financial expenses

371  
\$ 15,859

433  
\$ 16,310

(XXIII) Employee benefit expense

By nature By function	2023			2022		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense						
Salary expense	\$127,046	\$70,286	\$197,332	\$ 141,960	\$ 132,697	\$ 274,657
Labor and health insurance expense	10,260	8,156	18,416	9,910	7,557	17,467
Pension expense	4,218	1,364	5,582	4,615	3,191	7,806
Remuneration of directors	-	12,691	12,691	-	14,079	14,079
Other employee benefit expense	9,116	3,644	12,760	7,928	3,321	11,249
Depreciation expense	41,089	4,738	45,827	38,528	4,574	43,102
Amortization expenses	933	687	1,620	1,073	430	1,503

1. For the years of 2023 and 2022, the Company had average 243 and 243 employees respectively, which included 7 non-employee directors and 7 respectively.
2. (1) The average employee benefit expenses recognized for the years of 2023 and 2022 were NT\$992 and NT\$1,336, respectively.  
 (2) The average employee salary expenses recognized for the years of 2023 and 2022 were NT\$836 and NT\$1,179 respectively.  
 (3) The adjustment status of average employee salary expenses was -29%.  
 (4) Since the Company has established the Audit Committee, the remuneration of supervisor is not applicable.  
 (5) The remuneration of directors is evaluated by the Remuneration Committee according to the directors' participation level in the operation of the Company and their contribution value. Independent directors may have different remuneration from regular directors. The remuneration of managerial officers is determined according to the operation result and performance achievement status of the Company.  
 (6) The remuneration of employees of the Company includes the monthly salary, bonus and employee compensation. The remuneration standard of employees is determined according to their job duty, educational background, professional knowledge and market price. The starting salary and compensation adopt the same standard regardless of any difference in gender, religion and political party. Remuneration of employees is determined according to the budget achievement of the Company and individual job duty, contribution and performance, and the Company's appreciation for employees' contribution is also reflected. In addition, the Company also shares the operation result with employees in order to establish harmonic labor-management relations.
3. According to the Articles of Incorporation of the Company, when the Company has a profit for a fiscal year, 2% to 4% of the profit before tax and before the deduction of the distribution of remunerations of employees and directors shall be set aside as the remuneration of employees and no higher than 2% thereof shall be set aside as the

remuneration of directors. However, when the Company has accumulated losses, amount shall be reserved for making up the accumulated losses first.

4. The estimated remunerations of employees and directors of the Company are as follows.

	<u>2023</u>	<u>2022</u>
Remuneration of directors:	\$ 5,573	\$ 8,503
Remuneration of employees	<u>11,146</u>	<u>17,007</u>
	<u>\$ 16,719</u>	<u>\$ 25,510</u>

- (1) The remuneration of employees and the remuneration of directors for 2023 and 2022 were estimated at 2% and 1%, respectively according to the profit status up to the current period.
- (2) The remuneration of employees and the 2023 remuneration of directors according to the resolution of the board of directors' meeting on March 13, 2024 were NT\$9,648 and NT\$4,824 respectively, and the remuneration of employees is to be distributed in the form of cash.
- (3) For 2022, the employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors amounted to \$17,915 and \$8,958, respectively. The difference of \$1,363 between the amounts resolved by the Board of Directors and the amounts recognized in the 2022 financial statements, had been adjusted in the profit or loss of 2023.
- (4) Relevant information of the remunerations of employees and directors of the Company as resolved by the board of directors is available at the Market Observation Post System" (MOPS) website for inquiries.

(XXIV) Income tax

1. Income tax expense

(1) Income tax components:

	<u>2023</u>	<u>2022</u>
Current income tax:		
Tax attributable to taxable income of the period	\$ 40,930	\$ 66,393
Underestimate of income tax of the previous year	875	(7,652)
Total current income tax	41,805	58,741
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	18,570	47,073
Income tax expense	\$ 60,375	\$ 105,814



(2) Income tax associates with other comprehensive income:

	2023	2022
Translation difference of foreign operations	\$ 4,380	(\$ 20,602)
Other comprehensive income of associates	329	( 342)
Remeasurement of defined benefit obligation	( 1,130)	( 1,880)

2. Reconciliation between income tax expense and accounting profit

	<u>2023</u>	<u>2022</u>
Income tax of net loss before tax calculated at the statutory rate	\$ 56,958	\$ 114,334
Income tax effects of eliminated item according to tax law	2,542	(868)
Underestimate of income tax of the previous year	875	(7,652)
Income tax expense	\$ 60,375	\$ 105,814

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

	<u>January 1</u>	<u>2023</u> <u>Recognized in</u> <u>P/L</u>	<u>Recognized in</u> <u>other</u> <u>comprehensive</u> <u>income</u>	<u>December 31</u>
Temporary differences:				
Deferred tax assets:				
Actuarial gains and losses	\$ 12,057	\$ -	(\$ 1,130)	\$ 10,927
Unrealized exchange loss	517	2,524	-	3,041
Unrealized gain from sale	8,882	2,311	-	11,193
Foreign operation exchange difference	2,743	-	4,709	7,452
Others	<u>1,121</u>	<u>611</u>	-	<u>1,732</u>
	\$ 25,320	\$ 5,446	\$ 3,579	\$ 34,345
Deferred income tax liabilities:				
Unrealized gains (losses)	(\$ 161)	(\$ 107)	\$ -	(\$ 268)
Unrealized exchange loss			-	
Share of profit or loss of associates and joint ventures accounted for using equity method	(134,894)	(23,413)	-	(158,307)
Accrued pension liabilities	(5,958)	(496)	-	(6,454)
Appreciation of investment property	(10,247)	-	-	(10,247)
	(\$ 151,260)	(\$ 24,016)	\$ -	(\$ 175,276)

	<u>January 1</u>	<u>Recognized in P/L</u>	<u>2022 Recognized in other comprehensive income</u>	<u>December 31</u>
Temporary differences:				
Deferred tax assets:				
Actuarial gains and losses	\$ 13,937	\$ -	(\$ 1,880)	\$ 12,057
Unrealized exchange loss	-	517	-	517
Unrealized gain from sale	5,008	3,874	-	8,882
Foreign operation exchange difference	23,687	-	( 20,944)	2,743
Others	855	266	-	<u>1,121</u>
	\$ 43,487	\$ 4,657	(\$ 22,824)	\$ 25,320
Deferred income tax liabilities:				
Unrealized gains (losses)	(\$ 139)	(\$ 22)	\$ -	(\$ 161)
Unrealized exchange loss	(102)	102	-	
Share of profit or loss of associates and joint ventures accounted for using equity method	(86,447)	(48,447)	-	(134,894)
Accrued pension liabilities	(2,595)	(3,363)	-	(5,958)
Appreciation of investment property	(10,247)	-	-	(10,247)
	(\$ 99,530)	(\$ 51,730)	\$ -	(\$ 151,260)

4. Amounts of deductible temporary differences unrecognized as deferred tax liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences	\$ 71,476	\$ 77,080

5. The Company's profit-seeking income tax has been approved by the taxation authority through 2020.

(XXV) Earnings per share

	<u>After-tax amount</u>	<u>2023 Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (EPS) (NT\$)</u>
<u>Basic earnings per share</u>			
Net profit attributable to owners of the parent company	\$ 224,416	154,105	\$ 1.46
<u>Diluted earnings per share</u>			
Net profit attributable to owners of the parent company	\$ 224,416	154,105	
Dilutive effects of the potential common shares			
Remuneration of employees	-	483	
Convertible bonds	16,438	21,981	
Effects of net profit attributable to owners of the parent company and potential common shares	\$ 240,854	176,569	\$ 1.36

	<u>After-tax amount</u>	<u>2022 Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (EPS) (NT\$)</u>
<u>Basic earnings per share</u>			
Net profit attributable to owners of the parent company	\$ 465,854	153,195	\$ 3.04
<u>Diluted earnings per share</u>			
Net profit attributable to owners of the parent company	\$ 465,854	153,195	
Dilutive effects of the potential common shares			
Remuneration of employees	-	647	
Effects of net profit attributable to owners of the parent company and potential common shares	\$ 465,854	153,842	\$ 3.03

(XXVI) Additional Information on Cash Flows

	<u>2023</u>	<u>2022</u>
Acquisition of property, plant, and equipment	\$ 18,333	\$ 17,026
Add: Opening balance of payable on equipment	5,076	3,938
Prepayments for business facilities at end of period	1,390	4,834
Less: Prepayments for business facilities at beginning of period	(4,834)	(781)
Ending balance of payable on equipment	(2,329)	(5,076)
Cash paid in the period	\$ 17,636	\$ 19,941

(XXVII) Changes in liabilities arising from financing activities

	<u>2023</u>				<u>Total liabilities</u>
	<u>Short-term</u>	<u>Long-term</u>	<u>Lease</u>	<u>Bonds</u>	<u>from financing</u>
	<u>borrowings</u>	<u>borrowings</u>	<u>liabilities</u>	<u>payable</u>	<u>activities</u>
January 1	\$ 130,000	\$ -	\$ 25,325	\$ 762,578	\$ 917,903
Changes in cash					
flow from					
financing activities	(30,000)	43,000	(7,292)	-	5,708
Other non-					
monetary changes	-	-	370	9,003	9,373
December 31	\$ 100,000	\$ 43,000	\$ 18,403	\$ 771,581	\$ 932,984
	<u>2022</u>				<u>Total liabilities</u>
	<u>Short-term</u>	<u>Long-term</u>	<u>Lease</u>	<u>Bonds</u>	<u>from financing</u>
	<u>borrowings</u>	<u>borrowings</u>	<u>liabilities</u>	<u>payable</u>	<u>activities</u>
January 1	\$ 980,926	\$ -	\$ 26,676	\$ 61,022	\$ 1,068,624
Changes in cash					
flow from					
financing activities	(850,926)		(6,610)	804,593	(52,943)
Other non-					
monetary changes			5,259	(103,037)	(97,778)
December 31	\$ 130,000	\$ -	\$ 25,325	\$ 762,578	\$ 917,903

VII. Related Party Transactions

(XXVIII) Name and Relationship of Related Party

<u>Related party name</u>	<u>Relationship with the Company</u>
Thai Wonderful Wire Cable Co., Ltd. (Thai Wonderful Wire Cable)	Subsidiary
Wonderful Holding (Cayman) Co., Ltd.	"
Vietnam Wonderful Wire Cable Co., Ltd. (Vietnam Wonderful Wire Cable)	"
Le Hao Co., Ltd. (Le Hao Hong Kong)	"
Wonderful Photoelectricity (Dongguan) Co., Ltd. (Wonderful Photoelectricity Dongguan)	"
Shanghai Elitech Technology Co., Ltd. (Elitech Technology)	"
Wonderful Cabling Systems Corporation (Wonderful Cabling Systems)	"
ABA Industry Inc. (ABA)	"
ACTife Hi-Tech Co., Ltd. (ACTife Hi-Tech)	"
Leading LOHAS International Trading Company (Leading LOHAS International)	"
Wanshih Electronic Co., Ltd. (Wanshih Electronic)	Associate
Dongguan Humen Wanshih Electronics Co., Ltd. (Dongguan Humen)	"
Suzhou Wanshih Optical Communication Co., Ltd. (Suzhou Wanshih)	"
Wan Shih (Hong Kong) Co., Ltd. (Wan Shih Hong Kong)	"
Inga Nano Technology Co., Ltd. (Inga Nano Technology)	"
Ming-Lieh Chang	Key management of the Company
Wonderful Wire Cable Co., Ltd. (Wonderful Wire Cable)	Other related parties
Seng I Tasi	"
Min Twei Chang	"

(XXIX) Significant Transactions with Related Parties

1. Operating revenue

	<u>2023</u>	<u>2022</u>
Sale of goods:		
- Subsidiary - ABA	\$ 652,396	\$ 887,156
- Subsidiary - Wonderful Cabling Systems	77,534	79,099
- Subsidiary - Vietnam Wonderful Wire and Cable	29,653	66,655
- Subsidiary - Others	17,056	15,008
- Associates - Others	<u>40,460</u>	<u>67,845</u>
	<u>\$ 817,099</u>	<u>\$ 1,114,890</u>

The transaction prices of product sales is based on the regular market transaction price for the product sales. The term of payment receipt of the Company from related parties is 45~210 days, and the term of payment receipt from non-related parties is 3~120 days.

## 2. Purchase

	<u>2022</u>	<u>2021</u>
Sale of goods:		
- Subsidiary - Vietnam Wonderful Wire and Cable	\$ 344,221	\$ 645,569
- Subsidiary - Thai Wonderful Wire and Cable	434,718	361,657
- Subsidiary- Le Hao Hong Kong	317,632	347,429
- Subsidiary - Others	602	8
- Associates - Others	-	<u>728</u>
	<u>\$ 1,097,173</u>	<u>\$ 1,355,391</u>

The transaction prices of product purchase is based on the regular market transaction price for the product purchase. The term of payment of the Company to related parties is 90~105 days, and the term of payment to non-related parties is 30~105 days.

## 3. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
- Subsidiary - ABA	\$ 295,473	\$ 363,134
- Subsidiary - Others	40,724	42,432
- Associates - Others	6,442	16,909
-	342,639	422,475
Less: allowance for impairment	(479)	(481)
	342,160	421,994

## 4. Payables to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
- Subsidiary- Le Hao Hong Kong	\$ 49,188	\$ 74,648
- Subsidiary - Vietnam Wonderful Wire and Cable	108,822	62,289
- Subsidiary - Thai Wonderful Wire and Cable	61	38,745
- Subsidiary - Others	<u>507</u>	-
- Associate	<u>10</u>	<u>277</u>
	<u>\$ 158,588</u>	<u>\$ 175,959</u>

## 5. Other receivables from and payables to related parties

### (1) Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
- Subsidiary- Le Hao Hong Kong	\$ 4,640	\$ 5,346
- Subsidiary - Thai Wonderful Wire and Cable	1,964	2,081
- Subsidiary - Elitech Technology	-	471
- Subsidiary - Others	489	309
- Associate	120	122
	<u>7,213</u>	8,329
Less: allowance for impairment	(3,661)	(4,134)
	\$ 3,552	\$ 4,195

The aforementioned others receivables from related parties mainly refer to payments on behalf of others.

### (2) Financing funds receivable

	<u>The Highest</u>	<u>Ending</u>	<u>2023</u>	<u>Interest</u>	<u>Interest</u>
	<u>Balance</u>	<u>balance</u>	<u>receivable</u>	<u>income</u>	<u>rate (%)</u>
- Subsidiary - Elitech Technology	\$ 14,222	\$ 13,479	\$ -	\$ -	-
- Subsidiary - Thai Wonderful Wire and Cable	61,410	-	458	1,959	4.00%
-	\$ 75,632	\$ 13,479	\$ 458	\$ 1,959	-

	<u>The Highest</u>	<u>Ending</u>	<u>2022</u>	<u>Interest</u>	<u>Interest</u>
	<u>Balance</u>	<u>balance</u>	<u>receivable</u>	<u>income</u>	<u>rate (%)</u>
- Subsidiary - Elitech Technology	\$ 12,376	\$ 12,376	\$ -	\$ -	-

### (3) Other payables to related parties

	<u>Nature</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
- Subsidiary - ABA	Commissions payable	\$ 1,101	\$ 1,355
- Subsidiary - Others	Salary payments	751	455
- Subsidiary - ACTife Hi-Tech	Other expenses	303	4,010
- Subsidiary - Cayman Holding	Temporary receipts	-	390
- Associate	Other expenses	33	38
		\$ 2,188	\$ 6,248

## 6. Transaction of property

### (1) Transaction of property purchase

	<u>2023</u>	<u>2022</u>
	<u>Acquisition</u>	
ACTife Hi-Tech	\$ 1,188	-

(2) Transaction of property sale

	<u>2023</u>		<u>2022</u>	
	Disposal Proceeds	Disposal Gain (Loss)	Disposal Proceeds	Disposal Gain (Loss)
Vietnam Wonderful Wire and Cable	175	68	-	-
Thai Wonderful Wire and Cable			1,188	1,173
	<u>175</u>	<u>68</u>	<u>1,188</u>	<u>1,173</u>

(3) Acquire financial assets

Related party name	Item	Share	Transaction	2023 Acquisition
Seng I Tasi	Non-control equity	923	LHIC stock	30,601
Min Twei Chang	Non-control equity	478	LHIC stock	15,733
				<u>46,334</u>

7. Rental income

The Company leases the following assets to the related parties, and the details are as follows:

<u>Leasing party</u>	<u>Subject property</u>	<u>Lease term</u>	<u>Rental income</u>	
			<u>2023</u>	<u>2022</u>
Associate	Office at 3F to 5F of Wugu District, New Taipei City	January 1, 2020 to December 31, 2023		
- Wanshih Electronic			\$ 8,268	\$ 7,764
Subsidiary	Office at 1F of Wugu District, New Taipei City	January 1, 2020 to December 31, 2023		
- Wonderful Cabling Systems			1,006	980
Subsidiary	Office at 2F of Wugu District, New Taipei City	August 1, 2020 to December 31, 2023		
- ACTife Hi-Tech			329	326
Subsidiary	Office at 2F of Wugu District, New Taipei City	January 1, 2021 to July 31, 2025		
- Leading LOHAS International			<u>12</u>	<u>12</u>
			<u>\$ 9,082</u>	<u>\$ 9,082</u>

The Company leases office to related parties, and rent is determined according to the general rent standard of the location of the lease property and the area of use, and the rent is collected on a monthly basis.

8. Other income

The Company's incomes for providing information processing service and other support services to the subsidiaries and associates in 2023 and 2022 were NT\$1,291 and NT\$1,405 respectively.

9. Operating expenses

	<u>Nature</u>	<u>2023</u>	<u>2022</u>
Subsidiary	Commissions expense		
- ABA		\$ 3,834	\$ 7,760

(XXX) Key management compensation information

	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 23,997	\$ 30,645
Post-retirement benefits	867	800
Share-based payments	-	2,756
	<u>\$ 24,864</u>	<u>\$ 34,201</u>

## VIII. Pledged Assets

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

<u>Asset item</u>	Carrying value		<u>Purpose of collateral</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Other financial assets - current	\$ 8,000	\$ 8,000	Loan security
Investment accounted for under the equity method	46,180	46,906	"
Property, plant and equipment	58,852	58,390	"
Investment property	188,525	188,525	"
	\$ 301,557	\$ 301,821	

## IX. Significant Contingent Liabilities and Unrecognized Commitments

### (I) Contingencies

None.

### (II) Commitments

Please refer to Note 6(12)

## X. Losses Due to Major Disasters

None.

## XI. Significant Subsequent Events

(I) On March 13, 2024, the Board of Directors resolved that on May 1, 2024, the remaining 4,000,000 shares of treasury stock from the 16th repurchase program that have not been transferred will be transferred to employees in accordance with the "Employee Stock Transfer Regulations" of the Company. The transfer will be made at the average repurchase price of NT\$16.8 per share. The employee subscription record date is May 1, 2024.

(II) Please refer to Note 6(17) and (23) for details.

## XII. Others

### (I) Capital Management

The purposes of the Company's capital management are to ensure that the Group continues as a going concern, to maintain an optimal capital structure to lower financing costs, and to provide returns of investment to shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return share capital to shareholders, issue new shares or sell assets in order to adjust to reach the most suitable capital structure.

### (II) Financial Instrument

#### 1. Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		



Financial assets compulsorily measured at fair value through profit or loss	\$ 4,260	\$ 8,758
Financial assets at fair value through other comprehensive income		
Investment in equity instruments of which the fair value is designated to be recognized in other comprehensive income	37,812	37,433
Financial assets/loans and receivables at amortized cost		
Cash and cash equivalents	279,891	242,409
Notes receivable	23,380	35,199
Accounts receivable	359,703	511,496
Accounts receivable - related party	342,160	421,994
Other receivables	5,385	10,337
Other receivables - related Party	17,489	16,571
Other financial assets - current	8,000	8,000
Other non-current assets - others	5,472	5,807
	<u>\$ 1,083,552</u>	<u>\$ 1,298,004</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 100,000	\$ 130,000
Accounts payable	189,359	268,183
Accounts payables to related parties	158,588	175,959
Other payables	109,396	149,454
Other accounts payable - related party	2,188	6,248
Bonds payable	771,581	762,578
Long-term borrowings	43,000	31,000
Lease liabilities - current	6,019	6,922
Lease liabilities - non-current	12,384	18,403
	<u>\$ 1,404,515</u>	<u>\$ 1,560,747</u>

## 2. Risk management policy

- (1) The Company's daily operations are affected by various financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk. The Company's risk management policy focuses on the unpredictable market events in order to minimize their potentially adverse factors on the Company's financial position and financial performance. The Company uses various derivative financial Instruments to hedge specific risk exposure. Please refer to Note 6(2) for details.
- (2) The risk management of the Company is executed by the financial department according to the policies approved by the board of directors. The financial department of the Company cooperates with all operating units of the Company closely in order to be responsible for the identification, assessment and hedging of financial risks. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

## 3. Nature and Degree of Significant Financial Risks

- (1) Market risk

### Exchange rate risk

The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

- B. The Company's management has formulated relevant policy to require entities within the Company to manage the foreign exchange risks associated with their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the financial department of the Company. The measurement of exchange rate risk is based on the expected transactions that are very likely to generate USD and RMB expenses, and to use forward exchange contracts in order to reduce the impacts of exchange rate fluctuation on the expected transactions.
- C. The Company used forward exchange transactions to hedge the exchange rate risk; however, the hedge accounting was not applied. Please refer to Notes 6(2) for information on recognition of financial assets or liabilities at fair value through profit or loss.
- D. The Company's businesses involve some non-functional currency operations such that it can be affected by the exchange rate fluctuation. The information on assets and liabilities denominated in foreign currencies whose values are materially affected by the exchange rate fluctuations is as follows:

<b>(Foreign currency: functional currency)</b>	<u>December 31, 2023</u>		<u>Carrying amount NT\$ (thousand)</u>
	<u>Foreign currency amount (In Thousands)</u>	<u>Exchange Rate</u>	
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	27,419	30.705	\$ 841,900
CNY:NTD	6,441	4.3270	2,774
<u>Non-monetary items</u>			
USD : NTD	64,698	30.705	1,986,559
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	8,716	30.705	\$ 267,625

<b>(Foreign currency: functional currency)</b>	<u>December 31, 2022</u>		<u>Carrying amount</u> NT\$ (thousand)
	<u>Foreign currency amount (In Thousands)</u>	<u>Exchange Rate</u>	
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	34,086	30.710	\$ 1,046,781
<u>Non-monetary items</u>			
USD : NTD	60,234	30.710	1,849,801
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	11,376	30.710	\$ 349,357

- E. The total exchange Gain(loss) (including realized and unrealized) arising from significant foreign exchange variation on the monetary items held by the Company for the years ended 2023 and 2022, amounted to NT(\$150) and NT\$ 85,671 respectively.
- F. Foreign exchange risks arising from significant exchange rate changes that the Company is exposed to are as follows:

<b>(Foreign currency: functional currency)</b>	<u>2023</u> <u>Sensitivity Analysis</u>		
	<u>Fluctuation</u>	<u>Effects on P/L</u>	<u>Effect on other comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 8,419	-
CNY : NTD	1%	28	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	2,676	-

<b>(Foreign currency: functional currency)</b>	<u>2022</u> <u>Sensitivity Analysis</u>		
	<u>Fluctuation</u>	<u>Effects on P/L</u>	<u>Effect on other comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 10,468	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	3,494	-

### Price risk

- A. The Company is exposed to equity securities price risk due to the financial assets and available-for-sale financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income held and accrued by the Company. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

- B. The Company mainly invests in equity instruments issued by a domestic or foreign company. The price of such equity instruments can be affected by changes in future value of their investment targets. If the prices of these equity instruments had increased/decreased by 1% with all other variables held constant, the profit or loss of the equity instruments measured at fair value through profit or loss for the net income after tax of 2023 and 2022 would have increased or decreased by NT\$19 and NT\$20 respectively; and for other comprehensive income of 2023 and 2022 classified as the equity instrument measured at fair value through comprehensive income, the profit or loss would have increased or decreased by NT\$378 and NT\$374 respectively.

#### Cash flow and fair value interest rate risk

- A. The borrowing interest rate risk of the Company mainly came from the short-term borrowings. Due to the borrowings at floating interest rate, the Company borne the cash flow interest rate risk, and a portion of the risk was being offset by the cash and cash equivalents held. The borrowing according to the fixed interest rate caused the Company to be under the fair value interest rate risk.
- B. The borrowing of the Company was measured at amortized cost, and re-pricing was performed according to the annual interest rate specified in the contract. Therefore, the Company is exposed to the risk of the future market interest rate change.
- C. When the borrowing interest rate in NTD increases or decreases by 1%, with other variables remain constant, the net income after tax for 2023 and 2022 will also decrease or increase by NT\$1,430 and NT\$1,300, respectively, which is mainly due to changes in interest expense caused by borrowings bearing a floating interest rate.

#### (2) Credit risk

- A. The Company's credit risk refers to the risk of financial loss to the Company arising from default by the clients or transaction counterparties of financial instruments on the contract obligations. Such risk is mainly due to the counterparties cannot repay the accounts payable according to the payment terms, classified as the contract cash flow.
- B. The Company established management of credit risk from the company's perspective. According to the internally specified credit extension policy, before each operating entity and each new customer of the Company establish the terms for payment and goods delivery, it is necessary to perform management and credit risk analysis. Internal risk control is achieved by evaluating a client's credit quality against the client's financial position, credit records, and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored.
- C. The Company adopts IFRS 9 to provide preliminary assumption, and when the payment specified according to the contract term has exceeded 90 days, breach of contract is deemed to have occurred.

- D. The Company adopts IFRS 9 to provide the following preliminary assumption, in order to use it as the basis for determining whether the credit risk of financial Instrument has increased significantly since the original recognition:  
If the contract payments are past due over 30 days based on the terms, it is deemed that there has been a significant increase in credit risk on that instrument since initial recognition.
- E. The Company classifies accounts receivable due from clients according to the characteristics of trading credit risk, and adopts the simplified approach that measures expected credit losses based on the preparation matrix.
- F. After the company's recovery process, the amount of financial assets that cannot be reasonably expected to be recovered is written off. The company's written-off claims were \$0 and \$1,329 as of December 31, 2023 and December 31, 2022 respectively.
- G. (A) The expected loss rate of customers of the related party group was 0.2%, and the accounts receivable - related party total carrying value and allowance for loss as of December 31, 2023 and 2022 were NT\$342,639 and NT\$479; NT\$422,475 and NT\$481 respectively.
- (B) The Company, according to the past experience, adopted the individual evaluation to calculate the expected credit loss for customers of relatively higher credit risk. The total carrying amount and allowance for loss as of December 31, 2023 and 2022 were NT\$4,185 and NT\$4,185, and NT\$4,185 and NT\$4,185 respectively.
- (C) By including the forward-looking consideration on the global economic information, the Company adjusts the expected credit loss rate that was established based on historical or present information, so as to estimate the preparation matrices, as of December 31, 2023 and 2022, of the loss allowance for the accounts and notes receivable as follows:

	<u>Not overdue</u>	<u>Overdue within 30 days</u>	<u>Overdue 30 days</u>	<u>Overdue 60 days</u>	<u>Overdue 90 days</u>	<u>Total</u>
<u>December 31, 2022</u>						
Expected loss (%)	0.01%	0.35%	17.87%	35.18%	100.00%	
Total carrying amount	\$ 362,712	\$ 17,713	\$ -	\$ 4,251-	\$ 19,012	\$ 403,688
Allowance for loss	\$ 36	\$ 62	\$ -	\$ 1,495-	\$ 19,012	\$ 20,605

	<u>Not overdue</u>	<u>Overdue within 30 days</u>	<u>Overdue 30 days</u>	<u>Overdue 60 days</u>	<u>Overdue 90 days</u>	<u>Total</u>
<u>December 31, 2022</u>						
Expected loss (%)	0.02%	1.30%	9.28%	32.39%	100.00%	
Total carrying amount	\$ 520,310	\$ 26,831	\$ -	\$ -	\$ 19,037	\$ 566,178
Allowance for loss	\$ 97	\$ 349	\$ -	\$ -	\$ 19,037	\$ 19,483

- H. The notes and accounts receivable (including related party) allowance loss change table under the simplified approach of the Company is as follows:

	<u>2023</u>
January 1	\$ 24,149
Impairment loss recognized	1,120
Write-off	
December 31	<u>\$ 25,269</u>

	<u>2022</u>
January 1	\$ 28,337
Impairment loss recognized	(2,859)
Write-off	(1,329)
December 31	<u>\$ 24,149</u>

The impairment loss (Rotation benefits) recognized for accounts receivable from customer contracts for 2023 and 2022 were NT 1,120 and NT(\$2,859) respectively.

### (3) Liquidity risk

- A. The cash flow forecast of the Company is executed by the companies within to all operating entity and summarized by the financial department of the Company. The financial department of the Company monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- B. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. Derivative financial liabilities were analyzed based on the balance sheet date to the retaining period at the expected maturity date. The table below disclosed the contractual cash flows not discounted.

December 31, 2023

<u>Non-derivative financial liabilities:</u>	<u>Within 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 100,000	\$ -
Accounts payable (including related party)	347,947	-
Other payables (including related party)	111,584	-
Lease liabilities	6,280	12,707
Bonds payable	-	795,700
Long-term borrowings	12,000	31,000

December 31, 2022

<u>Non-derivative financial liabilities:</u>	<u>Within 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 130,000	\$ -
Accounts payable (including related party)	444,142	-
Other payables (including related party)	155,702	-
Lease liabilities	7,292	18,987
Bonds payable	-	800,000

### (III) Fair Value Information

1. Below are the definitions assigned to each level of valuation technique used to measure the fair value of financial and non-financial assets.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed shares is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in most of the derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The Company's investments in equity instrument investment of non-active market and investment properties are included in Level 3.

2. Financial instruments not measured at fair values

Except for the ones listed in the table below, including cash and cash equivalents, notes receivable, accounts receivable, other accounts receivable, other financial assets, long/short-term borrowings, notes payable, accounts payable and other accounts payable, their book values are approximate to the reasonably close values of fair values:

	<u>Carrying amount</u>	<u>December 31, 2023</u>		
		<u>Level 1</u>	<u>Fair value</u> <u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	\$ 771,581	\$ -	\$ 770,148	\$ -

	<u>Carrying amount</u>	<u>December 31, 2022</u>		
		<u>Level 1</u>	<u>Fair value</u> <u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	\$ 762,578	\$ -	\$ 767,669	\$ -

3. Financial and non-financial assets at fair value are classified by nature, characteristic, risk, and fair value level, stated as follows:

(1) The Company classifies its assets and liabilities by their function; stated as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity instruments	\$ 1919	\$ -	\$ -	\$ 1,919
Forward exchange	-	1,340	-	1,340
Convertible corporate bond redemption right	-	-	-	-
Bond Payable	1,001	-	-	1,001
Equity instruments	-	-	37,812	37,812
Investment property	-	-	188,525	188,525
	\$ 2,920	\$ 1,340	\$ 226,337	\$ 230,597

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				

Equity instruments	\$ 1,991	\$ -	\$ -	\$ 1,991
Forward exchange	-	807	-	807
Convertible corporate bond redemption right	-	-	5,960	5,960
Equity instruments	-	-	37,433	37,433
Investment property	=	=	<u>188,525</u>	<u>188,525</u>
	<u>\$ 1,991</u>	<u>\$ 807</u>	<u>\$ 231,918</u>	<u>\$ 234,716</u>

(2) The techniques and assumptions used by the Company to measure fair value are stated as follows:

- A. For the equity-based securities that the Company used the market quoted price as the fair value (i.e. level 1 inputs), the market quoted price refers to the closing price on the balance sheet date.
- B. Except for financial instruments with an active market, the fair value of other financial instruments is obtained either based on the valuation technique or by reference to the quotes from counter-parties. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (such as the reference yield curve of TPEX, Reuters commercial paper interest rate average price).
- C. When assessing non-standard and low-complexity financial instruments, such as forward exchange and forward commodity, the Company adopts the valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- D. For high-complexity financial instruments, the Company measures the fair value by using self-developed valuation model based on the valuation method and technique widely used within the same industry. Such type of valuation model is normally applied to derivative financial instruments, embedded derivative debt instruments or securitized commodities. Certain inputs used in such type of valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions. For the impacts of non-market observable parameters on financial instrument valuation, please refer to Notes 12(3)-8 for details.
- E. The valuation of derivative financial Instrument is based on the valuation model widely used and accepted by users in the market, such as discount method and option pricing model. Forward exchange agreement is typically evaluated based on the current forward exchange rate.
- F. The fair value valuation technique for investment property at fair value adopted by the Company complies with the provisions of the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and the fair value is determined according to the valuation result of independent expert. Please refer to Note 6(9) for details.
- G. Outputs from the valuation models are estimates and valuation techniques may not be able to reflect all relevant factors of the financial and non-financial



instruments held by the Company. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments in the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

4. For 2023 and 2022, there was no transfer between Level 1 and Level 2.

5. The following table shows the change of Level 3 for 2023 and 2022.

	<u>2023</u>			
	<u>Equity</u>	<u>Convertible</u>	<u>Investment</u>	<u>Total</u>
	<u>instruments</u>	<u>corporate bond</u>	<u>property</u>	
		<u>redemption</u>		
		<u>right</u>		
January 1	\$ 37,433	\$ 5,960	\$ 188,525	\$ 231,918
Purchase in current period				
Issuance in current period				
Gain recognized in profit or loss	-	(5,923)		(5,923)
Gains recognized in other comprehensive income	379			
Conversion in current period		(37)		(37)
December 31	<u>\$ 37,812</u>	<u>\$ -</u>	<u>\$ 188,525</u>	<u>\$ 226,337</u>

	<u>2022</u>			
	<u>Equity</u>	<u>Convertible</u>	<u>Investment</u>	<u>Total</u>
	<u>instruments</u>	<u>corporate bond</u>	<u>property</u>	
		<u>redemption</u>		
		<u>right</u>		
January 1	\$ 12,256	\$ 8,278	\$ 184,647	\$ 205,181
Purchase in current period	19,380			19,380
Issuance in current period	-	20,368	-	20,368
Gain recognized in profit or loss	-	(15,980)	3,878	(12,102)
Gains recognized in other comprehensive income	5,797	-	-	5,797
Conversion in current period	-	(6,706)	-	(6,706)
December 31	<u>\$ 37,433</u>	<u>\$ 5,960</u>	<u>\$ 188,525</u>	<u>\$ 231,918</u>

6. For the investment property of the Company, it is assumed that the financial department of the Company has retained an external appraiser to perform appraisal according to the valuation method and parameter announced by the FSC. The financial department establishes the financial instrument and investment property fair value valuation policy, valuation procedure and verifies the compliance with requirements of relevant International Financial Reporting Standards.

7. The non-observable input value quantified information and significant non-observable input value change sensitivity analysis for the valuation model used in relation to the Level 3 fair value measurements are as follows:

	<u>Fair value at</u> <u>December 31,</u> <u>2023</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable</u> <u>inputs</u>	<u>Range</u> <u>(weighted</u> <u>average)</u>	<u>Relationship of</u> <u>inputs to fair</u> <u>value</u>
Investment property	\$ 188,525	Cash flow discount method	Discount rate	2.750%	The higher the discount rate, the lower the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	-	Cash flow discount method	Discount rate	5.180%	The higher the discount rate, the lower the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	19,964	Public company comparables	Enterprise value to operating revenue ratio	0.3833-1.0347	The higher the value multiples, the higher the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	17,848	Public company comparables	Price to book ratio	1.9891-3.0916	The higher the value multiples, the higher the fair value
Convertible corporate bond redemption right	-	Least-squares Monte Carlo simulation approach	Volatility	29.210%	The higher the volatility, the higher the fair value
	<u>Fair value at</u> <u>December 31,</u> <u>2022</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable</u> <u>inputs</u>	<u>Range</u> <u>(weighted</u> <u>average)</u>	<u>Relationship of</u> <u>inputs to fair</u> <u>value</u>
Investment property	\$ 188,525	Cash flow discount method	Discount rate	2.720%	The higher the discount rate, the lower the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	-	Cash flow discount method	Discount rate	5.180%	The higher the discount rate, the lower the fair value
Non-derivative equity instruments-	15,388	Public company comparables	Enterprise value to operating revenue ratio	0.3330-0.5735	The higher the value multiples, the higher the

stocks not listed in the stock exchange or the OTC market					fair value
Non-derivative equity instruments- stocks not listed in the stock exchange or the OTC market	22,045	Public company comparables	Price to book ratio	1.6636-3.5048	The higher the value multiples, the higher the fair value
Convertible corporate bond redemption right	5,960	Least-squares Monte Carlo simulation approach	Volatility	43.99%	The higher the volatility, the higher the fair value

### XIII. Other Disclosures

#### (I) Information on Significant Transactions

1. Loaning funds to others: Please refer to Table 1.
2. Provision of Endorsements and Guarantees: Refer to Table 2.
3. Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies, and the Control Portion in a Joint Venture): Refer to Table 3.
4. Accumulative purchase or disposal of the same marketable securities reaching NT\$300 million or 20% of paid-in capital or more: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
7. Transaction with related party reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 4.
8. Receivables due from related party reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 5.
9. Trading in derivative instruments: Please refer to Note 6(2) for details.
10. Business relationship, significant transactions, and significant transaction amount between parent and subsidiaries, or among subsidiaries: Please refer to Table 6.

#### (II) Information on Investees

Name and location of investees (excluding those in Mainland China): Please refer to Table 7.

#### (III) Information on investments in Mainland China

1. Basic Information: Refer to Table 8.
2. Significant transactions with investees in Mainland China that are invested by the Company directly or Indirectly through another third region entity: Please refer to Table 6.

(IV) Information on Major Shareholders

Major shareholder information: Please refer to Table 9.

XIV. Operating Segment Information

Not applicable.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Loaning funds to others  
January 1 to December 31, 2023

Table 1

Unit: NT\$ thousand  
(unless otherwise specified)

No. (Note 1)	Lending company	Borrower	Current items (Note 2)	Whether related	Current maximum amount (Note 3)	Ending balance (Note 8)	Interest rate range	Loan nature (Note 4)	Current amount (Note 5)	Reason for short-term financing (Note 6)	Allowance for loss	Security		Loan limit for specific borrower (Note 7)	Total loan limit (Note 7)	Remarks	
												Name	Value				
0	Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire	Financing funds	Yes	30,480	\$ -	\$ -	3.0%	2	\$ -	Working capital	\$ -	-	\$ -	\$ 100,000	\$ 485,373	
0	Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire	Financing funds	Yes	30,480	-	-	3.0%	2	-	Working capital	-	-	-	100,000	485,373	
0	Wonderful Hi-Tech Co., Ltd.	Thai Wonderful Wire Cable Co.,	Financing funds	Yes	64,850	-	-	3.2%	2	-	Working capital	-	Promissory note	-	100,000	485,373	
0	Wonderful Hi-Tech Co., Ltd.	Thai Wonderful Wire Cable Co.,	Financing funds	Yes	61,410	61,410.00	-	4.0%	2	-	Working capital	-	Promissory note	US\$2,000	100,000	485,373	
0	Wonderful Hi-Tech Co., Ltd.	Shanghai Elitech Technology Co.,	Financing funds	Yes	14,222	14,222	14,222	N/A	2	-	Working capital	-	-	-	100,000	485,373	
1	Wonderful Photoelectricity	Shanghai Elitech Technology Co.,	Financing funds	Yes	4,482	-	-	N/A	2	-	Working capital	-	-	-	30,694	56,009	
1	Wonderful Photoelectricity	Shanghai Elitech Technology Co.,	Financing funds	Yes	31,995	31,720	31,720	N/A	2	-	Working capital	-	-	-	30,694	56,009	
2	Lord Hero HongKong	Thai Wonderful Wire Cable Co., Ltd.	Financing funds receivable	Yes	46,058	46,058.00	46,058.00	4.0%	2	-	Working capital	-	Promissory note	US\$1,500	47,148	48,799	

Note 1: Instruction for the number column is as follows:

(1) Fill in 0 for the issuer.

(2) The investees are numbered in order starting from number 1.

Note 2: Accounts receivable from related companies, receivable from related parties, shareholder current account, advance payments, temporary payments... or any other items of loan nature must be filled in this field.

Note 3: The maximum balance of funds lent in the current year.

Note 4: The loan nature shall be specified as business payment or short-term financing.

(1) For business payment, please fill in 1.

(2) For short-term financing, please fill in 2.

Note 5: If the loan is a business payment, the amount should be filled in. The amount of business payment refers to the amount of the business transaction between the lending company and the borrower in the recent one year.

Note 6: If the loan is a short-term financing, the reason for the loan and use by the borrower shall be specified, such as repayment of loans, purchase of equipment, business turnover... etc..

Note 7: (1) For companies or firms that do business with Wonderful Hi-Tech Co., Ltd., the total loan amount shall not exceed 30% of the lower of the paid-up capital and net value of Wonderful Hi-Tech Co., Ltd.,

with individual loan amount not exceeding the amount of business transactions between the two parties in the recent one year, and shall not exceed NT\$100 million based on risk considerations.

For companies or firms that need short-term financing, the total loan amount shall not exceed 30% of the lower of the paid-up capital and net value of Wonderful Hi-Tech Co., Ltd., with the individual loan amount not exceeding NT\$60 million.

(2) The total amount of loan lent by Wonderful Photoelectricity (Dongguan) Co., Ltd. shall not exceed 20% of the net value of Wonderful Photoelectricity (Dongguan) Co., Ltd., with the individual loan amount not exceeding HK\$5 million.

(3) The total amount of loan lent by Thai Wonderful Wire Cable Co., Ltd. shall not exceed 20% of the lower of the paid-up capital and net value of Thai Wonderful Wire Cable Co., Ltd., with the individual loan amount not exceeding

THB 25 million. The "Maximum balance accumulated to the end of this month" and "Ending balance" of the loan lent by Thai Wonderful Wire Cable Co., Ltd. to Vietnam Wonderful Wire Cable Co., Ltd. are greater than the

"Loan limit for specific borrower" due to the exchange rate difference.

Note 8: If the public offering company proposes the loan to the board of directors one by one in accordance with paragraph 1 of Article 14 of the Standards for the Treatment of Capital Loan and Endorsement Guarantee of Public Offering

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Provision of Endorsements and Guarantees  
January 1 to December 31, 2023

Table 2

Unit: NT\$ thousand  
(unless otherwise specified)

No. (Note 1)	Endorsement and guarantee provider	The endorsed or guaranteed Company name	Relations (Note 2)	endorsement and guarantee for a single enterprise	maximum balance of endorsement and guarantee	Ending balance of endorsement and guarantee (Note 5)	Actually paid (Note 6)	endorsement and guarantee secured by	accumulated amount of endorsement and guarantee to the	Maximum limit of endorsement and guarantee (Note 3)	and guarantee provided by the parent company to a	and guarantee provided by a subsidiary company to	t and guarantee provided to the mainland	Remarks
1	Thai Wonderful Wire Cable Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	2	101,808	38,910	36,846	-	-	3.62%	407,234	N	N	N	
1	Thai Wonderful Wire Cable Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	2	101,808	19,455	18,423	18,423	-	1.81%	407,234	N	N	N	

Note 1: Instruction for the number column is as follows:

(1) Fill in 0 for the issuer.

(2) The investees are numbered in order starting from Arabic digit 1.

Note 2: There are 7 types of relationship between the endorser and the endorsed as follows, fill in the code:

(1) A company having business dealings with the Company.

(2) A company in which the Company directly or indirectly holds more than 50% of shares with voting rights.

(3) A company that directly or indirectly holds more than 50% of shares with voting rights of the Company.

(4) Between companies where the Company directly or indirectly holds more than 90% of shares with voting rights.

(5) Companies of the same trade or joint manufactures that are mutually endorsed for the needs of the contracted works.

(6) A company endorsed and guaranteed by all the contributing shareholders in accordance with their shareholding ratio due to the joint investment relationship.

(7) Joint and several performance guarantee of the same trade for pre-sale house sales contracts in accordance with the consumer protection law.

Note 3: (1) The total amount of external endorsement and guarantee provided by Wonderful Hi-Tech Co., Ltd. shall not exceed 40% of the current net value of Wonderful Hi-Tech Co., Ltd., and the limit of endorsement and guarantee for a single

The net value shall be subject to the most recent financial statement audited or reviewed by an accountant.

(2) The total amount of external endorsement and guarantee provided by Thai Wonderful Wire Cable Co., Ltd. shall not exceed 40% of the current net value of Thai Wonderful Wire Cable Co., Ltd., and the limit of endorsement and guarantee for a

The net value shall be subject to the most recent financial statement audited or reviewed by an accountant.

For those provided with endorsement and guarantee due to business relationship with Thai Wonderful Wire Cable Co., Ltd., in addition to the foregoing limit, the amount of individual endorsement or guarantee shall not exceed the amount of

Note 4: The maximum balance of endorsement and guarantee provided for others in the current year.

Note 5: The amount approved by the board of directors shall be disclosed. However, if the board of directors authorizes the Chairman to determined the amount in accordance with paragraph 8 of Article 12 of the Standards for the Treatment of

Note 6: The actual amount used by the endorsed or guaranteed within the balance of the endorsement and guarantee amount.

Note 7: Fill in Y for endorsement and guarantee provided by the listed parent company to a subsidiary, or provided by a subsidiary to the parent company, or provided to the mainland China.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries

Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies, and the Control Portion in a Joint Venture)

January 1 to December 31, 2023

Table 3

Unit: NT\$ thousand  
(unless otherwise specified)

Holding company	Type and name of marketable securities (Note 1)	Relationship with the marketable securities issuer (Note 2)	Account	Ending				Remarks (Note 4)
				Number of shares (in thousands)	Carrying amount (Note 3)	Shareholdin g percentage	Fair value	
Wonderful Hi-Tech Co., Ltd.	Sanitar Co., Ltd.	-	Financial assets measured at fair the consideration through profit or loss - current	51.00	\$ 1,882	-	\$ 1,882	-
	NT Pharma Group Co., Ltd. (Hong Kong Stock)	-	Financial assets measured at fair the consideration through profit or loss - current	170.00	37	-	37	-
	TSMC 2023-2 unsecured bond	-	Financial assets measured at fair the consideration through profit or loss - uncurrent	10.00	1,001	-	1,001	-
	Asahi Malaysia Co., Ltd.	-	Financial assets at fair the consideration through other	1,900.00	19,964	9.40	19,964	-
	M-Mobility Co. Ltd.	-	Financial assets at fair the consideration through other	0.67	-	4.53	-	-
	Sunpower Energy Technology Co., Ltd.	-	Financial assets at fair the consideration through other	663.00	17,848	2.78	17,848	-
Thai Wonderful Wire Cable Co., Ltd.	Focuz Manufacturing Company Ltd.	-	Financial assets at fair the consideration through other comprehensive income - non-current	58.82	28,066	4.90	28,066	-

Note 1: The "marketable securities" in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items falling within IFRS No. 9 "Financial Instruments".

Note 2: If the issuer of marketable securities is not a related party, this column can be left blank.

Note 3: If measured at fair value, please fill in the book balance after the adjustment of fair value evaluation and deducting the accumulated impairment in the carrying amount column; if it is not measured at fair value, please fill in the book balance of original acquisition cost or amortized cost minus accumulated impairment in the carrying amount column.

Note 4: If the marketable securities are subject to restricted use due to the provision of guarantee, pledge loan or others agreed upon, the number of shares guaranteed or pledged, the amount of guarantee or pledge and the restricted use should be indicated in the remarks column.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Transaction with related party reaching NT\$100 million or 20% of paid-in capital or more.  
January 1 to December 31, 2023

Table 4

Unit: NT\$ thousand  
(unless otherwise specified)

Involved company	Name of Counterparty	Relationship	Transaction		Ratio to total		why the terms of transaction are different from those of ordinary		Bills receivable (payable), accounts		Remarks (Note 2)
			Transaction	Amount	transaction	Period of credit granting	Unit price	Period of credit granting	Balance	Ratio to total bills receivable (payable) and accounts	
Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	Subsidiary	Sales	\$ (652,396)	23%	90 days	\$ -	-	\$ 295,473	41%	None
Wonderful Hi-Tech Co., Ltd.	Lord hero Co., Ltd.	Subsidiary	Purchase	317,632	13%	90 days	-	-	( 49,188)	14%	None
Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	Subsidiary	Purchase	344,221	14%	90 days	-	-	( 108,822)	31%	None
Wonderful Hi-Tech Co., Ltd.	Thai Wonderful Wire Cable Co., Ltd.	Subsidiary	Purchase	434,718	18%	90 days	-	-	( 61)	0%	None
Lord hero Hongkong Co., Ltd.	Wonderful Photoelectricity (Dongguan) Co. Ltd.	Subsidiary	Purchase	175,506	25%	90 days	-	-	-	0%	None

Note 1: If the related party transaction conditions are different from the general transaction conditions, the situation and reasons for the difference shall be stated in the field of unit price and credit granting period.

Note 2: If any payment is received (paid) in advance, the reasons, terms agreed, amount and the difference from the general transaction type shall be stated in the remarks column.

Note 3: The sale and purchase between Wonderful Hi-Tech Co., Ltd. and its subsidiaries is equivalent to the purchase and sale between the subsidiaries and Wonderful Hi-Tech Co., Ltd., so the relative transactions will not be disclosed separately.



Wonderful Hi-Tech Co., Ltd. and Subsidiaries

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

31-Dec-23

Table 5

Unit: NT\$ thousand  
(unless otherwise specified)

Company disclosing receivables	Name of Counterparty	Relationship	Balance of receivables due from related parties	Turnover rate	Overdue Receivables due from related parties		Amount recovered after the payment	Allowance for loss
					Amount	Accounting treatment		
Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	Subsidiary	\$ 295,473	1.98	\$ 3,777	Strengthen collection	\$ 105,839	\$ -
Vietnam Wonderful Wire Cable Co., Ltd.	Wonderful Hi-Tech Co., Ltd.	parent	108,822	4.02	-		82,981	-

Note 1: Please fill in separately according to the accounts receivable, bills, other receivables... etc.

Note 2: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares have no par value or the par value of each share is not NT\$10, the transaction amount requirement of 20% of the paid-in capital shall be calculated at 10% of the equity attributable to the owner of the parent company in the balance sheet.

Note 3: The post-payment period ends on March 1, 2024

Wonderful Hi-Tech Co., Ltd. and Subsidiaries

Business relationship, significant transactions, and significant transaction amount between parent and subsidiaries, or among subsidiaries.

January 1 to December 31, 2023

Table 6

Unit: NT\$ thousand  
(unless otherwise specified)

No. (Note 1)	Name of trader	Counterparty	Relationship with the trader (Note 2)	Transaction circumstance			Ratio to total consolidated revenue or total assets (Note 3)
				Item	Amount	Conditions	
0	Wonderful Hi-Tech Co., Ltd.	Thai Wonderful Wire Cable Co., Ltd.	1	Purchase	434,718	Note 4	7%
0	Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	1	Purchase	344,221	Note 4	5%
0	Wonderful Hi-Tech Co., Ltd.	Lord hero Co., Ltd.	1	Purchase	317,632	Note 4	5%
0	Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	1	Sales revenue	652,396	Note 4	10%
0	Wonderful Hi-Tech Co., Ltd.	Wonderful Cabling Systems Corporation	1	Sales revenue	77,534	Note 4	1%
0	Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	1	Accounts receivable	295,473	Note 4	5%
0	Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	1	Accounts payable	108,822	Note 4	2%
0	Wonderful Hi-Tech Co., Ltd.	Lord hero Hongkong Co., Ltd.	1	Accounts payable	49,188	Note 4	1%
1	Lord hero Co., Ltd.	Wonderful Photoelectricity (Dongguan) Co. Ltd.	3	Purchase	175,506	Note 4	3%
2	Wonderful Photoelectricity (Dongguan) Co. Ltd.	Shanghai Elitech Technology Co., Ltd.	3	Sales revenue	55,474	Note 4	1%

Note 1: The business transaction information between the parent company and its subsidiaries shall be indicated in the number column respectively, details are as follows:

(1) Fill in 0 for the parent company.

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

Note 2: There are 3 types of relationship with counterparties as follows, fill in the code:

(1) The parent company to a subsidiary.

(2) A subsidiary to the parent company.

(3) Among subsidiaries.

Note 3: The ratio of transaction amount to total consolidated revenue or total assets shall be calculated by the ending balance as a percentage of the consolidated total assets for assets and liabilities items; for profit and loss items, it shall be calculated by the cumulative amount as a percentage of the consolidated total revenue.

Note 4: In accordance with the general sales method.

Note 5: Individual transaction with an amount less than 1% of the consolidated total revenue and consolidated total assets will not be disclosed.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Name and location of investees (excluding those in Mainland China).  
January 1 to December 31, 2023

Table 7

Unit: NT\$ thousand  
(unless otherwise specified)

Name of investor	Name of investee (Note 1, Note 2)	Location	Main business items	Original investment amount		Shareholding at the end of the period			Current gain and loss of the investee (Note 2(2))	Investment gains and losses recognized in the current period (Note 2(3) and 3)	Remarks
				At the end of the period	At the end of last year	Number of shares	Ratio	Carrying amount			
Wonderful Hi-Tech Co., Ltd.	Wonderful Holding (Cayman) Co., Ltd.	Cayman Islands	Holding company of investment	\$ 272,219	\$ 272,219	9,373,944	100.00	\$ 885,611	\$ 87,045	\$ 87,045	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Wanshih Electronic Co., Ltd.	Taiwan	Assembly of distribution lines	280,180	285,266	17,497,272	24.11	225,429	( 48,771)	( 11,790)	The investee evaluated by the equity method.
Wonderful Hi-Tech Co., Ltd.	Lord hero International Co., Ltd.	British Virgin Islands	Holding company of investment	461,167	411,992	16,326	81.63	541,885	26,006	20,765	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Yi-Tai Technology Co., Ltd.	Hong Kong	Holding company of investment	83,120	83,120	21,377,348	100.00	( 4,743)	( 7,950)	( 7,950)	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Wonderful Cabling Systems Corporation	Taiwan	Sales of wires and cables	12,800	12,800	2,000,000	80.00	61,093	22,349	17,728	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	Vietnam	Sales and manufacturing of wires and cables	217,101	217,101	-	50.00	358,256	119,441	59,720	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Wan Shih (Hong Kong) Co., Ltd.	Hong Kong	Assembly of distribution lines	28,541	28,541	3,067,500	17.04	19,310	581	100	The investee evaluated using the equity method.
Wonderful Hi-Tech Co., Ltd.	Inga Nano Technology Co., Ltd.	Taiwan	Other Textile Products Manufacturing	34,325	34,325	2,450,000	28.00	29,254	( 18,937)	( 3,174)	The investee evaluated using the equity method.
Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	U.S.A.	Sales of wires and cables	171,766	171,766	92,000	56.10	183,040	1,763	( 3,223)	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	ACTife Hi-Tech Co., Ltd.	Taiwan	Sales of non-woven fabric processing products	68,000	58,000	2,000,000	100.00	( 19,530)	( 6,921)	( 7,043)	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	LOHAS International Trading Company	Taiwan	Sales of non-woven fabric processing products	1,000	1,000	100,000	100.00	672	( 8)	( 8)	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Alpha Treasure Investments Limited	Republic of Seychelles	Holding company of investment	10,123	10,123	350,000	35.00	3,200	( 6,676)	( 2,337)	The investee evaluated using the equity method.
Wonderful Holding (Cayman) Co., Ltd.	Wonderful International (Cayman) Co., Ltd.	Cayman Islands	Holding company of investment	272,219	272,219	9,373,944	100.00	885,611	87,045	Note 3	Sub-subsidiary of the Company.
Wonderful International (Cayman) Co., Ltd.	ABA Industry Inc.	U.S.A.	Sales of wires and cables	20,909	20,909	72,000	43.90	138,339	1,763	Note 3	Subsidiary of the Company.
Wonderful International (Cayman) Co., Ltd.	Wonderful Holding (Thailand) Co., Ltd.	Thailand	Holding company of investment	47	47	490	100.00	305,487	37,054	Note 3	Sub-subsidiary of the Company.
Wonderful International (Cayman) Co., Ltd.	Thai Wonderful Wire Cable Co., Ltd.	Thailand	Sales and manufacturing of wires and cables	124,353	124,353	845,890	43.50	442,867	123,953	Note 3	Great-subsidiary of the Company.
Wonderful Holding (Thailand) Co., Ltd.	Thai Wonderful Wire Cable Co., Ltd.	Thailand	Sales and manufacturing of wires and cables	103,781	103,781	583,372	30.00	305,425	123,953	Note 3	Great-subsidiary of the Company.
Thai Wonderful Wire Cable Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	Vietnam	Sales and manufacturing of wires and cables	226,415	226,415	-	50.00	364,732	119,441	Note 3	Subsidiary of the Company.
Lord hero International Co., Ltd.	Lord hero Co., Ltd.	Hong Kong	Sales of wires and cables	245,513	245,513	41,401,000	100.00	661,258	26,066	Note 3	Sub-subsidiary of the Company.

Note 1: If the public offering company has a foreign holding company and the consolidated financial report is the main financial report according to the local law, the disclosure of information about the foreign investee may be disclosed only to the information about the holding company.

Note 2: For persons other than those mentioned in Note 1, fill in the following:

(1) The columns of "the investee's name", "location", "main business items", "original investment amount" and "ending shareholding situation" shall be filled out in accordance with the reinvestment situation of the (publicly issued) company and the reinvestment of the investee directly or indirectly under control. Indicate in the remarks column the relationship between each investee and the (public offering) company (if it is a subsidiary or a great -subsidiary).

(2) The "current profit and loss of investees" shall be fill in the amount of current profit and loss of each investee.

(3) The column "investment profit and loss recognized in the current period" is only required to fill in the profit and loss of the subsidiaries recognized by the (public offering) company for direct reinvestment and that of the investee evaluated by the equity acquisition method. The rest is not required. Fill in "The balance of loss of each subsidiary directly reinvested in the current period shall still be the loan limit approved by the board of directors. Although the funds may be repaid later, considering the loan may be granted again, the amount approved by the board of directors

Note 3: The investment profit and loss listed in the current period only discloses the part recognized by Wonderful Hi-Tech Co., Ltd., and the rest is exempted from completion according to regulations.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Information on investments in Mainland China - Basic Information  
January 1 to December 31, 2023

Table 8

Unit: NT\$ thousand  
(unless otherwise specified)

Name of investee in Mainland	Main business items	Paid-in capital	Form of investment (Note 1)	Accumulated investment remitted from Taiwan at the beginning of the period	Investment remitted or recovered in the current period		Accumulated investment remitted from Taiwan at the end of the period	Current gain and loss of the investee	The Company's shareholding in direct or indirect investment	Recognize investment gains and losses in the current period	Carrying amount of investment at the end of the period	Repatriated investment income as of the current period	Remarks
				\$	Remitted	Recovered	\$			(Note 2)			
Suzhou Wanshih Optical Communication Co., Ltd.	Assembly of distribution lines	\$ 520,584	1	\$ 11,380	\$ -	\$ -	\$ 11,380	(\$ 199)	2.56%	\$ -	\$ -	\$ 5,008	Note 3
Siyang Wanshih Electronic Element Co., Ltd.	Assembly of distribution lines	367,939	2	16,099	-	-	16,099	-	-	-	-	-	Note 4
Shanghai Elitech Technology Co., Ltd.	Computer software development, manufacturing and sales of own products and surveillance equipment	83,081	2	83,081	-	-	83,081	( 7,950)	100.00%	(7,950) (2) B	4,743	-	
Wonderful Photoelectricity (Dongguan) Co., Ltd.	Sales and manufacturing of wires and cables	177,616	2	50,624	-	-	50,624	( 21,117)	81.60%	(17,238) (2) A	250,553	-	
	Cumulative investment remitted from Taiwan to the mainland China at the end of the period	The investment approved by the Ministry of Economic Affairs	Investment to the Mainland China approved by the Ministry of Economic Affairs										
Wonderful Hi-Tech Co., Ltd.	\$	325,940	\$	360,985	\$	1,513,524							

Note 1: Investments are made in the following four ways, fill in the code:

- (1) Direct investment in mainland China.
- (2) Re-investment in Mainland company through a third region company (please specify the third region company).
  - A. Reinvestment in Siyang Wanshih Electronic Element Co., Ltd., through Wonderful Holding (Cayman) Co., Ltd., and then through Wonderful International (Cayman) Co., Ltd.
  - B. Reinvestment in Shanghai Elitech Technology Co., Ltd. through Yi-Tai Technology Co., Ltd.
  - C. Reinvestment in Wonderful Photoelectricity (Dongguan) Co., Ltd. through Le Hao International Co., Ltd.
- (3) Other ways.

Note 2: In the investment profit and loss recognized in the current period:

- (1) Please specify if it is in preparation and there is no investment gain or loss.
- (2) Investment profit and loss are recognized on the following three basis, which should be specified.
  - A. Financial statements audited by an international accounting firm in partnership with a Republic of China accounting firm.
  - B. Financial statements audited by certified accountants of the parent company in Taiwan.
  - C. Financial statements prepared and not verified by accountants for the corresponding period

Note 3: Suzhou Wanshih Optical Communication Co., Ltd., an investee held by the Company under the acquisition equity method, is provided for impairment in full in 2012 because its recoverable amount is lower than the book value.

Note 4: Siyang Wanshih Electronic Element Co., Ltd., an investee held by the Group under the equity method, was disposed of in 2020.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries  
Information on Major Shareholders  
31-Dec-23

Table 9

Name of major shareholders	Shares	
	Number of shares held	Shareholding percentage
Ming-Lieh Chang	11,465,911	7.08%
Mei Ming Investment Co., Ltd.	12,846,070	7.93%

Note 1: The information on major shareholders in this table shows the information of shareholders holding more than 5% of the Company's ordinary and special shares (including treasury shares) that have been delivered without physical registration as calculated by the depository company. The capital stock recorded in the financial report may be different from the actual number of shares delivered by the Company without physical registration due to a

Note 2: If the above information involves shareholder's handing over their shareholding to the trust, it shall be disclosed by the individual account of the trustor whose special trust account is opened by the trustee. As for shareholders who hold more than 10% of the shares and are subject to reporting requirements under the securities trading laws, this includes their own shareholding as well as shares held through entrusted arrangements where they have decision-making power over the entrusted assets.

For insider share declaration information, please refer to the Market Observation Post System.

Wonderful Hi-Tech Co., Ltd.

Chairman: Ming-Lieh Chang