

Well Shin Technology Co., Ltd. and Subsidiaries

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

(STOCK CODE: 3501)

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DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Well Shin Technology Co., Ltd.

JS Wu

Chairman March 15, 2024

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

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

Basis For Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 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.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Valuation of allowance for inventory valuation losses

Description

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

allowance for inventory valuation losses.

As of December 31, 2023, the Group's inventories and allowance for inventory valuation losses amounted to NT\$1,920,377 thousand and NT\$246,072 thousand, respectively. The Group is engaged in the manufacture of wire and Cable and electronic components and electronic materials wholesale and retail. Due to the short lifespan of electronic products and fluctuations in market prices, there is a higher risk of inventory losses due from market value decline or obsolescence. The Group recognizes inventories at the lower of cost and net realizable value. Obsolete or slow-moving inventories were assessed individually.

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

How our audit addressed the matter

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

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

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

Description

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

The Group's sales can be divided into two categories, products shipped to clients directly and products for pick-up at outsourced warehouse. For pick-ups, the revenue is recognized whenever risk and rewards are transferred. The Group recognizes sales revenue based on movements of inventories contained in the statements provided by the warehouse's custodians. As the warehouses are located around the world, include America, with numerous custodians, the frequency and contents of statements provided by custodians vary, and the process of revenue

recognition involves numerous manual procedures, these factors may potentially result in inaccurate timing of sales revenue recognition and discrepancy between physical inventory quantities in the warehouse and quantities as reflected in accounting records. The Group's daily transaction quantity is voluminous and the transaction amount around the balance sheet date is significant to the financial statements, therefore, we determined that the appropriateness of cut-off of warehouse operating revenue as one of the key audit matters for this fiscal year.

How our audit addressed the matter

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

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

Other matter – parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Well Shin Technology Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in

internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

PricewaterhouseCoopers, Taiwan
Republic of China
March 15, 2024

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

Well Shin Technology Co., Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

CODE	ASSETS	NOTES	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
	CURRENT ASSETS					
1100	Cash and cash equivalents	6(1)	\$ 2,236,422	27	\$ 1,981,981	23
1110	Financial assets at fair value through profit or loss – Current	6(2)	5,690	-	5,357	-
1136	Financial assets at amortized cost – Current	6(3) and 8	222,435	3	117,413	1
1150	Notes receivable, net	6(4) and 8	69,937	1	82,303	1
1170	Accounts receivable, net	6(4)	1,402,110	17	1,522,734	18
1180	Accounts receivable from related parties, net	6(4) and 7	62,372	1	127,448	2
1200	Other receivables		22,189	-	15,159	-
130X	Inventories	6(5)	1,674,305	20	2,301,856	26
1410	Prepayments		47,370	1	82,078	1
11XX	Total current assets		<u>5,742,830</u>	<u>70</u>	<u>6,236,329</u>	<u>72</u>
	NON-CURRENT ASSETS					
1535	Financial assets measured at amortized cost – Non-current	6(3) and 8	115,051	1	10,000	-
1600	Property, plant and equipment	6(6) and 8	1,868,742	22	1,967,058	22
1755	Right-of-use assets	6(7) and 7	72,165	1	77,121	1
1760	Investment properties	6(9) and 8	326,717	4	293,769	3
1780	Intangible assets		3,680	-	4,665	-
1840	Deferred income tax assets	6(24)	68,822	1	54,020	1
1900	Other non-current assets	6(10)	54,359	1	72,881	1
15XX	Total non-current assets		<u>2,509,536</u>	<u>30</u>	<u>2,479,514</u>	<u>28</u>
1XXX	TOTAL		<u>\$ 8,252,366</u>	<u>100</u>	<u>\$ 8,715,843</u>	<u>100</u>

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Well Shin Technology Co., Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY			December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
CURRENT LIABILITIES								
2100	Short-term borrowings	6(11)	\$	-	\$	400,000	5	
2150	Accounts payable			14,719		287	-	
2170	Accounts payable – related parties			373,889		406,980	5	
2200	Other payables	6(13)		451,987		454,519	5	
2230	Current tax liabilities			47,030		112,574	1	
2280	Lease liabilities – Current	7		1,190		1,180	-	
2320	Long-term borrowings - current portion	6(12)		35,837		7,088	-	
2399	Other current liabilities			64,003		43,963	-	
21XX	Total current liabilities			988,655		1,426,591	16	
NON-CURRENT LIABILITIES								
2540	Long-term borrowings	6(12)		39,133		69,830	1	
2570	Deferred income tax liabilities	6(24)		660,307		604,067	7	
2580	Lease liabilities – Non-current	7		649		1,839	-	
2600	Other non-current liabilities	6(14)		23,023		22,144	-	
25XX	Total non-current liabilities			723,112		697,880	8	
2XXX	Total liabilities			1,711,767		2,124,471	24	
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT								
	Shares Capital	6(15)						
3110	Capital Stock			1,182,579		1,182,579	14	
	Capital surplus	6(16)						
3200	Capital surplus			1,745,792		1,745,790	20	
	Retained earnings	6(17)						
3310	Legal reserve			988,066		912,090	11	
3320	Special reserve			254,727		375,056	4	
3350	Unappropriated earnings			2,709,477		2,630,585	30	
	Other equity							
3400	Other equity		(340,042)	(254,728)	(3)
3XXX	Total equity			6,540,599		6,591,372		76
SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS								
SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD								
3X2X	TOTAL		\$	8,252,366	100	\$	8,715,843	100

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

Well Shin Technology Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Item	Notes	2023		2022	
			Amount	%	Amount	%
4000	OPERATING REVENUE	6(18) and 7	\$ 5,328,786	100	\$ 6,159,487	100
5000	OPERATING COSTS	6(5)(22)(23)	(4,056,348)	(76)	(4,750,863)	(77)
5950	GROSS PROFIT		1,272,438	24	1,408,624	23
	OPERATING EXPENSES	6(22)(23)				
6100	Selling and marketing expenses		(342,293)	(6)	(362,935)	(6)
6200	General and administrative expenses		(264,573)	(5)	(265,185)	(4)
6300	Research and development expenses		(53,045)	(1)	(43,824)	(1)
6450	Expected credit gain (loss)	12(2)	113	-	2,610	-
6000	Total operating expenses		(659,798)	(12)	(674,554)	(11)
6900	PROFIT FROM OPERATIONS		612,640	12	734,070	12
	NON-OPERATING INCOME AND EXPENSES					
7100	Interest income	6(3)(19)	38,111	1	17,252	-
7010	Other income	6(9)(20)	34,755	-	35,368	1
7020	Other gains and losses	6(2)(21)	8,672	-	218,149	3
7050	Finance costs		(3,033)	-	(6,557)	-
7000	Total non-operating income and expenses		78,505	1	264,212	4
7900	INCOME BEFORE INCOME TAX		691,145	13	998,282	16
7950	INCOME TAX EXPENSE	6(24)	(183,634)	(3)	(238,742)	(4)
8200	NET PROFIT FOR THE YEAR		\$ 507,511	10	\$ 759,540	12
	OTHER COMPREHENSIVE INCOME (LOSS)					
	Items that will not be reclassified subsequently to profit or loss:					
8311	Remeasurement of defined benefit plans	6(14)	\$ 75	-	\$ 272	-
8349	Income tax related to items that will not be reclassified subsequently	6(24)	(15)	-	(55)	-
8310	Component not to be reclassified to profit or loss		60	-	217	-
	Items that may be reclassified subsequently to profit or loss:					
8361	Exchange differences on translation of the financial statements of foreign operations		(103,897)	2	148,625	2
8399	Income tax relating to the items that may be reclassified subsequently to profit or loss	6(24)	18,583	-	(28,297)	-
8360	Component not to be reclassified to profit or loss		(85,314)	(2)	120,328	2
8300	OTHER COMPREHENSIVE INCOME		(\$ 85,254)	(2)	\$ 120,545	2
8500	TOTAL COMPREHENSIVE INCOME -Net		\$ 422,257	8	\$ 880,085	14
	Profit attributable to:					
8610	Owners of the parent		\$ 507,511	10	\$ 759,540	12
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 422,257	8	\$ 880,085	14
9750	Basic earnings per share	6(25)	\$ 4.29		\$ 6.42	
9850	Diluted earnings per share	6(25)	\$ 4.27		\$ 6.37	

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

Well Shin Technology Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent						
		Retained Earnings					Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
Notes	Share Capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings			
<u>2022</u>								
BALANCE AT JANUARY 1, 2022		\$ 1,182,579	\$ 1,745,781	\$ 877,398	\$ 339,912	\$ 2,177,180	(\$ 375,056)	\$ 5,947,794
Profit for the year		-	-	-	-	759,540	-	759,540
Other comprehensive loss for the year		-	-	-	-	217	120,328	120,545
Total comprehensive income (loss)		-	-	-	-	759,757	120,328	880,085
Appropriation and distribution of 2021 earnings:	6(17)							
Legal reserve		-	-	34,692	-	(34,692)	-	-
Special reserve		-	-	-	35,144	(35,144)	-	-
Cash dividends to shareholders		-	-	-	-	(236,516)	-	(236,516)
Dividends not collected by shareholders after the deadline	6(16)	-	9	-	-	-	-	9
BALANCE AT DECEMBER 31, 2022		\$ 1,182,579	\$ 1,745,790	\$ 912,090	\$ 375,056	\$ 2,630,585	(\$ 254,728)	\$ 6,591,372
<u>2023</u>								
BALANCE AT JANUARY 1, 2023		\$ 1,182,579	\$ 1,745,790	\$ 912,090	\$ 375,056	\$ 2,630,585	(\$ 254,728)	\$ 6,591,372
Profit for the year		-	-	-	-	507,511	-	507,511
Other comprehensive loss for the year		-	-	-	-	60	(85,314)	(85,254)
Total comprehensive income (loss)		-	-	-	-	507,571	(85,314)	422,257
Appropriation and distribution of 2022 earnings:	6(17)							
Legal reserve		-	-	75,976	-	(75,976)	-	-
Special reserve		-	-	-	(120,329)	120,329	-	-
Cash dividends to shareholders		-	-	-	-	(473,032)	-	(473,032)
Dividends not collected by shareholders after the deadline	6(16)	-	2	-	-	-	-	2
BALANCE AT DECEMBER 31, 2023		\$ 1,182,579	\$ 1,745,792	\$ 988,066	\$ 254,727	\$ 2,709,477	(\$ 340,042)	\$ 6,540,599

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

Well Shin Technology Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING</u>			
<u>ACTIVITIES</u>			
Income before income tax		\$ 691,145	\$ 998,282
Adjustments for:			
Adjustments to reconcile profit (loss)			
Depreciation expense (including depreciation charges on right-of-use assets and investment property)	6(6)(7)(9)(21)(22)	147,025	147,392
Amortization expense	6(22)	2,837	2,669
Expected credit loss (gain)	12(2)	(113)	2,610
Loss on financial assets at fair value through profit or loss	6(2)(21)	1,244	1,022
Finance costs		3,033	6,557
Inventory valuation loss	6(5)	35,336	54,774
Interest income	6(3)(19)	(38,111)	(17,252)
Loss (gain) on disposal of property, plant and equipment, net	6(21)	325	(11,161)
Gain on disposal of investments	6(21)	(732)	(1,268)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		12,366	77,365
Accounts receivable		120,736	(69,381)
Accounts receivable – related parties		65,077	(65,005)
Other receivables		(7,030)	6,498
Inventories		596,247	(116,422)
Prepayments		34,708	(17,360)
Changes in operating liabilities			
Notes payable		14,432	287
Accounts payable		(33,091)	(201,167)
Other payables		(13,673)	40,827
Other current liabilities - others		20,040	(5,478)
Other non-current liabilities		427	324
Cash generated from operations		1,652,228	834,113
Interest received		38,111	17,252
Income tax paid		(189,172)	(143,218)
Interest paid		(3,456)	(6,481)
Net cash generated from operating activities		1,497,711	701,666

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Well Shin Technology Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortized cost		(\$ 331,881)	(\$ 99,757)
Proceeds from redemption of financial assets at amortized cost		115,682	14,914
Acquisition of financial assets at fair value through profit or loss - Current		(176,605)	(171,945)
Proceeds from sale of financial assets at fair value through profit or loss - Current		175,654	169,849
Acquisition of property, plant and equipment	6(26)	(55,984)	(108,128)
Proceeds from disposal of property, plant and equipment		1,319	43,768
Acquisition of intangible assets		(1,927)	(766)
(Increase) Decrease in refundable deposits		410	(133)
Acquisition of investment property		(106)	-
Increase in other non-current assets		(13,469)	(47,323)
Net cash (used in) generated from investing activities		(286,907)	(199,521)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(27)	410,000	2,810,000
Repayments of short-term borrowings	6(27)	(810,000)	(3,020,000)
Increase in long-term borrowings	6(27)	5,140	8,568
Repayments of long-term borrowings	6(27)	(7088)	-
Repayments of lease liabilities	6(27)	(1,200)	(1,200)
Proceeds from guarantee deposits received		527	540
Payment of cash dividends	6(17)	(473,032)	(236,516)
Dividends not collected by shareholders before the deadline	6(16)	2	9
Net cash used in financing activities		(875,651)	(438,599)
EFFECT OF EXCHANGE RATE CHANGES		(80,712)	98,701
NET INCREASE IN CASH AND CASH EQUIVALENTS		254,441	162,247
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,981,981	1,819,734
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>\$ 2,236,422</u>	<u>\$ 1,981,981</u>

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

Well Shin Technology Co., Ltd. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Company’s board of directors on March 15, 2024.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
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 Group’s financial condition and financial performance based on the Group’s assessment.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2024 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024

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

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

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17 “First time application between IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of compliance

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

(2) Basis of preparation

- a. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - b) Defined benefit liabilities recognized based on the net amount of pension fund assets plus less present value of defined benefit obligations.
- b. The preparation of financial statements in conformity with International Financial

Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of Consolidation

a. Basis for preparation of consolidated financial statements:

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

b. Subsidiaries included in the consolidated financial statements:

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>		<u>Description</u>
			<u>December 31, 2023</u>	<u>December 31, 2022</u>	
The Company	Power Cord Designing Investment holdings Technology Co., Ltd (PCDT)		100	100	
The Company	Smart Think Technology Co., Ltd (STT)	Investment holdings	100	100	
The Company	Bright Designing Technology Co., Ltd. (BDT)	Investment holdings	100	100	
The Company	Well Shin Industries Corp. (WSIC)	Manufacture of wire and cable, electronic components and sales of electronic materials	100	-	Note
Power Cord Designing Technology Co., Ltd (PCDT)	Dongguan Well Shin Electronic Products Co., Ltd. (Dongguan Well Shin)	Manufacture of wire and cable, electronic components and sales of electronic materials	100	100	
Smart Think Technology Co., Ltd (STT)	Great Hero Technology Co. Ltd. (GHT)	Investment holdings and trading of electronic materials	100	100	
Great Hero Technology Co., Ltd (GHT)	Well Shin Electronic (Kunshan) Co., Ltd (Well Shin Kunshan)	Manufacture of wire and cable, electronic components and sales of electronic materials	100	100	
Bright Designing Technology Co., Ltd. (BDT)	Best Power Cord Designing Technology Co., Ltd. (BPC)	Investment holdings	100	100	
Bright Designing Technology Co., Ltd. (BDT)	Wise Giant Co., Ltd. (WG)	Investment holdings	100	100	
Best Power Cord Designing Technology Co., Ltd. (BPC)	Well Shin Electronic (Kunshan) Co., Ltd (Well Shin Electric)	Manufacture of wire and cable, electronic components and sales of electronic materials	100	100	
Best Power Cord Designing Technology Co., Ltd. (BPC)	Well Shin Japan Co., Ltd (WSJ)	Sales of wire and cable and electronic components materials	100	100	

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>		<u>Description</u>
			<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Best Power Cord Designing Technology Co., Ltd. (BPC)	Dongguan Plugo Electric Co., Ltd (Dongguan Plugo)	Sales of wire and cable, electronic components materials and home appliances	100	100	
Wise Giant Co., Ltd. (WG)	Conntek Integrated Solutions Inc. (Conntek)	Sales of wire and cable and electronic components materials	100	100	
Wise Giant Co., Ltd. (WG)	Cisco LLC. (Cisco)	Warehouse leasing services	100	100	

Note: In order to strengthen customer relationships, expand business in the United States, and improve operating performance, the company invested in the establishment of Well Shin Industries Corp. on July 25, 2023.

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

(4) Foreign currency translation

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

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

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

(5) Classification of current and non-current items

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

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

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

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

(6) Cash equivalents

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

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

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

(8) Financial assets at amortized cost

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

(9) Accounts and notes receivable

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

(10) Impairment of financial assets

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

hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

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

(12) Leasing arrangements (lessor) – operating lease

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

(13) Inventories

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

(14) Property, plant and equipment

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

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

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

- a. Leases are recognized as a right-of-use asset at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- b. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are included fixed payments, less any lease incentives receivable.
The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- c. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - a) Any lease payments made at or before the commencement date;
 - b) Any initial direct costs incurred by the lessee; and
 - c) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

(16) Investment property

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

(17) Intangible assets

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

(18) Impairment of non-financial assets

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

(19) Borrowings

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

(20) Notes and accounts payable

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

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

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

(23) Employee benefits

- a. Short-term employee benefits
Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.
- b. Pensions
 - a) Defined contribution plans
For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.
 - b) Defined benefit plans
 - i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The net defined benefit obligation is calculated annually by

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

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

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

c. Employees' compensation and directors' remuneration

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

(24) Employee share-based payment

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

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

(25) Income tax

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

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

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

a. Critical judgements in applying the Group's accounting policies

None.

b. Critical accounting estimates and assumptions

Evaluation of inventories

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

As of December 31, 2023, the Group's carrying amount of inventories was \$1,674,305.

6. EXPLANATION OF MAJOR ACCOUNTING ITEMS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 737	\$ 1,207
Checking accounts and demand deposits	1,211,010	1,303,819
Time deposits	<u>1,024,675</u>	<u>676,955</u>
Total	<u>\$ 2,236,422</u>	<u>\$ 1,981,981</u>

a. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

b. For details on cash and cash equivalents (table presents financial assets measured at amortized cost) provided as a pledge or collateral, please refer to Note 8.

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 13,077	\$ 11,526
Financial asset held for trading		
Valuation adjustment - stocks	<u>(7,387)</u>	<u>(6,169)</u>
	<u>\$ 5,690</u>	<u>\$ 5,357</u>

a. The gain (loss) recognized in relation to financial assets at fair value through profit or loss were (\$512) and \$246 for the years ended December 31, 2023 and 2022, respectively.

b. The Group has no financial assets at fair value through profit or loss pledged to others.

c. Information relating to price risk of financial assets at fair value through profit or loss is provided in Note 12(2)(3).

(3) Financial assets measured at amortized cost

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Time deposits expiring beyond three months	\$ 216,155	\$ 114,765
Banker's Acceptances	<u>6,280</u>	<u>2,648</u>
Total	<u>\$ 222,435</u>	<u>\$ 117,413</u>
Non-current items:		
Time deposits expiring beyond three months	\$ 105,051	\$ -
Pledged deposit	<u>10,000</u>	<u>10,000</u>
Total	<u>\$ 115,051</u>	<u>\$ 10,000</u>

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

	<u>2023</u>	<u>2022</u>
Interest income	<u>\$ 1,703</u>	<u>\$ 2,045</u>

- b. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was \$337,486 and \$127,413, respectively.
- c. The Group has not pledged financial assets at amortized cost to others as collateral provided in Note 8.
- d. Information relating to credit risk and fair value of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality so the Group expects that the probability of counterparty default is remote.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	<u>\$ 69,937</u>	<u>\$ 82,303</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$ 1,437,901	\$ 1,558,637
Less: Allowance for doubtful accounts	<u>(35,791)</u>	<u>(35,903)</u>
	<u>\$ 1,402,110</u>	<u>\$ 1,522,734</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable - related parties	\$ 62,409	\$ 127,486
Less: Allowance for doubtful accounts – related parties	(37)	(38)
	<u>\$ 62,372</u>	<u>\$ 127,448</u>

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

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
	Accounts receivable	Accounts receivable – related parties	Notes receivable	Accounts receivable	Accounts receivable – related parties	Notes receivable
Without past due	\$1,368,659	\$62,044	\$69,937	\$1,429,193	\$127,486	\$82,303
Up to 30 days	30,270	-	-	74,438	-	-
31-90 days	4,139	365	-	21,436	-	-
91-180 days	2,438	-	-	1,527	-	-
Over 181 days	<u>32,395</u>	<u>-</u>	<u>-</u>	<u>32,043</u>	<u>-</u>	<u>-</u>
	<u>\$1,437,901</u>	<u>\$62,409</u>	<u>\$69,937</u>	<u>\$1,558,637</u>	<u>\$127,486</u>	<u>\$82,303</u>

The above ageing analysis was based on past due date.

- b. As at December 31, 2023 and 2022, accounts receivable and notes receivable (include related parties) were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$1,678,074.
- c. As at December 31, 2023 and 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 (include related parties) was \$69,937 and \$82,303; \$1,464,482 and \$1,650,182, respectively.
- d. The Group does not hold any collateral as security provided in Note 8.
- e. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 556,345	(\$ 90,289)	\$ 466,056
Work in process	69,107	(16)	69,091
Finished goods (include Goods)	<u>1,294,925</u>	<u>(155,767)</u>	<u>1,139,158</u>
Total	<u>\$ 1,920,377</u>	<u>(\$ 246,072)</u>	<u>\$ 1,674,305</u>

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

The cost of inventories recognized as expense for the year:

	2023	2022
Cost of goods sold	\$ 4,019,005	\$ 4,702,467
Loss on decline in market value	35,336	54,774
Others	<u>2,007</u>	<u>(6,378)</u>
	<u>\$ 4,056,348</u>	<u>\$ 4,750,863</u>

(6) Property, plant and equipment

	2023							
	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation Equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Construction in progress</u>	<u>Total</u>
At January 1								
Cost	\$468,295	\$1,400,209	\$1,355,448	\$ 33,373	\$ 37,949	\$216,849	\$ 27,601	\$3,539,724
Accumulated depreciation	<u>- (432,199)</u>	<u>(901,126)</u>	<u>(17,570)</u>	<u>(31,334)</u>	<u>(190,437)</u>	<u>-</u>	<u>(1,572,666)</u>	
	<u>\$468,295</u>	<u>\$ 968,010</u>	<u>\$ 454,322</u>	<u>\$ 15,803</u>	<u>\$ 6,615</u>	<u>\$ 26,412</u>	<u>\$ 27,601</u>	<u>\$1,967,058</u>
January 1	\$468,295	\$ 968,010	\$ 454,322	\$ 15,803	\$ 6,615	\$ 26,412	\$ 27,601	\$1,967,058
Additions	-	7,804	29,352	298	829	4,590	24,695	67,568
Disposals	-	- (1,408)	(106)	-	(130)	-	- (1,644)	
Transfer	(9,588)	(18,577)	36,431	-	-	2,119	(18,118)	(7,733)
Depreciation charge	- (26,760)	(94,294)	(4,196)	(3,500)	(10,211)	-	- (138,961)	
Net exchange differences	<u>(90)</u>	<u>(10,908)</u>	<u>(5,621)</u>	<u>(210)</u>	<u>(8)</u>	<u>(437)</u>	<u>(272)</u>	<u>(17,546)</u>
December 31	<u>\$458,617</u>	<u>\$ 919,569</u>	<u>\$ 418,782</u>	<u>\$ 11,589</u>	<u>\$ 3,936</u>	<u>\$ 22,343</u>	<u>\$ 33,906</u>	<u>\$1,868,742</u>
At December 31								
Cost	\$458,617	\$1,365,085	\$1,332,550	\$ 29,404	\$ 37,255	\$211,912	\$ 33,906	\$3,468,729
Accumulated depreciation	<u>- (445,516)</u>	<u>(913,768)</u>	<u>(17,815)</u>	<u>(33,319)</u>	<u>(189,569)</u>	<u>-</u>	<u>(1,599,987)</u>	
	<u>\$458,617</u>	<u>\$ 919,569</u>	<u>\$ 418,782</u>	<u>\$ 11,589</u>	<u>\$ 3,936</u>	<u>\$ 22,343</u>	<u>\$ 33,906</u>	<u>\$1,868,742</u>

	2022							
	Land	Buildings	Machinery	Transportation Equipment	Office equipment	Others	Construction in progress	Total
At January 1								
Cost	\$469,906	\$1,379,576	\$1,286,036	\$ 30,954	\$ 37,840	\$207,449	\$ 19,219	\$3,430,980
Accumulated depreciation	-	(400,883)	(798,914)	(12,451)	(30,454)	(177,815)	-	(1,420,517)
	<u>\$469,906</u>	<u>\$ 978,693</u>	<u>\$ 487,122</u>	<u>\$ 18,503</u>	<u>\$ 7,386</u>	<u>\$ 29,634</u>	<u>\$ 19,219</u>	<u>\$2,010,463</u>
January 1	\$469,906	\$ 978,693	\$ 487,122	\$ 18,503	\$ 7,386	\$ 29,634	\$ 19,219	\$2,010,463
Additions	-	2,466	43,795	1,716	1,544	6,676	14,758	70,955
Disposals	(8,550)	(22,979)	(986)	-	(62)	(30)	-	(32,607)
Transfer	-	5,632	12,368	-	-	596	(6,672)	11,924
Depreciation charge	-	(27,732)	(94,054)	(4,755)	(2,723)	(10,952)	-	(140,216)
Net exchange differences	6,939	31,930	6,077	339	470	487	297	46,539
December 31	<u>\$468,295</u>	<u>\$ 968,010</u>	<u>\$ 454,322</u>	<u>\$ 15,803</u>	<u>\$ 6,615</u>	<u>\$ 26,411</u>	<u>\$ 27,602</u>	<u>\$1,967,058</u>
At December 31								
Cost	\$468,295	\$1,400,209	\$1,355,448	\$ 33,373	\$ 37,949	\$216,849	\$ 27,601	\$3,539,724
Accumulated depreciation	-	(432,199)	(901,126)	(17,570)	(31,334)	(190,437)	-	(1,572,666)
	<u>\$468,295</u>	<u>\$ 968,010</u>	<u>\$ 454,322</u>	<u>\$ 15,803</u>	<u>\$ 6,615</u>	<u>\$ 26,412</u>	<u>\$ 27,601</u>	<u>\$1,967,058</u>

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

(7) Leasing arrangements — lessee

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

	December 31, 2023	December 31, 2022
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land use right	\$ 70,338	\$ 74,108
Buildings	<u>1,827</u>	<u>3,013</u>
	<u>\$ 72,165</u>	<u>\$ 77,121</u>
	2023	2022
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land use right	\$ 2,283	\$ 2,295
Buildings	<u>1,186</u>	<u>1,185</u>
	<u>\$ 3,469</u>	<u>\$ 3,480</u>

- For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$0 and \$3,556, respectively.
- The information on profit and loss accounts relating to lease contracts is as follows:

	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 20	\$ 15
Expense on short-term lease contracts	2,264	2,616
Expense on leases of low-value assets	32	447

- e. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$3,496 and \$4,263, respectively.

(8) Leasing arrangements — lessor

- a. The Group leases various assets are land and buildings. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- b. For the year ended December 31, 2023 and 2022, the Group recognized rent income in the amounts of \$19,902 and \$21,210, respectively, based on the operating lease agreement, which does not include variable lease payments.
- c. The maturity analysis of the lease payments under the operating lease is as follows:

	December 31, 2023	December 31, 2022
2023	\$ -	\$ 17,200
2024	23,543	17,469
2025	14,144	10,326
2026	11,226	9,470
2027	11,979	10,227
2028	12,791	-
Total	<u>\$ 73,683</u>	<u>\$ 64,692</u>

(9) Investment property

	2023		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1			
Cost	\$ 140,738	\$ 192,309	\$ 333,047
Accumulated depreciation	<u>-</u>	<u>(39,278)</u>	<u>(39,278)</u>
	<u>\$ 140,738</u>	<u>\$ 153,031</u>	<u>\$ 293,769</u>
January 1	\$ 140,738	\$ 153,031	\$ 293,769
Additions	-	106	106
Transfer	10,611	28,777	39,388
Depreciation charge	-	(4,595)	(4,595)
Net exchange differences	<u>91</u>	<u>(2,042)</u>	<u>(1,951)</u>
December 31	<u>\$ 151,440</u>	<u>\$ 175,277</u>	<u>\$ 326,717</u>

At December 31

Cost	\$ 151,440	\$ 224,747	\$ 376,187
Accumulated depreciation	<u>-</u>	<u>(49,470)</u>	<u>(49,470)</u>
	<u>\$ 151,440</u>	<u>\$ 175,277</u>	<u>\$ 326,717</u>

2022

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1			
Cost	\$ 140,738	\$ 190,187	\$ 330,925
Accumulated depreciation	<u>-</u>	<u>(35,342)</u>	<u>(35,342)</u>
	<u>\$ 140,738</u>	<u>\$ 154,845</u>	<u>\$ 295,583</u>
January 1	\$ 140,738	\$ 154,845	\$ 295,583
Depreciation charge	-	(3,696)	(3,696)
Net exchange differences	<u>-</u>	<u>1,882</u>	<u>1,882</u>
December 31	<u>\$ 140,738</u>	<u>\$ 153,031</u>	<u>\$ 293,769</u>
At December 31			
Cost	\$ 140,738	\$ 192,309	\$ 333,047
Accumulated depreciation	<u>-</u>	<u>(39,278)</u>	<u>(39,278)</u>
	<u>\$ 140,738</u>	<u>\$ 153,031</u>	<u>\$ 293,769</u>

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

	<u>2023</u>	<u>2022</u>
Rental revenue from the lease of the investment property	<u>\$ 19,902</u>	<u>\$ 21,210</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 4,595</u>	<u>\$ 3,696</u>

b. The fair value of the investment property held by the Group was \$918,286 and \$800,060 as of December 31, 2023 and 2022, respectively, which was based on the transaction prices of similar properties in the same area. Valuations were categorized within Level 3 in the fair value hierarchy.

c. Information about the investment property that was pledged to others as collateral is provided in Note 8.

(10) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments for equipment	\$ 37,751	\$ 55,986
Guarantee deposits	5,030	5,440
Others	<u>11,578</u>	<u>11,455</u>
	<u>\$ 54,359</u>	<u>\$ 72,881</u>

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured bank borrowings	\$ -	\$ 400,000
Interest rate range	-	1.56%~1.66%

(12) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Long-term bank borrowings					
Bank borrowings	Borrowing period is from October 7, 2020 to September 15, 2025; interest is repayable monthly; principal is repayable in 24 installments from October 15, 2023.	0.75% - 1.5%	None	\$ 49,613	\$ 56,700
Bank borrowings	Borrowing period is from February 24, 2021 to February 24, 2027; interest is repayable monthly; principal is repayable in 36 installments from February 15, 2024.	0.60% - 1.35%	None	24,502	20,218
Bank borrowings	Borrowing period is from April 14, 2023 to March 15, 2029; interest is repayable monthly; principal is repayable in 36 installments from April 15, 2026.	1.50%	None	855	-
Less: Current portion				(35,837)	(7,088)

\$ 39,133 \$ 69,830

(13) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonus payable	\$ 258,653	\$ 261,459
Commission payable	57,987	47,085
Freight payable	12,920	16,205
Work in process fee payable	5,750	13,656
Payable for equipment	21,800	10,216
Others	94,877	105,898
	<u>\$ 451,987</u>	<u>\$ 454,519</u>

(14) Pensions

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 25,226	\$ 25,198
Fair value of plan assets	(11,209)	(11,534)
Net defined benefit liability	<u>\$ 14,017</u>	<u>\$ 13,664</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2023			
Balance at January 1	\$ 25,198	(\$ 11,534)	\$ 13,664
Current service cost	318	-	318
Interest expense (income)	311	(144)	167
Payment for benefit	(632)	632	-
	<u>25,195</u>	<u>(11,046)</u>	<u>14,149</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(106)	(106)
Change in demographic assumptions	(1)	-	(1)
Change in financial assumptions	98	-	98
Experience adjustments	(66)	-	(66)
	<u>31</u>	<u>(106)</u>	<u>(75)</u>

Pension fund contribution	-	(57)	(57)
Balance at December 31	\$ 25,226	(\$ 11,209)	\$ 14,017
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2022			
Balance at January 1	\$ 25,663	(\$ 12,049)	\$ 13,614
Current service cost	292	-	292
Interest expense (income)	178	(85)	93
Payment for benefit	(1,343)	1,343	-
	<u>24,790</u>	<u>(10,791)</u>	<u>13,999</u>
Remeasurements:			
Return on plan assets (excluding amounts of interest income or expense)	-	(680)	(680)
Change in demographic assumptions	2	-	2
Change in financial assumptions	(1,218)	-	(1,218)
Experience adjustments	<u>1,624</u>	<u>-</u>	<u>1,624</u>
	<u>408</u>	<u>(680)</u>	<u>(272)</u>
Pension fund contribution	-	(63)	(63)
Balance at December 31	\$ 25,198	(\$ 11,534)	\$ 13,664

d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142 The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

e) The principal actuarial assumptions used were as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.20%</u>	<u>1.25%</u>
Future salary increases	<u>2%</u>	<u>2%</u>

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

	<u>Discount rate</u>		<u>Future salary increases</u>		<u>Turnover</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>10%</u>	<u>10%</u>
December 31, 2023						
Effect on present value of defined benefit	(\$ 487)	\$ 502	\$ 497	(\$ 484)	(\$ 3)	\$ 3
December 31, 2022						
Effect on present value of defined benefit	(\$ 526)	\$ 543	\$ 537	(\$ 523)	(\$ 4)	\$ 4

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

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

f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to \$552.

g) As of December 31, 2023, the weighted average duration of the retirement plan is 7 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	589
1-2 year(s)		917
3-5 years		5,139
Over 5 years		<u>21,057</u>
	\$	<u>27,702</u>

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

b) The Group's subsidiaries in mainland China contribute a certain percentage of their local employees' total salaries each month as retirement insurance premiums, in accordance with the retirement insurance system mandated by the government of the People's Republic of China. Well Shin Japan Co., Ltd. and Conntek Integrated Solutions Inc. also allocate retirement benefits based on the applicable local regulations. The retirement benefits for each employee are managed and coordinated by the government, and the Group's obligations are limited to the monthly contributions. Other subsidiaries, except for Cisco LLC., which is not subject to mandatory retirement regulations, do not have retirement schemes or provisions for retirement benefit expenses as they do not have any employees.

c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$37,468 and \$38,533, respectively.

(15) Share capital

Subject to the Company’s Articles of Incorporation amended by the stockholders’ meeting on

June 17, 2013, the Company increased authorized capital to \$1,600,000, consisting of 160,000 thousand shares of ordinary stock (including 15,000 thousand shares of employee share options), and as of December 31, 2023, the paid-in capital was \$1,182,579 with a par value of \$10 (in dollars) per share.

The Company's ordinary shares at the beginning of the period are the same with the outstanding shares at the end of the period in 2023 and 2022.

(16) Capital surplus

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

2023				
	<u>Share premium</u>	<u>Expired employee stock options</u>	<u>Other</u>	<u>Total</u>
At January 1	\$ 1,744,156	\$ 1,602	\$ 32	\$ 1,745,790
Dividends not received by shareholders	-	-	2	2
At December 31	<u>\$ 1,744,156</u>	<u>\$ 1,602</u>	<u>\$ 34</u>	<u>\$ 1,745,792</u>

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

(17) Retained earnings

- a. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve unless the accumulated legal reserve has reached the total capital stock balance. Special reserve shall be appropriated in accordance with related regulations promulgated by competent authorities, and the special reserve along with the accumulated unappropriated retained earnings from previous years is considered as the distributable earnings. The remainder, if any, after considering the operating status, and through a proposition by the Board of Directors and a resolution by the shareholders, shall be retained.
Subject to the Company's Articles of Incorporation amended, the Company authorizes the Board of Directors to approve the distribution of dividends and bonuses or the legal reserve and capital surplus, in whole or in part, in the form of cash with the consent of majority of attending directors which represents more than two-third of all directors and report to the shareholders' meeting. The preceding requirement for a resolution of the shareholders' meeting shall not be applicable.
- b. The Company's dividend policy is based on the Company's current operation status,

future investment environment and capital requirements, long-term operation plan, shareholders' benefits, balanced dividends and the Company's long-term financial plan, etc. The appropriation is proposed by the Board of Directors and then approved by the shareholders during their meeting. Cash dividends shall not be more than 70% of the total dividends distributed to shareholders.

- c. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- d. a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.
b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Gua-Zheng-Fa-Zi Letter No. 1010012865, dated April 6 2012, shall be reversed proportionately when the relevant assets are used, disposed or reclassified subsequently. The Company reversed proportionately the special reserve previously set aside, due to use or disposal of relevant assets. The Company appropriated to the special reserve an amount of \$36,848, the increase in retained earnings on January 1, 2013.
- e. The appropriation of 2022 earnings as proposed by the shareholders on June 15, 2023 and the appropriation of 2021 earnings as resolved by the shareholders on June 24, 2022 are as follows:

	2022		2021	
	Dividend per share		Dividend per share	
	<u>Amount</u>	<u>(in dollars)</u>	<u>Amount</u>	<u>(in dollars)</u>
Legal reserve	\$75,976		\$ 34,692	
Special reserve	(120,329)		35,144	
Cash dividends	473,032	\$ 4.0	236,516	\$ 2.0

The appropriation of earnings for 2022 was same as proposed at the shareholders' meeting, dated March 24, 2023. Information about the appropriation of earnings by the Company as proposed by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

- f. The appropriation of earnings for 2023 was proposed by the Board of Directors on March 15, 2024, please refer Note 11.

(18) Operating revenue

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

	2023	2022
Revenue from contracts with customers:		
Power cord sets for information and electrical appliances	\$ 4,793,711	\$ 5,422,745
Socket plug adapter combination category	428,627	616,768
Others	106,448	119,974
Total	<u>\$ 5,328,786</u>	<u>\$ 6,159,487</u>

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

(19) Interest income

	2023	2022
Interest income from bank deposits	\$ 36,408	\$ 15,207
Interest income from financial assets measured at amortized cost	<u>1,703</u>	<u>2,045</u>
	<u>\$ 38,111</u>	<u>\$ 17,252</u>

(20) Other income

	2023	2022
Rental income	\$ 19,902	\$ 21,210
Others	<u>14,853</u>	<u>14,158</u>
Total	<u>\$ 34,755</u>	<u>\$ 35,368</u>

(21) Other gains and losses

	2023	2022
Net loss on financial assets at fair value through profit or loss	(\$ 1,244)	(\$ 1,022)
Gain on disposal of investments	732	1,268
Gain (loss) on disposal of property, plant and equipment	(325)	11,161
Depreciation expense of investment property	(4,595)	(3,696)
Foreign exchange gain	14,647	211,787
Others loss	<u>(543)</u>	<u>(1,349)</u>
Total	<u>\$ 8,672</u>	<u>\$ 218,149</u>

(22) Expenses by nature

By function	2023			2022		
By nature	Operating costs	Operating Expenses	Total	Operating costs	Operating Expenses	Total
Employee benefit expense	\$754,316	\$268,010	\$1,022,326	\$871,554	\$293,475	\$1,165,029
Depreciation expense of property, plant and equipment	105,227	33,734	138,961	108,038	32,178	140,216
Depreciation expense of right of use assets	1,185	2,284	3,469	1,185	2,295	3,480
Amortization of intangible assets	196	2,641	2,837	235	2,434	2,669

Note: Non-operating expenses depreciation of investment property in 2023 and 2022 were \$4,595 and \$3,696.

(23) Employee benefit expense

	2023	2022
Wages and salaries	\$ 907,406	\$ 1,043,483
Labor and health insurance fees	24,806	25,307
Pension costs	37,953	38,918
Directors' remuneration	790	733
Other personnel expenses	51,371	56,588
	<u>\$ 1,022,326</u>	<u>\$ 1,165,029</u>

- a. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as directors' remuneration and employees' compensation. The ratio shall not be higher than 0.5% for directors' remuneration and shall be 3% to 12% for employee's compensation. Employee compensation may be distributed to the Company's employees and employees of affiliated companies.

- b. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$27,000 and \$40,000, respectively; while directors' remuneration was accrued at \$1,080 and \$800, respectively.

The aforementioned amounts were recognized in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on 4.00% and 0.16% of distributable profit of current year for the year ended December 31, 2023. The employees' compensation and directors' remuneration as resolved by the Board of Directors were \$26,917 and \$1,077, respectively, and the employees' compensation will be distributed in cash.

The difference of (\$468) between employees' compensation and directors' remuneration as resolved by the Board of Directors and the amount recognized in the 2022 financial statements of \$40,478, \$790 had been adjusted in profit or loss for 2023.

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

(24) Income tax

a. Income tax expense

a) Components of income tax expense:

	2023	2022
Current tax:		
Current tax on profit for the period	\$ 28,344	\$ 106,801
Tax on undistributed earnings	16,554	2,028
Prepaid income tax	83,453	44,869
Prior year income tax underestimation (overestimation)	<u>(5,646)</u>	<u>9,988</u>
Total current tax	122,705	163,686
Deferred tax:		
Origination and reversal of temporary differences	60,006	75,607
Effects of foreign exchange	<u>923</u>	<u>(551)</u>
Income tax expense	<u>\$ 183,634</u>	<u>\$ 238,742</u>

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

	2023	2022
Currency translation differences	(\$ 18,583)	\$ 28,297
Remeasurement of defined benefit obligations	<u>15</u>	<u>55</u>
Sub total	<u>(\$ 18,568)</u>	<u>\$ 28,352</u>

b. Reconciliation between income tax expense and accounting profit:

	2023	2022
Tax calculated based on profit before tax and statutory tax rate (Note)	184,530	265,873
Effect from tax credit that should be excluded according to tax laws	(11,804)	(39,147)
Tax on undistributed earnings	16,554	2,028
Prior year income tax underestimation (overestimation)	<u>(5,646)</u>	<u>9,988</u>
Income tax expense	<u>\$ 183,634</u>	<u>\$ 238,742</u>

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

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

2023				
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31</u>
Temporary differences:				
–Deferred tax assets:				
Exchange differences on translation of foreign	\$ 24,898	\$ -	\$ 18,583	\$ 43,481
Unrealized gross profit between affiliated companies	17,024	(5,345)	-	11,679
Allowance for doubtful accounts	3,100	(262)	-	2,838
Pension expense	2,426	86	-	2,512
Accrued pension adjustment	2,072	-	-	2,072
Employees' unused compensated absences payable	153	(5)	-	148
Others	<u>4,347</u>	<u>1,745</u>	<u>-</u>	<u>6,092</u>
Sub total	<u>54,020</u>	<u>(3,781)</u>	<u>18,583</u>	<u>68,822</u>
–Deferred tax liabilities:				
Gain on foreign long-term investments	(597,808)	(60,282)	-	(658,090)
Unrealized exchange losses (benefits)	(5,394)	4,057	-	(1,337)
Remeasurement of defined benefit obligations	<u>(865)</u>	<u>-</u>	<u>(15)</u>	<u>(880)</u>
Sub total	<u>(604,067)</u>	<u>(56,225)</u>	<u>(15)</u>	<u>(660,307)</u>
Total	<u>(\$ 550,047)</u>	<u>(\$ 60,006)</u>	<u>\$ 18,568</u>	<u>(\$ 591,485)</u>

2022				
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31</u>
Temporary differences:				
–Deferred tax assets:				
Exchange differences on translation of foreign	\$ 53,195	\$ -	(\$ 28,297)	\$ 24,898
Unrealized gross profit between affiliated companies	15,571	1,453	-	17,024
Allowance for doubtful accounts	4,183	(1,083)	-	3,100
Pension expense	2,362	64	-	2,426
Accrued pension adjustment	2,072	-	-	2,072
Employees' unused compensated absences payable	185	(32)	-	153
Others	<u>3,497</u>	<u>850</u>	<u>-</u>	<u>4,347</u>

Sub total	81,065	1,252	(28,297)	54,020
–Deferred tax liabilities:				
Gain on foreign long-term investments	(531,361)	(66,447)	-	(597,808)
Unrealized exchange losses (benefits)	5,018	(10,412)	-	(5,394)
Remeasurement of defined benefit obligations	(810)	-	(55)	(865)
Sub total	(527,153)	(76,859)	(55)	(604,067)
Total	(\$ 446,088)	(\$ 75,607)	(\$ 28,352)	(\$ 550,047)

- d. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority

(25) Earnings per share

2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 507,511	118,258	\$ 4.29
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 507,511	118,258	
Assumed conversion of all dilutive potential ordinary shares - Employees' compensation	-	713	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 507,511	118,971	\$ 4.27
2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 759,540	118,258	\$ 6.42
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 759,540	118,258	
Assumed conversion of all dilutive potential ordinary shares - Employees' compensation	-	908	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 759,540	119,166	\$ 6.37

(26) Supplemental cash flow information

Investing activities with partial cash payments:

	2023	2022
Acquisition of property, plant and equipment	\$ 67,568	\$ 70,955
Add: Opening balance of payable on equipment	10,216	47,389
Less: Ending balance of payable on equipment	(21,800)	(10,216)
Cash paid during the year	<u>\$ 55,984</u>	<u>\$ 108,128</u>

(27) Changes in liabilities from financing activities

	2023			
	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities-gross</u>
January 1	\$ 400,000	\$ 76,918	\$ 3,019	\$ 479,937
Changes in cash flow from financing activities	(400,000)	(1,948)	(1,200)	(403,148)
Changes in other non-cash items	-	-	20	20
December 31	<u>\$ -</u>	<u>\$ 74,970</u>	<u>\$ 1,839</u>	<u>\$ 76,809</u>

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

7. RELATED PARTY TRANSACTION

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Cheng Uei Precision Industry Co., Ltd. (Cheng Uei)	Entities with significant influence
Fugang Electronic (Dong Guan) Co., Ltd. (FGEDG)	Other related party
Dongguan Fuqiang Electronics Co., Ltd. (DGFQ)	Other related party
Directors, supervisors, general manager, assistant general managers, etc	The Group's key management
HUANG, XIU-HAO	Director's relative within the second degree

(2) Significant related party transactions and balances

a. Sales revenue

	2023	2022
Sales revenue		
Entities with significant influence to the Group		
Cheng Uei	\$ 240,386	\$ 392,747
Other related parties	<u>1,506</u>	<u>2,445</u>
	<u>\$ 241,892</u>	<u>\$ 395,192</u>

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

b. Accounts receivable

	2023	2022
Accounts receivable:		
Entities with significant influence to the Group		
Cheng Uei	\$ 62,409	\$ 126,276
Other related parties	<u>-</u>	<u>1,210</u>
Sub total	62,409	127,486
Allowance for doubtful accounts	<u>(37)</u>	<u>(38)</u>
	<u>\$ 62,372</u>	<u>\$ 127,448</u>

c. Leasing arrangements – lessee

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

b) Additions to right-of-use assets

	2023	2022
HUANG, XIU-HAO	<u>\$ -</u>	<u>\$ 3,556</u>

c) Lease liabilities

i. Balance at December 31

	2023	2022
HUANG, XIU-HAO	<u>\$ 1,839</u>	<u>\$ 3,019</u>

ii. Interest expense

	2023	2022
HUANG, XIU-HAO	<u>\$ 20</u>	<u>\$ 15</u>

d. Endorsements and guarantees

Please refer Note 13(1)(2) for the details of information on endorsement and guarantees for the year ended December 31, 2023.

(3) Key management compensation

	2023	2022
Short-term employee benefits	\$ 22,280	\$ 22,445
Post-employment benefits	<u>507</u>	<u>373</u>
Total	<u>\$ 22,787</u>	<u>\$ 22,818</u>

8. PLEDGED ASSETS

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

	<u>Book value</u>		
<u>Pledged assets</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Purpose</u>
Financial Assets	\$ 6,280	\$ 2,648	Payment guarantee
Measured at Amortized Cost (Current)			
- Banker's Acceptance			
Financial Assets	10,000	10,000	Payment guarantee
Measured at Amortized Cost (Non-current)			
-time deposits			
Notes receivable	11,672	7,528	Payment guarantee
Property, plant and equipment	143,830	144,706	Borrowings guarantee for future
Investment property	178,948	180,038	Borrowings guarantee for future

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) Contingencies

- a. The group has contingent liabilities for material legal claims arising from daily business activities.
- b. As of December 31, 2023, the Group had a receivable of HK\$4,765 thousand from Cyber Power Systems, Inc. ("Cyber Power"). As a result of the late payment, the Group filed a false claim of seizure against Cyber Power in January 2009 and requested payment for the products and interest on the delay, for which a full allowance has been made. According to the judgment of the Shilin District Court on August 23, 2019, Cyber Power should pay HK\$4,639 thousand to the Group after adding the interest. Cyber Power is still in dispute and appealed in accordance with the law. As at the date of reporting, the case was still under trial in the High Court of Taiwan. However, for the purpose of non-interest increment, Cyber Power was temporarily paid by the amount of HK\$4,639 thousand as indicated in the judgment (other current liabilities were recorded as the proceeds received by the Group). As a result, the Group provided a guarantee in respect of the bearer deposit certificate of \$17,000 thousand in January 2009 in respect of this case which was withdrawn on 1 November 2019.

(2) Commitments

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

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
Property, plant and equipment	\$ 326,950	\$ 114,710

10. LOSSES ON CATASTROPHIC DISASTERS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The appropriations of 2023 earnings had been proposed by the Board of Directors on March 15, 2024. Details are summarized below:

	<u>2023</u>
	<u>Amount</u>
Legal reserve	\$ 50,757
Special reserve	85,315
Cash dividends	354,774
	<u>Dividends per share</u> <u>(Dollar)</u>
	3.0

As of March 15, 2024, the appropriations of 2023 earnings has not been resolved at the stockholders' meeting.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure with reasonable cost of funds. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. Net debt is calculated as total borrowings in the consolidated balance sheet. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. In 2023, the Group's strategy, which was unchanged from 2022. The gearing ratios at December 31, 2023 and 2022 were 21% and 24%, respectively.

(2) Financial instruments

a. Financial instruments by category

	<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 mandatorily measured at fair value through profit or loss	<u>\$ 5,690</u>	<u>\$ 5,357</u>
Financial assets at amortized cost and receivables		
Cash and cash equivalents	\$ 2,236,422	\$ 1,981,981
Financial assets at amortized cost	337,486	127,413
Notes receivable	69,937	82,303
Accounts receivable (including related parties)	1,464,482	1,650,182
Other receivables	22,189	15,159
Guarantee deposits paid	<u>5,030</u>	<u>5,440</u>
	<u>\$ 4,135,546</u>	<u>\$ 3,862,478</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ -	\$ 400,000
Notes payable	14,719	287
Accounts payable	373,889	406,980
Other accounts payable	451,987	454,519
Long-term borrowings	74,970	76,918
Guarantee deposits received	<u>9,007</u>	<u>8,480</u>
	<u>\$ 924,572</u>	<u>\$ 1,347,184</u>
Lease liability	<u>\$ 1,839</u>	<u>\$ 3,019</u>

b. Financial risk management policies

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

b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

c. Significant financial risks and degrees of financial risks

a) Market risk

Foreign exchange risk

A. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

B. Management has set up a policy to require group companies to manage their

foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

- C. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: RMB and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	<u>December 31, 2023</u>		<u>2023</u>			
	Foreign currency amount (In thousands)	<u>Exchange rate</u>	Book value (NTD)	Degree of variation	<u>Sensitivity Analysis</u>	
					Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$48,868	30.71	\$1,500,736	1%	\$15,007	\$ -
HKD:NTD	7,641	3.929	30,021	1%	300	-
RMB:NTD	42,764	4.327	185,040	1%	1,850	-
JPY:NTD	168,677	0.217	36,637	1%	366	-
USD:RMB	4,957	7.104	152,229	1%	1,522	-
EUR:NTD	1,435	33.98	48,761	1%	488	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 2,351	30.71	\$ 72,199	1%	\$ 722	\$ -
HKD:NTD	7,139	3.929	28,049	1%	280	-
USD:RMB	1,403	7.104	43,086	1%	431	-
HKD:RMB	187	0.9080	735	1%	7	-

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

- D. The total exchange gain arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to \$14,647 and \$211,787, respectively.

Price risk

- A. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- B. The Group's investments in equity securities comprise unlisted shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$47 and \$45, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

- i. The Group has short-term borrowings with floating interest rates. Due to the borrowings period is short, it is predicted that there will be no significant market risks.
- ii. The Group's interest rate risk mainly arising from long-term borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During 2023 and 2022, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- iii. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 0.1% with all other variables held constant, profit

before tax for the years ended December 31, 2023 and 2022 would have increased/decreased by \$75 and \$77, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

b) Credit risk

- A. Credit risk refers to the risk of financial loss to the Group arising from default by the clients on the contract obligations. The main factor is that counterparties could not repay in full the contract cash flows of accounts receivable, notes receivable and amortized cost financial assets based on the agreed terms.
- B. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of investment grade or above are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilizations of credit limits is regularly monitored. The main credit risk arises from wholesale and retail customers, including outstanding receivables.
- C. There has been a significant increase in credit risk on that instrument since initial recognition, when the contract payments were past due over 30 days.
- D. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- E. The following indicators are used to determine whether the credit impairment has occurred:
 - i. It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - ii. The disappearance of an active market for that financial asset because of financial difficulties;
 - iii. Default or delinquency in interest or principal repayments;
 - iv. Adverse changes in national or regional economic conditions that are expected to cause a default
- F. The Group classifies customers' accounts receivable in accordance with sales area. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- G. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures.
- H. The Group did not recognize the immaterial impairment losses of accounts receivable and guarantee deposits when applying the modified approach for the years ended December 31, 2023 and 2022.
- I. The Group used the forecast ability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable.
On December 31, 2023 and 2022, the loss rate method for accounts receivable (including related parties) is as follows:

No loss ever occurred (Note 1)

<u>December 31, 2023</u>	<u>Not overdue</u>	<u>Overdue</u> <u>within 30 days</u>	<u>Overdue</u> <u>within 90 days</u>	<u>Overdue</u> <u>within 180 days</u>	<u>Overdue for</u> <u>more than 181</u> <u>days</u>
Expected loss rate	0.03%	1.00%	5.00%	100.00%	100.00%
Total book value	\$1,430,703	\$ 30,270	\$ 4,504	\$ 2,438	\$ 6,037
Loss allowance	\$ 446	\$ 315	\$ 234	\$ 2,438	\$ 6,037

	<u>Incurred losses</u>	<u>Individually</u>	<u>Total</u>
<u>December 31, 2023</u>			
Expected loss rate	Note 2	Note 3	
Total book value	\$ -	\$ 26,358	\$ 1,500,310
Loss allowance	\$ -	\$ 26,358	\$ 35,828

No loss ever occurred (Note 1)

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

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

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

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

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

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

	<u>2023</u>		
	<u>Accounts receivable</u>		<u>Total</u>
	<u>Accounts receivable</u>	<u>related parties</u>	
January 1	\$ 35,903	\$ 38	\$ 35,941
Provision for impairment loss	(112)	(1)	(113)
December 31	\$ 35,791	\$ 37	\$ 35,828

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

c) Liquidity risk

- A. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- B. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- C. The details of the Group's unused borrowing limit are as follows:

	December 31, 2023	December 31, 2022
Floating rate		
Due within one year	<u>\$ 2,507,100</u>	<u>\$ 1,932,100</u>

- D. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2023	<u>Less than 1 year</u>	<u>Between</u>		<u>Over 5 years</u>
		<u>1 and 5 years</u>		
Notes payable	\$ 14,719	\$ -		\$ -
Accounts payable	373,889	-		-
Other payables	451,987	-		-
Lease liability	1,200	650		-
Long-term borrowings	36,857	39,648		-

Non-derivative financial liabilities:

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

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

(3) Fair value information

- a. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

- b. Financial instruments not measured at fair value

The Group's carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, accounts payable and other payables are approximate to their fair values. The carrying amounts are provided in Note 12(2) A.

- c. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

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

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value				
through profit or loss				
Equity securities	\$ <u>5,690</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>5,690</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value				
through profit or loss				
Equity securities	\$ <u>5,357</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>5,357</u>

- b) The methods and assumptions the Group used to measure fair value are as follows:
The instruments the Group used market quoted prices as their fair values (that is, Level 1), the quoted prices are measured by closing price of listed shares.
- d. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

13. ADDITIONAL DISCLOSURES

(1) Significant transaction information

- a. Financing provided to others: Please refer to table 1.

- b. Provision of endorsements and guarantees to others: Please refer to table 2.
- c. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- d. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- e. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- f. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- g. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- h. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- i. Derivative financial instruments undertaken for the year ended 2023: None.
- j. Significant inter-company transactions for the year ended December 31, 2023: Please refer to table 6.

(2) Information on investees

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

(3) Information on investments in Mainland China

- a. Basic information: Please refer to table 8.
- b. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:
 - a) Purchasing amount and percentage and related receivables' percentage and balance at December 31, 2023: Please refer to tables 6.
 - b) Selling amount and percentage and related receivables' percentage and balance at December 31, 2023: Please refer to tables 6.
 - c) Property transaction amounts and gains and loss arising from them: None.
 - d) Balance and purpose of provision of endorsements/guarantees or collaterals at December 31, 2023: Please refer to tables 2.
 - e) Maximum balance, ending balance, interest rate range and interest for financing during the year ended and at December 31, 2023: None.

- f) Other significant transactions that affected the gains and loss or financial status for the period, i.e., rendering/receiving of service: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. DEPARTMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

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

(3) Segment information

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

For the year ended December 31, 2023

	<u>Southern China</u>	<u>Eastern China</u>	<u>Taiwan</u>	<u>Other regions</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue from external	\$ 27,039	\$ 1,034,213	\$ 3,850,598	\$ 416,936	\$ -	\$ 5,328,786
Inter-segment revenue	<u>2,441,131</u>	<u>1,532,804</u>	<u>128,616</u>	<u>17,315</u>	<u>(4,119,866)</u>	<u>-</u>
Total segment revenue	<u>\$ 2,468,170</u>	<u>\$ 2,567,017</u>	<u>\$ 3,979,214</u>	<u>\$ 434,251</u>	<u>(\$ 4,119,866)</u>	<u>\$ 5,328,786</u>
Segment income	<u>\$ 251,466</u>	<u>\$ 139,585</u>	<u>\$ 507,511</u>	<u>(\$ 39,331)</u>	<u>(\$ 351,720)</u>	<u>\$ 507,511</u>

For the year ended December 31, 2022

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

(4) Reconciliation for segment income (loss)

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

Information on products and services.

The information on products and services was as following:

<u>Items</u>	<u>2023</u>	<u>2022</u>
Power cord sets for information and electrical appliances	\$ 4,793,711	\$ 5,422,745
Socket, plug, adapter, combination category	428,627	616,768
Others	<u>106,448</u>	<u>119,974</u>
Total	<u>\$ 5,328,786</u>	<u>\$ 6,159,487</u>

(5) Geographical information

The Group's geographical information for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Asia	\$ 2,884,173	\$ 2,036,435	\$ 2,823,402	\$ 2,083,400
America	2,360,702	284,198	3,173,429	326,654
Europe	67,546	-	139,481	-
Others	<u>16,365</u>	<u>-</u>	<u>23,175</u>	<u>-</u>
Total	<u>\$ 5,328,786</u>	<u>\$ 2,320,633</u>	<u>\$ 6,159,487</u>	<u>\$ 2,410,054</u>

(6) Major customer information

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

	<u>2023</u>		<u>2022</u>	
<u>Name of customers</u>	<u>Revenue</u>	<u>Segment</u>	<u>Revenue</u>	<u>Segment</u>
SH0011	\$ 1,119,972	Taiwan	\$ 784,140	Taiwan

Well Shin Technology Co., Ltd. and Subsidiaries
Financing provided to others
Year ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

<u>No.</u>	<u>Creditor</u>	<u>Borrower</u>	<u>General ledger account</u>	<u>Is a related party</u>	<u>Maximum outstanding balance during the year ended December 31, 2023</u>	<u>Balance at December 31, 2023 (Note 1)</u>	<u>Actual amount drawn Down</u>	<u>Interest rate</u>	<u>Nature of loan (Note 2)</u>	<u>Amount of transactions with the borrower</u>	<u>Reason for shortterm No. Creditor Borrower financing</u>	<u>Allowance for doubtful accounts</u>	<u>Collateral</u>		<u>Limit on loans granted to a single party (Note 3)</u>	<u>Ceiling on total loans granted (Note 3)</u>	<u>Footnote</u>
													<u>Item</u>	<u>Value</u>			
0	The Company	Conntek	Other receivables - related parties	Y	\$228,198 (USD7,300 thousand)	\$224,183 (USD7,300 thousand)	16,964	5.50%	2	-	Turnover of operation	-	None	-	2,616,240	2,616,240	
1	CISCO LLC.	Conntek	Other receivables - related parties	Y	\$194,580 (USD6,000 thousand)	\$184,260 (USD6,000 thousand)	162,763	5.50%	2	-	Turnover of Operation	-	None	-	355,652	355,652	

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

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

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

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

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

Well Shin Technology Co., Ltd. and Subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 2)	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn Down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 3)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 3)	Provision of endorsements/ guarantees to the party in Mainland China (Note 3)	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	The Company	Well Shin Kunshan	Third-tier subsidiary	3,270,300	48,645	46,065	-	-	1	3,270,300	Y	-	Y	Note 4
0	The Company	Dongguan Well Shin	Second-tier subsidiary	3,270,300	125,533	120,201	120,201	-	2	3,270,300	Y	-	Y	Note 5

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

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

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

Note 4: The maximum outstanding endorsement/guarantee amount as of December 31, 2023 is USD1,500 thousand and the outstanding endorsement/guarantee amount as of December 31, 2023 is USD1,500 thousand.

Note 5: The maximum outstanding endorsement/guarantee amount as of December 31, 2023 is USD3,100 thousand and TWD25,000 thousand. The outstanding endorsement/guarantee amount as of December 31, 2023 is USD3,100 thousand and TWD25,000 thousand.

Well Shin Technology Co., Ltd. and Subsidiaries

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

Year ended December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

<u>Securities held by</u>	<u>Marketable securities</u>	<u>Relationship with the securities issuer</u>	<u>General ledger account</u>	<u>Number of shares</u>	<u>As of December 31, 2023</u>		<u>Fair value</u>	<u>Footnote</u>
					<u>Book value</u>	<u>Ownership</u>		
The Company	HTC Corporation	N/A	Financial assets at fair value through profit or loss - current	12,000	\$ 616	-	\$ 616	None
Dongguan Well Shin	China Southern Airlines	N/A	Financial assets at fair value through profit or loss - current	6,900	172	-	172	None
Dongguan Well Shin	Mingtai Al. Industrial	N/A	Financial assets at fair value through profit or loss - current	100,000	4,902	-	4,902	None

Well Shin Technology Co., Ltd. and Subsidiaries

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

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

<u>Purchaser/seller</u>	<u>Counterparty</u>	<u>Relationship with the Counterparty</u>	<u>Purchases (sales)</u>	<u>Transaction</u>		<u>Percentage of total purchases (sales)</u>	<u>Percentage of total purchases (sales)</u>	<u>Differences in transaction terms compared to third party transactions</u>		<u>Notes/accounts receivable (payable)</u>		<u>Footnote</u>
				<u>Amount</u>	<u>Percentage of total purchases (sales)</u>			<u>Unit price</u>	<u>Credit term</u>	<u>Balance</u>	<u>Percentage of total notes/accounts receivable (payable)</u>	
The Company	Cheng Uei	A company that evaluates the Company by the equity method	Sales	(\$ 240,386)	(6%)	Note 1	Note 1	Note 1	Note 1	\$ 62,408	5%	
The Company	Dongguan Well Shin	Second-tier subsidiary	Purchases	2,422,629	70%	Note 2	Note 2	Note 2	Note 2	(1,156,522)	(80%)	
The Company	Well Shin Kunshan	Third-tier subsidiary	Purchases	777,147	22%	Note 2	Note 2	Note 2	Note 2	(275,990)	(19%)	
The Company	Conntek	Third-tier subsidiary	Sales	(123,868)	(3%)	Note 2	Note 2	Note 2	Note 2	74,685	6%	
Dongguan Well Shin	The Company	Parent Company	Sales	(2,422,629)	(98%)	Note 2	Note 2	Note 2	Note 2	1,156,522	99%	
Well Shin Kunshan	The Company	Parent Company	Sales	(777,147)	(45%)	Note 2	Note 2	Note 2	Note 2	275,990	55%	
Conntek	The Company	Parent Company	Purchases	123,868	35%	Note 2	Note 2	Note 2	Note 2	(74,685)	(78%)	
Well Shin Kunshan	Well Shin Electric	Affiliate	Sales	(755,393)	(44%)	Note 2	Note 2	Note 2	Note 2	151,617	30%	
Well Shin Electric	Well Shin Kunshan	Affiliate	Purchases	755,393	97%	Note 2	Note 2	Note 2	Note 2	(151,617)	(100%)	

Note 1: Please refer to Note 7.

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

Well Shin Technology Co., Ltd. and Subsidiaries

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

<u>Creditor</u>	<u>Counterparty</u>	<u>Relationship with the counterparty</u>	<u>Balance as at December</u>		<u>Overdue receivables</u>		<u>Amount collected subsequent to the balance sheet date</u>	<u>Allowance for Creditor Counterparty doubtful accounts</u>
			<u>31, 2023</u>	<u>Turnover rate</u>	<u>Amount</u>	<u>Action taken</u>		
Dongguan Well Shin	The Company	Parent Company	\$ 1,156,522	2.84	\$ 582,335	Post-Period Receipts	\$ 297,496	-
Well Shin Kunshan	The Company	Parent Company	275,990	2.60	64,966	Post-Period Receipts	122,286	-
Well Shin Kunshan	Well Shin Electric	Affiliate	151,617	5.22	2,592	Post-Period Receipts	86,163	-

Well Shin Technology Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction	Percentage of consolidated total operating revenues or total Assets (Note 3)
						Transaction terms	
0	The Company	CONNTEK	1	Accounts Receivable	\$ 74,685	Same as that applicable to the general customer Receivables collection as per for the average customer, 120 days	1%
		CONNTEK	1	Sales	123,868	Same as that applicable to the general customer Receivables collection as per for the average customer, 120 days	2%
		Dongguan Well Shin	1	Accounts Payable	1,156,522	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	14%
		Dongguan Well Shin	1	Purchases	2,422,629	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	45%
		Well Shin Kunshan	1	Accounts Payable	275,990	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	3%
		Well Shin Kunshan	1	Purchases	777,147	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	15%
		Well Shin Electric	3	Sales	755,393	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	14%
1	Well Shin Kunshan	Well Shin Electric	3	Accounts Receivable	151,617	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	2%
1	CISKO	CONNTEK	3	Other receivables	180,712	It is a financing provided and the interest is calculated at an agreed annual interest rate of 5.5%.	2%

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

(1) Parent company is '0'.

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

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

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

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

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

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

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

Well Shin Technology Co., Ltd. and Subsidiaries

Information on investees

Year ended December 31, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Carrying amount	Net profit (loss) recognised by the of the investee Company for the for the year ended December 31, December 31, 2023		Footnote
				End of current period	End of last year	Number of shares	Ratio			2023	31, 2023	
The Company	PCDT	Samoa	Holding company	\$ 475,412	\$ 475,412	14,250,000	100	\$ 2,646,765	\$ 251,563	\$ 251,563		
The Company	BDT	Belize	Holding company	1,097,168	1,097,168	35,817,060	100	1,525,603	22,892	22,892		
The Company	STT	Samoa	Holding company	734,428	734,428	22,500,000	100	1,588,599	104,234	104,234		
The Company	WSIC	U.S.	Manufacture of wire and cable, electronic components and sales of electronic materials	3,310	-	105,000	100	2,983	(245)	(245)	Note	
BDT	BPC	Mauritius	Holding company	500,483	500,483	16,297,060	100	803,636	32,961	not applicable		
BDT	WG	Mauritius	Holding company	552,780	552,780	18,000,000	100	769,331	(38,702)	not applicable		
STT	GHT	Mauritius	Holding company and trading of electronic materials	690,975	690,975	22,500,000	100	1,588,593	104,234	not applicable		
BPC	WSJ	Japan	Sales of cable and electronic components materials	2,981	2,981	198	100	31	121	not applicable		
WG	CONNTEK	U.S.	Sales of cable and electronic components materials	179,654	179,654	5,850,000	100	261,256	(36,560)	not applicable		
WG	CISCO	U.S.	Warehouse leasing services	373,127	373,127	-	100	508,075	(2,142)	not applicable		

Note: In order to strengthen customer cooperation, expand business in the United States, and improve operating performance, the company invested in the establishment of Well Shin Industries Corp. on July 25, 2023.

Well Shin Technology Co., Ltd. and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

<u>Investee in Mainland China</u>	<u>Main business Activities</u>	<u>Paid-in capital</u>	<u>Investment Method</u>	<u>Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023</u>	<u>Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023</u>		<u>Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023</u>	<u>Net income of investee as of December 31, 2023</u>	<u>Ownership held by the Company (direct or indirect)</u>	<u>Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 3)</u>	<u>Book value of investments in Mainland China as of December 31, 2023</u>	<u>Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023</u>	<u>Footnote</u>
					<u>Remitted to Mainland China</u>	<u>Remitted back to Taiwan</u>							
Dongguan Well Shin	Manufacture of wire and cable, electronic components and sales of electronic materials	\$ 428,190	(Note 2)	\$ 437,618	\$ -	\$ -	\$ 437,618	\$251,466	100	\$ 251,563	\$2,646,683	\$ -	Note 1,3
Well Shin Kunshan	Manufacture of wire and cable, electronic components and sales of electronic materials	675,620	(Note 2)	675,620	-	-	675,620	104,234	100	104,234	1,588,547	-	Note 3
Well Shin Electric	Manufacture of wire and cable, electronic components and sales of electronic materials	405,372	(Note 2)	405,372	-	-	405,372	35,352	100	35,352	749,081	-	-
Dongguan Well Lian Machinery	Manufacture and sales of injection mol machine and its parts and peripheral equipment	-	(Note 2)	22,111	-	-	22,111	-	-	-	-	-	-
Dongguan Plugo	Sales of wire and cable, electronic components and home appliances	92,130	(Note 2)	92,130	-	-	92,130	(2,513)	100	(2,513)	54,415	-	Note 4
<u>Company name</u>	<u>Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023</u>	<u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u>	<u>Ceiling on investments in Mainland China imposed by the Investment Commission o</u>										
The Company	\$ 1,632,851	\$ 1,632,851	\$ 3,924,359										

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

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

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

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

Well Shin Technology Co., Ltd. and Subsidiaries

Major shareholders information

Year ended December 31, 2023

Table 9

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