

WHA YU INDUSTRIAL CO., LTD.

2023 Annual Report (Translation)

Publication Date:May 18,2024

Annual Report are accessible from the following websites:

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

<https://www.whayu.com>

I. Company Spokesperson and Deputy Spokesperson

Spokesperson: Tsao, Fu-Yi

Title: President

Tel.: +886-3-571-4225

E-mail:IR@whayu.com

Deputy Spokesperson: Chen Huang Chueh

Title: Finance Division Assistant Vice President

Tel.: +886-3-571-4225

E-mail:IR@whayu.com

II. Address and Telephone Number of the Company's Headquarters and Plant

Headquarters:

No.326, Sec. 2, Gongdao 5th Rd., East Dist., Hsinchu City 300043, Taiwan(R.O.C.)

Headquarters Tel.: +886-3-571-4225

Plant:No. 35, Fenggong Rd., Hukou Township, Hsinchu County 303035 , Taiwan (R.O.C.)

Plant Tel.: +886-3-597-3888

III. Stock Transfer Handling Agency

Name: Stock Transfer Agency Unit , Taishin Securities Co., Ltd.

Address: No. 96-B1, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)

Website: <https://www.tssco.com.tw>

Tel.: +886-2-2504-8125

IV. Name of the CPA and CPA Firm Auditing the Financial Statements in the Most Recent Year

Name of CPAs: Tsai, Mei-Chen and Lin, Hsin-Tung

Accounting Firm: Deloitte & Touche

Address: 6F, No. 2, Zhanye 1st Rd., Hsinchu Science ParkEast Dist.,Hsinchu, Taiwan (R.O.C.)

Website: <http://www.deloitte.com.tw>

Tel.: +886-3-578-0899

V. Overseas Securities Exchange: Not applicable

VI. Company Website

<https://www.whayu.com>

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Chapter 1. Letter to Shareholders

Ladies and Gentlemen,

We would like to express our gratitude for taking the time to meet with us. We are truly grateful for your support and for your presence at the 2024 Annual General Meeting of Shareholders, despite your busy schedules.

We are pleased to present this report, which provides a summary of the Company's business conditions of 2023 and business plans for 2024.

I .Business Results

Our consolidated operating revenue amounted to NT\$1.401 billion in 2023, reflecting a decrease of 29.26% compared to the previous year. The consolidated net loss after tax stood at NT\$ 0.126 billion. The decline is primarily attributed to the delay in the deployment schedule of 5G telecommunications operators in advanced economies worldwide, coupled with the impact of rapid interest rate hikes and inflation in the United States, which weakened consumer spending and subsequently affected our company's revenue. The Company does not currently share its financial forecasts with the public. In terms of the Consolidated Financial Statements, it is worth noting that wireless radio communication devices accounted for 81.95% of the total revenue, representing a significant source of revenue for the company.

The company's product range is divided into three categories: Wireless Communication, Subsystems and IoT, In-vehicle and Telecommunications. We continuously invest in research and development to complete the development of miniaturized Wi-Fi 7 Antenna, IoT Antenna and Modules, Smart Switched Beam Antenna, mmWave products, LTE+CBRS Base Station, N78/N77+N79 Indoor DAS Antenna, O-RAN coverage Antenna, N78/N79 broadband high gain base station omni-directional Antenna, 5GHz MIMO High-Directivity Antenna, L1+L2+L5 broadband UAV Antenna, broadband high-precision circular polarized ceramic Antenna and IoT Router among various other communication products. These offerings cater to the diverse needs of our customers, ranging from end-to-end wireless communication equipment from the central office to the user end.

II. Business Plan.

(A) Business Policies and Future Development Strategies

We are committed to maintaining our focus on our core technologies and businesses in order to enhance our R&D capabilities and strengthen our services to branded customers. We are actively engaged in collaboration with key material suppliers with the aim of developing low-loss dielectric materials to meet customer demand for wireless communications equipment from the local level to the consumer level.

Our company is dedicated to focusing on our core technologies and business

operations, enhancing our R&D capabilities, and strengthening our services for brand customers. We are delighted to be able to work in collaboration with our key material suppliers to develop low-loss dielectric materials which we hope will meet the needs of our customers for wireless communication equipment from the central office to the user end.

We are proud to offer a comprehensive range of wireless communication antennas, including Wi-Fi 7 models, high-performance base station antennas, smart beam-switchable antennas, LTE+5G NR full-band Antennas, 5G DAS antennas, LTE+5G NR multi-in-one vehicle Antennas, industrial-grade 4G/5G routers for IoT, radar sensing modules, GNSS modules, AI smart application modules, RFID smart warehouse sensing systems, and more.

Our company is actively responding to the development trends of B5G and 6G in the Internet of Everything. Countries view the construction of broadband networks as a demonstration of national strength, which accelerates infrastructure upgrades. In this decentralised context, Taiwan will be the biggest beneficiary. To this end, our Fengshan factory in Hsinchu serves as the Group's manufacturing and logistics centre, flexibly coordinating with our manufacturing bases in Dongguan, China, and Vietnam. This allows us to adapt to the trend of short-chain supply, establish regionalised production and provide localised, real-time service to our customers.

The telecommunications industry is at the forefront of transformation, and we continue to lead the pace of the digital age. In the future, the integration of 6G, satellite communications, IoT and artificial intelligence technologies, as well as the evolution of cloud data centres, will bring more surprises and challenges. While 5G technology is not yet widespread, the vision and application scenarios of 6G are already emerging. The global network communications industry is entering a new era of rapid development. The main directions will include generative AI, video streaming, IoT applications, cloud gaming, connected vehicles, and enterprise private network applications.

We plan to work with other companies to develop new products. We want to sell more standard products, use our R&D resources more, promote wireless products in more ways, and make our products more valuable by combining different components and software and hardware. We will sell more products and offer solutions that integrate antennas, systems and structures. In the future, we will continue to invest in software and hardware R&D, as well as equipment upgrades in the following areas: network communication antennas, IoT modules, sensing radar products, RTK modules, automotive communication antennas, base station antennas, millimeter-wave antenna modules, and industrial IoT-grade routers. This will ensure we meet market demands and maintain our competitive edge.

(B)Expected Sales Volume and Basis

The Company's expected sales volume is based on a number of factors, including the industry environment, customers' product demand, market supply and demand, market share and forecast information of each industry, as well as the planning of its own production capacity and business development strategy.

(C)Important Production and Marketing Policies

- (1)Improve product yield, invest in smart manufacturing, and provide a variety of product production services to meet customer needs.
- (2)To provide multiple supply points in Taiwan, China and Vietnam to meet customers' needs and cope with short-chain product supply.
- (3) Build stronger relationships with customers and open an office in the US to sell FWA products to IIoT and AIoT.
- (4)Improve our ability to buy and deliver components quickly and at a good price.
- (5)Expand the range of 5G compact base station antennas, increase market share, and improve production technology and capacity.
- (6)Gain more insight into the antenna, module, and sub-system markets. Attend international exhibitions to develop overseas sales. Understand the market channels and customer needs.
- (7)Work with chip and system integration companies to provide more complete products to customers.
- (8)Keep customers informed about orders and work with local suppliers to improve supply chain services.

III.Affected by External Competitive ,Legal Environment, and Overall Business Environment.

Our company has striven to adhere to relevant domestic and international regulations and to uphold the highest standards of corporate governance. We are dedicated to fulfilling our corporate social responsibility and continuously striving to enhance our corporate value in order to achieve the goal of sustainable operation.

It seems that generative AI technology is having a growing impact and creating new opportunities across various industries. It is our hope that this technology will help to save time, increase efficiency, reduce costs, and aid in developing new applications and products, thereby accelerating the digital transformation of the telecommunications industry. It is hoped that the inventory adjustments in the overall electronics supply chain will gradually normalise in the latter half of the year. It is conceivable that progress in the Wi-Fi 7 field may offer a competitive advantage, especially in the wake of Wi-Fi 6E. It is hoped that the advent of Wi-Fi 7 will bring about technological advancements, which may result in better user experiences and the acceleration of the realisation of high-demand applications. Concurrently, in light of the B5G and 6G Internet of Everything development

trends, telecom operators may find themselves facing increasing demands for various networking solutions, which could further expand application needs. As the world emerges from the shadow of the pandemic, we are gradually seeing a return to normalcy in international travel and an increase in exchanges between countries. This could potentially lead to the development of a wider range of services in the B5G telecommunications industry.

It is possible that geopolitical risks and the trend towards short-chain supply may lead to significant changes in supply and demand. In light of these considerations, our company is exploring the possibility of establishing localised supply chains with the aim of mitigating the risks associated with customer orders being transferred or dispersed from manufacturing in China. Furthermore, we are working to establish a green supply chain in line with the net-zero carbon emission trend and are engaged in ESG-related planning with the aim of contributing to Taiwan's sustainable development.

However, we must maintain a cautious and pragmatic business approach, responding promptly to changes in the external environment and devising necessary countermeasures. Despite the challenging macroeconomic conditions, we are actively striving to meet our operational goals in order to ensure the stable development of our business.

IV. Epilogue

We would like to express our sincerest gratitude to all our shareholders for their long-term support and encouragement, which have enabled our company to continuously grow and thrive. In the face of the rapidly evolving technology industry, our management team will respond flexibly and swiftly to industry changes in order to meet the expectations of our shareholders.

Finally, we would like to extend our warmest wishes to all our shareholders for good health and prosperity in all their endeavours.

Wha Yu Industrial Ltd.
Chairman Tsou, Mi-Fu

Chapter 2. Company Profile

I. Date of Establishment: November 18, 1981

II. Company History:

Date	Milestones
November 1981	Ye Yu Industrial Ltd. was established with a registered capital of NT\$1,000,000, engaged in the processing and manufacturing of electronic wires.
May 1988	Changed registration from Ye Yu Industrial Ltd. to Wha Yu Industrial Ltd.
May 1989	Cash increased by NT\$4,000,000 and paid-in capital increased by NT\$5,000,000.
May 1991	Cash increased by NT\$10,000,000 and paid-in capital increased by NT\$15,000,000.
November 1996	Passed ISO 9000 certification.
August 1997	Changes registration to Wha Yu Industrial Co., Ltd., and cash increased by NT\$35,000,000 and paid-in capital increased by NT\$50,000,000.
September 1998	Cash increased by NT\$50,000,000 and paid-in capital increased by NT\$100,000,000.
March 2000	Invested in the development and manufacture of passive optical fiber components.
September 2001	Invested in radio frequency (RF) antenna development and manufacturing, research and development of wireless communication router, began to research and development and production of the Wireless radio communication devices.
August 2002	Established a subsidiary company, Hua Hong International Ltd., and bought back Taihua Electric (Hong Kong) Co. Ltd. and its incoming processing plant, Taihua Electric Industry Manufacture Factory and Shanghai Hua Yu Electronic Co., Ltd.
November 2002	Cash increased by NT\$40,000,000 and paid-in capital increased by NT\$140,000,000.
December 2002	Cash increased by NT\$40,000,000 and paid-in capital increased by NT\$180,000,000.
August 2003	Cash increased by NT\$40,000,000 and paid-in capital increased by NT\$220,000,000.
December 2003	Passed ISO 14000 certification.
December 2003	Cash increased by NT\$30,000,000 and paid-in capital increased by NT\$250,000,000.
January 2004	Suzhou AEON Tech CO., Ltd. was opened.
April 2004	Successfully developed IEEE802.11 b/g 2.4GHz 7dBi omnidirectional antenna, and the product is sold all over the world and the Company became the world's largest supplier of this product.
June 2004	Surplus increased by NT\$58,600,000 and cash increased by NT\$15,000,000, while paid-in capital increased by NT\$323,600,000.
July 2004	IPO

Date	Milestones
October 2004	Successfully developed a modular built-in antenna that can directly pass through the SMT process, especially suitable for Smartphone and PDA products with small size.
November 2004	Successfully developed and mass-produced IEEE802.11 b/g 2.4GHz MIMO antenna.
December 2004	Successfully developed UHF RFID for long-distance passive electronic tags on metal objects.
February 2005	Emerging Stock Market Listing.
March 2005	Published RFID R&D results.
April 2005	The new plant was completed and the relocation was completed.
May 2005	Participated in the "RFID Container Application SIG" and "STARS Group" exchange activity organized by the System Center of the Institute in Keelung City. The Company was awarded the first prize in the overall evaluation of RFID Tag dynamic reading test conducted by container vehicles.
November 2005	Successfully developed GPS 38dB low noise amplifier.
December 2005	Successfully developed mass-produced wireless router dual-band 5dBi/7dBi omnidirectional antenna.
January 2006	Stocks passed the OTC Market Review Board.
January 2006	WiMAX antenna passed the ETSI TS3 Range 1 test.
February 2006	The board of directors of Taipei Exchange has approved the listing of the Company's shares on TPEx.
March 2006	Developed and mass-produced IEEE802.11n module antenna.
May 2006	The Company's stock was officially listed and traded in Taipei Exchange.
September 2006	Dongguan factory Dongguan AEON Tech Co, Ltd completed and opened.
December 2006	The paid-in capital amount is NT\$582,496,000 after receiving the shares of Parner Technology Co., Ltd.
February 2007	Issued the first unsecured convertible corporate bond in 2007 with a total amount of NT\$400 million.
May 2007	After a simple merger with Parner Technology Co., Ltd., the Company shall be a surviving company and Parner Technology Co., Ltd. shall become an extinct company by absorption.
October 2007	The surplus of NT\$119,597,000 (including employee bonuses of NT\$14,747,000) was converted into additional capital and issued new shares, and the corporate bond holder applied for conversion into common shares. The paid-in capital increased to NT\$708,103,000.
January 2008	The paid-in capital increased to NT\$715,103,000 when the bondholder applied for conversion into common stock.
January 2008	TPEx listed transferred to TWSE listed.
October 2008	The surplus of NT\$84,870,000 (including employee bonus NT\$13,360,000) was transferred to additional capital and issued new shares, and the paid-in capital increased to NT\$799,973,000.

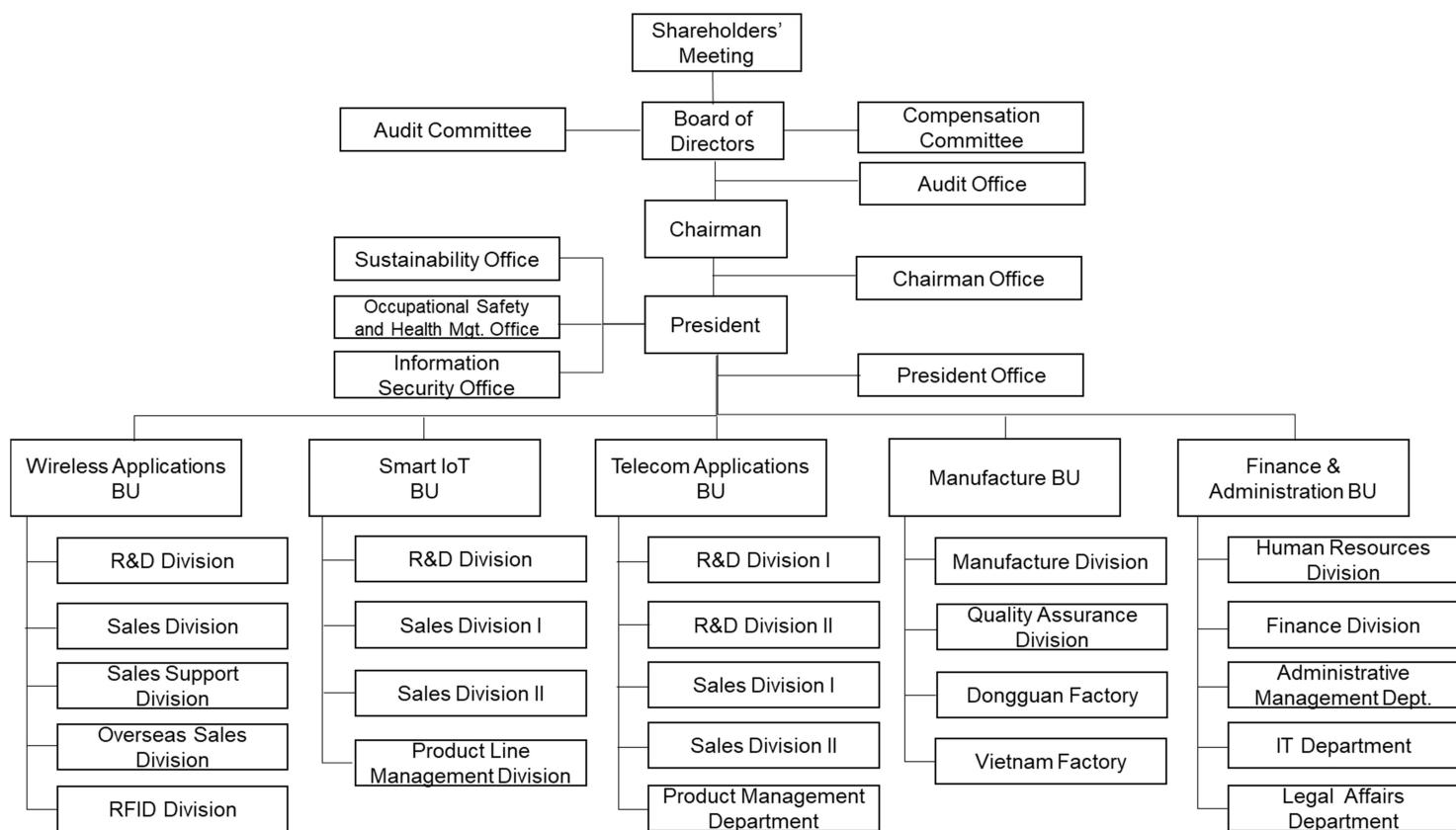
Date	Milestones
February 2009	For the cancellation of Treasury shares, the paid-in capital is NT\$795,623,000.
November 2010	Issued the second secured convertible corporate bond in XX with a total amount of NT\$300 million.
December 2010	Dongguan AEON Tech Co., Ltd. obtained a patent for a base station antenna in China.
December 2011	After the issuance of new shares by Pro Brand Technology (TW) Inc., the paid-in capital is NT\$1,049,045,000.
January 2012	For the cancellation of Treasury shares, the paid-in capital is NT\$1,021,955,000.
January 2012	The Company obtained the Spanish base station antenna phase shifter patent.
February 2012	Successfully developed fleet management multi-in-one antenna.
July 2012	Successfully developed vending machine antenna.
August 2012	Successfully developed an antenna for ship communication.
September 2012	Successfully developed multi-point positioning antenna for air traffic control.
October 2012	Dongguan AEON Tech Co., Ltd. inaugurated its second factory in Dongguan.
October 2012	Successfully developed base station antenna for Japanese PHS
January 2013	Successfully developed satellite communication product VSAT
April 2013	The paid-in capital increased to NT\$1,074,187,000 when the bondholder applied for conversion into common stock
August 2013	The surplus of NT\$71,591,000 was converted into additional capital and issued new shares, and the paid-in capital increased to NT\$1,145,778,000.
September 2013	Successfully developed CPE antenna
October 2013	The paid-in capital increased to NT\$1,151,343,000 when the bondholder applied for conversion into common stock
January 2014	The paid-in capital increased to NT\$1,189,094,000 when the bondholder applied for conversion into common stock
April 2014	Establishment of a Hong Kong subsidiary, AARC Technologies Co., Limited.
May 2014	Invested in Pro Brand Technology, Inc.
May 2015	Successfully developed base station Antennas for Hong Kong telecom operators.
May 2016	Successfully developed base station Antennas for Taiwan telecom operators.
April 2017	Invested in CLICK Digital Technology Co., Ltd.
May 2017	Invested in Eureka Autotech Inc.
December 2018	Approved the application for land purchase at Fengshan Industrial Area, Hukou Township, Hsinchu County.
November 2019	Started building the Plant at Fengshan Industrial Area, Hukou Township, Hsinchu County.

Date	Milestones
May 2020	Disposal of 100% equity of Suzhou AEON Tech CO., Ltd.
November 2021	The new plant at Fengshan Industrial Area, Hukou Township, Hsinchu County was completed and opened.
April 2022	Invested in Hang Jian Technology Co., Ltd.
December 2022	Disposal of Pro Brand Technology, Inc. 100% equity.
December 2022	Closed the Hong Kong subsidiary AARC Technologies Co., Limited
March 2023	Establishment of a New Subsidiary in the USA. (WHA YU USA INC.)
August 2023	Closed the Shanghai subsidiary AEON TECHNOLOGY (SHANG HAI)CO., LTD.
September 2023	Establishment of a New Subsidiary in Vietnam. (WHA YU VIETNAM LIMITED LIABILITY COMPANY)

Chapter 3. Corporate Governance Report

I. Organizational Structure:

(A) Organization Chart:



(B) Department Functions

Departments	Functions
Chairman Office	◎ Formulate corporate goals and strategies. ◎ Collect industry information and formulate enterprise investment strategy ◎ Evaluation and promotion of investment projects. ◎ Planning and execution of corporate project.
President Office	◎ Enhance the function of organization, Improve the business performance. ◎ Planning the business strategy and set the operational goals. ◎ Implement the overall business strategy to achieve the business goals ◎ Supervise the operation management of the enterprise and review its performance.
Audit Office	◎ Inspection of internal control systems to measure the effectiveness of, and compliance with, existing policies and procedures, and their effects on operational activities.
Sustainability Office	◎ Review the company's various management systems to meet the needs of business management, enterprise risk management and operational process improvements. ◎ Frame sustainability (ESG) strategies ,activities ,action plan, execution and track implementation results.

Departments	Functions
Occupational Safety and Health Management Office	◎ Responsible for factory safety inspection and safety management. ◎ Environmental pollution prevention and sanitation management. ◎ Employee health and safety management.
Information Security Office	◎ Formulate corporate information security policies, plan and implement information security operations and policies promotion and implement.
Wireless Applications BU	R&D Division : ◎ Antenna design and development for mobile and consumer equipment and sample production. ◎ New Antenna technology research and development, product specifications, cost, development process optimization. ◎ Assist business unit and production unit to solve specification and production. Sales Division : ◎ Develop BU business promotion plan. ◎ Planning the marketing strategies for antenna products. ◎ Assist to promote and monitor business sales progress. Sales Support Division : ◎ New product development sample schedule control and cost analysis. ◎ Project opening number statistics and analysis. ◎ Provide professional advice and technical support to customers on product specifications. Overseas Sales Division : ◎ Formulate local business action plan according to BU business promotion plan. ◎ Arrange shipment to local customers. ◎ Assist to deal with customer problems. RFID Division : ◎ Develop RFID related products. ◎ The smart automation products, system and module development. ◎ Identification of market and industry development trends. ◎ Develop domestic and overseas markets and customers.
Smart IoT BU	R&D Division : ◎ Research and develop 5G, Wireless and smart IoT related products and vertical integration application planning. ◎ Sample making and product optimization ◎ New technology research and development and patent application, integration of system products of Antennas and modules. ◎ New product introduction, mass production, education and training and technology transfer ◎ Assist sales to solve the product specifications and development schedule with customers. ◎ Assist the production unit to discuss instruments, equipment and fixtures, and solve production technology problems and production capacity yield. Sales Division I : ◎ Planning, formulation and implementation of annual revenue target and business development strategy.

Departments	Functions
	◎ Formulate product strategy and marketing plan. ◎ Participate in important domestic and oversea exhibitions, identification of market and industry development trends. ◎ Domestic and oversea market and new customer development planning. ◎ New product development project planning management. Sales Division II : ◎ Planning, formulation and implementation of annual revenue target and business development strategy. ◎ Identification of market and industry development trends. ◎ Development plan for new domestic customers. ◎ Monthly sales statistics and analysis. ◎ Improve after-sales service and technical support. Product Line Management Division : ◎ Formulate new product strategy and plan ◎ Managing new product development project. ◎ Assist sales to solve the customers' product problem. ◎ Provide product testing reports with reference to product design specifications and test plans.
Telecom Applications BU	R&D Division I : ◎ Research and develop vehicle antenna and industrial IoT antenna and other products. ◎ Sample making and product optimization. ◎ New technology research and development and patent application. ◎ New product introduction, mass production, education and training and technology transfer. ◎ Assist sales to solve the product specifications and development schedule with customers. ◎ Assist the production unit to discuss instruments, equipment and fixtures, and solve production technology problems and production capacity yield. R&D Division II : ◎ Research and develop telecom ,open RAN,communication and sensing modules and other products. ◎ Sample making and product optimization. ◎ New technology research and development and patent application. ◎ New product introduction, mass production, education and training and technology transfer. ◎ Assist sales to solve the product specifications and development schedule with customers. ◎ Assist the production unit to discuss instruments, equipment and fixtures, and solve production technology problems and production capacity yield. Sales Division I : ◎ Promotion and sales of vehicle antenna, industrial IoT Antennas and other products. ◎ Planning, formulation and implementation of annual revenue target and business development strategy. ◎ Formulate product strategy and marketing plan.

Departments	Functions
	◎ Participate in important domestic and oversea exhibitions, identification of market and industry development trends. ◎ Domestic and oversea market and new customer development planning. Sales Division II : ◎ Promotion and sales of elecom ,open RAN,communication and sensing modules and other products. ◎ Planning, formulation and implementation of annual revenue target and business development strategy. ◎ Formulate product strategy and marketing plan. ◎ Participate in important domestic and oversea exhibitions, identification of market and industry development trends. ◎Domestic and oversea market and new customer development planning. Product Management Department : ◎ Managing new product development project. ◎ Project progress tracking, cross-department resource integration, and cost control. ◎ Assist sales to solve the customers' product problem.
Manufacture BU	Manufacture Division : ◎Responsible for the manufacture of products and meet customer requirements for delivery and quality. ◎ Production report preparation, statistics and check. ◎ Implement and control all process control. ◎ Implement corrective action for abnormal process quality. Quality Assurance Division : ◎Quality and hazard material management system planning and establishment. ◎ Deal with abnormal quality problems, prevent and correct and track improvement. ◎ Product quality inspection. ◎ After-sales service and customer complaint handling. Dongguan Factory/ Vietnam Factory : ◎Responsible for the manufacture of products and meet customer requirements for delivery and quality. ◎ Implement and control all process control. ◎ Product quality inspection.

Departments	Functions
Finance & Administration BU	Human Resources Division : ◎ Formulate human resource strategy and plan, and integrate human resource management system. ◎ Personnel recruitment, staffing, performance and promotion management. ◎ Corporate training planning ,organization and talent development. ◎ Compensation and incentive planning, Payroll, insurance management and attendance management. Finance Division : ◎ Responsible for company finance and fund scheduling and financing. ◎ Preparation of financial statements. ◎ Management and preservation of account books. ◎ Responsible for budget accounting and cost settlement. ◎ Prepare company summons and handle accounts. Administrative Management Department : ◎ Coordinate the management of general affairs of the company ◎ Purchase of office supplies. IT Department : ◎ Planning and promotion of integrated computerized operations. ◎ Planning and maintenance of computer software and hardware. ◎ Management and maintenance of telephone communication system. Legal Affairs Department : ◎ Review of various contracts. ◎ Handle corporate legal affairs.

II. Information about Directors and Management Team

(A)Directors:

(1) Information on Directors

April 28, 2024 Unit: Shares

Title	Nationality/ Place of Registration	Name	Gender /Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shares held by spouses and minor children		Shares held in the name of others		Education/Work Experience	Other positions with the Company and other companies	If spouse or second-degree family members also serve as manager			Note
							Number of Shares	Share Holding Ratio	Number of Shares	Share Holding Ratio	Number of Shares	Share Holding Ratio	Number of Shares	Share Holding Ratio			Title	Name	Relationship	
Chairman	R.O.C.	Tsou, Mi-Fu	Male 66~70	Jun.19,2023	3	Aug.25,1997	3,272,570	2.72%	3,272,570	2.72%	2,340,593	1.94%	804,000	0.67%	Department of Mechanical Engineering, Minghsin University of Science and Technology; Chairman of Wha Yu Industrial Co., Ltd. Senior R&D Engineer of Tecom Co., Ltd.	Chairman of Wha Yu Industrial Co., Ltd.; Chairman of Hua Hong International Ltd.; Chairman of Dongguan AEON Tech Co., Ltd.; Chairman of Hansome Investment Inc.; Director of ZyCast Technology Inc.; Director of Lverage Technology Inc.; Chairman of Hang Jian Technology Co., Ltd.				
Independent Director	R.O.C.	Liu, Heng-Yih	Male 56~60	Jun.19,2023	3	Jun.19,2020	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D. in International Business Management Strategy, National Taiwan University Master of Business, University of Nottingham Associate Professor of International Business Group, College of Management, Yuan Ze University	Associate Professor, International Business Group, School of Management, Yuan Ze University; Independent Director and Chairman of the Remuneration Committee of LEOFOO Development Co., Ltd.;Independent Director and Member of Remuneration Committee of TST Group Holding Ltd.; Independent Director of TCM Biotech International CORP.;Supervisor of Chengtai Asset Management Co., Ltd.;Supervisor of Mano Pharma & Biotech Co., LTD. ;Director of YoungHongCo.,Ltd				
Independent Director	R.O.C.	Lue, Wen-Chia	Male 61~65	Jun.19,2023	3	Jun.19,2020	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D. in Electronic Engineering, Institute of Defense Science, Chung Cheng Institute of Technology, National Defense University. Associate Professor, Department of Electrical Engineering, Minghsin University of Science and Technology.	Associate Professor, Department of Electrical Engineering, Minghsin University of Science and Technology.				
Independent Director	R.O.C.	Huang I-Hung	Male 51~55	Jun.19,2023	3	Jun.17,2011	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Land Economics,National Chengchi University Partner Valuer of Ding Sheng Real Estate Appraisers & Associates.;Principal of JINN DOU INTERNATIONAL LTD. ;Principal of Chen Heng Landscape Architects Ltd. ;Principal of HORSON'S ACCOUNTING & TAX REPORTING AGENCY CO.	Partner Valuer of Ding Sheng Real Estate Appraisers & Associates.;Principal of JINN DOU INTERNATIONAL LTD. ;Principal of Chen Heng Landscape Architects Ltd. ;Principal of HORSON'S ACCOUNTING & TAX REPORTING AGENCY CO.; Supervisor, Chung Hwa University; Chairman, Hsinchu City Landscape Architecture Research Association; Member, Hsinchu City Land Value and Standard Land Value Review Committee; Member, Municipal Property Review Committee, Hsinchu City Government; Member, Supervisory Sub-committee of the Central Election Commission-Hsinchu City Election Commission; Member, Hsinchu City Real Estate Appraisal Committee; Member, the Thirteenth Urban Renewal and Dispute Handling Deliberation Committee, Hsinchu City Government			None	None
Director	R.O.C.	Sun, Cheng-Pen	Male 56~60	Jun.19,2023	3	Jun.18,2012	2,528,222	2.10%	2,528,222	2.10%	76,492	0.06%	682,570	0.57%	Department of Electrical Engineering, National Taiwan University. President of Pro Brand Technology (TW) Inc. R&D Assistant Manager of Prime Electronics And Satellitics Incorporat.	Director of Song Yi Technology Co., Ltd. Director of Teamwell Technology CO., LTD.				
Director and Senior Manager	R.O.C.	Huang, Kun-Chang	Male 61~65	Jun.19,2023	3	Jun.18,2012	2,153,138	1.79%	2,153,138	1.79%	0	0.00%	625,067	0.52%	Department of Electronics, Chung Yuan Christian University. Senior Manager of WHA YU Industrial Co., Ltd. Senior Manager of Prime Electronics And Satellitics Incorporat. Vice President of Pro Brand Technology (TW) Inc.	Senior Manager of WHA YU Industrial Co., Ltd.				
Director	R.O.C.	Chuang, Ming-Yuan	Male 66~70	Jun.19,2023	3	Aug.25,1997	1,245,622	1.03%	1,245,622	1.03%	295,587	0.25%	0	0.00%	Department of Commerce, National Tseng-Wen Home Economica & Commercail Vocational High School. General Manager of Xinbo Enterprise Co., Ltd.	None				
Director	R.O.C.	Lu, Te-Mao	Male 61~65	Jun.19,2023	3	Jun.25,2013	1,002,888	0.83%	1,002,888	0.83%	205,652	0.17%	0	0.00%	Department of Electrical Engineering, Lunghwa University of Science and Technology. General Manager of Parner Technology CO., LTD.	None				
Director	R.O.C.	Lin Cheng Wei	Male 46~50	Jun.19,2023	3	Jun.19,2023	2,012,000	1.67%	2,012,000	1.67%	0	0.00%	0	0.00%	National Chi Nan University Executive Master of Business Administration (EMBA) Chairman of Chang Yuan Investment Co.,Ltd.	Chairman of Chang Yuan Investment Co.,Ltd.				
Director Representative and CFO	R.O.C.	Hansome Investment Inc.	Female 51~55	Jun.19,2023	3	Jun.19,2023	584,000	0.48%	804,000	0.67%	0	0.00%	0	0.00%	Department of Accounting, Chung Yuan Christian University. Chief Financial Officer of Wha Yu Industrial Co., Ltd. Assistant Manager of Deloitte & Touche.	Chairman of Wha Yu Vietnamlimited Liability Company.;Director (Legal Representative) of Hang Jian Technology Co., Ltd.				
		Representative Tsao, Fu-Yi					94,725	0.08%	113,871	0.09%	0	0.00%	0	0.00%						

(2) Major Shareholders of Corporate Shareholders

Apr. 28,2024

Name of Institutional Shareholder	Major Shareholder
Hansome Investment Inc.	Tsou, Mi-Fu(30.00%)
	Tsou, Ying (25.00%)
	Tsou, Jui (25.00%)

(3) Major Shareholders of major shareholders that are corporations: N.A.

(4) Disclosure of the professional qualifications of Directors and the Independent of Independence Directors:

Criteria Name	Professional qualification and Work Experience	Independence Situation	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Tsou, Mi-Fu	1. He graduated from Department of Mechanical Engineering, Minghsin University of Science and Technology, the current Chairman of Wha Yu Industrial Co., Ltd. As a director of the Company since 1997, he has accumulated over 40 years of professional and practical experience in the management and decision-making leadership of communication networks, electronic components and other related industries. 2. None of the conditions indicated under Article 30 of the Company Act.	N.A.	-
Independent Director Liu, Heng-Yih	1. He holds a PhD in International Business Management Strategy from National Taiwan University and an MBA from the Master of Business Administration programme at the University of Nottingham. He is currently an associate professor of the International Business Group at the School of Management, Yuan Ze University. He has served in various capacities at listed companies since 1997, including as a supervisor, director, independent director, audit committee member, and compensation committee member. Over the course of his career, he has amassed considerable expertise and practical experience in business management and decision-making leadership, particularly in the telecommunications network, electronic components, and semiconductor-related industries. 2. None of the conditions indicated under Article 30 of the Company Act.	The concept of independence encompasses the following: I, my spouse, and my second-degree relatives are not directors, supervisors, or employees of the Company or its affiliates. Furthermore, I, my spouse, or I do not hold any shares of the Company in the name of another person. Additionally, I have not received any remuneration in excess of NT\$500,000 over the past two years for providing business, legal, financial, or accounting services to the Company or its affiliates.	3
Independent Director Lue, Wen-Chia	1. He obtained a Bachelor's degree in Electrical Engineering from Chung Cheng Institute of Technology, National Defence University, and subsequently proceeded to obtain a PhD degree from the Electronic Engineering Group of National Institute of Defence Science. He currently holds the position of Associate Professor in the Department of Electrical Engineering at Ming Shin University of Science and Technology. He has served as an independent director, audit committee member and remuneration committee member of the company since 2020. He has accumulated over 30 years of professional and practical experience in business management and decision-making leadership in the telecommunications network, electronic components, semiconductor and other related industries. 2. None of the conditions indicated under Article 30 of the Company Act.	The three independent directors, Liu, Heng-Yih, Lue, Wen-Chia, and Huang I-Hung, are in compliance with the independence requirements set forth in Article 3 of the Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies.	-
Independent Director Huang I-Hung	1. He graduated from the Department of Land Economics at National Chengchi University and is currently a Partner Valuer at Ding Sheng Real Estate Appraisers & Associates. Jinn Dou is the principal of Chen Heng Landscape Architects Ltd. and the principal of Herson's Accounting & Tax Reporting Agency Co. He is the Chairman of the Hsinchu City Landscape Architecture Research Association, among other roles. He has served as an independent director, audit committee and remuneration committee member of the company since 2011 and 2023. He has also analysed the pulse of the telecommunications network, electronic components, semiconductors and other related industries. He is therefore well-placed to offer professional advice on business management and decision-making leadership. 2. None of the conditions indicated under Article 30 of the Company Act.		-
Sun, Cheng-Pen	1. He graduated from the Department of Electrical Engineering at National Taiwan University and has been a director of Wha Yu Industrial Co., Ltd. since 2012. He has accumulated over 30 years of professional and practical experience in management and decision-making leadership in the fields of communication networks, electronic components, semiconductors and other related industries. 2. None of the conditions indicated under Article 30 of the Company Act.	N.A.	-
Huang, Kun-Chang	1. He graduated from the Department of Electronics at Chung Yuan Christian University and is currently the Senior Manager of Wha Yu Industrial Co., Ltd. In addition to serving as a director of the company since 2012, he has accumulated over 35 years of professional and practical experience in business management and decision-making leadership in the telecommunications network, electronic components, semiconductor and other related industries. 2. None of the conditions indicated under Article 30 of the Company Act.	N.A.	-
Chuang, Ming-Yuan	1. He graduated from the Department of Commerce at the National Tseng-Wen Home Economics & Commercial Vocational High School and subsequently served as Special Assistant to the Chairman, Supervisor and Director of Wha Yu Industrial Co., Ltd. He has accumulated over 40 years of professional experience and practical expertise in business management and decision-making leadership in communication networks, electronic components and other related industries. 2. None of the conditions indicated under Article 30 of the Company Act.	N.A.	-

Name	Criteria	Professional qualification and Work Experience	Independence Situation	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Lu, Te-Mao	1. He graduated from Department of Electrical Engineering, Lunghwa University of Science and Technology. He held the position of Special Assistant to the Chairman of Wha Yu Industrial Co., Ltd. for over three decades, during which time he also served as Supervisor and Director. He has accrued over 35 years of professional expertise and practical experience in business management and decision-making leadership in communication networks, electronic components, international trade and other related industries. 2. None of the conditions indicated under Article 30 of the Company Act.		N.A.	-
Lin Cheng Wei	1. He obtained a Master of Business Administration (EMBA) from National Chi Nan University, demonstrating both professional ability and practical experience in business management and decision-making leadership. His expertise encompasses analysing the pulse of communication networks, electronic components, semiconductors and other related industries. 2. None of the conditions indicated under Article 30 of the Company Act.		N.A.	-
Hansome Investment Inc. Representative: Tsao, Fu-Yi	1. She graduated from the Department of Accounting at Chung Yuan Christian University and currently serves as the Chief Financial Officer of Wha Yu Industrial Co., Ltd. She is well versed in business law, financial and accounting expertise, and has served as the representative director of the company since 2020. Over the course of her career, she has accumulated more than 20 years of professional skills and practical experience in business management and decision-making leadership in the telecommunications network, electronic components and other related industries. 2. None of the conditions indicated under Article 30 of the Company Act.		N.A.	-

(5)Diversification and Independence of the Board:

(a)Diversification of the Board

In order to reinforce the principles of corporate governance and to facilitate the sound development of the composition and structure of the Board of Directors, WhaYu has established, in Article 21 of the Company's Corporate Governance Best Practice Principles, that the composition of the Board of Directors should be diversified. With the exception of the stipulation that the number of directors who are also the company's managers should not exceed one-third of the total number of directorships, the company is at liberty to formulate an appropriate diversification policy with regard to its own operational, business and development needs. The two principal criteria are as follows:

- (i)Basic qualifications and values (e.g. gender, age, nationality and culture, etc.)
- (ii)Professional knowledge and skills (e.g. professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills and industry experience, etc.)

The current board of directors of the Company comprises ten directors (including three independent directors) with extensive experience and expertise in the academic, business and management fields.

Diversification of the Board of Directors membership is enforced as follows:

Item
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(b) Management Team

April 28,2024; Unit:Shares

Title	Nationality	Name	Gender	Date Elected	Current Shareholding		Shares held by spouses and minor children		Shares held in the name of others		Education/Work Experience	Other positions with the Company and other companies	If spouse or second-degree family members also serve as manager			Note
					Number of Shares	Share Holding Ratio	Number of Shares	Share Holding Ratio	Number of Shares	Share Holding Ratio			Title	Name	Relationship	
President	R.O.C.	Peng, Chao-Chung (Remark)	Male	Feb.14,2022	100,000	0.08%	0	0.00%	0	0.00%	Master of State-owned Enterprise, School of Management, National Taiwan University President of Wha Yu Industrial Co., Ltd. Vice President of Manufacturing Division of MOXA Inc./Group management consultant	None	None	None	None	None
Chief Strategy Officer	R.O.C.	Chen, Shih-Chung	Male	Feb.14,2022	243,660	0.20%	15,221	0.01%	0	0.00%	Master of Machinery Institute of National Taiwan University of Science and Technology Chief Strategy Officer of Wha Yu Industrial Co., Ltd./Manager of Choung Hsim Co., Ltd. R&D Division	Director of Dongguan AEON Tech Co., Ltd.				
Chief Financial Officer and Vice President of Operations	R.O.C.	Tsao, Fu-Yi (Remark)	Female	Sep.29,2003	113,871	0.09%	0	0.00%	0	0.00%	Department of Accounting, Chung Yuan Christian University. Assistant Manager of Deloitte & Touche.	Chairman of Wha Yu Vietnamlimited Liability Company.;Director (Legal Representative) of Hang Jian Technology Co., Ltd.				
Chief Marketing Officer	R.O.C.	Kao, Cheng-Huan	Male	Apr. 1,2022	0	0.00%	0	0.00%	0	0.00%	Master of Advanced Executive Management Program, School of Management, National Chiao Tung University Senior Director of Tecom Co., Ltd.	None				
Vice President	R.O.C.	Wang, Chih Wen	Male	Jul. 5,2021	0	0.00%	0	0.00%	0	0.00%	New York Institute of Technology/Computer science Sales VP of Master Wave Technology Co., Ltd. Project Manager of Wha Yu Industrial Co., Ltd.	None				
Vice President	R.O.C.	Hu, Kuan-Chuan	Male	Mar. 1,2023	0	0.00%	0	0.00%	0	0.00%	M.B.A. School of Business, Strayer University M.E. Electrical Engineering - ChengShen University B.S. Electrical Engineering Sercomm USA (Senior Director of BD) Sercomm Corporation (BU Head of VoIP)	None				
Vice President	R.O.C.	Tsen, Yu-Ching	Male	Sep. 4,2023	0	0.00%	0	0.00%	0	0.00%	Minghsin University of Science and Technolog President of FLY-GO CO., Ltd. VP of Master Wave Technology Co., Ltd. Assistant Manager of Joymax Electronics Co., Ltd.	None				
Vice President	R.O.C.	Chen, Yen-Ming	Male	Jan. 26,2024	0	0.00%	0	0.00%	0	0.00%	Ph.D. in Electronic Engineering, National Taipei University of Technology BU Head of Chilisn Electronics Corp. Senior Manager ofINPAQ Technology Co., Ltd. Assistant Manager of HTC Corporation	None				

(Remark) Mr. Peng Chao-Chung, the General Manager of company, will resign upon the completion of their term on April 30th, 2024. Following the Audit Committee and the Board of Directors' approval on March 15th, 2024, Ms. Tsao Fu-Ywill as the General Manager.

III. Remuneration of Directors and Management Team in the Most Recent Year

(A) Remuneration Paid to Directors (Including Independent Directors)

Remuneration information is as of December 31, 2023; Unit: NT\$thousands

Title	Name	Remuneration Paid to Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income		Relevant Remuneration Received by Directors who Are Also Employees						Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company				
		Base Compensation (A)		Severance Pay and Pensions (B)		Director Remuneration (C)		Business Execution Expenses (D)				Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employee Compensation (G)								
		The Company	From all Companies in the Consolidated Financial Statements	The Company	From all Companies in the Consolidated Financial Statements	The Company	From all Companies in the Consolidated Financial Statements	The Company	From all Companies in the Consolidated Financial Statements	The Company	From all Companies in the Consolidated Financial Statements	The Company	From all Companies in the Consolidated Financial Statements	The Company	From all Companies in the Consolidated Financial Statements	The Company	From all Companies in the Consolidated Financial Statements	Cash	Stock		Cash	Stock	The Company	From all Companies in the Consolidated Financial Statements
Chairman	Tsou, Mi-Fu	2,613	2,613	0	0	(Note 2)	(Note 2)	0	0	3,713	3,713	0	0	0	0	(Note 2)	(Note 2)	(Note 2)	(Note 2)	11,086	11,086	0		
Director and Chief Strategy Officer	Chen, Shih-Chung (Note 1)	0	0	0	0			0	0			2,993	2,993	108	108									
Independent Director	Liu, Heng-Yih	0	0	0	0			200	200			0	0	0	0									
Independent Director	Chan, Ting-Hsün (Note 1)	0	0	0	0			90	90			0	0	0	0									
Independent Director	Lue, Wen-Chia	0	0	0	0			200	200			0	0	0	0									
Independent Director	Huang I-Hung (Note 1)	0	0	0	0			110	110			0	0	0	0									
Director	Sun, Cheng-Pen	0	0	0	0			140	140			0	0	0	0									
Director and Senior Manager	Huang, Kun-Chang	0	0	0	0			0	0			(3.09%)	(3.09%)	1,326	1,326								69	69
Director	Chuang, Ming-Yuan	0	0	0	0			140	140			0	0	0	0									
Director	Lu, Te-Mao	0	0	0	0			140	140			0	0	0	0									
Director	Lin Cheng Wei (Note 1)	0	0	0	0			80	80			0	0	0	0									
Director Representative and Chief Financial Officer	MegaPlus Asset Management Ltd. Representative: Tsao, Fu-Yi (Note 1)	0	0	0	0			0	0			0	0	0	0									
	Hansome Investment Inc. Representative: Tsao, Fu-Yi (Note 1)	0	0	0	0			0	0			2,769	2,769	108	108									

(Note 1) The terms of office of Mr Chen, Shih-Chung and MegaPlus Asset Management Ltd. as directors and Mr Chan, Ting-Hsün as independent director will expire on 19 June 2023 and the new independent directors following general re-election at the annual general meeting of shareholders

held on the same day are Mr Huang I-Hung, Mr Lin Cheng Wei and Hansome Investment Inc. as new directors.

(Note 2) In accordance with Article 20 of the Company's Articles of Association, no provision has been made for directors' and employees' remuneration for the year 2023 due to a loss.

(B) Remuneration Paid to Management Team

Remuneration information is as of December 31, 2023; Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowance (C)		Employee Compensation (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		The Company	From all Companies in the Consolidated Financial Statements	The Company	From all Companies in the Consolidated Financial Statements	The Company	From all Companies in the Consolidated Financial Statements	The Company		From all Companies in the Consolidated Financial Statements		The Company	From all Companies in the Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
President	Peng, Chao-Chung	16,997	16,997	665	665	1,930	1,930	(Note3)	(Note3)	(Note3)	(Note3)	19,592 (16.32%)	19,592 (16.32%)	0
Chief Strategy Officer	Chen, Shih-Chung													
Chief Financial Officer and Vice President of Operations	Tsao,Fu-Yi													
Chief Marketing Officer	Kao, Cheng-Huan													
Vice President	Wang, Chih-Wen													
Vice President (Note 1)	Hu, Kuan-Chuan													
Vice President (Note 2)	Tsen, Yu-Ching													

(Note 1) Mr Hu, Kuan-Chuan is newly appointed on 1 March 2023

(Note 2) Mr Tsen, Yu-Ching is newly appointed on 4 September 2023.

(Note 3) In accordance with Article 20 of the Company's Articles of Association, no provision has been made for employee remuneration for the financial year 2023 due to a loss.

Table for Remuneration Ranges of President and Vice Presidents

Table for Remuneration Ranges of Each President and Vice Presidents	Name of President and Vice President	
	The Company	From all Companies in the Consolidated Financial Statements
Less than NT\$1,000,000	Tsen, Yu-Ching	Tsen, Yu-Ching
NT\$ 1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	-	-
NT\$ 2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	Chen, Shih-Chung; Tsao, Fu-Yi; Kao, Cheng-Huan; Wang, Chih-Wen; Hu, Kuan-Chuan	Chen, Shih-Chung; Tsao, Fu-Yi; Kao, Cheng-Huan; Wang, Chih-Wen; Hu, Kuan-Chuan
NT\$ 3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	Peng, Chao-Chung	Peng, Chao-Chung
NT\$ 5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	-	-
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	-	-
Over NT\$100,000,000	-	-
Total	7 people	7 people

(C) Remuneration of the Company's Five Most Senior Executives

Remuneration information is as of December 31, 2023; Unit: NT\$ thousand

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowance (C)		Employee Compensation (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		The Company	From all Companies in the Consolidated Financial Statements	The Company	From all Companies in the Consolidated Financial Statements	The Company	From all Companies in the Consolidated Financial Statements	The Company		From all Companies in the Consolidated Financial Statements		The Company	From all Companies in the Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
Managerial Officer	Supervisor A	3,743	3,743	108	108	430	430	0	0	0	0	4,281 (3.57%)	4,281 (3.57%)	0
	Supervisor B	2,875	2,875	90	90	113	113	0	0	0	0	3,078 (2.56%)	3,078 (2.56%)	0
	Supervisor C	2,610	2,610	108	108	383	383	0	0	0	0	3,101 (2.58%)	3,101 (2.58%)	0
	Supervisor D	2,418	2,418	108	108	351	351	0	0	0	0	2,877 (2.40%)	2,877 (2.40%)	0
	Supervisor E	2,370	2,370	108	108	336	336	0	0	0	0	2,814 (2.34%)	2,814 (2.34%)	0

(D) A comparative analysis of the total remuneration paid to the company's directors, chief executive officers and executive vice-presidents for the last two years as a percentage of the company's directors', chief executive officers' and executive vice-presidents' net profit after tax for the last two years compared with the company and all companies included in the consolidated financial statements as a whole or as a percentage of the company's net profit after tax for the last two years; and an analysis of the policy, criteria and mix of remuneration paid, the processes for determining remuneration and its relationship to the performance of the company's business and to the risks to the company's future:

(1) An analysis of the total remuneration paid to the company's directors, chief executive officer and deputy chief executive officer as a percentage of net profit after tax for the last two years, for individual or separate financial statements:

Title \ Item	Ratio of Total Remuneration Net Income After Tax (%)			
	2023		2022	
	The Company	From all Companies in the Consolidated Financial Statements	The Company	From all Companies in the Consolidated Financial Statements
Director	(9.23)	(9.23)	33.33	33.33
President and Vice Presidents	(16.32)	(16.32)	72.73	72.73

(2) The policy, criteria and mix of remuneration, the process for determining remuneration and its relationship to operating performance and future risks:

(a) The Company's policy on remuneration is to provide remuneration to the Directors at a level consistent with the Company's Articles of Association, approved by the Remuneration Committee and the Board and reported to the shareholders at the Company's Annual General Meeting. The

Company's policy on the remuneration of its Managing Director and Vice President is to provide them with appropriate remuneration based on their education, experience and salary levels in the industry, as well as an assessment of their authority, responsibility and contribution to the work of the Company.

(b)Future Risks: The Company has taken out directors' and officers' liability insurance.

IV. Implementation of Corporate Governance

(A)Operation Status of the Board of Directors

(1)The Board of Directors met on ten occasions in 2023 up to 18 May 2024. The following Directors were present at each meeting:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remarks
Chairman	Tsou, Mi-Fu	10	0	100.00%	Reappointed on June 19 ,2023
Independent Director	Liu, Heng-Yih	10	0	100.00%	Reappointed on June 19 ,2023
Independent Director	Lue, Wen-Chia	10	0	100.00%	Reappointed on June 19 ,2023
Independent Director	Chan, Ting-Hsün	3	0	100.00%	Term concluded on June 19 ,2023
Independent Director	Huang I-Hung	7	0	100.00%	Newly appointed on June 19 ,2023
Director and Chief Strategy Officer	Chen, Shih-Chung	3	0	100.00%	Term concluded on June 19 ,2023
Director	Sun, Cheng-Pen	10	0	100.00%	Reappointed on June 19 ,2023
Director and Senior Manager	Huang, Kun-Chang	9	1	88.89%	Reappointed on June 19 ,2023
Director	Chuang, Ming-Yuan	9	0	88.89%	Reappointed on June 19 ,2023
Director	Lu, Te-Mao	10	0	100.00%	Reappointed on June 19 ,2023
Director	Lin Cheng Wei	7	0	100.00%	Newly appointed on June 19 ,2023
Director Representative and Chief Financial Officer	MegaPlus Asset Management Ltd. Representative: Tsao, Fu-Yi	3	0	100.00%	Term concluded on June 19 ,2023
	Hansome Investment Inc. Representative: Tsao, Fu-Yi	7	0	100.00%	Newly appointed on June 19 ,2023 (Date of designation)

(2) Other Matters for the Board:

(a)Matters and items specified in Article 14-3 of the Securities and Exchange Act:Not applicable as WhaYu has already established and Audit Committee. For further details regarding the Operation of the Audit Committee, please refer to page 25 of this Annual Report.

(b) In addition to the aforementioned resolutions, the independent director expressed reservations about or provided a qualified opinion on the following resolutions, which were duly recorded or declared in writing: None.

(c) The enforcement of directors' avoidance of interested motions:

Date	Term	Important Resolutions	Name of Director	Recusal and Voting Status
Jan. 18, 2023	The 17th meeting of the 15 th term	◎A review was conducted of the Chairman's 2023 compensation proposal.	Tsou, Mi-Fu	The pertinent motion was adopted without opposition by the remaining directors present, with the exception of those who had a personal interest in the matter and therefore abstained from voting.
		◎A review was conducted of the 2022 performance bonus proposal.	Tsou, Mi-Fu; Chen, Shih-Chung ;Huang;Kun-Chang;MegaPlus Asset Management Ltd. Representative: Tsao, Fu-Yi	
Mar. 27, 2023	The 18th meeting of the 15 th term	◎A review was conducted of the manager's annual salary compensation for 2023 as proposed by the Compensation Committee.	Representative: Tsao, Fu-Yi	
Aug. 29, 2023	The 3th meeting of the 16 th term	◎A review was conducted of the remuneration packages for managers and directors in 2022.	Tsou, Mi-Fu;Huang, Kun-Chang;Hansome Investment Inc Representative: Tsao, Fu-Yi	
Mar. 15, 2024	The 6th meeting of the 16 th term	◎A review was conducted of the manager's annual salary compensation for 2024 as proposed by the Compensation Committee.	Tsou, Mi-Fu;Huang, Kun-Chang;Hansome Investment Inc. Representative: Tsao, Fu-Yi	
		◎Personnel Transfers and Appointments	Hansome Investment Inc. Representative: Tsao, Fu-Yi	

(d) Evaluation of performance

The Company has established a Board self- or peer-review methodology to evaluate the performance of the Board and the Functional Committee in December each year, preferably at least every three years, by an external professional independent organisation. The results of the evaluation are categorised into five levels: very good, excellent, fair, to be strengthened and poor. In addition, the executive unit will also report the results of the evaluation to the Board of Directors.

The company completed the evaluation of the Board at the end of 2023 and reported the results to the Board of Directors on 26 January 2024. The evaluation results for the Board of Directors, Board Members, and Functional Committees were all rated as "Excellent," indicating that the functions and operational efficiency of the Board of Directors and Functional Committees of the Company are satisfactory.

The evaluation of the Board of Directors is as follows:

Frequency	Period	Scope	Method	Content	Date reported to the Board
Once a year	Jan. 1 to Dec. 31,2023	Board of Directors	Self-evaluation by the Board	A. Participating in the operation of the Company B. Improving the quality of the Board of Directors' decision making C. Composition and structure of the Board of Directors D. Election and continuing education of the directors E. Internal Control	Jan. 26,2023
	Jan. 1 to Dec. 31,2023	Board members	Self-evaluation by the directors	A. Alignment of the goals and missions of the Company B. Awareness of the duties of a director C. Participating in the operation of the Company D. Management of internal relationship and communication E. The director's professionalism and continuing education F. Internal Control	Jan. 26,2023
	Jan. 1 to Dec. 31,2023	Audit Committee	Audit committee self-evaluation	A. Participating in the operation of the Company B. Awareness of the duties of the audit committee C. Improving the quality of decisions made by the Audit Committee D. Makeup of the Audit Committee and election of its members E. Internal Control	Jan. 26,2023
	Jan. 1 to Dec. 31,2023	Remuneration Committee	Remuneration Committee Self-evaluation	A. Participating in the operation of the Company B. Awareness of the duties of the Remuneration Committee C. Improving the quality of decisions made by the Compensation Committee D. Makeup of the Compensation Committee and election of its members	Jan. 26,2023

(e)Evaluation of the objectives (e.g., establishment of an audit committee, enhancement of information transparency, etc.) and the implementation status of strengthening the functions of the Board of Directors for the current year and the most recent year:

(i)In order to fulfil the supervisory responsibilities of the Board of Directors and to strengthen the management mechanism of the Board of Directors, the Company has established an 'Audit Committee'. This committee is responsible for regularly and irregularly disclosing the operation situation and important resolutions on the Company's website. This is done in order to enhance the transparency of information.

(ii)In order to assist the Board of Directors in formulating and regularly reviewing the policies and systems for performance evaluation and remuneration of directors, supervisors and managers, the Company has established the 'Remuneration Committee' with the objective of

implementing corporate governance and safeguarding shareholders' rights and interests.

(B) Operation of the Audit Committee

(1) Operation of the Audit Committee:

The Audit Committee convened on nine occasions in 2023 up to 18 May 2024.

Independent directors were in attendance at each meeting:

Title	Name	Actual attendance	Attendance by Proxy	Actual attendance rate (%)	Remark
Independent Director	Liu, Heng-Yih	9	0	100.00%	Reappointed on June 19 ,2023
Independent Director	Lue, Wen-Chia	9	0	100.00%	Reappointed on June 19 ,2023
Independent Director	Chan, Ting-Hsün	3	0	100.00%	Term concluded on June 19 ,2023
Independent Director	Huang I-Hung	6	0	100.00%	Newly appointed on June 19 ,2023

(2) Other Matters for the Audit Committee:

- (a) If any of the following circumstances apply to the operation of the Audit Committee, we would be grateful if you could kindly describe the date and period of the Audit Committee meeting, the contents of the proposal, the dissenting opinions, reservations or material proposals of the independent directors, the results of the resolution of the Audit Committee, and the Company's handling of the Audit Committee's opinion. °

- (i) Matters listed in Article 14-5 of the Securities and Exchange Act.

Date/Term	Content of Motion	Result of Resolution	Handling of the resolution
Jan. 18,2023/ The 16th meeting of the 1 th term	◎Approval of Investment in Establishing a New Subsidiary in the United States.	All the motions listed on the left were agreed by the Chairman after consulting all members present, and the motions were passed without objection.	All the motions listed on the left are proposed to the Board of Directors and resolved to be passed.
Mar. 27,2023/ The 17th meeting of the 1 th term	◎Approval of the 2022 Employee and Director Compensation Distribution Plan. ◎Approved the resolution on the evaluation on the independence of the Company's CPAs. ◎Approval of Investment in Establishing a New Subsidiary in Vietnam.		
May. 8,2023/ The 18th meeting of the 1 th term	◎Approved the first quarter 2023 Consolidated Financial Statements. ◎Approved the intercompany loan transaction of HUA HONG INTERNATIONAL LTD.		
Jul. 31,2023/ The 1th meeting of the 2 th term	◎Approval of the Consolidated Financial Statements for the Second Quarter of 2023. ◎Approval of the Amendments to Certain Provisions of the Company's Internal Control System.		
Aug. 29,2023/ The 2th meeting of the 2 th term	◎Approve the sale of shares in affiliated company Hang Jian Technology Co.,Ltd. ◎Approved the closure of the related company business for AEON TECHNOLOGY (SHANG HAI) CO.,LTD.		
Nov. 9,2023/ The 3th meeting of the 2 th term	◎Approval of the Consolidated Financial Statements for the Third Quarter of 2023. ◎Approval of the Company's Audit Plan for 2024.		
Jan. 26,2024/ The 4th meeting of the 2 th term	◎Proposed Capital Increase in Wha Yu Vietnam Limited Liability Company.		
Mar. 15,2024/ The 5th meeting of the 2 th term	◎Approve the Business Report and Financial Statement for 2023. ◎Approve the sale of shares in affiliated company Hang Jian Technology Co.,Ltd. ◎Approved the resolution on the evaluation on the independence of the Company's CPAs. ◎Personnel Transfers and Appointments (Appointment and Removal of the Financial officer , Accounting officer)		
May. 8,2024/ The 6th meeting of the 2 th term	◎Approved the first quarter 2024 Consolidated Financial Statements. ◎Approved the intercompany loan transaction of HUA HONG INTERNATIONAL LTD.		

(ii)With the exception of the matters mentioned above, any other matters which have not been approved by the Audit Committee and agreed by more than two-thirds of all the Directors:None.

(b)It would be helpful to have a description of the circumstances under which an independent director avoids a motion in which they have an interest.

This could include the name of the independent director, the content of the motion, the reason for the avoidance, and the circumstances under which they participated in the vote:None.

(c)Communication between the Independent Directors and the Head of Internal Audit and the CPAs.(The report should include a detailed account of the material matters, manner and results of communication regarding the company's financial and business conditions.) The independent directors of the Company have open communication with the head of internal audit and the accountants, and will promptly report to the independent directors if there are any special circumstances.

(i)The following table sets out the matters of communication between the Independent Directors and the Head of Internal Audit.

Date	Communication matters	Communication results
Jan. 18,2023	Approval of Investment in Establishing a New Subsidiary in the United States.	All the motions listed on the left have been communicated between the Independent Directors and the Head of Internal Audit without any objection.
Mar. 27,2023	Approved the resolution on the evaluation on the independence of the Company's CPAs.	
	Approval of Investment in Establishing a New Subsidiary in Vietnam.	
May. 8,2023	Approved the intercompany loan transaction of HUA HONG INTERNATIONAL LTD.	
	Approval of Credit Facility from Taipei Fubon Commercial Bank for the Company and its Affiliates.	
Jul. 31,2023	Approval of the Amendments to Certain Provisions of the Company's Internal Control System.	
Aug. 29,2023	Approve the sale of shares in affiliated company Hang Jian Technology Co.,Ltd.	
	Approved the closure of the related company business for AEON TECHNOLOGY (SHANG HAI) CO.,LTD.	
Nov. 9,2023	Approval of the Company's Audit Plan for 2024.	
Jan. 26,2024	Proposed Capital Increase in Wha Yu Vietnam Limited Liability Company.	
Mar. 15,2024	Approve the sale of shares in affiliated company Hang Jian Technology Co.,Ltd.	
	Approved the resolution on the evaluation on the independence of the Company's CPAs.	
May. 8,2024	Approved the intercompany loan transaction of HUA HONG INTERNATIONAL LTD.	

(ii)The following table sets out the communication between the Independent Directors and the CPAs.

Date	Communication matters	Communication results
Jan. 18,2023	Approval of Investment in Establishing a New Subsidiary in the United States.	All the motions listed on the left have been communicated by the Independent Directors to the CPAs without any objection.
Mar. 27,2023	Approval of the 2022 Employee and Director Compensation Distribution Plan.	
	Approval of Investment in Establishing a New Subsidiary in Vietnam.	
May. 8,2023	Approved the first quarter 2023 Consolidated Financial Statements.	
Jul. 31,2023	Approval of the Consolidated Financial Statements for the Second Quarter of 2023.	
	Approval of the Amendments to Certain Provisions of the Company's Internal Control System.	
Aug. 29,2023	Approve the sale of shares in affiliated company Hang Jian Technology Co.,Ltd.	
Nov. 9,2023	Approval of the Consolidated Financial Statements for the Third Quarter of 2023.	
Jan. 26,2024	Proposed Capital Increase in Wha Yu Vietnam Limited Liability Company.	
Mar. 15,2024	Approve the Business Report and Financial Statement for 2023.	
	Approve the sale of shares in affiliated company Hang Jian Technology Co.,Ltd.	
May. 8,2024	Approved the first quarter 2024 Consolidated Financial Statements.	

(C)Implementation of Corporate Governance and Deviations from the Corporate Governance Best Practice Principles for
TWSE/TPEX Listed Companies and the Reasons.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
I.Does the company establish and disclose its corporate governance best practice principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	√		The company has a code of Corporate Governance Practices. It is on the company website and the Market Observation Post System (MOPS). This is to make sure the company is run well and that shareholders get the most out of it.	None
II.Shareholding structure and shareholders' rights (1)Does the company establish an internal process for shareholders' proposals ,questions, disputes, and lawsuits? (2)Does the company maintain information on the identities of its major shareholders and their ultimate controlling persons? (3)Does the company implement a risk control mechanism and firewalls between itself and its affiliates? (4)Does the company implement internal regulations to prevent the practice of insider trading?	√		(1)Shareholders can make proposals at the meeting. The company has a spokesperson system for this. (2)Most of the Company's major shareholders are directors, supervisors and the management team, who report any changes in their shareholdings to the Company on a monthly basis. The Company also keeps a list of its major shareholders and the people who control them. This is done through the share agent's records when the ownership of the Company changes. (3)The management of the Company and its affiliates is conducted in accordance with the relevant regulations and subsidiary management rules. Each company is subject to an internal control system that ensures the implementation of risk control and firewall mechanisms. (4)The Company has set up rules to stop insiders trading on the basis of secret information and has made sure that everyone follows the relevant laws and regulations.	None
III. Composition and responsibilities of the Board of Directors (1)Does the Board of Directors formulate a diversity policy, specific management objectives and implement them? (2)Does the company establish additional functional committees in addition to the legally-required Remuneration Committee and Audit Committee on a voluntary basis? (3)Does the company establish standards and methods for evaluating the performance of the Board of Directors? If so, are these standards and methods applied on an annual basis and are the results of the evaluations reported to the Board of Directors? Furthermore, are the evaluations used as a reference for individual directors' remuneration, nomination and renewal? (4)Does the company conduct regular evaluations of the independence of its CPAs?	√		(1) The Company has established the Code of Corporate Governance Practices. The Board of Directors should be diverse, with members from different backgrounds. The Board of Directors of the Company consists of professors, accountants and industry experts. (2) In addition to the Company's Compensation Committee and Audit Committee, the Company has not established any other functional committees for the time being. (3)The company evaluates the Board of Directors and functional committees each December. This is done by an external organisation at least once every three years. The results are classified into five levels: excellent, good, fair, to be strengthened, and poor. The 2023 performance evaluation result is 'excellent' and will be reported to the Board of Directors on 26 January 2024. (4)The certified public accountants are not directors, managers, employees, or shareholders of the Company or its affiliates. They are not interested parties and comply with the independence requirements of the authorities. (See Note 1 for the table of certified public accountants' independence assessments). The company checks the accountants' professionalism and independence once a year. The accountants have said they are independent in relation to any questions about their work. The most recent two-year check was done by the board on 27 March 2023 and 15 March 2024.	None
IV.Does the Company have a suitable and appropriate number of corporate governance personnel and designate a head of corporate governance to be responsible for corporate governance-related matters?(including, but not limited to, providing directors and supervisors with the information they need to perform their duties, assisting directors and supervisors in complying with laws and regulations, conducting board of directors' and shareholders' meetings in accordance with the law, and preparing minutes of board of directors' and shareholders' meetings, etc.)	√		On 15 March 2024, the Company's Board of Directors decided to move Mr. Chen Huang Chueh, Associate of the Finance Division, to be the Head of Corporate Governance. This person will help the directors with business information, regulations and Board of Directors and shareholders meetings.	None
V.Does the company communicate with stakeholders (shareholders, employees, customers, suppliers, etc.)? Does it have a dedicated area on its website for stakeholders? Does it respond to important CSR issues? This includes shareholders, employees, customers, and suppliers?	√		The company discloses financial and business information to stakeholders. The Company has a 'Stakeholders' Corner' on its website to help stakeholders. To achieve sustainable development, we have set up a Sustainability Office to promote various issues.	None

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
VI.Does the company engage the services of a professional share registrar to facilitate the shareholders' meeting?	✓		The Company appointed Stock Transfer Agency Unit , Taishin Securities Co., Ltd. to assist in various matters at the Shareholders' Meeting.	None
VII.Disclosure of Information (1)Does the company maintain a website that provides information about its financial operations and corporate governance? (2)Does the company employ alternative means of disseminating information? (Including setting up an English website, appointing a person responsible for the collection and disclosure of company information, implementing a spokesperson system, and placing the company's website in the proceedings of the corporate presentation, etc.) (3)Does the company publish its annual financial report within two months of the end of the accounting year? Furthermore, does it publish the financial reports for the first, second and third quarters, as well as the operational reports for each month, in advance of the prescribed deadline?	✓		(1)The company has a website in English and Chinese at www.whayu.com. The Company discloses its finances, business and corporate governance on the Market Observation Post System in accordance with the regulations. It regularly updates its financial and business information. (2)The Company always discloses information on time. The Company has a staff member who collects and discloses corporate information and a spokesperson system to protect investors. (3)The Company has not yet achieved this.	(1)None (2)None (3) In the future, the Company will comply with relevant laws and regulations.
VIII.Does the company possess any additional pertinent data that would be beneficial in elucidating the functioning of corporate governance?(This encompasses, but is not limited to, matters pertaining to employees' rights and benefits, employee care, investor relations, supplier relations, the rights of interested parties, directors' and supervisors' further education, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, and the Company's purchase of liability insurance for directors and supervisors.)	✓		Relevant information has been disclosed on the Company's website and Annual Report.	None
IX.Please provide a detailed account of the enhancements implemented in response to the findings of the most recent annual Corporate Governance Assessment published by the Corporate Governance Centre of the Taiwan Stock Exchange Corporation. Additionally, propose a set of priorities and measures to reinforce those aspects that have not yet been improved: The Company considers potential enhancements for the unscored items following the announcement of the annual evaluation results, with a view to furthering the interests of our shareholders.				

Note 1: Items for assessing the independence of the CPAs are listed as follows:

Evaluation Items		Results of Evaluation	
		Tsai, Mei-Chen	Lin, Hsin-Tung
1.	No financial interest with the client.	All of the items listed on the left are Qualified and Independent.	
2.	Avoid any inappropriate relationships with the client.		
3.	Accountants must ensure that their assistants maintain honesty, impartiality, and independence.		
4.	Financial statements of the service institution from within two years prior to practice may not be audited or certified.		
5.	The accountant's name must not be used by others.		
6.	No shares in the company or its affiliates are held.		
7.	No monetary loans with the company or its affiliates exist.		
8.	No investments or profit-sharing with the company or its affiliates.		
9.	No regular employment or salary from the company or its affiliates.		
10.	Not involved in the company's management.		
11.	No other businesses that may compromise independence.		
12.	No family relationships with the Company's management.		
13.	No commissions related to business activities.		
14.	No penalties or compromising situations have occurred.		

(D)Composition, duties, and operation of the Compensation Committee:

(1)Composition of the Compensation Committee:

May 18,2024

Name \ Criteria		Professional qualification and Work Experience	Independence Situation	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Independent Director (Convener)	Liu, Heng-Yih	Please refer to page 15 of this Annual Report Information about Directors and Management Team Item 4. Disclosure of the professional qualifications of Directors and the Independent of Independence Directors.		3
Independent Director	Lue, Wen-Chia			0
Independent Director	Huang I-Hung			0

(2)Duties of the Compensation Committee: The members of this Committee shall perform the following duties in a diligent and prudent manner, and shall be accountable to the Board of Directors, and shall submit their recommendations to the Board of Directors for discussion:

(a)To establish and periodically review the policies, systems, standards and structures for performance evaluation and compensation of directors and managers.

(b) Regularly evaluate and determine the compensation of directors and managers.

(3) Operation of the Compensation Committee:

(a) The Company's Compensation Committee is comprised of three members.

(b) The term of office of the current members is from 31/07/2023 to 18/06/2026. The total number of meetings held by the Remuneration Committee from 2023 to 18/05/2024 is five, and the membership and attendance are as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remark
Convener	Liu, Heng-Yih	5	0	100%	Reappointed on Jul. 31, 2023
Members of the Committee	Lue, Wen-Chia	5	0	100%	Reappointed on Jul. 31, 2023
Members of the Committee	Chan, Ting-Hsün	2	0	100%	Term concluded on Jun. 19, 2023
Members of the Committee	Huang I-Hung	3	0	100%	Newly appointed on Jul. 31, 2023
Other Matters for the Remuneration Committee: (A) If the Board of Directors does not adopt or change the Compensation Committee's recommendations, the Board of Directors must say when the meeting is, what was discussed, and the result. The resolution and the company's handling of the Compensation Committee's opinion (if the Board of Directors' approval of the compensation is different from the Compensation Committee's recommendation, it shall state the reason for the discrepancy): None. (B) If the members of the Compensation Committee have any objections or reservations, they must be recorded in writing. The date and period of the meeting, the motion, the opinions of all members, and the handling of the opinions must be stated: None.					

(C) The Compensation Committee convened to review and evaluate the Company's compensation information for the most recent year:

Date of meeting of Remuneration Committee	Date of Board Meeting	Content of the motion and follow-up	Resolution Results	The Company's Handling of the Opinions of the Remuneration Committee
Jan. 18, 2023	Jan. 18, 2023	1. A review was conducted of the Chairman's 2023 compensation proposal. 2. Appointment of personnel. 3. A review was conducted of the 2022 performance bonus proposal.	The motions listed on the left were agreed by all members of the Remuneration Committee.	All the motions listed on the left are proposed to the Board of Directors and resolved to be passed.
Mar. 27, 2023	Mar. 27, 2023	1. Review of the 2022 Employee and Director Compensation Allocation. 2. A review was conducted of the manager's annual salary compensation for 2023 as proposed by the Compensation Committee.		
Aug. 29, 2023	Aug. 29, 2023	1. Review the consideration of the 2022 Manager's and Director's Compensation Distribution Plan. 2. Personnel Appointments.		
Jan. 26, 2024	Jan. 26, 2024	Personnel Appointments.		
Mar. 15, 2024	Mar. 15, 2024	1. A review was conducted of the manager's annual salary compensation for 2024 as proposed by the Compensation Committee. 2. Personnel Transfers and Appointments.		

(E)The implementation of sustainable development and the differentiation between sustainable development best practice principles for TWSE/TPEX listed companies is presented, along with the rationale behind the differentiation:

(1)The systems and measures adopted by the Company in relation to its environmental, social, human rights, safety and health, and other social responsibility activities are as follows:

Promoting Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons												
	Yes	No	Description													
I. Has the company set up a unit for sustainable development? Is this unit authorised by the Board of Directors to be handled by the senior management and supervised by the Board of Directors?	✓		In order to achieve sustainable development, the Company will change the ‘ESG Project Team’ to the ‘Sustainability Office’ to coordinate the promotion of various matters, formulate relevant management rules and regulations, etc., and disclose information on sustainability to pay attention to the rights and interests of stakeholders, and to attach importance to the environment, society and corporate governance factors while pursuing sustainable operation and profitability, the above adjustments will be reported to the Board of Directors on 26 January 2024, and will be implemented by the Company. The Sustainability Office has eight groups, including quality control, corporate governance, employee care, social care, environmental sustainability, product innovation, supply chain management, and customer care. It reports to the Board of Directors on its work each year.	None												
II. Does the company assess environmental, social and governance risks related to its operations?	✓		The Company's Sustainability Office looks at international sustainability standards, the World Economic Forum (WEF) Global Risk Report, and industry trends. It uses the materiality principle to decide what to focus on. This means that it looks at things that are important to stakeholders, have a big impact on the Company's operation, and are in line with the priority of the development objectives of sustainable management. Assess the impact of environmental, social, governance, and risk management (including supply chain risks, climate risks, information security, and data protection) and set objectives and management strategies.	None												
III.Environmental Issues. (1)Has the company established an appropriate environmental management system according to the characteristics of its industry? (2)Does the company endeavour to improve the efficiency of energy use and use recycled materials that have a low impact on the environment? (3)Does the company assess the potential risks and opportunities of climate change on the enterprise now and in the future, and take relevant countermeasures? (4)Has the company compiled statistics on greenhouse gas emissions, water consumption and total weight of waste over the past two years, and formulated policies on greenhouse gas reduction, water consumption reduction or other waste management?	✓		(1)The company has established ISO14001 environmental management system and conducts regular internal and external audits every year. (2)The Company has set up recycling bins for resource classification and conducts occasional education and training for internal staff on environmental protection; and also commissions qualified vendors to carry out waste recycling and disposal operations. (3)The Company conducts air-conditioning temperature control during the summer months and conducts ambient air measurements every six months to ensure air quality and the effective use of energy to achieve the goal of energy conservation and carbon reduction. (4)The Company's energy saving and carbon reduction and greenhouse gas reduction strategies: a)Adjust air-conditioning opening hours and temperatures in office premises in a timely manner. b) Implement green planting to save energy and reduce carbon emissions. c) Control lighting zones and automated control during off-duty hours, and implement rubbish classification to reduce the amount of rubbish. d)Reduce the amount of rubbish in the office. Environmental data for the past two years for the main production sites:<table><tr><td>Type</td><td>2022</td><td>2023</td></tr><tr><td>Total greenhouse gas emissions (metric ton of CO2e)</td><td>1,627.93</td><td>1,729.53</td></tr><tr><td>Waste (metric ton)</td><td>54</td><td>54</td></tr><tr><td>Water consumption (m3)</td><td>12,188</td><td>10,107</td></tr></table>	Type	2022	2023	Total greenhouse gas emissions (metric ton of CO2e)	1,627.93	1,729.53	Waste (metric ton)	54	54	Water consumption (m3)	12,188	10,107	None
Type	2022	2023														
Total greenhouse gas emissions (metric ton of CO2e)	1,627.93	1,729.53														
Waste (metric ton)	54	54														
Water consumption (m3)	12,188	10,107														

Promoting Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
IV.Society Issues. (1) Has the company set up relevant management policies and procedures? (2) Does the company offer fair pay and benefits to employees? (3) Does the company provide a safe and healthy working environment? (4) Does the company provide training for employees? (5) Does the company comply with relevant laws and regulations? (6) Does the company have supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labour rights?	√		(1)The Company follows the relevant labour laws and regulations to protect employees' rights and interests. It has established the 'Work Rules and Management Regulations'. (2)For details of the Company's employee benefits, see the 'Labour Relations' section of the annual report. Article 20 of the company's articles of incorporation says that 10% to 20% of the annual profit should be set aside for employee pay. (3)The company offers annual health checks and on-site occupational health advice to create a safe and comfortable working environment. There were no fatal or injury cases in 2023. (4)Provide training to help employees do their jobs well and to help the company grow. The Company also provides other benefits to employees, such as accident insurance, training and education subsidies, and career development assistance. (5)The Company has a Customer Service Code of Conduct to handle products and services effectively. (6) Suppliers must comply with the European Union's RoHS directive and customer environmental protection requirements. Suppliers must also meet green environmental protection requirements.	None
V.Does the company use international standards or guidelines for preparing reports that disclose non-financial information about the company? Have you had the reports checked by someone else?	√		The Company makes reference to the internationally recognised standards or guidelines for the preparation of reports and publishes them on the Company's website. The process of obtaining third-party validation of the report will be completed gradually in accordance with the law.	None
VI. If a company has its own code of practice for sustainable development based on the 'Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies', please describe how it differs from the code of practice established: The company will create a code of practice for sustainable development based on the 'Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies'.				
VII. Other important information about the implementation of sustainable development: (1) Environmental protection: The company recycles packaging materials to reduce pollution and waste. It also aims to be sustainable and fulfil its social responsibility. (2) Human rights: The company treats its employees fairly and with respect. There have been no labour disputes, showing the Company's efforts on human rights issues. (3) Safety and health: The Company provides a safe workplace for its employees. The company also gets safety and health training to avoid accidents.				

(2)Execution of Climate-related Information:

Item	Enforcement Situations
1. Describe how the board of directors and management oversee and govern climate-related risks and opportunities. 2. Describe how climate risks and opportunities affect the business, strategy and finances of the organisation. 3. Describe the financial impacts of extreme climate events and transformational actions. 4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system. 5. If scenario analysis is used to assess the resilience to climate change risk, describe the scenarios, parameters, assumptions, factors analysed, and major financial impacts. 6. If there is a transition plan for managing climate-related risks, describe the plan and how it will be used to identify and manage the entity's risks and transition plan. If there is a transition plan to manage climate-related risks, describe the plan and the indicators and targets used to identify and manage entity and transition risks. 7. If internal carbon pricing is used as a planning tool, describe how the price is set. 8. If targets are set, say what is covered, how much greenhouse gas is emitted, when it will be done and how much progress has been made. If carbon offsets or RECs are used to achieve the target, the source and amount of carbon credits offset or the annual progress should be stated. If carbon offsets or RECs are used to achieve targets, say how many were used. If carbon credits or RECs are used to achieve targets, the source and quantity of carbon credits or RECs offset should be stated. 9. Greenhouse gas inventory and confirmation of targets, strategies and action plans.	The Company's Sustainability Office will undertake a comprehensive examination of the evolution of international sustainability standards and regulations, with a view to identifying and assessing the impact of climate risk on the Company's operations. Furthermore, the Office will formulate objectives and management strategies designed to mitigate the aforementioned risks.

(3)Greenhouse Gas Inventory and Confirmation:

(a)Describe the greenhouse gas emissions (metric ton of CO₂e), intensity (metric ton of CO₂e/million) and the scope of the data for the last two years:

Item/Year	2022	2023
Greenhouse Gases (Scope 1 and 2) Emissions (metric ton of CO ₂ e)	931.60	838.40
Emission Intensity (metric ton of CO ₂ e/million) (Note: Individual Financial Reports)	0.54	0.73
Scope of Information	Taiwan: Headquarters and Factory	

(b)Greenhouse Gas Confirmation Information: As at the date of printing of the annual report, the Company has arranged for the verification of the certificate, which is expected to be obtained in the third quarter of 2024. The results will be made available on the Company's official website at the same time.

(F)The Company has established an internal control system, an internal audit system, and various management methods, and the auditors and outside professionals (accountants) conduct random checks on their implementation from time to time: The company has established an internal control system, an internal audit system and various management methods, and their implementation is subject to random checks by auditors and external professionals (accountants) from time to time. In addition, the company has set up a corporate website for the public to understand the company. Significant financial and business information is disclosed in a timely manner on the public information website in accordance with the regulations of the law for the review of general investors. Furthermore, the implementation of social responsibility is disclosed in the annual report and the public statement.

Evaluation Items	Operational Situation			Difference with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Difference
	Yes	No	Summary Description	
I. Establishment of Integrity Management Policies and Programmes. (A) Has the company approved an honesty policy? If so, has the policy been clearly stated and is the company committed to implementing it? (B) Has the company set up a way to assess the risk of dishonesty, regularly analyse and evaluate business activities that carry a higher risk of dishonesty, and create a plan to prevent dishonesty based on this? Does the plan cover the preventive measures for behaviours in Article 7, paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"? (C) Has the company set up a plan to stop dishonest behaviour? This should include rules, penalties for breaking them and a way to report wrongdoing. Has this plan been put into practice and regularly updated?	✓		(A)The company has two key documents: the Code of Business Integrity and the Operating Procedures and Behavioural Guidelines for Business Integrity. The Board of Directors approved both documents, which set out the company's policies and practices in relation to business integrity. They also show that the Board of Directors and senior management will put the business policies into practice. (B)The company has set up the Code of Business Integrity and the Business Integrity Procedures and Behavioural Guidelines. These set out how the company should act ethically, avoid conflicts of interest and deal with business hospitality. The company has a way to find out if people are being dishonest. It also provides training and tests to help staff do their jobs well. (C)The company asks suppliers, contractors, and other partners to promise they won't do anything unethical or offer bribes to employees.	No discrepancy
II.Implementation of Integrity Management. (A) Has the company checked if its partners are honest and written this in its contracts? (B)Has the company set up a unit to promote integrity and report on its policies and plans to prevent dishonesty? (C)Has the company set up a policy to avoid conflicts of interest, given people a way to represent them, and followed it? (D)Has the company set up an effective accounting and internal control system for preventing fraud? Has the internal audit unit created an audit plan based on the risk of fraud and checked that the plan is being followed? Or has it hired an accountant to do this? (E)Does the company offer regular training on integrity management?	✓		(A)Before doing business with another company, we check if they are legal, if they have good business policies, and if they have a record of dishonest conduct. This helps us understand their business operations and includes compliance with integrity in the contract. (B)The Human Resources and Legal Departments create the company's integrity policies and programs. The Audit Office oversees their implementation and reports to the Board of Directors on their status. (C)The company has a code of business integrity and business integrity procedures for all employees. If a conflict of interest arises, the Company will try to prevent it. This is to protect the interests of all shareholders. (D)The company has an effective accounting system and internal control system to ensure ethical operations. It has an internal control system for business processes that may involve dishonesty and an annual audit plan. The audit unit regularly checks the compliance status. (E)The company holds meetings to let employees understand management decisions and express their opinions. The company offers regular training and promotion opportunities. The system is linked to employee performance reviews. It rewards and penalises employees based on their participation and contribution.	No discrepancy
III.Operation of the Corporate Reporting System (A) Has the company set up a reporting system and assigned personnel to receive reports? (B) Has the company set out how it will investigate reports, what it will do afterwards and how it will keep information confidential? (C) Has the Company protected the complainant from being treated badly because of the complaint?	✓		(A) The company has set up a way for employees, suppliers and customers to report fraud. Anyone can report to the company's Receiving Officer, who is the Head of Internal Audit. They can report by name or anonymously, and with or without evidence. They can report orally, in writing, by email or by any other appropriate means. (B) The person in charge of receiving reports must only collect the information needed for the purpose. The receiving officer should keep the documents from the reporting and investigating process in a proper way and file them. (C) Employees who report wrongdoing will be protected from unfair treatment, retaliation or threats.	No discrepancy
IV.Enhanced Information Disclosure. Does the company publish its Code of Conduct on its website and Market Observation Post System?	✓		The company has hired people to do related jobs. It collects and shares relevant information. The company's website is at https://www.whayu.com.	No discrepancy
V. If the company has its own code of conduct based on the 'Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies', please explain how it differs from the code. The company complies with the 'Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies' and has its own code of conduct.				
VI.Further information on the Company's operations with respect to integrity can be found in the preceding description of operations.				

(G) If the company has a code of corporate governance and related regulations, we would be grateful if you could kindly direct us to the relevant enquiry method: The company has established a series of internal regulations, including 「Board Meeting Regulations」, 「Shareholders' Meeting Rules」, 「Procedures for Acquiring or Disposing of Assets」, 「Procedures for Engaging in Derivative Transactions」, 「Endorsement and Guarantee Procedures」, 「Loan Operations Procedures」, 「Internal Control System Processing Guidelines」, 「Corporate Governance Practices Guidelines」, 「Integrity Operating Principles」 and 「Integrity Operating Procedures and Code of Conduct」. All of these regulations have been approved by the Board of Directors. The content of these documents is consistent with the principles of corporate governance, and the company adheres to them in a strict manner. Should any further clarification be required, kindly direct your enquiry to the Market Observation Post System, the company's website, or alternatively, contact the company's shareholder services personnel.

(H) Furthermore, other pertinent data may be disclosed in order to enhance the understanding of the operation of corporate governance:

(1) List of Refreshments

Title	Name	Learning Institutions	Course Name
Chairman	Tsou, Mi-Fu	Taiwan Corporate Governance Association	New Thinking on Group Tax Governance from Digital Taxation and Future Trends of International Rental Taxation A guide to ensuring compliance with the rules of business ethics.
Independent Director	Liu, Heng-Yih	Taiwan Corporate Governance Association	New Thinking on Group Tax Governance from Digital Taxation and Future Trends of International Rental Taxation A guide to ensuring compliance with the rules of business ethics.
Independent Director	Lue, Wen-Chia	Taiwan Corporate Governance Association	New Thinking on Group Tax Governance from Digital Taxation and Future Trends of International Rental Taxation A guide to ensuring compliance with the rules of business ethics.
Independent Director	Huang I-Hung	Taiwan Corporate Governance Association	New Thinking on Group Tax Governance from Digital Taxation and Future Trends of International Rental Taxation A guide to ensuring compliance with the rules of business ethics.
Director	Sun, Cheng-Pen	Taiwan Corporate Governance Association	New Thinking on Group Tax Governance from Digital Taxation and Future Trends of International Rental Taxation A guide to ensuring compliance with the rules of business ethics.
Director and Senior Manager	Huang, Kun-Chang	Taiwan Corporate Governance Association	New Thinking on Group Tax Governance from Digital Taxation and Future Trends of International Rental Taxation A guide to ensuring compliance with the rules of business ethics.
Director	Lu, Te-Mao	Taiwan Corporate Governance Association	New Thinking on Group Tax Governance from Digital Taxation and Future Trends of International Rental Taxation A guide to ensuring compliance with the rules of business ethics.
Director	Chuang, Ming-Yuan	Taiwan Corporate Governance Association	New Thinking on Group Tax Governance from Digital Taxation and Future Trends of International Rental Taxation A guide to ensuring compliance with the rules of business ethics.
Director	Lin Cheng Wei	Taiwan Corporate Governance Association SECURITIES & FUTURES INSTITUTE	New Thinking on Group Tax Governance from Digital Taxation and Future Trends of International Rental Taxation A guide to ensuring compliance with the rules of business ethics. Seminar on Derivative Financial Markets for Corporate Sustainability
Director Representative, CFO and Head of Corporate Governance	Tsao, Fu-Yi	Taiwan Corporate Governance Association Accounting Research and Development Foundation	New Thinking on Group Tax Governance from Digital Taxation and Future Trends of International Rental Taxation A guide to ensuring compliance with the rules of business ethics. Continuing Education Programme for Accounting Supervisors.
Head of Internal Audit	Hsu, Hsiang-Yi	The Institute of Internal Auditors-Chinese Taiwan Accounting Research and Development Foundation	Production Cycle and Audit Key Points Internal Auditor Audit and control of Information Security.

(2) Other material information that would enhance understanding of how corporate governance is working: Please refer to the Market Observation Post System.

(I) The status of the implementation of the internal control system should be made clear in order to disclose the following matters:

(1) Statement of Internal Control

WHA YU INDUSTRIAL CO., LTD.
Statement about Internal Control System

Date: Mar. 15, 2024

Based on the results of our self-assessment of our internal control system for 2023, we hereby declare as follows:

- I. The Company acknowledges the importance of the Board of Directors and managers of the Company in establishing, implementing and maintaining an internal control system. The Company has taken steps to implement such a system. The purpose of this system is to provide reasonable assurance of the effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets, etc.), the reliability, timeliness, and transparency of reporting, and compliance with relevant regulations and laws and regulations.
- II. The internal control system is not without inherent limitations. Regardless of its design, an effective internal control system can only provide reasonable assurance that the three objectives mentioned above are achieved. Furthermore, the effectiveness of the internal control system may change as a result of changes in the environment and circumstances. However, the Company's internal control system has a self-monitoring mechanism. Once deficiencies are identified, the Company will take corrective actions.
- III. The Company endeavours to assess the effectiveness of its internal control system based on the items for determining the effectiveness of the internal control system as stipulated in the 「Regulations Governing Establishment of Internal Control Systems by Public Companies」 (hereinafter referred to as the Regulations). The judgmental items of the internal control system adopted in the 'Guidelines for Handling of Internal Control Systems' are based on the process of management control, and the internal control system is classified into five components: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. supervisory operations. Each of these components is made up of a number of items. For more information on these items, please refer to the Regulations.
- IV. The Company has implemented a system of internal controls that includes the following judgemental items. These are designed to help us assess the effectiveness of the design and implementation of the internal control system.

- V. Based on the results of the previous assessment, the Company concluded that the design and implementation of the Company's internal control system (including the supervision and management of subsidiaries), including the understanding of the extent to which the objectives of operational effectiveness and efficiency have been achieved, and the extent to which reporting is reliable, timely, transparent and in compliance with relevant standards and regulations and relevant laws and regulations, are effective, and that the design and implementation of the system is capable of reasonably assuring the achievement of the above objectives. Achieve the above objectives.
- VI. This statement will form the basis of the Company's Annual Report and public prospectus, and will be made public. Any falsehood, concealment, or other unlawful acts in the above disclosed information may result in legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Board of Directors of the Company on 15 March 2024. Of the 10 directors present, none expressed opposition to the statement, and the majority indicated their support for its contents. In light of this, we, the undersigned, declare that.

WHA YU INDUSTRIAL CO., LTD.

Chairman: Tsou, Mi-Fu

President: Peng, Chao-Chung

- (2) It would be advisable to disclose the accountant's review report if an accountant is appointed to conduct a project to review the internal control system: None.

(J) In recent years and up to the date of publication of the annual report, if the company and its internal staff have been punished according to law, or if the company has punished its internal staff for violating the provisions of the internal control system, and the results of the punishment may have a significant impact on shareholders' interests or the price of the securities, the details of the punishment, the main deficiencies and the circumstances of the improvement should be listed:None.

(K) Significant Resolutions of the Shareholders' Meeting and the Board of Directors for the most recent year and up to the date of publication of the Annual Report.

(1)Important Resolutions of the Shareholders' Meeting:

Meeting Date	Important Resolution	Enforcement Situations
Jun. 19,2023	(1)Recognition of Business Report and Financial Statement for 2022	The case was approved by the shareholders. The number of votes for shareholders was 68,737,093. (100%) Number of votes in favour 64,020,688(93.13%) Abstention/Non-voting 4,682,766(6.81%) Number of objections 33,639(0.04%);Number of invalid votes 0.
	(2)Recognition of Earnings Distribution for 2022	The case was approved by the shareholders. ° The number of votes for shareholders was 68,737,093. (100%) Number of votes in favour 64,020,598 (93.13%) Abstention/Non-voting 4,680,765 (6.80%) Number of objections 35,730 (0.05%);Number of invalid votes 0.

(2)Significant Resolutions of the Board of Directors for the year 2023 and up to the date of printing of the Annual Report:

Date	Meeting	Important Resolution
Jan. 18,2023	The 17th meeting of the 15 th term	1.Approved the Company's 2023 Annual Budget Plan. 2.Approved the Company's 2023 business plan. 3.Approval of Investment in Establishing a New Subsidiary in the United States. 4.Approved the Chairman's salary for 2023. 5.Appointment of personnel. 6.Consideration of the 2022 performance bonus proposal. 7. Approval of Credit Facility from CTBC for the Company and its Affiliates. 8.Application for short-term consolidated credit facilities from existing banks for the Company.
Mar. 27,2023	The 18th meeting of the 15 th term	1.Approval of the 2022 Employee and Director Compensation Distribution Plan. 2.Consideration of the 2023 Manager's Annual Compensation, as proposed by the Remuneration Committee. 3.Approve the Business Report and Financial Statement for 2022 4.Approve the Earnings Distribution for 2022. 5.Approval of the statement of internal control system for the year 2022. 6.Approved the resolution on the evaluation on the independence of the Company's CPAs 7.Approval of Investment in Establishing a New Subsidiary in Vietnam. 8.Election of Directors and Nomination of Candidates.

Date	Meeting	Important Resolution
		9.Approval of the Removal of Non-Compete Restrictions for Newly Appointed Directors. 10.Approved the convening of the 2023 Annual General Meeting of Shareholders of the Company. 11.Application for short-term consolidated credit facilities from existing banks for the Company. 12.Approval of the Implementation of the ESG Sustainability Project and the Appointment of a Corporate Governance Officer.
May. 8,2023	The 19th meeting of the 15 th term	1.Approved the first quarter 2023 Consolidated Financial Statements. 2.Approval of the Company's "Pre-Approval Procedures for Non-Assurance Services Provided by the Auditors" 3.Approved the intercompany loan transaction of HUA HONG INTERNATIONAL LTD. 4.Approval of Credit Facility from Taipei Fubon Commercial Bank for the Company and its Affiliates.
Jun. 19,2023	The 1th meeting of the 16 th term	Approval of the Election of the Chairman for the 16 th Term.
Jul. 31,2023	The 2th meeting of the 16 th term	1.Approval of the Consolidated Financial Statements for the Second Quarter of 2023. 2.Approved the review of the provision of non-confidence services by Deloitte & Touche and its affiliates. 3.Approval of the Amendments to Certain Provisions of the Company's Internal Control System. 4.Approval of the Ex-Dividend Date and Related Matters. 5.Approval of the Appointment of Members to the Fifth Compensation Committee. 6.Application for short-term consolidated credit facilities from existing banks for the Company.
Aug. 29,2023	The 3th meeting of the 16 th term	1.Approve the sale of shares in affiliated company Hang Jian Technology Co.,Ltd. 2.Approved the closure of the related company business for AEON TECHNOLOGY (SHANG HAI) CO.,LTD. 3.Approved the consideration of the 2022 Manager's and Director's Compensation Distribution Plan. 4.Appointment of personnel. 5.Application for short-term consolidated credit facilities from existing banks for the Company.
Nov. 9,2023	The 4th meeting of the 16 th term	1.Approval of the Consolidated Financial Statements for the Third Quarter of 2023. 2.Approval of the Company's Audit Plan for 2024. 3.Application for short-term consolidated credit facilities from existing banks for the Company.
Jan. 26,2024	The 5th meeting of the 16 th term	1.Approved the Company's 2024 Annual Budget Plan. 2.Approved the Company's 2024 business plan. 3.Personnel Appointments. 4.Proposed Capital Increase in Wha Yu Vietnam Limited Liability Company. 5.Approval of Credit Facility from CTCB for the Company and its Affiliates 6.Application for short-term consolidated credit facilities from existing banks for the Company.
Mar. 15,2024	The 6th meeting of the 16 th term	1.Approve the Business Report and Financial Statement for 2023 2.Approve the Deficit compensation for 2023. 3.Consideration of the 2024 Manager's Annual Compensation, as proposed by the Remuneration Committee.

Date	Meeting	Important Resolution
		4.Personnel Transfers and Appointments. 5.Approve the sale of shares in affiliated company Hang Jian Technology Co.,Ltd. 6.Approval of the statement of internal control system for the year 2023. 7.Approved the resolution on the evaluation on the independence of the Company's CPAs. 8.Approved the review of the provision of non-confidence services by Deloitte & Touche and its affiliates. 9.Approved the convening of the 2024 Annual General Meeting of Shareholders of the Company. 10.Application for short-term consolidated credit facilities from existing banks for the Company.
May. 8,2024	The 7th meeting of the 16 th term	1.Approved the first quarter 2024 Consolidated Financial Statements. 2.Approved the intercompany loan transaction of HUA HONG INTERNATIONAL LTD.

(L)Should a Director or Supervisor have a differing opinion on a significant resolution passed by the Board of Directors, and such opinion be duly recorded or stated in writing, the main contents of the resolution for the most recent year and up to the date of the printing of the Annual Report shall be as follows:None.

(M)Resignations and dismissals of the Chairman of the Board, President, the Head of Accounting, the Head of Finance, the Head of Internal Audit, the Head of Corporate Governance and the Head of R&D of the Company for the most recent year and up to the date of the printing of the Annual Report:

May 18,2024

Title	Name	Arrival date	Resignation date	Type of the change
General manager	Peng, Chao-Chung	Feb.14 ,2022	Apr. 30,2024	Retirement
Financial officer and Accounting officer	Tsao, Fu-Yi	Sep.29 ,2003	May 1,2024	Position adjustment (Newly President)
Corporate governance officer	Tsao, Fu-Yi	Mar. 27,2023	May 1,2024	Position adjustment

V. CPA Professional Service Fees

(A)Information Contents:

Unit: NT\$ thousands

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Remark
Deloitte & Touche	Tsai, Mei-Chen	2023/1/1~2023/12/31	3,500	548	4,048	Non-audit fees include transfer of pricing reports and disbursements , etc.
	Lin, Hsin-Tung					

(B) In the event that a change is made to the accounting firm and the audit fee paid in the year of the change is less than that paid in the year prior to the change, the amount, percentage, and reason for the decrease in the audit fee shall be disclosed: None.

(C) In the event that the audit fee is reduced by 10% or more in comparison to the previous year, the amount, percentage, and rationale for the reduction in the audit fee shall be disclosed in accordance with the following guidelines: None.

VI. CPA Change Information

(A) About Former CPA(s)

Date of Replacement	Mar. 27, 2023		
Reason of replacement and explanation	In consequence of the modification of Deloitte & Touche's internal rotation mechanism, commencing with the first quarter of 2023, the financial report verification visas will be altered from Tsai, Mei-Chen and Lin, Cheng-Chih to Tsai, Mei-Chen and Lin, Hsin-Tung.		
Explain the termination of appointment by appointer or the refusal of appointment by CPAs	Condition of the Party	CPA	Appointer
	Voluntarily terminated appointment	None	
	Reject the (continuing) authorization		
The opinions and reasons in the signed and issued audit reports which were not "no reservations" in the most recent two years	None		
Opinions different from that of issuer	Yes	—	Accounting principles or practices
		—	Disclosure of financial report
		—	Scope or procedure of audit
		—	Others
	No	V	
	Description		
Other disclosure matters	None		

(B)About the Succeeding CPA(s):

Name of Firm	Deloitte & Touche
Name of CPA	Tsai, Mei-Chen and Lin, Hsin-Tung.
Date of Appointment	Mar. 27,2023
Accounting methods or principles for specific transactions as well as advisory matters and results that may be issued for financial reporting prior to appointment	None
Written opinions of the successors on the different opinions of the former CPAs	None

(C)Former CPA's Response to Matters 1 and 2(3) of paragraph 6 of Article 10 of the Standard:None.

VII.If the Chairman of the Board, or any Management Team in charge of finance or accounting matters in the most recent year held a position at the CPAs' Accounting Firm or an Affiliate of the Accounting Firm, the name, title, and employment period in the Accounting Firm or an Affiliate of the Accounting Firm shall be disclosed:None.

VIII.Conditions of share transfer and changes in equity pledge from Directors, Management Team, and shareholders who hold more than 10% of shares,in the Most Recent Year and as of the date of publication of the Annual Report:

(A)Changes in shareholdings of directors, managers and shareholders holding more than 10% of shares:

Title	Name	2023		As of April 28 in 2024	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Chairman	Tsou, Mi-Fu	0	0	0	0
Director and Chief Strategy Officer	Chen, Shih-Chung (Note 1)	19,146	0	Not applicable	
Director	MegaPlus Asset Management Ltd. (Note 1)	(151,000)	0	Not applicable	
Director	Sun, Cheng-Pen	0	0	0	0
Director and Senior Manager	Huang, Kun-Chang	0	0	0	0
Director	Chuang, Ming-Yuan	0	0	0	0
Director	Lu, Te-Mao	0	0	0	0
Director	Lin Cheng Wei	0	0	0	0
Director	Hansome Investment Inc.(Note 1)	50,000	0	0	0
	Director Representative: Tsao, Fu-Yi	0	0	0	0
Independent Director	Liu, Heng-Yih	0	0	0	0
Independent Director	Lue, Wen-Chia	0	0	0	0
Independent Director	Chan, Ting-Hsün (Note 1)	0	0	Not applicable	
Independent Director	Huang I-Hung (Note 1)	0	0	0	0
President	Peng, Chao-Chung (Note 2)	0	0	0	0
Chief Strategy Officer	Chen, Shih-Chung (Note 1)	19,146	0	0	0
Chief Financial Officer and Vice President of Operations	Tsao, Fu-Yi	19,146	0	0	0
Chief Marketing Officer	Kao, Cheng-Huan	0	0	0	0
Vice President	Wang, Chih-Wen	0	0	0	0
Vice President	Hu, Kuan-Chuan	0	0	0	0
Vice President	Tsen, Yu-Ching (Note 3)	0	0	0	0
Vice President	Chen, Yen-Ming (Note 4)	Not applicable		0	0

(Note 1) The terms of office of Mr Chen, Shih-Chung and MegaPlus Asset Management Ltd. as directors and Mr Chan, Ting-Hsün as independent director will expire on 19 June 2023 and the new independent directors following general re-election at the annual general meeting of shareholders held on the same day are Mr Huang I-Hung, Mr Lin Cheng Wei and Hansome Investment Inc. as new directors.

(Note 2) Mr. Peng Chao-Chung, the General Manager of company, will resign upon the completion of their term on April 30th, 2024

(Note 3) Mr Tsen, Yu-Ching is newly appointed on 4 September 2023.

(Note 4) Mr. Chen, Yen-Ming is newly appointed on 26 January 2024.

(B) If the counterparty to an equity transfer is a related part: None.

(C) If the counterparty to a pledge of stock rights is a related party: None.

IX. Shareholders ranked at top ten in terms of shareholding ratio, who are related to each other or have spouse or a relative relation within the second degree of kinship with each other

Apr. 28,2024; Unit:Shares

Name	Current Shareholding		Shares held by spouses and minor children		Shares held in the name of others		Names and relationships of the top ten shareholders who are related to each other or who are spouses or relatives within two degrees of consanguinity or affinity.		Remark
	Number of Shares	Share Holding Ratio	Number of Shares	Share Holding Ratio	Number of Shares	Share Holding Ratio	Title (or Name)	Relation	
Chi Yen Hua	4,371,732	3.63%	0	0.00%	0	0.00%	None	None	None
Tsou, Mi-Fu	3,272,570	2.72%	2,340,593	1.94%	804,000	0.67%	Lu, Kuei-Lan Tsou, Ying and Tsou, Jui	The spouse The children	
Sun, Cheng-Pen	2,528,222	2.10%	76,492	0.06%	682,570	0.57%	None	None	
Yang, Mei-Feng	2,403,000	1.99%	0	0.00%	0	0.00%	None	None	
Lu, Kuei-Lan	2,340,593	1.94%	3,272,570	2.72%	0	0.00%	Tsou, Mi-Fu	The spouse	
Tsou, Ying	2,205,733	1.83%	0	0.00%	0	0.00%	Tsou, Mi-Fu and Lu, Kuei-Lan	The parents	
Tsou, Jui	2,205,730	1.83%	0	0.00%	0	0.00%	Tsou, Mi-Fu and Lu, Kuei-Lan	The parents	
Huang, Kun-Chang	2,153,138	1.79%	0	0.00%	625,067	0.52%	None	None	
Lin Cheng Wei	2,012,000	1.67%	0	0.00%	0	0.00%	None	None	
Chuang, Ming-Yuan	1,245,622	1.03%	295,587	0.25%	0	0.00%	None	None	

X. The number of shares held by the company, the company's directors and managers as well as the businesses directly or indirectly controlled by the company in the same one investment business, and the consolidated comprehensive shareholding ration.

December 31, 2023; Unit: thousands shares

Name of Investee	Ownership by the Company		Investment by Directors, Managerial Officers and Companies Directly or Indirectly Controlled by the Company		Total Ownership	
	Number of Shares	Percentage of Ownership	Number of Shares	Number of Shares	Percentage of Ownership	Number of Shares
HUA HONG International Ltd.	7,498	100%	0	0%	7,498	100%
DONGGUAN AEON Tech Co., Ltd.	0	100%	0	0%	0	100%
AEON TECHNOLOGY (SHANG HAI) Co., Ltd.	0	100%	0	0%	0	100%
HANG JIAN TECHNOLOGY Co., Ltd.	2,130	50.12%	0	0%	2,130	50.12%
Wha Yu USA Inc.	500	100%	0	0%	500	100%
Wha Yu Vietnam Limited Liability Company.	0	100%	0	0%	0	100%

Chapter 4. Capital Overview

I. Capital and Shares

(A)Source of Capital

(1)Formation of Capital Stock

As at 18 May 2024

Year/Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares (thousands shares)	Amount (NT\$ thousands)	Number of Shares (thousands shares)	Amount (NT\$ thousands)	Source of Capital (NT\$ thousands)	Capital Increase by Assets Other than Cash	Others
2002.11	10	20,000	200,000	14,000	140,000	Cash increase of NT\$ 40,000,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 09101474170 of November 27, 2002
2002.12	10	20,000	200,000	18,000	180,000	Cash increase of NT\$ 40,000,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 09101507350 of December 25, 2002
2003.08	10	30,000	300,000	22,000	220,000	Cash increase of NT\$ 40,000,000	-	Approved by the Ministry of Economic Affairs in Zhong Tsu No. 09101507350 of August 13, 2003
2003.12	10	30,000	300,000	25,000	250,000	Cash increase of NT\$ 30,000,000	-	Approved by the Ministry of Economic Affairs in Zhong Tsu No. 09233031680 of December 3, 2003
2004.06	10	66,000	660,000	32,360	323,600	Surplus increased by NT\$50,000,000, employee bonus increased by NT\$8,600,000, cash increased by NT\$15,000,000	-	Approved by the Ministry of Economic Affairs in Zhong Tsu No. 09332199330 of June 8, 2004
2005.10	10	66,000	660,000	40,072	400,720	Surplus increased by NT\$64,720,000, employee bonus increased by NT\$12,400,000	-	Approved by the Ministry of Economic Affairs in Zhong Tsu No. 09433010080 of October 19, 2005
2006.06	10	66,000	660,000	44,983	449,830	Cash increase of NT\$ 49,110,000	-	Approved by the Ministry of Economic Affairs in Zhong Tsu No. 09532267150 of June 2, 2006
2006.09	10	66,000	660,000	55,295	552,958	Surplus increased by NT\$90,162,000, employee bonus increased by NT\$12,966,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 09501211430 of September 22, 2006
2007.01	10	66,000	660,000	58,249	582,496	Accepted an increase of NT\$29,538,000 in the share capital of other companies	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 09601004480 of January 9, 2007
2007.10	10	100,000	1,000,000	70,209	702,093	Surplus increased by NT\$104,849,000, employee bonus increased by NT\$14,747,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 09601247730 of October 16, 2007

Year/Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares (thousands shares)	Amount (NT\$ thousands)	Number of Shares (thousands shares)	Amount (NT\$ thousands)	Source of Capital (NT\$ thousands)	Capital Increase by Assets Other than Cash	Others
2007.10	10	100,000	1,000,000	70,810	708,103	Conversion of bonds into common stock of NT\$6,009,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 09601255210 of October 19, 2007
2008.01	10	100,000	1,000,000	70,511	715,103	Conversion of bonds into common stock of NT\$7,000,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 09701013300 of January 21, 2008
2008.09	10	100,000	1,000,000	79,997	799,973	Surplus increased by NT\$71,510,000, employee bonus increased by NT\$13,360,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 09701229380 of September 23, 2008
2009.02	10	100,000	1,000,000	79,562	795,623	Cancellation of Treasury shares of NT\$4,350,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 09801021400 of February 9, 2009
2012.01	10	160,000	1,600,000	104,905	1,049,045	Accepted an increase of NT\$253,422,000 in the share capital of other companies	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 10101010870 of January 31, 2012
2012.02	10	160,000	1,600,000	102,196	1,021,955	Cancellation of Treasury shares of NT\$27,090,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 10101021610 of February 8, 2012
2013.04	10	160,000	1,600,000	107,418	1,074,187	Conversion of bonds into common stock of NT\$52,232,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 10201068410 of April 16, 2013
2013.09	10	160,000	1,600,000	114,578	1,145,778	NT\$71,591,000, capital increase from earnings	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 10201197130 of September 25, 2013
2013.11	10	160,000	1,600,000	115,134	1,151,343	Conversion of bonds into common stock of NT\$5,565,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 10201226560 of November 7, 2013
2014.01	10	160,000	1,600,000	118,909	1,189,094	Conversion of bonds into common stock of NT\$37,751,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 10301014310 of January 22, 2014
2014.06	10	160,000	1,600,000	124,110	1,241,094	Additional capital of NT\$52,000,000 by issuing shares with limited rights of employees	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 10301103090 of June 12, 2014
2014.12	10	160,000	1,600,000	124,079	1,240,794	Cancellation of the purchase of limited employee rights shares of NT\$300,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 10301240470 of December 12, 2014

Year/Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares (thousands shares)	Amount (NT\$ thousands)	Number of Shares (thousands shares)	Amount (NT\$ thousands)	Source of Capital (NT\$ thousands)	Capital Increase by Assets Other than Cash	Others
2015.01	10	160,000	1,600,000	123,975	1,239,754	Cancellation of Treasury shares of NT\$1,040,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 10401019160 of January 29, 2015
2015.09	10	160,000	1,600,000	120,742	1,207,424	Cancellation of Treasury shares of NT\$31,450,000 and Cancellation of purchase of limited employee rights shares of NT\$880,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 10401181770 of September 2, 2015
2016.01	10	160,000	1,600,000	120,700	1,207,004	Cancellation of the purchase of limited employee rights shares of NT\$420,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 10501017300 of January 29, 2016
2016.05	10	160,000	1,600,000	120,682	1,206,824	Cancellation of the purchase of limited employee rights shares of NT\$180,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 10501108700 of May 27, 2016
2016.09	10	160,000	1,600,000	120,539	1,205,394	Cancellation of the purchase of limited employee rights shares of NT\$1,430,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 10501212240 of September 1, 2016
2016.12	10	160,000	1,600,000	120,495	1,204,954	Cancellation of the purchase of limited employee rights shares of NT\$440,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 10501281870 of December 6, 2016
2017.08	10	160,000	1,600,000	120,480	1,204,804	Cancellation of the purchase of limited employee rights shares of NT\$150,000	-	Approved by the Ministry of Economic Affairs in Shang Tsu No. 10601122410 of August 28, 2017

(2)Types of shares Issued

Unit: Share

Share Type	Authorized Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Ordinary Share	120,480,417	79,519,583	200,000,000	Listed company stock

(3)Omnibus reporting system related information:N.A.

(B) Shareholder Structure

Apr. 28,2024

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Outsider	Total
Number of shareholders	0	4	111	27,276	40	27,431
Shares Held	0	537,850	3,646,011	114,125,225	2,171,331	120,480,417
Percentage of Ownership	0.00%	0.45%	3.03%	94.72%	1.80%	100.00%

(C)Distribution of Equity Ownership

Apr. 28,2024 ; Unit: NT\$10 per share

Classification of Shareholdings	Number of Shareholders	Shares Held	Percentage of Ownership
1 to 999	14,662	392,678	0.33%
1,000 to 5,000	9,601	21,089,274	17.50%
5,001 to 10,000	1,713	14,137,095	11.74%
10,001 to 15,000	429	5,574,983	4.63%
15,001 to 20,000	359	6,776,761	5.62%
20,001 to 30,000	264	7,016,634	5.82%
30,001 to 40,000	103	3,693,724	3.07%
40,001 to 50,000	88	4,138,646	3.44%
50,001 to 100,000	115	8,196,437	6.80%
100,001 to 200,000	45	6,620,252	5.49%
200,001 to 400,000	27	7,445,181	6.18%
400,001 to 600,000	6	2,847,073	2.36%
600,001 to 800,000	4	2,670,637	2.22%
800,001 to 1,000,000	1	804,000	0.67%
Over 1,000,001	14	29,077,042	24.13%
Total	27,431	120,480,417	100.00%

(D)Major Shareholders

Apr. 28,2024

Name of Major Shareholders	Shares	Shares Held	Percentage of Ownership
Chi, Yen-Hua		4,371,732	3.63%
Tsou, Mi-Fu		3,272,570	2.72%
Sun, Cheng-Pen		2,528,222	2.10%
Yang, Mei-Feng		2,403,000	1.99%
Lu, Kuei-Lan		2,340,593	1.94%
Tsou, Ying		2,205,733	1.83%
Tsou, Jui		2,205,730	1.83%
Huang, Kun-Chang		2,153,138	1.79%
Lin Cheng Wei		2,012,000	1.67%
Chuang, Ming-Yuan		1,245,622	1.03%

(E)Share price, net worth, surplus, dividend and related information for the last two years.

Unit: NT\$

Item		Year	2022	2023	Current Year as of Mar. 31, 2024 (Note 2)
Market value per share	Maximum		26.10	23.75	18.30
	Minimum		14.65	16.90	15.90
	Average		18.64	19.23	17.28
Net Worth per Share	Before Distribution		12.28	10.90	10.71
	After Distribution		12.08	(Note 1)	-
Earnings per Share	Weighted average number of shares		120,481 (thousand shares)	120,481 (thousand shares)	120,481 (thousand shares)
	Earnings per Share		0.28	(1.00)	-
Dividends Per Share	Cash dividends		0.20	(Note 1)	-
	Stock Dividends	Surplus	-	(Note 1)	-
		Capital	-	(Note 1)	-
	Accumulated Undistributed Dividends		-	(Note 1)	-
Return on Investment	P/E Ratio(Note 3)		66.57	(Note 1)	-
	Price/Dividend Ratio(Note 4)		93.20	(Note 1)	-
	Cash Dividend Yield(Note 5)		0.01	(Note 1)	-

Note 1: To be finalised upon resolution at the 2024 AGM.

Note 2: Reviewed by the accountant in the first quarter of 2024.

Note 3: The equity ratio is calculated as the average closing price per share divided by earnings per share for the year.

Note 4: The equity ratio is calculated as the average closing price per share divided by cash dividend per share.

Note 5: The cash dividend yield is calculated by dividing the cash dividend per share by the average closing price per share for the year.

(F) Dividend Policy and Status.

(1)The Company's dividend policy is as follows:

The Company shall allocate 10% to 20% of the annual profit as employees' remuneration and not more than 3% as directors' remuneration. employees' remuneration shall be distributed in stocks or in cash.

However, if the Company still has accumulated losses, the amount of shall be reserved in advance. Subsequently, the remuneration for employees and directors shall be allocated in proportion to the aforementioned amount.

Where the Company generates a profit at the end of each fiscal year, it shall first allocate funds for tax provisions to cover any deficits, and then set aside 10% as the legal reserve, However, if the legal reserve has already reached the Company's paid-in capital, no further allocation shall be made. If there is any remaining surplus after the special reserve is set aside or reversed in accordance with the law or the regulations of the competent authority, the Board of Directors shall prepare a proposal for the appropriation of the surplus and submit it to the shareholders' meeting for resolution, taking into account the accumulated undistributed surplus from previous years.

Considering the Company's future expansion plans, capital requirements and long-term financial planning, as well as the Company's business objectives of sustainable operation, pursuit of shareholders' long-term interests and stable operating performance, the Company will distribute part or all of its distributable earnings as dividends to shareholders, including cash dividends of not less than 10% of the distributable dividends for the year.

(2)The circumstances of the proposed dividend distribution at the AGM are as follows:

On 15 March 2024, the Company's 16th Sixth Board of Directors' Meeting resolved that, due to the after-tax loss for the year 2023, the Company does not intend to distribute any dividend for the current year. A statement of appropriation of the loss for the year 2023 is submitted to the current Annual General Meeting of Shareholders for recognition.

(Unit: NT\$)	
Items	Amount
Undistributed earnings of Previous Years	6,482,670
Remeasurement of defined benefit Obligation	(998,236)
Unappropriated retained earnings after adjustment	5,484,434
Net loss of 2023	(120,064,684)
Deficit yet to be compensated – at the end of 2023	(114,580,250)
Legal reserve in covering accumulated deficits	3,397,639
Capital Surplus in covering accumulated deficits	111,182,611
Retained earnings at the end of the period	0

(3)The Company does not anticipate any significant changes to its dividend policy in the future.

(G)The impact of the proposed non-compensation share placement at the AGM on the company's operating results and earnings per share is not applicable.

(H)Remuneration of Employees and Directors:

(1)The percentage or range of remuneration for employees and directors as set forth in the Company's Articles of Incorporation:

The Company shall allocate 10% to 20% of the annual profit as employees' remuneration and not more than 3% as directors' remuneration. employees' remuneration shall be distributed in stocks or in cash.

However, if the Company still has accumulated losses, the amount of shall be reserved in advance. Subsequently, the remuneration for employees and directors shall be allocated in proportion to the aforementioned amount.

(2)The basis for estimating the amount of remuneration to be paid to employees and directors, the basis for calculating the number of shares to be distributed to employees as remuneration, and the accounting treatment in the event that the actual amount distributed differs from the estimated amount: Should the actual amount distributed differ from the original estimate, the difference would be accounted for as a change in accounting estimate and the effect of such change would be included in profit or loss for the year of actual distribution.

(3)The circumstances under which the Board approves the distribution of remuneration are as follows:

On March 15, 2024, the Company's 16th Sixth Board of Directors' Meeting resolved that, due to the after-tax loss for fiscal year 2023, the Company had not made any distribution of employees' and directors' remuneration after making up for the loss to be made up.

(4)The actual distribution of employees' and directors' remuneration in the previous year (including the number of shares distributed, the amount and the price of the shares), and the difference between the actual distribution and the remuneration to employees and directors, as well as the number of differences, the reasons for the differences, and the circumstances under which the differences were dealt with:None.

(I) Share Repurchases

The purchases of the Company's shares by the Company during the most recent year and up to the date of publication of the Annual Report:

Repurchasing session	The first	The second	The third	The fourth	The fifth
Objective of Repurchasing	To maintain Company's Credit and Shareholders' Interests	To transfer Shares to Employees	To maintain Company's Credit and Shareholders' Interests	To maintain Company's Credit and Shareholders' Interests	To maintain Company's Credit and Shareholders' Interests
Repurchasing period	2008/09/23 to 2008/11/17	2009/04/28 to 2009/06/15	2011/09/06 to 2011/10/24	2014/11/18 to 2014/12/19	2015/05/18 to 2015/07/09
Repurchasing range price	7.00~22.00	8.00~17.00	10.20~26.00	8.80~16.00	8.10~18.00
Shares Repurchased Type and quantity	435,000 Ordinary Shares	1,500,000 Ordinary Shares	2,709,000 Ordinary Shares	104,000 Ordinary Shares	3,145,000 Ordinary Shares
Amount of Shares Repurchased	NT\$3,664,730	NT\$19,687,200	NT\$36,977,493	NT\$1,176,722	NT\$37,400,262
Ratio of purchased quantity to ordered Purchased quantity (%)	14.50%	100.00%	90.30%	1.49%	62.90%
Number of shares canceled and transferred	435,000 Ordinary Shares (canceled)	1,500,000 Ordinary Shares (transferred)	2,709,000 Ordinary Shares (canceled)	104,000 Ordinary Shares (canceled)	3,145,000 Ordinary Shares (canceled)
Cumulative number of shares held in the Company	None	None	None	None	None
Ratio of cumulative number of shares held in the Company to total number of shares issued (%)	0%	0%	0%	0%	0%

II. Issuance of Corporate Bonds:None.

III.Issuance of Preferred Stocks:None.

IV.Issuance of Global Depository Receipts: None.

V. Issuance of warrants to employees: None.

VI. Restriction on employee right to obtain new shares:None.

VII.Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Other Companies:None.

VIII.Implementation of Capital Allocation Plans:None.

Chapter 5. Operational Highlights

I. Business Activities

(A) Scope of Business

(1) Main Content of Business:

- (a) C805050 Industrial Plastic Products Manufacturing.
- (b) CC01020 Electric Wires and Cables Manufacturing.
- (c) CC01080 Electronics Components Manufacturing.
- (d) F119010 Wholesale of Electronic Materials.
- (e) F219010 Retail Sale of Electronic Materials.
- (f) F401010 International Trade.
- (g) CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing.
- (h) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

(2) Business Composition:

Unit: NT\$ thousands; %

Item \ Year	2023	
	Amount	Proportion of revenue
Wireless radio communication devices	1,116,424	79.66
Electronic and optical communication components	219,894	15.69
Electronic signal connection devices	59,568	4.25
Electronic products	5,606	0.40
Total	1,401,492	100.00

Note: Consolidated Financial Statements audited and certified by certified public accountants for the year 2023.

(3) Current Product or Service Offerings of the Company:

- (a) Wireless radio communication devices
- (b) Electronic signal connection devices
- (c) Electronic and optical communication components
- (d) IoT wireless product assembly testing.
- (e) IIoT Industrial Internet of Things Module.

(4) Plans for Developing New Products or Services:

(a) Short-term Plans:

1. Indoor Antenna
2. Vehicle-mounted Multi-functional Antenna (GPS/GNSS, LTE/5G, Wi-Fi, DSRC, BT)

3. Antenna for Smart Home Appliances
4. Development of Small PCB Wideband Antenna
5. Full-Band Indoor Optimized Antenna
6. Outdoor CPE Antenna
7. Antenna for Walkie-Talkies
8. 2.4G/5.8G Tri-Band Dual-Polarized High-Gain Directional Antenna
9. WAVE/DSRC Vehicle-mounted Communication Antenna
10. 5G mmWave/ Antenna Design
11. 5G NR/ Antenna Design
- 12.High-Precision L1/L2/L5 Satellite Antenna
- 13.Base Station GPS Timing Antenna
- 14.Tire Pressure Monitoring System (TPMS) Antenna
- 15.Vehicle-mounted Multimedia Integration Antenna
- 16.BT 5.1/ Antenna Design
- 17.Wi-Fi 6/6E/7/ Antenna Design

(b)Long-term Plans

1. Development of connectors for high-frequency Products
2. Integration module for Wi-Fi /4G/5G
3. Development of multi-frequency omnidirectional Antennas
4. Development of military-grade Antennas
5. LTE Full Band MIMO DAS Antenna
6. Wi-Fi Dualband MIMO External Antenna
7. Wi-Fi Dualband MIMO Embedded Antenna
8. 5G/10G/24G/60G/ 77GHz Radar
9. LTE/5G High Gain Omni Antenna
10. Multi-Beam Base Station Antenna
- 11.NFC Reader & Tag Antenna Module
- 12.Antennas for IoT
- 13.Green energy equipment
- 14.Wireless digital urban Equipment
- 15.In-car Multimedia Systems
- 16.Development of AI and Image Recognition Systems
- 17.LDS ANTENNA
- 18.Vehicle-mounted T-BOX multi-functional integrated antenna
- 19.RIS Antenna
- 20.Beam-steering Array Antenna
- 21.Diversified wireless modules and sensors
- 22.Industrial-grade router platform

(B) Industry Overview

(1) Current Industry Status and Development:

In the past few years, the world has faced the challenge of the COVID-19 pandemic. However, as the pandemic gradually subsides, people's lives and work are gradually returning to normal. Nevertheless, in 2023, the global trade and technology wars intensified, and factors such as geopolitical conflicts, insufficient investment, and market saturation had a negative impact on the Wi-Fi market, with an expected decline in annual revenue of about 8%. Despite this, we anticipate new changes in networking products and technologies in 2024.

In the past two years, one of the most significant events in the global technology industry has been the emergence of ChatGPT, making artificial intelligence a hot topic. With the strong impetus of artificial intelligence, the potential of various network nodes and edge computing products continues to increase. These includes devices such as servers, base stations, switches, smartphones, and Wi-Fi routers, all of which are expected to undergo upgrades. In addition, network operators are upgrading equipment and improving penetration rates from the central office to the end user as a result of the global rollout of the 5G spectrum from 2020. At the same time, due to cybersecurity concerns stemming from the China-United States trade war, the United States has introduced the Infrastructure Investment and Jobs Act, which aims to develop high-speed 5G fixed wireless access (FWA) networks. 5G FWA provides network services wirelessly, offering advantages over wired networks, particularly in remote areas where the cost of deploying wired infrastructure is high. Wireless transmission not only speeds up deployment but also allows for rapid upgrades with advancements in wireless communication technology, all while enjoying lower maintenance costs. This is also why the United States' infrastructure legislation focuses on 5G FWA as the primary infrastructure. Taiwanese network equipment manufacturers continue to increase their market share in the 5G FWA market, and the antenna industry is expected to benefit as well.

Additionally, Wi-Fi 7 obtained certification from the Wi-Fi Alliance prior to the 2024 Consumer Electronics Show in the United States, officially becoming the ratified version of wireless network technology and solidifying the Wi-Fi 7 standard. Wi-Fi 7 introduces a 320MHz frequency band, doubling the bandwidth compared to the widely used 6GHz frequency band in current countries and regions. The Multiple Link Operation (MLO) technology can enhance stability and increase throughput. Many major Wi-Fi networking manufacturers have already launched numerous Wi-Fi 7 router products, with Wi-Fi 7 product shipments expected to increase quarterly in 2024. The point at which Wi-Fi 7 shipments surpass those of Wi-Fi 6 is projected to occur in 2025.

By 2028, the number of devices including smartphones, personal computers, tablets, access points (APs), customer premises equipment (CPE), and augmented reality (AR) devices is expected to significantly increase to 2.1 billion units.

At the same time, countries have released their visions for 6G in recent years. The International Telecommunication Union-Radio (ITU-R) IMT-2030 (Global Vision for 6G) framework suggests that 6G may have six scenarios, three of which could be further enhancements to the key features of the original 5G, including enhanced mobile broadband (eMBB), ultra-reliable and low-latency communications (uRLLC), and large-scale machine-type communications (mMTC). In addition to the enhancements to 5G's existing features, there are three other potential new usage scenarios for 6G, including ubiquitous connectivity, the integration of artificial intelligence and communications, and the integration of sensing and communications.

It seems likely that 2024 will be a year of change for the communications industry. 5G technology is gradually becoming more widespread, while discussions and applications for 6G have already begun. The combination of other technologies, such as low-orbit satellites, the Internet of Things, generative artificial intelligence, and the continued evolution of cloud-based data and computing centres, has the potential to bring the communications industry into an era of rapid growth.

In 2023, we anticipate that Taiwan's overall communications industry will be affected by global inflation and uncertain monetary policies. While we foresee a decline in demand in the consumer communications market, we remain optimistic about the momentum for enterprise digital transformation. We believe that AI will continue to drive the growth of clouds and data centres, which we anticipate will be the main driver of output growth in the year. In the post-epidemic era, governments in the US, EU and India are considering investing in network infrastructure to facilitate economic revitalisation and address the growing demand for data-intensive network connectivity. These infrastructure programmes, including the Bipartisan Infrastructure Act in the US, the Gigabit Infrastructure Act in the EU and the Digital India Act in India, have the potential to provide smarter and more flexible innovative services, such as cloud applications, artificial intelligence, data space, virtual reality and meta-universe, etc., which could bring new vitality to the overall communications industry and facilitate the development of a variety of new and emerging networking devices.

Against this backdrop, it seems likely that technologies and markets such as UWB, Bluetooth, RFID and other near-end communication technologies, as well as Wi-Fi, 5G, the Internet of Things and even low-orbit satellite communications, will all grow rapidly. However, it is worth noting that wireless communication

technologies have different characteristics and application scenarios, which makes it challenging to identify a single dominant technology. According to Gartner, it is thought that by 2025, 60% of enterprises will be using more than five wireless technologies at the same time. The development of diverse communications applications will likely result in increased demand for personal mobile networked devices, home networked devices, enterprise and municipal networked devices. It is also possible that network architectures will shift from the point-to-point model of the past to the cloud and virtualisation, in order to meet the needs of a wide range of network services and application scenarios. Overall, while 5G and LEO technologies continue to flourish, the rollout has not been as fast as initially anticipated. This has led to unlicensed band technologies such as Wi-Fi playing a role in filling the gap in 5G signal coverage. Furthermore, global shipments of Wi-Fi 7-enabled devices are expected to reach 230 million by 2024.

While telecoms companies are encouraging consumers to upgrade to 5G networks and offering various tariff plans to stimulate this, there are already around 290 commercial 5G networks around the world. However, the decline in demand for end-consumer electronics due to the impact of rising inflation globally is indirectly affecting demand for network communications equipment. According to a report by Dell'Oro, there is a possibility that the level of capital expenditure in the global communications market may decline by 7% by 2025. This year, international networking brands such as Nokia and Ericsson are experiencing a challenging period in terms of revenues, and it may be necessary for them to consider ways to reduce costs in order to improve profitability. As a result, Taiwan-based manufacturers with OEM and ODM models are also facing considerable operating challenges.

As mobile broadband speeds increase, consumers may find it challenging to perceive the significant transformative experience that 5G offers over 4G. However, the potential for significant business value is becoming apparent in the B2B space, with 5G-Advanced being the next evolutionary step in 5G technology, including high speed data rates and limited latency (consistently low latency). In addition to supporting and enhancing the potential for immersive experiences such as Extended Reality (XR) on the consumer side, it is also anticipated that RedCap technology will facilitate the growth of 5G Internet of Things (IoT) connectivity, further accelerating the industry's digital transformation by enabling AR glasses, wearable medical devices, and Industrial Internet of Things (IIoT) devices to connect to the 5G network with simpler hardware and lower device costs. We are pleased to announce that 3GPP Rel-18 (3GPP Rel-188) is the first 5G-Advanced technology to be released. It is anticipated that 3GPP Rel-18 (the inaugural version of 5G-Advanced) will be finalised by 2024. Furthermore, it is believed that operators in Asia and

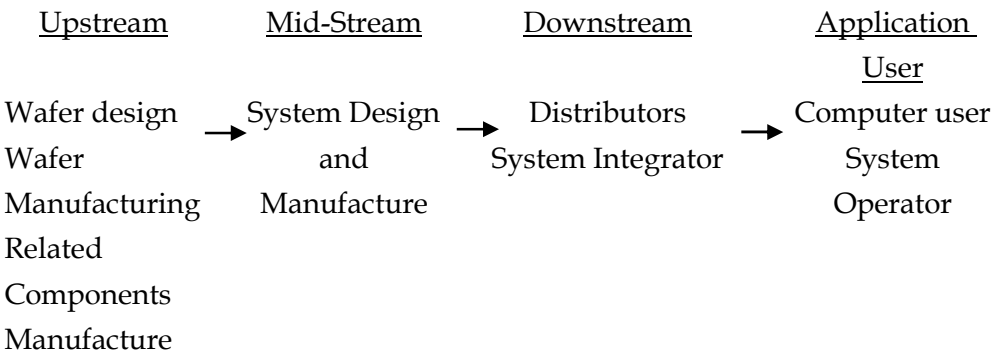
Oceania may commence the rollout of 5G-Advanced between 2024 and 2025. However, it should be noted that all of the above services are based on robust infrastructure, especially the density of base station deployment. In light of this, telecoms operators have been actively promoting the development of ORANs in order to reduce the deployment costs. In this regard, telecom operators are actively promoting the development of ORAN in order to reduce deployment costs. It is hoped that the white-labelling of 5G base stations will reduce costs and give network operators an opportunity to enter the telecom equipment market.

In terms of unlicensed spectrum, according to the Wi-Fi Alliance, it is estimated that the number of Wi-Fi enabled devices shipped globally in 2023 will decrease by 13.6% from 2022 to only 3.8 billion. This is mainly due to weak demand for electronic products such as PCs and mobile phones, with a cumulative total of 42 billion Wi-Fi enabled devices shipped. The clear demand for higher-speed Wi-Fi is driving the technology to evolve more frequently. Now in its seventh generation, Wi-Fi 7 (IEEE 802.11be) follows the MU-MIMO OFDMA modulation technology and makes full use of the 6GHz unlicensed spectrum contiguity to achieve up to 320MHz bandwidth channels and introduces Multi-Link Operation (MLO), which allows devices to connect to different frequency bands. We are pleased to announce that Multi-Link Operation (MLO), which enables devices to connect to different frequency bands, and Quadrature Amplitude Modulation (QAM), which allows more data to be embedded densely in each signal, are also introduced in the AP. Given that APs can be used to connect multiple mobile devices, such as NBs and smartphones, at the same time, and that there will be losses in wireless transmission, Intel predicts that the maximum transmission rate for PCs with Wi-Fi 7 will be 5.8 Gbps, which is more than twice as much as that of Wi-Fi 6/6E. With the rapid development of terminal devices such as smart TVs, smart speakers, smart watches, and AR/VR, the Wi-Fi Alliance anticipates that by 2028, Wi-Fi 7 devices will reach 2.1 billion globally. However, it is important to note that this growth will depend on the continued expansion of 6G networks in China, India, Turkey, and African countries.

It is widely acknowledged that wireless communication is a key infrastructure for the digital economy. Both enterprises and national telecoms service providers are actively building to meet the needs of businesses that are adopting digital tools to remain competitive in a rapidly changing business environment. In order to continue to track industry trends and development needs, Taiwan's network communications industry plays a significant role in the global communications industry. It is estimated that the value of the communications industry will grow by 2.4% annually to reach \$1,300.9 billion in 2023. The Company works closely with external think-tanks, industry

alliances and research corporations to monitor the technological evolution of the wireless communications industry, the development of application areas and overall industry changes. This allows us to invest in relevant research and development in a timely manner. We are monitoring the technological evolution of the wireless communications industry, the development of application fields and the overall industry changes so that we can invest in relevant R&D to help our customers create more competitive products. Therefore, no matter in the key markets of broadband communication such as Wi-Fi, 5G and LEO, or the key markets of wireless applications such as Internet of Things (IoT), automotive Internet, Netcom and mobile base station Antennas, Crescent Power is able to make the best convergence of antenna technology to ensure its leading position in the antenna market. 2024 will see the continual implementation of the infrastructure bill of each country, which is an injection of a shot in the arm for the communication industry in general. With the continuous development of the entire wireless communication industry and technology, we will be more proactive in striving for more diversified wireless products and antenna business opportunities.

(2)The Interconnection of Upstream, Midstream, and Downstream Industries:
 The communications network industry consists of upstream components such as Integrated Circuit Design, Microprocessor, satellite positioning and sensor chip, memory, active/passive components, printed circuit boards, heat sinks, Antennas, plastic and metal enclosures, and other related communication product components. The midstream mainly involves system design, manufacturing, and downstream product sales. International brand manufacturers, aiming to enhance product competitiveness, often outsource manufacturing to OEM and even ODM companies. Leveraging the strong production management capabilities and scale of these contract manufacturers helps effectively reduce product costs and increase market competitiveness. Currently, the major contract manufacturers worldwide include several well-known domestic companies. Our company serves as an upstream supplier to these contract manufacturers, providing essential electronic signal connectivity devices and antenna-related components.



In addition, the Company's electronic signal connection device and antenna above, middle and downstream correlation is as follows:

(a)Upstream

The Company has established a comprehensive supply chain system comprising suppliers of metal parts, plastic parts, connectors, cables, and other essential components. We have collaborated with qualified manufacturers for various components, including Antennas, connectors for computer peripheral cables, metal parts, injection-molded components, and cable assemblies, ensuring competitive pricing and technical proficiency throughout our supply chain.

(b)Midstream

The Company specializes in the production of wired and wireless signal transmission cables and Antennas for computer peripherals. With years of dedicated experience in this field, we have acquired expertise in the development, design, manufacturing, and testing of these products. Our commitment to quality and technical excellence has earned us strong recognition from our customers.

(c)Downstream

Antennas and computer peripherals have a broad range of applications, serving as signal transmission interface components for both wired and wireless products in downstream networking, information technology, consumer electronics, and telecommunications infrastructure. Our products, including bridges, routers, laptops, tablets, mobile phones, base stations, and the diverse array of IoT devices, cater to the needs of downstream users across various industries.

(3) Various development trends of products

With the continuous development of various wireless application terminal products, our company has been consistently innovating to meet the demands of product development. The current product development trends are as follows:

(a)As wireless services and applications become increasingly widespread, the demand from system integrators and equipment providers for signal coverage and system capacity in both indoor and outdoor environments is steadily rising. In response, our company offers a range of directional, high-gain, and MIMO-enabled antenna products to meet these market demands.

(b)The rapid proliferation of wireless products has led to increasing levels of interference in overall signal transmission, and the issue of insufficient channel capacity is becoming more prominent. To address these challenges, our company has developed adaptive smart antenna solutions

to meet customers' needs for deploying communication equipment and navigating real-world wireless environments. These solutions aim to resolve potential wireless transmission quality issues that customers may encounter.

- (c) The rise of Near Field Communication (NFC) technology holds immense growth potential in mobile devices, personal computers, smart homes, and smart healthcare. Integrating this technology into consumer electronics (such as smartphones, laptops, tablets, printers, audio-visual equipment, and e-readers) enables various applications, including credit transactions, ticket verification, access control, data transfer, and information browsing. Our company is at the forefront of developing such products domestically.
- (d) As GPS/GNSS products become more widespread and diverse in their applications, they are no longer limited to vehicle navigation. These products now offer additional functionalities such as Driver Monitoring System and securing valuable assets. These devices only require a telecom SIM card to enable signal reception for protection and safety features. As a result, functionalities such as vehicle tracking and the monitoring of high-value goods and valuable assets have emerged. Through these capabilities, the logistics and passenger transport industries can not only manage transportation vehicles more quickly and efficiently and prevent unexpected driving incidents but also ensure better protection for high-value items and cargo. The portability of such products also allows for their application in tracking pets, children, and the elderly, helping to prevent instances of loss or disappearance. Additionally, in response to the opening of the new Civil Bands, L2 and L5, our company has continuously developed corresponding products to leverage these new applications.
- (e) The rapid development of the Vehicle-to-everything(V2X) has led to a burgeoning array of automotive-related products, including in-car entertainment systems, navigation devices, and various connected technologies. The development of C-V2X technology has transformed vehicles into more than mere transportation tools, enabling them to exchange information and collect data through roadside infrastructure. In-vehicle applications can also connect directly with manufacturers through OTA functionality, integrating data into T-BOX to provide real-time updates on vehicle status and location. Our company has a comprehensive range of Antennas, fully deploying Car Multi-Function Application Antennas and developing Antennas to integrate into the T-BOX.
- (f) The product of electronic connecting cables remains an indispensable component within the current information industry. Driven by the

demand for wired signal connections in various electronic products, the global connector industry continues to experience year-on-year growth in both growth rate and production value. With the trend of integration between computers and 3C (communication, information, and consumer electronics) products, and the increasing demand for higher standards of image, audio, and data transmission speed and quality across various products, electronic connector cable products are advancing towards the goals of higher quality, high-speed transmission, and lower transmission loss.

- (g) The global telecommunications industry is steadily deploying 5G base stations and actively investing in the development of new IoT applications. This trend significantly increases the quality and technical requirements for Antennas compared to previous standards. ° Our company possesses extensive experience in multi-modal research and development technology, enabling us to effectively meet market demands.
- (h) Wi-Fi technology has progressively advanced to Wi-Fi 6/6E/7 (802.11ax), and our company has developed various Wi-Fi 6/6E/7 antenna products to fully meet the diverse needs of networking products.
- (i) In response to the low latency, high transmission capacity, and extensive coverage of 5G networks, Active Beam-steering Array Antennas are poised to become the mainstream technology for Fixed Wireless Access (FWA) devices. Our company has invested in the development of this advanced technology and is confident in meeting the demands of the 5G era.

In summary, the development of wireless applications has expanded from the network communication industry focusing on data streaming to encompass wireless audio-visual peripherals, consumer electronics products, and even applications related to information security. In the future, these applications will continue to evolve towards greater diversification by integrating with various industries.

(4) Competition

Antenna products require specialized knowledge in microwave engineering. Initially, experts in microwave engineering were predominantly found in military, research, or academic institutions. Consequently, the entry barriers for the antenna industry were quite high during its early stages. However, since 1999, the wireless communication industry has matured, and educational institutions have gradually introduced microwave-related programs, producing more skilled professionals. As a result, more companies have entered the market, leading to increasingly intense competition.

Therefore, mastering intellectual property rights, enhancing technical capabilities, and reducing production costs are key to standing out among

numerous competitors. Technologically, besides holding over a hundred domestic and international patents, we continue to recruit talented R&D personnel and invest substantial resources to achieve technological leadership. This approach aims to widen the gap with our competitors and create a distinct competitive advantage.

Drawing on years of industry experience and dedicated effort, our company has amassed a wealth of expertise. With a fully integrated product line and a service ethos centered around meeting customer needs as the foremost consideration, we effectively demonstrate the value and competitive advantages of our company. As a result, we have garnered recognition and affirmation from renowned domestic and international corporations such as Foxconn, Sercomm, UI, Motorola, Quanta, Compal, ASUS, Wistron, USI, Pegatron, Alpha, D-Link, Cameo, Arcadyan, Askey, Bestis and major domestic operators.

(C) Overview of Technology and Research & Development

(1) R&D Expenditures for the Most Recent Fiscal Year and Up to the Date of Annual Report Printing

Unit: NT\$ thousands

Item	2022	2023	Current Year as of Mar. 31, 2024
R&D Expenses	118,813	128,721	35,274
Net Revenue	1,981,157	1,401,492	328,406
Percentage of Net Revenue	6.00%	9.18%	10.74%

(2) Technologies or Products Developed Successfully for the Most Recent Fiscal Year and Up to the Date of Annual Report Printing

Year	Successfully Developed Technologies or Products
2022 and 2023	Wi-Fi 7 Omni-directional Dipole Antenna.
	LTE + Wi-Fi 7 Coexist Dual-fed Dipole Antenna
	Wi-Fi 7 2/5 GHz Dual-fed Dipole Antenna
	5G-NR N78 Band Active Beam-steering Array Set
	Wi-Fi 7 Active Beam-steering Array Set
	GPS Tracking Ring
	IoT PCB Chip Antenna for SMT
	LF RFID Reader
	RFID Controller supports RS-232, RS-485, USB, CAN Bus, ModBus, Ethernet, Wi-Fi, SECS/GEM, HSMS protocols.
	GPS LDA Antenna for Tracking Application
	Beam-width Reconfigurable 4x4 MIMO Array

Year	Successfully Developed Technologies or Products
	Integrated PIFA Metal Platform for 4x4 MIMO Application
	Beam-Switch Yagi-Uda Antenna for Wi-Fi 7 Mesh Application
	BT/125KHz Keyless Module for Motorcycle
	Star Tag Tracking Receiver
	4-Arm Helix GPS Antenna
	77GHz millimeter Wave Radar Detector
	Ceramic Stack Antenna 50mm/25mm
	SMD GPS Ceramic Antenna
	New Shark Fin Antenna
	New SBT (Smart Bias-T) for Base Station Antenna
	Low Cost iRET Module for Base Station Antenna
	16dBi High Gain Array Antenna (3.3GHz to 3.8GHz)
	14dBi Split Beam Antenna (1.7GHz to 2.4GHz)
	RFID Electronic Shelf Reader
	Electronic Shelf Controller
	BT Passive Entry Passive Start Keyless System

(D) Long-term and Short-term Business Development Plans

(1) Long-term Business Development Plans:

(a) Marketing Strategy

- (i).By closely monitoring the evolution of relevant industries and understanding market needs, we aim to enhance key technologies, strengthen product portfolios and service capabilities, and create unique competitiveness. We are committed to developing various new products to address customer pain points and meet their demands, with the ultimate goal of becoming a leader in the antenna sector of the wireless application market.
- (ii).Deepening interaction and collaboration with international brand customers and system integrators is crucial. Besides staying updated on the latest information regarding customer product designs and solutions, we are committed to promptly introducing our latest products and technologies to our clients. This ensures that our clients have confidence in our technical capabilities, thereby enabling us to seize more collaborative opportunities and create mutually beneficial partnerships.
- (iii).We aim to strengthen our marketing channels in the United States and Northeast Asia, enhance logistics management efficiency to provide customers with more timely and comprehensive products and services,

thus increasing market share.

- (iv).Developing new materials and manufacturing processes for antenna applications is essential to enhance product performance, reduce the cost, and strengthen the competitiveness of products
- (v).We aim to establish a network within the automotive aftermarket, enabling us to delve into and understand integrated information about automotive products and development trends. By developing integrated antenna systems, we aim to expand our presence in the automotive market. By integrating Antennas for various global satellite positioning systems (such as GNSS, GPS, GLONASS, and GALILEO), AM/FM/SDARS, Wi-Fi, DSRC, LTE, 5G, and C-V2X into a single unit, we aim to provide low-interference and high-performance vehicle communication. This integrated antenna system will offer faster and more accurate positioning, navigation, and entertainment applications. Leveraging our advanced product technology, we are proactively capturing market share in the automotive sector.
- (vi).We are cultivating the Internet of Things (IoT) ecosystem by focusing on niche vertical application areas. We collaborate with key customers to develop IoT devices and application systems.

(b)Production Strategy

- (i).In response to the global supply chain restructuring, we are establishing resilient manufacturing bases in China, Taiwan, and Vietnam to meet the increasingly diverse manufacturing service needs of our customers.
- (ii).To meet customer production needs, we are enhancing the production efficiency and service quality of our manufacturing bases in these three locations. This will provide faster and more comprehensive services.
- (iii).We are enhancing our Logistics Management mechanisms and implementing information automation to integrate group resources. This will enable flexible production capacity support across our three factories and mutual supply of raw materials, aiming to establish AI-driven intelligent manufacturing facilities.
- (iv).We are implementing automated manufacturing processes to reduce labor costs and increase efficiency.
- (v).We are optimizing product structures to reduce raw material costs.

(c)Product Development Strategy

Our company will continue to recruit talented R&D professionals to build our research and development capabilities. By collaborating with domestic and international research institutions and academic units, we aim to deepen our technological expertise. Simultaneously, we will closely monitor the

evolution of related industries and enhance key technologies to meet future market needs. We are committed to developing new products, with the ultimate goal of becoming a leader in the antenna sector of the wireless application market.

Future product planning will be developed in the following directions:

- (i). Base Station Antenna Products for 5G and Advanced Technologies (Active Phased Array Radar, Massive MIMO, etc.)
 - (ii). Antenna products for intelligent wireless network devices
 - (iii). Antenna products for IoT applications
 - (iv). Smart Antenna products
 - (v). Satellite positioning products (including high-precision satellite Antennas)
 - (vi). Millimeter-wave antenna products for 5G Advanced and satellite applications
 - (vii). AI and image recognition system development
 - (viii). LDS (Laser Direct Structuring) Antenna
 - (ix). Millimeter-wave radar Antennas for automotive and industrial IoT applications
 - (x). BT 5.1 Antenna products
- (d) Operating Scale and Financial Coordination

The long-term development of our operational scale will primarily focus on internationalization and diversification. We will utilize various financial instruments to lower financial costs and meet the requirements to support operational goals.

(2) Short-term Business Development Plans:

(a) Marketing Strategy

- (i). We are committed to staying abreast of industry dynamics and adjusting marketing and product strategies in a timely manner. We aim to expand our reach by pursuing opportunities with global brand manufacturers, nurturing existing customers, and exploring new application segments. We prioritize the enhancement of product quality and customer service, while fostering strong interactive relationships to gain the trust of our customers. This, in turn, allows us to broaden the scope of cooperation with existing customers.
- (ii). Actively participating in trade shows and alliance events for proactive marketing, and promoting strategic collaborations to deepen partnerships and enhance the overall visibility and reputation of the company.
- (iii). We are actively cultivating both the automotive aftermarket and OEM

markets, expanding into antenna-related markets, with a particular focus on comprehensive solutions for multi-functional Antennas.

- (iv).We are actively expanding our business relationships with customers and ecosystem partners in vertically integrated application areas such as 4G/5G/Wi-Fi (including point-to-point and point-to-multipoint applications), Outdoor AP, and CPE products. By enhancing our competitiveness and developing advanced products, we strategically represent and integrate strong related products. Furthermore, we offer system integration services to broaden the scope of customer service.
- (v).We are actively developing partnerships within the IoT ecosystem, targeting the supply chains for NB-IoT, LoRaWAN, Sigfox, Weightless, HaLow, RPMA, RedCap, and LEO products. Based on customer requirements, we provide comprehensive services including design, manufacturing, and testing.
- (vi).By understanding the industry trends in vehicle infotainment, the Internet of Vehicles (IoV), and safety applications, we are proactively entering the original equipment manufacturer (OEM) and aftermarket sectors. We are developing integrated Antennas and radar systems, collaborating with international Tier 1 and Tier 2 manufacturers to create universal products. Additionally, we are integrating with relevant systems to broaden and deepen the application of automotive products.

(b)Production Strategy

- (i).We aim to enhance production efficiency, quality, and capacity utilization to maximize the effective output. We will expand production capacity and upgrade equipment in a timely manner to accommodate future growth in orders.
- (ii).We will efficiently reduce lead times in production and material delivery, thereby shortening order delivery times while ensuring accuracy. This will meet the competitive demands of the market and help achieve the company's goal of reducing days sales of inventory.
- (iii).We aim to identify suppliers offering competitive costs and quality materials. Through strategic alliances and fostering good relationships, we will achieve the goal of stable and reliable supply sources.

(c)Product Development Strategy

- (i).Enhance the technical and application levels of existing products to expand their applications.
- (ii).Implement DFM for product design to streamline the manufacturing process and enhance the overall quality of products.
- (iii).Develop and apply new materials and processes to enhance product

performance, reduce costs, and increase product competitiveness.

(d) Operating Scale and Financial Coordination

We will establish a comprehensive fundraising pipeline to enhance operational funding and implement various management systems. Concurrently, we will increase corporate visibility to attract talent and strengthen our corporate structure, thereby demonstrating improved operational performance.

II. Market, Production and Sales Overview

(A)Market Analysis

(1)Primary Product Sales Regions:

Unit: NT\$ thousands

Year Destination	2023		2022	
	Amount	%	Amount	%
Asia	834,175	59.52	1,293,915	65.31
America	84,267	6.01	69,240	3.49
Europe	3,109	0.22	3,102	0.16
Taiwan	479,941	34.25	614,888	31.04
Africa	0	0.00	12	0.00
Total	1,401,492	100.00	1,981,157	100.00

(2)Market share and future supply and demand conditions and growth

With the widespread adoption of smartphones, user demand for video streaming and high data transfer rates has surged, creating an urgent need for increased network traffic capacity. This has driven the global communications industry to actively deploy LTE during the 4G era, while also adopting network offloading technologies such as Small Cell and Wi-Fi to alleviate network congestion. Additionally, the industry is promoting the application of new telecommunications and network communication standards like 5G and Wi-Fi 6/6E to meet the rapidly growing demand for network traffic. As Wi-Fi 7 products become more widely available, we can expect to see a rapid increase in the number of network communication products, such as APs and routers, that support Multi-Link Mesh. Additionally, the 5G standard continues to advance to the next generation, integrating with technologies such as artificial intelligence, low-orbit ,cloud computing, and the Internet of Things. This will drive the growth demand for various telecommunications and network communication hardware, with the expectation that the demand for Antennas will remain high and continue to grow significantly for many years to come.

As of the end of 2023, the global rollout of 5G services has resulted in the deployment of 290 commercial 5G networks worldwide, with over 40 telecom operators offering advanced mobile services based on 5G standalone (SA) architecture. Global 5G subscriptions have also reached 1.6 billion, accounting for 18% of the total number of mobile subscriptions. Although the development of Open RAN has not met expectations, companies such as Ericsson, Nokia, AT&T, and Dell continue to advance. For instance, AT&T has begun to adopt Cloud RAN with O-RAN Alliance standard interfaces and plans to add more hardware suppliers once the technology matures, demonstrating the diversification of hardware specifications required by Open RAN. Furthermore, the use of brand-name server products can result in enhanced efficiency, creating opportunities for 5G base station antenna manufacturers, particularly in the deployment of 3.5GHz and 4.9GHz band Antennas required for 5G private networks and indoor coverage.

In addition, the global focus on vehicle safety has accelerated in recent years, and Vehicle-to-everything has become an inevitable trend in the future of automobiles. In addition, with the integration of functionalities such as positioning navigation, telecommunications, and multimedia, the demand for in-vehicle wireless electronic products is also growing rapidly. This represents an industry segment with considerable growth potential in the future, and our company continues to invest resources in this area for further development.

A review of the policies on upgrading communications infrastructure in various countries in recent years, with the United States and Asian countries such as Japan, India, and Vietnam showing more proactive efforts. However, Europe has been affected by wars and inflation, resulting in a slower pace of upgrades. As a result, our company will continue to focus on developing sales strategies in both the United States and Asia, the two major regions.

(3)Competitive Niches

In response to the demands of foreign brand customers, our company has invested in smart factories in Taiwan and Dongguan Tailin in South China. Additionally, we established a smart factory in Vietnam and enhanced its level of automation in 2023. This centralized the overall management of the group, making it more efficient and effective. This strategy enhances our attractiveness to customers as their strategic partners. Moreover, we deepen partnerships to improve overall competitiveness and achieve win-win outcomes.

In terms of technical capabilities, our company holds over a hundred antenna patents both domestically and internationally. We actively nurture technological talent and possess high technical expertise to enhance product performance and reduce the cost, thereby gaining a competitive advantage. Additionally, we have the most comprehensive and highly integrated product

line. As the trend towards increasingly complex terminal product development continues, the demand for antenna integration is also rising. In this market-driven environment, the ability to demonstrate our company's value and advantages in technology becomes increasingly crucial. This is the main key to our company's ability to stand out among numerous competitors.

(4) Advantages and disadvantages of development prospect and countermeasures

(a) Favorable Factors:

(i) The industry shows high development potential

With the continuous thriving development of broadband and wireless network industries, coupled with the flourishing markets of 4G telecommunications and digital househome, as well as the increasing prevalence of various wireless applications, the advent of the 5G era has garnered even more attention from the public in the post-pandemic period. Consequently, the demand for electronic signal connectivity devices, Antennas, and related products such as precise GPS/GNSS positioning devices is expected to grow rapidly. Our company possesses expertise in both wireless and wired technologies, and our developed products have a wide range of applications. The overall wireless-related industry exhibits high growth potential. The trend towards wireless communication has become an inevitable mainstream development, providing significant positive momentum for our company's operations.

(ii). Gain insights into the dynamics of new technologies

Our company remains closely attuned to industry trends and customer development dynamics, consistently striving to deeply understand them. We maintain ongoing technical and market exchanges with our customers to gain a comprehensive understanding of their needs and market demands. This ensures that we stay informed of the latest market information and trends, allowing us to adapt promptly. Furthermore, we invest in the research and development of new technologies to meet market demands for innovative applications, fostering win-win outcomes with our customers.

(iii). Pursue high standards of quality objectives

Antennas are highly sensitive electronic components. Besides possessing excellent design capabilities, automated production manufacturing and strict quality testing are equally crucial for antenna manufacturers. Our company invests significant resources in establishing comprehensive testing platforms to meet customized testing requirements. In addition to focusing on improving product production and testing technologies, we also implement rigorous quality control measures for our products. Coupled with professional after-sales service, this ensures that our products' quality and production technology are well recognized by

customers and the market. Therefore, we have been able to maintain stable and mutually trusting cooperative relationships with our customers for the long term.

(iv).Get closer to customers and provide nearby delivery

Our company has established the Dongguan Tailin production base near key customer locations in mainland China, providing the advantage of close proximity for supply and cost reduction. Amid the escalating U.S.-China trade war and rapidly increasing risks, we are proactively expanding our production lines in Taiwan to cope with the swift changes in the global political and economic landscape. By integrating automation, industrialization, and big data analysis, we aim to enhance production efficiency and reduce costs. Additionally, we have also set up a factory in Vietnam to not only provide nearby supply services to our customers but also offer upstream services, including design and development, close to our clients. This proximity makes us a more attractive strategic partner, strengthening our relationships with our customers.

(b)Unfavorable Factors and Countermeasures:

(i).Downstream customers are squeezing profit margins.

In the post-pandemic era, as the consumer electronics market faces intensified price competition, major end-brand manufacturers are increasingly demanding competitive costs. Under this trend, domestic OEM giants are striving to reduce costs by pressing component suppliers to lower their procurement prices, thereby squeezing the profit margins of component suppliers. In response, our company leverages economic scale and automation production to reduce manufacturing costs. Additionally, we integrate the procurement strategies of our parent company with our subsidiaries in mainland China and our factory in Vietnam to secure competitive material costs. We are also investing in the development of technically integrated and highly complex products and solutions. By focusing on niche product development, we aim to escape the vicious cycle of market price competition.

(ii).Product variety increases rapidly with shortened life cycles

Due to the rapid evolution of wireless application products and their short development cycles, the demand for lightweight, thin, and compact designs has become a fundamental requirement for all types of products. Additionally, the need for multifunctionality has grown. To meet these demands, our antenna products must adapt accordingly, with designs that are smaller in size and integrate more transmission and reception frequency bands to satisfy the requirements of downstream customers.

In response, our company continuously monitors market trends and enhances our R&D capabilities. We leverage our key technologies to

develop niche products, aiming to shorten product development time, expand market share, and improve overall competitiveness.

(iii).Customer requests expedited delivery date

To alleviate inventory pressure, major information and communication technology companies often require component suppliers to shorten delivery times, thereby shifting the inventory burden onto the suppliers.

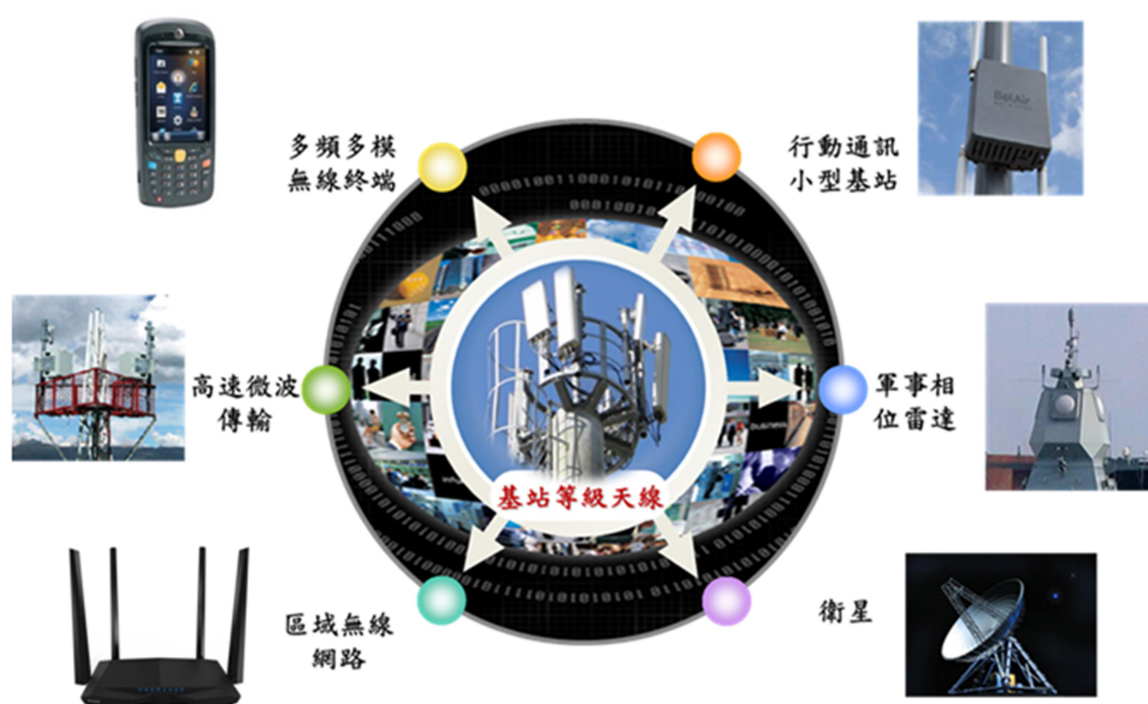
Our response strategy is to flexibly allocate resources between the parent company and our subsidiaries in China and Vietnam. We also strengthen the close relationships within our corporate group and with our upstream supply chain. This approach enhances the flexibility of our overall production system, enabling us to better meet customers' demands for shorter delivery times.

(B)Important Applications and Manufacturing Processes of Major Products

(1)Important Applications of Main Products:

Item	Main products	Main purposes	Terminal application products
Antennas for wireless communication (Wireless radio communication devices)	RF antenna	Used in Satellite communication, mobile communication, radar detection, and wireless local area network devices. They radiate signals from the wireless modules into the air or receive electromagnetic waves from the air and transmit them to the wireless modules.	Wireless Router Wireless Access Point (AP) Wireless Network Card Wireless Bridge Adapter Wireless Personal Computer Wireless Multimedia Player Wireless Gaming Console 5G New Radio Products Global Navigation Satellite System (GNSS) Tablet Computer Wireless Network Phone GPS/GNSS Satellite Navigator Digital Television Receiver CPE WWAN Client Device Handheld Radio ADS-B Multilateration (MLAT) System Outdoor HF 、VHF 、UHF 、L Band Vehicle-mounted Communication System Bluetooth 5.1 Products Global Navigation Satellite System (GNSS) Vending Machine Inventory Management System Building Access Control System Outdoor L Band Communication System Wireless Water Meter System Enterprise Router System Wireless Mesh Network System High Precision Satellite Antenna System Millimeter Wave Radar Application System Radar Detector Car Door Handle Proximity Antenna System Wireless Tracker
	RF coax assembly	Wireless LAN Device Connection Antennas and Wireless Modules	Wireless Router Wireless Access Point (AP) Wireless Network Card Wireless Bridge Adapter Wireless Personal Computer Other RF (Radio Frequency) Products
	Base station antenna	Base station Antennas for mobile communication network equipment	Mobile Communication Network Base Station Base Station Timing Antenna Small Cell Base Station Active Antenna Unit
	LDS antenna	IOT and Miniature Antenna Applications	Wearable Devices Handheld Devices

Item	Main products	Main purposes	Terminal application products
Cables for computer peripherals (Electronic signal connection devices)	Cable Assembly	Computer peripherals are devices that facilitate communication, storage, internet access, and multimedia data transmission.	Laptop / Notebook Smartphone Tablet Wireless Access Point (AP) Digital Television (DTV) Digital Camera Amplifier Printer Projector Cable Modem Other computer peripherals and accessories



Picture : Application Fields of Wha Yu Industrial Antenna Technology



Figure: Application of Wha Yu Industrial Antenna Terminal Products.



Figure: Application of Wha Yu Industrial Antenna Terminal Products.

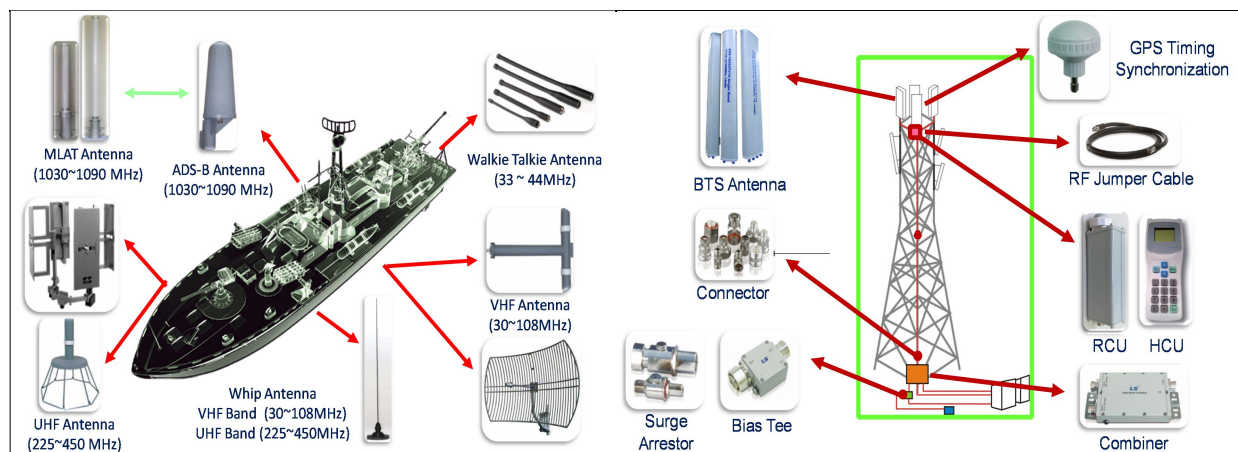
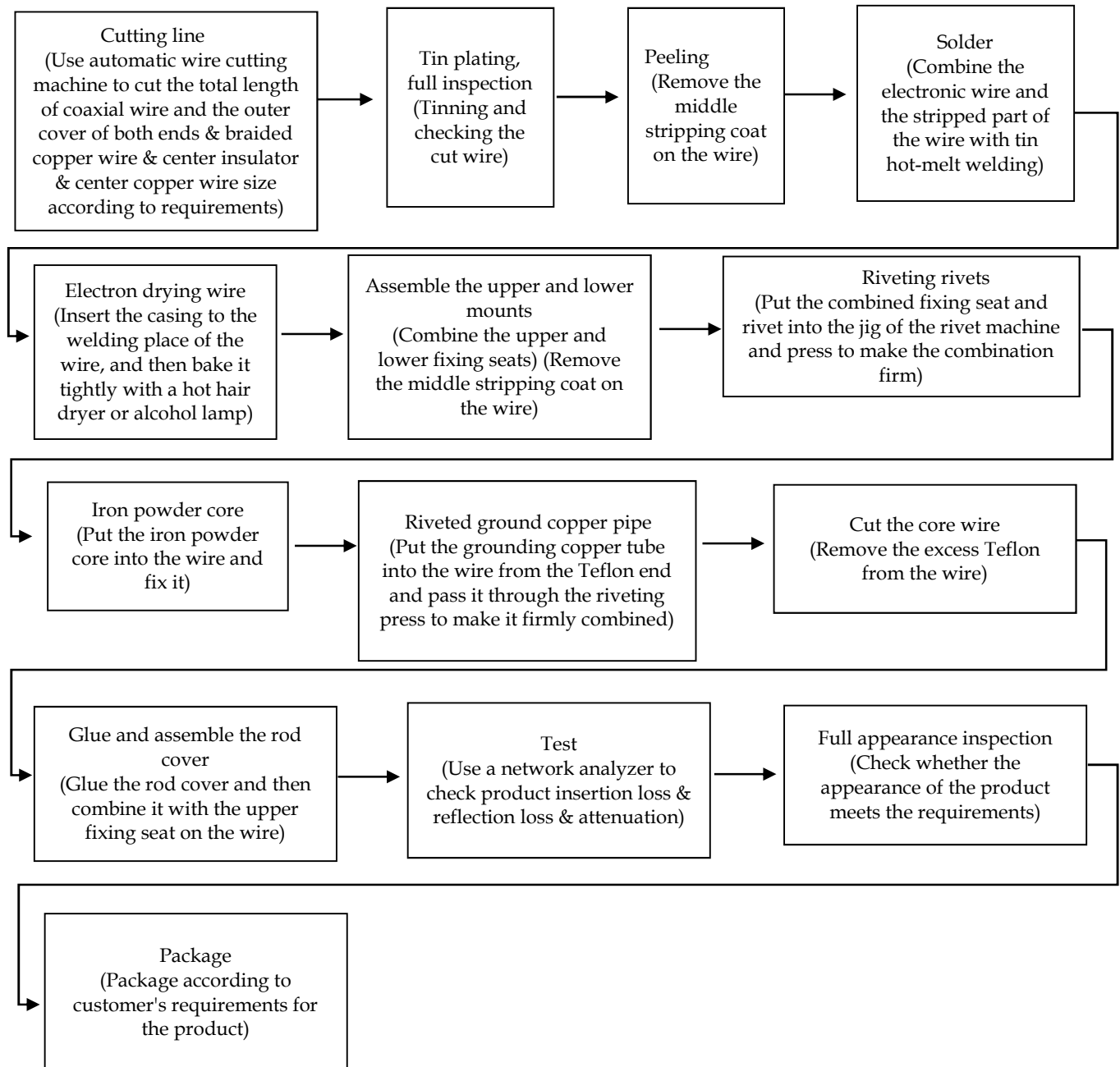


Figure: Application of Wha Yu Industrial Antenna Terminal Products.

(2) Production process of the Wireless radio communication devices Antennas:



(C) Supply of major raw materials

We are fortunate to have a number of well-known domestic and foreign manufacturers as our raw material suppliers, many of whom have a good reputation in the industry. We also have a number of other suppliers who have been designated by our customers, and we work with a number of well-known domestic and foreign manufacturers with whom we have long-term and stable relationships. The Company is aware of the supply status of raw materials and takes steps to ensure that we have the right materials in stock at the right time, adjust the feeding schedule and introduce substitute materials when necessary.

We also work hard to ensure that we meet customer demand and production planning by controlling the quality and delivery time.

(D)Names of customers who bought or sold more than 10% of the total in the last two years, the amounts and percentages, and reasons for changes.

(1)Information on suppliers accounting for more than 10% of total purchases over the last two years:

Reasons for the changes: Different products bought in different amounts.

Unit: NT\$ thousands

2022				2023				Current Year as of Mar. 31,2024			
Name	Amount	Proportion (%) in Net Annual Purchase Amount	Relation with the Issuer	Name	Amount	Proportion (%) in Net Annual Purchase Amount	Relation with the Issuer	Name	Amount	Ratio (%) in Net Purchase for Current Year Up to the Previous Quarter	Relation with the Issuer
Company C	137,661	11.47	None	Company C	79,639	10.73	None	Company E	43,805	21.72	None
Others	1,062,430	88.53	None	Others	662,766	89.27	None	Others	157,867	78.28	None
Net Purchase	1,200,091	100.00		Net Purchase	742,405	100.00		Net Purchase	201,672	100.00	

(2)Information on major customers accounting for 10% or more of total sales for the last two years:

Reasons for the change: The change in sales is due to different products sold in the two years.

Unit: NT\$ thousands

2022				2023				Current Year as of Mar. 31,2024			
Name	Amount	Proportion(%) in Net Annual Sales	Relation with Issuer	Name	Amount	Proportion(%) in Net Annual Sales	Relation with Issuer	Name	Amount	Ratio(%) in Net Sales for Current Year Up to the Previous Quarter	Relation with Issuer
Company A	596,220	30.09	None	Company A	302,405	21.58	None	Company F	67,563	20.57	None
Company E	239,902	12.11	None	Company E	128,603	9.18	None	Company A	53,773	16.37	None
Others	1,145,035	57.80	None	Others	970,484	69.24	None	Others	207,070	63.06	None
Net Sales	1,981,157	100.00		Net Sales	1,401,492	100.00		Net Sales	328,406	100.00	

(E) Production Volume and Value over the past two years

Unit: thousand pieces / NT\$ thousands

Sales amount \ Year	2022			2023		
	Capacity	Output	Value	Capacity	Output	Value
Main Products						
Wireless radio communication devices	65,763	55,898	1,349,322	65,389	55,580	895,379
Electronic and optical communication components	19	19	6,088	0	0	0
Electronic signal connection devices	1,083	921	74,626	551	468	37,523
Electronic products	148	126	18,610	91	77	12,508
Total	67,013	56,964	1,448,646	66,031	56,125	945,410

(F) Sales Volumes and values over the past two years

Unit: thousand pieces / NT\$ thousands

Sales amount \ Year	2022				2023			
	Domestic Sales		Overseas Sales		Domestic Sales		Overseas Sales	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Main Products								
Wireless radio communication devices	8,014	391,523	56,617	1,231,983	8,286	323,584	66,455	792,840
Electronic and optical communication components	2,517	98,168	19,590	143,531	1,378	80,654	18,498	139,240
Electronic signal connection devices	816	98,281	639	9,284	432	52,690	383	6,878
Electronic products	36	7,701	0	686	22	5,606	0	0
Total	11,383	595,673	76,846	1,385,484	10,118	462,534	85,336	938,958

III.Employee Information

May 18,2024

Year		2022	2023	Current Year as of Apr. 30,2024
Number of Employees	Direct employees	432	103	111
	Indirect employee	421	421	429
	Total	853	524	540
Average Age		37.28	40.74	40.65
Average Service Year		4.85	7.5	7.73
Educational Distribution Ratio (%)	PhD	0.12	0.20	0.19
	Master's	4.45	9.73	9.62
	Bachelor's	40.33	41.22	40.19
	High school	26.26	25.57	24.53
	Below high school	28.84	23.38	25.47

IV.Environmental Protection Expenditure

(A)We are pleased to report that the total amount of losses (including compensation) and penalties for environmental pollution for the most recent year and as of the printing date of the Annual Report is zero.

(B)Future countermeasures (including improvement measures) and possible expenditures (including the estimated amount of losses, penalties and compensation that may be incurred if countermeasures are not taken, and if it is not possible to make a reasonable estimate, the fact that it is not possible to make a reasonable estimate)

Investments in major equipment for the prevention and control of environmental pollution and their uses and possible benefits:

In response to international trends and global environmental requirements, the Company organises environmental education and training from time to time to demonstrate the importance that the Company attaches to environmental issues through education and training courses. In accordance with Article 10 of the Implementing Measures for Environmental Monitoring in the Labour Sector, the Company conducts environmental measurements on a semi-annual basis. We are proud to say that all internal rubbish is separated and recycled, and is regularly transported and disposed of by qualified environmental protection companies, which ensures that no environmental pollution occurs. Every year, we regularly find recyclers to

recycle or sell unnecessary items one by one, which can effectively increase the use of space and reduce environmental pollution.

V. Labor Relations

(A)Employee Welfare, Education and Training Measures:

The Company recognises the value of its employees and is dedicated to fostering positive labour relations and a secure and harmonious working environment. Employee welfare measures include:

- (1)The company has established an Employee Welfare Committee with the aim of implementing various welfare measures. These include cultural and recreational activities, community activities, staff travel, emergency relief, annual festival gifts, birthday gifts, and applications for welfare subsidies, such as wedding, funeral, and maternity subsidies.
- (2)The company offers financial support for departmental colleagues to communicate with each other, and organises year-end dinner and tea party activities to foster a positive work environment.
- (3)The Company is committed to taking care of its employees. In addition to providing the basic protection of labour insurance and universal health insurance as required by law, it also takes out group welfare insurance for its employees. The Company recognises the importance of the physical and mental health of its employees and, in addition to providing them with a clean, beautiful, and safe working environment, it also arranges for regular health check-ups for its employees, and provides them with health consultation services in the factory.
- (4)The Company has put in place a system of employee compensation, employee stock ownership and operating performance bonuses, which allows employees to work together to create profits and share in the results of operations.
- (5)In the interest of fostering equality and diversity in the workplace, our company strives to comply with the local government's labour laws and regulations. In the selection of employees, we endeavour to avoid any form of discrimination based on race, class, language, ideology, religion, political party affiliation, nationality, place of origin, gender, sexual orientation, age, marriage, appearance, facial features, physical and mental disabilities, or previous union membership. We will hire according to the law to eliminate any unlawful discrimination. If any employee feels that they have been treated unfairly or unequally, they are encouraged to raise their concerns through the complaint mailbox or employee suggestion box. In addition,

we are proud to offer maternity, paternity and parental leave in accordance with the relevant legislation.

Year	Description	Male/Number	Female/Number	Total
2023	Parental Leave Application	1	1	2
	Return to work	1	0	1
2024	Parental Leave Application	0	2	2
	Return to work	0	0	0
	Remaining in service 12 months after resumption of parental leave	0	0	0

(B) Education and training:

The Company strives to align its annual training plan with the vision, annual business objectives and other organisational needs. This plan combines internal and external training to cultivate the professional competence of employees and enhance their competitiveness. In FY112, the total number of hours of training was 2,465.5 hours, and the total number of training participants was 887. The Company also offers an on-the-job training subsidy for EMBA to help supervisors develop their management abilities.

(C) Retirement system and its implementation:

In accordance with the provisions of the Labor Standards Law, the Company has established a retirement plan for its employees and formed a Labor Pension Fund Supervisory Committee. The Company contributes monthly to the employees' individual accounts at the Bureau of Labor Insurance based on the employees' election of the new pension plan.

Labor Pension	Old System	New System
Source of Law	Labor Standards Act	Labor Pension Act
Funding Rules	A sum equivalent to 2% of the employees' monthly salaries and wages was transferred to a special account at the Bank of Taiwan in the name of the company.	It is recommended that a contribution of 6% be made to the personal account of the Labour Insurance Bureau, in accordance with the level of insurance coverage of the employees.
Total Amount	The accumulated amount of the Labour Retirement Provident Fund in NT\$ 5,625 thousands.	NT\$10,721 thousand was appropriated in 2023.

- (D)Employer-employee agreements and measures to protect the rights and interests of employees:

The Company places great value on the opinions of employees and holds regular labour-management meetings, as well as additional interim meetings when necessary. All employees are invited to participate and encouraged to provide suggestions in order to gain a better understanding of their opinions on the management and welfare system, which can then be used as a reference for improvement. We are pleased to report that, to date, labour-management relations have been amicable, with no litigation incidents. We believe that it is important to maintain these positive relations and to coordinate them effectively.

- (E) Any losses incurred due to labour disputes in recent years and up to the date of publication of the Annual Report, along with an estimation of the amount and measures to deal with any potential future losses:

The Company is dedicated to fostering positive employee relations and fostering an open communication environment between supervisors and their colleagues and peers. The Company is pleased to report that it has not incurred any losses resulting from labour disputes in the 2023 fiscal year.

VI.Cyber Security Management

- (A) The objective is to describe the information security risk management framework, information security policy, specific management programmes, and resources invested in information security management:

(1)Information Security Risk Management Framework

In order to strengthen information security management, ensure the availability, integrity, and confidentiality of information, and protect it from intentional or accidental threats from internal and external sources, the Information Department is responsible for coordinating and implementing the company's information security policies, disseminating information security information, and raising employees' awareness of information security. The Information Security Department is responsible for coordinating and implementing the Company's information security policies, disseminating information security messages, and raising employees' awareness of information security. Additionally, the Department reports regularly to the President and Chairman of the Board on information security achievements each year to ensure that information security policies and related laws and regulations are implemented and enforced.

(2) Information Security Policy

Item	Safety Policy
Information Security Governance	Establishment of a complete management system Information safety promotion and training Ensure the sustainable operation of the system Restriction management, virus protection and access management Resistance to external threats Risk control
Compliance	Establishment of compliant operating procedures Regularly review and revise the relevant operation specifications

(3) Specific Management Plan and Resources for Information Security Management

(a) Computer equipment security management

- (i) The Company's computer mainframes, application servers and other equipment are stored in a dedicated server room with access control and access logs.
- (ii) The server room is equipped with independent air-conditioning to keep the computer equipment operating in a proper temperature environment.
- (iii) The mainframe of the server room is equipped with an uninterruptible power supply and voltage stabilising equipment, and is connected to the power supply system of the company's own generator to ensure that the operation of the computer application system will not be interrupted in the event of a temporary power outage or failure.

(b) Network Security Management

- (i) Strengthen network control and configure enterprise-level firewalls to prevent illegal intrusions by hackers.
- (ii) We have found that site-to-site data encryption is an effective way to protect data during transmission within our group.
- (iii) It would be advisable for colleagues accessing the company's systems remotely to use VPN security methods, and relevant records to be kept for auditing purposes.
- (iv) Internet behaviour management and filtering devices are configured to control access to the Internet, with the aim of blocking access to harmful or policy-disallowed network addresses and content. This should help to strengthen network security and prevent bandwidth resources from being improperly used.

(c) Virus Protection and Management

- (i)Endpoint protection software is installed on servers and peer terminals with the objective of detecting and preventing the installation of potentially threatening system executable files.
 - (ii)Email servers are equipped with anti-virus and spam filtering mechanisms.
 - (iii)The anti-virus system will not only quarantine or delete any detected or intercepted viruses immediately, but will also proactively issue risk reports on infected and at-risk computers, thus facilitating the administrators to take appropriate actions.
- (d)System access control
- (i)The utilisation of each application system by employees is authorised by the supervisor in charge through the established procedure for requesting authorisation, as stipulated by the company. The Information Department establishes a system account and authorises access according to the functional authority applied by each system administrator.
 - (ii)The password of the account is set with high strength regulations and will be deleted when the employee leaves the job.
- (e)Ensure the sustainable operation of the system
- (i)System Backup: A backup system is built and a daily/weekly/monthly backup mechanism is adopted. In addition to the fixed backup system, the system and database are managed by off-site backups in the computer room to ensure absolute security.
 - (ii)Disaster Recovery Exercise: Once a year, we conduct an exercise where the backup media is stored back in the system host. This is to ensure the correctness and validity of the backup media. The user unit then confirms in writing that the restored data is correct.
 - (iii)We also lease two data lines from the telecommunication company. These are connected in parallel for mutual backup use through bandwidth management equipment. This helps to ensure uninterrupted network communications.
- (f)Information and Safety Advocacy and Training
- (i)Regular promotion. We kindly request that employees change their system passwords regularly to maintain account security.

(ii) Seminars. From time to time each year, we implement information security-related education and training programmes for internal employees.

(iii) Join the "Taiwan Computer Network Crisis Response and Coordination Center (TWCERT/CC)" to obtain consultation channels for information security incidents and collect information on information security for internal promotion.

(B) The losses, possible impacts and countermeasures suffered as a result of major information security incidents in the most recent year and up to the printing date of the Annual Report are presented below. If it is not possible to reasonably estimate the losses, the possible impacts and countermeasures, this is also indicated. °

VII. Important Contracts

Please find below a list of contracts that were in effect as of the printing date of the Annual Report and expired in recent years. These include supply and sales contracts, technical cooperation contracts, construction contracts, long-term loan contracts and other significant contracts affecting stockholders' equity:

Nature of Contract	Parties	Date of contract	Main contents	Restrictions
Collateralized Loan	Taipei Fubon Commercial Bank	2019/12/26~2030/2/15	Medium and Long-term Loans (Mortgage of land and real estate, Lot 1899, Sec. 9, Hukou Township, Hsinchu County)	None

Chapter 6. Financial Overview

I. Condensed Balance Sheets, Statements of Comprehensive Income, Name of CPAs and Audit Opinions of the Most Recent Five Years.

(A) Consolidated Information

(1) Condensed Balance Sheet

Unit: NT\$ thousands; per share

Year Item		Financial Information of the Most Recent Five Years					Financial Information of Current Year as of March 31, 2024
		2019	2020	2021	2022	2023	
Current Assets		1,446,323	1,349,086	1,335,441	1,629,896	1,200,450	1,171,529
Property, Plant, and Equipment		492,061	655,405	765,489	778,752	771,422	768,861
Intangible Assets		3,222	5,712	4,993	27,416	7,483	6,649
Other Assets		371,609	342,777	320,419	84,048	70,233	78,208
Total Assets		2,313,215	2,352,980	2,426,342	2,520,112	2,049,588	2,025,247
Current Liabilities	Before Distribution	737,007	512,290	634,929	685,119	454,813	471,437
	After Distribution	737,007	572,530	634,929	709,215	(Note 2)	-
Non-current Liabilities		111,940	317,549	372,120	333,219	265,363	248,213
Total Liabilities	Before Distribution	848,947	829,839	1,007,049	1,018,338	720,176	719,650
	After Distribution	848,947	890,079	1,007,049	1,042,434	(Note 2)	-
Equities Attributable to the Owners of the Parent company		1,459,383	1,519,580	1,416,264	1,479,799	1,313,116	1,289,984
Share capital		1,204,804	1,204,804	1,204,804	1,204,804	1,204,804	1,204,804
Capital Surplus		299,417	222,863	222,863	201,451	201,451	201,451
Retained Earnings	Before Distribution	33,721	184,175	83,198	138,586	(6,573)	(40,743)
	After Distribution	33,721	123,935	83,198	114,490	(Note 2)	-
Other Equity		(78,559)	(92,262)	(94,601)	(65,042)	(86,566)	(75,528)
Treasury Stock		-	-	-	-	-	-
Non-controlling Interests		4,885	3,561	3,029	21,975	16,296	15,613
Total Equity	Before Distribution	1,464,268	1,523,141	1,419,293	1,501,774	1,329,412	1,305,597
	After Distribution	1,464,268	1,462,901	1,419,293	1,477,678	(Note 2)	-

Note 1. The above financial information has been audited by CPAs.; The Q1 2024 financial information was reviewed by CPAs.

Note 2. To be finalised subject to resolution at the Annual Shareholders' Meeting.

(2) Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Item \ Year	Financial Information of the Most Recent Five Years					Financial Information of Current Year as of March 31, 2024
	2019	2020	2021	2022	2023	
Operating Revenue	1,254,229	1,426,967	1,580,533	1,981,157	1,401,492	328,406
Gross Profit	213,539	290,944	276,276	380,211	221,341	52,128
Operating Income	(95,926)	(47,139)	(54,478)	7,532	(194,771)	(51,268)
Non-operating Income and Expenses	51,594	12,857	14,133	17,457	72,167	16,415
Net Profit Before Tax	(44,332)	(34,282)	(40,345)	24,989	(122,604)	(34,853)
Curent Net Profit from Continuing Operations	(70,442)	(34,282)	(40,345)	30,176	(125,744)	(34,853)
Benefits (losses) of Discontinued (operations)	(4,208)	106,808	-	-	-	-
Net Profit (Loss) for the Period	(74,650)	72,526	(40,345)	30,176	(125,744)	(34,853)
Other Comprehensive Income (After Tax)	(18,183)	(13,653)	(3,263)	30,107	(22,522)	11,038
Total Comprehensive Income for the Period	(92,833)	58,873	(43,608)	60,283	(148,266)	(23,815)
Net Profit Attributable to Owners of the Parent	(69,757)	73,850	(39,813)	33,428	(120,065)	(34,170)
Net Profit Attributable to Non-controlling Interests	(4,893)	(1,324)	(532)	(3,252)	(5,679)	(683)
Total Comprehensive Income Attributable to Owners of the Parent	(87,940)	60,197	(43,076)	63,535	(142,587)	(23,132)
Total Comprehensive Income Attributable to Non-controlling Interests	(4,893)	(1,324)	(532)	(3,252)	(5,679)	(683)
Earnings Per Share	(0.58)	0.61	(0.33)	0.28	(1.00)	(0.28)

Note.The above financial information has been audited by CPAs.; The Q1 2024 financial information was reviewed by CPAs.

(3) Condensed Balance Sheet- Individual Information

Unit: NT\$ thousands; per share

Item \ Year		Financial Information of the Most Recent Five Years				
		2019	2020	2021	2022	2023
Current Assets		895,011	991,247	815,807	1,202,944	682,655
Property, Plant, and Equipment		276,966	524,545	645,533	662,657	652,572
Intangible Assets		1,232	5,099	4,851	8,195	4,737
Other Assets		883,002	709,072	719,403	521,337	644,824
Total Assets		2,056,211	2,229,963	2,185,594	2,395,133	1,984,788
Current Liabilities	Before Distribution	484,957	393,136	397,277	582,411	406,368
	After Distribution	484,957	453,376	397,277	606,507	(Note 2)
Non-current Liabilities		111,871	317,247	372,053	332,923	265,304
Total Liabilities	Before Distribution	596,828	710,383	769,330	915,334	671,672
	After Distribution	596,828	770,623	769,330	939,430	(Note 2)
Share capital		1,204,804	1,204,804	1,204,804	1,204,804	1,204,804
Capital Surplus		299,417	222,863	222,863	201,451	201,451
Retained Earnings	Before Distribution	33,721	184,175	83,198	138,586	(6,573)
	After Distribution	33,721	123,935	83,198	114,490	(Note 2)
Other Equity		(78,559)	(92,262)	(94,601)	(65,042)	(86,566)
Treasury Stock		-	-	-	-	-
Total Equity	Before Distribution	1,459,383	1,519,580	1,416,264	1,479,799	1,313,116
	After Distribution	1,459,383	1,459,340	1,416,264	1,455,703	(Note 2)

Note 1. The above financial information has been audited by CPAs.

Note 2. To be finalised subject to resolution at the Annual Shareholders' Meeting.

(4) Condensed Statement of Comprehensive Income-Individual Information

Unit: NT\$ thousands

Item \ Year	Financial Information of the Most Recent Five Years				
	2019	2020	2021	2022	2023
Operating Revenue	1,184,490	1,230,457	1,199,261	1,712,143	1,154,491
Gross Profit	156,720	142,643	166,402	264,040	114,929
Operating Income	(48,516)	(81,195)	(57,567)	20,499	(157,865)
Non-operating Income and Expenses	(7,005)	155,045	17,754	7,742	37,800
Net Profit Before Tax	(55,521)	73,850	(39,813)	28,241	(120,065)
Current Net Profit from Continuing Operations	(69,757)	73,850	(39,813)	33,428	(120,065)
Benefits (losses) of Discontinued (operations)	-	-	-	-	-
Net Profit (Loss) for the Period	(69,757)	73,850	(39,813)	33,428	(120,065)
Other Comprehensive Income (After Tax)	(18,183)	(13,653)	(3,263)	30,107	(22,522)
Total Comprehensive Income for the Period	(87,940)	60,197	(43,076)	63,535	(142,587)
Earnings Per Share	(0.58)	0.61	(0.33)	0.28	(1.00)

Note .The above financial information has been audited by CPAs.

(B) Names and Audit Opinions of CPAs over the Most Recent Five Years

Year	Accounting Firm	Name of CPA	Audit Opinion
2019	Deloitte & Touche	Huang, Yü-Feng. Lin, Cheng-Chih.	Unmodified Opinion
2020	Deloitte & Touche	Huang, Yü-Feng. Lin, Cheng-Chih.	Unmodified Opinion
2021	Deloitte & Touche	Tsai, Mei-Chen. Lin, Cheng-Chih.	Unmodified Opinion
2022	Deloitte & Touche	Tsai, Mei-Chen. Lin, Cheng-Chih.	Unmodified Opinion
2023	Deloitte & Touche	Tsai, Mei-Chen. Lin, Hsin-Tung.	Unmodified Opinion

II. Financial Analyses of the Most Recent Five Years

(A) Financial analysis - Use of international financial reportin

(1) Consolidated Financial Analysis

Analysis Item \ Year		Financial Analyses for the Most Recent Five Years					
		2019	2020	2021	2022	2023	Financial Information of Current Year as of March 31, 2024
Financial Structure (%)	Debt Ratio	36.70	35.27	41.50	40.41	35.14	35.53
	Ratio of long-term capital to property, Plant, and Equipment	316.31	277.30	233.63	232.81	204.62	200.06
Solvency (%)	Current Ratio	196.24	263.34	210.33	237.90	263.94	248.50
	Quick Ratio	165.62	227.35	158.81	186.65	213.49	202.10
	Times Interest Earned (Times)	(719.45)	(484.62)	(1,259.33)	428.41	(832.07)	(1,235.36)
Operating Ability	Accounts Receivable Turnover Ratio (Times)	2.07	2.44	2.73	2.86	2.24	3.02
	Average Collection Days	176.33	149.59	133.69	127.62	162.94	120.86
	Inventory Turnover Ratio (Times)	4.64	5.70	5.18	4.77	4.12	5.02
	Accounts Payable Turnover Ratio (Times)	2.90	3.27	3.63	4.01	3.64	4.74
	Average Inventory Turnover Days	78.66	64.03	70.46	76.51	88.59	72.67
	Property, Plant, and Equipment Turnover Ratio (Times)	2.55	2.18	2.22	2.57	1.81	1.71
	Total Assets Turnover Ratio (Times)	0.54	0.61	0.65	0.79	0.61	0.16
Profitability	Return on Total Assets (%)	(3.16)	3.31	(1.59)	1.47	(5.04)	(6.43)
	Return on Equity (%)	(4.63)	4.96	(2.75)	2.08	(9.00)	(10.71)
	Net Profit before tax to paid-in capital Ratio (%)	(4.16)	(2.85)	(3.35)	2.07	(10.18)	(11.57)
	Net Profit Ratio (%)	(5.95)	5.08	(2.55)	1.52	(8.97)	(10.61)
	Earnings Per Share (NT\$)	(0.58)	0.61	(0.33)	0.28	(1.00)	(0.28)
Cash Flows	Cash Flow Ratio (%)	1.55	(6.30)	(15.22)	2.67	38.92	1.55
	Cash Flow Adequacy Ratio (%)	72.86	34.68	23.13	4.60	7.15	7.96
	Cash Reinvestment Ratio (%)	0.47	(1.31)	(6.59)	0.74	6.70	0.33
Leverage	Operating Leverage	(0.33)	(6.84)	(6.39)	66.97	(1.36)	(1.34)
	Financial Leverage	0.93	0.89	0.95	(97.82)	0.94	0.95
Analysis of deviation of 2023 vs. 2022 over 20%: Profitability: The decrease in the ratio for the year was due to a decline in overall operating profitability as a result of lower sales due to inventory adjustments by customers. Operating leverage: The decrease was due to an operating loss.							

Note. The above financial information has been audited by CPAs.; The Q1 2024 financial information was reviewed by CPAs.

(2) Individual Financial Analysis Based on Information Financial Reporting Standards

Analysis Item			Year	Financial Analyses for the Most Recent Five Years				
			2019	2020	2021	2022	2023	
Financial Structure (%)	Debt Ratio		29.03	31.86	35.20	38.22	33.84	
	Ratio of long-term capital to property, Plant, and Equipment		561.96	346.48	277.03	273.55	241.88	
Solvency (%)	Current Ratio		184.55	252.14	205.35	206.55	167.99	
	Quick Ratio		169.79	238.50	171.06	182.78	139.64	
	Times Interest Earned (Times)		(1,213.48)	1,852.91	(1,683.74)	501.44	(1,232.57)	
Operating Ability	Accounts Receivable Turnover Ratio (Times)		2.15	2.12	2.73	3.13	2.23	
	Average Collection Days		169.77	172.17	133.70	116.61	163.68	
	Inventory Turnover Ratio (Times)		13.95	17.66	10.97	10.61	8.26	
	Accounts Payable Turnover Ratio (Times)		3.47	3.86	3.78	4.92	4.13	
	Average Inventory Turnover Days		26.17	20.67	33.28	34.39	44.21	
	Property, Plant, and Equipment Turnover Ratio (Times)		4.28	2.35	2.05	2.62	1.76	
	Total Assets Turnover Ratio (Times)		0.58	0.55	0.55	0.71	0.53	
Profitability	Return on Total Assets (%)		(3.26)	3.61	(1.72)	1.71	(5.14)	
	Return on Equity (%)		(4.63)	4.96	(2.71)	2.31	(8.60)	
	Ratio of paid-in capital (%)	Operating Income	(4.03)	(6.74)	(4.78)	1.70	(13.10)	
		Net Profit before tax	(4.61)	6.13	(3.30)	2.34	(9.97)	
	Net Profit Ratio (%)		(5.89)	6.00	(3.32)	1.95	(10.40)	
	Earnings Per Share (NT\$)		(0.58)	0.61	(0.33)	0.28	(1.00)	
Cash Flows	Cash Flow Ratio (%)		(16.39)	37.02	(24.14)	0.48	22.62	
	Cash Flow Adequacy Ratio (%)		43.54	45.26	22.81	(0.90)	8.22	
	Cash Reinvestment Ratio (%)		(4.39)	7.10	(7.83)	0.14	3.67	
Leverage	Operating Leverage		(2.58)	(1.34)	(2.39)	13.00	(0.66)	
	Financial Leverage		0.92	0.95	0.96	1.52	0.95	
Analysis of deviation of 2023 vs. 2022 over 20%: Interest coverage: The decrease is due to the loss. Profitability: The decrease was due to a decrease in operating profitability as a result of a decrease in sales due to inventory adjustments by customers. Operating leverage: The decrease was due to the operating loss.								

Note1.The above financial information has been audited by CPAs.

Note2.The company has not issued a personal financial report for March 31, 2024.

Note3.The calculation formula of the analysis items is as follows:

a. Financial Structure

- (1) Debt Ratio = Total Liabilities/Total Assets.
- (2) Ratio of long-term capital to property, Plant, and Equipment = (Total Equity + Non-Current Liabilities)/Net value of Property, Plant, and Equipment.

b. Solvency

- (1) Current Ratio = Current Assets/Current Liabilities.
- (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses)/Current Liabilities.
- (3) Times Interest Earned = Earnings before Interest and Taxes/Interest Expenses.

c. Operating Ability

- (1) Accounts receivable (including Accounts Receivable and Notes Receivable generated from operations) Turnover Ratio = Net Sales/ Average Receivables (including Accounts Receivable and Notes Receivable generated from operations) for each Period.
- (2) Average Collection Days = 365/ Accounts Receivable Turnover Ratio.
- (3) Inventory Turnover Ratio = Cost of goods sold/ Average Inventories.
- (4) Accounts payable (including Accounts Payable and Notes Payable generated from operations) Turnover Ratio = Cost of goods sold/ Average Payables (including Accounts Payable and Notes Payable generated from operations) for each Period.
- (5) Average Inventory Turnover Days = 365/ Inventory Turnover Ratio.
- (6) Property, Plant, and Equipment Turnover Ratio = Net sales/ Average net Property, Plant, and Equipment.
- (7) Total assets Turnover Ratio = Net sales/ Average Total Assets.

d. Profitability

- (1) Return on Assets = (Income after tax + Interest expenses x (1 - Tax rate))/ Average Total Assets.
- (2) Return on Equity = Income after tax/ Average Total Equity.
- (3) Net Profit margin = Income after tax/Net sales.
- (4) Earnings Per Share = (Net profit after tax - dividend on special shares)/ weighted average number of shares outstanding.

e. Cash Flow

- (1) Cash Flow Ratio = Net Cash Flows generated from operating activities/Current Liabilities.
- (2) Cash Flow Adequacy Ratio = Five-year sum of net cash flows generated from operating activities/Five-year (sum of capital expenditure, inventory additions and cash dividends).
- (3) Cash Reinvestment Ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital).

f. Leverage:

- (1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs & Expenses)/Operating Income.
- (2) Financial Leverage = Operating Income/(Operating Income - Interest Expenses).

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

Audit Committee's Review Report

The Board of Directors has submitted the Company's 2023 Business Report, Financial Statements, and proposal for Deficit Compensation. The financial statements were audited by Deloitte & Touche's CPAs Tsai, Mei-Chen and Lin, Hsin-Tung, and an audit report was issued.

The aforementioned business reports, financial statements, and proposal for Deficit Compensation have been examined by the Audit Committee and found to be consistent. Please review them in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,
2024 Annual Shareholders' Meeting

Convener of Audit Committee : Liu, Heng-Yih

March 15, 2024

IV.Individual Financial Statements Certified by CPAs of the Most Recent Year ,please refer to Page 109~197.

V.Consolidated Financial Statements Certified by CPAs of the Most Recent Year, please refer to Page 198~282.

VI.As of the publication date of the Annual Report, have the Company and its affiliated companies encountered any financial difficulties that affect the Company's financial status: None.

Chapter 7. Review and Analysis and Risks of Financial Conditions and Performance

I. Financial Status (Consolidated)

Unit: NT\$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	1,200,450	1,629,896	(429,446)	(26.35)
Property, Plant, and Equipment	771,422	778,752	(7,330)	(0.94)
Intangible Assets	7,483	27,416	(19,933)	(72.71)
Total Assets	2,049,588	2,520,112	(470,524)	(18.67)
Current Liabilities	454,813	685,119	(230,306)	(33.62)
Non-current Liabilities	265,363	333,219	(67,856)	(20.36)
Total Liabilities	720,176	1,018,338	(298,162)	(29.28)
Capital Stock	1,204,804	1,204,804	-	-
Capital Surplus	201,451	201,451	-	-
Retained Earnings	(6,573)	138,586	(145,159)	(104.74)
Other Equity	(86,566)	(65,042)	(21,524)	(33.09)
Total Shareholders' Equity	1,329,412	1,501,774	(172,362)	(11.48)
Analysis of Deviation over 20% and the change amount of NT\$10,000,000 in the earlier and later periods:				
(1)The decrease in current assets is mainly due to the decrease in trade receivables as a result of the decrease in sales due to inventory adjustments by customers.				
(2)The decrease in intangible assets was mainly due to the reversal of impairment loss on goodwill of HANG JIAN.				
(3)The decrease in current liabilities was mainly due to the decrease in material purchases and trade payables as a result of inventory adjustments by customers.				
(4)The decrease in non-current liabilities was mainly due to the repayment of long-term loans.				
(5)The decrease in retained earnings was due to the loss in 2023.				
(6)The increase in other equity was due to the effect of foreign exchange.				

II. Financial Performance

(A) Financial Performance Analysis(Consolidated)

Unit: NT\$ thousands

Item \ Year	2023	2022	Change, by	
			Amount	Percentage %
Operating Revenue	1,401,492	1,981,157	(579,665)	(29.26)
Gross Profit	221,341	380,211	(158,870)	(41.78)
Net operating profit (loss)	(194,771)	7,532	(202,303)	(2,685.91)
Non-operating Income and Expenses	72,167	17,457	54,710	313.40
Net profit (loss) before tax	(122,604)	24,989	(147,593)	(590.63)
Income Tax Expense	(3,140)	5,187	(8,327)	(160.54)
Net profit (loss) for the year	(125,744)	30,176	(155,920)	(516.70)
Analysis of Deviation over 20% and the change amount of NT\$10,000,000 in the earlier and later periods:				
In 2023, we faced some challenges in our overall operations, with customer adjustments to inventory holdings resulting in some financial results that could have been better.				

(B) Sales Volume Forecast and Related Information:

The Company's expected sales volume is based on a number of factors, including the industry environment, customers' product demand, market supply and demand, market share and forecast information of each industry, as well as the planning of its own production capacity and business development strategy.

(C) It is possible that the company's financial position and business operations may be affected in the future:

The Company is pleased to announce that it is continuing to expand and actively develop new markets. It is also seeking long-term sources of funding for capital expenditure and is working to improve its financial ratios in order to achieve a more robust financial structure.

III. Cash Flows

(A) Liquidity analysis for the last two years

Item \ Year	December 31,	December 31,	Increase (Decrease)
	2023	2022	Ratio (%)
Cash Flow Ratio (%)	38.92	2.67	36.25
Cash Flow Adequacy Ratio (%)	7.15	4.60	2.55
Cash Reinvestment Ratio (%)	6.70	0.74	5.96
Analysis of Changes in the Ratio of Increase to Decrease: The increase in each of these ratios was due to the increase in net cash flows from operating activities during the year.			

(B) Remedial Actions for Liquidity Shortfall : In the event that the Company encounters a liquidity shortage, the Company will draw on the financing lines signed with banks.

(C) Cash Flow Projection for the Next Year:

Unit: NT\$ thousands

Beginning Cash Balance(1)	Net Cash Flows generated from Operating activities(2)	Cash flows of investing and financing activities(3)	Ending Cash Balance (1)+(2)+(3)	Contingency plans for insufficient cash position	
				Investing activities	Financing activities
515,590	138,910	(245,146)	409,354	0	0

IV. Impact of major capital expenditures on finance and business in the most recent year:

The company has constructed a smart factory in Vietnam with the objective of enhancing its long-term competitiveness in response to the global deployment of production capacity. This initiative is expected to have a positive impact on the company's financial performance and long-term operational planning.

V.Policies on investment in other companies, main reasons for their profit or loss and improvement plans in the most recent year, and investment plans for the following year:

(A) Policy on reinvestment in recent years:

The Company's business management policy for the year 2023 is based on the Investment Cycle, Procedures for Transactions with Group Enterprises, Specified Companies and Related Parties, Regulations Governing Subsidiaries and Procedures for Acquisition or Disposal of Assets of the internal control system. These serve as the rules for the operation and management of the reinvestment businesses. Furthermore, the company's internal audit department conducts periodic on-site inspections of the operating conditions and internal controls of each of the subsidiaries that have undergone reinvestment. This is done with the intention of facilitating the management of the aforementioned subsidiaries and enabling the company to effectively control the operations of the reinvested subsidiaries.

(B) Main reasons for profit or loss on reinvestment and improvement plan:

The company recognised a gain of NT\$27,671 thousand from the reinvestment in 2023. This was due to the profit from the sale of Shanghai real estate by AEON TECHNOLOGY (SHANG HAI) CO., LTD. a reinvestment business.

(C) Investment plan for the coming year:

The Company's investment policy is to invest in industries related to the Company's own business, with the Company's overall development direction as the primary consideration. Each investment is implemented after a meticulous evaluation process. Future investments will be contingent upon the prevailing conditions within the industry and the requirements of the Company's business development strategy, with the objective of identifying an optimal investment environment.

VI.Risk Analysis and Evaluation

(A)The impact of fluctuations in interest rates, exchange rates, and inflation on the company's profit or loss, as well as the potential response measures to be taken in the future.

Unit: NT\$ thousands; %

Item \ Year	2023	Ratio to Net Operating Revenue (%)
Net Operating Revenue	1,401,492	-
Interest Income	8,065	0.58
Interest Expense	13,147	0.94
Profit on foreign exchange	13,831	0.99

(1) Impact of Interest Rate Changes and Future Measures

The impact of interest rate risk on the Company's profit or loss is divided into two parts, namely, income and cost of funds. With respect to interest income, the Company endeavours to evaluate its investments based on low-risk and high liquidity, and to utilise its remaining capital according to the demand for capital and market conditions under the principle of conservative and prudent operation to minimise the impacts of interest rate fluctuations. There will be no significant changes in its financial management policies in the future. With regard to the cost of capital, the majority of the Company's bank borrowings are floating-rate debt. Consequently, fluctuations in market interest rates will result in changes to the effective interest rate on bank borrowings, which may potentially impact the Company's future cash flows. The Company will continue to monitor interest rates on bank borrowings and maintain good relationships with banks in order to obtain the most favourable interest rates. It will also adjust the utilisation of capital in a timely manner in light of changes in interest rates. However, it was assessed that the changes in interest rates did not have a significant impact on the changes in the Company's profit or loss.

(2) Impact of Exchange Rate Changes and Future Measures

In recent years, the Company's foreign sales have accounted for more than 70% of the Company's operating revenues. As a result, the Company is exposed to exchange rate risks arising from purchases and sales denominated in currencies other than the functional currency of the Company. In order to protect the Company's reasonable profits and costs, the Company takes into account the exchange rate fluctuations when quoting prices to customers and negotiating the terms of purchase. The Company endeavours to apply the natural hedge principle of offsetting assets and liabilities against foreign currencies and pays close attention to the international economic situation in order to promptly grasp the pulse of the foreign exchange market. In order to reduce the impact and profit or loss on the Company caused by the fluctuation of exchange rates, the Company selects auxiliary instruments (e.g., derivatives) and other countermeasures for hedging. The impact of exchange rate fluctuations on the Company's profit and loss is minimised.

(3) Inflation and Future Measures

It is often the case that changes in the overall market environment with respect to inflation and deflation have a significant impact on the global

economy. It is not uncommon for the adverse effects of changes in the general and individual economies to have a negative impact on the Company's operations and profits. However, the Company is committed to reducing costs, developing low-cost alternative sources of materials, adjusting inventory in a timely manner based on changes in the supply and demand of raw materials and prices, and appropriately adjusting pricing in response to the market environment, with a view to minimising the impact on profits and losses.

(B) Policies for engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement and guarantee, and derivatives transactions, the major reasons for profits or losses, and Future Measures:

(1) The Company has adopted a conservative and prudent financial management policy and has established a number of procedures in accordance with relevant laws and regulations. These include "Procedures for Acquisition or Disposal of Assets," "Procedures for Derivative Transactions," "Procedures for Endorsement and Guarantee," and "Procedures for Lending of Funds to Others."

(2) The Company has focused on the development of its business and has not engaged in any high-risk, highly leveraged investment transactions in recent years. The Company has only provided endorsement and guarantee for 100% of its subsidiaries' bank loans to meet operational needs, but not for others.

(3) The Company has established "Procedures for Handling Derivative Financial Instrument Transactions" and mainly engages in hedging of foreign currency assets. The Company does not engage in speculative transactions, which are of a hedging nature and do not result in significant gains or losses.

(C) Future Research and Development Plans and Estimated Research and Development Expenditure:

The company monitors the evolution of related industries and identifies market needs. In order to strengthen interaction and cooperation with international brand name customers, the company is committed to enhancing key technologies and developing various new products in order to ensure its competitive advantage. It is estimated that research and development expenditure will account for approximately 8% of operating revenue in 2024. The products that the company plans to develop in the future and the direction of research and development are outlined below:

1. 4G LTE & 5G-NR Sub 6GHz CPE Antenna (600-4200 MHz)
2. Wi-Fi 7 Mesh Application Antenna
3. Active Beam-Steering Array Series
4. Active Beam-Steering Phase Array
5. mmWave Front End Module
6. 60GHz Radar Module for Life Sensor Application
7. X Band Radar for Motion sensor
8. 6G Antenna Module for Mobile Device
9. RIS Antenna
10. Diverse Wireless Modules and Sensors
11. Industrial Router Platforms

(D) The impact of significant domestic and foreign policy and legal changes on the Company's financial operations and the measures to address such impact:

The Company endeavours to conduct its business in accordance with important domestic and foreign policies and laws, and keeps abreast of changes in important domestic and foreign policies and laws in order to promptly respond to changes in the market environment and take appropriate measures to meet the Company's operational needs.

(E) The impact of technological changes (including information security risks) and industry changes on the Company's financial operations and the measures to address such impact:

The Company maintains a keen awareness of technological changes in the industries in which it operates, introduces timely products in line with the market trend, and monitors market trends and assesses their impact on the Company's operations. The company adheres to the stipulations of customer contracts and confidentiality commitments, monitors information related to patents, intellectual property, employees, research and development, and finances, and strengthens the data leakage protection system to ensure that confidential information is not leaked. Only computers or mobile communication devices belonging to the company's assets are permitted to connect to the company's local network to reinforce the security of the company's internal network system. In recent years, there has been a rise in the frequency of reports of cyber attacks and ransomware security incidents. The company places a strong emphasis on information security risk control and protection. To this end, it has constructed a multi-level and deep defence information security control and protection network, and implemented strict control measures. As of the date of the Annual Report, there have been no technological changes (including the risk of information and communications

security) and industry changes that would affect the company's financial business.

- (F) The impact of corporate image change on corporate crisis management and the measures to deal with it:

Since the establishment of the Company, the Company has endeavoured to strengthen its internal management in order to enhance its management quality and efficiency. The Company's corporate image has always been favourable, and to date, there has been no occurrence of a crisis in the Company's operations due to a change in corporate image.

- (G) Expected benefits and possible risks of and responses to the merger and acquisition: None.

- (H) Expected benefits and possible risks and countermeasures of plant expansion: None.

- (I) Risks associated with focused purchases or sales and countermeasures:

Purchases: In order to reduce production costs and implement the production strategy of division of labour between the two sides of the Taiwan Strait, the Company has the option of conducting purchases through a 100%-owned investment company. Since the Company has full control over the purchases, there should not be any risk of concentration of purchases. Furthermore, the majority of the Company's other raw material suppliers are well-established companies with a strong reputation in the industry and have enjoyed a long-standing and mutually beneficial relationship with the Company. As a result, there should be minimal risk of concentration of imported goods.

Sales: The Company is engaged in the research and development and sales of Wireless radio communication devices and Electronic signal connection devices. In fiscal year 2023, the Company's net sales to a single customer will not exceed 50% of the Company's net sales. In addition to continuing technical cooperation with major customers, the Company will develop its own branded products in the future and continue to expand its global customer base. Overall, there is no risk of sales concentration.

- (J) Impacts, risks and countermeasures on the Company due to substantial transfer or replacement of shareholdings of directors or substantial shareholders holding more than 10% of the Company's share: None.

- (K) Impact of the Change in Operating Rights on the Company, Risks and Countermeasures:

The directors of the company have been involved in the operation of the company for a considerable period of time, and the management has a strong sense of mission towards the company and regards the operation of the

company as a lifelong ambition. Furthermore, the Company has established a comprehensive organisational structure that effectively delineates the rights and responsibilities of each department, implements operational strategies, monitors operational efficiency, and ensures operational results. Employees are aligned with the Company's development direction and contribute to its growth. In conclusion, there is minimal risk of a change in the Company's ownership due to a significant transfer or replacement of shareholdings.

(L) Litigation or Non-Litigation Matters:

The Company, its directors, general managers, persons in charge of substantive responsibility, major shareholders holding more than 10% of the shares, and its subsidiaries are engaged in significant litigation, non-litigation, or administrative disputes that have been determined by judgement or are still pending. The outcome of these disputes may have a significant impact on shareholders' rights and interests or the price of securities:

The Company's directors, Mr LIN,CHI-SHENG (who has resigned from the Board with effect from 10 June 2022), Mr CHANG,HUNG-YI and Mr PENG,CHAO-CHANG, have been indicted by the Hsinchu District Prosecutor's Office in Taiwan for allegedly violating the Securities and Exchange Act. The Company has filed a criminal and ancillary civil lawsuit with the Hsinchu District Court in Taiwan against the above named defendants for alleged violation of the Securities and Exchange Act and has requested the above named defendants to compensate the Company for losses of US\$3,685,643.09 and NT\$6,934,282, which has been referred to the civil court for adjudication. Compensation income of NT\$600 thousand and NT\$52,677,136 was recognised in fiscal years 2023 and 2022, respectively.

(M) Other Risks and Future Measures:None.

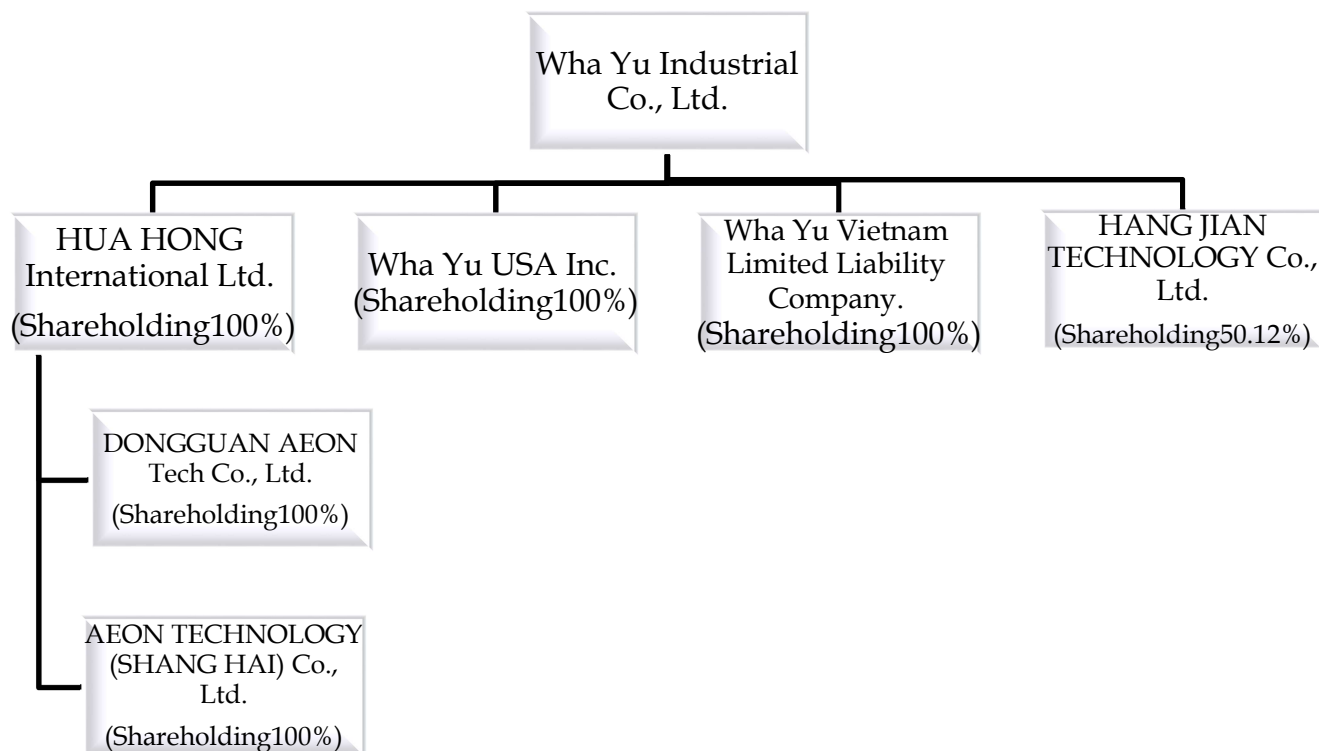
VII. Other Important Issues: None.

Chapter 8.Special Disclosure

I. Summary of Affiliated Companies

(A)Subsidiaries Chart

As of December 31, 2023



(B)Information about the subsidiaries

Unit: NT\$ (USD) thousands

Company	Date of Incorporation	Place of Registration	Capital Stock	Business Activities
Wha Yu Industrial Co., Ltd.	Nov. 18,1981	No. 326, Sec. 2, Gongdao 5th Rd., East Dist., Hsinchu City 300043 , Taiwan (R.O.C.)	NT\$ 1,204,804	Wireless communication antenna/Electronic cable products professional manufacturing
HUA HONG INTERNATIONAL Ltd.	Aug. 21,2002	3rd Floor,Standard Chartered Tower,19 Cybercity,Ebene, Republic of Mauritius.	US\$ 7,498	Investment Holding
DONGGUAN AEON Tech Co., Ltd.	May 10,2005	No.7, Lakeside Industrial Road, Da Ling Shan Town, Dong Guan City, Guangdong, China	US\$ 11,100	Production and sales of broadband access network communication system equipment (wireless fixed access network communication equipment), new instrumentation elements (instrumentation connectors)
AEON TECHNOLOGY (SHANG HAI) Co., Ltd.	Dec. 4,2006	Room 501, Floor 5, Building 27, No.69, Guiqing Road, Caohejing Xinxing Technology Development Area, Xuhui District, Shanghai	US\$ 5,970	Wholesales of communication parts,electronic parts, cables, optical fibers and Antennas; import and export of self-developed products; provision of supporting and consulting services; development of Antennas
HANG JIAN TECHNOLOGY Co., Ltd.	Apr. 5,2017	Floor 3, No. 326, Sec. 2, Gongdao 5th Rd., East Dist., Hsinchu City 300043 , Taiwan (R.O.C.)	NT\$ 42,500	The application-related business for unmanned aerial vehicles was integrated.
Wha Yu USA Inc.	Mar. 2,2023	1152 E WALNUT CREEK PKWY WEST COVINA, CA 91790	US\$ 500	Consultancy and customer service activities for the local markets of the Internet communication products.
Wha Yu Vietnam Limited Liability Company.	Sep. 11,2023	FFI-2 and FFI-3 Factory, 2nd floor, 3rd floor, High-rise Factory, Block 1, No.2, BH5 Street, VSIP Bac Ninh Industrial, Service and Urban Park, Phu Chan Ward, Tu Son City, Bac Ninh Province, Vietnam.	US\$ 3,500	The company is engaged in the manufacture and sale of equipment for the communication systems of the broadband access network.

(C)Shareholders in Common of WhaYu and Its Subsidiaries with Deemed Control and Subordination: None.

(D) Operational Highlights of WhaYu Subsidiaries

December 31, 2023

Unit: NT\$ thousands unless otherwise indicated

Company	Capital Stock	Assets	Liabilities	Net Worth	Operating Revenue	Operating Income	Profit or Loss (after tax)	Earnings per share (NT\$) (after tax)
HUA HONG INTERNATIONAL Ltd.	US\$ 7,498	482,491	0	482,491	0	(237)	41,296	-
DONGGUAN AEON Tech Co., Ltd.	US\$11,100	616,054	247,995	368,059	842,102	(9,808)	967	-
AEON TECHNOLOGY (SHANG HAI) Co., Ltd.	US\$ 5,970	81,458	2,581	78,877	0	(9,165)	10,172	-
HANG JIAN TECHNOLOGY Co., Ltd.	NT\$42,500	34,882	2,213	32,669	17,407	(11,431)	(11,385)	-
Wha Yu USA Inc.	US\$ 500	10,045	612	9,433	0	(6,438)	(6,107)	-
Wha Yu Vietnam Limited Liability Company.	US\$ 3,500	99,913	25	99,888	0	(1,814)	(1,813)	-

Remark: Exchange rate based on data at 31 December 2023.

Assets and liabilities: NT\$: US\$ = 30.7050:1 / NT\$:RMB = 4.3270:1 / NT\$:VND = 0.00125:1

Profit or loss: NT\$: US\$ = 31.1548:1 / NT\$:RMB = 4.3954:1 / NT\$:VND = 0.00130:1

(E) Rosters of Directors, Supervisors, and Presidents of WhaYu's Subsidiaries

Unit: thousands shares

Company	Title	Name or Representative	Shareholding	
			Shares (Investment Amount)	% (Investment Holding %)
HUA HONG International Ltd.	Director	Representative of Wha Yu Industrial Co., Ltd. Tsou Mi-Fu	7,498	100.00%
DONGGUAN AEON Tech Co., Ltd.	Director	Representative of HUA HONG International Ltd. Tsou Mi-Fu	0	100.00%
	Director	Representative of HUA HONG International Ltd. Chen, Shih-Chung		
	Director	Representative of HUA HONG International Ltd. Wu, Kuo-Hua		
AEON TECHNOLOGY (SHANG HAI) Co., Ltd.	Director	Representative of DONGGUAN AEON Tech Co., Ltd. Wu, Kuo-Hua	0	100.00%
HANG JIAN TECHNOLOGY Co., Ltd.	Director	Representative of Wha Yu Industrial Co., Ltd. Tsou Mi-Fu	2,130	50.12%
	Director	Representative of Wha Yu Industrial Co., Ltd. Tsao, Fu-Yi		
	Director	Chang, Tung-Lin		
	Supervisor	Chang, Kuan-Chung		
Wha Yu USA Inc.	Director	Representative of Wha Yu Industrial Co., Ltd. Tsou Mi-Fu	500	100.00%
Wha Yu Vietnam Limited Liability Company.	Director	Representative of Wha Yu Industrial Co., Ltd. Tsao, Fu-Yi	0	100.00%

- II. Privately offered securities in the most recent year as of the publication date of the Annual Report: None.
- III. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Year as of the publication date of the Annual Report: None.
- IV. Other Necessary Supplements: None

Chapter 9. Matters that Have a Material Impact on Shareholders' Equity or the Price of Securities

Any Events in 2023 and as of the Date of this Annual Report that Had Material Impacts on Shareholders' Interests or Securities Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Act of Taiwan: None.

Stock Code:3419



WHA YU INDUSTRIAL CO., LTD.

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

*(English Translation of a Report and Financial Statements Originally Issued in
Chinese)*

Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

The Board of Directors and Shareholders
WHA YU INDUSTRIAL CO., LTD.

Opinion

We have audited the accompanying financial statements of WHA YU INDUSTRIAL CO., LTD. (the “Company”) which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's financial statements for the year ended December 31, 2023 are stated as follows: :

Revenue recognition

The company's primary sources of revenue are wireless radio communication devices, electronic signal connection devices, electronic products and trade. The net operating revenue for the 2023 fiscal year was NT\$1,401,492 thousand. The auditor has identified the sales revenue growth against market trends for the current fiscal year as a key audit matter, given the risk of authenticity associated with the company's sales of products and transactions. For further information regarding the revenue recognition policy, please refer to Note 4(14) of the financial statements.

Our auditing procedures included the following:

1. Understanding the Company's internal control system and operating procedures relating to the sales transaction cycle in order to assess the effectiveness of internal control operations.
2. Selecting samples of sales proceeds for audit, reviewing documents such as purchase orders, bills of lading or customs declarations confirmed by the counterparties to confirm the authenticity of the sales proceeds, and also reviewing whether there are any anomalies in the sales counterparty's subsequent receipts and returns of goods.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements 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 Tsai, Mei-Chen and Lin, Hsin-Tung.

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 26, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

WHA YU INDUSTRIAL CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31,2023		December 31,2022		Code	Liabilities and Equity	December 31,2023		December 31,2022	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current assets						Current Liabilities				
1100	Cash (Notes 4 and 6)	\$ 217,485	11	\$ 192,312	8	2100	Short-term borrowings (Notes 16 and 29)	\$ 99,521	5	\$ 101,384	4
1150	Notes receivable (Notes 4 、 8 and 20)	785	-	986	-	2150	Notes payable to unrelated parties	-	-	1,103	-
1170	Trade receivables from unrelated parties (Notes 4 、 5 、 8 and 20)	337,167	17	678,077	28	2170	Trade payables to unrelated parties	73,466	4	35,644	2
1180	Trade receivables from related parties (Notes 4 、 20 and 29)	5,565	-	10,938	1	2180	Trade payables to related parties (Note 29)	88,923	5	304,123	13
1200	Other receivables (Notes 4 and 8)	1,327	-	6,660	-	2320	Long-term borrowings - current portion (Notes 16 、 28 and 30)	68,983	3	57,981	2
1210	Other receivables from related parties (Notes 4 and 29)	30	-	-	-	2399	Accrued expenses and other current liabilities (Notes 17 、 20 and 29)	75,475	4	82,176	3
130X	Inventories (Notes 4 、 5 and 9)	114,445	6	137,390	6			406,368	21	582,411	24
1460	Non-current assets held for sale (Notes 4 and 10)	-	-	169,642	7	21XX	Total current liabilities				
1470	Other current assets (Note 15)	5,851	-	6,939	-		Non-current liabilities				
11XX	Total current assets	682,655	34	1,202,944	50	2540	Long-term borrowings (Notes 16 、 28 and 30)	250,058	13	316,374	13
	Non-current assets					2630	Deferred revenue - non-current (Note 24)	5,409	-	7,311	-
1517	Financial assets at fair value through other comprehensive income - Non-current (Notes 4 、 7 and 28)	35,101	2	34,537	2	2640	Net defined benefit liabilities - non-current (Notes 4 and 18)	9,459	-	8,735	1
1550	Investments accounted for using the equity method (Notes 4 and 11)	608,185	31	486,701	20	2645	Guarantee deposits	378	-	503	-
1600	Property, plant, and equipment (Notes 4 、 12 and 30)	652,572	33	662,657	28	25XX	Total non-current liabilities	265,304	13	332,923	14
1780	Intangible assets (Notes 4 and 14)	4,737	-	8,195	-	2XXX	Total liabilities	671,672	34	915,334	38
1920	Refundable deposits	151	-	99	-		Equity (Notes 4 and 19)				
1990	Other no-current assets (Note 15)	1,387	-	-	-	3110	Share capital	1,204,804	61	1,204,804	50
15XX	Total non-current assets	1,302,133	66	1,192,189	50	3200	Capital surplus	201,451	10	201,451	9
							Retained earnings				
						3310	Legal reserve	3,398	-	-	-
						3320	Special reserve	104,610	6	104,610	4
						3350	(Accumulated deficit)Unappropriated earnings	(114,581)	(6)	33,976	2
						3300	Total retained earnings	(6,573)	-	138,586	6
							Other equity				
						3410	Exchange differences arising on translation of foreign operations.	(93,307)	(5)	(75,106)	(3)
						3420	Unrealized gain on investments in equity instruments at fair value through other comprehensive Income.	6,741	-	6,177	-
						3470	Equity related to non-current assets or disposal groups classified as held for sale.	-	-	3,887	-
						3400	Total other equity	(86,566)	(5)	(65,042)	(3)
						3XXX	Total equity	1,313,116	66	1,479,799	62
1XXX	Total assets	\$ 1,984,788	100	\$ 2,395,133	100		Total liabilities and equity	\$ 1,984,788	100	\$ 2,395,133	100

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Auditor’s Report issued by Deloitte & Touche on March 26, 2024)

Chairman: Tsou Mi-Fu

Managerial officers: Peng, Chao-Chung

Principal Accounting Officer: Tsao, Fu-Yi

WHA YU INDUSTRIAL CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2023		2022	
		Amount	%	Amount	%
4100	OPERATING REVENUE (Notes 4、20 and 29)	\$ 1,154,491	100	\$ 1,712,143	100
5110	OPERATING COSTS (Notes 9、21 and 29)	<u>1,039,562</u>	<u>90</u>	<u>1,448,103</u>	<u>85</u>
5900	GROSS PROFIT	114,929	10	264,040	15
5920	REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 4)	<u>6</u>	<u>-</u>	<u>1,222</u>	<u>-</u>
5950	REALIZED GROSS PROFIT	<u>114,935</u>	<u>10</u>	<u>265,262</u>	<u>15</u>
	OPERATING EXPENSES (Notes 21 and 29)				
6100	Selling and marketing	77,877	7	82,726	5
6200	General and administrative	87,711	7	73,344	4
6300	Research and development	97,845	8	89,263	5
6450	Expected credit loss(gain)	<u>9,488</u>	<u>1</u>	(<u>576</u>)	<u>-</u>
6000	Total operating expenses	<u>272,921</u>	<u>23</u>	<u>244,757</u>	<u>14</u>
6510	Other Operating Expenses (Note 21)	<u>121</u>	<u>-</u>	(<u>6</u>)	<u>-</u>
6900	Profit(Loss) From Operations	(<u>157,865</u>)	(<u>13</u>)	<u>20,499</u>	<u>1</u>
	NON-OPERATING INCOME AND EXPENSES				
7100	Interest income (Note 21)	4,664	1	561	-
7010	Other income (Notes 4、21、24、29 and 31)	14,566	1	73,342	4
7020	Other gains and losses(Note 21)	(<u>91</u>)	<u>-</u>	(<u>61,115</u>)	(<u>3</u>)
7050	Finance costs(Notes 4、21 and 29)	(<u>9,010</u>)	(<u>1</u>)	(<u>7,035</u>)	<u>-</u>
7070	Share of profit of subsidiaries and associates (Note 4)	<u>27,671</u>	<u>2</u>	<u>1,989</u>	<u>-</u>
7000	Total non-operating income	<u>37,800</u>	<u>3</u>	<u>7,742</u>	<u>1</u>

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Code		2023		2022	
		Amount	%	Amount	%
7900	PROFIT BEFORE INCOME TAX	(\$ 120,065)	(10)	\$ 28,241	2
7950	INCOME TAX BENEFIT(Notes 4 and 22)	-	-	(5,187)	-
8200	NET PROFIT/(LOSS) FOR THE YEAR	(120,065)	(10)	33,428	2
	OTHER COMPREHENSIVE INCOME				
	(LOSS)(Notes 4 、 18 and 19)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	(998)	-	548	-
8316	Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	564	-	213	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	(18,201)	(2)	19,835	1
8365	Equity related to non-current assets or disposal groups classified as held for sale	(3,887)	-	3,887	-
8380	Share of other comprehensive income of associates accounted for using the equity method	-	-	5,624	1
8300	Other comprehensive income (loss) for the year, net of income tax	(22,522)	(2)	30,107	2
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(\$ 142,587)	(12)	\$ 63,535	4
	EARNINGS PER SHARE (Note 23)				
9710	Basic	(\$ 1.00)		\$ 0.28	
9810	Diluted	(\$ 1.00)		\$ 0.28	

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Auditor's Report issued by Deloitte & Touche on March 26, 2024)

Chairman:
Tsou Mi-Fu

Managerial officers:
Peng, Chao-Chung

Principal Accounting Officer:
Tsao, Fu-Yi

WHA YU INDUSTRIAL CO., LTD.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

		Retained Earnings						Other Equity			
		Share Capital					Unappropriated earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive	Equity related to non-current assets or disposal groups classified as held for sale	Total Equity
Code		Shares (in Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	(Accumulated Deficit)				
A1	BALANCE AT JANUARY 1, 2022	120,481	\$ 1,204,804	\$ 222,863	\$ 13,055	\$ 104,610	(\$ 34,467)	(\$ 100,565)	\$ 5,964	\$ -	\$ 1,416,264
B13	Appropriation of 2021 earnings Legal reserve used to offset accumulated deficits	-	-	-	(13,055)	-	13,055	-	-	-	-
C11	Capital surplus used to offset accumulated deficits	-	-	(21,412)	-	-	21,412	-	-	-	-
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	33,428	-	-	-	33,428
D3	Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	548	25,459	213	3,887	30,107
D5	Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	33,976	25,459	213	3,887	63,535
Z1	BALANCE AT DECEMBER 31, 2022	120,481	1,204,804	201,451	-	104,610	33,976	(75,106)	6,177	3,887	1,479,799
B1	Appropriation of 2022 earnings Legal reserve	-	-	-	3,398	-	(3,398)	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	(24,096)	-	-	-	(24,096)
D1	Net loss for the year ended December 31, 2023	-	-	-	-	-	(120,065)	-	-	-	(120,065)
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(998)	(18,201)	564	(3,887)	(22,522)
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	(121,063)	(18,201)	564	(3,887)	(142,587)
Z1	BALANCE AT DECEMBER 31, 2023	120,481	\$ 1,204,804	\$ 201,451	\$ 3,398	\$ 104,610	(\$ 114,581)	(\$ 93,307)	\$ 6,741	\$ -	\$ 1,313,116

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Auditor's Report issued by Deloitte & Touche on March 26, 2024)

Chairman: Tsou Mi-Fu

Managerial officers: Peng, Chao-Chung

Principal Accounting Officer: Tsao, Fu-Yi

WHA YU INDUSTRIAL CO., LTD.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income (Loss) before income tax	(\$ 120,065)	\$ 28,241
A20010	Adjustments for:		
A20100	Depreciation expense	38,376	33,960
A20200	Amortization expense	5,168	4,082
A20300	Expected credit loss (Gain)	9,488	(576)
A20900	Finance costs	9,010	7,035
A21200	Interest income	(4,664)	(561)
A22400	Share of profit of subsidiaries and associates	(27,671)	(1,989)
A22500	(Gain) loss on disposal of property, plant and equipment, net	(121)	6
A22700	Gains on disposals of investments	(3,887)	-
A23700	Net loss on disposal of financial assets	15,414	102,219
A23800	Write-downs of inventories	8,327	6,100
A24000	Unrealized (realized) gain on the transactions with subsidiaries	(6)	(1,222)
A24100	Net loss on foreign currency exchange	5,771	3,658
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	201	605
A31150	Trade receivables (including related parties)	324,556	(295,098)
A31190	Other receivables (including related parties)	5,263	(5,796)
A31200	Inventories	14,618	(8,030)
A31240	Other current assets	1,088	7,638
A32130	Notes payable	(1,103)	1,103
A32150	Trade payables (including related parties)	(173,111)	97,206
A32230	Other payables and other current liabilities	(3,748)	28,365
A32240	Net defined benefit liabilities	(274)	(464)
A32250	Deferred revenue	(1,902)	(1,864)
A33000	Cash generated from operations	100,728	4,618
A33300	Interest paid	(8,796)	(7,000)
A33500	Income tax paid	-	5,187
AAAA	Net cash generated from operating activities	91,932	2,805

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Code		2023	2022
	CASH FLOWS FROM INVESTING ACTIVITIES		
B01900	Proceeds from disposal of investments accounted for associates	\$ 169,642	\$ -
B00030	Capital reduction of financial assets at fair value through other comprehensive income and loss	-	1,240
B02200	Acquisition of subsidiary	(127,422)	(40,470)
B02300	Net cash inflow on disposal of subsidiary	-	1,379
B02400	Refund of capital reduction of subsidiaries using the equity method	-	3,839
B02700	Acquisition of property, plant and equipment	(37,069)	(45,948)
B02800	Proceeds from disposal of property, plant and equipment	7,030	-
B03800	Increase in refundable deposits	(52)	-
B04500	Acquisition of intangible assets	(1,710)	(7,426)
B07500	Interest received	<u>4,664</u>	<u>561</u>
BBBB	Net cash generated (used in) from investing activities	<u>15,083</u>	(<u>86,825</u>)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Proceeds from short-term borrowings	552	20,710
C01600	Proceeds from long-term borrowings	-	17,442
C01700	Repayments of long-term borrowings	(57,981)	(11,111)
C03000	Increase (Decrease) in guarantee deposits	(125)	503
C04500	Dividends paid to owners of the Company	(<u>24,096</u>)	<u>-</u>
CCCC	Net cash (used in) generated from financing activities	(<u>81,650</u>)	<u>27,544</u>
DDDD	Effect of exchange rate changes on the balance of cash held in foreign currencies	(<u>192</u>)	<u>463</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	25,173	(56,013)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>192,312</u>	<u>248,325</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 217,485</u>	<u>\$ 192,312</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Auditor's Report issued by Deloitte & Touche on March 26, 2024)

Chairman:
Tsou Mi-Fu

Managerial officers:
Peng, Chao-Chung

Principal Accounting Officer:
Tsao, Fu-Yi

Wha Yu Industrial Co.,Ltd.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1、GENERAL

Wha Yu Industrial Co.,Ltd. (the“ Company”) was incorporated in Hsinchu city, Taiwan in November 1970 and commenced operations that month. The Company is engaged in the production of industrial plastic products, electrical wires and cables, wholesale and retail of electronic materials and international trading.

In May 2006, the Company's shares were listed and traded on the Taipei Exchange (OTC). In January 2008, they were transferred to the Taiwan Stock Exchange (TWSE).

The functional currency of the Company is the New Taiwan dollar.

2、THE AUTHORIZATION OF FINANCIAL STATEMENTS

On March 15, 2024, the Board of Directors approved the financial statements of the parent company.

3、APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(A)Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

(B)The IFRS Accounting Standards endorsed by the FSC for application starting from 2024.

New,Amended and Revised Standards and Interpretations	Effective Date Announced by IASB(Remark 1)
Amendments to IFRS 16 「Leases Liability in a Sale and Leaseback」	January 1,2024(Remark 2)
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 FRS 7 「Supplier Finance Arrangements」	January 1,2024(Remark 3)

Remark 1:Unless stated otherwise,the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Remark 2:A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS16.

Remark 3:The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue,the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

(C)The IFRS Accounting Standards issued by IASB,but not yet endorsed and issued into effect by the FSC.

New,Amended and Revised Standards and Interpretations	Effective Date Issued by IASB (Remark 1)
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	January 1,2023
Amendments to IFRS 17 Initial Application of IFRS 9 & IFRS 17—Comparative Information」	January 1,2023
Amendments to IAS 21 「Lack of Exchangeability」	January 1,2025(Remark 2)

Remark 1:Unless stated otherwise,the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Remark 2:An entity shall apply these amendments for annual reporting periods beginning on or after January 1,2025.Upon initial application of the amendments,the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional

currency,it shall,at the date of initial application,recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue,the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4、SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

(A) Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(B) Basis of Preparation

The accompanying parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values and net defined benefit liabilities that are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements,which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety,are described as follows:

- 1)Level 1 inputs are quoted prices (unadjusted)in active markets for identical assets or liabilities;
- 2)Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability,either directly(i.e.,as prices)or indirectly (i.e.,derived from prices);and
- 3)Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and

associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in these parent company only financial statements.

(C) Classification of Current and Non-Current Assets and Liabilities Current Assets include:

- 1) Assets held primarily for the purpose of trading ;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash

Current Liabilities include :

- 1) Liabilities held primarily for the purpose of trading ;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. °

Assets and liabilities that are not classified as current are referred to as non-current assets and liabilities.

(D) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity

interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

(E) Foreign Currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on the translation of monetary items are recognised in profit and loss in the period when the difference arises.

Non-monetary items denominated in foreign currencies and measured at fair value are retranslated at the rate prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are recognised in the income statement, except for exchange differences arising on the retranslation of non-monetary items for which gains and losses are recognised directly in other comprehensive income, in which case the exchange differences are also recognised directly in other comprehensive income.

Non-monetary items denominated in foreign currencies and carried at historical cost are translated at the exchange rates prevailing at the dates of the transactions and are not retranslated.

For the purpose of presenting in individual financial statements, the assets and liabilities of foreign operations (including subsidiaries and affiliates that operate in countries or with currencies different from those of the Company) are translated into New Taiwan Dollars at the exchange rates prevailing at each balance sheet date.

Income and expense items are translated at the average exchange rates for the period, and the resulting exchange differences are included in other comprehensive income.

If the Company disposes of its entire interest in a foreign operation, all cumulative translation differences relating to that foreign operation are reclassified to the income statement.

(F) Inventories

Inventories consist of raw materials, work-in-progress, finished goods and merchandise. Inventories are stated at the lower of cost and net realisable value. Comparisons between cost and net realisable value are made on an item-by-item basis, except when comparing similar types of inventories. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs to make the sale. The cost of inventories is determined using the weighted average method.

(G) Investment in subsidiaries

Investments accounted for using the equity method include investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

When the Company's share of losses in a subsidiary equals or exceeds its equity in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that are, in substance, components of the Company's net investment in the subsidiary), the Company continues to recognize losses based on its proportionate share of ownership.

The excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries constituting the business as of the date of acquisition is recorded as goodwill, which is included in the carrying amount of the investment and is not amortized; the

excess of the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries constituting the business as of the date of acquisition over the cost of acquisition is recorded as current income.

The Company assesses impairment losses by comparing the recoverable amount of a cash-generating unit with the carrying amount of the cash-generating unit as a whole for financial reporting purposes. If the recoverable amount of an asset increases in a subsequent period, a reversal of the impairment loss is recognized as a gain. However, the carrying amount of an asset after the reversal of an impairment loss should not exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset.

Upon loss of control over a subsidiary, the Company measures its remaining investment in the former subsidiary at its fair value at the date of loss of control. The difference between the fair value of the remaining investment and any disposal price and the carrying amount of the investment at the date of loss of control is recognized in profit or loss for the current period. In addition, all amounts recognized in other comprehensive income related to this subsidiary are accounted for on the same basis as if the Company had directly disposed of the related assets or liabilities.

Unrealized gains or losses on upstream transactions with subsidiaries are eliminated in the consolidated financial statements. Gains or losses resulting from counter-current and

side-current transactions with subsidiaries are recognized in the individual financial statements only to the extent that they are not related to the Company's interest in the subsidiaries.

(H) Investment in associates

Affiliated companies are companies over which the Company has significant influence but which are not subsidiaries.

The equity method is used to account for the Company's investments in affiliated entities.

Under the equity method, an investment in an affiliated company is initially recognized at cost, and its carrying amount increases or decreases with the Company's equity in the earnings of the affiliated company, other comprehensive income or loss, and profit distribution. In addition, changes in equity in an affiliated company are recognized in proportion to the Company's ownership percentage.

The excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of the related party at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and is not amortized; the excess of the Company's share of the net fair value of the identifiable assets and liabilities of the related party over the cost of acquisition at the date of acquisition is recognized in profit or loss for the current period.

If the Company does not subscribe for new shares of an affiliated company in proportion to its ownership percentage, resulting in a change in ownership percentage and, as a result, an increase or decrease in the net value of the investment, the increase or decrease is adjusted to capital surplus - changes in net value of equity in the affiliated company recognized under the equity method and investments accounted for under the equity method. However, if the ownership interest in an affiliated company is reduced because the company does not subscribe for or acquire shares in proportion to its percentage of ownership, the amount recognized in other comprehensive income or loss relating to the affiliated company is reclassified in proportion to the reduction, and the accounting treatment is based on the same basis as that for direct disposal of related assets or liabilities by an affiliated company; the previous adjustment should be debited to capital surplus, and the balance of the capital surplus from equity-method investments is not sufficient to cover the difference. If the above adjustments are debited to capital surplus and the balance of capital surplus from investments accounted for using the equity method is not sufficient, the difference is debited to retained earnings.

Recognition of further losses ceases when the Company's share of losses in the related party equals or exceeds its interest in the related party, which includes the carrying amount of the investment in the related party under the equity method and other long-term interests that are, in substance, components of the Company's net investment in the related party. The Company recognizes additional losses and liabilities only to the extent that legal or constructive obligations have been incurred or payments have been made on behalf of the related party.

In evaluating an impairment loss, the Company tests an investment's overall carrying amount (including goodwill) for impairment as if it were a single asset by comparing the

recoverable amount to the carrying amount, and the impairment loss recognized is not allocated to any of the assets, including goodwill, that form an integral part of the investment's carrying amount. Any reversal of the impairment loss is recognized to the

extent of the subsequent increase in the recoverable amount of the investment.

The Company ceased to use the equity method from the date its investment ceased to be an affiliated company. The Company's retained interest in the former affiliated company is measured at fair value, and the difference between the fair value and the

disposal price and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss for the period.

In addition, all amounts recognized in other comprehensive income related to an affiliated company are accounted for on the same basis as if the affiliated company had directly disposed of the related assets or liabilities. If an investment in an affiliated entity becomes a joint venture or an investment in a joint venture becomes an investment in an affiliated entity, the Company continues to adopt the equity method of accounting without remeasuring the retained interest.

Gains or losses resulting from reverse, downstream and side-stream transactions between the Company and its affiliates are recognized in the individual financial statements only to the extent that they are not related to the Company's interest in the affiliate.

(I) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment.

Except for owned land, which is not depreciated, property, plant and equipment are depreciated separately on a straight-line basis over their useful lives for each significant portion. The Company reviews the estimated useful lives, salvage values and depreciation methods at least at each year-end and defers the effect of changes in applicable accounting estimates.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(J) Intangible Assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

(K) Impairment of property, plant and equipment, right-of-use asset and intangible assets (excluding goodwill)

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right of use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the amount of the impairment loss. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount and the resulting impairment loss is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only up to the carrying amount that would have been determined (net of amortization or depreciation) if no impairment loss had been recognised for the asset or cash-generating unit in prior years. The reversal of an impairment loss is recognised in profit or loss.

(L) Non-Current Assets

The carrying amount of a non-current asset is classified as held for sale when it is expected that the asset will be recovered principally through a sale transaction rather than through continuing use. Non-current assets that qualify for this classification must be available for immediate sale in their present condition and their sale must be highly probable. A sale is classified as highly probable when management at the appropriate level has committed to a plan to sell the asset and the sale transaction is expected to be completed within one year from the date of classification.

When an entity disposes of all or part of an investment in an associate, only the portion of the investment that meets the criteria to be that meets the

criteria to be classified as held for sale is reclassified to held for sale and the equity method is discontinued for that portion. for that part. Any investment that is not classified as held for sale continues to be accounted for using the equity method. When the significant influence over the investment after the disposal, any equity disposed of, any equity interest not classified as available for sale is accounted for in accordance with the accounting policy for financial instruments at the date of disposal of the classified as available to sell.

(M) Financial Instruments

Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments.

When financial assets and financial liabilities are recognised initially, if a financial asset or a financial liability is not measured at fair value through profit or loss, it is measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs that are directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1) Financial assets

It would appear that the customary practice is to recognise and derecognise transactions in financial assets on a trade date basis.

(1) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

A. Financial assets at amortised cost

Financial assets that meet the following conditions will be subsequently measured at amortised cost :

- a. The financial assets are held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- b. The contractual terms of the financial assets give rise on specific date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets carried at amortised cost, including cash, notes receivable and trade receivables (including related parties) and other receivables (including related parties), are measured at amortised cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognised in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the gross carrying amount of financial assets, with the following two exceptions :

- a. Credit-impaired financial assets purchased or originated for which interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortised cost of the financial asset; and
- b. Financial assets that are not credit impaired at purchase or origination but subsequently become credit impaired, for which interest income is calculated by multiplying the effective interest rate by the amortised cost of the financial assets in the subsequent period.

B. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is

contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. When the investment is disposed of, the accumulated gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the Company's rights clearly represent a recovery of part of the cost of the investment.

(2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortised cost (including trade receivables).

The loss allowance for accounts receivable is measured at an amount equal to lifetime expected credit losses. For financial assets at amortized cost, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity Instruments

The equity instruments issued by the Company are classified as equity based on the substance of the contractual agreements and the definition of equity instruments.

Equity instruments issued by the Company are recognized at the acquisition price less direct issue costs.

The carrying amount of equity instruments repurchased from the Company is based on the weighted average of the number of shares of the Company's stock. Transactions involving the purchase, sale, issuance or cancellation of the Company's equity instruments are not recognised in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortised cost using the effective interest method.

(2) Deductions from financial liabilities

The difference between the carrying amount of a financial liability is derecognised, and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised as profit or loss.

(N) Revenue Recognition

Upon the recognition of performance obligations under customer contracts, the Company allocates the transaction price to each performance obligation and recognises revenue when each performance obligation is satisfied.

For contracts with an interval of one year or less between the date of transfer of goods or services and the date of receipt of consideration, the significant financial components are not subject to price adjustment.

Revenue from the sale of goods

Proceeds from the sale of wireless communication equipment, electronic and optical communication components, electronic signal connectors and electronic products. Revenue from the sale of goods is recognised when the customer has the right to determine the price and use of the goods, has the primary responsibility for reselling the goods and bears the risk of obsolescence of the goods.

The Company does not recognise revenue on materials supplied to subcontractors. This is because there is no transfer of control.

When the other party is involved in the supply of goods to customers, we act as principal if our company has control over the goods before they are transferred to the customer; otherwise we act as agent. The principal recognises revenue for the full amount of economic benefits associated with the transaction, while the agent recognises revenue only for the net amount of economic benefits received.

(O) Leases

At the inception of a contract, the Company assesses whether the contract is (or contains) a lease at the inception date.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right of use, the sublease is classified by reference to the right of use arising from the head lease, not by reference to the underlying asset. However, if the head lease is a short-term lease for which the Company, as lessee, has taken advantage of the recognition exemption, the sublease is classified as an operating lease.

Lease payments from operating leases are recognized as income on a straight-line basis over the term of the relevant leases.

2) The Company as lessee

The Company recognises right-of-use assets and lease liabilities for all leases at the commencement date of a lease, with the exception of short-term leases and low-value asset leases, which are accounted for by applying a recognition exemption. In such instances, lease payments are recognised as an expense over the lease term on a straight-line basis.

Right-of-use assets are initially measured at cost, which includes the original measurement of the lease liability, lease payments made prior to the commencement date of the lease, less lease incentives received, original direct costs, and the estimated cost to reinstate the underlying asset. Subsequent measurement occurs at cost less accumulated depreciation and accumulated impairment losses, adjusted for the remeasurement of the lease liability. The right-of-use assets are presented separately on the individual balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates until the earlier of the end of the useful life of the right-of-use assets or the end of the lease terms.

Lease liabilities are generally initially measured at the present value of the lease payments, which depend on an index or a rate. In most cases, the lease payments are discounted using the interest rate implicit in a lease. However, in instances where that rate cannot be readily determined, the lessee's incremental borrowing rate may also be considered.

Subsequently, lease liabilities are measured at amortised cost using the effective interest method, with interest expense recognised over the lease terms. In the event of a change in a lease term resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. Nevertheless, in the event that the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognised in profit or loss.

Lease liabilities are presented on a separate line in the balance sheets.

(P) Borrowing costs

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(Q) Government Grants

Government grants are recognised only when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to revenue are recognised in on a systematic basis over the periods in which they are intended to income over the periods in which the costs they are intended to compensate are by the company. Government grants that are conditional on the the purchase, construction or otherwise assets are recognised as deferred income and and released to

income on a systematic basis over the useful life of the related assets. over the useful lives of the related assets.

Government grants are recognised in the income statement in the period in which they are received if they are intended to compensate for expenses or losses already incurred or are intended to are intended to provide immediate financial assistance to the the company and there are no future related costs.

The difference between the amount of the loan received and the fair value of the loan based on the prevailing market rate of interest is recognised as a government grant for below-market rate government loans.

(R) Employee Benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

2) Retirement benefits

For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost), and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Company's defined benefit plan. Any surplus resulting from this

calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as defined benefit plans, except that the related remeasurements are recognised in the income statement. or loss.

4) Separation Benefits

The Company recognises a liability for postemployment liability for post-employment benefits at the earlier of the date when it is no longer able to the offer of postemployment benefits or when it recognises the related restructuring costs. the related restructuring costs.

(S) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

The Income Tax Act of the Republic of China provides for an additional tax on retained earnings in the year in which the shareholders have approved the retention of earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for

all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered. A previously unrecognised deferred tax asset is also reviewed at each reporting period and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5、MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The application of the Company's accounting policies requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results could differ from these estimates.

In developing critical accounting estimates, the Company considers the potential effects of inflation and market interest rate fluctuations on its critical accounting estimates relating to cash flow projections, growth cash flow projections, growth rates, discount rates, profitability, etc. The estimates and underlying assumptions are reviewed on a regular basis. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and subsequent years if the revision affects both the current and subsequent years.

Key Sources of Estimation Uncertainty

(A) Estimated impairment of financial assets

The provision for impairment of trade receivables is based on the Company's assumptions about the probability of default and the loss rate. The Company considers historical experience, current market conditions and forward looking information in making assumptions and selecting inputs for impairment assessments. If actual future cash flows are less than the Company's expectations, a significant impairment loss may be incurred.

(B) Impairment of inventories

The net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The estimates are based on current market conditions and historical sales experience for similar products, and changes in market conditions could materially affect the results of these estimates.

6、CASH

	<u>December31,2023</u>	<u>December31,2022</u>
Cash on hand	\$ 88	\$ 73
Checking accounts and demand deposits	<u>217,397</u>	<u>192,239</u>
	<u>\$217,485</u>	<u>\$192,312</u>

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	<u>December31,2023</u>	<u>December31,2022</u>
Bank balance	0.001%~1.450%	0.001%~1.050%

7、FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER
COMPREHENSIVE INCOME

	<u>December31,2023</u>	<u>December31,2022</u>
<u>Non-current</u>		
Domestic Investments		
Unlisted stocks		
Common Stock of		
Ubiik Inc.	<u>\$ 35,101</u>	<u>\$ 34,537</u>

The Company invests in the ordinary shares of Ubiik Inc. for medium to long-term strategic purposes and expects to earn a return on its long-term investments. The Company's management believes that including short-term fluctuations in the fair value of these investments in profit or loss would be inconsistent with the long-term investment planning described above and has elected to designate these investments as at fair value through other comprehensive income.

8、TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December31,2023</u>	<u>December31,2022</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ <u>785</u>	\$ <u>986</u>
Notes receivable-operating	\$ <u>785</u>	\$ <u>986</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$346,798	\$678,220
Less : Loss allowance	(<u>9,631</u>)	(<u>143</u>)
	<u>\$337,167</u>	<u>\$678,077</u>
<u>Other receivables</u>		
Others	\$ <u>1,327</u>	\$ <u>6,660</u>

The average credit period for sales of goods is 90 days, and some customers have credit periods of 30 to 180 days from the end of the month. No interest is charged on trade receivables.

The Company's policy is to obtain adequate collateral, where appropriate, to mitigate the risk of financial loss from default. The Company uses other publicly available financial information and its own historical transaction records to evaluate its major customers.

The Company measures the allowance for trade receivables at an amount equal to the lifetime ECL. Expected credit losses on trade receivables are estimated using a provision matrix approach, taking into account the customer's past default history, the customer's current financial condition and the economic condition of the industry in which the customer operates. The allowance for credit losses is established based on the expected loss rate for each group, which is categorised into risk groups based on industry characteristics.

The Company writes off a trade receivable when there is evidence that the debtor is in serious financial difficulty and there is no realistic prospect of recovery, for example when the debtor has gone into liquidation. For trade receivables that have been written off, the Group continues to pursue collection

of the amounts due. Where recoveries are made, they are recognised in the income statement.

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

December 31, 2023

	Not Past Due	1 to 60 Days Past Due	61 to 120 Days Past Due	121 to 180 Days Past Due	Over 180 Days Past Due	Total
Gross carrying amount	\$ 308,856	\$ 25,329	\$ 2,657	\$ 2,629	\$ 7,327	\$ 346,798
Loss allowance (Lifetime ECLs)	(470)	(985)	(848)	(1)	(7,327)	(9,631)
Amortized cost	<u>\$ 308,386</u>	<u>\$ 24,344</u>	<u>\$ 1,809</u>	<u>\$ 2,628</u>	<u>\$ -</u>	<u>\$ 337,167</u>

December 31, 2022

	Not Past Due	1 to 60 Days Past Due	61 to 120 Days Past Due	121 to 180 Days Past Due	Over 180 Days Past Due	Total
Gross carrying amount	\$ 629,417	\$ 37,900	\$ 7,596	\$ 3,307	\$ -	\$ 678,220
Loss allowance (Lifetime ECLs)	(6)	(5)	(60)	(72)	-	(143)
Amortized cost	<u>\$ 629,411</u>	<u>\$ 37,895</u>	<u>\$ 7,536</u>	<u>\$ 3,235</u>	<u>\$ -</u>	<u>\$ 678,077</u>

The movements of the loss allowance of trade receivables were as follows :

	Years Ended December 31	
	2023	2022
Balance , beginning of year	\$ 143	\$ 719
Add : Provision	9,488	-
Less : Reversal	-	(576)
Balance , end of year	<u>\$ 9,631</u>	<u>\$ 143</u>

9 、 INVENTORIES

	December 31, 2023	December 31, 2022
Merchandise	\$ 16,711	\$ 45,920
Finished goods	64,927	53,963
Work in process	15,386	5,920
Raw materials and Supplies	<u>17,421</u>	<u>31,587</u>
	<u>\$114,445</u>	<u>\$137,390</u>

The components of operating costs relating to inventories are as follows:

	Years Ended December 31	
	2023	2022
Operating Costs	<u>\$ 1,039,562</u>	<u>\$ 1,448,103</u>
Write-downs of inventories	<u>\$ 8,327</u>	<u>\$ 6,100</u>

10、NON-CURRENT ASSETS HELD FOR SALE

	<u>December31,2022</u>
Investments in associates held for sale	<u>\$169,642</u>
Investments directly associated with non-current assets held for sale	<u>\$ 3,887</u>

The Company's Board of Directors approved the sale of its entire 21.87% interest in PBT on 14 December 2022 and the sale was completed on 19 May 2023.

11、INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in subsidiaries

	<u>December31,2023</u>	<u>December31,2022</u>
HUA HONG INTERNATIONAL LTD.(HUA HONG)	\$482,491	\$449,209
HANG JIAN TECHNOLOGY CO., LTD. (HANG JIAN)	16,373	37,492
Wha Yu USA Inc.	9,433	-
Wha Yu Vietnam Limited Liability Company	<u>99,888</u>	<u>-</u>
	<u>\$608,185</u>	<u>\$486,701</u>

<u>Subsidiaries</u>	<u>Percentage of Ownership</u>	
	<u>December31,2023</u>	<u>December31,2022</u>
HUA HONG	100.00%	100.00%
HANG JIAN	50.12%	50.12%
Wha Yu USA Inc.	100.00%	-
Wha Yu Vietnam Limited Liability Company	100.00%	-

For the Company's acquisition of HANG JIAN and the disposal of CLICK, please refer to notes 28 and 29 to the consolidated financial statements of the Company for the year ended 2023.

Please refer to Note 33 for details of the Company's indirectly held subsidiaries.

12、PROPERTY, PLANT AND EQUIPMENT

Assets used by the Company

	Land	Buildings	Machinery and Equipment	R&D Equipment	Office Equipments	Transportation Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Total
<u>Cost</u>										
Balance at January 1, 2023	\$185,606	\$509,041	\$ 78,188	\$113,568	\$ 27,642	\$ 1,942	\$ 267	\$ 22,486	\$ 938	\$939,678
Additions	-	4,394	4,749	22,565	3,139	-	-	353	-	35,200
Disposals	-	(102)	(10,051)	(418)	(318)	-	-	-	-	(10,889)
Balance at December 31, 2023	<u>\$185,606</u>	<u>\$513,333</u>	<u>\$ 72,886</u>	<u>\$135,715</u>	<u>\$ 30,463</u>	<u>\$ 1,942</u>	<u>\$ 267</u>	<u>\$ 22,839</u>	<u>\$ 938</u>	<u>\$963,989</u>
<u>Accumulated depreciation and impairment</u>										
Balance at January 1, 2023	\$ -	\$112,010	\$ 36,646	\$ 96,663	\$ 22,221	\$ 1,942	\$ 205	\$ 7,334	\$ -	\$277,021
Additions	-	17,965	9,233	5,738	2,607	-	53	2,780	-	38,376
Disposals	-	(102)	(3,142)	(418)	(318)	-	-	-	-	(3,980)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$129,873</u>	<u>\$ 42,737</u>	<u>\$101,983</u>	<u>\$ 24,510</u>	<u>\$ 1,942</u>	<u>\$ 258</u>	<u>\$ 10,114</u>	<u>\$ -</u>	<u>\$311,417</u>
Carrying amounts at December 31, 2023	<u>\$185,606</u>	<u>\$383,460</u>	<u>\$ 30,149</u>	<u>\$ 33,732</u>	<u>\$ 5,953</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 12,725</u>	<u>\$ 938</u>	<u>\$652,572</u>
<u>Cost</u>										
Balance at January 1, 2022	\$185,606	\$499,404	\$ 73,253	\$ 95,524	\$ 26,568	\$ 1,942	\$ 267	\$ 9,419	\$ -	\$891,983
Additions	-	9,637	5,626	18,044	2,857	-	-	1,936	12,097	50,197
Disposals	-	-	(1,610)	-	(1,783)	-	-	(2)	-	(3,395)
Reclassify	-	-	919	-	-	-	-	11,133	(11,159)	893
Balance at December 31, 2022	<u>\$185,606</u>	<u>\$509,041</u>	<u>\$ 78,188</u>	<u>\$113,568</u>	<u>\$ 27,642</u>	<u>\$ 1,942</u>	<u>\$ 267</u>	<u>\$ 22,486</u>	<u>\$ 938</u>	<u>\$939,678</u>
<u>Accumulated depreciation and impairment</u>										
Balance at January 1, 2022	\$ -	\$ 95,551	\$ 28,440	\$ 92,837	\$ 22,275	\$ 1,804	\$ 151	\$ 5,392	\$ -	\$246,450
Additions	-	16,459	9,816	3,826	1,723	138	54	1,944	-	33,960
Disposals	-	-	(1,610)	-	(1,777)	-	-	(2)	-	(3,389)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$112,010</u>	<u>\$ 36,646</u>	<u>\$ 96,663</u>	<u>\$ 22,221</u>	<u>\$ 1,942</u>	<u>\$ 205</u>	<u>\$ 7,334</u>	<u>\$ -</u>	<u>\$277,021</u>
Carrying amounts at December 31, 2022	<u>\$185,606</u>	<u>\$397,031</u>	<u>\$ 41,542</u>	<u>\$ 16,905</u>	<u>\$ 5,421</u>	<u>\$ -</u>	<u>\$ 62</u>	<u>\$ 15,152</u>	<u>\$ 938</u>	<u>\$662,657</u>

In 2023 and 2022 no impairment loss was recognised or reversed.

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over the estimated useful lives, as follows:

Buildings	50 years
Electrical System	10 years
Machinery and equipment	3-10 years
R&D equipment	2-10 years
Office equipments	2-5 years
Transportation equipment	5 years
Leasehold improvements	3 years
Other equipment	2-6 years

Please refer to Note 30 for the amount of fixed assets pledged to secure loans.

13、LEASE ARRANGEMENTS

Other lease information

	Years Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 225	\$ 382
Expenses relating to low-value assets	\$ 183	\$ 214
Excluding variable lease payments from measuring lease liabilities	\$ 29	\$ 12
Total cash outflow for leases	(\$ 437)	(\$ 608)

14、INTANGIBLE ASSETS

	Computer Software	Others	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 48,477	\$ 2,708	\$ 51,185
Additions	1,710	-	1,710
Balance at December 31, 2023	\$ 50,187	\$ 2,708	\$ 52,895
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ 40,830	\$ 2,160	\$ 42,990
Additions	4,927	241	5,168
Balance at December 31, 2023	\$ 45,757	\$ 2,401	\$ 48,158
Carrying amounts at December 31, 2023	\$ 4,430	\$ 307	\$ 4,737
<u>Cost</u>			
Balance at January 1, 2022	\$ 41,051	\$ 2,708	\$ 43,759
Additions	7,426	-	7,426
Balance at December 31, 2022	\$ 48,477	\$ 2,708	\$ 51,185
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	\$ 37,090	\$ 1,818	\$ 38,908
Additions	3,740	342	4,082
Balance at December 31, 2022	\$ 40,830	\$ 2,160	\$ 42,990
Carrying amounts at December 31, 2022	\$ 7,647	\$ 548	\$ 8,195

The above items of intangible assets are amortised on a straight-line basis over their estimated useful lives, as follows:

Computer Software	1-3 years
Others	5-10 years

15、OTHER LIABILITIES

	<u>December 31,2023</u>	<u>December 31,2022</u>
<u>Current</u>		
Prepaid sales tax	\$ 2,327	\$ 259
Temporary payments	1,748	666
Other prepaid expenses	766	1,011
Prepayment for purchases	-	3,897
Others	<u>1,010</u>	<u>1,106</u>
	<u>\$ 5,851</u>	<u>\$ 6,939</u>
<u>Non-current</u>		
Prepayment for equipment	<u>\$ 1,387</u>	<u>\$ -</u>

16、BORROWINGS

(A)Short-term borrowings

	<u>December 31,2023</u>	<u>December 31,2022</u>
<u>Unsecured borrowings</u>		
Related parties		
(Remark) (Note2)	<u>\$ 99,521</u>	<u>\$101,384</u>

Remark:Loans from related parties are loans from related parties of the Company. Interest expense for the years ended 31 December 2023 and 2022 was calculated by multiplying the outstanding loan balance by an annual interest rate of 2.50%.

(B)Long-term borrowings

	<u>December 31,2023</u>	<u>December 31,2022</u>
<u>Secured and Unsecured</u>		
<u>(Note 30)</u>		
Bank Borrowing (Remark 1)	\$ 96,330	\$112,385
Government Professional Bank Borrowing (Remark 2&3)	224,500	266,427
Less:Discounts on government grants	(1,789)	(4,457)
Less:Long-term borrowings-current portion	(<u>68,983</u>)	(<u>57,981</u>)
Long-term borrowings	<u>\$250,058</u>	<u>\$316,374</u>

Remark 1:The long-term borrowings have a grace period of three years from the date of first drawdown in December 2019 for the first instalment of principal, with equal monthly instalments thereafter until December 2029. Interest rates range from 1.5759% to 2.019% and 0.930% to 1.8592% per annum for 2023 and 2022 respectively.

Remark 2: The bank borrowings are government borrowings with preferential interest rates under the 'Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan'. It is our understanding that these will mature in stages before February 2030. We would like to bring your attention to the fact that the annual interest rates are 1.46% to 1.90% minus the government subsidy rate of 0.97% to 1.14% and 1.62% minus the government subsidy rate of 1.13% for bank loans and 0.49% to 0.89% and 0.49% for bank loans and government subsidy rate of 1.13% for bank loans as of 31 December 2023 and 2022, respectively.

Remark 3: Includes secured and unsecured borrowings.

17、OTHER LIABILITIES

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Other payables		
Payable for bonuses	\$ 17,292	\$ 16,441
Payable for salaries	16,392	13,494
Payable for leave benefits	3,949	4,050
Payable for service	1,497	1,862
Payable for Directors and Employee	-	4,220
Others	<u>32,576</u>	<u>39,515</u>
	<u>71,706</u>	<u>79,582</u>
<u>Others</u>		
Contract Liabilities	3,254	1,959
Others	<u>515</u>	<u>635</u>
	<u>3,769</u>	<u>2,594</u>
Total	<u>\$ 75,475</u>	<u>\$ 82,176</u>

18、RETIREMENT BENEFIT PLANS

(A) Defined contribution plans

The Company's pension plan, which falls under the Labor Pension Act (the "Act"), is a defined contribution plan that is administered by the government. The Company contributes 6% of the employees' monthly wages to their individual accounts at the Bureau of Labor Insurance.

(B) Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid

each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	<u>December 31,2023</u>	<u>December 31,2022</u>
Present value of defined benefit obligation	\$ 15,144	\$ 13,920
Fair value of plan assets	(<u>5,685</u>)	(<u>5,185</u>)
Net defined benefit liability	<u>\$ 9,459</u>	<u>\$ 8,735</u>

Movements in net defined benefit liabilities were as follows:

	<u>Present Value of the Defined Benefit Obligation</u>	<u>Fair Value of the Plan Assets</u>	<u>Net Defined Benefit Liabilities</u>
Balance at January 1,2022	<u>\$ 14,164</u>	(<u>\$ 4,417</u>)	<u>\$ 9,747</u>
Net interest expense(income)	<u>73</u>	(<u>31</u>)	<u>42</u>
Recognized in profit or loss	<u>73</u>	(<u>31</u>)	<u>42</u>
Remeasurement			
Return on plan assets(excluding amounts included in net interest)	-	(231)	(231)
Actuarial gain arising from changes in financial assumptions	(1,035)	-	(1,035)
Actuarial loss arising from experience adjustments	<u>718</u>	<u>-</u>	<u>718</u>
Recognized in other comprehensive loss(income)	(<u>317</u>)	(<u>231</u>)	(<u>548</u>)

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	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Contributions from the employer	\$ -	(\$ 506)	(\$ 506)
Balance at December 31,2022	<u>13,920</u>	<u>(5,185)</u>	<u>8,735</u>
Net interest expense(income)	<u>189</u>	<u>(74)</u>	<u>115</u>
Recognized in profit or loss	<u>189</u>	<u>(74)</u>	<u>115</u>
Remeasurement			
Return on plan assets(excluding amounts included in net interest)	-	(37)	(37)
Actuarial gain arising from changes in financial assumptions	1,098	-	1,098
Actuarial loss arising from experience adjustments	(<u>63</u>)	<u>-</u>	(<u>63</u>)
Recognized in other comprehensive loss(income)	<u>1,035</u>	<u>(37)</u>	<u>998</u>
Contributions from the employer	<u>-</u>	<u>(389)</u>	<u>(389)</u>
Balance at December 31,2023	<u>\$ 15,144</u>	<u>(\$ 5,685)</u>	<u>\$ 9,459</u>

Through the defined benefit plans under the R.O.C. Labor Standards Law, the Company is exposed to the following risks:

- 1)Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the R.O.C. Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.
- 2)Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

3)Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31,2023</u>	<u>December 31,2022</u>
Discount rates	1.25%	1.36%
Expected rates of salary increase	3.00%	2.50%

It is to be hoped that, if possible, reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31,2023</u>	<u>December 31,2022</u>
Discount rates		
0.25% increase	(\$ 405)	(\$ 391)
0.25% decrease	\$ 421	\$ 406
Expected rates of salary increase		
0.25% increase	\$ 406	\$ 394
0.25% decrease	(\$ 393)	(\$ 382)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31,2023</u>	<u>December 31,2022</u>
Expected contributions to the plans for the next year	\$ 45	\$ 519
Average duration of the defined benefit obligation	11.12 years	11.68 years

19、EQUITY

(A) Capital stock

	<u>December 31,2023</u>	<u>December 31,2022</u>
Authorized shares (in thousands)	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Issued and fully paid shares (in thousands)	<u>120,481</u>	<u>120,481</u>
Issued capital	<u>\$ 1,204,804</u>	<u>\$ 1,204,804</u>

The par value of issued common shares is NT\$10 per share. A holder of common shares has one vote for each common share and is entitled to receive dividends.

The authorized shares include 2,000 thousand shares allocated for the exercise of employee stock options.

(B) Capital surplus

	<u>December 31,2023</u>	<u>December 31,2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u> <u>(Remark 1)</u>		
Additional paid-in capital	\$115,958	\$115,958
From convertible bonds	77,396	77,396
Treasury share transactions	7,672	7,672
<u>May not be used for any purpose</u>		
Additional paid-in gain on disposal of assets	<u>425</u>	<u>425</u>
	<u>\$201,451</u>	<u>\$201,451</u>

Remark 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year.)

(C) Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company generates a profit at the end of each fiscal year, it shall first allocate funds for tax provisions to cover any deficits, and then set aside 10% as the legal reserve. However, if the legal reserve has already reached

the Company's paid-in capital, no further allocation shall be made. If there is any remaining surplus after the special reserve is set aside or reversed in accordance with the law or the regulations of the competent authority, the Board of Directors shall prepare a proposal for the appropriation of the surplus and submit it to the shareholders' meeting for resolution, taking into account the accumulated undistributed surplus from previous years. Refer to note 21-8 for the Company's policy on the distribution of remuneration to employees and directors as set out in the Company's Articles of Association.

The Company's Articles of Association state that the dividend policy shall be consistent with the Company's present and future development plans, capital requirements and long-term financial planning, as well as the Company's business objectives of sustainable operations, the pursuit of the long-term interests of shareholders and stable operating performance, and that the Company shall distribute to shareholders part or all of its distributable profits, including cash dividends of not less than 10% of the distributable dividends for the year.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

As of December 31, 2022, the Company's deficit was to be covered. On June 27, 2022, the stockholders' meeting resolved not to distribute earnings for fiscal year 2021 and to use legal reserve to cover the deficit of \$13,055 thousand and capital surplus to cover the deficit of \$21,412 thousand.

The appropriation of profit for the year ended 31 December 2023, as resolved by the shareholders at the Annual General Meeting on 19 June 2023, was as follows:

	Years Ended December 31 2022
Legal reserve	<u>\$ 3,398</u>
Cash dividends	<u>\$ 24,096</u>
Cash dividend per share (\$)	\$ 0.2

As at 31 December 2023, the company had a loss to be covered. On 15 March 2024, the Board of Directors proposed not to distribute profits and to use the legal reserve to cover a loss of \$3,398 thousand, and capital surplus to cover the loss of \$111,182 thousand.

The appropriation of the loss for the year 2023 is subject to the approval of the Annual General Meeting of Shareholders, which is expected to be held on 26 June 2024.

(D) Special reserves

	Years Ended December 31	
	2023	2022
Beginning and end of year balances	<u>\$104,610</u>	<u>\$104,610</u>

As the increase in retained earnings resulting from the first-time adoption of IFRS was not sufficient to provide for, a special reserve has been created only for the increase in retained earnings of \$104,610 thousand resulting from the transition to IFRS. The special reserve for exchange differences arising on the translation of the financial statements of foreign operating companies (including subsidiaries) is released in proportion to the Company's share of the difference and is released in full when the Company loses its significant influence. When profit is distributed, a special reserve is created for the difference between the net decrease in other equity at the end of the period and the amount of the special reserve created for the first time under IFRS. If the balance of other equity is subsequently reversed, the reversed portion may be distributed as an appropriation of retained earnings.

(E) Other equity items

- 1) Exchange differences on the translation of the financial statements of foreign operations

Exchange differences arising on the translation of the net assets of foreign operations from their functional currency to the presentation currency, the New Taiwan dollar, are recognised in other comprehensive income as cumulative translation differences on the financial statements of foreign operations. Exchange differences previously arising on the translation of the financial statements of foreign operations are reclassified to profit or loss on disposal of the foreign operations.

- 2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	Years Ended December 31	
	2023	2022
Balance at January 1	\$ 6,177	\$ 5,964
Recognized for the year		
Unrealized gain		
-equity instruments	<u>564</u>	<u>213</u>
Balance at December 31	<u>\$ 6,741</u>	<u>\$ 6,177</u>

20、NET REVENUE

	Years Ended December 31	
	2023	2022
Disaggregation of revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 1,154,491</u>	<u>\$ 1,712,143</u>

(A)Contact balances

	December 31,2023	December 31,2022	December 31,2021
Notes and Trade receivables			
(Include related parties)			
(Note8)	<u>\$ 343,517</u>	<u>\$ 690,001</u>	<u>\$ 402,355</u>
Contact liabilities(Note17)			
Sale of goods	<u>\$ 3,254</u>	<u>\$ 1,959</u>	<u>\$ 1,583</u>

(B)Disaggregation of revenue

Product	Years Ended December 31	
	2023	2022
Wireless radio communication devices	\$ 884,439	\$ 1,329,940
Electronic and optical communication components	205,502	268,483
Electronic signal connection devices	58,944	105,333
Electronic products	<u>5,606</u>	<u>8,387</u>
	<u>\$ 1,154,491</u>	<u>\$ 1,712,143</u>

Geography	Years Ended December 31	
	2023	2022
Asia	\$ 1,074,567	\$ 1,642,485
America	76,815	66,544
Europe	3,109	3,102
Other	<u>-</u>	<u>12</u>
	<u>\$ 1,154,491</u>	<u>\$ 1,712,143</u>

21、NET CONTINUING OPERATING PROFIT

(A) Other Gains And Losses, Net

	Years Ended December 31	
	2023	2022
Gain (Loss) from disposal of property, plant and equipment.	<u>\$ 121</u>	<u>(\$ 6)</u>

(B) Interest Income

	Years Ended December 31	
	2023	2022
Bank deposits	<u>\$ 4,664</u>	<u>\$ 561</u>

(C) Other Income

	Years Ended December 31	
	2023	2022
Rental Income	\$ 3,401	\$ 3,179
Deferred Income from Government Grants	1,902	1,864
Compensation Income (Note 31)	600	52,077
Income from Government Grants	45	104
Others	<u>8,618</u>	<u>16,118</u>
	<u>\$ 14,566</u>	<u>\$ 73,342</u>

(D)Other Gains and Losses

	Years Ended December 31	
	2023	2022
Foreign exchange gain,Net	\$ 14,222	\$ 41,374
Gain on disposal of investments	3,887	-
Impairment loss of Non-Financial assets	(15,414)	(102,219)
Others	(2,786)	(270)
	(\$ 91)	(\$ 61,115)

(E)Finance costs

	Years Ended December 31	
	2023	2022
Interest on Bank Loans	\$ 9,010	\$ 7,035

(F)Depreciation and amortisation

	Years Ended December 31	
	2023	2022
Property, plant and equipment	\$ 38,376	\$ 33,960
Intangible Assets	5,168	4,082
Total	\$ 43,544	\$ 38,042
An analysis of depreciation by function		
Operating costs	\$ 21,473	\$ 20,293
Operating expenses	16,903	13,667
	\$ 38,376	\$ 33,960
An analysis of amortisation by function		
Operating costs	\$ 916	\$ 640
Selling and marketing expenses	372	292
General and administrative expenses	1,081	1,315
Research and development expenses	2,799	1,835
	\$ 5,168	\$ 4,082

(G)Employee benefits expense

	Years Ended December 31	
	2023	2022
Short-term benefits	<u>\$242,199</u>	<u>\$229,651</u>
Post-employment benefits (Note18)		
Defined contribution plan	10,721	9,800
Defined benefit plans	<u>115</u>	<u>42</u>
	<u>10,836</u>	<u>9,842</u>
Other employee benefits	<u>6,404</u>	<u>6,218</u>
Total	<u>\$259,439</u>	<u>\$245,711</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 73,483	\$ 68,938
Operating expenses	<u>185,956</u>	<u>176,773</u>
	<u>\$259,439</u>	<u>\$245,711</u>

(H)Compensation of employees and remuneration of directors

In accordance with the Company's Articles of Association, between 10% and 20% of the Company's profit before tax, before deduction of employee and director emoluments, is appropriated to employees and no more than 3% of the Company's director emoluments for the current year.

The net loss before tax for the year 2023 has not been the subject of an estimate for employee remuneration and directors' remuneration.

The estimated employee and director remuneration for the 2022 financial year was approved by the Board of Directors on 27 March 2023 as follows:

Accrual rate

	Years Ended December 31
	2022
Compensation of employees	<u>10%</u>
Remuneration of directors	<u>3%</u>

<u>Amount</u>	Years Ended
	December 31
	2022
	<u>Cash</u>
Compensation of employees	<u>\$ 3,246</u>
Remuneration of directors	<u>\$ 974</u>

If there is a change in the amounts after the financial statements are authorised for issue, the differences are recorded as changes in accounting estimates and adjusted in the following year.

There is no difference between the actual amount of employee and director remuneration paid and the amounts recognised in the financial statements for the years ended 31 December 2022 and 2021.

In the 2021 financial year, the net loss before tax was not estimated and therefore the employee and director remuneration was not estimated.

For information on the remuneration of employees and directors as determined by the Board of Directors, please refer to the Market Observation Post System website of the Taiwan Stock Exchange.

(I) Exchange of foreign currencies

	Years Ended December 31	
	2023	2022
Foreign Exchange Gain	\$ 37,179	\$ 60,955
Foreign Exchange Loss	(22,957)	(19,581)
Net Gains	<u>\$ 14,222</u>	<u>\$ 41,374</u>

22、INCOME TAX

(A) Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	Years Ended December 31	
	2023	2022
Current income tax expense		
Current tax expense recognized in the current year	\$ -	\$ -
Income tax adjustments on prior years	-	(5,187)
In respect of the current year	<u>\$ -</u>	<u>(\$ 5,187)</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	Years Ended December 31	
	2023	2022
Income before tax	(\$120,065)	\$ 28,241
Income tax expense at the statutory rate	(\$ 24,013)	\$ 5,648
Deductible benefit for tax purposes	(5,534)	(398)
Deductible expenses for tax purposes	(20,444)	-
Non-deductible expenses for tax purposes	(59)	-
Taxable income for tax purposes	110	144
Income tax credits	43,571	(19,770)
Temporary difference	6,369	14,376
Adjustments for prior year's tax	-	(5,187)
Income tax expense recognized in profit or loss	\$ -	(\$ 5,187)

(B)Income tax examination

The tax authorities have examined income tax returns of the Company through 2021.

23、EARNINGS PER SHARE

Unit :NT\$ Per Share

	Years Ended December 31	
	2023	2022
Basic and Diluted EPS	(\$ 1.00)	\$ 0.28

The profit and weighted average number of ordinary shares in issue used in the calculation of earnings per share are as follows:

Net Profit for the Year

	Years Ended December 31	
	2023	2022
Earnings used in the computation of basic and diluted earnings per share	(\$120,065)	\$ 33,428

The weighted average number of ordinary shares in issue was as follows (in thousands):

	Years Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	120,481	120,481
Effect of potentially dilutive ordinary shares:		
Compensation of employees	-	176
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>120,481</u>	<u>120,657</u>

The company will make a loss for the year. The inclusion of the effect of employee share options would have an anti-dilutive effect and has therefore been excluded from the calculation of diluted earnings per share.

The company may settle employee share awards in cash or shares and therefore the company assumes that all awards will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the calculation of diluted earnings per share as the effect is dilutive. The dilutive effect of the potential shares is included in the calculation of diluted earnings per share until the number of shares to be issued to employees is determined in the following year.

24、GOVERNMENT GRANTS

As of 31 December 2023, the Company has received a preferential government loan of NT\$226,289 thousand from the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” for capital expenditure and operating turnover. The loan will be repaid in full in instalments over a period of five to ten years. At the time of borrowing, the market interest rate was 1.23% and 0.97% respectively. Based on this, the fair value of the loan is estimated to be NT\$224,500 thousand. The difference between the amount

obtained and the fair value of the loan is NT\$1,789 thousand, which is regarded as a government low-interest loan and recognized as deferred income.

25、INVESTMENT OF SUBSIDIARY

	Principal Activity	Date of Acquisition	Voting Equity Interests Acquired(%)	Transferred Consideration
HANG JIAN TECHNOLOGY CO., LTD.(HANG JIAN)	The application-related business for unmanned aerial vehicles was integrated.	April ,2022	50.12	<u>\$ 40,470</u>

In order to expand the Company's diversified business and combine the development of unmanned carrier and antenna products, the Company participated in the capital increase of HANG JIAN with cash in March 2022 and completed the relevant business registration procedures in April. For a description of the acquisition of HANG JIAN,, please refer to note 28 to the Company's 2023 Consolidated Financial Statements.

26、DISPOSAL OF SUBSIDIARY

The sale of the entire 76.77% stake in CLICK and the loss of control of CLICK occurred in June 2022. For a description of the disposal of CLICK, please refer to note 29 to the Company's 2023 Consolidated Financial Statements.

27、CAPITAL MANAGEMENT

The company manages its capital to ensure that it is able to maximise returns to shareholders by optimising its debt and equity balances on a going concern basis. There have been no significant changes to the Company's overall strategy.

The Company's capital structure consists of the Company's equity (i.e. share capital, share premium, retained earnings and other equity items).

The Company is not subject to any other external capital requirements.

28、FINANCIAL INSTRUMENTS

(A) Fair value of financial instruments not measured at fair value

Management believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value approximate their fair values.

(B) Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investments in equity instruments				
— Unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 35,101</u>	\$ <u> 35,101</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investments in equity instruments				
— Unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 34,537</u>	\$ <u> 34,537</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

<u>Financial Assets</u>	<u>Financial Assets at FVTOCI</u>
	<u>Equity Instruments</u>
Balance at January 1, 2023	\$ <u> 34,537</u>
Recognized in other comprehensive income	<u> 564</u>
Balance at December 31, 2023	\$ <u> 35,101</u>

For the year ended December 31, 2022

<u>Financial Assets</u>	<u>Financial Assets at FVTOCI</u>
	<u>Equity Instruments</u>
Balance at January 1, 2022	\$ <u> 35,564</u>
Recognized in other comprehensive income	<u> 213</u>
Capital reduction and return of shares	(<u> 1,240</u>)
Balance at December 31, 2022	\$ <u> 34,537</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Taiwan's unquoted equity investments are valued using the income approach. The income approach is based on the expected future earnings of the underlying assets discounted at the cash flow rate using an annual discount rate, and the cash flow rate is projected over five years using a flat growth rate to calculate the present value of the expected earnings to be generated by the investment.

(C) Categories of financial instruments

	<u>December 31,2023</u>	<u>December 31,2022</u>
<u>Financial assets</u>		
Amortized cost(Remark 1)	\$562,510	\$889,072
Financial assets at FVTOCI		
Equity instruments	35,101	34,537
<u>Financial liabilities</u>		
Amortized cost(Remark 2)	615,401	862,710

Remark 1: The balances include financial assets at amortized cost, which comprise cash, notes and trade receivables (including related parties), other receivables (including related parties) and refundable deposits. Those reclassified to held-for-sale disposal groups are also included.

Remark 2: The balances include financial liabilities at amortized cost, which comprise Short-term borrowings, long-term borrowings-current portion, other payables, long-term borrowings, notes and trade payable (including related parties) and guarantee deposits. Those reclassified to held-for-sale disposal groups are also included.

(D) Financial risk management objectives and policies

The Company's principal financial instruments include equity, cash, notes and accounts receivable, bank borrowings and notes and accounts payable. The company's financial management department supports each business unit in monitoring and managing the financial risks associated with the company's operations through internal risk reports that analyse risks according to their degree and breadth. These risks include market risk

(including foreign exchange and interest rate risk), credit risk and liquidity risk.

The Company uses derivative financial instruments to hedge its exposures and to mitigate the effects of these exposures. The use of derivative financial instruments is governed by policies approved by the Board of Directors, which cover foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and written policies for the investment of excess liquidity. Compliance with these policies and the level of risk are monitored on an ongoing basis by the internal auditors. The Company has not traded financial instruments (including derivative financial instruments) for speculative purposes.

The Financial Management Department reports quarterly to the Company's Board of Directors, an independent body responsible for monitoring risk and implementing risk mitigation strategies.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) , interest rates (see (2) below) and other prices. (see (3) below)

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

(1) Foreign currency risk

The Company is exposed to foreign exchange risk from sales and purchases denominated in foreign currencies.

The Company balances net assets and liabilities in foreign currencies using economic hedges to avoid fluctuations in future cash flows due to changes in exchange rates.

The carrying amounts of monetary assets and liabilities denominated in non-functional currencies at the balance sheet date are disclosed in Note 32.

Sensitivity analysis

The Company is primarily affected by fluctuations in the exchange rates of the USD and the RMB.

The following table details the Company's sensitivity to a 1% increases and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity analysis takes into account monetary items in foreign currencies in circulation and adjusts the period-end translation for a 1% change in exchange rates. The following table shows the changes in profit before tax that would occur if the functional currency were to weaken by 1% against the respective currencies. The sensitivity analysis includes cash, trade and other receivables, short-term borrowings, trade payables and other payables.

	USD Impact		RMB Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Profit or loss	\$ 3,261(i)	\$ 6,677(i)	(\$ 1,579) (ii)	(\$ 3,556) (ii)

(i) This arises mainly from the Company outstanding USD-denominated receivables, payables and borrowings at the balance sheet date, which are not hedged against cash flows.

(ii) Mainly due to the Company's RMB-denominated receivables and payables outstanding at the balance sheet date which are not hedged against cash flows.

(2) Interest rate risk

Interest rate risk arises when the Company borrows funds at both fixed and floating rates. The Company manages its interest rate risk by maintaining an appropriate mix of fixed and floating rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting periods were as follows:

	<u>December 31 2023</u>	<u>December 31 2022</u>
Fair value interest rate risk		
Financial assets	\$ 99,521	\$101,384
Cash flow interest rate risk		
Financial assets	217,397	192,239
Financial liabilities	319,041	374,355

Sensitivity analysis

The following sensitivity analyses are based on the interest rate risk of non-derivative instruments at the balance sheet date. For floating rate assets and liabilities, the analysis assumes that the amounts of assets and liabilities outstanding at the balance sheet date were outstanding during the period.

If interest rates had increased or decreased by 1%, the Company's pre-tax net (loss) income would have decreased by NT\$1,016 thousand and NT\$1,821 thousand for the years ended 31 December 2023 and 2022, respectively, primarily due to the Company's exposure to interest rate risk on its variable rate net assets and liabilities, with all other variables held constant.

(3) Other price risk

The Company's equity instruments are exposed to price risk primarily from investments in financial assets at fair value through other comprehensive income.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk at the balance sheet date.

If equity prices had been 0.1% higher/lower, the post-tax other comprehensive income for the years ended 31 December 2023 and 2022 would have increased/ decreased by NT\$351 thousand and NT\$345 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk is the risk of financial loss resulting from the failure of counterparties to meet their contractual obligations. At the balance sheet date, the Company's maximum exposure to credit risk (not taking into account collateral or other credit enhancement instruments and not taking into account the maximum amount of irrevocable commitments), which could result in financial loss due to the failure of counterparties to meet their contractual obligations, and the Company's provision of financial guarantees, was mainly attributable to the following:

- (1) The carrying amount of financial assets recognised in each balance sheet.
- (2) The amount of contingent liabilities arising from financial guarantees issued by the Company.

The Company uses other publicly available financial information and mutual transaction records to evaluate major customers. The Company monitors credit risk and counterparty creditworthiness on an ongoing basis and spreads total transaction amounts across creditworthy customers and controls credit risk through counterparty credit limits which are reviewed and approved by management on an annual basis.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity.

As at 31 December 2023 and 2022, the Company's unused short-term bank facilities amounted to NT\$685,288 thousand and NT\$720,325 thousand, respectively.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including principal and interest.

December 31, 2023

	On Demand or Less than 1 Month	1 ~3 Months	3 Months to 1 Year	More Than 1 Years	Total
<u>Non-derivative</u> <u>financial liabilities</u>					
Short-term borrowings	\$ -	\$ -	\$ 99,521	\$ -	\$ 99,521
Long-term borrowings - current portion	5,749	17,246	45,988	250,058	319,041
Trade payables to unrelated parties	35,775	33,141	4,430	120	73,466
Trade payables to related parties	-	50,161	38,762	-	88,923
Accrued expenses and other current liabilities	34,072	-	-	-	34,072
	<u>\$ 75,596</u>	<u>\$ 100,548</u>	<u>\$ 188,701</u>	<u>\$ 250,178</u>	<u>\$ 615,023</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less Than 1 Year	1-5 Years	More Than 5 Years	Total
Variable interest rate liabilities	\$ 68,983	\$ 203,219	\$ 46,839	\$ 319,041
Fixed interest rate liabilities	99,521	-	-	99,521
	<u>\$ 168,504</u>	<u>\$ 203,219</u>	<u>\$ 46,839</u>	<u>\$ 418,562</u>

December 31, 2022

	On Demand or Less than 1 Month	1 ~3 Months	3 Months to 1 Year	More Than 1 Years	Total
<u>Non-derivative</u> <u>financial liabilities</u>					
Short-term borrowings	\$ -	\$ -	\$ 101,384	\$ -	\$ 101,384
Long-term borrowings - current portion	2,449	10,634	44,898	316,374	374,355
Trade payables to unrelated parties	13,758	21,100	666	120	35,644
Trade payables to related parties	96,312	119,969	87,842	-	304,123
Notes payable to unrelated parties	-	1,103	-	-	1,103
Accrued expenses and other current liabilities	45,598	-	-	-	45,598
	<u>\$ 158,117</u>	<u>\$ 152,806</u>	<u>\$ 234,790</u>	<u>\$ 316,494</u>	<u>\$ 862,207</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less Than 1 Year	1-5 Years	More Than 5 Years	Total
Variable interest rate liabilities	\$ 57,981	\$ 227,094	\$ 89,280	\$ 374,355
Fixed interest rate liabilities	101,384	-	-	101,384
	<u>\$ 159,365</u>	<u>\$ 227,094</u>	<u>\$ 89,280</u>	<u>\$ 475,739</u>

29 、 RELATED PARTY TRANSACTIONS

The significant transactions between the Company and its related parties, other than those disclosed in other notes, are summarized as follows:

(A) Related party name and categories

<u>Related Party Name</u>	<u>Related Party Categories</u>
HUA HONG	Subsidiaries
CLICK DIGITAL TECHNOLOGY CO., LTD.(CLICK)	Subsidiaries(Non-related party since May,2022)
DONGGUAN AEON TECH CO., LTD. (DONGGUAN AEON)	Indirect Subsidiaries
HANG JIAN	Subsidiaries(Related party as of April 2022)
LIN CHI SHENG	Key management personnel (Non-related party since June 10,2022)

(B) Net revenue

<u>Item</u>	<u>Related Party Name</u>	<u>Years Ended December 31</u>	
		<u>2023</u>	<u>2022</u>
Net revenue from sale of goods	DONGGUAN AEON	\$ <u>33,680</u>	\$ <u>72,738</u>

(C) Purchases

<u>Related Party Name</u>	<u>Years Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
DONGGUAN AEON	<u>\$600,893</u>	<u>\$980,937</u>

The price of the Company's sales to related parties is based on the agreed terms and there is therefore no appropriate comparison transaction. Payment terms are in line with those applied to regular suppliers and customers.

(D) Receivables from related parties (Excludes loans to related parties.)

<u>Item</u>	<u>Related Party Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Trade receivables from related parties	DONGGUAN AEON	\$ <u>5,565</u>	\$ <u>10,938</u>
Other receivables from related parties	DONGGUAN AEON	\$ <u>30</u>	\$ <u>-</u>

Outstanding amounts due from related parties are not secured by collateral. No allowance for doubtful accounts was made for amounts due from related parties in 2023 and 2022.

(E) Payables to related parties (Excludes loans to related parties.)

Item	Related Party Name	December 31, 2023	December 31, 2022
Trade payables to related parties	DONGGUAN AEON	<u>\$ 88,923</u>	<u>\$ 304,123</u>
Other payables and other current liabilities	HUA HONG	\$ 3,824	\$ 3,824
	DONGGUAN AEON	<u>46</u>	<u>26</u>
		<u>\$ 3,870</u>	<u>\$ 3,850</u>

The balance of related party payables is unsecured.

(F) Borrowings from related parties

Related Party Name	December 31, 2023	December 31, 2022
HUA HONG	<u>\$ 99,521</u>	<u>\$101,384</u>

Interest expenses

Related Party Name	December 31, 2023	December 31, 2022
HUA HONG	<u>\$ 1,596</u>	<u>\$ 1,620</u>

The interest rates on loans from related parties are comparable to market rates. Loans to subsidiaries are unsecured borrowings.

(G) Endorsement and Guarantee provided

Please refer to Attachment 33 for the Status of Endorsement and Guarantee.

(H) Others

	General and administrative	
	Years Ended December 31	
	2023	2022
Key management personnel	<u>\$ -</u>	<u>\$ 29</u>

	Rental Income	
	Years Ended December 31	
	2023	2022
Subsidiaries	<u>\$ 969</u>	<u>\$ 736</u>

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	Other Income	
	Years Ended December 31	
	2023	2022
LIN CHI SHENG	\$ <u>-</u>	\$ <u>52,077</u>

Leases between related parties, including determining and collecting rental payments, are consistent with standard leases.

Please refer to Attachment 31 for the other income from related parties.

(I) Remuneration of key management personnel

	Years Ended December 31	
	2023	2022
Short-term employee benefits	\$ 25,480	\$ 27,411
Post-employment benefits	758	987
Other benefits	<u>1,110</u>	<u>766</u>
	<u>\$ 27,348</u>	<u>\$ 29,164</u>

The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and market trends.

30 、 ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, tariff guarantee for imported raw material:

	December31,2023	December31,2022
Buildings	\$383,460	\$397,031
Freehold Land	<u>185,606</u>	<u>185,606</u>
	<u>\$569,066</u>	<u>\$582,637</u>

31 、 SIGNIFICANT CONTINGENT ITEMS

The Company's directors, Mr LIN,CHI-SHENG (who has resigned from the Board with effect from 10 June 2022), Mr CHANG,HUNG-YI and Mr PENG,CHAO-CHANG, have been indicted by the Hsinchu District Prosecutor's Office in Taiwan for allegedly violating the Securities and Exchange Act. The Company has filed a criminal and ancillary civil lawsuit with the Hsinchu District Court in Taiwan against the above named defendants for alleged

violation of the Securities and Exchange Act and has requested the above named defendants to compensate the Company for losses of US\$3,686 thousand and NT\$6,934 thousand, which has been referred to the civil court for adjudication. Compensation income of NT\$600 thousand and NT\$52,077 thousand was recognised in fiscal years 2023 and 2022, respectively.

32、SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was summarized according to the foreign currencies other than the functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

<u>December 31, 2023</u>	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 12,109	30.7050	\$ 371,807
RMB	7,890	4.3270	34,140
JPY	15,720	0.2172	3,414
HKD	269	3.9290	1,057
			<u>\$ 410,418</u>
<u>Non-Monetary items</u>			
Investments accounted for using the equity method			
RMB	111,507	4.3270	\$ 482,491
VND	79,910,400	0.00125	99,888
USD	307	30.7050	9,433
			<u>\$ 591,812</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB	44,372	4.3270	\$ 191,998
USD	1,487	30.7050	45,658
JPY	17,291	0.2172	3,756
			<u>\$ 241,412</u>

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<u>December 31, 2022</u>	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 22,325	30.7100	\$ 685,601
RMB	12,384	4.4080	54,589
JPY	25,455	0.2324	5,916
HKD	267	3.9380	1,051
			<u>\$ 747,157</u>
<u>Non-Monetary items</u>			
Investments accounted for using the equity method			
RMB	101,907	4.4080	<u>\$ 449,209</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB	93,062	4.4080	\$ 410,217
USD	584	30.7100	17,935
JPY	25,398	0.2324	5,902
			<u>\$ 434,054</u>

The significant realized and unrealized foreign exchange gains(losses) were as follows:

For the Year Ended December 31				
2023		2022		
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	30.705 (USD:NTD)	(\$ 10,253)	30.7100 (USD:NTD)	(\$ 5,714)
RMB	4.327 (RMB:NTD)	4,426	4.4080 (RMB:NTD)	1,843
HKD	3.929 (HKD:NTD)	37	3.9380 (HKD:NTD)	39
JPY	0.2172 (JPY:NTD)	19	0.2324 (JPY:NTD)	174
		(\$ 5,771)		(\$ 3,658)

33、ADDITIONAL DISCLOSURES

(A)Following are the additional disclosures required by the Securities and Futures Bureau for the Company:

- 1) Lending Funds to Other Parties: See Table 1 attached.
- 2) Endorsement/ guarantee provided: See Table 2 attached.
- 3) Marketable securities held (excluding investments in subsidiaries and associates) : See Table 3 attached.

- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: See Table 4 attached.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 9) Information about the derivative financial instruments transaction: None.

(B) Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in mainland China) : See Table 5 attached.

(C) Information on investment in mainland China

- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 6 attached.
- 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: See Note 29.

(D) Information of major shareholder: List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: None.

TABLE 1

WHA YU INDUSTRIAL CO., LTD.
LENDING FUNDS TO OTHER PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 3)	Note
													Item	Value			
1	Hua Hong International Co., Ltd.	WHA YU	Other receivables	Yes	\$ 99,521	\$ 99,521	\$ 99,521	2.5%	Short-term financing funds	\$ -	Operating capital	\$ -	—	\$ -	\$ 289,031	\$ 289,031	—

Note 1 : The lending of funds by the Company to an individual entity shall not exceed 10% of the Company's net value; the lending of funds by an overseas subsidiary to an individual entity shall not exceed 15% of the net value of the subsidiary.

Note 2 : The total amount of funds lent by the Company shall not exceed 40% of its net value; and the total amount of funds lent by an overseas subsidiary shall not exceed 40% of the net value of the subsidiary

Note 3 : There is no restriction on short-term financing between affiliates in which the Company directly or indirectly holds 100% of the voting shares, provided that the total loan amount and the individual loan amount do not exceed 60% of the net value of such affiliates.

TABLE 2

WHA YU INDUSTRIAL CO., LTD.
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name of Company	Relationship										
0	WHA YU	DONGGUA N AEON Tech Co., Ltd.	Subsidiary with 100% indirect shareholding	\$ 656,558 (Note 2)	\$ 61,410 (US\$ 2,000 thousand)	\$ 61,410 (US\$ 2,000 thousand)	\$ -	\$ -	4.68%	\$ 656,558	Yes	No	Yes
		DONGGUA N AEON Tech Co., Ltd.	Subsidiary with 100% indirect shareholding	656,558 (Note 2)	92,115 (US\$ 3,000 thousand)	92,115 (US\$ 3,000 thousand)	61,410	-	7.01%	656,558	Yes	No	Yes

Note 1 : The Company's limit on endorsements and guarantees provided for a single entity shall not exceed 20% of the current net value.

Note2 : The Company's 100%-owned subsidiaries are not subject to the aforementioned limit on endorsements and guarantees for single entity. °

Note3 : The total amount of the Company's external endorsements and guarantees shall not exceed 50% of the net value of the current period.

Note4 : The relevant figures in this table that are denominated in foreign currencies are translated into New Taiwan dollars using the exchange rates prevailing on the date of the financial statements.

WHA YU INDUSTRIAL CO., LTD.

MARKETABLE SECURITIES HELD

December 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Marketable Securities Type	Marketable Securities Name	Relationship with the Company	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Fair Value	
Non-publicly traded equity investments-Stocks	Ubiik Inc. Common Stock	—	Financial assets at fair value through other comprehensive income - Non-current	672,000	\$ 35,101	3.00	\$ 35,101	—

WHA YU INDUSTRIAL CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms			Ending Balance	% to Total	
							Unit Price	Payment Terms			
WHA YU	DONGGUAN AEON	Subsidiary	Purchases	\$600,893	65	Net 90 days from the end of the month of when invoice is issued	Note	-	(\$ 88,923)	55	—

WHA YU INDUSTRIAL CO., LTD.

INFORMATION ON INVESTEEES (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee(Note 2)	Profits/Losses of Investee (Note 2)	Note
				December 31, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership	Carrying Value(Note 2)			
WHA YU INDUSTRIAL CO., LTD.	HUA HONG INTERNATIONAL LTD.	Republic of Mauritius	Investment activities	\$ 230,226 (US\$ 7,498 Thousand)	\$ 230,264 (US\$ 7,498 Thousand)	7,498,093	100	\$ 482,491	\$ 41,296	\$ 41,296	Subsidiary
	HANG JIAN TECHNOLOGY CO., LTD.	Hsin-Chu, Taiwan	The application-related business for unmanned aerial vehicles was integrated.	40,470	40,470	2,130,000	50.12	16,373	(11,385)	(5,705)	Subsidiary
	Wha Yu USA Inc.	U.S.A.	Consultancy and customer service activities for the local markets of the Internet communication products.	15,353 (US\$ 500 Thousand)	-	500,000	100	9,433	(6,107)	(6,107)	Subsidiary
	Wha Yu Vietnam Limited Liability Company	Vietnam	The company is engaged in the manufacture and sale of equipment for the communication systems of the broadband access network.	107,468 (US\$ 3,500 Thousand)	-	-	100	99,888	(1,813)	(1,813)	Subsidiary
	PRO BRAND TECHNOLOGY, INC.(PBT)	Cayman Islands	The company deals in a variety of downconverters, multiplexers, and electronic components.	-	276,200	- (Note 3)	- (Note 3)	- (Note 3)	-	-	Associate

Note 1: Amounts in this table denominated in foreign currencies have been translated into New Taiwan Dollars at the exchange rates prevailing at the balance sheet date.

Note 2:Based on audited financial statements.

Note 3: Successful completion of the sale of the stake in PBT on 19 May 2023.

TABLE 6

WHA YU INDUSTRIAL CO., LTD.

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investm ent	Accumulated Outflow Remittance for Investment from Taiwan as of January 1, 2023	Amount of Investments Remitted or Repatriated for the Period		Accumulated Outflow Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Remitted	Repatriated							
DONGGUAN AEON Tech Co., Ltd.	Production and sales of broadband access network communication system equipment (wireless fixed access network communication equipment), new instrumentation elements (instrumentation connectors)	RMB78,767 thousand (US\$ 11,100 thousand) Note 3	(Note 1)	US\$ 5,600 thousand	\$ -	\$ -	US\$ 5,600 thousand	RMB 220 thousand	100%	RMB 220 thousand	RMB85,061 thousand	\$ -	—
AEON TECHNOLOGY (SHANG HAI) CO., LTD.	Wholesales of communication parts,electronic parts, cables, optical fibers and antennas; import and export of self-developed products; provision of supporting and consultating services; development of antennas	RMB42,364 thousand (US\$5,970 thousand) Note 4	(Note 1)	US\$ 1,250 thousand	-	-	US\$ 1,250 thousand	RMB2,314 thousand	100%	RMB2,314 thousand	RMB18,229 thousand	-	—

Accumulated Investment in Mainland China as of December 31, 2023	Amount of Investments Authorized by Investment Commission, M.O.E.A.	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, M.O.E.A.
US\$13,662 thousand (\$419,492)	US\$21,762 thousand (\$668,202)	\$787,870

Note 1 : The Company has invested in Mauritius Hua Hong International Co., Ltd. and then invested in mainland companies through this company, which has been approved by the Investment Review Committee of the Ministry of Economic Affairs.

Note 2 : The calculation is based on the financial statements audited by the CPAs for the same period.

Note 3 : The reinvestment was made based on the accumulated amount of US\$ 5,600 thousand transferred from Taiwan and the earnings of US\$ 5,500 thousand owned by Hua Hong International Co., Ltd.

Note 4 : The reinvestment was made based on the accumulated amount of US\$ 1,250 thousand transferred from Taiwan, and the earnings of US\$ 2,600 thousand owned by Gaosheng International Co., Ltd.. Then Dongguan Tailin Co., Ltd. used its own earnings to increase the capital of Shanghai Puxiang Techology Co., Ltd. by RMB 13,500 thousand.

Note 5 : The relevant figures in this table that are denominated in foreign currencies are translated into New Taiwan dollars using the exchange rates prevailing on the date of the financial statements.

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WHA YU INDUSTRIAL CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand		\$ 88
Demand deposits		
Checking accounts and demand deposits		110,705
Foreign currency deposits	Including US\$2,400 thousand (@30.7050) 、 RMB\$6,597 thousand (@4.3270) 、 HK\$268 thousand (@3.9290) and JPY\$15,720 thousand (@0.2172) 。	<u>106,692</u>
Total		<u>\$217,485</u>

WHA YU INDUSTRIAL CO., LTD.

STATEMENT OF ACCOUNTS RECEIVABLE, NET

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Client Name	金 額
Client A	\$ 53,594
Client B	49,181
Client C	44,730
Client D	23,950
Client E	16,905
Others(Note)	<u>158,438</u>
Subtotal	346,798
Less: Allowance for doubtful accounts	(<u>9,631</u>)
Total	<u>\$337,167</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

WHA YU INDUSTRIAL CO., LTD.

STATEMENT OF INVENTORIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Finished goods	\$ 64,927	\$ 71,220
Merchandise	16,711	17,898
Raw materials and Supplies	17,421	17,199
Work in process	<u>15,386</u>	<u>32,387</u>
Total	<u>\$114,445</u>	<u>\$138,704</u>

Note: Total insured value for inventories, property, plant and equipment is 602,364 thousand.

WHA YU INDUSTRIAL CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2023		Additions in Investment		Decrease in Investment		Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive	Balance, December 31, 2023			Note
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount		Shares (In Thousands))	Shareholding (%)	Amount	
Financial assets at fair value through other comprehensive income											
Non-publicly traded equity investments											
Ubiik Inc.	480	<u>\$ 34,537</u>	192	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ 564</u>	672	3.00	<u>\$ 35,101</u>	—

Note: Additions to investments are dividends on shares received during the current financial year.

WHA YU INDUSTRIAL CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2023		Additions in Investment		Decrease in Investment		Shares of the Other Comprehensive Income(Loss) of Subsidiaries Accounted fore Using the Equity Method	(Unrealized) Realized Gain	Exchange Differences	Balance, December 31, 2023			
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount				Shares (In Thousands)	Shareholding (%)	Amount	Net Assets Value
HUA HONG INTERNATIONAL LTD.	7,498	\$ 449,209	-	\$ -	-	\$ -	\$ 41,296	\$ 6	(\$ 8,020)	7,498	100	\$ 482,491	\$ 481,718
Pro Brand Technology	17,623	-	-	-	(17,623)	-	-	-	-	-	-	-	-
HANG JIAN TECHNOLOGY CO., LTD.	2,130	37,492	-	-	-	(15,414)	(5,705)	-	-	2,130	50.12	16,373	16,373
Wha Yu USA Inc.	-	-	500	15,343	-	-	(6,107)	-	197	500	100	9,433	9,433
Wha Yu Vietnam Limited Liability Company	-	-	-	112,079	-	-	(1,813)	-	(10,378)	-	100	99,888	99,888
		<u>\$ 486,701</u>		<u>\$ 127,422</u>		<u>(\$ 15,414)</u>	<u>\$ 27,671</u>	<u>\$ 6</u>	<u>(\$ 18,201)</u>			<u>\$ 608,185</u>	<u>\$ 607,412</u>

STATEMENT 6

WHA YU INDUSTRIAL CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Type of Loans	Borrowing Amount	Term	Interest rate(%)	Collateral or Guarantee
Operating capital	<u>\$ 99,521</u>	2023.05.15~2024.05.14	2.50	Nil

WHA YU INDUSTRIAL CO., LTD.

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Creditor	Term and repayment method	Annual rate(%)	Due within one year	Due after one year	Total	Collateral or Guarantee
Taipei Fubon Commercial Bank Co., Ltd.	2019.12.26~2029.12.26 · From January 2023, average monthly amortisation of principal and interest	2.0080	\$ 13,866	\$ 69,329	\$ 83,195	Note 30
Taipei Fubon Commercial Bank Co., Ltd.	2020.02.15~2030.02.15 · From March 2023, average monthly amortisation of principal and interest	0.6289	2,293	11,843	14,136	Note 30
Taipei Fubon Commercial Bank Co., Ltd.	2020.02.15~2025.02.15 · From March 2022, average monthly amortisation of principal and interest	0.8932	13,333	2,222	15,555	—
Taipei Fubon Commercial Bank Co., Ltd.	2020.04.15~2030.02.15 · From March 2023, average monthly amortisation of principal and interest	0.6289	2,866	14,806	17,672	Note 30
Taipei Fubon Commercial Bank Co., Ltd.	2020.04.15~2030.02.15 · From March 2023, average monthly amortisation of principal and interest	0.6289	2,292	11,844	14,136	Note 30
Taipei Fubon Commercial Bank Co., Ltd.	2020.06.15~2030.02.15 · From March 2023, average monthly amortisation of principal and interest	0.6289	2,292	11,844	14,136	Note 30
Taipei Fubon Commercial Bank Co., Ltd.	2020.06.17~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	392	979	1,371	—
Taipei Fubon Commercial Bank Co., Ltd.	2020.07.10~2029.12.26 · From January 2023, average monthly amortisation of principal and interest	2.0080	2,189	10,947	13,136	Note 30
Taipei Fubon Commercial Bank Co., Ltd.	2020.07.15~2030.02.15 · From March 2023, average monthly amortisation of principal and interest	0.6289	2,292	11,844	14,136	Note 30
Taipei Fubon Commercial Bank Co., Ltd.	2020.08.14~2030.02.15 · From March 2023, average monthly amortisation of principal and interest	0.6289	2,292	11,844	14,136	Note 30
Taipei Fubon Commercial Bank Co., Ltd.	2020.08.14~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	84	210	294	—
Taipei Fubon Commercial Bank Co., Ltd.	2020.09.15~2030.02.15 · From March 2023, average monthly amortisation of principal and interest	0.6289	2,292	11,844	14,136	Note 30
Taipei Fubon Commercial Bank Co., Ltd.	2020.10.15~2030.02.15 · From March 2023, average monthly amortisation of principal and interest	0.6289	2,006	10,364	12,370	Note 30
Taipei Fubon Commercial Bank Co., Ltd.	2020.11.13~2030.02.15 · From March 2023, average monthly amortisation of principal and interest	0.6289	2,866	14,806	17,672	Note 30
Taipei Fubon Commercial Bank Co., Ltd.	2021.01.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	149	372	521	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.01.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	21	51	72	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.02.17~2030.02.15 · From March 2023, average monthly amortisation of principal and interest	0.6289	1,433	7,403	8,836	Note 30
Taipei Fubon Commercial Bank Co., Ltd.	2021.02.17~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	109	273	382	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.05.14~2030.02.15 · From March 2023, average monthly amortisation of principal and interest	0.6289	2,866	14,806	17,672	Note 30
Taipei Fubon Commercial Bank Co., Ltd.	2021.06.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	289	723	1,012	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.06.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	84	209	293	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.07.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	226	564	790	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.09.15~2030.02.15 · From March 2023, average monthly amortisation of principal and interest	0.6289	596	3,079	3,675	Note 30
Taipei Fubon Commercial Bank Co., Ltd.	2021.10.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	68	170	238	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.10.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	168	420	588	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.10.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	210	525	735	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.10.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	1,875	4,688	6,563	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.10.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	273	683	956	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.10.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	32	79	111	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.10.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	84	210	294	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.10.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	131	328	459	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.11.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	966	2,415	3,381	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.11.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	336	840	1,176	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.11.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	365	912	1,277	—

(Continued on the next page)

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Creditor	Term and repayment method	Annual rate(%)	Due within one year	Due after one year	Total	Collateral or Guarantee
Taipei Fubon Commercial Bank Co., Ltd.	2021.11.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	\$ 179	\$ 447	\$ 626	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.11.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	52	129	181	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.11.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	127	318	445	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.11.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	25	63	88	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.12.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	597	1,493	2,090	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.12.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	1,785	4,463	6,248	—
Taipei Fubon Commercial Bank Co., Ltd.	2021.12.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	222	555	777	—
Taipei Fubon Commercial Bank Co., Ltd.	2022.01.17~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	113	284	397	—
Taipei Fubon Commercial Bank Co., Ltd.	2022.02.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	71	179	250	—
Taipei Fubon Commercial Bank Co., Ltd.	2022.02.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	172	431	603	—
Taipei Fubon Commercial Bank Co., Ltd.	2022.03.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	368	919	1,287	—
Taipei Fubon Commercial Bank Co., Ltd.	2022.03.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	253	633	886	—
Taipei Fubon Commercial Bank Co., Ltd.	2022.07.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	2,963	7,407	10,370	—
Taipei Fubon Commercial Bank Co., Ltd.	2022.08.15~2027.06.17 · From July 2023, average monthly amortisation of principal and interest	0.8932	420	1,050	1,470	—
			<u>\$ 68,983</u>	251,847	320,830	
Deferred revenue				(1,789)	(1,789)	
				<u>\$ 250,058</u>	<u>\$ 319,041</u>	

WHA YU INDUSTRIAL CO., LTD.

STATEMENT OF TRADE PAYABLES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

<u>Vendor Name</u>	<u>Amount</u>
Vendor A	\$ 15,260
Vendor B	7,850
Vendor C	5,272
Vendor D	4,530
Vendor E	3,740
Others (Note)	<u>36,814</u>
Total	<u>\$ 73,466</u>

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

WHA YU INDUSTRIAL CO., LTD.

STATEMENT OF NET REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Quantity (Thousand)	Amount
Wireless radio communication devices	44,659	\$ 894,813
Electronic and optical communication components	52,097	206,111
Electronic signal connection devices	797	59,169
Electronic products	22	<u>5,606</u>
Subtotal		1,165,699
Sales return and allowance		(<u>11,208</u>)
Net revenue		<u>\$ 1,154,491</u>

WHA YU INDUSTRIAL CO., LTD.

STATEMENT OF COST OF REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Balance, beginning of year	\$ 31,587
Raw material purchased	207,824
Raw materials, end of year	(17,421)
Transferred to expenses	(1,597)
Raw materials cost of sales	(42,638)
Transfer from Work in progress	12,219
Others	10
Raw materials used	189,984
Direct labor	22,085
Manufacturing expenses	48,462
Manufacturing cost	260,531
Work in process, beginning of year	5,920
Work in process purchased	6,778
Work in process, end of year	(15,386)
Cost of selling Work in process	(646)
Transferred to expenses	(2,308)
Transfer from Finished goods	40,798
Transferred to raw materials	(12,219)
Others	10
Cost of finished goods	283,478
Finished goods, beginning of year	53,963
Finished goods purchased	567,163
Finished goods, end of year	(64,927)
Transferred to expenses	(1,031)
Transferred to Work in process	(40,798)
Others	1,219
Cost of selling raw materials	42,638
Cost of selling Work in process	646
Cost of production and marketing	842,351
Merchandise, beginning of year	45,920
Merchandise purchased	121,496
Merchandise, end of year	(16,711)
Transfer from expenses	46,506
Total	<u>\$ 1,039,562</u>

WHA YU INDUSTRIAL CO., LTD.

STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Salary and bonus	\$ 47,644	\$ 51,259	\$ 60,946
Depreciation expense	3,083	5,459	8,361
Employee Insurance	4,354	3,812	5,319
Professional service fees	545	9,576	476
Others (Note)	<u>22,251</u>	<u>17,605</u>	<u>22,743</u>
Total	<u>\$ 77,877</u>	<u>\$ 87,711</u>	<u>\$ 97,845</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

WHA YU INDUSTRIAL CO., LTD.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	\$ 61,647	\$ 159,849	\$ 221,496	\$ 57,221	\$ 153,823	\$ 211,044
Labor and health insurance	6,119	13,485	19,604	5,793	12,056	17,849
Pension	3,007	7,829	10,836	2,859	6,983	9,842
Remuneration of directors	-	1,100	1,100	-	758	758
Others	2,710	3,693	6,403	3,065	3,153	6,218
Total	<u>\$ 73,483</u>	<u>\$ 185,956</u>	<u>\$ 259,439</u>	<u>\$ 68,938</u>	<u>\$ 176,773</u>	<u>\$ 245,711</u>
Depreciation	<u>\$ 21,473</u>	<u>\$ 16,903</u>	<u>\$ 38,376</u>	<u>\$ 20,293</u>	<u>\$ 13,667</u>	<u>\$ 33,960</u>
Amortization	<u>\$ 916</u>	<u>\$ 4,252</u>	<u>\$ 5,168</u>	<u>\$ 640</u>	<u>\$ 3,442</u>	<u>\$ 4,082</u>

Note 1: For the year of 2023 and 2022, the Company had average 228 and 223 employees per month, respectively, which included 8 and 6 non-employee directors in 2023 and 2022.

Note 2: (1) Average labor cost for the years ended December 31, 2023 and 2022 were NT\$1,174 thousand and 1,129 thousand, respectively.

(2) Average salary and bonus for the years ended December 31, 2023 and 2022 were NT\$1,007 thousand and 973 thousand, respectively.

(3) The average salary and bonus decreased by 3.49% year over year.

(4) On 19 June 2020, the Company established an Audit Committee.

(5) The Company's compensation policies: (Includes directors, managers and employees)

The Company's remuneration is governed by the Company's Articles of Incorporation, the Compensation Committee's Performance Evaluation and Salary Management Regulations.

Article 20 of the Company's Articles of Incorporation states, "If the Company makes a profit in a year, 10% to 20% of the profit shall be set aside as compensation for employees, and not more than 3% shall be set aside as compensation for directors. The employees' remuneration may be in the form of stock or cash. However, if the Company has accumulated losses, the Company shall reserve an amount to cover such losses in advance, and then provide employees' and directors' remuneration in accordance with the aforesaid ratio.

The Company's performance evaluation and salary should make reference to the industry's normal level of payment, and consider the reasonableness of the connection with individual performance, the Company's operating results and future risks.



WHA YU INDUSTRIAL CO., LTD. AND SUBSIDIARIES

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

*(English Translation of a Report and Financial Statements Originally Issued in
Chinese)*

Notice to Reader

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

DECLARATION OF CONSOLIDATION OF THE FINANCIAL STATEMENTS OF AFFILIATED COMPANIES

The companies required to be included in the consolidated financial statements of WHA YU INDUSTRIAL CO., LTD for the year ended 31 December under the criteria for the preparation of affiliation reports, consolidated business reports and consolidated financial statements of affiliated enterprises are the same as those included in the consolidated financial statements prepared in accordance with International Financial Reporting Standard 10 "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Accordingly, WHA YU INDUSTRIAL CO., LTD and its subsidiaries do not prepare separate combined financial statements.

Very truly yours,

WHA YU INDUSTRIAL CO., LTD.

By

Chairman: Tsou Mi-Fu

March 26, 2024

INDEPENDENT AUDITORS' REPORT

(Consolidated Financial Statements)

The Board of Directors and Shareholders

WHA YU INDUSTRIAL CO., LTD.

Opinion

We have audited the accompanying consolidated financial statements of WHA YU INDUSTRIAL CO., LTD. and its subsidiaries (the "Company"), 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. (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company 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 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 Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on the audit findings from our accounting firm and other audit reports, it is our belief that the evidence 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.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Revenue recognition

The company's primary sources of revenue are wireless radio communication devices, electronic signal connection devices, electronic products and trade. The net operating revenue for the 2023 fiscal year was NT\$1,401,492 thousand. The auditor has identified the sales revenue growth against market trends for the current fiscal year as a key audit matter, given the risk of authenticity associated with the company's sales of products and transactions. For further information regarding the revenue recognition policy, please refer to Note 4(16) of the consolidated financial statements.

Our auditing procedures included the following:

1. Understanding the Company's internal control system and operating procedures relating to the sales transaction cycle in order to assess the effectiveness of internal control operations.
2. Selecting samples of sales proceeds for audit, reviewing documents such as purchase orders, bills of lading or customs declarations confirmed by the counterparties to confirm the authenticity of the sales proceeds, and also reviewing whether there are any anomalies in the sales counterparty's subsequent receipts and returns of goods.

Other Matter

We have also audited the parent company only financial statements of WHA YU INDUSTRIAL CO., LTD. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 Company 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 Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company 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 Tsai, Mei-Chen and Lin, Hsin-Tung.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 26, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

WHA YU INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31,2023		December 31,2022		Code	LIABILITIES AND EQUITY	December 31,2023		December 31,2022					
		金	額	%	金			額	%	金	額	%			
	CURRENT ASSETS						CURRENT LIABILITIES								
1100	Cash and cash equivalents (Notes 4 and 6)	\$	515,590	25	\$	272,902	11	\$	61,294	3	\$	61,400	2		
1136	Financial assets at amortized cost - current (Notes 4 and 8)		6,166	-		-	-		227,137	11		421,632	17		
1150	Notes receivable (Notes 4 、 9 and 23)		1,257	-		1,025	-		2,570	-		-	-		
1170	Trade receivable, net (Notes 4 、 5 、 9 and 23)		437,152	22		809,515	32		232	-		310	-		
1200	Other receivables (Notes 4 and 9)		1,703	-		7,424	-		68,983	3		57,981	2		
130X	Inventories (Notes 4 、 5 and 10)		225,784	11		346,861	14		94,597	5		143,796	6		
1460	Non-current assets held for sale (Notes 4 and 11)		-	-		169,642	7		21XX			685,119	27		
1470	Other current assets (Note 18)		12,798	1		22,527	1		454,813	22					
11XX	Total current assets		1,200,450	59		1,629,896	65								
	NON-CURRENT ASSETS						NON-CURRENT LIABILITIES								
1517	Financial assets at fair value through other comprehensive income - Non-current (Notes 4 、 7 and 31)		35,101	2		34,537	1		2540			316,374	13		
1600	Property, plant and equipment (Notes 4 、 13 and 33)		771,422	38		778,752	31		2580			236	-		
1755	Right-of-use assets (Notes 4 、 14 and 33)		31,547	1		33,442	1		2630			7,311	-		
1760	Investment properties (Notes 4 and 15)		-	-		12,526	1		2640				-		
1780	Intangible assets (Notes 4 and 17)		7,483	-		12,002	-					8,735	-		
1805	Goodwill (Notes 4 and 16)		-	-		15,414	1		2645			563	-		
1920	Refundable deposits		1,761	-		939	-		25XX			333,219	13		
1990	Other non-current assets (Note 18)		1,824	-		2,604	-								
15XX	Total non-current assets		849,138	41		890,216	35		2XXX			1,018,338	40		
							EQUITY (Notes 4 and 22)								
							3110		Share capital	1,204,804	59	1,204,804	48		
							3200		Capital surplus	201,451	10	201,451	8		
									Retained earnings						
							3310		Legal reserve	3,398	-	-	-		
							3320		Special reserve	104,610	5	104,610	4		
							3350		(Accumulated deficit)Unappropriated earnings	(114,581)	(6)	33,976	2		
							3300		Total retained earnings	(6,573)	(1)	138,586	6		
									Other equity						
							3410		Exchange differences arising on translation of foreign operations	(93,307)	(4)	(75,106)	(3)		
							3420		Unrealized gain on investments in equity instruments at fair value through other comprehensive Income			6,177	-		
							3470		Equity related to non-current assets or disposal groups classified as held for sale	6,741	-		-		
							3400		Total other equity	-	-	3,887	-		
							31XX		Total equity attributable to owners of the Company	(86,566)	(4)	(65,042)	(3)		
							36XX		Non-controlling Interests	1,313,116	64	1,479,799	59		
							3XXX		Total equity	16,296	1	21,975	1		
										1,329,412	65	1,501,774	60		
1XXX	Total assets	\$	2,049,588	100	\$	2,520,112	100		Total liabilities and equity	\$	2,049,588	100	\$	2,520,112	100

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Auditor’s Report issued by Deloitte & Touche on March 26, 2024)

Chairman: Tsou Mi-Fu

Managerial officers: Peng, Chao-Chung

Principal Accounting Officer: Tsao, Fu-Yi

WHA YU INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2023		2022	
		Amount	%	Amount	%
4100	OPERATING REVENUE (Notes 4, 23 and 36)	\$ 1,401,492	100	\$ 1,981,157	100
5110	OPERATING COSTS (Notes 10 and 24)	1,180,151	84	1,600,946	81
5950	GROSS PROFIT	221,341	16	380,211	19
	OPERATING EXPENSES (Notes 24 and 32)				
6100	Selling and marketing	130,677	9	143,935	7
6200	General and administrative	147,148	11	112,042	6
6300	Research and development	128,721	9	118,813	6
6450	Expected credit (gain) loss	9,515	1	(2,018)	-
6000	Total operating expenses	416,061	30	372,772	19
6510	Other Operating Expenses (Note 24)	(51)	-	93	-
6900	Profit (Loss) From Operations	(194,771)	(14)	7,532	-
	NON-OPERATING INCOME AND EXPENSES				
7100	Interest income (Note 24)	8,065	1	1,798	-
7010	Other income (Notes 4, 24, 27 and 32)	20,665	1	83,232	4
7020	Other gains and losses (Note 24)	56,591	4	(65,675)	(3)
7050	Finance costs (Notes 4 and 24)	(13,154)	(1)	(7,609)	-
7060	Share of profit of associates (Note 4)	-	-	5,711	-
7000	Total non-operating income and expenses	72,167	5	17,457	1
7900	PROFIT/(LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	(122,604)	(9)	24,989	1
7950	INCOME TAX (EXPENSE)/BENEFIT (Notes 4 and 25)	(3,140)	-	5,187	1
8200	NET PROFIT/(LOSS) FOR THE YEAR	(125,744)	(9)	30,176	2

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Code		2023		2022	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 、 12 、 21 and 22)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	(\$ 998)	-	\$ 548	-
8316	Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	564	-	213	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	(18,201)	(2)	19,835	1
8365	Equity related to non-current assets or disposal groups classified as held for sale	(3,887)	-	3,887	-
8370	Share of other comprehensive income of associates accounted for using the equity method	-	-	5,624	-
8300	Other comprehensive income (loss) for the year, net of income tax	(22,522)	(2)	30,107	1
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(\$ 148,266)	(11)	\$ 60,283	3
	NET PROFIT (LOSS) ATTRIBUTABLE TO:				
8610	Owners of the Company	(\$ 120,065)	(9)	\$ 33,428	2
8620	Non-controlling interests	(5,679)	-	(3,252)	-
8600		(\$ 125,744)	(9)	\$ 30,176	2
	TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
8710	Owners of the Company	(\$ 142,587)	(10)	\$ 63,535	3
8720	Non-controlling interests	(5,679)	(1)	(3,252)	-
8700		(\$ 148,266)	(11)	\$ 60,283	3
	EARNINGS PER SHARE (Note 26)				
9710	Basic	(\$ 1.00)		\$ 0.28	
9810	Diluted	(\$ 1.00)		\$ 0.28	

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Auditor's Report issued by Deloitte & Touche on March 26, 2024)

Chairman:
Tsou Mi-Fu

Managerial officers:
Peng, Chao-Chung

Principal Accounting Officer:
Tsao, Fu-Yi

WHA YU INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company												
								Other Equity						
		Share Capital			Retained Earnings				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive	Equity related to non-current assets or disposal groups classified as held for sale	Total	Non-controlling Interests	Total Equity
Code		Shares (in Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated earnings (Accumulated Deficit)							
A1	BALANCE AT JANUARY 1, 2022	120,481	\$ 1,204,804	\$ 222,863	\$ 13,055	\$ 104,610	(\$ 34,467)	(\$ 100,565)	\$ 5,964	\$ -	\$ 1,416,264	\$ 3,029	\$ 1,419,293	
B13	Appropriation of 2021 earnings Legal reserve used to offset accumulated deficits	-	-	-	(13,055)	-	13,055	-	-	-	-	-	-	
C11	Capital surplus used to offset accumulated deficits	-	-	(21,412)	-	-	21,412	-	-	-	-	-	-	
D1	Net profit (loss) for the year ended December 31, 2022	-	-	-	-	-	33,428	-	-	-	33,428	(3,252)	30,176	
D3	Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	548	25,459	213	3,887	30,107	-	30,107	
D5	Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	33,976	25,459	213	3,887	63,535	(3,252)	60,283	
O1	Non-controlling Interests	-	-	-	-	-	-	-	-	-	-	22,198	22,198	
Z1	BALANCE AT DECEMBER 31, 2022	120,481	1,204,804	201,451	-	104,610	33,976	(75,106)	6,177	3,887	1,479,799	21,975	1,501,774	
B1	Appropriation of 2022 earnings Legal reserve	-	-	-	3,398	-	(3,398)	-	-	-	-	-	-	
B5	Cash dividends distributed by the Company	-	-	-	-	-	(24,096)	-	-	-	(24,096)	-	(24,096)	
D1	Net loss for the year ended December 31,2023	-	-	-	-	-	(120,065)	-	-	-	(120,065)	(5,679)	(125,744)	
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(998)	(18,201)	564	(3,887)	(22,522)	-	(22,522)	
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	(121,063)	(18,201)	564	(3,887)	(142,587)	(5,679)	(148,266)	
Z1	BALANCE AT DECEMBER 31, 2023	120,481	\$ 1,204,804	\$ 201,451	\$ 3,398	\$ 104,610	(\$ 114,581)	(\$ 93,307)	\$ 6,741	\$ -	\$ 1,313,116	\$ 16,296	\$ 1,329,412	

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Auditor's Report issued by Deloitte & Touche on March 26, 2024)

Chairman: Tsou Mi-Fu

Managerial officers: Peng, Chao-Chung

Principal Accounting Officer: Tsao, Fu-Yi

WHA YU INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income (Loss) before income tax	(\$ 122,604)	\$ 24,989
A20010	Adjustments for:		
A20100	Depreciation expense	71,014	68,044
A20200	Amortization expense	6,490	5,117
A20300	Expected credit loss (Gain)	9,515	(2,018)
A20900	Finance costs	13,154	7,609
A21200	Interest income	(8,065)	(1,798)
A22300	Share of profit of associates	-	(5,711)
A22500	Loss (gain) on disposal of property, plant and equipment, net	51	(93)
A22700	Gains on disposals of investment property	(57,261)	-
A23100	Gains on disposals of investments	(3,887)	-
A23700	Net loss on disposal of financial assets	15,414	102,219
A23800	Write-downs of inventories	22,767	18,725
A24100	Unrealized loss on foreign currency exchange	16,429	2,567
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(232)	1,159
A31150	Trade receivables	351,568	(243,307)
A31200	Inventories	99,060	(38,983)
A31240	Other current assets	16,207	7,809
A32150	Notes and trade payables	(192,496)	44,566
A32230	Other payables and other current liabilities	(43,832)	33,864
A32240	Net defined benefit liabilities	(274)	(464)
A32250	Deferred revenue	(1,902)	(1,864)
A33000	Cash generated from operations	191,116	22,430
A33300	Interest paid	(12,866)	(8,982)
A33500	Income taxes refund (paid)	(1,230)	4,835
AAAA	Net cash generated from operating activities	<u>177,020</u>	<u>18,283</u>

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Code		2023	2022
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00030	Capital reduction of financial assets at fair value through other comprehensive income and loss	\$ -	\$ 1,240
B00040	Purchase of financial assets at amortized cost	(6,166)	-
B01900	Proceeds from disposal of investments accounted for associates	169,642	-
B02200	Acquisition of subsidiary	-	(2,665)
B02300	Net cash outflow on disposal of subsidiaries	-	243
B02700	Acquisition of property, plant and equipment	(76,365)	(65,458)
B02800	Proceeds from disposal of property, plant and equipment	9,275	407
B03700	Decrease (increase) in refundable deposits	(822)	507
B04500	Acquisition of intangible assets	(1,971)	(7,605)
B07500	Interest received	7,928	3,722
B05500	Gains on disposals of investment property	<u>69,456</u>	<u>-</u>
BBBB	Net cash generated (used in) from investing activities	<u>170,977</u>	<u>(69,609)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Repayments of short-term borrowings	(2,769)	(69,178)
C01600	Proceeds from long-term borrowings	-	17,442
C01700	Repayments of long-term borrowings	(57,981)	(11,111)
C03100	Increase (Decrease) in guarantee deposits	(126)	504
C04020	Repayments of the principal portion of lease liabilities	(309)	(314)
C04500	Dividends paid to owners of the Company	(24,096)	-
C05800	Changes in non-controlling interests	<u>-</u>	<u>(2,324)</u>
CCCC	Net cash used in financing activities	<u>(85,281)</u>	<u>(64,981)</u>
DDDD	Effect of exchange rate changes on the balance of cash held in foreign currencies	<u>(20,028)</u>	<u>6,899</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	242,688	(109,408)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>272,902</u>	<u>382,310</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 515,590</u>	<u>\$ 272,902</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Auditor's Report issued by Deloitte & Touche on March 26, 2024)

Chairman:
Tsou Mi-Fu

Managerial officers:
Peng, Chao-Chung

Principal Accounting Officer:
Tsao, Fu-Yi

WHA YU INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1 、 GENERAL

WHA YU Industrial Co.,Ltd. (the "Company") was incorporated in Hsinchu city, Taiwan in November 1970 and commenced operations that month. The Company is engaged in the production of industrial plastic products, electrical wires and cables, wholesale and retail of electronic materials and international trading.

In May 2006, the Company's shares were listed and traded on the Taipei Exchange (OTC). In January 2008, they were transferred to the Taiwan Stock Exchange (TWSE).

The functional currency of the Company is the New Taiwan dollar.

2 、 THE AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on March 15, 2024.

3 、 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(A) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the IFRS accounting standards endorsed and issued by the FSC did not have a material impact on the accounting policies of WHA YU INDUSTRIAL CO., LTD. and its subsidiaries (the "Company").

(B) The IFRS Accounting Standards endorsed by the FSC for application starting from 2024.

New,Amended and Revised Standards and Interpretations	Effective Date Announced by IASB(Remark 1)
Amendments to IFRS 16 「Leases Liability in a Sale and Leaseback」	January 1,2024(Remark 2)
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 FRS 7 「Supplier Finance Arrangements」	January 1,2024(Remark 3)

Remark 1:Unless stated otherwise,the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Remark 2:A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS16.

Remark 3:The amendments provide some transition relief regarding disclosure requirements.

At the date the consolidated financial statements were authorised for issue, the Company has assessed that the adoption of the other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

- (C) The IFRS Accounting Standards issued by IASB,but not yet endorsed and issued into effect by the FSC.

New,Amended and Revised Standards and Interpretations	Effective Date Issued by IASB (Remark 1)
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	January 1,2023
Amendments to IFRS 17「Initial Application of IFRS 9 & IFRS 17—Comparative Information」	January 1,2023
Amendments to IAS 21 「Lack of Exchangeability」	January 1,2025(Remark 2)

Remark 1:Unless stated otherwise,the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Remark 2:An entity shall apply these amendments for annual reporting periods beginning on or after January 1,2025.Upon initial application of the amendments,the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional

currency,it shall,at the date of initial application,recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue,the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4、SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

(A)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 IFRS Accounting Standards endorsed by the FSC with the effective dates (collectively, "Taiwan-IFRS Accounting Standards").

(B)Basis of Preparation

The accompanying parent company only consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values and net defined benefit liabilities that are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements,which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety,are described as follows:

- 1)Level 1 inputs are quoted prices (unadjusted)in active markets for identical assets or liabilities;
- 2)Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability,either directly(i.e.,as prices)or indirectly (i.e.,derived from prices);and
- 3)Level 3 inputs are unobservable inputs for an asset or liability.

(C) Classification of Current and Non-Current Assets and Liabilities Current Assets include:

- 1) Assets held primarily for the purpose of trading ;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash

Current Liabilities include:

- 1) Liabilities held primarily for the purpose of trading ;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are referred to as non-current assets and liabilities.

(D) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). The income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisition up to the effective dates of disposals, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Company. In preparing the consolidated financial statements, all intercompany transactions, balances, gains and losses have been eliminated. The total consolidated profit or loss of the subsidiaries is attributed to the owners and non-controlling interests of the Company, even if the non-controlling interests have a deficit balance.

If a change in the Company's ownership interest in a subsidiary does not result in a loss of control, it is accounted for as an equity transaction. The carrying amounts of the Company's and non-controlling interests are adjusted to reflect changes in their relative ownership interests in the

subsidiaries. The difference between the adjusted amount of non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the company.

When the Company loses control of a subsidiary, the gain or loss on disposal is the difference between (1) the sum of the fair value of the consideration received and the remaining investment in the former subsidiary, based on the fair value at the date of loss of control, and (2) the sum of the assets (including goodwill) and liabilities of the former subsidiary and the non-controlling interest, based on the carrying amount at the date of loss of control. The Company accounts for all amounts recognised in other comprehensive income or loss relating to that subsidiary on the same basis as it would if the Company were to dispose directly of the related assets or liabilities.

Please refer to Notes 12 and 35 for detailed information on subsidiaries (including percentages of ownership and main businesses).

(E) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

Non-controlling interests that represent a present ownership interest and entitle the holder to a proportionate share of the net assets of the entity on liquidation may be measured at fair value. Other types of non-controlling interests are measured at fair value.

(F) Foreign Currencies

In preparing the company only consolidated financial statements, transactions in currencies other than the Company's functional currency

(foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on the translation of monetary items are recognised in profit and loss in the period when the difference arises.

Non-monetary items denominated in foreign currencies and measured at fair value are retranslated at the rate prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are recognised in the income statement, except for exchange differences arising on the retranslation of non-monetary items for which gains and losses are recognised directly in other comprehensive income, in which case the exchange differences are also recognised directly in other comprehensive income.

Non-monetary items denominated in foreign currencies and carried at historical cost are translated at the exchange rates prevailing at the dates of the transactions and are not retranslated.

For the purpose of presenting in individual financial statements, the assets and liabilities of foreign operations (including subsidiaries and affiliates that operate in countries or with currencies different from those of the Company) are translated into New Taiwan Dollars at the exchange rates prevailing at each balance sheet date.

Income and expense items are translated at the average exchange rates for the period, and the resulting exchange differences are included in other comprehensive income.

If the Company disposes of its entire interest in a foreign operation, all cumulative translation differences relating to that foreign operation are reclassified to the income statement.

(G) Inventories

Inventories consist of raw materials, work-in-progress, finished goods and merchandise. Inventories are stated at the lower of cost and net realisable

value. Comparisons between cost and net realisable value are made on an item-by-item basis, except when comparing similar types of inventories. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs to make the sale. The cost of inventories is determined using the weighted average method.

(H) Investment in Associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor a joint venture. Investments accounted for using the equity method are investments in associates.

Under the equity method, an investment in an associate is initially recognised at cost and is subsequently adjusted to recognise the Company's share of the associate's profit or loss and other comprehensive income. The Company also recognises changes in the Company also recognises changes in the Company's share of the associate's equity attributable to the Company. The operating results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate as well as the distribution received. The Company also recognizes its share in the changes in the equities of associates.

When the Company subscribes for additional new shares in an associate in a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. When the Company's ownership interest is reduced due to its additional subscription

of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

In assessing impairment, the Company tests the entire carrying amount of an investment (including goodwill) for impairment as if it were a single asset by comparing its recoverable amount with its carrying amount, and the impairment loss recognised is not allocated to any of the assets, including goodwill, that form an integral part of the carrying amount of the investment. Any reversal of an impairment loss is recognised to the extent of any subsequent increase in the recoverable amount of the investment.

The Company discontinues the equity method of accounting from the date that its investment ceases to be an associate. The Company measures its retained interest in the former associate at fair value and the difference between the fair value and the disposal price and carrying amount of the investment at the date the equity method is discontinued is recognised in profit or loss for the current period. In addition, any amounts recognised in other comprehensive income relating to the related party are accounted for on the same basis as if the related party had directly disposed of the related assets or liabilities. When an investment in an associate becomes a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to account for the investment using the equity method without remeasuring the retained interest.

When the company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the company's consolidated financial statements only to the extent of interests in the associate that are not related to the company.

(I) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment.

Except for owned land, which is not depreciated, property, plant and equipment are depreciated separately on a straight-line basis over their useful lives for each significant portion. The Company reviews the estimated useful lives, salvage values and depreciation methods at least at each year-end and defers the effect of changes in applicable accounting estimates.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(J) INVESTMENT PROPERTY

Investment real estate is defined as real estate held with the intention of generating rental income or capital appreciation, or a combination of both. Furthermore, investment property encompasses land held for a purpose for which the future use has not yet been determined.

Investment property is initially recorded at cost, inclusive of transaction costs, and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Investment property is depreciated on a straight-line basis.

Upon the derecognition of an investment property, the difference between the net disposal price and the carrying amount of the asset is recognised in profit or loss.

(K) GOODWILL

Goodwill acquired in a business combination is measured at cost based on the amount of goodwill recognised at the acquisition date and subsequently measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit or group of cash-generating units that the company expects to benefit from the combination.

A cash-generating unit to which goodwill is allocated is tested for impairment annually (and whenever there is an indication that the unit may be impaired) by comparing the carrying amount of the unit containing the goodwill with its recoverable amount. In the event that goodwill has been allocated to a cash-generating unit in the course of a business combination during the year, the aforementioned unit should be subjected to an impairment test before the end of the year. In the event that the recoverable amount of the cash-generating unit to which goodwill has been allocated is less than its carrying amount, an impairment loss is recognised for the goodwill allocated to the cash-generating unit. This is achieved by first reducing the carrying amount of the goodwill allocated to the cash-generating unit, and then by reducing the carrying amount of each asset in proportion to the carrying amount of the other assets in the unit. Any impairment loss is recognised directly in equity. It is not permitted to reverse an impairment loss on goodwill in subsequent periods.

In the event of the disposal of an operation within an amortised goodwill cash-generating unit, the amount of goodwill relating to the operation being disposed of is included in the carrying amount of the operation in order to determine the gain or loss on disposal.

(L)Intangible Assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

(M) Impairment of property, plant and equipment, right-of-use asset and intangible assets (excluding goodwill)

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right of use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the amount of the impairment loss. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount and the resulting impairment loss is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only up to the carrying amount that would have been determined (net of amortization or depreciation) if no impairment loss had been recognised for the asset or cash-generating unit in prior years. The reversal of an impairment loss is recognised in profit or loss.

(N) Non-Current Assets

The carrying amount of a non-current asset is classified as held for sale when it is expected that the asset will be recovered principally through a sale transaction rather than through continuing use. Non-current assets that qualify for this classification must be available for immediate sale in their present condition and their sale must be highly probable. A sale is classified

as highly probable when management at the appropriate level has committed to a plan to sell the asset and the sale transaction is expected to be completed within one year from the date of classification.

When an entity disposes of all or part of an investment in a an associate, only the portion of the investment that meets the criteria to be that meets the criteria to be classified as held for sale is reclassified to held for sale and the equity method is discontinued for that portion. for that part. Any investment that is not classified as held for sale continues to be accounted for using the equity method. When the significant influence over the investment after the disposal, any equity disposed of, any equity interest not classified as available for sale is accounted for is accounted for in accordance with the accounting policy for financial instruments at the date of disposal of the classified as available to sell.

(O) Financial Instruments

Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments.

When financial assets and financial liabilities are recognised initially, if a financial asset or a financial liability is not measured at fair value through profit or loss, it is measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs that are directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1) Financial assets

It would appear that the customary practice is to recognise and derecognise transactions in financial assets on a trade date basis.

(1) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

A. Financial assets at amortised cost

Financial assets that meet the following conditions will be subsequently measured at amortised cost:

- a. The financial assets are held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- b. The contractual terms of the financial assets give rise on specific date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets carried at amortised cost, including cash, notes receivable and trade receivables (including related parties) and other receivables (including related parties), are measured at amortised cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognised in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the gross carrying amount of financial assets, with the following two exceptions:

- a. Credit-impaired financial assets purchased or originated for which interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortised cost of the financial asset; and
- b. Financial assets that are not credit impaired at purchase or origination but subsequently become credit impaired, for which interest income is calculated by multiplying the effective interest rate by the amortised cost of the financial assets in the subsequent period.

The cash equivalents comprise time deposits which are highly liquid, readily convertible into fixed amounts of cash and subject to an insignificant risk of changes in value. They are used to meet short-term cash commitments.

B. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. When the investment is disposed of, the accumulated gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the Company's rights clearly represent a recovery of part of the cost of the investment.

(2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortised cost (including trade receivables).

The loss allowance for accounts receivable is measured at an amount equal to lifetime expected credit losses. For financial assets at amortized cost, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since

initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity Instruments

The equity instruments issued by the Company are classified as equity based on the substance of the contractual agreements and the definition of equity instruments.

Equity instruments issued by the Company are recognized at the acquisition price less direct issue costs.

The carrying amount of equity instruments repurchased from the Company is based on the weighted average of the number of shares of the Company's stock. Transactions involving the purchase, sale, issuance or cancellation of the Company's equity instruments are not recognised in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortised cost using the effective interest method.

(2) Deductions from financial liabilities

The difference between the carrying amount of a financial liability is derecognised, and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised as profit or loss.

(P) Revenue Recognition

Upon the recognition of performance obligations under customer contracts, the Company allocates the transaction price to each performance obligation and recognises revenue when each performance obligation is satisfied.

For contracts with an interval of one year or less between the date of transfer of goods or services and the date of receipt of consideration, the significant financial components are not subject to price adjustment.

Revenue from the sale of goods

The proceeds from the sale of wireless communication equipment, electronic and optical communication components, electronic signal connectors and electronic products are recognised when the customer has the right to determine the price and use of the goods, has the primary responsibility for reselling the goods and bears the risk of obsolescence of the goods.

The Company does not recognise revenue on materials supplied to subcontractors. This is because there is no transfer of control.

When the other party is involved in the supply of goods to customers, we act as principal if our company has control over the goods before they are transferred to the customer; otherwise we act as agent. The principal recognises revenue for the full amount of economic benefits associated with the transaction, while the agent recognises revenue only for the net amount of economic benefits received.

(Q) Leases

At the inception of a contract, the Company assesses whether the contract is (or contains) a lease at the inception date.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right of use, the sublease is classified by reference to the right of use arising from the head lease, not by reference to the underlying asset. However, if the head lease is a short-term lease for which the Company, as lessee, has taken advantage of the recognition exemption, the sublease is classified as an operating lease.

Lease payments from operating leases are recognized as income on a straight-line basis over the term of the relevant leases.

2) The Company as lessee

The Company recognises right-of-use assets and lease liabilities for all leases at the commencement date of a lease, with the exception of short-term leases and low-value asset leases, which are accounted for by applying a recognition exemption. In such instances, lease payments are recognised as an expense over the lease term on a straight-line basis.

Right-of-use assets are initially measured at cost, which includes the original measurement of the lease liability, lease payments made prior to the commencement date of the lease, less lease incentives received, original direct costs, and the estimated cost to reinstate the underlying asset. Subsequent measurement occurs at cost less accumulated depreciation and accumulated impairment losses, adjusted for the remeasurement of the lease liability. The right-of-use assets are presented separately on the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates until the earlier of the end of the useful life of the right-of-use assets or the end of the lease terms.

Lease liabilities are generally initially measured at the present value of the lease payments, which depend on an index or a rate. In most cases, the lease payments are discounted using the interest rate implicit in a lease. However, in instances where that rate cannot be readily determined, the lessee's incremental borrowing rate may also be considered.

Subsequently, lease liabilities are measured at amortised cost using the effective interest method, with interest expense recognised over the lease terms. In the event of a change in a lease term resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. Nevertheless, in the event that the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognised in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(R)Borrowing costs

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(S)Government Grants

Government grants are recognised only when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to revenue are recognised in on a systematic basis over the periods in which they are intended to income over the periods in which the costs they are intended to compensate are by the company. Government grants that are conditional on the the purchase, construction or otherwise assets are recognised as deferred income and and released to

income on a systematic basis over the useful life of the related assets. over the useful lives of the related assets.

Government grants are recognised in the income statement in the period in which they are received if they are intended to compensate for expenses or losses already incurred or are intended to are intended to provide immediate financial assistance to the the company and there are no future related costs.

The difference between the amount of the loan received and the fair value of the loan based on the prevailing market rate of interest is recognised as a government grant for below-market rate government loans.

(T)Employee Benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

2) Retirement benefits

For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost), and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Company's defined benefit plan. Any surplus resulting from this

calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as defined benefit plans, except that the related remeasurements are recognised in the income statement. or loss.

4) Separation Benefits

The Company recognises a liability for postemployment liability for post-employment benefits at the earlier of the date when it is no longer able to the offer of postemployment benefits or when it recognises the related restructuring costs. the related restructuring costs.

(U)Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

The Income Tax Act of the Republic of China provides for an additional tax on retained earnings in the year in which the shareholders have approved the retention of earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for

all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered. A previously unrecognised deferred tax asset is also reviewed at each reporting period and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5、MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The application of the Company's accounting policies requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results could differ from these estimates.

In developing critical accounting estimates, the Company considers the potential effects of inflation and market interest rate fluctuations on its critical accounting estimates relating to cash flow projections, growth cash flow projections, growth rates, discount rates, profitability, etc. The estimates and underlying assumptions are reviewed on a regular basis. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and subsequent years if the revision affects both the current and subsequent years.

Key Sources of Estimation Uncertainty

(A) Estimated impairment of financial assets

The provision for impairment of trade receivables is based on the Company's assumptions about the probability of default and the loss rate. The Company considers historical experience, current market conditions and forward looking information in making assumptions and selecting inputs for impairment assessments. If actual future cash flows are less than the Company's expectations, a significant impairment loss may be incurred.

(B) Impairment of inventories

The net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The estimates are based on current market conditions and historical sales experience for similar products, and changes in market conditions could materially affect the results of these estimates.

6、CASH AND CASH EQUIVALENTS

	<u>December31,2023</u>	<u>December31,2022</u>
Cash on hand	\$ 134	\$ 77
Checking accounts and demand deposits	509,315	272,825
Cash equivalents(Time deposits with an original maturity of less than three months)		
Bank Fixed Deposit	<u>6,141</u>	<u>-</u>
	<u>\$515,590</u>	<u>\$272,902</u>

The market rates for cash and fixed deposits held in banks at the conclusion of the reporting period were as follows:

	<u>December31,2023</u>	<u>December31,2022</u>
Bank balance	0.001%~1.450%	0.001%~1.050%
Fixed Deposit	1.950%~5.000%	-

7、FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER

COMPREHENSIVE INCOME

	<u>December31,2023</u>	<u>December31,2022</u>
<u>Non-current</u>		
Domestic Investments		
Unlisted stocks		
Common Stock of Ubiik Inc.	<u>\$ 35,101</u>	<u>\$ 34,537</u>

The Company invests in the ordinary shares of Ubiik Inc. for medium to long-term strategic purposes and expects to earn a return on its long-term investments. The Company's management believes that including short-term

fluctuations in the fair value of these investments in profit or loss would be inconsistent with the long-term investment planning described above and has elected to designate these investments as at fair value through other comprehensive income.

8、FINANCIAL ASSETS AT AMORTIZED COST

	<u>December31,2023</u>	<u>December31,2022</u>
<u>Current</u>		
Time deposits with an original maturity of less than three months	\$ <u>6,166</u>	\$ <u>-</u>

9、TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December31,2023</u>	<u>December31,2022</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ <u>1,257</u>	\$ <u>1,025</u>
Notes receivable-operating	\$ <u>1,257</u>	\$ <u>1,025</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$451,275	\$813,562
Less : Loss allowance	(<u>14,123</u>)	(<u>4,047</u>)
	\$ <u>437,152</u>	\$ <u>809,515</u>
<u>Other receivables</u>		
Others	\$ <u>1,703</u>	\$ <u>7,424</u>

The average credit period for sales of goods is 90 days, and some customers have credit periods of 30 to 180 days from the end of the month. No interest is charged on trade receivables.

The Company's policy is to obtain adequate collateral, where appropriate, to mitigate the risk of financial loss from default. The Company uses other publicly available financial information and its own historical transaction records to evaluate its major customers.

The Company measures the allowance for trade receivables at an amount equal to the lifetime ECL. Expected credit losses on trade receivables are estimated using a provision matrix approach, taking into account the

customer's past default history, the customer's current financial condition and the economic condition of the industry in which the customer operates. The allowance for credit losses is established based on the expected loss rate for each group, which is categorised into risk groups based on industry characteristics.

The Company writes off a trade receivable when there is evidence that the debtor is in serious financial difficulty and there is no realistic prospect of recovery, for example when the debtor has gone into liquidation. For trade receivables that have been written off, the Group continues to pursue collection of the amounts due. Where recoveries are made, they are recognised in the income statement.

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

December 31, 2023

	Not Past Due	1 to 60 Days Past Due	61 to 120 Days Past Due	121 to 180 Days Past Due	Over 180 Days Past Due	Total
Gross carrying amount	\$ 380,284	\$ 46,038	\$ 11,514	\$ 2,629	\$ 10,810	\$ 451,275
Loss allowance (Lifetime ECLs)	(<u>522</u>)	(<u>1,344</u>)	(<u>1,446</u>)	(<u>1</u>)	(<u>10,810</u>)	(<u>14,123</u>)
Amortized cost	<u>\$ 379,762</u>	<u>\$ 44,694</u>	<u>\$ 10,068</u>	<u>\$ 2,628</u>	<u>\$ -</u>	<u>\$ 437,152</u>

December 31, 2022

	Not Past Due	1 to 60 Days Past Due	61 to 120 Days Past Due	121 to 180 Days Past Due	Over 180 Days Past Due	Total
Gross carrying amount	\$ 733,167	\$ 51,003	\$ 23,095	\$ 1,542	\$ 4,755	\$ 813,562
Loss allowance (Lifetime ECLs)	(<u>107</u>)	(<u>172</u>)	(<u>706</u>)	(<u>72</u>)	(<u>2,990</u>)	(<u>4,047</u>)
Amortized cost	<u>\$ 733,060</u>	<u>\$ 50,831</u>	<u>\$ 22,389</u>	<u>\$ 1,470</u>	<u>\$ 1,765</u>	<u>\$ 809,515</u>

The movements of the loss allowance of trade receivables were as follows :

	Years Ended December 31	
	2023	2023
Balance , beginning of year	\$ 4,047	\$ 3,356
Add : Provision	9,515	-
Less : Reversal	-	(2,018)
Foreign exchange gains	561	2,709
Balance , end of year	<u>\$ 14,123</u>	<u>\$ 4,047</u>

10、INVENTORIES

	December31,2023	December31,2022
Merchandise	\$ 27,257	\$ 54,841
Finished goods	112,135	140,102
Work in process	32,060	52,098
Raw materials and Supplies	<u>54,332</u>	<u>99,820</u>
	<u>\$225,784</u>	<u>\$346,861</u>

The components of operating costs relating to inventories are as follows:

	Years Ended December 31	
	2023	2023
Operating Costs	<u>\$ 1,180,151</u>	<u>\$ 1,600,946</u>
Write-downs of inventories	<u>\$ 22,767</u>	<u>\$ 18,725</u>

11、NON-CURRENT ASSETS HELD FOR SALE

	December31,2022
Investments in associates held for sale	<u>\$169,642</u>
Investments directly associated with non-current assets held for sale	<u>\$ 3,887</u>

The Company's Board of Directors approved the sale of its entire 21.87% interest in PBT on 14 December 2022 and the sale was completed on 19 May 2023.

12、SUBSIDIARIES

Associates consisted of the following:

Investor	Subsidiaries	Principal Activities	Percentage of Ownership		Remark
			December 31,2023	December 31,2022	
WHA YU	HUA HONG INTERNATIONAL LTD.(HUA HONG)	Investment activities	100%	100%	—
	HANG JIAN TECHNOLOGY CO., LTD.(HANG JIAN)	The application-related business for unmanned aerial vehicles was integrated.	50.12%	50.12%	(1)
	Wha Yu USA Inc.	Consultancy and customer service activities for the local markets of the Internet communication products.	100%	-	(2)
	Wha Yu Vietnam Limited Liability Company	The company is engaged in the manufacture and sale of equipment for the communication systems of the broadband access network	100%	-	(3)

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Investor	Subsidiaries	Principal Activities	Percentage of Ownership		Remark
			December 31,2023	December 31,2022	
HUA HONG	DONGGUAN AEON Tech Co., Ltd. (DONGGUAN AEON)	Production and sales of broadband access network communication system equipment (wireless fixed access network communication equipment), new instrumentation elements (instrumentation connectors)	100%	100%	—
DONGGUAN AEON	AEON TECHNOLOGY (SHANG HAI) CO., LTD.	Wholesales of communication parts, electronic parts, cables, optical fibers and antennas; import and export of self-developed products; provision of supporting and consulting services; development of antennas	100%	100%	(4)

Remark :

1. On 16 October 2004, HANG JIAN was approved by the Ministry of Economic Affairs (MOEA) with a nominal and paid-in capital of NT\$100,000 thousand and NT\$42,500 thousand, respectively, divided into 4,250 thousand shares at NT\$10 per share. WHA YU holds 2,130,000 shares of HANG JIAN, representing a 50.12% shareholding ratio. The application-related business for unmanned aerial vehicles was integrated.
2. On 2 March 2023, the State of California, USA, granted approval to Wha Yu USA Inc., with a nominal and paid-in capital of US\$500,000. The company holds a 100% equity interest in this entity.
3. On 11 September 2023, the Registration and Administration Bureau of the Ministry of Industry and Commerce of Vietnam granted approval for the establishment of Wha Yu Vietnam Limited Liability Company, with a nominal capital of USD5,000 thousand. The company holds a 100% equity interest in this entity. As of 31 December 2023, a total of US\$3,500 thousand has been remitted as capital.
4. In August 2023, the Company's Board of Directors resolved to dispose of and liquidate AEON TECHNOLOGY (SHANG HAI) CO., LTD. As of 31 December 2023, the liquidation has not been completed.

13 、 PROPERTY, PLANT AND EQUIPMENT

Assets used by the Company

	Land	Buildings	Machinery and Equipment	R&D Equipment	Office Equipments	Transportation Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Total
<u>Cost</u>										
Balance at January 1, 2023	\$ 185,606	\$ 711,808	\$ 199,762	\$ 147,124	\$ 56,608	\$ 10,214	\$ 10,530	\$ 197,248	\$ 938	\$ 1,519,838
Additions	-	4,394	7,351	23,508	4,430	927	-	7,640	23,412	71,662
Disposals	-	(102)	(11,309)	(503)	(1,778)	(832)	(10,234)	(24,187)	-	(48,945)
Reclassify	-	-	2,483	-	-	-	-	-	-	2,483
Effect of foreign currency exchange differences	-	(3,726)	(2,285)	(630)	(515)	(151)	(29)	(2,946)	(901)	(11,183)
Balance at December 31, 2023	\$ 185,606	\$ 712,374	\$ 196,002	\$ 169,499	\$ 58,745	\$ 10,158	\$ 267	\$ 177,755	\$ 23,449	\$ 1,533,855
<u>Accumulated depreciation and impairment</u>										
Balance at January 1, 2023	\$ -	\$ 255,221	\$ 131,367	\$ 123,186	\$ 47,760	\$ 8,412	\$ 8,404	\$ 166,736	\$ -	\$ 741,086
Additions	-	28,859	15,370	7,805	4,628	406	267	12,082	-	69,417
Disposals	-	(102)	(4,026)	(503)	(1,738)	(735)	(8,390)	(24,125)	-	(39,619)
Effect of foreign currency exchange differences	-	(2,801)	(1,827)	(518)	(473)	(112)	(22)	(2,698)	-	(8,451)
Balance at December 31, 2023	\$ -	\$ 281,177	\$ 140,884	\$ 129,970	\$ 50,177	\$ 7,971	\$ 259	\$ 151,995	\$ -	\$ 762,433
Carrying amounts at December 31, 2023	\$ 185,606	\$ 431,197	\$ 55,118	\$ 39,529	\$ 8,568	\$ 2,187	\$ 8	\$ 25,760	\$ 23,449	\$ 771,422

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	Land	Buildings	Machinery and Equipment	R&D Equipment	Office Equipments	Transportation Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Total
Cost										
Balance at January 1, 2022	\$ 185,606	\$ 699,227	\$ 188,344	\$ 121,972	\$ 53,439	\$ 9,875	\$ 10,381	\$ 171,787	\$ -	\$ 1,440,631
Additions	-	9,637	10,184	19,707	4,949	-	-	12,477	12,097	69,051
Disposals	-	-	(3,717)	-	(2,071)	-	-	(658)	-	(6,446)
Acquisition by business combination	-	-	2,351	-	129	222	-	148	-	2,850
Disposal of subsidiaries	-	-	-	-	(227)	-	-	-	-	(227)
Reclassify	-	-	919	5,076	-	-	-	11,133	(11,159)	5,969
Effect of foreign currency exchange differences	-	2,944	1,681	369	389	117	149	2,361	-	8,010
Balance at December 31, 2022	<u>\$ 185,606</u>	<u>\$ 711,808</u>	<u>\$ 199,762</u>	<u>\$ 147,124</u>	<u>\$ 56,608</u>	<u>\$ 10,214</u>	<u>\$ 10,530</u>	<u>\$ 197,248</u>	<u>\$ 938</u>	<u>\$ 1,519,838</u>
Accumulated depreciation and impairment										
Balance at January 1, 2022	\$ -	\$ 225,917	\$ 116,605	\$ 116,349	\$ 46,081	\$ 7,746	\$ 7,723	\$ 154,721	\$ -	\$ 675,142
Additions	-	27,418	16,922	6,499	3,566	580	572	10,464	-	66,021
Disposals	-	-	(3,441)	-	(2,065)	-	-	(626)	-	(6,132)
Disposal of subsidiaries	-	-	-	-	(166)	-	-	-	-	(166)
Effect of foreign currency exchange differences	-	1,886	1,281	338	344	86	109	2,177	-	6,221
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 255,221</u>	<u>\$ 131,367</u>	<u>\$ 123,186</u>	<u>\$ 47,760</u>	<u>\$ 8,412</u>	<u>\$ 8,404</u>	<u>\$ 166,736</u>	<u>\$ -</u>	<u>\$ 741,086</u>
Carrying amounts at December 31, 2022	<u>\$ 185,606</u>	<u>\$ 456,587</u>	<u>\$ 68,395</u>	<u>\$ 23,938</u>	<u>\$ 8,848</u>	<u>\$ 1,802</u>	<u>\$ 2,126</u>	<u>\$ 30,512</u>	<u>\$ 938</u>	<u>\$ 778,752</u>

In 2023 and 2022 no impairment loss was recognised or reversed.

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over the estimated useful lives ,as follows:

Buildings	50 years
Electrical System	10 years
Machinery and equipment	3-10 years
R&D equipment	2-10 years
Office equipments	2-5 years
Transportation equipment	5 years
Leasehold improvements	3 years
Other equipment	2-6 years

Plesae refer to Note 33 for the amount of fixed assets pledged to secure loans.

14 、 LEASE ARRANGEMENTS

(A) Right-of-use assets

	<u>December31,2023</u>	<u>December31,2022</u>
Carrying amounts		
Land	\$ 31,318	\$ 32,896
Transportation equipment	<u>229</u>	<u>546</u>
	<u>\$ 31,547</u>	<u>\$ 33,442</u>

	Years Ended December 31	
	2023	2022
Depreciation of right-of-use assets		
Land	\$ 990	\$ 996
Transportation equipment	<u>311</u>	<u>312</u>
	<u>\$ 1,301</u>	<u>\$ 1,308</u>

Please refer to Note 33 for the amount of right-of-use assets pledged to secure loans.

(B) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amounts		
Current portion	<u>\$ 232</u>	<u>\$ 310</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ 236</u>

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Transportation equipment	1.83%	1.83%

(C) Material terms of right-of-use assets

The company has a lease of land use rights in Mainland China, which is valid for a term of 47 years.

(D) Other lease information

	Years Ended December 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 221</u>	<u>\$ 376</u>
Expenses relating to low-value assets	<u>\$ 182</u>	<u>\$ 244</u>
Excluding variable lease payments from measuring lease liabilities	<u>\$ 126</u>	<u>\$ 80</u>
Total cash outflow for leases	<u>(\$ 845)</u>	<u>(\$ 1,019)</u>

15、INVESTMENT PROPERTIES

	<u>Buildings</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 39,894
Disposals	(39,780)
Effect of foreign currency exchange differences	(<u>114</u>)
Balance at December 31, 2023	<u>\$ -</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ 27,368
Additions	296
Disposals	(27,585)
Effect of foreign currency exchange differences	(<u>79</u>)
Balance at December 31, 2023	<u>\$ -</u>
Carrying amounts at December 31, 2023	<u>\$ -</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 39,314
Effect of foreign currency exchange differences	<u>580</u>
Balance at December 31, 2022	<u>\$ 39,894</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2022	\$ 26,268
Additions	715
Effect of foreign currency exchange differences	<u>385</u>
Balance at December 31, 2022	<u>\$ 27,368</u>
Carrying amounts at December 31, 2022	<u>\$ 12,526</u>

On 25 May 2022, AEON TECHNOLOGY (SHANG HAI) CO., LTD. sold investment properties and recognised a gain on disposal of investment properties of NT\$ 57,261 thousand.

The lease terms for investment property range from 1 to 5 years. If the lessee exercises the option to extend the lease, the lessee agrees to adjust the rent in line with the market rent. The lessee has no preferential right to purchase the investment property at the end of the lease term.

Total future lease payments for investment property under operating leases are as follows:

	<u>December31,2023</u>	<u>December31,2022</u>
Year 1	\$ -	\$ 4,669
Year 2	-	3,338
Year 3	-	955
Year 4	-	-
Year 5	-	-
	<u>\$ -</u>	<u>\$ 8,962</u>

Depreciation is provided on a straight-line basis over 20 years. The Company's investment property is located in Xuhui District, Shanghai, China.

The fair value of the investment properties has not been determined by independent valuers and the value per square metre has been determined solely by the Company's management based on similar market transaction prices in neighbouring regions.

	<u>December31,2023</u>	<u>December31,2022</u>
Xuhui District, Shanghai	<u>\$ -</u>	<u>\$ 18,333</u>

16、GOODWILL

	<u>Years Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Cost</u>		
Balance at January 1, 2023	\$ 15,414	\$ -
Acquisition by business combination	-	15,414
Impairment loss	(15,414)	-
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 15,414</u>

17、 INTANGIBLE ASSETS

	Computer Software	Patents	Others	Total
<u>Cost</u>				
Balance at January 1, 2023	\$ 58,158	\$ 3,640	\$ 2,708	\$ 64,506
Additions	1,971	-	-	1,971
Effect of foreign currency exchange differences	(99)	-	-	(99)
Balance at December 31, 2023	<u>\$ 60,030</u>	<u>\$ 3,640</u>	<u>\$ 2,708</u>	<u>\$ 66,378</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2023	\$ 49,564	\$ 780	\$ 2,160	\$ 52,504
Additions	5,996	253	241	6,490
Effect of foreign currency exchange differences	(99)	-	-	(99)
Balance at December 31, 2023	<u>\$ 55,461</u>	<u>\$ 1,033</u>	<u>\$ 2,401</u>	<u>\$ 58,895</u>
Carrying amounts at December 31, 2023	<u>\$ 4,569</u>	<u>\$ 2,607</u>	<u>\$ 307</u>	<u>\$ 7,483</u>
<u>Cost</u>				
Balance at January 1, 2022	\$ 49,597	\$ -	\$ 2,708	\$ 52,305
Additions	7,605	-	-	7,605
Acquisition by business combination	878	3,640	-	4,518
Effect of foreign currency exchange differences	78	-	-	78
Balance at December 31, 2022	<u>\$ 58,158</u>	<u>\$ 3,640</u>	<u>\$ 2,708</u>	<u>\$ 64,506</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2022	\$ 45,494	\$ -	\$ 1,818	\$ 47,312
Additions	3,995	780	342	5,117
Effect of foreign currency exchange differences	75	-	-	75
Balance at December 31, 2022	<u>\$ 49,564</u>	<u>\$ 780</u>	<u>\$ 2,160</u>	<u>\$ 52,504</u>
Carrying amounts at December 31, 2022	<u>\$ 8,594</u>	<u>\$ 2,860</u>	<u>\$ 548</u>	<u>\$ 12,002</u>

The above intangible assets are amortised on a straight-line basis over their estimated useful lives as follows:

Computer Software	1-3 years
Patents	5 years
Others	5-10 years

18、 OTHER ASSETS

	<u>December31,2023</u>	<u>December31,2022</u>
<u>Current</u>		
Temporary payments	\$ 5,470	\$ 4,153
Other prepaid expenses	3,675	4,232
Prepayment for purchases	2,441	5,110
Prepaid income tax	660	-
Prepaid sales tax	-	7,763
Others	<u>552</u>	<u>1,269</u>
	<u>\$ 12,798</u>	<u>\$ 22,527</u>
<u>Non-current</u>		
Prepayment for equipment	<u>\$ 1,824</u>	<u>\$ 2,604</u>

19、 BORROWINGS

(A) Short-term borrowings

	<u>December31,2023</u>	<u>December31,2022</u>
<u>Unsecured borrowings</u>		
Credit Line Borrowing	<u>\$ 61,294</u>	<u>\$ 61,400</u>

Interest rates on revolving bank loans range from 1.35% to 7.10% and from 1.35% to 3.20% at 31 December 2023 and 2022 respectively.

(B) Long-term borrowings

	<u>December31,2023</u>	<u>December31,2022</u>
<u>Secured and Unsecured</u>		
<u>(Note 33)</u>		
Bank Borrowing (Remark 1)	\$ 96,330	\$112,385
Government Professional Bank Borrowing (Remark 2&3)	224,500	266,427
Less:Discounts on government grants	(1,789)	(4,457)
Less:Long-term borrowings- current portion	(<u>68,983</u>)	(<u>57,981</u>)
Long-term borrowings	<u>\$250,058</u>	<u>\$316,374</u>

Remark 1:The long-term borrowings have a grace period of three years from the date of first drawdown in December 2019 for the first instalment of principal, with equal monthly instalments thereafter until December 2029. Interest rates range from 1.5759% to 2.019% and 0.930% to 1.8592% per annum for 2023 and 2022 respectively.

Remark 2: The bank borrowings are government borrowings with preferential interest rates under the 'Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan'. It is our understanding that these will mature in stages before February 2030. We would like to bring your attention to the fact that the annual interest rates are 1.46% to 1.90% minus the government subsidy rate of 0.97% to 1.14% and 1.62% minus the government subsidy rate of 1.13% for bank loans and 0.49% to 0.89% and 0.49% for bank loans and government subsidy rate of 1.13% for bank loans as of 31 December 2023 and 2022, respectively.

Remark 3: Includes secured and unsecured borrowings.

20、OTHER LIABILITIES

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Other payables		
Payable for salaries	\$ 29,276	\$ 32,534
Payable for bonuses	17,291	16,441
Payable for leave benefits	3,638	3,665
Payable for equipment	2,933	5,918
Payable for service	1,497	1,862
Payable for Directors and Employee	-	4,220
Others(Remark 1)	<u>33,991</u>	<u>52,673</u>
	<u>88,626</u>	<u>117,313</u>
<u>Others</u>		
Contract Liabilities	3,559	26,169
Others(Remark 2)	<u>2,412</u>	<u>314</u>
	<u>5,971</u>	<u>26,483</u>
Total	<u>\$ 94,597</u>	<u>\$143,796</u>

Remark 1: Includes commissions, shipping costs, property taxes, interest, insurance premiums and other liabilities.

Remark 2: Includes temporary credits and receipts.

21、RETIREMENT BENEFIT PLANS

(A) Defined contribution plans

The Company's pension plan, which falls under the Labor Pension Act (the "Act"), is a defined contribution plan that is administered by the government. The Company contributes 6% of the employees' monthly wages to their individual accounts at the Bureau of Labor Insurance.

The employees of the Company's subsidiaries in Mainland China are members of a pension plan operated by the Mainland Chinese government. The subsidiary is required to contribute a percentage of its payroll to the plan to fund the plan. The Company's obligation to this government-sponsored pension plan is to contribute only a specified amount.

(B) Defined benefit plans

The Company has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	<u>December 31,2023</u>	<u>December 31,2022</u>
Present value of defined benefit obligation	\$ 15,144	\$ 13,920
Fair value of plan assets	(<u>5,685</u>)	(<u>5,185</u>)
Net defined benefit liability	<u>\$ 9,459</u>	<u>\$ 8,735</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1,2022	<u>\$ 14,164</u>	<u>(\$ 4,417)</u>	<u>\$ 9,747</u>
Net interest expense(income)	<u>73</u>	<u>(31)</u>	<u>42</u>
Recognized in profit or loss	<u>73</u>	<u>(31)</u>	<u>42</u>
Remeasurement			
Return on plan assets(excluding amounts included in net interest)	-	(231)	(231)
Actuarial gain arising from changes in financial assumptions	(1,035)	-	(1,035)
Actuarial loss arising from experience adjustments	<u>718</u>	<u>-</u>	<u>718</u>
Recognized in other comprehensive loss(income)	<u>(317)</u>	<u>(231)</u>	<u>(548)</u>
Contributions from the employer	<u>-</u>	<u>(506)</u>	<u>(506)</u>
Balance at December 31,2022	<u>13,920</u>	<u>(5,185)</u>	<u>8,735</u>
Net interest expense(income)	<u>189</u>	<u>(74)</u>	<u>115</u>
Recognized in profit or loss	<u>189</u>	<u>(74)</u>	<u>115</u>
Remeasurement			
Return on plan assets(excluding amounts included in net interest)	-	(37)	(37)
Actuarial gain arising from changes in financial assumptions	1,098	-	1,098
Actuarial loss arising from experience adjustments	<u>(63)</u>	<u>-</u>	<u>(63)</u>
Recognized in other comprehensive loss(income)	<u>1,035</u>	<u>(37)</u>	<u>998</u>
Contributions from the employer	<u>-</u>	<u>(389)</u>	<u>(389)</u>
Balance at December 31,2023	<u>\$ 15,144</u>	<u>(\$ 5,685)</u>	<u>\$ 9,459</u>

Through the defined benefit plans under the R.O.C. Labor Standards Law, the Company is exposed to the following risks:

- 1)Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the

discretion of the government's designated authorities or under the mandated management. However, under the R.O.C. Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

2)Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

3)Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31,2023</u>	<u>December 31,2022</u>
Discount rates	1.25%	1.36%
Expected rates of salary increase	3.00%	2.50%

It is to be hoped that, if possible, reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31,2023</u>	<u>December 31,2022</u>
Discount rates		
0.25% increase	(\$ 405)	(\$ 391)
0.25% decrease	\$ 421	\$ 406
Expected rates of salary increase		
0.25% increase	\$ 406	\$ 394
0.25% decrease	(\$ 393)	(\$ 382)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31,2023</u>	<u>December 31,2022</u>
Expected contributions to the plans for the next year	\$ <u>45</u>	\$ <u>519</u>
Average duration of the defined benefit obligation	11.12 years	11.68 years

22、EQUITY

(A) Capital stock

	<u>December 31,2023</u>	<u>December 31,2022</u>
Authorized shares (in thousands)	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Issued and fully paid shares (in thousands)	<u>120,481</u>	<u>120,481</u>
Issued capital	<u>\$ 1,204,804</u>	<u>\$ 1,204,804</u>

The par value of issued common shares is NT\$10 per share. A holder of common shares has one vote for each common share and is entitled to receive dividends.

The authorized shares include 2,000 thousand shares allocated for the exercise of employee stock options.

(B) Capital surplus

	<u>December 31,2023</u>	<u>December 31,2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u> <u>(Remark 1)</u>		
Additional paid-in capital	\$115,958	\$115,958
From convertible bonds	77,396	77,396
Treasury share transactions	7,672	7,672
<u>May not be used for any purpose</u>		
Additional paid-in gain on disposal of assets	<u>425</u>	<u>425</u>
	<u>\$201,451</u>	<u>\$201,451</u>

Remark 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year.)

(C) Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company generates a profit at the end of each fiscal year, it shall first allocate funds for tax provisions to cover any deficits, and then set aside 10% as the legal reserve. However, if the legal reserve has already reached the Company's paid-in capital, no further allocation shall be made. If there is any remaining surplus after the special reserve is set aside or reversed in accordance with the law or the regulations of the competent authority, the Board of Directors shall prepare a proposal for the appropriation of the surplus and submit it to the shareholders' meeting for resolution, taking into account the accumulated undistributed surplus from previous years. Refer to note 24-8 for the Company's policy on the distribution of remuneration to employees and directors as set out in the Company's Articles of Association.

The Company's Articles of Association state that the dividend policy shall be consistent with the Company's present and future development plans, capital requirements and long-term financial planning, as well as the Company's business objectives of sustainable operations, the pursuit of the long-term interests of shareholders and stable operating performance, and that the Company shall distribute to shareholders part or all of its distributable profits, including cash dividends of not less than 10% of the distributable dividends for the year.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

As of December 31, 2022, the Company's deficit was to be covered. On June 27, 2022, the stockholders' meeting resolved not to distribute earnings

for fiscal year 2021 and to use legal reserve to cover the deficit of \$13,055 thousand and capital surplus to cover the deficit of \$21,412 thousand.

The appropriation of profit for the year ended 31 December 2023, as resolved by the shareholders at the Annual General Meeting on 19 June 2023, was as follows:

	Years Ended December 31 2022
Legal reserve	<u>\$ 3,398</u>
Cash dividends	<u>\$ 24,096</u>
Cash dividend per share (NT\$)	\$ 0.2

As at 31 December 2023, the company had a loss to be covered. On 15 March 2024, the Board of Directors proposed not to distribute profits and to use the legal reserve to cover a loss of \$3,398 thousand, and capital surplus to cover the loss of \$111,182 thousand.

The appropriation of the loss for the year 2023 is subject to the approval of the Annual General Meeting of Shareholders, which is expected to be held on 26 June 2024.

(D) Special reserves

	Years Ended December 31	
	2023	2022
Beginning and end of year balances	<u>\$104,610</u>	<u>\$104,610</u>

As the increase in retained earnings resulting from the first-time adoption of IFRS was not sufficient to provide for, a special reserve has been created only for the increase in retained earnings of \$104,610 thousand resulting from the transition to IFRS. The special reserve for exchange differences arising on the translation of the financial statements of foreign operating companies (including subsidiaries) is released in proportion to the Company's share of the difference and is released in full when the Company loses its significant influence. When profit is distributed, a special reserve is created for the difference between the net decrease in other equity at the end

of the period and the amount of the special reserve created for the first time under IFRS. If the balance of other equity is subsequently reversed, the reversed portion may be distributed as an appropriation of retained earnings.

(E) Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

Exchange differences arising on the translation of the net assets of foreign operations from their functional currency to the presentation currency, the New Taiwan dollar, are recognised in other comprehensive income as cumulative translation differences on the financial statements of foreign operations. Exchange differences previously arising on the translation of the financial statements of foreign operations are reclassified to profit or loss on disposal of the foreign operations.

2) Unrealized valuation gain (loss) on financial assets at FVTOCI.

	Years Ended December 31	
	2023	2022
Balance at January 1	\$ 6,177	\$ 5,964
Recognized for the year		
Unrealized gain		
-equity instruments	564	213
Balance at December 31	<u>\$ 6,741</u>	<u>\$ 6,177</u>

(F) Non-controlling interests

	Years Ended December 31	
	2023	2022
Balance at January 1	\$ 21,975	\$ 3,029
Net loss for the year	(5,679)	(3,252)
Increase in non-controlling interests from acquisition of HANG JIAN(Note 28)	-	24,939
Decrease in non-controlling interest in return of CLICK capital reduction	-	(2,324)
Disposal of non-controlling interests decreased by CLICK(Note 29)	-	(417)
Balance at December 31	<u>\$ 16,296</u>	<u>\$ 21,975</u>

23、NET REVENUE

	Years Ended December 31	
	2023	2022
Disaggregation of revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 1,401,492</u>	<u>\$ 1,981,157</u>

(A) Contact balances

	December 31,2023	December 31,2022	December 31,2021
Notes and Trade receivables(Note 9)	<u>\$ 438,409</u>	<u>\$ 810,540</u>	<u>\$ 577,006</u>
Contact liabilities(Note20)			
Sale of goods	<u>\$ 3,559</u>	<u>\$ 26,169</u>	<u>\$ 19,848</u>

(B) Disaggregation of revenue

Product	Years Ended December 31	
	2023	2022
Wireless radio communication devices	\$ 1,116,424	\$ 1,623,506
Electronic and optical communication components	219,894	241,699
Electronic signal connection devices	59,568	107,565
Electronic products	<u>5,606</u>	<u>8,387</u>
	<u>\$ 1,401,492</u>	<u>\$ 1,981,157</u>

Geography	Years Ended December 31	
	2023	2022
Asia	\$ 1,314,116	\$ 1,908,803
America	84,267	69,240
Europe	3,109	3,102
Other	<u>-</u>	<u>12</u>
	<u>\$ 1,401,492</u>	<u>\$ 1,981,157</u>

24、NET CONTINUING OPERATING PROFIT

(A) Other Gains And Losses, Net

	Years Ended December 31	
	2023	2022
Gain (Loss) from disposal of property, plant and equipment	<u>(\$ 51)</u>	<u>\$ 93</u>

(B) Interest Income

Years Ended December 31

	2023	2022
Bank deposits	<u>\$ 8,065</u>	<u>\$ 1,798</u>
(C) Other Income		
	Years Ended December 31	
	2023	2022
Rental Income		
Others	\$ 2,432	\$ 2,442
Investment Properties		
(Note 15)	1,521	4,723
Deferred Income from		
Government Grants	1,947	3,882
Compensation Income		
(Note 32)	\$ 600	\$ 52,077
Income from Government Grants	45	108
Others	<u>14,120</u>	<u>20,000</u>
	<u>\$ 20,665</u>	<u>\$ 83,232</u>
(D) Other Gains and Losses		
	Years Ended December 31	
	2023	2022
Gains on disposals of investment		
property	\$ 57,261	\$ -
Foreign exchange gain, Net	13,831	37,540
Gain on disposal of investments	3,887	-
Impairment loss of Non-Financial		
assets	(15,414)	(102,219)
Others	(2,974)	(996)
	<u>\$ 56,591</u>	<u>(\$ 65,675)</u>
(E) Finance costs		
	Years Ended December 31	
	2023	2022
Interest on Bank Loans	\$ 13,147	\$ 7,604
Interest on Lease liabilities	<u>7</u>	<u>5</u>
	<u>\$ 13,154</u>	<u>\$ 7,609</u>

(F) Depreciation and amortisation

	Years Ended December 31	
	2023	2022
Property, plant and equipment	\$ 69,417	\$ 66,021
Right-of-use Assets	1,301	1,308
Investment Properties	296	715
Intangible Assets	<u>6,490</u>	<u>5,117</u>
Total	<u>\$ 77,504</u>	<u>\$ 73,161</u>
An analysis of depreciation		
by function		
Operating costs	\$ 45,751	\$ 44,398
Operating expenses	<u>25,263</u>	<u>23,646</u>
	<u>\$ 71,014</u>	<u>\$ 68,044</u>
An analysis of amortisation		
by function		
Operating costs	\$ 916	\$ 641
Selling and marketing expenses	695	292
General and administrative expenses	1,729	2,262
Research and development expenses	<u>3,150</u>	<u>1,922</u>
	<u>\$ 6,490</u>	<u>\$ 5,117</u>

(G) Employee benefits expense

	Years Ended December 31	
	2023	2022
Short-term benefits	<u>\$401,054</u>	<u>\$440,890</u>
Post-employment benefits (Note21)		
Defined contribution plan	11,002	10,114
Defined benefit plans	<u>115</u>	<u>42</u>
	<u>11,117</u>	<u>10,156</u>
Other employee benefits	<u>14,375</u>	<u>17,028</u>
Total	<u>\$426,546</u>	<u>\$468,074</u>
An analysis of employee		
benefits expense by		
function		
Operating costs	\$178,217	\$231,207
Operating expenses	<u>248,329</u>	<u>236,867</u>
	<u>\$426,546</u>	<u>\$468,074</u>

(H) Compensation of employees and remuneration of directors

In accordance with the Company's Articles of Association, between 10% and 20% of the Company's profit before tax, before deduction of employee and director emoluments, is appropriated to employees and no more than 3% of the Company's director emoluments for the current year.

The net loss before tax for the year 2023 has not been the subject of an estimate for employee remuneration and directors' remuneration.

The estimated employee and director remuneration for the 2022 financial year was approved by the Board of Directors on 27 March 2023 as follows:

Accrual rate

	Years Ended December 31 2022
Compensation of employees	10%
Remuneration of directors	3%

Amount

	Years Ended December 31 2022
	Cash
Compensation of employees	\$ 3,246
Remuneration of directors	\$ 974

If there is a change in the amounts after the consolidated financial statements are authorised for issue, the differences are recorded as changes in accounting estimates and adjusted in the following year.

There is no difference between the actual amount of employee and director remuneration paid and the amounts recognised in the financial statements for the years ended 31 December 2022 and 2021.

In the 2021 financial year, the net loss before tax was not estimated and therefore the employee and director remuneration was not estimated.

For information on the remuneration of employees and directors as determined by the Board of Directors, please refer to the Market Observation Post System website of the Taiwan Stock Exchange.

(I) Exchange of foreign currencies

	Years Ended December 31	
	2023	2022
Foreign Exchange Gain	\$ 39,075	\$ 65,944
Foreign Exchange Loss	(25,244)	(28,404)
Net Gains	<u>\$ 13,831</u>	<u>\$ 37,540</u>

25、INCOME TAX

(A) Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	Years Ended December 31	
	2023	2022
Current income tax expense		
Current tax expense		
recognized in the current		
year	\$ 3,140	\$ -
Income tax adjustments on		
prior years	-	(5,187)
In respect of the current year	<u>\$ 3,140</u>	<u>(\$ 5,187)</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	Years Ended December 31	
	2023	2022
Income before tax	(<u>\$122,604</u>)	<u>\$ 24,989</u>
Income tax expense at the		
statutory rate	(\$ 10,110)	\$ 4,621
Deductible benefit for tax purposes	(5,534)	(398)
Deductible expenses for tax purposes	(20,444)	-
Taxable income for tax purposes	6,548	4,177
Temporary difference	(8,934)	1,857
Income tax credits	41,614	(10,257)
Adjustments for prior year's tax	-	(5,187)
Income tax expense		
recognized in profit or loss	<u>\$ 3,140</u>	<u>(\$ 5,187)</u>

(B) Income tax examination

The tax authorities have examined income tax returns of the Company through 2021.

26、EARNINGS PER SHARE

	Years Ended December 31	
	2023	2022
Basic and Diluted EPS	(\$ <u>1.00</u>)	\$ <u>0.28</u>

The profit and weighted average number of ordinary shares in issue used in the calculation of earnings per share are as follows:

Net Profit for the Year

	Years Ended December 31	
	2023	2022
Earnings used in the computation of basic and diluted earnings per share	(\$ <u>120,065</u>)	\$ <u>33,428</u>

The weighted average number of ordinary shares in issue was as follows (in thousands):

	Years Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	120,481	120,481
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>-</u>	<u>176</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>120,481</u>	<u>120,657</u>

The company will make a loss for the year. The inclusion of the effect of employee share options would have an anti-dilutive effect and has therefore been excluded from the calculation of diluted earnings per share.

The company may settle employee share awards in cash or shares and therefore the company assumes that all awards will be settled in shares and the

resulting potential shares are included in the weighted average number of shares outstanding used in the calculation of diluted earnings per share as the effect is dilutive. The dilutive effect of the potential shares is included in the calculation of diluted earnings per share until the number of shares to be issued to employees is determined in the following year.

27、GOVERNMENT GRANTS

As of 31 December 2023, the Company has received a preferential government loan of NT\$226,289 thousand from the “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” for capital expenditure and operating turnover. The loan will be repaid in full in instalments over a period of five to ten years. At the time of borrowing, the market interest rate was 1.23% and 0.97% respectively. Based on this, the fair value of the loan is estimated to be NT\$224,500 thousand. The difference between the amount obtained and the fair value of the loan is NT\$1,789 thousand, which is regarded as a government low-interest loan and recognized as deferred income.

28、BUSINESS COMBINATIONS

(A) Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired(%)	Consideration transferred
HANG JIAN TECHNOLOGY CO., LTD.(HANG JIAN)	The application-related business for unmanned aerial vehicles was integrated.	April ,2022	50.12	<u>\$ 40,470</u>

In order to expand the Company's diversified business and combine the development of unmanned carrier and antenna products, the Company participated in the capital increase of HANG JIAN with cash in March 2022 and completed the relevant business registration procedures in April.

(B) Consideration transferred

Cash paid	<u>HANG JIAN</u> <u>\$ 40,470</u>
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(C) Assets acquired and liabilities assumed at the date of acquisition

	<u>HANG JIAN</u>
Current Assets	
Cash and cash equivalents	\$ 37,805
Notes and Trade receivables	1,578
Income tax assets for the period	49
Inventories	3,998
Prepayments and Other Current Assets	220
Non-Current Assets	
Property, Plant, and Equipment	2,850
Intangible Assets	4,518
Refundable deposits	1,347
Current Liabilities	
Other payables	(262)
Long-term Borrowings-Current Portion	(902)
Accrued expenses and Other Current Liabilities	(641)
Non-Current Liabilities	
Long-term Borrowings	(565)
	<u>\$ 49,995</u>

(D) Non-controlling interests

The non-controlling interest in HANG JIAN was quantified as net equity at the time of acquisition, representing 49.88% ownership interest.

(E) Goodwill resulting from the acquisition of assets

	<u>HANG JIAN</u>
Consideration transferred	\$ 40,470
Add : Non-controlling interests	24,939
Less : Fair value of identifiable net assets acquired	(49,995)
Goodwill arising from acquisitions	<u>\$ 15,414</u>

(F) Net cash inflow on the acquisition of subsidiaries

	<u>HANG JIAN</u>
Consideration paid in cash	\$ 40,470
Less: Cash and Cash Equivalent Balance.	(37,805)
	<u>\$ 2,665</u>

29 、 DISPOSAL OF SUBSIDIARY

The sale of the entire 76.77% stake in CLICK and the loss of control of CLICK occurred in June 2022.

(A) Consideration transferred

	<u>CLICK</u>
Cash and cash equivalents	<u>\$ 1,379</u>

(B) An analysis of the assets and liabilities in the event of a loss of control.

	<u>CLICK</u>
Current Assets	
Cash and cash equivalents	\$ 1,136
Trade receivables	512
Inventories	986
Other receivables	2
Others	429
Non-Current Assets	
Property, plant, and equipment	61
Intangible assets	13
Refundable deposits	<u>63</u>
	<u>3,202</u>
Current Liabilities	
Trade payables	(\$ 4)
Other accrued expenses payable	(1,056)
Others	(327)
Non-current liabilities	
Deferred revenue	(11)
Guarantee deposits	<u>(8)</u>
	<u>(1,406)</u>
Net assets disposed	<u>\$ 1,796</u>

(C) Gain of subsidiary

	<u>CLICK</u>
Consideration received	\$ 1,379
Add: Non-controlling interests	417
Less: Fair value of identifiable net assets acquired	<u>(1,796)</u>
Gain (Loss) from disposal	<u>\$ -</u>

(D) Net cash inflow on the disposal of subsidiary

	<u>CLICK</u>
Consideration received in Cash and cash equivalent	\$ 1,379
Less : Cash and Cash Equivalent Balance.	<u>(1,136)</u>
	<u>\$ 243</u>

30、CAPITAL MANAGEMENT

The company manages its capital to ensure that it is able to maximise returns to shareholders by optimising its debt and equity balances on a going concern basis. There have been no significant changes to the Company's overall strategy.

The Company's capital structure consists of the Company's equity (i.e. share capital, share premium, retained earnings and other equity items).

The Company is not subject to any other external capital requirements.

31、FINANCIAL INSTRUMENTS

(A) Fair value of financial instruments not measured at fair value

Management believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value approximate their fair values.

(B) Fair value of financial instruments measured at fair value on a recurring basis.

1) Fair value hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investments in equity instruments				
— Unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 35,101</u>	\$ <u> 35,101</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>FVTOCI</u>				
Investments in equity instruments				
— Unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 34,537</u>	\$ <u> 34,537</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31,2023

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1,2023	\$ 34,537
Recognized in other comprehensive income	564
Balance at December 31,2023	<u>\$ 35,101</u>

For the year ended December 31,2022

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1,2022	\$ 35,564
Recognized in other comprehensive income	213
Capital reduction and return of shares	(1,240)
Balance at December 31,2022	<u>\$ 34,537</u>

- 3) Valuation techniques and inputs applied for Level 3 fair value measurement.

Taiwan's unquoted equity investments are valued using the income approach. The income approach is based on the expected future earnings of the underlying assets discounted at the cash flow rate using an annual discount rate, and the cash flow rate is projected over five years using a flat growth rate to calculate the present value of the expected earnings to be generated by the investment.

(C) Categories of financial instruments

	<u>December 31,2023</u>	<u>December 31,2022</u>
<u>Financial assets</u>		
Amortized cost(Remark 1)	\$ 963,629	\$ 1,091,805
Financial assets at FVTOCI		
Equity instruments	35,101	34,537
<u>Financial liabilities</u>		
Amortized cost(Remark 2)	647,895	924,564

Remark 1: The balances include financial assets at amortized cost, which comprise cash, cash equivalents, financial assets at amortized cost ,

notes and trade receivables, other receivables and refundable deposits. Those reclassified to held-for-sale disposal groups are also included.

Remark 2: The balances include financial liabilities at amortized cost, which comprise Short-term borrowings, long-term borrowings-current portion, long-term borrowings ,notes and trade payable, other payables and guarantee deposits. Those reclassified to held-for-sale disposal groups are also included.

(D) Financial risk management objectives and policies

The Company's principal financial instruments include equity, cash, notes and accounts receivable, bank borrowings and notes and accounts payable. The company's financial management department supports each business unit in monitoring and managing the financial risks associated with the company's operations through internal risk reports that analyse risks according to their degree and breadth. These risks include market risk (including foreign exchange and interest rate risk), credit risk and liquidity risk.

The Company uses derivative financial instruments to hedge its exposures and to mitigate the effects of these exposures. The use of derivative financial instruments is governed by policies approved by the Board of Directors, which cover foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and written policies for the investment of excess liquidity. Compliance with these policies and the level of risk are monitored on an ongoing basis by the internal auditors. The Company has not traded financial instruments (including derivative financial instruments) for speculative purposes.

The Financial Management Department reports quarterly to the Company's Board of Directors, an independent body responsible for monitoring risk and implementing risk mitigation strategies.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) , interest rates (see (2) below) and other prices. (see (3) below)

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

(1) Foreign currency risk

The Company is exposed to foreign exchange risk from sales and purchases denominated in foreign currencies.

The Company balances net assets and liabilities in foreign currencies using economic hedges to avoid fluctuations in future cash flows due to changes in exchange rates.

The carrying amounts of monetary assets and liabilities denominated in non-functional currencies at the balance sheet date are disclosed in Note 34.(Monetary items that include non-functional currency-denominated items that have been eliminated in the consolidated financial statements.)

Sensitivity analysis

The Company is primarily affected by fluctuations in the exchange rates of the USD and the RMB.

The following table details the Company's sensitivity to a 1% increases and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity analysis takes into account monetary items in foreign currencies in circulation and adjusts the period-end translation for a 1% change in exchange rates. The following table shows the changes in profit before tax that would occur if the functional currency were to weaken by 1% against the respective currencies. The sensitivity analysis includes cash, trade and other receivables, short-term borrowings, trade payables and other payables.

	USD Impact		RMB Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Profit or loss	\$ 4,087(i)	\$ 6,196(i)	\$ 266 (ii)	\$ 406 (ii)

- (i) This arises mainly from the Company outstanding USD-denominated receivables, payables and borrowings at the balance sheet date, which are not hedged against cash flows.
- (ii) Mainly due to the Company's RMB-denominated receivables and payables outstanding at the balance sheet date which are not hedged against cash flows.

(2) Interest rate risk

Interest rate risk arises when the Company borrows funds at both fixed and floating rates. The Company manages its interest rate risk by maintaining an appropriate mix of fixed and floating rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting periods were as follows:

	December 31 2023	December 31 2022
Fair value interest rate risk		
Financial assets	\$ 12,307	\$ -
Financial liabilities	232	546
Cash flow interest rate risk		
Financial assets	509,315	272,825
Financial liabilities	380,335	435,755

Sensitivity analysis

The following sensitivity analyses are based on the interest rate risk of non-derivative instruments at the balance sheet date. For floating rate assets and liabilities, the analysis assumes that the amounts of assets and liabilities outstanding at the balance sheet date were outstanding during the period.

If interest rates had increased or decreased by 1%, the Company's pre-tax net (loss) income would have decreased by NT\$1,290 thousand and NT\$1,629 thousand for the years ended 31 December 2023 and 2022, respectively, primarily due to the Company's exposure to interest rate risk on its variable rate net assets and liabilities, with all other variables held constant.

(3) Other price risk

The Company's equity instruments are exposed to price risk primarily from investments in financial assets at fair value through other comprehensive income.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk at the balance sheet date.

If equity prices had been 0.1% higher/lower, the post-tax other comprehensive income for the years ended 31 December 2023 and 2022 would have increased/ decreased by NT\$351 thousand and NT\$345 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk is the risk of financial loss resulting from the failure of counterparties to meet their contractual obligations. At the balance sheet date, the Company's maximum exposure to credit risk (not taking into account collateral or other credit enhancement instruments and not taking into account the maximum amount of irrevocable commitments), which could result in financial loss due to the failure of counterparties to meet their contractual obligations, and the Company's provision of financial guarantees, was mainly attributable to the following:

- (1) The carrying amount of consolidated financial assets recognised in each balance sheet.
- (2) The amount of contingent liabilities arising from financial guarantees issued by the Company.

The Company uses other publicly available financial information and mutual transaction records to evaluate major customers. The Company monitors credit risk and counterparty creditworthiness on an ongoing basis and spreads total transaction amounts across creditworthy customers and controls credit risk through counterparty credit limits which are reviewed and approved by management on an annual basis.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As at 31 December 2023 and 2022, the Company's unused short-term bank facilities amounted to NT\$777,519 thousand and NT\$812,475 thousand, respectively.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including principal and interest.

December 31, 2023

	On Demand or Less than 1 Month	1~3 Months	3 Months to 1 Year	More Than 1 Years	Total
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 61,294	\$ -	\$ -	\$ -	\$ 61,294
Long-term borrowings - current portion	5,749	17,246	45,988	250,058	319,041
Notes and Trade payable to unrelated parties	72,828	109,770	42,034	2,505	227,137
Lease liabilities	26	52	156	-	234
Accrued expenses and other current liabilities	39,415	64	507	-	39,986
	<u>\$ 179,312</u>	<u>\$ 127,132</u>	<u>\$ 88,685</u>	<u>\$ 252,563</u>	<u>\$ 647,692</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less Than 1 Year	1-5 Years	More Than 5 Years	Total
Variable interest rate liabilities	\$ 130,277	\$ 203,219	\$ 46,839	\$ 380,335
Lease liabilities	234	-	-	234
	<u>\$ 130,511</u>	<u>\$ 203,219</u>	<u>\$ 46,839</u>	<u>\$ 380,569</u>

December 31, 2022

	On Demand or Less than 1 Month	1~3 Months	3 Months to 1 Year	More Than 1 Years	Total
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ -	\$ 61,400	\$ -	\$ -	\$ 61,400
Long-term borrowings - current portion	2,449	10,634	44,898	316,374	374,355
Notes and Trade payable to unrelated parties	103,781	185,067	131,277	1,507	421,632
Lease liabilities	26	53	238	238	555
Accrued expenses and other current liabilities	65,261	416	937	-	66,614
	<u>\$ 171,517</u>	<u>\$ 257,570</u>	<u>\$ 177,350</u>	<u>\$ 318,119</u>	<u>\$ 924,556</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less Than 1 Year	1-5 Years	More Than 5 Years	Total
Variable interest rate liabilities	\$ 119,381	\$ 227,094	\$ 89,280	\$ 435,755
Lease liabilities	317	238	-	555
	<u>\$ 119,698</u>	<u>\$ 227,332</u>	<u>\$ 89,280</u>	<u>\$ 436,310</u>

32、RELATED PARTY TRANSACTIONS

The significant transactions between the Company and its related parties, other than those disclosed in other notes, are summarized as follows:

(A) Related party name and categories

<u>Related Party Name</u>	<u>Related Party Categories</u>
LIN CHI SHENG	Key management personnel (Non-related party since June 10,2022)

(B) Others

	<u>General and administrative Years Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Key management personnel	<u>\$ -</u>	<u>\$ 29</u>

	Other Income	
	Years Ended December 31	
	2023	2022
LIN CHI SHENG	\$ -	\$ 52,077

Leases between related parties, including determining and collecting rental payments, are consistent with standard leases.

The Company's directors, Mr LIN,CHI-SHENG (who has resigned from the Board with effect from 10 June 2022), Mr CHANG,HUNG-YI and Mr PENG,CHAO-CHANG, have been indicted by the Hsinchu District Prosecutor's Office in Taiwan for allegedly violating the Securities and Exchange Act. The Company has filed a criminal and ancillary civil lawsuit with the Hsinchu District Court in Taiwan against the above named defendants for alleged violation of the Securities and Exchange Act and has requested the above named defendants to compensate the Company for losses of US\$3,686 thousand and NT\$6,934 thousand, which has been referred to the civil court for adjudication. Compensation income of NT\$600 thousand and NT\$52,077 thousand was recognised in fiscal years 2023 and 2022, respectively.

(C) Remuneration of key management personnel

	Years Ended December 31	
	2023	2022
Short-term employee benefits	\$ 25,480	\$ 27,411
Post-employment benefits	758	987
Other benefits	1,110	766
	<u>\$ 27,348</u>	<u>\$ 29,164</u>

The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and market trends.

(D) Endorsement and Guarantee provided

Please refer to Attachment 35 for the Status of Endorsement and Guarantee.

33、 ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, tariff guarantee for imported raw material:

	<u>December31,2023</u>	<u>December31,2022</u>
Buildings	\$405,329	\$426,965
Freehold Land	185,606	185,606
Right-of-use Assets	<u>31,318</u>	<u>32,896</u>
	<u>\$622,253</u>	<u>\$645,467</u>

34、 SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was summarized according to the foreign currencies other than the functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	<u>Foreign Currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 16,879	30.7050	\$ 518,270
RMB	6,597	4.3270	28,545
JPY	15,720	0.2172	3,414
HKD	435	3.9290	<u>1,709</u>
			<u>\$ 551,938</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	3,569	30.7050	\$ 109,586
RMB	442	4.3270	1,913
JPY	17,291	0.2172	<u>3,756</u>
			<u>\$ 115,255</u>

(Continued on the next page)

(Continued from the previous page)

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 22,878	30.7100	\$ 702,583
RMB	9,902	4.4080	43,648
JPY	25,455	0.2324	5,916
HKD	434	3.9380	1,709
			<u>\$ 753,856</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 2,703	30.7100	\$ 83,009
RMB	695	4.4080	3,064
JPY	25,398	0.2324	5,902
			<u>\$ 91,975</u>

The company is mainly exposed to the USD and the RMB. The following information is presented in summary form based on the functional currencies of the individuals who hold foreign currencies. The disclosed exchange rates represent the rates at which the functional currencies are translated into the presentation currency. The significant realised and unrealised foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2023		2022	
Functional Currency	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gain (Loss)	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD : NTD)	\$ 14,214	1 (NTD : NTD)	\$ 41,384
RMB	4.396 (RMB : NTD)	(<u>383</u>)	4.422 (RMB : NTD)	(<u>3,844</u>)
		<u>\$ 13,831</u>		<u>\$ 37,540</u>

35 、 ADDITIONAL DISCLOSURES

(A) Following are the additional disclosures required by the Securities and Futures Bureau for the Company:

- 1) Lending Funds to Other Parties: See Table 1 attached.
- 2) Endorsement/guarantee provided: See Table 2 attached.

- 3) Marketable securities held (excluding investments in subsidiaries and associates) : See Table 3 attached.
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 - 6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: See Table 4 attached.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - 9) Information about the derivative financial instruments transaction: None.
 - 10) Information about the intercompany relationships and significant intercompany transactions: See Table 6 attached.
- (B) Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in mainland China) : See Table 5 attached.
- (C) Information on investment in mainland China
- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 7 attached.
 - 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: See Table 6 attached.

(D) Information of major shareholder: List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: None.

36、OPERATING SEGMENTS INFORMATION

The information provided to the chief operating decision maker for the purpose of allocating resources and evaluating departmental performance is focused on each type of product or service delivered or provided. The Company's reportable segments are as follows:

(a) The Business Division of Wireless Radio Communication Devices and Electronic Signal Connection Devices.

(b) The Business Division of Trading Agent Parts and Accessories.

The operating department profit or loss of the company is primarily gauged by operating profit or loss and serves as a foundation for performance evaluation. Furthermore, there are no material inconsistencies between the accounting policies employed by the operating departments and the significant accounting policies set forth in Note 4.

(A) Departmental Revenue and Operating Results

The following section presents a detailed analysis of the revenues and results of operations of the Company's continuing business units, disaggregated by reportable segment:

	Departmental Revenue		Department profit and loss	
	Years Ended December 31		Years Ended December 31	
	2023	2022	2023	2022
Wireless radio communication devices、Electronic signal connection devices and Electronic products	\$ 1,245,837	\$ 1,808,282	\$ 203,768	\$ 359,891
Trading Agent Parts and Accessories	155,655	172,875	17,573	20,320
Continuing Operating Units	<u>\$ 1,401,492</u>	<u>\$ 1,981,157</u>	221,341	380,211
Unapportioned amount:				
Operating expenses			(416,061)	(372,772)
Other gains and losses			(51)	93
Non-operating income and expenses			72,167	17,457
Profit Before Income Tax			(<u>\$ 122,604</u>)	<u>\$ 24,989</u>

Departmental revenue is defined as the profit earned by each department, with the exclusion of allocable operating expenses, non-operating income

and gains, as well as non-operating expenses and losses. This measurement is provided to the chief operating decision maker for the purpose of allocating resources to the departments and evaluating their performance.

(B) Total assets of the department

The measurement amounts of the Company's assets have not been provided to the chief operating decision maker, therefore the measurement amounts of segment assets are zero.

(C) Revenue from major products

The following is an analysis of the Company's revenue from continuing operations from its major products.

Product	Years Ended December 31	
	2023	2022
Wireless radio communication devices	\$ 1,116,424	\$ 1,623,506
Electronic and optical communication components	219,894	241,699
Electronic signal connection devices	59,568	107,565
Electronic products	<u>5,606</u>	<u>8,387</u>
	<u>\$ 1,401,492</u>	<u>\$ 1,981,157</u>

(D) Geographic information

The Company's revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed as follows:

	Revenue from External Customers		Non-current Assets	
	Years Ended December 31		December 31	
	2023	2022	2023	2022
Asia	\$ 834,175	\$ 1,293,915	\$ 152,570	\$ 182,531
Taiwan	479,941	614,888	661,467	673,148
America	84,267	69,240	-	-
Europe	3,109	3,102	-	-
Other	<u>-</u>	<u>12</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,401,492</u>	<u>\$ 1,981,157</u>	<u>\$ 814,037</u>	<u>\$ 855,679</u>

Non-current assets include property, plant and equipment and other assets. Non-current assets exclude long-term investments accounted for using the equity method and financial assets at FVTOCI.

(E) Information on major customers

Single customers contributing 10% or more to the Company's revenue were as follows:

Customers	Years Ended December 31			
	2023		2022	
	Amount	% to Total	Amount	% to Total
Customer B	\$ 302,405	22	\$ 596,220	30
Customer A	128,603	9	239,902	12
	<u>\$ 431,008</u>		<u>\$ 836,122</u>	

TABLE 1

WHA YU INDUSTRIAL CO., LTD.
LENDING FUNDS TO OTHER PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 3)	Note
													Item	Value			
1	Hua Hong International Co., Ltd.	WHA YU	Other receivables	Yes	\$ 99,521	\$ 99,521	\$ 99,521	2.5%	Short-term financing funds	\$ -	Operating capital	\$ -	—	\$ -	\$ 289,031	\$ 289,031	—

Note 1 : The lending of funds by the Company to an individual entity shall not exceed 10% of the Company's net value; the lending of funds by an overseas subsidiary to an individual entity shall not exceed 15% of the net value of the subsidiary.

Note 2 : The total amount of funds lent by the Company shall not exceed 40% of its net value; and the total amount of funds lent by an overseas subsidiary shall not exceed 40% of the net value of the subsidiary

Note 3 : There is no restriction on short-term financing between affiliates in which the Company directly or indirectly holds 100% of the voting shares, provided that the total loan amount and the individual loan amount do not exceed 60% of the net value of such affiliates.

TABLE 2

WHA YU INDUSTRIAL CO., LTD.
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name of Company	Relationship										
0	WHA YU	DONGGUAN AEON Tech Co., Ltd.	Subsidiary with 100% indirect shareholding	\$ 656,558 (Note 2)	\$ 61,410 (US\$ 2,000 thousand)	\$ 61,410 (US\$ 2,000 thousand)	\$ -	\$ -	4.68%	\$ 656,558	Yes	No	Yes
		DONGGUAN AEON Tech Co., Ltd.	Subsidiary with 100% indirect shareholding	656,558 (Note 2)	92,115 (US\$ 3,000 thousand)	92,115 (US\$ 3,000 thousand)	61,410	-	7.01%	656,558	Yes	No	Yes

Note 1 : The Company's limit on endorsements and guarantees provided for a single entity shall not exceed 20% of the current net value.

Note2 : The Company's 100%-owned subsidiaries are not subject to the aforementioned limit on endorsements and guarantees for single entity. °

Note3 : The total amount of the Company's external endorsements and guarantees shall not exceed 50% of the net value of the current period.

Note4 : The relevant figures in this table that are denominated in foreign currencies are translated into New Taiwan dollars using the exchange rates prevailing on the date of the financial statements.

TABLE 3

WHA YU INDUSTRIAL CO., LTD.

MARKETABLE SECURITIES HELD

December 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Marketable Securities Type	Marketable Securities Name	Relationship with the Company	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Fair Value	
Non-publicly traded equity investments-Stocks	Ubiik Inc. Common Stock	—	Financial assets at fair value through other comprehensive income - Non-current	672,000	\$ 35,101	3.00	\$ 35,101	—

TABLE 4

WHA YU INDUSTRIAL CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms			Ending Balance	% to Total	
							Unit Price	Payment Terms			
WHA YU	DONGGUAN AEON	Subsidiary	Purchases	\$600,893	65	Net 90 days from the end of the month of when invoice is issued	Note	-	(\$ 88,923)	55	—

TABLE 5

WHA YU INDUSTRIAL CO., LTD.

INFORMATION ON INVESTEEES (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee(Note 2)	Profits/Losses of Investee (Note 2)	Note
				December 31, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership	Carrying Value(Note 2)			
WHA YU INDUSTRIAL CO., LTD.	HUA HONG INTERNATIONAL LTD.	Republic of Mauritius	Investment activities	\$ 230,226 (US\$ 7,498 Thousand)	\$ 230,264 (US\$ 7,498 Thousand)	7,498,093	100	\$ 482,491	\$ 41,296	\$ 41,296	Subsidiary
	HANG JIAN TECHNOLOGY CO., LTD.	Hsin-Chu, Taiwan	The application-related business for unmanned aerial vehicles was integrated.	40,470	40,470	2,130,000	50.12	16,373	(11,385)	(5,705)	Subsidiary
	Wha Yu USA Inc.	U.S.A.	Consultancy and customer service activities for the local markets of the Internet communication products.	15,353 (US\$ 500 Thousand)	-	500,000	100	9,433	(6,107)	(6,107)	Subsidiary
	Wha Yu Vietnam Limited Liability Company	Vietnam	The company is engaged in the manufacture and sale of equipment for the communication systems of the broadband access network.	107,468 (US\$ 3,500 Thousand)	-	-	100	99,888	(1,813)	(1,813)	Subsidiary
	PRO BRAND TECHNOLOGY, INC.(PBT)	Cayman Islands	The company deals in a variety of downconverters, multiplexers, and electronic components.	-	276,200	- (Note 3)	- (Note 3)	- (Note 3)	-	-	Associate

Note 1: Amounts in this table denominated in foreign currencies have been translated into New Taiwan Dollars at the exchange rates prevailing at the balance sheet date.

Note 2:Based on audited financial statements.

Note 3: Successful completion of the sale of the stake in PBT on 19 May 2023.

WHA YU INDUSTRIAL CO., LTD.

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statements Accounts	Amount	Payment Terms (Note 2)	% of Total Sales or Assets
0	WHA YU	Hua Hong International Co., Ltd. DONGGUAN AEON Tech Co., Ltd.	1 1	Other payables to related parties	\$ 3,824	—	-
				Sales	33,680	—	2%
				Purchases	600,893	—	43%
				Trade receivables from related parties	5,565	—	-
				Other receivables from related parties	30	—	-
				Other payables to related parties	46	—	-
				Trade payables to related parties	88,923	—	4%

Note1: No.1 represents the transaction between the parent company.

Note2: The prices of goods sold to related parties are determined by both parties with reference to the market price. The terms of payment are identical to those applied to non-related parties, although they are contingent upon the cash flow requirements of the subsidiaries.

The company does not engage in the purchase of goods from other suppliers due to the absence of a market price that can be used for comparison. The transaction price is determined by both parties with reference to the market price, and the payment terms are identical to those applied to other customers.

TABLE 7

WHA YU INDUSTRIAL CO., LTD.

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investm ent	Accumulated Outflow Remittance for Investment from Taiwan as of January 1, 2023	Amount of Investments Remitted or Repatriated for the Period		Accumulated Outflow Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Remitted	Repatriated							
DONGGUAN AEON Tech Co., Ltd.	Production and sales of broadband access network communication system equipment (wireless fixed access network communication equipment), new instrumentation elements (instrumentation connectors)	RMB78,767 thousand (US\$ 11,100 thousand) Note 3	(Note 1)	US\$ 5,600 thousand	\$ -	\$ -	US\$ 5,600 thousand	RMB 220 thousand	100%	RMB 220 thousand	RMB85,061 thousand	\$ -	—
AEON TECHNOLOGY (SHANG HAI) CO., LTD.	Wholesales of communication parts,electronic parts, cables, optical fibers and antennas; import and export of self-developed products; provision of supporting and consultating services; development of antennas	RMB42,364 thousand (US\$5,970 thousand) Note 4	(Note 1)	US\$ 1,250 thousand	-	-	US\$ 1,250 thousand	RMB2,314 thousand	100%	RMB2,314 thousand	RMB18,229 thousand	-	—

Accumulated Investment in Mainland China as of December 31, 2023	Amount of Investments Authorized by Investment Commission, M.O.E.A.	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, M.O.E.A.
US\$13,662 thousand (\$419,492)	US\$21,762 thousand (\$668,202)	\$787,870

Note 1 : The Company has invested in Mauritius Hua Hong International Co., Ltd. and then invested in mainland companies through this company, which has been approved by the Investment Review Committee of the Ministry of Economic Affairs.

Note 2 : The calculation is based on the financial statements audited by the CPAs for the same period.

Note 3 : The reinvestment was made based on the accumulated amount of US\$ 5,600 thousand transferred from Taiwan and the earnings of US\$ 5,500 thousand owned by Hua Hong International Co., Ltd.

Note 4 : The reinvestment was made based on the accumulated amount of US\$ 1,250 thousand transferred from Taiwan, and the earnings of US\$ 2,600 thousand owned by Gaosheng International Co., Ltd.. Then Dongguan Tailin Co., Ltd. used its own earnings to increase the capital of Shanghai Puxiang Technology Co., Ltd. by RMB 13,500 thousand.

Note 5 : The relevant figures in this table that are denominated in foreign currencies are translated into New Taiwan dollars using the exchange rates prevailing on the date of the financial statements.