



Stock code:
6761

Wendell Industrial Co., Ltd.

2023 Annual Report

Website: <https://www.wendell.com.tw/zh/>
(MOPS) Market Observation Post System website:
<https://mops.twse.com.tw/mops/web/index>
Published on April 30, 2024

- I. Contact Information of the Spokesperson and Deputy Spokesperson
Spokesperson: YANG, CHENG-NAN
Title: Chief Financial Officer
Tel: (02)2917-5770
Email: invest@wendell.com.tw
Deputy Spokesperson: LIN, CHIA-HUA
Title: Vice President
Tel: (02)2917-5770
Email: invest@wendell.com.tw
- II. Contact Information of the Headquarters, Branches and Plants
Headquarters and Plants Address: 6F & 6F.-1, No. 188, Baoqiao Rd., Xindian Dist., New Taipei City, Taiwan (R.O.C.)
Tel: (02)2917-5770
- III. Contact Information of the Stock Transfer Agency
Name: Fubon Securities Co. Ltd.
Address: 11F, No. 17, Xuchang St., Zhongzheng Dist., Taipei City, Taiwan (R.O.C.)
Website: <https://www.fubon.com/securities/>
Tel: (02)2361-1300
- IV. Contact Information of the CPAs for the Latest Financial Statements
CPAs: CHEN, CHIN-CHANG, TU, PEI-LING
Accounting Firm: PwC Taiwan
Address: 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City, Taiwan (R.O.C.)
Website: <https://www.pwc.tw/>
Tel: (02)2729-6666
- V. Name of the Offshore Stock Exchange and Method for Accessing Information on Offshore Securities: N/A.
- VI. Company Website: <https://www.wendell.com.tw/zh/>

Table of Contents

I.	Letter to Shareholders	1
	(I) 2023 Business Report	1
	(II) 2024 Business Plan	3
	(III) Future Development Strategy.....	3
	(IV) External competition environment, regulatory environment, and impact of overall operating environment	3
II.	Company Profile	5
	(I) Date of Incorporation	5
	(II) Contact Information of the Headquarters, Branches and Plants.....	5
	(III) Company History	5
III.	Corporate Governance Report	8
	(I) Organization.....	8
	(II) Details of Directors and Senior Management.....	11
	(III) Remuneration for general directors, Independent directors, supervisors, Presidents and Vice Presidents	22
	(IV) Implementation of Corporate Governance.....	30
	(V) Information on CPA professional fees.....	78
	(VI) Information on the replacement of CPAs.....	78
	(VII) The Company's chairman, president, or any managerial officer in charge of finance or accounting matters in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm.....	78
	(VIII) Any transfer of equity interests and pledge of, or change in, equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10% in the most recent fiscal year and as of the publication date of the annual report.....	79
	(IX) Information on relationship among the top ten shareholders, who are related parties or spouses, relatives within the second degree of kinship of another shareholder	81
	(X) Consolidated number of shares owned by the Company, directors, supervisors, managerial officers, and business controlled directly or indirectly by the Company ...	82
IV.	Capital Overview	83
	(I) Capital and Shares	83
	(II) Handling of corporate bonds	89
	(III) Handling of special shares	90
	(IV) Handling of overseas depositary receipts	90
	(V) Handling of employee subscription certificates and new shares with limited employee rights.....	90

	(VI) Issuance of New Shares in Connection with Mergers and Acquisitions	90
	(VII) Finance Plans and Implementation	90
V.	Operational Highlights	95
	(I) Description of the business	95
	(II) Market and sales overview	109
	(III) Employees information.....	115
	(IV) Environmental protection expenditure	115
	(V) Labor relations.....	116
	(VI) Cybersecurity management.....	117
	(VII) Material Contracts	119
VI.	Financial Information	121
	(I) Five-Year Financial Summary	121
	(II) Five-Year Financial Analysis.....	126
	(III) Audit Committee’s Review Report for the Most Recent Fiscal Year’s Financial Statement	130
	(IV) Financial Statements for the Most Recent Fiscal Year	131
	(V) Individual financial statements of companies audited by accountants in the recent years	131
	(VI) Financial Impact on the Company where the Company and its Affiliated Companies Have Incurred any Financial or Cash Flow Difficulties in the Most Recent Year and as of the Publication Date of the Annual Report.....	131
VII.	Review and Analysis of the Company’s Financial Position, Performance, and Risk Management.....	132
	(I) Financial Position	132
	(II) Financial Performance	134
	(III) Cash Flow	136
	(IV) The Effect of Major Capital Expenditures on Financials and the Business During the Most Recent Fiscal Year.....	137
	(V) Investment Policy, the Main Reasons for Profit or Loss as well as the Improvement Plan Over the Past Year, and an Investment Plan for Next Year	137
	(VI) Risk Analysis and Assessment for the Most Recent Fiscal Year and as of the Publication Date of the Annual Report	139
	(VII) Other Major Events.....	143
VIII.	Special Disclosure	144
	(I) Information on Affiliated Companies	144
	(II) Private placement of securities in the most recent fiscal year and as of the publication	

date of the annual report	144
(III) Holding or disposal of shares in the Company by the Company's subsidiaries in the most recent fiscal year and as of the publication date of the annual report	144
(IV) Other necessary statements	144
IX. Situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act which might materially affect shareholders' equity or the price of the Company's securities occurring in the most recent fiscal year as of the publication date of the annual report	144

I. Letter to Shareholders

(I) 2023 Business Report

A. Business Plan Implementation:

In 2023, due to the slowdown of the demand of terminal customers and the pressure of inventory destocking in the macro environment, Wendell also promptly adopted its overall deployment direction and strategies with the trends of the market changes. The Company continued to focus on the application fields including networking, automatic electronics, industrial computers, and security monitoring, expanded the layout of laboratories, and improved testing capabilities and scope, to provide customers more comprehensive one-stop integrated services. In 2023, the consolidated net operating revenue reached NT\$ 1,743,459,000, down by 9.34% compared with NT\$ 1,923,029,000 in 2022. The gross profit margin was 28.91%, and the net profit rate after tax was 5.81%. The EPS of the Company reached NT\$ 4.04 this year.

B. Budget implementation status:

The Company has not disclosed its financial forecast in 2023.

C. Financial revenue / expenditure and profitability analysis:

Unit: NT\$ Thousand

Item / Year		2023	2022	Increase (Decrease)%
Financial revenue and expenditure	Operating revenue	1,743,459	1,923,029	(9.34%)
	Gross profit	503,996	582,690	(13.51%)
	Gross profit rate (%)	28.91	30.30	(4.59%)
	Net profit after tax	101,329	193,388	(47.60%)
Profitability	Return on assets (%)	5.95	11.50	(48.26%)
	Return on equity (%)	10.09	19.85	(49.17%)
	Ratio of operating profit to capital (%)	58.94	97.08	(39.29%)
	Ratio of income before tax to paid-in capital (%)	52.43	104.10	(49.63%)
	Net profit margin (%)	5.81	10.06	(42.25%)
	Earnings per share (NT\$)	4.04	8.09	(50.06%)

Note 1: Above the information of consolidated financial statements under IFRS in 2023 and 2022 respectively.

Description of reasons for changes (increase/decrease) of gross margin and net profit after tax:

1. In 2023, due to the impact of the inventory destocking and the drawing of losses on slow-moving inventories and falling prices, the amount of the gross margin was down by 13.51% compared with last year. The gross profit rate decreased to 28.91%, down by 4.59% compared with last year. As for product structure, the ratios of revenue from self-owned brands, agent brands, and testing and certification reached 40.09%, 50.10% and 9.81% respectively in 2023, showing a continually optimized product structure.
2. In 2023, the overall gross margin was reduced by NT\$ 78,694,000 compared with last year, and the operating expenses were similar to those last year, with a growth rate of only 1.55%. As for nonoperating revenue and expenditure, exchange loss of

NT\$ 9,347,000 was recognized mainly due to the impact of the depreciation of US dollar. As a consequence, the net profit after tax was NT\$ 101,329,000, down by 47.60% compared with last year.

D. Research and development

Patent of “Composite Material Structure with High Thermal Conductivity” obtained in 2023

This patent mainly combines carbon nanotubes with graphene. A method of coating and forming is utilized to bond them onto metal copper sheets. Then, a composite material structure is formed, which becomes a solution to the selection of materials with high thermal conductivity.

Patent of “Electromagnetic Interference Housing with High Thermal Conductivity” obtained in 2023

A method of punch forming is utilized for this patent to make the composite material structure with high thermal conductivity to any form of housing. This patent can be applied to WIFI devices with high-speed signal transmission and any AP routers, and it also solve the problem of electromagnetic interference with high thermal conductivity at the same time.

Patents of “Automatic Power Filter (China) ZL202122547723.1” and “Power Conducted Noise Attenuation Device” obtained in 2023

In 2020, the Company invested in a R&D project of automotive power protection device and obtained a patented product of “Automotive Power Filter” in 2021, to provide automotive power sources with complete EMI and EMS filter protection. In 2022, it additionally applied for a patent of “Automatic Power Filter ZL202122547723.1” of its modular product in China, and added “Power Conducted Noise Attenuation Device” to make the automotive power protection more comprehensive.

Patent of “Network Communication Connector Protection Device” obtained in 2024

This patent focuses on the protection device of network communication connector. The main function of this device is to prevent surges, e.g., lightning strike or noise, to protect the circuits inside communication devices from being damaged. This device can effectively dissipate surges and prevent the entry of surges to the internal circuits through signal output and POE, so as to protect the functional integrity of the circuits. Besides, compared to the common products on the market, this patent features higher surge tolerance, and improves the reliability in the practical applications.

“Semiconductor Packaging Structure with Improved Upper Core Area” obtained in 2024

The small-size packaging frame base island structure mainly increases the contact area between chip and framework base island, thus effectively improving production capacity and yield.

Application for patent of “Semiconductor Test Base” expected in 2024

The semiconductor universal test base is mainly intended to integrate the test bases of different packaging pinouts of semiconductors, improve the testing accuracy and efficiency of parts, and reduce the resource consumption resulting from the past one-on-one test boards.

Application for patents of “Externally Connected Network Lightning Protector” and “High-speed Communication Connector Protection Device” expected in 2024

The main advantage of the externally connected network lightning protector lies in plug-and-play lightning protection, which is different from lightning components that need to be bridged using connecting line on the market. Besides, compared with general products sold on the market, the externally connected network lightning protector is smaller in size and higher in surge tolerability. Also, it presents more excellent performance.

Through the optimization of the previous network communication connector

protection device, the high-speed communication connector protection device successfully improves the transmission rate to reach the current upper limits of the Ethernet. Also, it has maintained the excellent, high-performance surge prevention efficiency and effectively protected the high-speed communication devices from the damages caused by surges.

(II) 2024 Business Plan

A. Business policy:

1. The continual development of new products, linkage with new market applications, and active layout of applications such as 5G, WIFI7, automotive electronics and electric motor car/car/bicycle, Internet of Things, high-speed computing of data center, low earth orbit satellite, low-carbon green energy and energy storage, artificial intelligence, and intelligent city are all the main development directions in 2024.
2. Strengthen the coverage of automotive electronic peripherals and IoV products and continually improve the ratio of business turnover of automatic customers.
3. Increase the capital expenditure of electrical testing laboratories and expand the testing capabilities and scope.
4. Utilize laboratories to continually enlarge the complete electromagnetic compatibility integration capability, profoundly develop customer groups in each field, and increase the Company's performance.

B. Expected sales volume

The Company expects that the sales quantity of components will reach approximately 1,229,742,000 in 2024 and the sales quantity of testing and certification products will reach approximately 7,000 according to the development trends of the industry and the future business development direction.

C. Production and sales policies

1. Implement strategic cooperation with the main upstream raw material manufacturers, fabs and OSATs to ensure the supply and quality stability of raw materials and production capacity, lower the cost, and increase the overall competitive advantages.
2. Expand the component and testing & certification markets, and continually develop new products to satisfy the new market applications and needs. Also, the Company will rely on its professional experience to provide customers with one-stop integrated services and accelerate the efficiency of marketing of customers' products based on a complete testing environment.

(III) Future Development Strategy

- A. Promote the complete one-stop purchasing services for EMC certification, expand the laboratory platform, and make arrangements globally to realize win-win cooperation with customers.
- B. Actively develop new product lines and provide customers with the most suitable EMC and line protection solutions.
- C. Continually expand laboratory certification items, and rely on cooperation with overseas laboratories to improve the breadth of customer services.
- D. Cultivate long-term partnerships with customer based on the service spirit of "A TEAM OF CUSTOMER ORIENTATION".

(IV) External competition environment, regulatory environment, and impact of overall operating environment

With respect to the external competition environment, the Company, the Company owns complete product lines that have been profoundly cultivated for many years, experienced and professional engineer teams, and complete laboratory testing yards. Also, the Company provides product certification services, and integrates them into a unique and difficult-to-reproduce one-stop commercial model of EMC and line protection. Different from general

parts suppliers and laboratories, the Company establish favorable partnerships with customers and maintain its competitive advantages in the industry.

With respect to the regulatory environment, the Company has adjusted its internal rules, regulations and administrative measures as appropriate in response to the revision of relevant laws and regulations, and studied and drawn up relevant supporting measures. It is expected that the revision of relevant regulations does not have a significant impact on the Company.

With respect to the impact of the overall operating environment, the global industrial chain will be impacted by the intensified heating of the Ukraine-Russia war, the trends of the interest rate policies of the Federal Reserve System, and the possible change in the results of the American presidential election. To this end, the Company will maintain favorable communication pipelines with customers and suppliers, master their actual operating conditions, and adjust its operating strategies and direction in consideration of the international trends, to sustain stable operation and profits.

Chairman: KAO, CHIH-HUNG

II.

Company Profile

(I) Date of Incorporation

June 27, 1979

(II) Contact Information of the Headquarters, Branches and Plants

Headquarters: 6F & 6F.-1, No. 188, Baoqiao Rd., Xindian Dist., New Taipei City, Taiwan (R.O.C.)

Tel: (02)2917-5770

(III) Company History

Date	Milestone
1979	The Company incorporated.
2001	Introduction of the new management team. Capital amount: Capital increment in cash to NT\$ 10 million.
2002	Hong Kong Warehouse established. Capital amount: Capital increment in cash to NT\$ 16 million.
2004	Capital amount: Capital increment in cash to NT\$ 32.6 million.
2005	Capital amount: Capital increment in cash to NT\$ 43 million. The organization was officially changed to a corporation.
2006	KFS Scholarship established. Capital amount: Capital increment in cash to NT\$ 48 million.
2007	Awarded by Taipei City Government for "Devotion on Children Education". Capital amount: Capital increment in cash to NT\$ 60 million.
2008	Capital amount: Capital increment in cash to NT\$ 70 million.
2009	EMC Chamber established. ISO 9001 Quality management systems certification acquired. ISO 14001 Environmental management systems certification acquired.
2010	EMS/Surge/Conduction Chamber established. Capital amount: Capital increment in earnings to NT\$ 80 million. Capital amount: Capital increment in cash to NT\$ 100 million.
2011	A new patent of surge protection device licensed in Taiwan and Chinese mainland.
2012	RS/CS Chamber & 10M Open site established. Surge Trans®, released for volume production. KFS scholarship sponsored over 1,400 students.
2013	Approval from the Ministry of Economic Affairs for Innovative Technology Applications and Services Program. Subsidy for "Innovative Service Development Plan for Intelligent Electronic Product Electromagnetic Compatibility Quick Detection and Design". A new patent of packaged chip integrated with a signal isolation transformer and a protective component licensed in Taiwan and Chinese mainland.
2014	Japan branch (Saitama) established. ISO/IEC 17025 Laboratory quality management system certification acquired.
2015	A new patent of packed chip integrated with a bridge rectifier circuit and a surge protection element as well as circuit chip licensed. Safety Lab. Established.
2016	Capital amount: Capital increment in cash to NT\$ 120 million. Singapore branch formally established.
2017	Capital amount: Capital increment in cash to NT\$ 130 million. Acquisition of Wendell Korea Co., Ltd. through reinvestment.

	Capital amount: Capital increment in earnings to NT\$ 143 million. Reinvestment in Nichteck Industrial Co., Ltd. and acquisition of Shenzhen Qianhong Electronic Co., Ltd., a sub-subsidiary.
2018	Shanghai representative office established. Safety Lab. Granted UL CBTL accreditation. Capital amount: Capital increment in earnings to NT\$ 157 million.
2019	Acquisition of Suzhou Lianhong Electronic Co., Ltd. by Shenzhen Qianhong Electronic Co., Ltd. through reinvestment. Acquisition of subsidiary Wendell Electrical Testing Co., Ltd. through reinvestment. A patent of single-chip structure with an integrated rectifier and a signal isolation transformer licensed. Capital amount: Capital increment in earnings to NT\$ 173 million. Capital amount: Capital increment in cash to NT\$ 203 million. Initial public offering approved by Taipei Exchange. Representative office established in Penang, Malaysia. Register for the trade on Emerging Market.
2020	Wugu 966 Chamber established. Capital amount: Capital increment in earnings to NT\$ 213 million. Awarded by New Taipei City Government for “Reward for Enterprises to Manage Friendly Family and Quality in Employment Plan”. A patent of load dump protection device licensed. Awarded by “National Award of Outstanding SMEs”. A patent of conducted noise interference attenuation system licensed.
2021	A patent of conductive polymeric composition and fiber yarn licensed. A patent of non-leaded merger package structure licensed. A new patent of automotive power filter licensed. A patent of electrical fast-transient attenuator licensed. Capital amount: Capital increment in earnings to NT\$ 217 million. Listing and trading stocks at TPEx. Capital amount: Capital increment in cash to NT\$ 239 million. ISO 14001 Environmental management systems certification acquired (valid period: August 11, 2021-July 23, 2024).
2022	Battery Safety Testing Lab. Established. Acquisition of land in Tucheng District, New Taipei City to build the laboratory plant. Issuance of domestic 1 st unsecured convertible corporate bond with total amount of NT\$ 400 million. Shenzhen Qianhong Electrical Testing Co., Ltd. officially established. China Shenzhen Lab acquired a laboratory accreditation certificate from China National Accreditation Service for Conformity Assessment (CNAS). Patent of a non-notch bottom with merger package structure licensed.
2023	Won the “Family-friendly Workplace Award” of Parenting Magazine. Awarded by New Taipei City Government for “2023 Reward for Enterprises to Manage Friendly Family and Quality in Employment Plan”. A patent of “Power Conducted Noise Attenuation Device” acquired. A patent of “Electromagnetic Interference Housing with High Thermal Conductivity” acquired. A patent of “Composite Material Structure with High Thermal Conductivity” acquired.
2024	A patent of “Semiconductor Packaging Structure with Improved Upper Core Area” acquired.

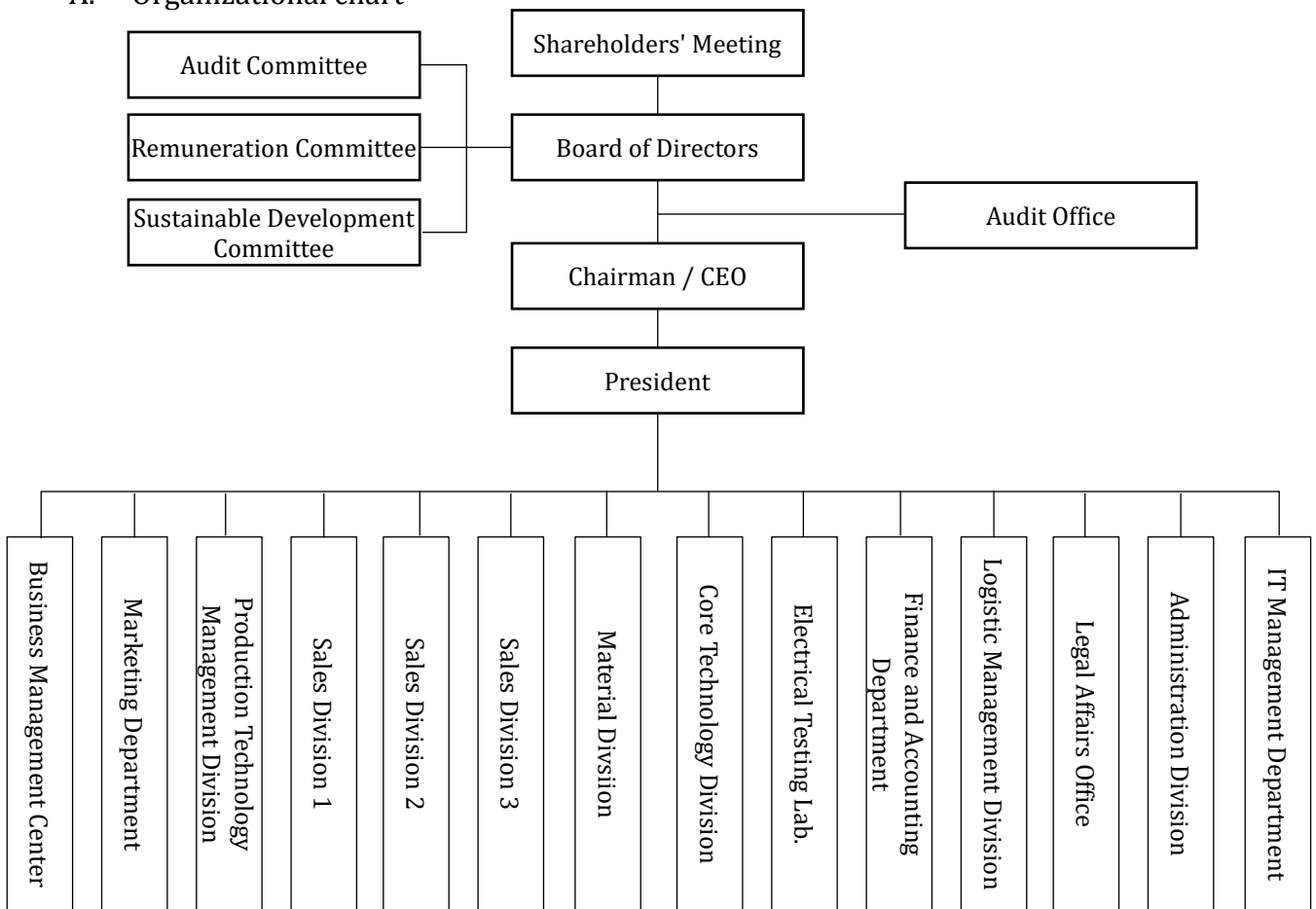
	A patent of “Network Communication Connector Protection Device” acquired. Capital amount: Capital increment in cash to NT\$ 301 million.
--	---

III (I)

Corporate Governance Report

(I) Organization

A. Organizational chart



B. Business activities of main divisions

Department	Work responsibilities
Audit Office	1. Review, evaluate, discuss and formulate the Company's internal control and provide improvements and suggestions, to confirm the effective implementation of internal control.
Business Management Center	1. Draw up, execute and plan the Company's medium- and long-term operation development strategies. 2. Promote the business policies in Taiwan and overseas. 3. Make overall arrangements for the operation management teams in Taiwan and overseas. 4. Supervise the operational performance of each unit of the Company.
Marketing Department	1. Make plans for each product line and sales strategies. 2. Be responsible for searching the latest market trends and technical dynamics and applications, and planning and confirming product lines.
Production Technology Management Division	1. Conduct outsourced wafer-in of semiconductor products and package test and production. 2. Implement QA over defective parts and deal with customer complaints. 3. Fill out green or environmental protection documents. 4. Conduct ISO14001/9001 auditing.
Sales Division 1	1. Conduct market surveys at home and abroad and draft marketing strategies. 2. Learn about the market applications and integrate the upstream and downstream demands of IC/system manufacturers.

Department	Work responsibilities
	<ol style="list-style-type: none"> 3. Handle abnormal problems complained by customers and maintain customer satisfaction. 4. Develop new customers and promote parts. 5. Analyze customers' problems and provide countermeasures.
Sales Division 2	<ol style="list-style-type: none"> 1. Conduct market surveys at home and abroad and draft marketing strategies. 2. Learn about the market applications and integrate the upstream and downstream demands of IC/system manufacturers. 3. Handle abnormal problems complained by customers and maintain customer satisfaction. 4. Develop new customers and promote parts. 5. Analyze customers' problems and provide countermeasures.
Sales Division 3	<ol style="list-style-type: none"> 1. Develop new certification customers. 2. Maintain the partnership with regular certification customers. 3. Maintain favorable customer relations and assist customers in case management. 4. Conduct planning, execution and management of certification marketing projects, and achieve the performance targets assigned by the Company.
Material Division	<ol style="list-style-type: none"> 1. Conduct market surveys related to materials at home and abroad and draft marketing strategies. 2. Maintain relations with regular customers and improve customer satisfaction. 3. Develop new customers and promote products.
Core Technology Division	<ol style="list-style-type: none"> 1. Provide customers with solutions and assist them in education and training. 2. Provide customers with electromagnetic compatibility tests and debugging services.
Electrical Testing Lab.	<ol style="list-style-type: none"> 1. Provide customers with electromagnetic compatibility and radio frequency identification tests and certification services.
Finance and Accounting Department	<ol style="list-style-type: none"> 1. Comprehensively deal with financial planning, fundraising and management. 2. Conduct budget management and analysis and provide financial analysis information to the management as reference for operational strategies. 3. Serve as a deliberation unit of the Board of Directors and the Shareholders' Meeting. 4. Be responsible for executing and managing the Company's accounting work and tax declaration affairs. 5. Be responsible for the Company's fund utilization and resource integration. 6. Promote corporate governance.
Logistic Management Division	<p>Purchasing Department</p> <ol style="list-style-type: none"> 1. Draft and execute a part purchasing policy and track and control the purchasing progress. <p>Customer Service Department</p> <ol style="list-style-type: none"> 1. Enter, process, and track orders from domestic and foreign customers, operate the purchasing, sales and storage system, and print bills of sales. 2. Assist the business units in arranging the shipments of customers' parts and processing the delivery dates of orders. 3. Provide shipment documents, assist business personnel in controlling shipments, and summarize and prepare export customs declaration documents for the customs broker.
Legal Affairs Office	<ol style="list-style-type: none"> 1. Serve as a window entrusted by the Company to contact legal consultants. 2. Consult relevant legal provisions.

Department	Work responsibilities
	<ol style="list-style-type: none"> 3. Compile, draft, modify, and review contracts. 4. Handle litigation/non-litigation cases. 5. Arrange education and training courses related to laws. 6. Handle relevant legal matters involved in industrial and commercial registration and change. 7. Manage intellectual property rights. 8. Conduct contract management. 9. Act as a unit entrusted to consider the establishment of regulations related to corporate operation. 10. Promote ESG sustainable development.
Administration Division	<p>Be responsible for the overall administration, general logistic affairs, and warehousing management of the Company and it administers General Affairs Department, Human Resources Department, and Warehousing Department.</p> <p>General Affairs Department</p> <ol style="list-style-type: none"> 1. Be responsible for the management of all documents and fixed assets of the Company. 2. Handle various general administrative affairs. <p>Human Resources Department</p> <ol style="list-style-type: none"> 1. Establish and keep employees' personnel data. 2. Manage and execute relevant operations including personnel recruitment, appointment and dismissal, assessment, and remuneration. 3. Establish and execute personnel policies and coordinate the research on relevant laws and regulations. <p>Warehousing Department</p> <ol style="list-style-type: none"> 1. Be responsible for matters related to purchasing, shipment, and tallying of goods.
IT Management Department	<ol style="list-style-type: none"> 1. Plan and manage software and hardware of network and information system. 2. Be responsible for executing the operation and maintenance of the computer database. 3. Conduct information security management.

(II) Details of Directors and Senior Management

A. Directors

1. Profile of Directors

April 20, 2024; Unit: Shares

Title	Nationality / place of incorporation	Name	Gender	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (education)	Other position	Executives, Directors or Supervisors who are spouses or within the second degree of kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
								R.O.C.	Bo Hong Investment Co., Ltd.	-	2022/06/16	3	2019/11/12	4,419,053			18.48 %	4,715,586	15.66 %	
Chairman	R.O.C.	Representative: KAO, CHIH-HUNG	Male/51~60	2022/06/16	3	2019/11/12	802,921	3.36 %	992,433	3.30 %	8,441	0.03 %	9,431,172	31.33 %	Department of Advertising, National Chengchi University	Wendell Industrial Co., Ltd. / Chairman & CEO Bo Hong Investment Co., Ltd. / Chairman Wei Hong Assets Co., Ltd. / Chairman Wendell Electrical Testing Co., Ltd. / Chairman Wendell Co., Ltd. / Director Nichtek Industrial Co., Limited / Director	Director	KAO, MIN-HUNG	Brothers	Note 1
	R.O.C.	Hung Hui Co., Ltd.	-	2022/06/16	3	2019/11/12	916,975	3.84 %	962,821	3.20 %	-	-	-	-	-	-	-	-	-	
Vice Chairman	R.O.C.	Representative: KAO, MIN-HUNG	Male/41~50	2022/06/16	3	2019/11/12	442,650	1.85 %	541,206	1.80 %	-	-	962,821	3.20 %	Department of Shipping and Transportation Management, National Taiwan Ocean University Wendell Industrial Co., Ltd. / President	Wendell Industrial Co., Ltd. / Chief Sustainability Officer Hung Hui Co., Ltd. / Chairman Shenzhen Qianhong Electronic Co., Ltd. / Chairman Wendell Co., Ltd. / Chairman Wendell Korea Co., Limited / Chairman Wendell Pte., Ltd / Chairman Nichtek Industrial Co., Limited / Chairman Wendell Electrical Testing Co., Ltd. / Director	Director	KAO, CHIH-HUNG	Brothers	Note 2
	R.O.C.	Wei Hong Assets Co., Ltd.	-	2022/06/16	3	2022/06/16	4,419,053	18.48 %	4,715,586	15.66 %	-	-	-	-	-	-	-	-	-	
Director	R.O.C.	Representative: CHAN, PO-HSIANG	Male/41~50	2022/06/16	3	2019/06/19	84,984	0.36 %	116,561	0.39 %	-	-	-	-	York University Information Technology Wendell Industrial Co., Ltd. / Vice President GIGA-BYTE Technology Co., Ltd. / Product Manager	Wendell Industrial Co., Ltd. / President COO of Wendell Electrical Testing Co., Ltd.	-	-	-	Note 4
Director	R.O.C.	LIU, SHENG-CHANG	Male/Over 60	2022/06/16	3	2022/06/16	23,000	0.10 %	27,756	0.09 %	-	-	100,000	0.33 %	EMBA, National Chengchi University Bachelor of Commerce, National Taiwan University	Everest CPA & Co. / Director CPA Associations R.O.C. (Taiwan) / Vice President Mega International Commercial Bank / Resident Supervisor Accounting Research and Development Foundation / Executive Director	-	-	-	-
Independent Director	R.O.C.	HO, TZU-SHUN	Male/51~60	2022/06/16	3	2019/11/12	-	-	-	-	-	-	-	-	Master of Law, Soochow University Bachelor of Law, National Taiwan University Procurator, Taiwan High Prosecutors Office Head Prosecutor, Taiwan Shilin District Prosecutors	Shih Hsun Hsu Law Firm / Lawyer Timei Biotechnology Co., Ltd. / Supervisor	-	-	-	-

															Office Procurator, Taiwan Taoyuan District Prosecutors Office					
Independent Director	R.O.C.	LIN, CHIN- FENG	Female/ 41~50	2022/06/16	3	2019/11/12	-	-	-	-	-	-	-	-	Master, Department of Accounting, Soochow University Business Administration, National Taiwan University of Science and Technology Taiwan CPA China Certified Tax Agent Head of Auditing Department, Weizhong Certified Public Accountants Partner of Ding Xin Certified Public Accountants	Crowe (TW) CPAs / Practicing CPA	-	-	-	-
Independent Director	R.O.C.	SU, CHUN- NIEN	Male/ 41~50	2022/06/16	3	2019/11/12	-	-	-	-	-	-	-	-	Department of Advertising, National Chengchi University SAMSUNG SDI CO., LTD. TAIWAN BRANCH (KOREA) / Business Department, Assistant Manager Wendell Industrial Co., Ltd. / Senior Manager Hsingtayin Electronics Co., Ltd. / Asia-Pacific Business Manager Lite-On Technology Corporation / Business Department, Manager LI SHIN INTERNATIONAL ENTERPRISE CORP. / Business Department, Deputy Manager Asiaworld Department Store / Enterprise Planning Department, Sub-manager Section chief of Business Department, Chinghua Advertising Co., Ltd.	DXM Hobby Studio / Chairman	-	-	-	Note 3
Independent Director	R.O.C.	TSENG, HSIAO- CHUAN	Female/ Over 60	2023/08/30	3	2023/08/30	-	-	-	-	-	-	-	-	Master of Management, National Taiwan University of Science and Technology Yuanta Bank / General Auditor Yuanta Bank / Vice President and Senior Vice President Yuanta Bank / Assistant Manager and Senior Assistant Manager Yuanta Financial Holding Co., Ltd. / Audit Department, Manager	-	-	-	Note 3	

Note 1: The Chairman of the Company concurrently serves as the CEO for the purpose of improving the operational efficiency and decision execution capacity. To implement corporate governance, the Company has designated 3 independent directors, and more than half number of directors haven't concurrently served as employees or managerial officers of the Company.

Note 2: As approved by the Board of Directors on May 11, 2023, Chief Sustainability Officer KAO, MIN-HUNG was appointed as a director of Wendell Electrical Testing Co., Ltd.; he was appointed as the Vice Chairman by the Board of Directors on May 30, 2023.

Note 3: Independent director SU, CHUN-NIEN resigned on May 29, 2023; independent director TSENG, HSIAO-CHUAN was by-elected at the interim Shareholder's Meeting held on August 30, 2023.

Note 4: As approved by the Board of Directors on April 25, 2024, President CHAN, PO-HSIANG was appointed as a COO of Wendell Electrical Testing Co., Ltd.

2. Major shareholders of corporate shareholders if directors are representatives of these shareholders

Table1: Major shareholders of corporate shareholders

April 30, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders	Shareholding ratio
Bo Hong Investment Co., Ltd.	KAO, CHIH-HUNG	99.87%
	SUN, LO-YUN	0.13%
Hung Hui Co., Ltd.	KAO, MIN-HUNG	1.55%
	CHEN, KUAN-YU	1.55%
	KAO, PEI-TI	48.45%
	KAO, YU-TSAI	48.45%
Wei Hong Assets Co., Ltd.	KAO, CHIH-HUNG	99.87%
	SUN, LO-YUN	0.13%

Major shareholders of corporate shareholders in the table above: Not applicable.

3. Professional qualifications and independence analysis of directors and independent directors:

Condition Name	Professional qualifications and experience	Independence status	Number of other public companies where the director holds a concurrent post of independent director
Bo Hong Investment Co., Ltd. Representative: KAO, CHIH-HUNG	<ul style="list-style-type: none"> ➤ With work experience in management, commerce, legal affairs, finance, and accounting, or work experience needed for corporate business. ➤ Currently serving as Chairman & CEO of the Company and previously serving as President of the Company, specialized in operational judgment, accounting and financial skills, operation and management ability, crisis management, industrial knowledge, international market view, leadership, and decision-making ability. ➤ Currently not involved in each situation specified in Article 30 of the Company Act. 	N/A	None
Hung Hui Co., Ltd. Representative: KAO, MIN-HUNG	<ul style="list-style-type: none"> ➤ With work experience in management, commerce, legal affairs, finance, and accounting, or work experience needed for corporate business. ➤ Currently serving as the 	N/A	None

Condition Name	Professional qualifications and experience	Independence status	Number of other public companies where the director holds a concurrent post of independent director
	<p>Chief Sustainability Officer of the Company and previously serving as President and Vice President of the Company, specialized in operational judgment, accounting and financial skills, operation and management ability, crisis management, industrial knowledge, international market view, leadership, and decision-making ability.</p> <ul style="list-style-type: none"> ➤ Currently not involved in each situation specified in Article 30 of the Company Act. 		
Wei Hong Assets Co., Ltd. Representative: CHAN, PO-HSIANG	<ul style="list-style-type: none"> ➤ With work experience in management, commerce, legal affairs, and finance, or work experience needed for corporate business. ➤ Currently serving as President of the Company and previously serving as Vice President of the Company and product manager of GIGA-BYTE Technology Co., Ltd., specialized in operational judgment, accounting and financial skills, operation and management ability, crisis management, industrial knowledge, international market view, leadership, and decision-making ability. ➤ Currently not involved in each situation specified in Article 30 of the Company Act. 	N/A	None
LIU, SHENG-CHANG	<ul style="list-style-type: none"> ➤ With work experience in management, commerce, finance, and accounting, or work experience needed for corporate business. ➤ Currently serving as director of Everest CPA & 	N/A	None

Condition Name	Professional qualifications and experience	Independence status	Number of other public companies where the director holds a concurrent post of independent director
	<p>Co., Vice President of CPA Associations R.O.C. (Taiwan), resident supervisor of Mega International Commercial Bank and executive director of Accounting Research and Development Foundation and previously serving as the President of CPA Associations R.O.C. (Taiwan). specialized in operational judgment, accounting and financial skills, operation and management ability, crisis management, international market view, leadership, and decision-making ability.</p> <ul style="list-style-type: none"> ➤ Currently not involved in each situation specified in Article 30 of the Company Act. 		
HO, TZU-SHUN	<ul style="list-style-type: none"> ➤ With work experience in commerce, legal affairs, and finance, or work experience needed for corporate business. ➤ Currently serving as a practicing lawyer of Shih Hsun Hsu Law Firm, and previously serving as procurator of Taiwan High Prosecutors Office, head procurator of Taiwan Shilin District Prosecutors Office and procurator of Taiwan Taoyuan District Prosecutors Office, specialized in operational judgment, accounting and financial skills, operation and management ability, crisis management, industrial knowledge, international market view, leadership, and decision-making ability. ➤ Currently not involved in each situation specified in 	<ul style="list-style-type: none"> ➤ The director, his/her spouse, and relatives within the second degree of kinship haven't served as director, supervisor, or employee of the Company or its affiliated companies. ➤ The director, his/her spouse, and relatives within the second degree of kinship (or in the name of others) haven't held shares in the Company. ➤ The director hasn't served as director, supervisor, or employee of any company that has a specific relation with the Company. ➤ The director hasn't received any rewards from the Company or its affiliated companies for relevant services provided, including 	None

Condition Name	Professional qualifications and experience	Independence status	Number of other public companies where the director holds a concurrent post of independent director
	Article 30 of the Company Act.	commerce, legal affairs, finance, accounting and other relevant services, in the last 2 years.	
LIN, CHIN-FENG	<ul style="list-style-type: none"> ➤ With work experience in commerce, finance, and accounting, or work experience needed for corporate business. ➤ Currently serving as a practicing CPA of Crowe (TW) CPAs and previously serving as Head of Auditing Department, Weizhong Certified Public Accountants, specialized in operational judgment, accounting and financial skills, operation and management ability, crisis management, international market view, leadership, and decision-making ability. ➤ Currently not involved in each situation specified in Article 30 of the Company Act. 	<ul style="list-style-type: none"> ➤ The director, his/her spouse, and relatives within the second degree of kinship haven't served as director, supervisor, or employee of the Company or its affiliated companies. ➤ The director, his/her spouse, and relatives within the second degree of kinship (or in the name of others) haven't held shares in the Company. ➤ The director hasn't served as director, supervisor, or employee of any company that has a specific relation with the Company. ➤ The director hasn't received any rewards from the Company or its affiliated companies for relevant services provided, including commerce, legal affairs, finance, accounting and other relevant services, in the last 2 years. 	None
TSENG, HSIAO-CHUAN	<ul style="list-style-type: none"> ➤ With work experience in commerce, finance, and accounting, or work experience needed for corporate business. ➤ Currently serving as a member of the Audit Committee, the Remuneration Committee, and the Sustainable Development Committee of Wendell Industrial Co., Ltd., specialized in operational judgment, accounting and financial skills, operation 	<ul style="list-style-type: none"> ➤ The director, his/her spouse, and relatives within the second degree of kinship haven't served as director, supervisor, or employee of the Company or its affiliated companies. ➤ The director, his/her spouse, and relatives within the second degree of kinship (or in the name of others) haven't held shares in the Company. 	None

Condition Name	Professional qualifications and experience	Independence status	Number of other public companies where the director holds a concurrent post of independent director
	<p>and management ability, crisis management, international market view, leadership, and decision-making ability.</p> <ul style="list-style-type: none"> ➤ Currently not involved in each situation specified in Article 30 of the Company Act. 	<ul style="list-style-type: none"> ➤ The director hasn't served as director, supervisor, or employee of any company that has a specific relation with the Company. ➤ The director hasn't received any rewards from the Company or its affiliated companies for relevant services provided, including commerce, legal affairs, finance, accounting and other relevant services, in the last 2 years. 	

4. Diversity of the Board of Directors

The constitution of the members of the Board of Directors of the Company complies with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”, and the Company has established “Procedures for Election of Directors” to dedicate to the improvement of the diversity of the Board of Directors of the Company. As for election of directors, the Company requires the following capabilities from the overall Board of Directors in accordance with Article 20 of “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”: Operational judgment, accounting and financial skills, operation and management ability, crisis management, industrial knowledge, international market view, leadership, and decision-making ability, for the purposes of strengthening the functionality of the Board of Directors and achieving the ideal target of corporate governance.

Title	Name	Basic composition							Diversified professional and industrial experience								
		Nationality	Gender	Concurrent employee of the	Age			Tenure of Independent Director		Operational judgment	Accounting and financial	Operation and management ability	Crisis management	Industrial knowledge	International market view	Leadership	Decision-making ability
					41~50	51~60	Over 61	Less than 3 years	More than 3 years								
Chairman	Bo Hong Investment Co., Ltd. Representative: KAO, CHIH-HUNG	R.O.C.	Male	✓	-	✓	-	-	-	✓	✓	✓	✓	✓	✓	✓	✓
Vice Chairman	Hung Hui Co., Ltd. Representative: KAO, MIN-HUNG	R.O.C.	Male	✓	✓	-	-	-	-	✓	✓	✓	✓	✓	✓	✓	✓
Director	Wei Hong Assets Co., Ltd. Representative: CHAN, PO-HSIANG	R.O.C.	Male	✓	✓	-	-	-	-	✓	✓	✓	✓	✓	✓	✓	✓
Director	LIU, SHENG-CHANG	R.O.C.	Male	-	-	-	✓	-	-	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	HO, TZU-SHUN	R.O.C.	Male	-	-	✓	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	LIN, CHIN-FENG	R.O.C.	Female	-	✓	-	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	TSENG, HSIAO-CHUAN	R.O.C.	Female	-	-	-	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓

The seventh Board of Directors of the Company comprises 7 directors, among whom 3 directors are served by the employees of the Company who are specialized in leadership, decision-making, operational judgment, operation and management ability and crisis management with industrial knowledge and international market view; director LIU, SHENG-CHANG currently serves as the director of Everest CPA & Co. and the vice president of CPA Associations R.O.C. (Taiwan), specialized in management, accounting, and finance analysis; 3 independent directors, i.e., HO, TZU-SHUN, LIN, CHIN-FENG, and TSENG, HSIAO-CHUAN, are specialized in law, finance and accounting, management, and financial investments, which are important professional skills needed for the operation of the Company. The diversified and professional backgrounds of the directors facilitate the Company to make most timely and crucial decisions and improve its operational performance and management benefits.

The Company has a total of 7 directors, including 3 independent directors. The directors served by employees of the Company account for 42.86%, and the independent directors account for 42.86%, and the female directors account for 28.57% of the total number of directors respectively. The seniority of 2 independent directors lasts for 4-5 years. The seniority of 1 independent director lasts for 0.6 years. There are 3 directors aged

41-50, 2 directors aged 51-60, and 2 directors aged above 61. The Company attaches importance to the gender equality of the Board members, and aims to improve the number of female directors to two or more. Currently, there are already two female directors. In the future, the Company will strive to balance the number of directors with different genders to implement the goal of gender equality in Taiwan.

5. Independence of the Board of Directors

The Company appointed 3 independent directors in 2023, accounting for 42.86% of all directors. None of these independent directors were involved in in any circumstances stipulated in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act (the number of directors with spousal relationship or kinship within the second degree does not exceed half number of the directors). All the independent directors comply with the restrictions on concurrent positions stipulated in “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and there were fewer than 3 other public companies where they concurrently served as independent directors.

B. Profile of directors, supervisors, and the management team

April 20, 2024; unit: Share

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (education)	Other position	Managers who are spouses or within two degrees of kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CEO	R.O.C.	KAO, CHIH-HUNG	Male	1996.01.01	992,433	3.30%	8,441	0.03%	9,431,172	31.33%	Department of Advertising, National Chengchi University Wendell Industrial Co., Ltd. / Chairman & President	Bo Hong Investment Co., Ltd. / Chairman Wei Hong Assets Co., Ltd. / Chairman Wendell Electrical Testing Co., Ltd. / Chairman Wendell Co., Ltd. / Director Nichtek Industrial Co., Limited / Director	Chief Sustainability Officer	KAO, MIN-HUNG	Brothers	Note 1
Chief Sustainability Officer	R.O.C.	KAO, MIN-HUNG	Male	2023.03.08	541,206	1.80%	-	-	962,821	3.20%	Department of Shipping and Transportation Management, National Taiwan Ocean University Wendell Industrial Co., Ltd. / President	Hung Hui Co., Ltd. / Chairman Shenzhen Qianhong Electronic Co., Ltd. / Chairman Wendell Co., Ltd. / Chairman Wendell Korea Co., Limited / Chairman Wendell Pte., Ltd / Director Nichtek Industrial CO., Limited / Chairman Wendell Electrical Testing Co., Ltd. / Director	CEO	KAO, CHIH-HUNG	Brothers	Note 2
President	R.O.C.	CHAN, PO-HSIANG	Male	2023.03.08	116,561	0.39%	-	-	-	-	York University Information technology GIGA-BYTE Technology Co., Ltd. / Product Manager Wendell Industrial Co., Ltd. / Vice President	Wendell Electrical Testing Co., Ltd. / COO	-	-	-	Note 2
Vice President	R.O.C.	HSU, SHIH-CHIEH	Male	2003.02.07	145,415	0.48%	-	-	-	-	Department of Electronics, Hwa Hsia Institute of Technology LINPO PRECISION LTD. / Deputy Manager Wendell Industrial Co., Ltd. / Business Vice President	-	-	-	-	-
Vice President	R.O.C.	HUANG, CHAO-YUNG	Male	2023.03.08	142,242	0.47%	-	-	-	-	Department of Information Management, Takming Institute of Technology MITSUTECH INTERNATIONAL CORP. / Manager Wendell Industrial Co., Ltd. / Administration Division, Assistant Manager	Shenzhen Qianhong Electronic Co., Ltd. / Supervisor Shenzhen Qianhong Electrical Testing Co., Ltd. / Supervisor Suzhou Lianhong Electronic Co., Ltd. / Supervisor	-	-	-	Note 2, 4
Vice President	R.O.C.	LIN, LI-CHING	Female	2023.03.08	72,633	0.24%	-	-	-	-	Department of Business Japanese, Yuda High School Pao Te Electronic Co., Ltd. / Purchasing Manager Wendell Industrial Co., Ltd. Logistic Management Division, Assistant Manager	-	-	-	-	Note 2
Vice President	R.O.C.	LIN, CHIA-HUA	Female	2023.03.08	79,155	0.26%	-	-	-	-	Department of Economics, Fu Jen Catholic University YuME Jewelry / Project Deputy Manager Wendell Industrial Co., Ltd. / Sales Division 2, Assistant Manager	Wendell Electrical Testing Co., Ltd. / Director and President	-	-	-	Note 2
Assistant Manager	R.O.C.	LI, YIN-LIN	Female	2002.04.01	50,332	0.17%	-	-	-	-	College of Journalism and Communications - Shih Hsin University Wendell Industrial Co., Ltd. / Material Division, Head	-	-	-	-	-
Assistant Manager	R.O.C.	YANG, CHENG-HSIEN	Male	2006.07.17	218,426	0.73%	-	-	-	-	Department of Civil Engineering, National Chung Hsing University Wendell Industrial Co., Ltd. / Division Head	Shenzhen Qianhong Electronic Co., Ltd. / COO Shenzhen Qianhong Electrical Testing Co., Ltd. / Chairman	-	-	-	-
Senior Manager	R.O.C.	CHANG, JUNG-FU	Male	2015.11.01	115,415	0.38%	-	-	-	-	College of Communication, National Chengchi University Wendell Industrial Co., Ltd. / Senior Manager	Wendell Pte., Ltd / Director	-	-	-	-

Title	Nationality	Name	Gender	Date elected	Shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Experience (education)	Other position	Managers who are spouses or within two degrees of kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chief Information Security Office	R.O.C.	CHIANG, YUEH-LIN	Male	2022.03.08	9,000	0.03%	-	-	-	-	Vanung University Wendell Industrial Co., Ltd. / Project Manager		-	-	-	Note 3
Chief Financial Officer & Corporate Governance Officer	R.O.C.	YANG, CHENG-NAN	Male	2020.06.11	78,495	0.26%	-	-	-	-	Department of Accounting, Providence University Junior Professional and Technical Examination for Accounting Bookkeepers passed Senior Professional and Technical Examination for CPAs passed Whole Time CPAs / Auditor Nexia Sun Rise / Listing Department, Manager Wendell Industrial Co., Ltd. / Special Assistant to the President Wendell Industrial Co., Ltd. / Finance and Accounting Department, Head		-	-	-	Note 3
Chief Accountant	R.O.C.	HSU, YU-WEN	Female	2016.12.05	18,634	0.06%	-	-	-	-	Department of Accounting, China University of Technology Far East CPAs / Audit/Bookkeeping Supervisor Wendell Industrial Co., Ltd. / Accounting Department, Manager		-	-	-	-
Chief auditor	R.O.C.	LIN, YI-CHING	Female	2022.08.09	9,000	0.03%	-	-	-	-	Department of Accounting, Feng Chia University Wendell Industrial Co., Ltd. / Audit Office, Deputy Section Chief POWER WIND HEALTH INDUSTRY INC. / Accountant Ernst & Young Global Limited / Auditor		-	-	-	-

Note 1: The Chairman of the Company concurrently serves as the CEO for the purpose of improving the operational efficiency and decision execution capacity. To implement corporate governance, the Company has designated 3 independent directors, and more than half number of directors haven't concurrently served as employees or managerial officers of the Company.

Note 2: As approved by the Board of Directors on March 28, 2023, President KAO, MIN-HUNG was transferred to serve as Chief Sustainability Officer; Vice President CHAN, PO-HSIANG was promoted to President; assistant manager LIN, LI-CHING was promoted to Vice President; assistant manager HUANG, CHAO-YUNG was promoted to Vice President; assistant manager LIN, CHIA-HUA was promoted to Vice President; as approved by the Board of Directors on May 11, 2023, Chief Sustainability Officer KAO, MIN-HUNG and Vice President LIN, CHIA-HUA were appointed as directors of Wendell Electrical Testing Co., Ltd.; as approved by the Board of Directors on May 30, 2023, KAO, MIN-HUNG was appointed as Vice Chairman; as approved by the Board of Directors on April 25, 2024, President CHAN, PO-HSIANG was appointed as COO and Vice President LIN, LI-CHING was appointed as President of Wendell Electrical Testing Co., Ltd.

Note 3: As approved by the Board of Directors on March 8, 2023, project manager CHIANG, YUEH-LIN was appointed as the Chief Information Security Officer; Chief Financial Officer YANG, CHENG-NAN concurrently served as Corporate Governance Officer.

(III) Remuneration for general directors, Independent directors, supervisors, Presidents and Vice Presidents

A. 1. Remuneration of directors and independent directors (summarization of remuneration scale and name disclosing method)

December 31, 2023; Unit: NT\$ Thousand

Title	Name	Remuneration of directors								Ratio of total remuneration (A+B+C+D) to net income (Note 10)		Relevant remuneration received by directors who are also employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) to net income (%) (Note 10)		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company (Note 11)	
		Base compensation (A) (Note 2)		Severance pay (B)		Directors' compensation (C) (Note 3)		Allowance (D) (Note 4)				Salary, bonuses, and allowances (E) (Note 5)		Severance pay (F)		Employee compensation (G) (Note 6)							
		The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements (Note 7)	The Company		Companies in the consolidated financial statements (Note 7)	The Company	Companies in the consolidated financial statements			
Chairman	Bo Hong Investment Co., Ltd. Representative : KAO, CHIH-HUNG																						None
Vice Chairman	Hung Hui Co., Ltd. Representative : KAO, MIN-HUNG	-	-	-	-	2,132	2,132	42	42	2.15%	2.15%	13,460	13,460	189	189	188	-	188	-	15.80%	15.80%	None	
Director	Wei Hong Assets Co., Ltd. Representative : CHAN, PO-HSIANG																					None	
Director	LIU, SHENG-CHANG																					None	
Independent Director	LIN, CHIN-FENG																					None	
Independent Director	HO, TZU-SHUN	-	-	-	-	1,370	1,370	142	142	1.49%	1.49%	-	-	-	-	-	-	-	-	1.49%	1.49%	None	
Independent Director	SU, CHUN-NIEN																					None	
Independent Director	TSENG, HSIAO-CHUAN																					None	

- Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:
The remuneration paid by the Company to independent directors is included in the distribution of directors' compensation and transportation expenses paid to the attending directors in accordance with the provisions of Article 20 of the Articles of Incorporation. The remuneration to the directors of the Company includes fixed remuneration of transportation expenses, as well as variable remuneration paid based on the performance evaluation of the Board of Directors conducted in consideration of the value contributed by directors including participation in Board meetings, participation in the Company's operation and decision-making, full communication inside the Company and with CPAs, and evaluation of potential risks. The evaluation results are equivalent to the contributions made by the directors, and therefore the directors' compensation is distributed equally.
- Compensation received by the directors of the Company for providing services to all companies in the financial report (e.g., serving as consultants rather than employees) in recent years except those disclosed above: None.

Table of Range of Remuneration

Range of remuneration	Name of directors			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	The Company (Note 8)	Companies in the consolidated financial statements (Note 9)	The Company (Note 8)	Companies in the consolidated financial statements (Note 9)
Under NT\$1,000,000	Bo Hong Investment Co., Ltd. Representative: KAO, CHIH-HUNG, Hung Hui Co., Ltd. Representative: KAO, MIN-HUNG, Wei Hong Assets Co., Ltd. Representative: CHAN, PO- HSIANG, LIN, CHIN-FENG, HO, TZU- SHUN, SU, CHUN-NIEN, LIU, SHENG- CHANG, TSENG, HSIAO-CHUAN	Bo Hong Investment Co., Ltd. Representative: KAO, CHIH-HUNG, Hung Hui Co., Ltd. Representative: KAO, MIN-HUNG, Wei Hong Assets Co., Ltd. Representative: CHAN, PO- HSIANG, LIN, CHIN-FENG, HO, TZU- SHUN, SU, CHUN-NIEN, LIU, SHENG- CHANG, TSENG, HSIAO-CHUAN	LIN, CHIN-FENG, HO, TZU-SHUN, SU, CHUN-NIEN, LIU, SHENG-CHANG, TSENG, HSIAO-CHUAN	LIN, CHIN-FENG, HO, TZU-SHUN, SU, CHUN-NIEN, LIU, SHENG-CHANG, TSENG, HSIAO-CHUAN
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	-	-	-	-
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	-	-	Hung Hui Co., Ltd. Representative: KAO, MIN-HUNG	Hung Hui Co., Ltd. Representative: KAO, MIN-HUNG
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	-	-	Bo Hong Investment Co., Ltd. Representative: KAO, CHIH-HUNG Wei Hong Assets Co., Ltd. Representative: CHAN, PO-HSIANG	Bo Hong Investment Co., Ltd. Representative: KAO, CHIH-HUNG Wei Hong Assets Co., Ltd. Representative: CHAN, PO-HSIANG
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	8	8	8	8

Note 1: The names of directors shall be listed separately. Corporate shareholders shall be listed separately with the names of corporate shareholders and representatives along with the names of general directors and independent directors to disclose the payment amounts in an aggregate manner.

Note 2: Refers to the remuneration of the directors for the recent years, including directors' salary, office addition, retirement pension, severance pay, various bonuses, and incentive payments.

Note 3: Refers to the amount of directors' remuneration approved by the board of directors for the recent years.

Note 4: Refers to the director's relevant business execution expenses for the recent years, including carriage expenses, special expenses, various allowances, dormitory, car allocation and other kind provision, etc. In case that houses, cars and other means of transport or exclusive personal expenses are offered, the nature and cost of the assets provided, as well as the actual or fair market rent, fuel and other payments shall be disclosed. In addition, if a driver is assigned, please note that the Company pays the driver relevant compensation, but not included in the remuneration.

Note 5: Refers to the compensation, job bonus, retirement pension, severance pay, various bonuses, incentive payments, car expenses, special expenses, various allowances, dormitory, car allocation and other in-kind provision received by the director concurrently employees (including President, Vice President, other Presidents and employees acted as concurrently) in

the recent years. In case that houses, cars and other means of transport or exclusive personal expenses are offered, the nature and cost of the assets provided, as well as the actual or fair market rent, fuel and other payments shall be disclosed. In addition, if a driver is assigned, please note that the Company pays the driver relevant compensation, but not included in the remuneration. In addition, the salary expenses recognized in accordance with IFRS2 "Share Based Payment", including the acquisition of stock warrants of employees, the restriction of employee rights of new shares and participation in cash capital increase subscription shares, shall also be included in the remuneration.

Note 6: Refers to the employee remuneration (including stock and cash) obtained by the director concurrently acting as employee (including the President, Vice President, other President and employees) in the most recent year. The employee remuneration amount allocated by the board of directors in the recent years shall be disclosed. If it is impossible to estimate it, the proposed allocation amount for this year shall be calculated based on the proportion of the actual allocation amount in last year, and the Appendix 1-3 as attached shall also be completed.

Note 7: The total amount of remuneration paid by all companies, including the Company, to the directors included in the consolidated statement shall be disclosed.

Note 8: The Company shall pay each director the total amount of remuneration and disclose the names of directors in their respective grades.

Note 9: The total amount of remuneration paid by all companies, including the Company, to the directors included in the consolidated statement shall be disclosed.

Note 10: After-tax net benefit means the after-tax net benefit during the recent years.

Note 11: a. This column shall clearly indicate that the directors of the Company receive the relevant remuneration from the reinvested business outside the subsidiary or the parent company.
b. If a director of the Company receives any remuneration from a sub-company or from a parent company, the remuneration received by the director of the Company from a sub-company or from a parent company shall be incorporated into column I of the scale of remuneration and the name of the column shall be changed to "the parent company and all sub-invested companies".
c. Remuneration refers to the remuneration, compensation (including that of employee, director and Supervisor), business execution expenses and other relevant remuneration received by a director of the Company who serves as a director, supervisor or President of a business other than a subsidiary or the parent company.

2. The Audit Committee has been set up in the Company, so there is no remuneration for supervisor.

3. Remuneration of president and vice-presidents (summarization of remuneration scale and name disclosing method)

December 31, 2023; Unit: NT\$ Thousand

Title	Name	Salary (A)		Severance pay (B)		Bonuses and allowances (C) (Note 3)		Employee compensation (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 8)		Compensation paid to directors from an invested company or from the Company's subsidiary (Note 9)
		The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company		Companies in the consolidated financial statements (Note 5)		The Company	Companies in the consolidated financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
Chairman & CEO	KAO, CHIH-HUNG	15,623	15,623	566	566	8,806	8,806	356	-	356	-	25.02%	25.02%	None
Vice Chairman & Chief Sustainability Officer	KAO, MIN-HUNG													
President	CHAN, PO-HSIANG													
Vice President	HSU, SHIH-CHIEH													
Vice President	HUANG, CHAO-YUNG													
Vice President	LIN, LI-CHING													
Vice President	LIN, CHIA-HUA													

Table of Range of Remuneration

Range of remuneration paid to president and vice-presidents	Name of presidents and vice-presidents	
	The Company (Note 6)	Companies in the consolidated financial statements (Note 7)
Under NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	KAO, MIN-HUNG, HSU, SHIH-CHIEH, LIN, CHIA-HUA, HUANG, CHAO-YUNG, LIN, LI-CHING	KAO, MIN-HUNG, HSU, SHIH-CHIEH, LIN, CHIA-HUA, HUANG, CHAO-YUNG, LIN, LI-CHING
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	CHAN, PO-HSIANG	CHAN, PO-HSIANG
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	KAO, CHIH-HUNG	KAO, CHIH-HUNG
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	7

Note 1: The names of the President and Vice Presidents shall be listed separately, and the payment amounts shall be disclosed in a summary manner.

Note 2: The salary, job bonus, retirement pension and severance pay to the President and Vice President in the recent years shall be presented.

Note 3: Various bonuses, incentives, carriage expenses, special expenses, various allowances, in-kind provision of dormitory, car allocation and other remuneration amounts of the President and Vice President in the recent years shall be presented. In case that houses, cars and other means of transport or exclusive personal expenses are offered, the nature and cost of the assets provided, as well as the actual or fair market rent, fuel and other payments shall be disclosed. In addition, if a driver is assigned, please note that the Company pays the driver relevant compensation, but not included in the remuneration. In addition, the salary expenses recognized in accordance with IFRS2 "Share Based Payment", including the acquisition of stock warrants of employees, the restriction of employee rights of new shares and participation in cash capital increase subscription shares, shall also be included in the remuneration.

Note 4: The amount of compensation for the President and Vice Presidents approved by the board of directors for the recent years (including stock and cash if it is not possible to estimate, the proposed amount of this year's distribution shall be calculated in proportion to the actual amount of last year's distribution.

Note 5: The total amount of remuneration paid by all companies, including the Company, to the President and Vice President included in the consolidated statement shall be disclosed.

Note 6: The Company shall pay each President and Vice President the total remuneration, and disclose the names of President and Vice President in the relevant level.

Note 7: The total amount of remuneration paid by all companies, including the Company, to the President and Vice President included in the consolidated statement shall be disclosed, and the names of Presidents and Vice Presidents shall be disclosed in the relevant level.

Note 8: After-tax net profit refers to the after-tax net profit of an individual or individual financial report for the recent years.

Note 9: a. The amount of remuneration received by the President and Vice President from other subsidiaries or the parent company shall be filled in this column. If no amount is received, please fill in "none".

Note 10: b. If the President and Vice President of the Company receive remuneration from the reinvested business outside the subsidiary or the parent company, they shall incorporate the remuneration received by the President and Vice President from the reinvested business outside the subsidiary or the parent company into column E of the remuneration range table, and change the name of the column to "the parent company and all the reinvested business".

Note 11: c. Remuneration refers to the remuneration, compensation (including that of employee, director and Supervisor), business execution expenses and other relevant remuneration received by a director of the Company who serves as a director, supervisor or President of a business other than a subsidiary or the parent company.

B. The name of the President who is paid the employee compensation and distribution thereof

December 31, 2023; Unit: NT\$ Thousand

	Title	Name	Stock	Cash	Total	Ratio of total amount to net income (%)
Managerial officers	CEO	KAO, CHIH-HUNG	-	534	534	0.53%
	Chief Sustainability Officer	KAO, MIN-HUNG				
	President	CHAN, PO-HSIANG				
	Vice President	HSU, SHIH-CHIEH				
	Vice President	LIN, CHIA-HUA				
	Vice President	LIN, LI-CHING				
	Vice President	HUANG, CHAO-YUNG				
	Assistant Manager	LI, YIN-LIN				
	Chief Financial Officer	YANG, CHENG-NAN				
	Assistant Manager	YANG, CHENG-HSIEN				
	Division Head	LAI, LI-CHIN				
	Senior Manager	CHANG, JUNG-FU				
	Chief Information Security Officer	CHIANG, YUEH-LIN				
	Chief Accountant	HSU, YU-WEN				
	Chief auditor	LIN, YI-CHING				

Note 1 Individual names and titles shall be disclosed, but the profit distribution may be disclosed by means of summarization.

Note 2 The amount of employee compensation (including stock and cash) distributed to managerial officers based on the resolution of the Board of Directors in the most recent fiscal year shall be filled out. If this amount cannot be predicted, the amount proposed for distribution in current year will be calculated according to the ratio of amount distributed last year. Net income after tax refers to the net income after tax in the most recent fiscal year; if IFRS is already adopted, net income after tax refers to the net income after tax indicated in the individual or separate financial statements in the most recent fiscal year.

Note 3 The applicable scope of managerial officers is as follows in accordance with the provisions of Tai-Tsai-Cheng-San-Tzu No. 0920001301 Order issued by the Commission on March 27, 2003:

- (1) President and officers of equivalent rank
- (2) Vice-presidents and officers of equivalent rank
- (3) Assistant managers and officers of equivalent rank
- (4) Head of Finance Department
- (5) Head of Accounting Department
- (6) Other personnel take charge of the managerial affairs of the Company with signing right.

Note 4 If directors, president, and vice-presidents have received employee compensation (including stock and cash), this table shall also be filled out in addition to Schedule 1-2.

C. Comparative analysis of the total amount of remuneration paid to the directors, Presidents and Vice Presidents of the Company in the most recent two years as a percentage of net profit after tax in individual or individual financial reports by the Company and all companies in the consolidated statements respectively, and explain the policy, standard and mix of remuneration, the procedure for determining remuneration, and its correlation with business performance and future risks.

1. The proportion of the total amount of remuneration paid to the director, President and Vice President of the Company to the after-tax net profit in the recent years:

Unit: NT\$ Thousand; %

Title	2022		2023	
	The proportion of the total amount of remuneration paid to the after-tax net profit		The proportion of the total amount of remuneration paid to the after-tax net profit	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director	2.04%	2.04%	3.64%	3.64%
President and Vice-Presidents	8.89%	8.89%	25.02%	25.02%

2. The policies, standards and mix of remuneration payments, procedures for determining remuneration and their relevance to business performance and future risks:

Article 20 of the Articles of Incorporation: If the Company makes a profit in the current year (i.e., profit obtained by before deduction of employee compensation and directors' compensation distributed from the before-tax profit), and there is still a remaining amount after deduction of accumulated losses, the Board of Directors shall set aside at least 1.5% of the profit as employee compensation and no more than 3% of the profit as directors' compensation respectively. The employee compensation mentioned in the preceding paragraph may be paid in stock or cash, and the payees may include employees from companies controlled by or subordinate to the Company that comply with certain conditions which shall be established by the Board of Directors. Directors' compensation shall be paid in cash only.

The remuneration to the directors of the Company includes fixed remuneration of transportation expenses, as well as variable remuneration paid based on the performance evaluation of the Board of Directors conducted in consideration of the value contributed by directors including participation in Board meetings, participation in the Company's operation and decision-making, full communication inside the Company and with CPAs, and evaluation of potential risks. The evaluation results are equivalent to the contributions made by the directors, and therefore the directors' compensation is distributed equally.

In accordance with the provisions of "Regulations Governing the Remuneration and Compensation of Directors and Managerial Officers", the Company discusses and determines the managerial officer's remuneration, including salary, bonus, and employee compensation, in accordance with their positions, responsibilities and contributions to the Company and with reference to the standards in the same industry and the Company's performance assessment, as well as the Articles of Incorporation and the approval authority; when paying remuneration to the managerial officers, the Company has already considered the future operating risks and the positive relevancy of such risks to its operational performance, to pursue the balance between sustainable management and risk control.

(IV) Implementation of Corporate Governance

A. Operations of the Board of Directors

A total of 9 meetings (A) of the Board of Directors were held in the most recent year and as of the publication date of the annual report. The attendance records of directors are as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) [B/A]	Remarks
Chairman	Bo Hong Investment Co., Ltd. Representative: KAO, CHIH-HUNG	9	0	100%	-
Director	Hung Hui Co., Ltd. Representative: KAO, MIN-HUNG	9	0	100%	-
Director	Wei Hong Assets Co., Ltd. Representative: CHAN, PO-HSIANG	9	0	100%	-
Director	LIU, SHENG-CHANG	9	0	100%	-
Independent Director	LIN, CHIN-FENG	9	0	100%	-
Independent Director	HO, TZU-SHUN	9	0	100%	-
Independent Director	TSENG, HSIAO-CHUAN	4	0	100%	This director was by-elected and newly appointed at the interim Shareholders' Meeting held on August 30, 2023.
Independent Director	SU, CHUN-NIEN	2	0	100%	This director resigned on May 29, 2023.

Other mentionable items:

- If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response should be specified:
 - Matters referred to in Article 14-3 of the Securities and Exchange Act: Pursuant to Section 14-3 of the Securities and Exchange Act, an Audit Committee has been set up by the Company and so the provision is not applicable.
 - Except for those previously stated, there is no the case with respect to board decisions on which the Independent Director has objected or reserved an opinion and which have been recorded or stated in writing.
- Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of the voting shall be specified:

Name	Content of proposal	Reason for recusal due to conflict of interest	Participation in voting
KAO, MIN-HUNG	Proposal for establishment of Sustainable Development Committee of the Company and appointment of Chief Sustainability Officer	Identity of KAO, MIN-HUNG as a managerial officer	After individual recusal of director KAO, MIN-HUNG due to conflict of interest, the chairperson inquired the opinions from all attending directors who raised no objection unanimously and approved the proposal as submitted.
CHAN, PO-HSIANG	Proposal of changes in managerial officers of the Company	Identity of CHAN, PO-HSIANG as a managerial officer	After individual recusal of director CHAN, PO-HSIANG due to conflict of interest, the chairperson inquired the opinions from all attending directors who raised no objection unanimously and approved the proposal as submitted.
KAO, CHIH-HUNG, KAO, MIN-HUNG, CHAN, PO-HSIANG	Proposal for deliberation of remuneration of managerial officers of the Company in coordination with the annual salary adjustment of the Company	Identity of KAO, CHIH-HUNG, KAO, MIN-HUNG, and CHAN, PO-HSIANG as managerial officers	After individual recusal of directors KAO, CHIH-HUNG, KAO, MIN-HUNG, and CHAN, PO-HSIANG due to conflict of interest, the chairperson inquired the opinions from all attending directors who raised no objection unanimously and approved the proposal as submitted.
CHAN, PO-HSIANG	Proposal for reassignment of "Shenzhen Qianhong Electronic Co., Ltd." and "Suzhou Lianhong Electronic Co., Ltd." subordinate to the Company	Identity of CHAN, PO-HSIANG as a managerial officer	After individual recusal of director CHAN, PO-HSIANG due to conflict of interest, the chairperson inquired the opinions from all attending directors who raised no objection unanimously and approved the proposal as submitted.
KAO, CHIH-HUNG, KAO,	Proposal for increase of directors of "Wendell	Identity of KAO, CHIH-HUNG and KAO, MIN-	After individual recusal of directors KAO, CHIH-HUNG and KAO, MIN-HUNG due to

MIN-HUNG	Electrical Testing Co., Ltd., a subsidiary of the Company	HUNG as managerial officers	conflict of interest, the chairperson inquired the opinions from all attending directors who raised no objection unanimously and approved the proposal as submitted.
KAO, MIN-HUNG, CHAN, PO-HSIANG	Plan for employment of members of the Sustainable Development Committee	Identity of KAO, CHIH-HUNG and CHAN, PO-HSIANG as managerial officers	After individual recusal of directors KAO, CHIH-HUNG and CHAN, PO-HSIANG due to conflict of interest, the chairperson inquired the opinions from all attending directors who raised no objection unanimously and approved the proposal as submitted.
KAO, CHIH-HUNG, KAO, MIN-HUNG, CHAN, PO-HSIANG	Proposal for deliberation of the payment of Mid-Autumn Festival bonus to managerial officers of the Company	Identity of KAO, CHIH-HUNG, KAO, MIN-HUNG, and CHAN, PO-HSIANG as managerial officers	After individual recusal of directors KAO, CHIH-HUNG, KAO, MIN-HUNG, and CHAN, PO-HSIANG due to conflict of interest, the chairperson inquired the opinions from all attending directors who raised no objection unanimously and approved the proposal as submitted.
CHAN, PO-HSIANG	Proposal for change in the deputy spokesperson of the Company	Identity of CHAN, PO-HSIANG as a managerial officer	After individual recusal of director CHAN, PO-HSIANG due to conflict of interest, the chairperson inquired the opinions from all attending directors who raised no objection unanimously and approved the proposal as submitted.
KAO, CHIH-HUNG, KAO, MIN-HUNG, CHAN, PO-HSIANG	Proposal for distribution of employee subscription amount of new shares issued by capital increase in cash to employees of managerial offices in 2023	Identity of KAO, CHIH-HUNG, KAO, MIN-HUNG, and CHAN, PO-HSIANG as managerial officers	After individual recusal of directors KAO, CHIH-HUNG, KAO, MIN-HUNG, and CHAN, PO-HSIANG due to conflict of interest, the chairperson inquired the opinions from all attending directors who raised no objection unanimously and approved the proposal as submitted.
KAO, CHIH-HUNG, KAO, MIN-HUNG, CHAN, PO-HSIANG	Proposal for deliberation of payment of year-end bonus to managerial officers of the Company	Identity of KAO, CHIH-HUNG, KAO, MIN-HUNG, and CHAN, PO-HSIANG as managerial officers	After individual recusal of directors KAO, CHIH-HUNG, KAO, MIN-HUNG, and CHAN, PO-HSIANG due to conflict of interest, the chairperson inquired the opinions from all attending directors who raised no objection unanimously and approved the proposal as submitted.
TSENG, HSIAO-CHUAN	Proposal for changes in the members of the Sustainable Development Committee of the Company	Identity of TSENG, HSIAO-CHUAN as an independent director	After individual recusal of independent director TSENG, HSIAO-CHUAN due to conflict of interest, the chairperson inquired the opinions from all attending directors who raised no objection unanimously and approved the proposal as submitted.
KAO, CHIH-HUNG, KAO, MIN-HUNG, CHAN, PO-HSIANG	Proposal for deliberation of remuneration of managerial officers of the Company in coordination with the annual salary adjustment of the Company	Identity of KAO, CHIH-HUNG, KAO, MIN-HUNG, and CHAN, PO-HSIANG as managerial officers	After individual recusal of directors KAO, CHIH-HUNG, KAO, MIN-HUNG, and CHAN, PO-HSIANG due to conflict of interest, the chairperson inquired the opinions from all attending directors who raised no objection unanimously and approved the proposal as submitted.
CHAN, PO-HSIANG	The appointment of the manager of the subsidiary Wendell Electrical Testing Co., Ltd. was ratified	Identity of CHAN, PO-HSIANG as a managerial officer	After individual recusal of director CHAN, PO-HSIANG due to conflict of interest, the chairperson inquired the opinions from all attending directors who raised no objection unanimously and approved the proposal as submitted.

3. The evaluation cycle, duration, scope, method and content of the board's self-or peer evaluation:

Evaluation cycle	Evaluation period	Scope of assessment	Evaluation approach	Evaluation content
1. Internal evaluation executed once every year	2023.1.1 – 2023.12.31	1. Performance evaluation of the Board of Directors 2. Self-evaluation of performance of the Board members 3. Performance evaluation of functional committees	Internal self-evaluation of the Board of Directors and self-evaluation of the Board members	1. Performance evaluation of the Board of Directors <ul style="list-style-type: none"> •Participation in the Company's operation •Improvement in the Board of Directors' decision-making quality •Composition and structure of the Board of Directors •Election and continuing education of directors •Internal control 2. Self-evaluation of performance of the Board members <ul style="list-style-type: none"> •Understanding of the Company's goals and missions •Understanding of the directors' responsibilities •Participation in the Company's operation

				<ul style="list-style-type: none"> •Management and communication of internal relations •Expertise and continuing education of directors • Internal control <p>3. Performance evaluation of functional committees</p> <ul style="list-style-type: none"> •Participation in the Company's operation •Understanding of the functional committees' responsibilities •Improvement in the functional committees' decision-making quality •Composition of the functional committees and election of members •Internal control
2. External evaluation executed once every three years	2022.11.1 – 2023.10.31	Performance evaluation of the Board of Directors	Entrustment of an external professional agency (Taiwan Corporate Governance Association) to implement evaluation through online questionnaire, document review, and field survey.	<ul style="list-style-type: none"> •Composition of the Board of Directors •Guidance of the Board of Directors •Authorization of the Board of Directors •Supervision of the Board of Directors •Communication of the Board of Directors •Internal control and risk management •Self-discipline of the Board of Directors •Other aspects like board meetings, and support systems

The performance evaluation of the Board of Directors was internally conducted per the preceding regulations in 2023. The average score obtained ranged from 4.77 points (Excellent) to 5 points (Superb), representing the directors' recognition of current operation and corporate governance performance of the Board of Directors and each functional committee.

Performance evaluation of the Board of Directors	Self-evaluation of performance of the Board members	Performance evaluation of functional committees
Evaluation result: 4.90 points	Evaluation result: 4.99 points	Evaluation result: 4.77~5.00 points

Evaluation options: 5 points-Superb; 4 points-Excellent; 3 points-Moderate; 2 points-Poor; 1 point-Extremely poor

The external professional agency entrusted (Taiwan Corporate Governance Association) was not a related party of the Company, and it didn't have a business relationship that affected the independence. Participants didn't hold any positions with material impact, or have a direct or indirect financial interest relationship with the Company. A report of performance evaluation of the Board of Directors of the Company was already issued on December 27, 2023. The evaluation results are described as follows:

[General comments]

- (1) Your company values the diversity of composition of the Board of Directors and there are 2 female directors among all 7 directors. Also, your company has elected independent directors based on the future development demand. 3 independent directors have the professional background in law, audit, and accounting. All of them are outstanding specialists in the industry who actively participate in the operation of the Board of Directors and contribute their expertise. The combination of expertise and talents of the overall Board of Directors comply with the operational development of your company as well as your demand for achieving strategic objectives.
- (2) The chairman of your company respects professionalism, is open to suggestions, and communicates with the Board members smoothly, thus giving play to his leadership effectively. Besides, the Board of Directors has an enlightened atmosphere for discussing official matters. To ensure the full discussion of each proposal submitted to the Board of Directors, independent directors' opinions would be consulted with prior to meetings where major proposals are to be discussed, thus assisting the Company in making the best decisions and forming a favorable deliberative culture of the Board of Directors.
- (3) Your company appointed Chief Sustainability Officer and established "Sustainable Development Committee" this year. This committee regularly reports the implementation status of ESG to the Board of Directors every quarter. Your company completed the planning of carbon inventory and verification 2 years in advance compared to TPEX listed companies of same scale. Your company also willingly prepared and published its first sustainability report this year, indicating your emphasis on corporate social responsibility and sustainable corporate management.
- (4) Your company regularly arranges independent directors, chief auditor, and external CPAs to attend closed-door meetings and communicate the annual review planning, key audit matters, review results of financial statements, changes in latest regulations, and relevant issues, to give full play to the functionality of independent directors and ensure the effectiveness of the Company's internal control system.
- (5) Your company has already drawn up "Risk Management Policy and Procedure" are expected to be reported to the board of directors for approval in 2024, and planned the establishment of a risk management team administered by the Sustainable Development Committee in the coming year. This risk management team will regularly report the implementation status to the Board of Directors, so that the Board of Directors can supervise and guide the control of the Company's operational risks more efficiently.

[Suggestions and improvement plans]

Suggestions	Improvement plan
It is suggested that your company should better consider the opinions of the independent directors when assessing the Chief internal auditor, to strengthen the independence of internal audit and the supervision and guidance of the internal audit by the Audit Committee.	When executing performance evaluation of the Chief internal auditor in the future, the Company will provide relevant information to the members of the Audit Committee, and include such information in the assessment with reference to the committee members' opinions.

Your company provided information regarding relevant laws and regulations, industry of the Company, etc. to newly appointed directors, and it is thus suggested that you company should document and institutionalize this practice.	The Company will, in accordance with the actual operation method, draw up information that shall be provided to newly appointed directors upon office-taking and establish relevant written systems, so that directors can master the Company's operation mode as soon as possible and implement and execute it with rules to follow.
It is suggested that your company should set up a complaint mailbox for independent directors (or the Audit Committee) to synchronously receive relevant information with the chief auditor, to further strengthen the functions of the whistleblower mechanism.	The Company has already set up a complaint mailbox for independent directors to synchronously receive relevant information with the chief auditor. Then, complaint mails may be known synchronously with the Company if any, and then any illegal behaviors or behaviors against the Company's policies can be learned about immediately.
It is suggested that your company should establish a definite reporting system to address occasional major incidents, with contents including type of information reported, reporting period, reporting method and hierarchies, etc.	The Company will list various occasional major incidents after evaluation and judgment as expected, and coordinate relevant appropriate hierarchies to be reported to for developing relevant measures, to ensure that such incidents can be promptly reported and mastered by each hierarchy.
Your company conducts performance evaluation of senior managers once every half a year. It is suggested that your company should further include performance indicators linked with the Company's long-term development objectives.	The Company will reexamine and draw up performance indicators linked with the Company's long-term development objectives, and design items suitable for assessment of senior managers.
It is suggested that your company should draw up improvement plans to address corporate governance appraisal indicators not scored yet, and assign the Board of Directors to supervise the improvement status, to improve the corporate governance appraisal grade.	Each executing unit of the Company listed executable items of the Company, gradually improved them per scheduling, and notified the results to the Board members in 2023.

The evaluation results of 2023 were already reported to the Board of Directors on March 7, 2024.

4. Measures taken (e.g., establishment of the Audit Committee, improvement of information transparency, etc.) to strengthen the functionality of the Board in the current and the latest year, and implementation status:

- (1) The Company has established "Rules of Procedure for Board of Directors" according to "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" for observation, and immediately announced important resolutions on MOPS after the board meetings, to achieve full information disclosure and safeguard shareholders' rights and interests.
- (2) The Board of Directors of the Company has relied on the labor division and cooperation of each functional committee, e.g., Remuneration Committee, Audit Committee, and Sustainable Development Committee, to assist its performance of supervisory responsibilities. Also, the Company has coordinated Net-Zero by 2050 of Taiwan and actively strengthened the functionality of the Board of Directors and implemented corporate governance and sustainable development.
- (3) The Company has purchased director liability insurance for all directors.
- (4) The Company regularly arranges directors to participate in professional continuing education courses, and appointed an external professional agency, i.e., (Taiwan Corporate Governance Association), to conduct external performance evaluation of the Board of Directors in 2023, to strengthen the functionality of the directors and improve the participation of directors in corporate operation and their performance.

B. Operation of the Audit Committee

1. Professional qualifications of members of the Audit Committee:

Title	Name	Professional qualification	Main experience (education)
Independent director (Convener)	LIN, CHIN-FENG	Passed the national examination and obtained a CPA certificate, with work experience needed for the accounting business.	Master, Department of Accounting, Soochow University (TW) CPAs/Practicing CPA
Independent director	HO, TZU-SHUN	Passed the national examination and obtained a lawyer certificate, with work experience needed for the lawyer business.	Master of Law, Soochow University Shih Hsun Hsu Law Firm/Lawyer Procurator, Taiwan High Prosecutors Office Head Prosecutor, Taiwan Shilin District Prosecutors Office Procurator, Taiwan Taoyuan District Prosecutors Office

Independent director	TSENG, HSIAO-CHUAN	With work experience needed for the commerce	Master of Management, National Taiwan University of Science and Technology Yuanta Bank/General Auditor Yuanta Bank/Vice President and Senior Vice President
----------------------	--------------------	--	---

2. The annual work highlights of the Audit Committee and matters deliberated mainly include:

- (1) Establishment or amendment of the internal control system according to the provisions of Article 14-1 of the Securities and Exchange Act
- (2) Effectiveness assessment of the internal control system
- (3) Establishment or amendment of procedures for acquisition or disposal of assets, engaging in derivatives trading, lending funds to others, providing endorsement for others, or conducting major finance and business behaviors that endorse or provide guarantee for others according to the provisions of Article 36-1 of the Securities and Exchange Act
- (4) Matters involving the interest relationships of directors
- (5) Major asset or derivatives trading
- (6) Major fund lending, endorsement, or provision of guarantee
- (7) Raising, issuance, or private placement of securities with nature of equity
- (8) Appointment, dismissal, or remuneration of CPAs
- (9) Appoint and dismissal of finance and accounting officers, or chief internal auditor
- (10) Annual financial reports signed or sealed by the Chairman, managerial officers, and chief accountant, as well as financial reports of the second quarter to be audited and certified by CPAs
- (11) Major matters stipulated by other companies or the competent authority

3. Review of financial reports

The Board of Directors prepared the business report, financial statements, proposal for profit distribution, etc. for the year 2023. The financial statements were already audited by PwC Taiwan, and relevant audit report was issued. It was regarded that no inconsistency existed in the aforesaid business report, financial statements, and proposal for profit distribution reviewed by the Audit Committee.

4. Effectiveness assessment of the internal control system

The Company regularly conducts self-evaluation of the internal control system according to "Regulations Governing Establishment of Internal Control Systems by Public Companies", and judges the effectiveness of the design and execution of the internal control system in accordance with the effectiveness judgment items of the internal control system released by the competent authority. The Company is capable of reasonably assuring the realization of the objectives of the internal control system.

5. Appointment of CPAs

The Audit Committee is assigned with the responsibility to supervise the independence of the CPA firm to ensure the fairness of the financial statements. To assure the independence of the accounting firm, the Company evaluates the independence, professionalism, and eligibility of CPAs with reference to Audit Quality Indicators (AQIs), and assess whether the CPAs are related parties of the Company or have business or financial interest relationship with the Company. It was deliberated and approved in the 11th meeting of the 2nd Audit Committee held on March 7, 2024 and the 13th meeting of the 7th Board of Directors held on March 7, 2024 that CPAs CHEN, CHIN-CHANG and TU, PEI-LING from PwC China complied

with the independence evaluation standards, and they adequately served the finance and tax CPAs for the Company.

6. A total of seven Audit Committee meetings (A) were held in the most recent year and as of the publication date of the annual report. The attendance of independent directors is as follows:

Title	Name	Attendance in person (B)	By Proxy	Attendance rate (%) (B/A)	Remarks
Member of the Audit Committee	HO, TZU-SHUN	7	0	100.00%	None
Member of the Audit Committee	LIN, CHIN-FENG	7	0	100.00%	
Member of the Audit Committee	TSENG, HSIAO-CHUAN	3	0	100.00%	This member was by-elected and newly appointed at the interim Shareholders' Meeting held on August 30, 2023.
Member of the Audit Committee	SU, CHUN-NIEN	2	0	100.00%	This member resigned on May 29, 2023.

Other matters to be recorded:

1. With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Audit Committee	Contents of motions and subsequent treatment	Matters referred to in Article 14-5 of the Securities and Exchange Act	Resolutions not passed by the Audit Committee and approved by more than 2/3 of all directors
5 th meeting of the 2 nd session	1. Proposal for distribution of directors' compensation and employee compensation of the Company in 2022.	V	
	2. Proposal for business report and financial reports for the year 2022.	V	
	3. Proposal for profit distribution of the Company in 2022.	V	
	4. Proposal for handling of issuance of new shares through conversion of profits to increase capital.	V	
	5. Proposal for the statement of internal control system of the Company in 2022.	V	
	6. Proposal for amendments to some provisions of "Articles of Incorporation" of the Company.	V	
	7. Proposal for amendments to some provisions of "Rules of Procedure for Shareholders' Meeting" of the Company.	V	
	8. Proposal for amendments to some provisions of "Corporate Governance Best Practice Principles" and "Sustainable Development Best Practice Principles" of the Company.	V	
	9. Proposal for amendments to some provisions of "Rules of Procedure for Board of Directors" and "Regulations Governing Finance and Business Operation between Affiliated Enterprises" of the Company.	V	

	10. Proposal for profit distribution of important subsidiary "Suzhou Lianhong Electronic Co., Ltd."	V	
	11. Proposal of the Company for applying to the financial institution for change of shared scope of line of credit due to business operation demand.	V	
	12. Proposal for applying for transaction quotas to invest in overseas bond financial products.	V	
	13. Proposal for employment and eligibility and independence evaluation of CPAs in 2023.	V	
	14. Proposal for pre-approval of the provision of non-assurance services by CPAs, their accounting firm and enterprises affiliated to the firm for the Company and its subsidiaries.	V	
	15. Proposal for scheduling of greenhouse gas inventory and verification of subsidiaries.	V	
	Resolution result of the Audit Committee (March 8, 2023): Discussed, approved and passed by all members of the Audit Committee.		
	The Company's response to the opinion of the Audit Committee: Discussed, approved and passed by all attending directors.		
6 th meeting of the 2 nd session	1. Proposal for the consolidated financial reports of the first quarter of 2023.	V	
	2. Proposal for determination of the base date for capital increase in the conversion of "Domestic First Unsecured Convertible Corporate Bond" of the Company to issue new shares.	V	
	3. Proposal for reassignment of "Shenzhen Qianhong Electronic Co., Ltd." and "Suzhou Lianhong Electronic Co., Ltd." supervisor to the Company.	V	
	4. Proposal for increase of directors of "Wendell Electrical Testing Co., Ltd.", a subsidiary of the Company.	V	
	5. Proposal for amendments to "Internal Control System" of the Company.	V	
	6. Proposal of the Company for applying to the financial institution for transaction quota of derivative financial products due to business operation demand.	V	
	7. Proposal of the Company for applying to the financial institution for extension of the comprehensive financing contract and increase of line of credit due to business operation and development demand.	V	
	8. Proposal for special pre-approval of the provision of non-assurance services by CPAs, their accounting firm and enterprises affiliated to the firm for the Company and its subsidiaries.	V	
	Resolution result of the Audit Committee (May 11, 2023): Discussed, approved and passed by all members of the Audit Committee.		
The Company's response to the opinion of the Audit Committee: Discussed, approved and passed by all attending directors.			
7 th meeting of the 2 nd session	1. Proposal for construction of laboratories of the Company in Tucheng District in the third quarter of 2023 as expected.	V	
	2. Proposal for amendments to "Internal Control System" of the Company.	V	
	3. Proposal for application of the increase of transaction quota of investment in overseas bond financial products.	V	
	Resolution result of the Audit Committee (June 12, 2023): Discussed, approved and		

	passed by all members of the Audit Committee.		
	The Company's response to the opinion of the Audit Committee: Discussed, approved and passed by all attending directors.		
8 th meeting of the 2 nd session	1. Proposal for the consolidated financial reports of the second quarter of 2023.	V	
	2. Proposal for construction financing of laboratories of the Company in Tucheng District.	V	
	3. Proposal of the Company for applying to the financial institution for a project loan.	V	
	4. Proposal for amendments to "Regulations Governing Internal Control Management" of the Company.	V	
	Resolution result of the Audit Committee (August 9, 2023): Discussed, approved and passed by all members of the Audit Committee.		
The Company's response to the opinion of the Audit Committee: Discussed, approved and passed by all attending directors.			
9 th meeting of the 2 nd session	1. Proposal for the consolidated financial reports of the third quarter of 2023.	V	
	2. Proposal for the Company to evaluate whether accounts receivable exceed the normal credit extension/transaction period for more than three months with significant amount should be converted to fund lending as of September 30, 2023.	V	
	3. Proposal of the Company for handling of issuance of new shares through capital increase in cash in 2023.	V	
	4. Proposal of the Company for capital increase in subsidiary "Wendell Electrical Testing Co., Ltd.".	V	
	5. Proposal for application of the increase of transaction quota of investment in overseas bond financial products.	V	
	6. Proposal for amendments to some provisions of "Operating Procedure and Guidelines for Corporate Ethical Management" of the Company.	V	
	7. Proposal for the change of the audit plan in 2023.	V	
	Resolution result of the Audit Committee (November 14, 2023): Discussed, approved and passed by all members of the Audit Committee.		
The Company's response to the opinion of the Audit Committee: Discussed, approved and passed by all attending directors.			
10 th meeting of the 2 nd session	1. Proposal for amendments to "Regulations Governing the Employee Share Subscription through Capital Increase in Cash" of the Company.	V	
	2. Proposal for the internal audit plan of the Company in 2024.	V	
	3. Proposal for the operation plan and budget of the Company in 2024.	V	
	4. Proposal of the Company for applying to the financial institution for extension of the comprehensive financing contract and increase of line of credit due to business operation and development demand.	V	
	Resolution result of the Audit Committee (December 15, 2023): Discussed, approved and passed by all members of the Audit Committee.		
The Company's response to the opinion of the Audit Committee: Discussed, approved and passed by all attending directors.			
11 th meeting of the 2 nd	1. Proposal for distribution of directors' compensation and employee compensation of the Company in 2023.	V	

session	2.	Proposal for business report and financial reports for the year 2023.	V	
	3.	Proposal for profit distribution of the Company in 2023.	V	
	4.	Proposal for the the statement of internal control system of the Company in 2023.	V	
	5.	Proposal for amendments to some provisions of "Rules of Procedure for Shareholders' Meeting" of the Company.	V	
	6.	Proposal for amendments to some provisions of "Rules of Procedure for Board of Directors", "Rules of Organization of Audit Committee", "Management of Deliberation Operation of Audit Committee", and "Regulations Governing Performance Evaluation of Board of Directors".	V	
	7.	Proposal for amendments to some provisions of "Regulations Governing the Remuneration and Compensation of Directors and Managerial Officers" of the Company.	V	
	Resolution result of the Audit Committee (March 7, 2024): Discussed, approved and passed by all members of the Audit Committee.			
The Company's response to the opinion of the Audit Committee: Discussed, approved and passed by all attending directors.				
(2) Other matters not approved by the Audit Committee and approved by more than two-thirds of all directors, except those previously mentioned: None.				
2.	Regarding recusals of independent directors from voting due to conflicts of interests, the names of the independent directors, contents of motions, reasons for recusal, and results of the voting shall be specified: None.			
3.	Communications between the independent directors, the Company's chief internal auditor and CPAs (including major events, methods, results, etc. of communication regarding corporate finance and business conditions)			
(1)	The auditors of the Company submitted audit reports to the independent directors according to law after completion of each audit project, and the independent directors didn't raise any objection.			
(2)	The auditors of the Company attended each meeting of the Audit Committee as a nonvoting party and prepared audit reports at the regular board meetings, and the independent directors didn't raise any objection to the reported matters.			
(3)	The independent directors of the Company and the CPAs communicated and learned about relevant matters including the contents of financial reports face-to-face or in writing.			
(4)	Summary of communication of independent directors with the chief internal auditor and CPAs:			

Date	Personnel attending as a voting/non-voting party	Communicated matter	Communication result
March 8, 2023	Independent director: LIN, CHIN-FENG Independent director: HO, TZU-SHUN Independent director: SU, CHUN-NIEN CPA: CHEN, CHIN-CHANG Chief auditor: LIN, YI-CHING	<ol style="list-style-type: none"> 1. Report of implementation status of audit plan for the fourth quarter of 2022. 2. Description and communication of review results of consolidated financial statements of the fourth quarter of 2022. 3. Audit Quality Indicators (AQIs). 4. Regulatory updates. 	No Discrepancy
August 9, 2023	Independent director: LIN, CHIN-FENG Independent director: HO, TZU-SHUN CPA: CHEN, CHIN-CHANG Chief auditor: LIN, YI-CHING	<ol style="list-style-type: none"> 1. Report of implementation status of audit plan for the second quarter of 2023. 2. Description and communication of review results of consolidated financial statements of the second quarter of 2023. 3. Communication matters prior to review planning in 2023. 	No Discrepancy
March 7, 2024	Independent director: LIN, CHIN-FENG Independent director: HO, TZU-SHUN Independent director: TSENG, HSIAO-CHUAN CPA: CHEN, CHIN-CHANG Chief auditor: LIN, YI-CHING	<ol style="list-style-type: none"> 1. Internal audit and review report of 2023. 2. Suggestions on internal audit in 2023 or adoption of suggestions by each unit. 3. Report of work highlights of internal audit in 2024. 4. Regulatory updates. 	No Discrepancy

C. Corporate Governance implementation status and deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof:

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
1. Has the Company established and does it disclose its Corporate Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company passed its Corporate Governance Best Practice Principles through the Board of Directors on March 20, 2020. The amendment to this regulation was already approved by the Board of Directors and implemented on March 8, 2023. The amended Corporate Governance Best Practice Principles were already submitted to the Shareholders' Meeting on May 30, 2023.	No material discrepancy
2. Shareholding structure & shareholders' rights				
(1) Has the Company established internal operating procedures to deal with shareholders' suggestions, concerns, disputes and litigation, and does the Company implement such procedures in accordance with the procedures?	✓		(1) The Company has established "Regulations Governing Whistleblowing System" and a spokesperson window to deal with shareholders' suggestions, concerns, or disputes. Also, it has entrusted a stock transfer agency to deal with shareholders' meetings on the behalf of the Company. Currently, the Company hasn't been involved in any disputes.	No material discrepancy
(2) Does the Company keep a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		(2) As for the monthly shareholding conditions of directors, managerial officers, and major shareholders, the Company regularly discloses information regarding the equity of directors, managerial officers and major shareholders according to law; the Company discloses a list of shareholders holding 5% or more of the corporate shares every quarter; the Company discloses a list of top-10 shareholders and the ultimate owners of those major shareholders in the annual report and on its official website every year.	No material discrepancy
(3) Has the Company established and does it execute a risk management and firewall system within its affiliated companies?	✓		(3) The Company has established "Procedure for Finance and Business Operations between Related Parties" to expressly standardize the transactions between affiliated enterprises. Also, the Company has followed each operating procedure in the internal control system to achieve a risk control mechanism.	No material discrepancy
(4) Has the Company established internal rules against insider trading and the use of undisclosed information in securities trading?	✓		(4) The Company has established "Regulations Governing the Prevention of Insider Trading" to avoid the violation of relevant provisions on insider trading by directors, managerial officers, and employees of the Company due to unfamiliarity with relevant regulations. The Company also regularly publicizes relevant laws and regulations to insiders. It is clearly stipulated insiders of TWSE/TPEX listed companies who have learned financial reports or relevant performance contents of the Company are subject to stock transaction control measures; insiders including directors are not allowed to trade their stocks in period 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial reports respectively.	No material discrepancy
3. Composition and responsibilities of the Board of Directors				
(1) Does the Board of Directors develop and implement a diversity	✓		1. The Board of Directors of the Company passed and established "Corporate Governance Best Practice Principles" on March 20, 2020. In Chapter 3	No material discrepancy

Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
policy for the composition of its members?			<p>“Strengthening of Functionality of the Board of Directors”, the Company has established a diversity policy. A candidate nomination system is adopted for nomination and selection of the Board members of the Company in accordance with the provisions of the Articles of Incorporation. In addition to the evaluation of education, work experience, and qualifications of each candidate, the Company also abides by “Procedures for Election of Directors and Supervisors” and “Corporate Governance Best Practice Principles”, to assure the diversity and independence of the Board members.</p> <p>2. The seventh Board of Directors of the Company comprises 7 directors, among whom 3 directors are served by the employees of the Company who are specialized in leadership, decision-making, operational judgment, operation and management ability and crisis management with industrial knowledge on electronic component industry, semiconductor industry, and electronic terminal products and international market view; director LIU, SHENG-CHANG currently serves as the director of Everest CPA & Co. and the vice president of CPA Associations R.O.C. (Taiwan), specialized in management, accounting, and finance analysis; 3 independent directors, i.e., HO, TZU-SHUN, LIN, CHIN-FENG, and TSENG, HSIAO-CHUAN, are specialized in law, finance and accounting, management, and financial investments, which are important professional skills needed for the operation of the Company. The diversified and professional backgrounds of the directors facilitate the Company to make most timely and crucial decisions and improve its operational performance and management benefits.</p> <p>3. The directors served by employees of the Company account for 42.86%, and the independent directors account for 42.86%, and the female directors account for 28.57% of the total number of directors respectively. The seniority of 2 independent directors lasts for 4-5 years. The seniority of 1 independent director lasts for 0.6 years. There are 3 directors aged 41-50, 2 directors aged 51-60, and 2 directors aged above 61. The Company attaches importance to the gender equality of the Board members, and aims to improve the number of female directors to two or more. Currently, there are already two female directors. In the future, the Company will strive to balance the number of directors with different genders to implement the goal of gender equality in Taiwan.</p> <p>4. The diversity policy drafted by the Board of Directors regarding the constitution of the Board members is disclosed on the Company’s website.</p>	
(2) In addition to the legally required Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees?	✓		(2) The Company approved the establishment of a Sustainable Development Committee through the Board of Directors on March 8, 2023, and this committee is designated as a dedicated unit for promoting sustainable development. The members of this committee comprise directors and supervisors from each related department. This committee is required to regularly report relevant implementation status of sustainable development to the Board of Directors every year.	It is expected that such committees will be gradually established according to law and in consideration of the practical needs of the

Evaluation item	Implementation status		Description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
(3) Has the Company established standards and methods to evaluate the performance of the Board of Directors, conduct evaluations annually and regularly, report the evaluation results to the Board of Directors, and use them as a reference for individual directors' remuneration, nomination and renewal?	✓		<p>(3) The Company has formulated the "Rules for Performance Evaluation of Board of Directors" on April 26, 2021 and shall evaluate the performance of the Board, the directors and the Remuneration Committee at least once a year. Besides, the Company increased the performance evaluation of the Sustainable Development Committee in 2023. For the internal evaluation, performance evaluation of the current year shall be conducted per the Rules upon end of each year.</p> <p>The items of the performance evaluation on the board shall involve the following five aspects from January 1, 2023 to December 31, 2023:</p> <p>(A) The performance evaluation on the board</p> <ul style="list-style-type: none"> • The extent of its involvement in the operation of the Company • Improvement to the board's decision-making quality • Composition and structure of the board of directors • Appointment and continuous training of the directors • Internal control <p>(B) The performance evaluation of directors</p> <ul style="list-style-type: none"> • Understanding the Company's goals and tasks • Understanding the directors' duties • The extent of its involvement in the operation of the Company. • Internal relationship management and communication • Disciplines and continuous training of the directors • Internal control <p>(C) The performance evaluation of the Functional Committee (Audit Committee and Remuneration Committee)</p> <ul style="list-style-type: none"> • The extent of its involvement in the operation of the Company • Understanding the duties and responsibilities of Functional Committee • Improvement to the decision-making quality of the Functional Committee • Composition of Functional Committee and election of members • Internal control <p>The results of performance evaluation of the Board of Directors and functional committees (including Audit Committee and Remuneration Committee) of the Company conducted from January 1, 2023 to December 31, 2023 were mostly between 5 points "Highly agree" and 4 points "Agree". Most directors highly agreed on the operation of each evaluation indicator, and the overall operation of the Board of Directors and each functional committee was favorable, complied with the requirements for corporate governance, and effectively strengthened the functionality of the Board of Directors and safeguarded shareholders' interests. Also, the results were submitted to the Board of Directors on March 7, 2024. The remuneration to the directors of the Company includes fixed remuneration of transportation</p>	<p>Company.</p> <p>No material discrepancy</p>

Evaluation item	Implementation status		Description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
			expenses, as well as variable remuneration paid based on the performance evaluation of the Board of Directors conducted in consideration of the value contributed by directors including participation in Board meetings, participation in the Company's operation and decision-making, full communication inside the Company and with CPAs, and evaluation of potential risks. The evaluation results are equivalent to the contributions made by the directors, and therefore the directors' compensation is distributed equally.	
(4) Does the Company regularly evaluate the independence of the CPAs?	✓		<p>(4) The Company evaluates the independence and suitability of the CPA appointed annually, and then submits the evaluation results to the Board of Directors. The latest evaluation was approved by the Audit Committee with a corresponding resolution on March 7, 2024, and submitted to the Board of Directors for a resolution on March 7, 2024.</p> <p>The evaluation mechanism is as follows:</p> <p>(A) Not an employee of the Company or its affiliated enterprise.</p> <p>(B) Not a director of the Company or its affiliated enterprise (however, it does not apply to independent directors of the Company or its parent company, or a subsidiary where the Company directly or indirectly holds more than fifty percent of shares with voting rights).</p> <p>(C) Not an individual shareholder holding or with his/her spouse, underage children or others holding more than 1% of total shares already issued by the Company or ranking the top 10 in terms of shareholding ratio.</p> <p>(D) Not the spouse, a relative within the second degree of kinship, or an immediate blood relative within the third degree of kinship of personnel listed in the aforesaid three paragraphs.</p> <p>(E) Not a director, supervisor or employee of a corporate shareholder directly holding more than 5% of total shares issued by the Company, or ranking the top 5 in terms of shareholding ratio</p> <p>(F) Not a director (council member), supervisor or manager or shareholder with shareholding ratio above 5% of a specific company or institution that has financial or business contact with the Company.</p> <p>(G) Not the spouse or a relative within second degree of kinship to any other director.</p> <p>(H) Not having any of the circumstances stipulated in Article 30 of the Company Act.</p> <p>(I) Not elected as government, legal person, or its representative according to Article 27 of the Company Act.</p> <p>(J) Not allowed to serve as director or managerial officer of the Company, or serve a position that has a material impact on the audit case within the last two years.</p> <p>(K) Not allowed to get involved in the management functions of decision-making of the Company.</p> <p>(L) Whether AQI information has been acquired from the CPA law firm as reference for appointment of CPAs.</p>	No material discrepancy

Evaluation item	Implementation status		Description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
			<p>(M) AQIs have been obtained from the CPA law firm to conduct evaluation of professionalism, quality control, independence, supervision and innovation ability as reference for appointment of CPAs.</p> <p>After evaluation, it was confirmed that the CPAs appointed didn't have the situations mentioned in the independent evaluation items above, and complied with the eligibility evaluation criteria. As a result, the financial reports issued by these CPAs can be confirmed as reliable.</p>	
4. Does the Company appoint adequate persons and a chief governance officer in charge of corporate governance matters (including, but not limited to, providing directors and supervisors with the required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to Board Meetings and Shareholders' Meetings and keep minutes at Board Meetings and Shareholders' Meetings as required by law)?	✓		The Company has appointed a Corporate Governance Officer through the Board of Directors on March 8, 2023, and assigned CFO YANG, CHENG-NAN to serve a concurrent post of Corporate Governance Officer. The Corporate Governance Office is assigned to handle matters related to Board Meetings and Shareholders' Meetings according to law, keep minutes at Board Meetings and Shareholders' Meetings, assist directors in taking office and engaging in continuing education, provide directors with data needed for executing the business, assist directors in complying with laws and regulations, and deal with matters related to corporate governance.	No material discrepancy
5. Has the Company established communication channels and build a dedicated section on its website for stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	✓		The Company has already established a dedicated section on its website (https://www.wendell.com.tw/zh/) for investors, and regularly updates relevant finance and business information for investors' reference. Stakeholders may contact the responsible unit of the Company in case of any needs. The Company will respond to them as appropriate based on the actual circumstances. The Company has additionally established "Regulations Governing Whistleblowing System" as a whistleblowing pipeline for insiders and outsiders to protect the whistleblowers, accused personnel and relevant personnel in charge of handling relevant cases from being disclosed to the outside world. Also, the Company bears a confidentiality responsibility to ensure that the whistleblowers will not be treated unfairly or even retaliated or threatened. The whistleblowers and relevant personnel are obliged to accept queries and faithfully reply to and provide relevant data.	No material discrepancy
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has already appointed the stock agency department of Fubon Securities Co., Ltd. to deal with shareholder affairs.	No material discrepancy
7. Information disclosure (1) Does the Company have a corporate website to disclose both the Company's financial standing and corporate governance status?	✓		(1) The Company maintains a website and discloses financial, business and corporate governance information on the Company website and the market observation post system.	No material discrepancy

Evaluation item	Implementation status		Description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
(2) Does the Company have other information disclosure channels (e.g., an English website, appointing designated people to handle information collection and disclosure, a spokesperson system, and webcasting investor conferences)?	✓		(2) The Company has established a spokesman system, and specially assigned persons are responsible for collecting and disclosing company information, and disclosing relevant information to shareholders on the market observation post system regularly or from time to time.	No material discrepancy
(3) Does the Company announce and file annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?	✓		(3) The Company announces and files annual financial reports as stipulated, and publicly announces and files the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline.	No material discrepancy
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including, but not limited to, employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?	✓		<p>Employees' rights and interests and Care for employees: In addition to the purchasing of insurance for employees, the implementation of a pension system, and the establishment of an Employee Welfare Committee according to law, the Company also actively establishes pipelines for labor-management communication, and has established relevant work rules to standardize employees' rights and obligations.</p> <p>Investor relations: The Company has appointed spokesperson and deputy spokesperson to take charge of communication of external relations of the Company. Also, it has assigned special personnel to disclose the Company's information in MOPS according to relevant statutory and regulatory provisions.</p> <p>Supplier relationship: The Company establishes long-term partnerships featuring mutual trust and mutual benefit with suppliers according to its corporate policy.</p> <p>Rights of Stakeholders: The Company maintains favorable communication pipelines with employees, customers, suppliers, etc., and respects and safeguards their legitimate rights and interests.</p> <p>Implementation of risk management policies and risk measures: The Company has already established and executed various rules and regulations according to law, for management and evaluation of various risks.</p> <p>Directors' training: The Company arranged seven directors to participate in continuing education courses held by the institution designated in "Key Points for Promotion of Continuing Education of Directors of TWSE/TPEX Listed Companies" for six hours on December 15, 2023. Also, the Company arranged Ms. TSENG, HSIAO-CHUAN, a newly appointed director to participate in continuing education for newly appointed directors for six hours. The total duration reached 12 hours. The continuing education of relevant directors was already registered in MOPS.</p> <p>Implementation of customer policy: The Company has maintained stable and sound relationships with customers, to create profits.</p> <p>Liability insurance purchased for directors and supervisors:</p>	No material discrepancy

Evaluation item	Implementation status		Description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
			The Company has already purchased liability insurance for all directors, to strengthen the safeguarding of shareholders' interests.	
<p>9. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved.</p> <p>The Company has gradually disclosed items not scored in the Corporate Governance Evaluation in 2022 on its corporate website (https://www.wendell.com.tw/zh/Investor Relations/Corporate Governance); the Company has also disclosed its governance of climate-related risks and opportunities according to the TCFD framework; other items not improved yet will be implemented according to the Company's planning, to improve information transparency and comply with the standards for corporate governance.</p>				

D. Composition, duties and operations of the Remuneration Committee

1. Professional qualifications and independence analysis of Remuneration Committee members:

April 30, 2024

Title	Qualification Name	Professional qualification and experience	Independence status	Number of other public companies where the individual concurrently serves as a Remuneration Committee member
Independent Director	HO, TZU-SHUN (Convenor)	<ul style="list-style-type: none"> ➢ With work experience in commerce, legal affairs, and finance, or work experience needed for corporate business. ➢ Currently serving as a practicing lawyer of Shih Hsun Hsu Law Firm, and previously serving as procurator of Taiwan High Prosecutors Office, head procurator of Taiwan Shilin District Prosecutors Office and procurator of Taiwan Taoyuan District Prosecutors Office, specialized in operational judgment, accounting and financial skills, operation and management ability, crisis management, industrial knowledge, international market view, leadership, and decision-making ability. ➢ Currently not involved in each situation specified in Article 30 of the Company Act. 	<ul style="list-style-type: none"> ➢ The director, his/her spouse, and relatives within the second degree of kinship haven't served as director, supervisor, or employee of the Company or its affiliated companies. ➢ The director, his/her spouse, and relatives within the second degree of kinship (or in the name of others) haven't held shares in the Company. ➢ The director hasn't served as director, supervisor, or employee of any company that has a specific relation with the Company. ➢ The director hasn't received any rewards from the Company or its affiliated companies for relevant services provided, including commerce, legal affairs, finance, accounting and other relevant services, in the last 2 years. 	None
Independent Director	LIN, CHIN-FENG	<ul style="list-style-type: none"> ➢ With work experience in commerce, finance, and accounting, or work experience needed for corporate business. ➢ Currently serving as a practicing CPA of Crowe (TW) CPAs and previously serving as Head of Auditing Department, Weizhong Certified Public Accountants, specialized in operational judgment, accounting and financial skills, operation and management ability, crisis management, international market view, leadership, and decision-making ability. ➢ Currently not involved in each situation specified in Article 30 of the Company Act. 	<ul style="list-style-type: none"> ➢ The director, his/her spouse, and relatives within the second degree of kinship haven't served as director, supervisor, or employee of the Company or its affiliated companies. ➢ The director, his/her spouse, and relatives within the second degree of kinship (or in the name of others) haven't held shares in the Company. ➢ The director hasn't served as director, supervisor, or employee of any company that has a specific relation with the Company. ➢ The director hasn't received any rewards from the Company or its affiliated companies for relevant services provided, including commerce, legal affairs, finance, accounting and other relevant services, in the last 2 years. 	None

Independent Director	TSENG, HSIAO-CHUAN	<ul style="list-style-type: none"> ➤ With work experience in commerce, finance, and accounting, or work experience needed for corporate business. ➤ Currently serving as a member of the Audit Committee, the Remuneration Committee, and the Sustainable Development Committee of Wendell Industrial Co., Ltd., specialized in operational judgment, accounting and financial skills, operation and management ability, crisis management, international market view, leadership, and decision-making ability. ➤ Currently not involved in each situation specified in Article 30 of the Company Act. 	<ul style="list-style-type: none"> ➤ The director, his/her spouse, and relatives within the second degree of kinship haven't served as director, supervisor, or employee of the Company or its affiliated companies. ➤ The director, his/her spouse, and relatives within the second degree of kinship (or in the name of others) haven't held shares in the Company. ➤ The director hasn't served as director, supervisor, or employee of any company that has a specific relation with the Company. ➤ The director hasn't received any rewards from the Company or its affiliated companies for relevant services provided, including commerce, legal affairs, finance, accounting and other relevant services, in the last 2 years. 	None
----------------------	--------------------	---	--	------

2. Operational status of the Remuneration Committee:

- (1) There are three members of the Remuneration Committee of the Company, and the committee was established on November 20, 2019.
- (2) Term of office of members: From June 16, 2022 to June 15, 2025. A total of six Remuneration Committee meetings (A) were held in the most recent year and as of the publication date of the annual report. The attendance of the members is as follows:

Title	Name (Note 1)	Attendance in person (B)	By Proxy	Attendance rate (%) [B/A] (Note 2)	Remarks
Convener	HO, TZU-SHUN	6	0	100%	-
Committee member	LIN, CHIN-FENG	6	0	100%	-
Committee member	TSENG, HSIAO-CHUAN	3	0	100%	This committee member was by-elected and newly appointed at the interim Shareholders' Meeting on August 30, 2023.
Committee member	SU, CHUN-NIEN	2	0	100%	This committee member resigned on May 29, 2023.

Other matters to be recorded:

1. If the Board of Directors refuses to adopt or amend a recommendation of the Remuneration Committee, the date of the meeting, session, the content of the motion, resolution of the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and reason for the difference) shall be specified: None.
2. If there were resolutions of the Remuneration Committee to which members objected or expressed reservations, and for which there is a record or declaration in writing, the date of the meeting, session, the content of the motion, all members' opinions and the response to members' opinion shall be specified: None.

3. Responsibilities of the Remuneration Committee

The committee shall exercise due care of a prudent administrator, faithfully performs the following duties, and submits the suggestions proposed to the Board of Directors for discussion.

- (1) Establish and regularly review performance evaluation of directors and managerial officers as well as remuneration policy, system, standards, and structure.
- (2) Regularly evaluate and determine the remuneration of directors and managerial officers.

4. Information on the meetings of the Remuneration Committee

Information on the meetings convened by the Remuneration Committee of the Company in the most recent fiscal year as well as review and evaluation of remuneration for the Company is as follows:

Remuneration Committee	Content of proposal and subsequent treatment
4 th meeting of the 2 nd session	1. Proposal for distribution of directors' compensation and employee compensation of the Company in 2022.
	2. Proposal for deliberation of remuneration of managerial officers of the Company in coordination with the annual salary adjustment of the Company.
	Resolution result of the Remuneration Committee (March 8, 2023): The chair inquired all attending members who discussed, approved and passed all the proposals submitted.
5 th meeting of the 2 nd session	1. Revision of a list of managerial officers discussed and passed by the Remuneration Committee of the

	Company Resolution result of the Remuneration Committee (May 11, 2023): The chair inquired all attending members who discussed, approved and passed all the proposals submitted.
6 th meeting of the 2 nd session	1. Proposal for deliberation of the payment of Mid-Autumn Festival bonus to managerial officers of the Company. Resolution result of the Remuneration Committee (August 9, 2023): The chair inquired all attending members who discussed, approved and passed all the proposals submitted.
7 th meeting of the 2 nd session	1. Proposal for amendments to "Regulations Governing the Employee Share Subscription through Capital Increase in Cash" of the Company. 2. Proposal for distribution of employee subscription amount of new shares issued by capital increase in cash to employees of managerial offices in 2023. 3. Proposal for deliberation of payment of year-end bonus to managerial officers of the Company. 4. Proposal for establishment of "Work Plan of 2024" of the Remuneration Committee. Resolution result of the Remuneration Committee (December 15, 2023): The chair inquired all attending members who discussed, approved and passed all the proposals submitted.
8 th meeting of the 2 nd session	1. Proposal for distribution of directors' compensation and employee compensation of the Company in 2023. 2. Proposal for amendments to some provisions of "Regulations Governing the Remuneration and Compensation of Directors and Managerial Officers" of the Company. Resolution result of the Remuneration Committee (March 7, 2024): The chair inquired all attending members who discussed, approved and passed all the proposals submitted.
9 th meeting of the 2 nd session	1. Proposal for deliberation of remuneration of managerial officers of the Company in coordination with the annual salary adjustment of the Company. Resolution result of the Remuneration Committee (April 25, 2024): The chair inquired all attending members who discussed, approved and passed all the proposals submitted.

E. Implementation status of promotion of sustainable development, deviations from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof:

Evaluation item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof								
	Yes	No	Description									
1. Has the Company established a governance structure to promote sustainable development and set up a full-time (or part-time) unit to promote sustainable development which is handled by senior management authorized by the Board of Directors and supervised and guided by the Board of Directors?	✓		<p>To assist the Board of Directors in promoting risk assessment and response measures regarding corporate environment, social responsibility, corporate governance, and other relevant aspects, and for the purpose of practicing sustainable corporate management, the Company approved the establishment of a Sustainable Development Committee as a dedicated unit for promoting sustainable development through the Board of Directors on March 8, 2023, and assigned former president KAO, MIN-HUNG to serve as Chief Sustainability Officer to take general charge of all affairs related to sustainable development. The members of the committee are served by independent directors and the senior management authorized by the Board of Directors. Currently, the president and the manager of Production Technology Management Division are responsible for promoting corporate environment and other relevant matters. The vice-president of the Administration Division is responsible for promoting the implementation of matters related to corporate social responsibility, while the CFO is responsible for promoting the implementation of matters related to corporate governance. Also, the members of the committee include supervisors of related departments. The Company has already established a complete governance structure to promote sustainable development. Each unit has put forward and executed relevant policies, systems, management guidelines, and specific promotion plans to realize the goal of sustainable development.</p> <p>The Sustainable Development Committee regularly reports operation effect (including communication with stakeholders), issues concerned by stakeholders, and specific promotion plans and their implementation status to the Board of Directors every year. Also, it completes a sustainability report and places it on the corporate website for stakeholders to review. The Board of Directors shall listen to the reports from the management team (including ESG report), judge the management guidelines, formulated strategies and objectives, and review measures reported by the management, constantly review the progress of these strategies, and urge the management team to make adjustments as necessary.</p>	No material discrepancy								
2. Has the Company implemented a risk evaluation of issues related to corporate operations, including environment, society and corporate governance, according to the materiality principle and established relevant risk management policies or strategies?	✓		<p>This disclosure data covered the sustainable development performance of main operating sites of the Company in a period from January 2023 to December 2023. The boundary of risk assessment focused on the Company, and included existing operating sites in Taiwan, Chinese mainland, South Korea, Japan, and Singapore. Based on the criticality of the main business and the degree of impact on material topics, only the head office in Taiwan has been included in the scope at present.</p> <p>The Sustainable Development Committee conducts analysis based on the material principle, communicates with internal and external stakeholders, evaluates material ESG issues through the review of local and foreign research reports and literature and the integration of evaluation data from each department and each subsidiary, and established risk management policies for effective risk identification, measurement, assessment, monitoring, and control as well as concrete action plans, to lower the impact of relevant risks.</p> <p>Relevant risk management strategies established based on the assessed risks are as follows:</p> <table border="1"> <thead> <tr> <th>Material topic</th> <th>Risk assessment items</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Environment</td> <td>Environmental impact and management</td> <td>Obtain ISO-14001 QMS certificate and comply with international provisions on environmental protection.</td> </tr> <tr> <td>Climate change</td> <td>Gather statistics of greenhouse gas emissions, water consumption, and total weight of waste, establish policies for energy conservation and carbon</td> </tr> </tbody> </table>	Material topic	Risk assessment items	Description	Environment	Environmental impact and management	Obtain ISO-14001 QMS certificate and comply with international provisions on environmental protection.	Climate change	Gather statistics of greenhouse gas emissions, water consumption, and total weight of waste, establish policies for energy conservation and carbon	No material discrepancy
Material topic	Risk assessment items	Description										
Environment	Environmental impact and management	Obtain ISO-14001 QMS certificate and comply with international provisions on environmental protection.										
	Climate change	Gather statistics of greenhouse gas emissions, water consumption, and total weight of waste, establish policies for energy conservation and carbon										

Evaluation item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			reduction, greenhouse gas emission reduction, water consumption reduction, or other waste management, include the acquisition of carbon rights in the Company's planning of carbon reduction strategies, and promote it accordingly, to lower the impact of the Company's operating activities on climate change.	
			Occupational safety	Regularly organize fire drills every half a year, and employee health checkup every year, to cultivate employees' ability to address emergencies and self-safety management.
		Society	Product safety	All the products of Wendell, including upstream raw materials purchased and auxiliary materials and consumable used in processes, comply with the RoHS and REACH of the EU, standards regarding the prohibition/restricted use of hazardous substances. Besides, each product part number is provided with MSDS and disclosed on customers' platforms. Therefore, customers and consumers' interests can be guaranteed in a transparent manner.
			Economic and regulatory compliance	1. Implement an internal control mechanism, and ensure that all personnel and operations of the Company practically abide by relevant laws and regulations. 2. The Company applies for patents of products researched and developed, to protect its rights and interests.
		Corporate governance	Strengthening of directors' functionality	1. Arrange at least 6 hours' continuing education courses for directors every year to urge directors to improve their professional knowledge and skills as well as legal accomplishment. 2. Purchase director liability insurance for directors to cover their lawsuit or claims.
			Communication with stakeholders	Establish various communication pipelines to facilitate active communication and reduce confrontation and misunderstanding. Set up an investor mailbox and assign the spokesperson to handle and respond to investors' feedback.
			Innovation and R&D of patents	Establish the control operations for "R&D Cycle" according to "Regulations Governing the Establishment of Internal Control Systems by Public Companies", including policies and procedures governing basic research, product design, technical R&D, product trial manufacturing and testing, retention of R&D records and documents, acquisition, maintenance

Evaluation item	Implementation status			Description	Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No			
				<p>and application of intellectual property, etc.</p> <p>Supply chain management In addition to the adoption of the existing QMS (ISO 9001) to evaluate and select suppliers, we have also asked suppliers to provide test reports of RoHS hazardous substances. Also, besides the investigation of conflict minerals of upstream suppliers, filling of a list of Substances of Very High Concern (SVHCs) under REACH and the signing of statement of green environmental protection, we have completed the verification of suppliers' certificate status through "ESG Evaluation Questionnaire", required the suppliers to sign "Statement of Supplier's Sustainability Commitments", and perform irregular audits over the suppliers every year, so as to establish a highly resilient and continually operable sustainability supply chain.</p> <p>Cybersecurity management Follow "Cybersecurity Incident Reporting and Response Mechanism" and regularly advocate information security. Service equipment installed in the Company including anti-virus software, network firewall, and mail filtering are continually used, and software and hardware are updated and upgraded as appropriate and necessary.</p>	
3. Environmental issues					
(1) Has the Company established an environmental management system suitable for the industry in which it operates?	✓		(1)	Coordinate relevant laws and regulations in the industry in which the Company operates, pay attention to environmental protection issues, and target at "Implementation of Environmental Protection and Cherishing of Resources; Reduction of Waste and Assurance of Safety;" as the environmental policy under the third-party ISO-14001 certification system (Certificate validity period: 2021/08/11~2024/07/23), to create a safe, sanitary and comfortable work environment as expected.	No material discrepancy
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have a low impact on the environment?	✓		(2)	In the spirit of cherishing of resources, the Company continually promotes waste reduction and reutilization, e.g., recycling of packaging materials and cartons, utilization of both sides of paper in official documents, electronic reduction of paper, self-preparation of environment-friendly chopsticks, etc. All the products of Wendell, including upstream raw materials purchased and auxiliary materials and consumable used in processes, comply with the RoHS and REACH of the EU, standards regarding the prohibition/restricted use of hazardous substances. Besides, each product part number is provided with MSDS and disclosed on customers' platforms. Therefore, the Company dedicates to the reduction of the impact of hazardous substances on environmental pollution.	No material discrepancy
(3) Does the Company evaluate the potential risks	✓		(3)	The Company has already evaluated the potential risks and opportunities in climate change with respect to the present and future of its business, and determined the Sustainable Development Committee as the top organization of environmental climate change management. The Chief	No material discrepancy

Evaluation item	Implementation status		Description	Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof									
	Yes	No											
and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?			<p>Sustainability Officer serves as the chairperson of this committee to regularly deliberate the Company's objectives and strategies for sustainable development and report to the Board of Directors.</p> <p>The environmental indicators of the Company in 2023 were checked and evaluated, and the purchased electricity was confirmed as the main carbon emission source. Besides, due to the impact of uncertain factors like the Russia-Ukraine war, the international fuel prices fluctuated, and the cost of purchased electricity would increase inevitably in the future. To avoid this risk, the Company hasn't only actively promoted relevant operations related to energy conservation and carbon reduction under normal operation, but also implemented green building measures for the future laboratory premises, to develop sustainable management capabilities.</p> <p>The Company evaluates the risks and opportunities brought by climate change according to the framework of recommendations of TCFD released by the Financial Stability Board, and restarts complete evaluation every three years and reviews updates annually.</p> <table border="1"> <thead> <tr> <th>Aspect</th> <th>Disclosures recommended by TCFD</th> <th>The Company's responsive actions</th> </tr> </thead> <tbody> <tr> <td>Governance</td> <td>The Board of Directors' supervision of climate-related risks and opportunities</td> <td>The Chief Sustainability Officer serves as the chairperson of the Sustainable Development Committee. In board meetings regularly convened in each year, the Chief Sustainability Officer is responsible for reporting the evaluation of ESG and climate change related issues and the implementation progress of the sustainability goals.</td> </tr> <tr> <td></td> <td>Role of the management in the evaluation and management of climate-related risks and opportunities</td> <td> <ul style="list-style-type: none"> ▪Set up a cross-departmental climate change risk team to identify climate risks and evaluate and respond to climate impact within each scope of responsibility. ▪The top manager of climate issues in the management is the Chief Sustainability Officer who shall lead level-1 supervisors to implement management work related to climate change and directly report to the Board of Directors. ▪Set up a Sustainability Development Committee and assign the Chief Sustainability Officer to serve as the convener and promote environmental sustainability management. ▪Set up a risk management team to identify main risks, discuss relevant response measures with each business unit of the Company, and report to the Sustainable Development Committee. </td> </tr> </tbody> </table>	Aspect	Disclosures recommended by TCFD	The Company's responsive actions	Governance	The Board of Directors' supervision of climate-related risks and opportunities	The Chief Sustainability Officer serves as the chairperson of the Sustainable Development Committee. In board meetings regularly convened in each year, the Chief Sustainability Officer is responsible for reporting the evaluation of ESG and climate change related issues and the implementation progress of the sustainability goals.		Role of the management in the evaluation and management of climate-related risks and opportunities	<ul style="list-style-type: none"> ▪Set up a cross-departmental climate change risk team to identify climate risks and evaluate and respond to climate impact within each scope of responsibility. ▪The top manager of climate issues in the management is the Chief Sustainability Officer who shall lead level-1 supervisors to implement management work related to climate change and directly report to the Board of Directors. ▪Set up a Sustainability Development Committee and assign the Chief Sustainability Officer to serve as the convener and promote environmental sustainability management. ▪Set up a risk management team to identify main risks, discuss relevant response measures with each business unit of the Company, and report to the Sustainable Development Committee. 	
Aspect	Disclosures recommended by TCFD	The Company's responsive actions											
Governance	The Board of Directors' supervision of climate-related risks and opportunities	The Chief Sustainability Officer serves as the chairperson of the Sustainable Development Committee. In board meetings regularly convened in each year, the Chief Sustainability Officer is responsible for reporting the evaluation of ESG and climate change related issues and the implementation progress of the sustainability goals.											
	Role of the management in the evaluation and management of climate-related risks and opportunities	<ul style="list-style-type: none"> ▪Set up a cross-departmental climate change risk team to identify climate risks and evaluate and respond to climate impact within each scope of responsibility. ▪The top manager of climate issues in the management is the Chief Sustainability Officer who shall lead level-1 supervisors to implement management work related to climate change and directly report to the Board of Directors. ▪Set up a Sustainability Development Committee and assign the Chief Sustainability Officer to serve as the convener and promote environmental sustainability management. ▪Set up a risk management team to identify main risks, discuss relevant response measures with each business unit of the Company, and report to the Sustainable Development Committee. 											

Evaluation item	Implementation status		Description	Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
			<p>Strategy</p> <p>Short-term, medium-term, and long-term climate-related risks and opportunities identified</p> <p>Short-term</p> <ul style="list-style-type: none"> ▪Transition risks: In response to climate change, many countries are now implementing low-carbon economy. The Company will pay continual attention to relevant local and foreign laws and regulations, and complete relevant operations. ▪Physical risks: The severity of extreme weather events like typhoon, flood, drought, etc. is increased. ▪Market opportunities: Develop or expand low-carbon products and services, conduct R&D and innovation of new products and services, create low-carbon business opportunities, and develop green energy or energy storage related applications. <p>Medium-term</p> <ul style="list-style-type: none"> ▪Transition risks: Strengthening of emission reporting obligation and transformation to low-carbon and high-efficiency technologies to affect the cost, changes in customers' behaviors, increase of stakeholders' concerns and negative feedback, and requirements and supervision of products and services. ▪Market opportunities: Currently, the Company is establishing a green building laboratory which is expected to provide diversified EMC, EMI, and battery tests. <p>Long-term</p> <ul style="list-style-type: none"> ▪Transition risks: Increase in the prices of greenhouse gas emissions (Total volume control/Carbon tax/Energy tax). ▪Physical risks: Rising average temperatures ▪Market opportunities: Use of more efficient production and distribution processes 	
			<p>Impact of climate-related risks and opportunities with respect to planning of business, strategies, and finance</p> <p>The significant climate risks faced by the Company mainly come from the requirements of customers, investors and other important stakeholders regarding the greenhouse gas emission reductions of the enterprise and the compliance</p>	

Evaluation item	Implementation status		Description	Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
			<p>with product energy efficiency standards; the opportunities brought by climate change mainly exist in products and services. The Company provides one-stop purchasing services, from provision of products to product testing service certification and product lines that comply with sustainability trends, so that it can respond to market demand and develop new markets with energy-saving and carbon-reducing products and services.</p> <p>Main transition risks In response to the risks of regulatory compliance and changes in green standards, the Company actively aligns with relevant international standards to reduce the cost risk of renewable energy. The Company actively conducts research and development in green design, and offers product portfolios featuring high energy conversion rate and low carbon generation to assist customers in reducing cost and improving efficiency. The green design is based on the thinking of life cycle and the Company aims to provide environment-friendly products including non-hazardous products and products with low energy consumption.</p> <p>Main physical risks To lower the impact of drought events, relevant offices have successively implemented water-saving policy to strengthen the water resource utilization. At the same time, they have studied and drafted emergency response plans to lower the operating losses resulting from the risks of disasters.</p> <p>Main climate opportunities The Company has already laid a profound foundation regarding long-term sustainability, maintained long-term, close trust relationship with customers, actively invested in research and development based on market demand. As a result,</p>	

Evaluation item	Implementation status		Description	Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
			<p>amidst the wave of sustainability, the Company will have the chance to win customer with priority and increase its operating revenue by relying on its innovative and optimized products and solutions.</p> <p>Strategic resilience and consideration given to different climate-related scenarios</p>	
			<p>Risk management</p> <p>Identification and evaluation processes of climate-related risks</p>	
			<p>Management process of climate-related risks</p>	

Evaluation item	Implementation status		Description	Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No		
			<p>Sustainable Development Committee establishes relevant policies and reports to the Board of Directors. Then, the Board of Directors is responsible for supervision and review.</p> <p>How the identification, evaluation and management processes of climate-related risks are integrated to the Company's overall risk management system</p> <p>Indicators and targets</p> <p>Describe the indicators used by the Company to evaluate climate-related risks and opportunities according to strategies and risk management process</p> <p>Greenhouse gas emissions in Scope 1, Scope 2, and Scope 3 and related risks</p> <p>Targets for management of climate-related risks and opportunities, and performance in the implementation of these targets</p>	
			<p>To mitigate climate change, the Company adopts the greenhouse gas emissions per unit of operating revenue as the main quantified key evaluation indicator. In 2023, the Company planned the construction of laboratories in Tucheng District and applied for LEED Gold green building certification. At the same time, solar panels are built on the roof of the laboratory to increase the proportion of renewable energy used in the future and become an important indicator equipment for the company to reduce greenhouse gas emissions.</p> <p>The Company continually executed the inventory verification of Scope 1 and Scope 2 greenhouse gases per EMS system since 2022, and plans to obtain ISO 14064 verification (inventory data of Wendell verified parent company in 2023) in the fourth quarter of 2024.</p> <p>The greenhouse gas emissions (tCO₂e) of Wendell parent company in 2023 are listed as follows: Scope 1: 26.5044 Scope 2: 281.0191</p> <p>In the process of developing energy-saving products and services, the Company is dedicated to improving the quality of parts and lowering customer's energy consumption. In 2022, the Material Business Department of the Company successfully developed a</p>	

Evaluation item	Implementation status		Description	Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
			<p>composite product with the performance of EMI shielding and high heat dissipation. When the customers perform tests using our composite heat dissipation material under same conditions and scenarios, the temperature of CPU can be reduced by 5.591 °C , and the application of a system can be reduced by approximately 11,797J.</p> <p>Target for carbon emission and energy management After determination of base year of Wendell, the short-term goal was to reduce 3% of carbon emissions in 3 years. In the future, the Company will pay continual attention to the implementation effect of energy-saving and carbon reduction measures and the making of adjustments at any time.</p> <p>Target for waste management The Company is not engaged in the manufacturing industry. During the Company's operating activities, the most waste produced by the testing instruments includes tin slag and waste plates. The Company has also entrusted a qualified third-party cleaning and transportation company to assist the disposal of waste produced. However, since the weight of the waste was not enough, it was not cleaned and transported in 2023. Therefore, the waste will be disposed together with that generated in the next year.</p> <p>Target for water resource management As for water consumption, only domestic water is used in offices, which is not material. Although the water consumption is insignificant, the Company will continually promote water saving; it reduces approximately 50% of the faucet pressure, to avoid the waste of water resources.</p>	
(4) Has the Company calculated	✓		(4) Since the Company hasn't established any plant and related production equipment, it is thus dedicated to implementing energy conservation and carbon reduction under normal operation, e.g., control of air-conditioning	No material discrepancy

Evaluation item	Implementation status		Description	Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof																				
	Yes	No																						
greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and established policies on energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or waste management?			<p>equipment, resource recycling, etc. Furthermore, under ISO-14001 QMS system (validity period of certificate: August 11, 2021~July 23, 2024), Wendell actively collects inventory information internally in the fourth quarter of each year, and follows the "Greenhouse Gas Carbon Emission Management Form 6.0.4" version of the Environmental Protection Agency's National Greenhouse Gas Registration Platform.</p> <p>2022 years of border inspection: 2F/5F and 1/6F of 5F and 1 of 6F, No. 188, Baoqiao Road, Xindian District, New Taipei City 1F, No. 188-7, Baoqiao Road, Xindian District, New Taipei City 3F, No. 4, Lane 6, Lane 235, Baoqiao Road, Xindian District, New Taipei City (January to September) 5th Floor, No. 4, Lane 7, Baogao Road, Xindian District, New Taipei City (October to December) No. 119, Wugong 3rd Road, Wugu District, New Taipei City</p> <p>Greenhouse gas emissions in 2022:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1 (Unit: tCO₂e)</th> <th>Scope 2 (Unit: tCO₂e)</th> <th>Density CO₂e/ NT\$ million</th> <th>Scope 3 (Unit: tCO₂e)</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>12.87</td> <td>263.63</td> <td>0.16</td> <td>0</td> </tr> </tbody> </table> <p>The Company has cooperated with a system provider to prepare a low-carbon sustainable supply chain integrated establishment plan. In accordance with ISO 14064 1:2018, the Company simulated (2023) the greenhouse gas inventory operation of Wendell Industrial again. The inventory organization boundary was established using "Operation Control Method" to verify the greenhouse gas emissions under the operational control right of the organization. The boundary scope includes the building in No. 188, Baoqiao Road, Xindian District, 5F, No. 4, Lane 7, Baogao Road, Xindian District, New Taipei City, 1F & 2F, No. 119, Wugong 3rd Road, Wugu District, New Taipei City, 6F, No. 332, Mingcheng 2nd Road, Zuoying District, Kaohsiung (813), Room K (Shanghai Representative Office), 19F, Feizhou International, No. 899, Lingling Road, Xuhui District, Shanghai, and Room 216, No. 4, Lane 751, Lingling Road, Xuhui District, Shanghai</p> <p>The emission coefficient quoted in this inventory verification is as follows: (A) Greenhouse Gas Emission Coefficient Management Table (Version 6.0.4) issued by the Ministry of Environment (B) Power carbon emission coefficient of 2022 announced by the Energy Administration in 2023 (C) The fugitive emission factory announced in IPCC 2006 Guidelines for National Greenhouse Gas Inventories is used as reference for determination of fugitive rate of coolant equipment, and the average in the range is adopted for calculation.</p> <p>Greenhouse gas emissions in 2023:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1 (Unit: tCO₂e)</th> <th>Scope 2 (Unit: tCO₂e)</th> <th>Density CO₂e/ NT\$ million</th> <th>Scope 3 (Unit: tCO₂e)</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>26.5044</td> <td>281.0191</td> <td>0.21</td> <td>0</td> </tr> </tbody> </table> <p>Relevant data indicated that the consumption of electricity purchased by the Company in Scope 2 accounted for more than half of carbon emissions. In 2023, the goal of energy conservation and carbon reduction focused on purchased electricity and the fixed temperature of air conditioners was adjusted to 25.5 °C . Daily inspection was conducted to see if any abnormality existed. The main equipment related to energy conservation was lighting fixtures. It was planned to replace the old lamps with LED energy-saving lamps. Currently, the replacement rate is approximately 40%. Plans for zoned control of power supply, daily inspection of power shutdown, installation of thermal-insulated curtain, sharing of taxi, and regulation of hydraulic pressure have been implemented and maintained.</p>	Year	Scope 1 (Unit: tCO ₂ e)	Scope 2 (Unit: tCO ₂ e)	Density CO ₂ e/ NT\$ million	Scope 3 (Unit: tCO ₂ e)	2022	12.87	263.63	0.16	0	Year	Scope 1 (Unit: tCO ₂ e)	Scope 2 (Unit: tCO ₂ e)	Density CO ₂ e/ NT\$ million	Scope 3 (Unit: tCO ₂ e)	2023	26.5044	281.0191	0.21	0	
Year	Scope 1 (Unit: tCO ₂ e)	Scope 2 (Unit: tCO ₂ e)	Density CO ₂ e/ NT\$ million	Scope 3 (Unit: tCO ₂ e)																				
2022	12.87	263.63	0.16	0																				
Year	Scope 1 (Unit: tCO ₂ e)	Scope 2 (Unit: tCO ₂ e)	Density CO ₂ e/ NT\$ million	Scope 3 (Unit: tCO ₂ e)																				
2023	26.5044	281.0191	0.21	0																				

Evaluation item	Implementation status		Description	Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof						
	Yes	No								
			<p>Water consumption in the last two year:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Water consumption (m³)</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>3,194</td> </tr> <tr> <td>2023</td> <td>3,143</td> </tr> </tbody> </table> <p>Due to the influence of the COVID-19 pandemic that lasted for more than two years, Taiwan experienced the outbreak of the epidemic in 2022. Due to the public health education, implementation of personal hygiene, and increase of the business expansion personnel by 10%, the water consumption of the Company was increased in 2022; compared with other industries, the water consumption of the industry where the Company operated was limited. Besides, since the Company hasn't established any plant, production water is not involved, and the water consumption is only limited to office water. Therefore, no wastewater has been discharged. As for water resource management, we mainly reduce the hydraulic pressure of faucets to avoid waste of water resources. Additionally, we regularly check the change of water consumption and monitor the water meter readings to see if any abnormality exists on a monthly basis; also, we arrange specific personnel to check the existence of water resource wastage, water leakage, etc.</p> <p>The Company hasn't established any plant and related production equipment, and therefore no waste has been produced.</p>	Year	Water consumption (m ³)	2022	3,194	2023	3,143	
Year	Water consumption (m ³)									
2022	3,194									
2023	3,143									
4. Social issues										
(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(1) The Company has established work rules and relevant personnel management rules and regulations as basis for corporate management in accordance with labor laws and regulations as well as the International Bill of Human Rights. Also, the Company has established an Employee Welfare Committee to promote employee welfare. As for gender equality, relevant systems for maternity leave without pay, family care leave, and menstrual leave have been implemented; as for employees' rights and interests, we provide a friendly work environment to guarantee employees' work interests and prohibit employment discrimination.	No material discrepancy						
(2) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation as appropriate?	✓		(2) Employee welfare measures The employee welfare measures provided by the Company include regular employee health checkups, group insurance, cash gifts on the occasions of birthday, the Dragon Boat Festival, the Mid-Autumn Festival, childbirth and marriage, performance bonus, vocation leave, travel allowance, etc. The Employee Welfare Committee holds employee activities and after-work sports club every two months, and provides employees from each department with education and training irregularly. Female employees are supported with a maternity leave of 60 days more than the statutory requirement, and the Company also provides childbirth subsidy of NT\$ 20,000 per child. The subsidy will be granted in a lump-sum manner after application, with no limit on the number of births. Besides, the Company has begun to provide childbirth allowance for elderly parturient women since 2023. Female employees or spouses of employees aged 34 or reaching the age of 34 in during pregnancy can enjoy this policy, with additional subsidy of NT\$ 20,000 per birth. As for childcare, family care leave and flexible working hour system are provided. Retirement system To take care of employees' retirement life and promote good labor-management relations, the Company has adopted a defined contribution system per the Labor Pension Act and appropriated and deposit retirement funds to the workers' personal pension accounts established at the Bureau of Labor Insurance every month. The Company has stipulated the following	No material discrepancy						

Evaluation item	Implementation status		Description	Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
			<p>provisions according to the Labor Pension Act.</p> <p>(A) Voluntary retirement Employees who comply with any of the following circumstances may apply for voluntary retirement:</p> <ol style="list-style-type: none"> a. Those who have worked for more than 15 years and are aged 55 or above; b. Those who have worked for more than 25 years; c. Those who have worked for more than 10 years and are aged 60 or above. <p>(B) Mandatory retirement If an employee hasn't any of the following circumstances, the Company shall not force the employees to retire:</p> <ol style="list-style-type: none"> a. Aged 65 or above; b. Unable to conduct the work due to physical and mental disabilities. <p>As for the age limit specified in the first paragraph above, the Company may apply to the central competent authority for approval and adjustment of the age of retirement as at least 55 for those engaged in special types of work that involve certain danger or require strong physical demands.</p> <p>(C) Pension payment standards Employees' pension payment standards are as follows:</p> <ol style="list-style-type: none"> a. For the working seniority prior to the application of the Labor Standards Act, the pension payment standard shall be calculated according to the provisions of applicable laws and regulations then; if there are no laws and regulations available for calculation, the pension will be calculated according to the provisions established by the Company or based on the negotiation between labor and management. Two base numbers are provided for each full year based on employees' working seniority. However, for the working seniority above 15 years, one base number is provided for each full year, up to 45 base numbers in total. If an employee works for less than half a year, it will be calculated as half a year; if an employee works for more than half a year, it will be calculated as a year. b. For the working seniority under the pension system (old system) stipulated in the Labor Standards Act, the pension payment standard shall be calculated according to the provisions of Article 55 of the Labor Standards Act. However, if the physical and mental disabilities of employees forced to retire according to the provisions of the subparagraph 2, paragraph 1 of Article 35 of the Labor Standards Act are caused due to execution of their job duties, additional 20% of the pension will be provided for them according to the provisions of subparagraph 2, paragraph 1 of Article 55 of the Labor Standards Act. c. The Company has withdrawn and deposited 6% of employees' monthly salaries to their personal pension accounts every month since July 1, 2005 when the Company began to apply the Labor Standards Act. <p>(D) Pension payment Pension payable by the Company to employees according to the provisions of the Labor Standards Act on pension shall be paid within thirty days since the date of retirement.</p> <p>(E) Request for pension The right of employees who comply with the provisions of the Labor Standards Act on pension to claim pension will disappear within five years since the next month after retirement if not exercised. The number of employees who applied for retirement was 0 in 2023.</p>	

Evaluation item	Implementation status		Description	Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
			<p>Workplace diversity and equality</p> <p>The Company provides male and female employees with equal pay for equal work and equal opportunities for promotion, to promote the sustainable and inclusive economic growth. In 2023, female employees accounted for approximately 54%, and female supervisors at various levels accounted for 46% on average.</p> <p>Reflection of business performance in employees' overall remuneration policy</p> <p>The overall remuneration provided by the Company includes employee compensation, salary, and bonus, and the Company adjusts employees' remuneration with reference to the market salary level in the same industry, economic trends, and assessment of personal performance, to maintain the competitiveness of overall remuneration.</p> <p>(A) Employee compensation Article 20 of the Articles of Incorporation: If the Company obtains profits in the current year (i.e., profit obtained by before deduction of employee compensation and directors' compensation distributed from the before-tax profit), and there is still a remaining amount after deduction of accumulated losses, the Board of Directors will set aside at least 1.5% of the profits obtained in the year as employee compensation which may be distributed either in stock or cash. The objects for distribution may include employees from companies controlled by or subordinate to the Company who have complied with certain conditions. Such conditions are established by the Board of Directors. The directors' compensation may be distributed in cash only.</p> <p>(B) Bonus The Company sets aside a certain portion of profits obtained in the first half of the year and provides it to the employees as bonus; the performance bonus is determined based on two assessments conducted annually according to the measures for performance assessment. The work performance of colleagues in the current year is assessed in terms of work objectives and functional behaviors. To encourage more talents, the Company has established a recommendation bonus in the hope that colleagues can recommend excellent talents. In addition to performance bonus, colleagues with outstanding performance are also entitled to order receipt bonus and new customer establishment bonus, in the hope that business colleagues' willingness to develop new customers can be motivated.</p> <p>(C) Salary adjustment policy The Company adjusts employees' salaries every April with reference to the price growth index in the current year, salary adjustment data in the same industry, and the Company's operating revenue. In the recent years, employees' salaries have maintained a growth rate of 3-5%.</p>	
(3) Does the Company provide a safe and healthy work environment, and does it organize health and safety training for its employees on a regular basis?	✓		(3) The Company has established work rules according to law, and abided by all statutory provisions. <i>Regulations Governing the Appeal, Reward and Punishment Regarding Workplace Sexual Harassment Prevention and Control Measures</i> can ensure that employees work at the workplaces relaxedly; <i>Work Code for Safety and Health</i> guarantees the security of workplaces. Also, the Company has installed various kinds of safety and health protection equipment for the workplaces, machinery, and equipment, and established rules on preventing electrical disasters; employees will be educated and trained before work, and annual employee health checkup and health checkup for new employees are organized, in 2023, the Company organized health checkups for 163 person-times and physical examinations for 42 person-times; the Company conducts fire drills once every half a year so that colleagues can bear in mind the fire escape routes. In 2023, no fire or casualties occurred; the Company also	No material discrepancy

Evaluation item	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			sets aside labor pension according to law; it has established an Employee Welfare Committee to hold activities periodically, making employees healthier physically and mentally. In 2023, a total of 12 meetings were convened by the Employee Welfare Committee; furthermore, the Company regularly convenes labor-management meetings to enhance the two-way communication between labor and management and improve each condition. In 2023, a total of 4 labor-management meetings were convened.	
(4) Has the Company established effective career development and training plans for its employees?	✓		(4) The Company provides relevant internal and external professional education and training to increase employees' career skills, and arranges diversified training based on employees' respective functional orientations, e.g., rookie training, continuing education of professional skills, supervisor training, etc.	No material discrepancy
(5) Do the Company's products and services comply with related regulations and international rules for customers' health and safety, privacy, sales, labeling and set policies to protect consumers' rights and consumer appeal procedures?	✓		(5) All the products of Wendell, including upstream raw materials purchased and auxiliary materials and consumable used in processes, comply with the RoHS and REACH of the EU, standards regarding the prohibition/restricted use of hazardous substances. Besides, each product part number is provided with MSDS and disclosed on customers' platforms. Therefore, customers and consumers' interests can be guaranteed in a transparent manner; besides, epoxy used for encapsulation complies with the fire-resistant safety grade of UL94-V-0. Furthermore, in consideration of different product lines, IEC 6100-4-2/4-5 test has been conducted to ensure the conformity of the products to the electrical performance characteristics indicated in the specifications. In addition, the Company also provides EMC testing services in accordance with customers' different applications, so that customers' systems can be smoothly sold to each country. Besides, our products are provided with designated markings which represent not only the products sold but also the conformity of product quality to the regulatory requirements. Customers can file complaints if they have problems with the company's products and services. After filling in the corresponding form, the relevant units will confirm the solution and carry out preventive measures.	No material discrepancy
(6) Has the Company established supplier management policies that require suppliers to comply with relevant laws and regulations related to environmental protection, occupational health and safety or labor rights and supervised its implementation?	✓		(6) Specific administrative measures for supply chain The Company expects an environment-friendly, long-term partnership with the suppliers. In addition to the adoption of the existing QMS (ISO 9001) to evaluate and select suppliers, we have also asked suppliers to provide test reports of RoHS hazardous substances, investigate conflict minerals of upstream suppliers, and fill out a list of Substances of Very High Concern (SVHCs) under REACH. To strengthen sustainable management of suppliers, we promote the application of "Questionnaire for Acquisition of Wendell Supplier Certificate" and "Supplier ESG Evaluation Questionnaire" and ask the supply chain to evaluate the administrative measures regarding three aspects, i.e., environment/governance/corporate responsibility of suppliers. As of March 2024, the signing rate of suppliers reached 94%, and the foregoing was included in QMS system as a method to evaluate and select suppliers. The Company executes irregular audits over suppliers every year; and vendors evaluated as grade D will be notified to improve within a certain time limit, during which the order quantity will be reduced. The normal order quantity may be recovered only after the required improvements are achieved; also, the supplier management policy of the Company is announced on the corporate website.	No material discrepancy
5. Has the Company, referring to the international	✓		With reference to the international universal report preparation standards, the Company completed the preparation and disclosure of the sustainable development report of 2022 in the third quarter of 2023, and it is expected to	No material discrepancy

Evaluation item	Implementation status		Description	Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
standards or guidelines for the preparation of reports, prepared CSR reports to disclose non-financial information of the Company? Are the reports certified or assured by a third-party accreditation institution?			complete third-party accreditation before completion of the preparation of the sustainable development of 2024.	
6.	If the Company has established corporate social responsibility principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, describe the implementation and any discrepancy: The Company has already established "Sustainable Development Best Practice Principles", and it has been committed to the promotion of sustainable development. No material discrepancy with the Sustainable Development Best Practice Principles established has been seen.			
7.	Other important information to facilitate a better understanding of the Company's corporate social responsibility practices: (1) The Company has established "Work Rules" according to the Labor Standards Act and other relevant laws and regulations, and operated according to relevant laws and regulations including "Act of Gender Equality in Employment", "Sexual Harassment Prevention Act", etc., to provide employees with a favorable work environment and assure their work rights. (2) The Company attaches importance to human rights, provides employees with equal work rights regardless of race, gender, and age, and offer them opportunities to express and develop freely, to realize the goal of respecting personal dignity. (3) With emphasis placed on the management of employees' occupational safety and health, the Company has already appointed occupational safety and health personnel to control the execution of laws and regulations related to safety and health, observe the provisions of worker safety and health laws and regulations issued by the government, and deal with various kinds of safety and health tasks. (4) For "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please refer to relevant documents on MOPS (website: mops.twse.com.tw).			

Climate-Related Information of TWSE/TPEX Listed Company

Related Development of Climate Change Associated Risks to the Company

Item	Implementation
<p>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p>	<p>To assist the Board of Directors in promoting risk assessment and response measures regarding corporate environment, social responsibility, corporate governance, and other relevant aspects, and for the purpose of practicing sustainable corporate management, the Company approved the establishment of a Sustainable Development Committee as a dedicated unit for promoting sustainable development through the Board of Directors on March 8, 2023, and assigned Chief Sustainability Officer KAO, MIN-HUNG to serve as the convener to take general charge of all affairs related to sustainable development. The members of the committee are served by independent directors and the senior management authorized by the Board of Directors to promote the implementation of relevant matters related to environment, corporate governance and risk control. The Company has already established a complete governance structure. Each unit aims at sustainable development and reports the specific promotion plans and their implementation status to the Board of Directors for supervision and deliberation.</p>
<p>2. Describe the impact of identified climate risks and opportunities on the business's short, medium, and long-term finances, strategy, and operations.</p>	<p>Short-term</p> <ul style="list-style-type: none"> ▪ Transition risks: In response to climate change, many countries are now implementing low-carbon economy. The Company will pay continual attention to relevant local and foreign laws and regulations, and complete relevant operations. ▪ Physical risks: The severity of extreme weather events like typhoon, flood, drought, etc. is increased. ▪ Market opportunities: Develop or expand low-carbon products and services, conduct R&D and innovation of new products and services, create low-carbon business opportunities, and develop green energy or energy storage related applications. <p>Medium-term</p> <ul style="list-style-type: none"> ▪ Transition risks: Strengthening of emission reporting obligation and transformation to low-carbon and high-efficiency technologies to affect the cost, changes in customers' behaviors, increase of stakeholders' concerns and negative feedback, and requirements and supervision of products and services. ▪ Market opportunities: Currently, the Company is establishing a green building laboratory which is expected to provide diversified EMC, EMI, and battery tests. <p>Long-term</p> <ul style="list-style-type: none"> ▪ Transition risks: Increase in the prices of greenhouse gas emissions (Total volume control/Carbon tax/Energy tax).

Item	Implementation
	<ul style="list-style-type: none"> ▪Physical risks: Rising average temperatures ▪Market opportunities: Use of more efficient production and distribution processes
3. Describe the financial impact of extreme weather events and transformative actions.	As estimated according to the financial impact of risks related to climate change, the various carbon reduction costs related to market and technology generated from the Net-Zero emission pathway by 2050 were mainly involved, e.g., relevant expenditure of energy conservation and carbon reduction facilities, premium price invested in purchasing of green electricity, or expenses of renewable energy vouchers, expenses for purchasing of carbon rights, and extra green electricity or carbon right purchasing expenses derived from uncertainty of new energy conservation and carbon reduction technologies.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Each business unit of the Company originally identified main risks, explored relevant response measures, and submitted relevant risk assessment to the Company’s regular business meetings. The management was responsible for supervision. It is expected that a risk management team will be set up under the Sustainable Development Committee to join hands with each business unit in risk management in 2024. The Sustainable Development Committee establishes relevant policies and reports to the Board of Directors. Then, the Board of Directors is responsible for supervision and review.
5. If scenario analysis is used to assess resilience to climate change risks, describe the scenarios, parameters, assumptions, analysis factors and major financial impacts used.	The Company analyzes the future impact of specific transition and physical risks on the corporate operation or supply chain under the global control of different greenhouse gas emissions according to TCFD framework, and include the results into strategic resilience. Since the future climate change is filled with high uncertainty, the Company will conduct assessment with multiple possible scenarios and plan internal operating strategies, to master the long-term overall climate development trends in a more comprehensive way.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Due to the impact of carbon pricing policies and regulations and in consideration of the situation that the carbon prices implemented under different carbon pricing systems (greenhouse gas aggregate control and carbon tax /carbon cost) differ significantly with high uncertainty, the Company raises assumptions according to the locally current or future planning of operating sites to evaluate possible financial impact, for the purpose of assuring the compliance of overall reduction strategies with future development trends of policies and regulations. Take (scenarios with high-carbon price) as an example. If the Company does not continually adopt carbon reduction management measures, the financial

Item	Implementation
	impact with reach a relatively higher ratio in operating revenue. Therefore, facing the global Net-Zero trend, the Company will inevitably and actively execute greenhouse gas emission reductions per the Net-Zero pathway, so as to effectively lower the financial impact from the regulatory carbon price and minimize the impacted ratio of operating revenue.
7. If internal carbon pricing is used as a planning tool, describe the basis for setting the price.	Currently, the Company hasn't used carbon pricing as the instrument.
8. If climate-related targets have been set, the activities covered, it's important to specify the activities that are covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved every year. If you plan to use carbon credits or renewable energy certificates (RECs) to achieve your targets, you should also mention the source and quantity of the carbon credits or RECs that will be offset.	Short- and medium-term targets for greenhouse gas emissions in the Company: Reduction of 3% of greenhouse gas emissions within 3 years. The Company is estimated to pass ISO-14064 greenhouse gas verification in 2024; long-term target: The greenhouse gas emission for each operating site shall be zero before 2050.
9. Greenhouse gas inventory and assurance status.	Please refer to the table below.

1-1-1 Greenhouse gas inventory information

<u>Describe the emissions volume (metric tons CO₂e), intensity (metric tons CO₂e/NT\$ million), and data coverage of greenhouse gases for the two most recent fiscal years.</u>
Carbon emissions in 2022 (Wendell building on Baoqiao Road: Scope 1 + Scope 2): 276.5tCO ₂ e; 0.16(Tco ₂ e/ NT\$ million)
Carbon emissions in 2023 (All operating sites of Wendell (parent company: Scope 1 + Scope 2): 307.524 tCO ₂ e;0.21(Tco ₂ e/ NT\$ million)

Note 1 Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from Company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2 The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Paragraph 2, Article 10 of the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies. Other indirect emissions information may be voluntarily disclosed.

Note 3 Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4 The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT\$ 1 million) shall be disclosed.

1-1-2 Greenhouse gas assurance information

<u>Describe the status of assurance for the two most recent fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.</u>
The Company is expected to confirm the carbon emission data in the fourth quarter of 2024.

Note 1 It shall be handled according to the schedule determined in paragraph 2, Article 10 of this standard. If the Company hasn't obtained a complete opinion on greenhouse gas emission assurance as of the publication date of the annual report, it shall specify "The complete assurance information will be disclosed in the sustainability report". If the Company hasn't prepared a sustainability report, it shall specify "The complete assurance information will be disclosed in MOPS", and disclose the complete assurance information in the annual report of the coming year.

Note 2 Assurance institutions shall meet the directions regarding the assurance of sustainability reports prescribed

by the TWSE and TPEX.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Describe the base year of greenhouse gas emissions and its data, reduction targets, strategy, and concrete action plan as well as the fulfillment status of the reduction target.

After determination of the base year of the Company, the short-term target will be reduction of 3% of greenhouse gas emissions within 3 years. The Company will pay continual attention to the implementation effect of energy conservation and carbon reduction measures and make adjustments at any time in the future.

Note 1 This information shall be disclosed in compliance with the schedule prescribed in the order issued under Paragraph 2, Article 10 of the Regulations.

Note 2 The base year shall be the fiscal year in which the greenhouse gas inventory is completed based on the consolidated financial reporting scope. For example, under the order issued under Paragraph 2, Article 10 of the Regulations, a company with a capital of NT\$10 billion shall complete the inventory for its 2024 annual consolidated financial report in 2025, so the base year will be 2024. If a company has disclosed its inventory in its consolidated financial report in an earlier year, it may take the earlier fiscal year as its base year. The data for the base year may also be calculated based on a single fiscal year or the average of multiple fiscal years.

F. Ethical corporate management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof:

Evaluation item	Implementation status		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
1. Establishment of ethical corporate management policies and programs				
(1) Has the Company established ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	✓		(1) The Board of Directors of the Company approved the establishment of "Ethical Corporate Management Best Practice Principles" and "Operating Procedure and Guidelines for Corporate Ethical Management" and disclosed these rules on the official website of the Company and MOPS. During the process of establishing a favorable corporate governance and risk control mechanism and establishing prevention programs, the Company shall better communicate with employees, trade union, important business counterparties, or other stakeholders. Directors, supervisors, managerial officers, and employees of the Company sign a statement of ethical corporate management policy at the end of each year.	No material discrepancy
(2) Has the Company established a risk assessment mechanism against unethical conduct, and analyze and assess on a regular basis the business activity within its business scope which is at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	✓		(2) The Board of Directors of the Company approved the establishment of "Ethical Corporate Management Best Practice Principles" and "Operating Procedure and Guidelines for Corporate Ethical Management" which have specified the prevention measures to address the following behaviors in the prevention programs: (A) Offering and accepting bribes; (B) Providing illegal political contributions; (C) Engaging in inappropriate charity donations or sponsorships; (D) Providing or accepting unreasonable gifts, treatment or other abnormal interests. (E) Infringing upon trade secrets, trademarks, patent rights, copyrights, and other intellectual property rights. (F) Engaging in unfair competition. (G) Products and services directly or indirectly damage the interests, health, and safety of consumers or other stakeholders in the process of R&D, purchasing, manufacturing, provision, or sales.	No material discrepancy
(3) Does the Company provide any solutions to prevent unethical conduct, stipulate procedures, conduct guidelines, punishment for violation as well as appeals and put into practice, review and revise on a regular basis the aforesaid solutions?	✓		(3) The Company has established "Code of Ethics", irregularly publicized relevant corporate ethics to employees, and expressly stipulated relevant reward and punishment measures in "Work Rules".	No material discrepancy
2. Fulfillment of ethical corporate management				
(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	✓		(1) The Company is engaged in commercial activities in a fair and transparent manner, and conducts customer credit investigation and supplier evaluation before business contracts, to avoid unethical corporate transactions.	No material discrepancy

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
(2) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of ethical corporate management policies and unethical conduct prevention programs?	✓		(2) The Legal Affairs Office of the Company is responsible for establishing and executing Procedures and Behavioral Guidelines for Ethical Corporate Management Work and reporting the implementation status of ethical corporate management to the Board of Directors at least once every year. The Legal Affairs Office already reported to the Board of Directors on December 15, 2023. Also, the Audit Committee is responsible to supervise, and report to the Board of Directors as necessary.	No material discrepancy
(3) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(3) The Company has been set up "Moral Codes of Conduct" and "Ethical Corporate Management Best Practice Principles" to prevent conflicts of interest. In case of any conflicts of interest existing in each proposal of the Board of Directors, directors related to these proposals shall excuse themselves in principle of recusal and shall not participate in discussion and voting.	No material discrepancy
(4) Has the Company established effective accounting and internal control systems to implement ethical corporate management and have its internal audit department, based on the results of the assessment of the risk of involvement in unethical conduct, formulate audit plans and audit compliance with prevention programs accordingly or entrusted a CPA to conduct the audit?	✓		(4) To assure the implementation of ethical corporate management, the Company has already established effective accounting system and internal control system; also, it has established an internal audit plan, and internal auditors shall regularly review the observation of the aforesaid systems per the audit plan. If any unethical conducts are found to be true, they shall be immediately reported to the Audit Committee and the Board members. The Company hasn't been involved in any unethical conducts at present.	No material discrepancy
(5) Does the Company regularly hold internal and external training on ethical corporate management?	✓		(5) To facilitate the directors, supervisors, managerial officers, and employees of the Company to learn about, advocate, and practically observe integrity and morality standards, these personnel shall sign ethical management policy before the end of each year. In 2023, the policy signing rate of directors, supervisors, managerial officers, and employees of the Company reached 100%.	No material discrepancy
3. Operation of the whistleblowing system				
(1) Has the Company established both a reward/whistleblowing system and convenient whistleblowing channels? Are appropriate personnel assigned to investigate the accused party?	✓		(1) The Company passed "Regulations Governing Whistleblowing System" on December 13, 2022, announced relevant procedures on its website, and set up a reporting mailbox. Also, dedicated personnel have been assigned to deal with relevant affairs including whistleblowing. Furthermore, employee opinion appeal pipelines have been expressly stipulated in the Work Rules.	No material discrepancy
(2) Has the Company established standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after investigation, and related confidentiality mechanisms?	✓		(2) The Company will assign dedicated personnel to learn about the reported matters. The whistleblowers and the reported matters shall remain confidential as appropriate. Also, relevant individual cases shall be reported to the responsible executive through proper approaches based on nature of such cases.	No material discrepancy
(3) Does the Company protect whistleblowers against improper treatment?	✓		(3) In addition to the strict confidentiality of whistleblowers' identity, the Company guarantees that the whistleblowers will not be treated improperly due to whistleblowing.	No material discrepancy

Evaluation item	Implementation status		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No		
4. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	✓		The Company has disclosed the Ethical Corporate Management Best Practice Principles on its official site, and disclosed information on ethical corporate management in the annual report at market observation post system.	No material discrepancy
5. If the Company has established its own ethical corporate management policies based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe the implementation and any discrepancies: The Company has already established "Ethical Corporate Management Best Practice Principles" and "Operating Procedure and Guidelines for Corporate Ethical Management", the operation status of which does not have a material discrepancy with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management: (e.g., review and amend its policies): In response to the amendment to "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", the Company will also review its "Ethical Corporate Management Best Practice Principles" and "Operating Procedure and Guidelines for Corporate Ethical Management", to ensure their compliance with the Company's practical operations; for "Ethical Corporate Management Best Practice Principles", please refer to MOPS (website: mops.twse.com.tw).				

G. If the Company has adopted corporate governance policies or related bylaws, the inquiry method shall be disclosed:

Please refer to market observation post system website at mops.twse.com.tw

H. Other important information regarding corporate governance: None.

- I. Status of the Internal Control System
 1. Statement of the Internal Control System

Wendell Industrial Co., Ltd.
Statement of the Internal Control System

Date: March 7, 2024

The Company hereby states the results of the self-evaluation of the internal control system for 2023 as follows:

- (1) The Company is fully aware that establishing, operating, and maintaining an internal control system is the responsibility of the Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.
- (2) An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond the Company's control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- (3) The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies ("Regulations"). The criteria adopted by the Regulations identify five components of internal control based on management control process: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for more details about the aforementioned items.
- (4) The Company has evaluated the design and operating effectiveness of the internal control system according to the aforesaid criteria.
- (5) Based on the results of the evaluation in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.
- (6) This statement forms an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- (7) This statement was approved by the Board of Directors in the meeting on March 7, 2024. Out of the seven directors in attendance, none expressed a dissenting opinion and the remainder agreed with the contents of this Statement.

Wendell Industrial Co., Ltd.

Chairman: KAO, CHIH-HUNG

President: CHAN, PO-HSIANG

J. Penalties imposed upon the Company and its employees in accordance with the law, penalties imposed by the Company upon its employees for violation of the internal control system policy, principal deficiencies, and improvement status during the most recent fiscal year up to the date of publication of the annual report: None.

K. Major resolutions of Shareholders' Meetings and Board Meetings during the most recent fiscal year up to the date of publication of the annual report:

Shareholders' Meetings	Date	Important resolution	Implementation status
Shareholders' Meetings	2023.05.30	<ol style="list-style-type: none"> 1. Proposal for business report and financial statements of 2022 2. Proposal for profit distribution in 2022 3. Proposal for issuance of new shares by capital increase through conversion of earnings 4. Proposal for amendment to some provisions of "Articles of Incorporation". 5. Proposal for amendment to some provisions of "Rules of Procedure for Shareholders' Meeting" 	<p>This proposal was already recognized at the regular Shareholders' Meeting on May 30, 2023.</p> <p>The base date of ex-rights and ex-dividends was determined as August 5, 2023 and they were fully distributed on September 15, 2023. The cash dividends amounted to NT\$ 121,933,416. The number of outstanding shares of the Company was changed due to the conversion of convertible corporate bonds, thus affecting shareholders' dividend payout ratio. The actual number of outstanding shares was calculated as 23,909,517. The amount distributed per share was adjusted from NT\$ 5.1 to NT\$ 5.0997858; the stock dividends amounted to NT\$ 11,954,257. The number of outstanding shares of the Company was changed due to the conversion of convertible corporate bonds, thus affecting shareholders' dividend payout ratio. The actual number of outstanding shares was calculated as 23,909,517. The amount distributed per share was adjusted from NT\$ 0.5 to NT\$ 0.499979.</p> <p>The change was already approved by the New Taipei City Government on August 22, 2023. The total number of ordinary shares already issued after change was 25,104,942.</p> <p>The change was already approved by the New Taipei City Government on June 21, 2023. The operation was conducted according to the amended Articles of Incorporation.</p> <p>This proposal was already passed at the regular Shareholders' Meeting on May 30, 2023, and the operation was conducted according to the amended rules.</p>

Board of Directors	Important resolution
1st meeting of the 7th session, 2023	1. The Company's 2022 compensation allocation plan for employee, directors and supervisors adopted.
	2. The Company's 2022 annual business report and financial report adopted.
	3. Proposal for profit distribution of the Company in 2022.
	4. Proposal for handling of issuance of new shares through conversion of profits to increase capital.
	5. The Company's 2022 internal control statement adopted.
	6. Proposal for establishment of Sustainable Development Committee of the Company and appointment of Chief Sustainability Officer.
	7. Proposal of changes in managerial officers of the Company.
	8. Proposal for appointment of the Corporate Governance Officer of the Company.

Board of Directors	Important resolution
	9. Proposal for appointment of the Chief Information Security Officer of the Company.
	10. Amendments to some provisions of "Articles of Incorporation" adopted.
	11. Amendments to some provisions of "the Rules of Procedure for Shareholders Meetings" adopted.
	12. Amendments to some provisions of "the Corporate Governance Best Practice Principles" and "Sustainable Development Best Practice Principles" adopted.
	13. Amendment to some provisions of "the Company's Management of Operation of Board Meeting" and "Regulations Governing Finance and Business Operation between Affiliated Enterprises" adopted.
	14. Proposal for profit distribution of important subsidiary "Suzhou Lianhong Electronic Co., Ltd."
	15. Proposal of the Company for applying to the financial institution for change of shared scope of line of credit due to business operation demand.
	16. Proposal for applying for transaction quotas to invest in overseas bond financial products.
	17. The annual 2023 evaluation of the eligibility and independence of CPA adopted.
	18. Proposal for planned pre-approval of the provision of non-assurance services by CPAs, their accounting firm and enterprises affiliated to the firm for the Company and its subsidiaries.
	19. Proposal for scheduling of greenhouse gas inventory and verification of subsidiaries.
	20. Proposal for deliberation of remuneration of managerial officers of the Company in coordination with the annual salary adjustment of the Company.
	21. Matters on the convening of the 2023 shareholders' meeting adopted.
Resolution result of the Board of Directors (March 8, 2023): The chairperson inquired all attending directors (including independent directors) who discussed, approved, and passed all the proposals.	
2nd meeting of the 7th session, 2023	1. Proposal on Consolidated Financial Statements for Q1 2023 adopted.
	2. Proposal for determination of the base date for capital increase in the conversion of "Domestic First Unsecured Convertible Corporate Bond" of the Company to issue new shares.
	3. Proposal for reassignment of "Shenzhen Qianhong Electronic Co., Ltd." and "Suzhou Lianhong Electronic Co., Ltd." supervisor to the Company.
	4. Proposal for increase of directors of "Wendell Electrical Testing Co., Ltd.", a subsidiary of the Company.
	5. Proposal for amendments to "Internal Control System" of the Company.
	6. Proposal of the Company for applying to the financial institution for transaction quota of derivative financial products due to business operation demand.
	7. Proposal of the Company for applying to the financial institution for extension of the comprehensive financing contract and increase of line of credit due to business operation and development demand.
	8. Proposal for special pre-approval of the provision of non-assurance services by CPAs, their accounting firm and enterprises affiliated to the firm for the Company and its subsidiaries.
	9. Proposal for the appointment of members of the Sustainable Development Committee.
	Resolution result of the Board of Directors (May 11, 2023): The chairperson inquired all attending directors (including independent directors) who discussed, approved, and passed all the proposals.
3rd meeting of the 7th session, 2023	1. Proposal for election of vice chairman of the Board of Directors.
	2. Proposal for drafting of the base date of ex-dividends of cash dividends of the Company and related matters.
	3. Proposal for drafting of the base date of capital increase for the issuance of new shares through conversion of earnings of the Company and related matters.
	4. Proposal for conversion discontinuity period of domestic unsecured convertible corporate bonds as well as adjustment of conversion price.
	5. Proposal for by-election of one independent director.
	6. Proposal for nomination and deliberation of a list of candidates for by-election of independent directors by the Board of Directors.
	7. Proposal for matters related to the convening of the first interim Shareholders' Meeting of the Company in 2023.
	Resolution result of the Board of Directors (May 30, 2023): The chairperson inquired all attending directors (including independent directors) who discussed, approved, and passed all the proposals.
4th meeting of the 7th session,	1. Proposal for construction of laboratories of the Company in Tucheng District in the third quarter of 2023 as expected.
	2. Proposal for amendments to "Internal Control System" of the Company.
	3. Proposal for application of the increase of transaction quota of investment in overseas bond

Board of Directors	Important resolution
2023	financial products. 4. Proposal for updating of conversion discontinuity period of domestic unsecured convertible corporate bonds as well as adjustment of conversion price. 5. Proposal for updating of matters related to the convening of the first interim Shareholders' Meeting of the Company in 2023. Resolution result of the Board of Directors (June 12, 2023): The chairperson inquired all attending directors (including independent directors) who discussed, approved, and passed all the proposals.
5th meeting of the 7th session, 2023	1. Proposal on Consolidated Financial Statements for Q2 2023 adopted. 2. Proposal for construction financing of the laboratory of the Company in Tucheng District. 3. Proposal of the Company for applying to the financial institution for a project loan. 4. Proposal for amendments to "Regulations Governing Internal Control Management" of the Company. 5. Proposal for employment of members of the Remuneration Committee. 6. Proposal for deliberation of the payment of Mid-Autumn Festival bonus to managerial officers of the Company. Resolution result of the Board of Directors (August 9, 2023): The chairperson inquired all attending directors (including independent directors) who discussed, approved, and passed all the proposals.
6th meeting of the 7th session, 2023	1. Proposal on Consolidated Financial Statements for Q3 2023 adopted. 2. Proposal for the Company to evaluate whether accounts receivable exceed the normal credit extension/transaction period for more than three months with significant amount should be converted to fund lending as of September 30, 2023. 3. Proposal of the Company for handling of issuance of new shares through capital increase in cash in 2023. 4. Proposal of the Company for capital increase in subsidiary "Wendell Electrical Testing Co., Ltd." 5. Proposal for application of the increase of transaction quota of investment in overseas bond financial products. 6. Proposal for change in the deputy spokesperson of the Company. 7. Proposal for amendments to some provisions of "Operating Procedure and Guidelines for Corporate Ethical Management" of the Company. 8. Proposal for the change of the audit plan in 2023. Resolution result of the Board of Directors (November 14, 2023): The chairperson inquired all attending directors (including independent directors) who discussed, approved, and passed all the proposals.
7th meeting of the 7th session, 2023	1. Proposal for amendments to "Regulations Governing the Employee Share Subscription through Capital Increase in Cash" of the Company. 2. Proposal for distribution of employee subscription amount of new shares issued by capital increase in cash to employees of managerial offices in 2023. 3. Proposal for deliberation of payment of year-end bonus to managerial officers of the Company. 4. Proposal for establishment of "Work Plan of 2024" of the Remuneration Committee. 5. 2024 internal audit annual plan adopted. 6. Proposal for the operation plan and budget of the Company in 2024. 7. Proposal of the Company for applying to the financial institution for extension of the comprehensive financing contract and increase of line of credit due to business operation and development demand. 8. Proposal for changes in the members of the Sustainable Development Committee of the Company. Resolution result of the Board of Directors (December 15, 2023): The chairperson inquired all attending directors (including independent directors) who discussed, approved, and passed all the proposals.
1st meeting of the 7th session, 2024	1. The Company's 2023 compensation allocation plan for employee, directors and supervisors adopted. 2. The Company's 2023 annual business report and financial report adopted. 3. Proposal for profit distribution of the Company in 2023. 4. The Company's 2023 internal control statement adopted. 5. Proposal for amendments to some provisions of "Rules of Procedure for Shareholders' Meeting" of the Company. 6. Proposal for amendments to some provisions of "Rules of Procedure for Board of Directors",

Board of Directors	Important resolution
	<p>"Rules of Organization of Audit Committee", "Management of Deliberation Operation of Audit Committee", and "Regulations Governing Performance Evaluation of Board of Directors".</p> <p>7. Proposal for amendments to some provisions of "Regulations Governing the Remuneration and Compensation of Directors and Managerial Officers" of the Company.</p> <p>8. Proposal for amendment to some provisions of "Rules of Organization of Sustainable Development Committee" of the Company.</p> <p>9. The annual 2024 evaluation of the eligibility and independence of CPA adopted.</p> <p>10. Matters on the convening of the 2024 shareholders' meeting adopted.</p> <p>Resolution result of the Board of Directors (March 8, 2024): The chairperson inquired all attending directors (including independent directors) who discussed, approved, and passed all the proposals.</p>
2st meeting of the 7th session, 2024	<p>1. Revision of major issues in the company's 2023 sustainability report.</p> <p>2. Proposal for deliberation of remuneration of managerial officers of the Company in coordination with the annual salary adjustment of the Company.</p> <p>3. Ratification of the appointment of the manager of the subsidiary Wendell Electrical Testing Co., Ltd.</p> <p>Resolution result of the Board of Directors (April 25, 2024): The chairperson inquired all attending directors (including independent directors) who discussed, approved, and passed all the proposals.</p>

- L. Any dissenting opinion expressed by a director or supervisor with respect to a major resolution passed by the Board of Directors during the most recent fiscal year and up to the date of publication of the annual report, where said dissenting opinion has been recorded or prepared as a written declaration: None.
- M. A summary of resignations and dismissals of the Company's chairman, president, accounting manager, financial manager, chief internal auditor, or research and development officer during the most recent fiscal year and up to the date of publication of the annual report: None.

(V) Information on CPA professional fees

The Company shall disclose CPA professional fees under the following circumstances:

- A. If the non-audit fees paid to CPAs, the accounting firm where CPAs belong, and their affiliated enterprises account for one quarter of the audit fees or above, the amounts of audit fees and non-audit fees shall be disclosed together with the contents of non-audit services:

Unit: NT\$ Thousand

Name of accounting firm	Name of CPA	CPA audit period	Audit fee	Non-audit fee	Total	Remark
PwC Taiwan	CHEN, CHIN-CHANG; TU, PEI-LING	2023.01.01 ~ 2023.12.31	2,556	593	3,149	The non-audit fee mainly includes tax certification fee, other information reading and consideration, consolidated non-supervisor remuneration checklist, and issuance of new shares by capital increase through conversion of earnings.

- B. When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not involved.
- C. When the audit fees paid for the current year are lower than those for the previous year by 10% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed: Not involved.

(VI) Information on the replacement of CPAs

The Company didn't replace CPAs in the last two years and in the subsequent period.

(VII) The Company's chairman, president, or any managerial officer in charge of finance or accounting matters in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm

None.

(VIII) Any transfer of equity interests and pledge of, or change in, equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10% in the most recent fiscal year and as of the publication date of the annual report.

A. Any transfer of equity interests and pledge of, or change in, equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10%:

Unit: Share

Title	Name	2023		As of April 30, 2024	
		Shareholding increase (decrease)	Pledged share increase (decrease)	Shareholding increase (decrease)	Pledged share increase (decrease)
Chairman and also major shareholder holding at least 10% of the shares	Bo Hong Investment Co., Ltd.	220,943	-	75,590	-
	Representative: KAO, CHIH-HUNG	92,703	-	809	-
Vice Chairman & Chief Sustainability Officer (Note 1)	Hung Hui Co., Ltd.	45,846	-	-	-
	Representative: KAO, MIN-HUNG	22,131	-	76,425	-
Director and also major shareholder holding at least 10% of the shares (Note 1)	Wei Hong Assets Co., Ltd.	220,943	-	75,590	-
	Representative: CHAN, PO-HSIANG	4,249	-	27,328	-
Director	LIU, SHENG-CHANG	1,149	-	3,607	-
Independent Director	HO, TZU-SHUN	-	-	-	-
Independent Director	LIN, CHIN-FENG	-	-	-	-
Independent Director (Note 2)	TSENG, HSIAO-CHUAN	-	-	-	-
Independent Director (Note 2)	SU, CHUN-NIEN	-	-	-	-
Vice-President	HSU, SHIH-CHIEH	5,527	-	29,338	-
Vice-President (Note 1)	HUANG, CHAO-YUNG	5,520	-	26,316	-
Vice-President (Note 1)	LIN, LI-CHING	2,594	-	18,139	-
Vice-President (Note 1)	LIN, CHIA-HUA	2,782	-	20,727	-
Assistant Manager	LI, YIN-LIN	(7,205)	-	11,631	-
Assistant Manager	YANG, CHENG-HSIEN	8,344	-	43,177	-
CFO (Note 3)	YANG, CHENG-NAN	2,712	-	21,523	-
Section Chief (Note 4)	LAI, LI-CHIN	160	-	-	-
Senior Manager	CHANG, JUNG-FU	4,367	-	23,699	-
Chief Accountant	HSU, YU-WEN	67	-	17,212	-
Chief Auditor	LIN, YI-CHING	-	-	9,000	-
Chief Information Security Officer (Note 3)	CHIANG, YUEH-LIN	-	-	9,000	-

Note 1 As approved by the Board of Directors on March 8, 2023, President KAO, MIN-HUNG was transferred to serve as Chief Sustainability Officer; Vice President CHAN, PO-HSIANG was promoted to President; assistant manager HUANG, CHAO-YUNG was promoted to Vice President; assistant manager LIN, LI-CHING was promoted to Vice President; assistant manager LIN, CHIA-HUA was promoted to Vice President; as approved by the Board of Directors on May 30, 2023, KAO, MIN-HUNG was appointed as Vice Chairman.

Note 2 Independent director SU, CHUN-NIEN resigned on May 29, 2023, only the change (increase/decrease) in the number of shares as of May 29, 2023 was presented; independent director TSENG, HSIAO-CHUAN was by-elected at the interim Shareholders' Meeting on August 30, 2023.

Note 3 As approved by the Board of Directors on March 8, 2023, project manager CHIANG, YUEH-LIN was appointed as the Chief Information Security Office; CFO YANG, CHENG-NAN concurrently served as Corporate Governance Officer.

Note 4 Resigned on January 31, 2024. Only the change (increase/decrease) in the number of shares as of January 31, 2024 was presented.

B. The relative information on the other party to equity transfer and also a related party:

April 30, 2024; Unit: Share; NT\$ Thousand

Name	Reason for equity transfer	Date	Counterparty	Relationship between the counterparty and the directors, managerial officers, and shareholders of the Company with shareholding ratio above 10 percent	Shares	Price
KAO, CHIH-HUNG	Transaction	2019.01.08	YANG, CHENG-NAN	CFO of the Company	25,000	30.00
KAO, CHIH-HUNG	Transaction	2019.04.26	YANG, CHENG-NAN	CFO of the Company	25,000	30.00
KAO, CHIH-HUNG	Transaction	2019.05.11	LIN, LI-CHING	Vice President of the Company (Note 2)	10,000	30.00
KAO, CHIH-HUNG	Transaction	2019.07.25	CHAN, PO-HSIANG	President of the Company (Note 2)	10,000	30.00
KAO, CHIH-HUNG	Transaction	2019.07.25	LIN, CHIA-HUA	Vice President of the Company (Note 2)	45,000	30.00
KAO, CHIH-HUNG	Transaction	2019.07.30	LIN, LI-CHING	Vice President of the Company (Note 2)	5,000	30.00
KAO, CHIH-HUNG	Transaction	2019.07.30	HUANG, CHAO-YUNG	Vice President of the Company (Note 2)	20,000	30.00
KAO, CHIH-HUNG	Transaction	2019.08.13	China Development Advantage Venture Capital Limited Partnership	Director of the Company (Note 1)	1,000,000	34.00

Note 1 Began to serve as the director through election at the interim Shareholders' Meeting on November 12, 2019, and resigned upon early reelection at the regular Shareholders' Meeting on June 16, 2022. Therefore, only the change (increase/decrease) in the number of shares as of June 16, 2022 was presented.

Note 2 As approved by the Board of Directors on March 8, 2023, Vice President CHAN, PO-HSIANG was promoted to President; assistant manager LIN, LI-CHING was promoted to Vice President; assistant manager HUANG, CHAO-YUNG was promoted to Vice President; assistant manager LIN, CHIA-HUA was promoted to Vice President.

C. The relative information on the other party to equity pledge and also a related party:
None.

(IX) Information on relationship among the top ten shareholders, who are related parties or spouses, relatives within the second degree of kinship of another shareholder

April 20, 2024; Unit: Share; %

Name	Current Shareholding		Spouse & minor shareholding		Shareholding by nominees		Information on relationship among the top ten shareholders, who are related parties or spouses, relatives within the second degree of kinship of another shareholder		Remarks
	Shares	%	Shares	%	Shares	%	Designation (or Name)	Relation	
Bo Hong Investment Co., Ltd. Representative: KAO, CHIH-HUNG	4,715,586	15.66%	-	-	-	-	KAO, CHIH-HUNG	Person in charge	-
	992,433	3.30%	8,441	0.03%	9,431,172	31.33%	KAO, MIN-HUNG	Brothers	-
Wei Hong Assets Co., Ltd. Representative: CHAN, PO-HSIANG	4,715,586	15.66%	-	-	-	-	KAO, CHIH-HUNG	Person in charge	-
	116,561	0.39%	-	-	-	-	-	-	-
China Development Advantage Venture Capital Limited Partnership	1,268,666	4.21%	-	-	-	-	-	-	-
KAO, CHIH-HUNG	992,433	3.30%	8,441	0.03%	9,431,172	31.33%	KAO, MIN-HUNG	Brothers	-
							Bo Hong Investment Co., Ltd. Representative: KAO, CHIH-HUNG	Person in charge	-
							Wei Hong Assets Co., Ltd. Representative: CHAN, PO-HSIANG	Person in charge	-
Hung Hui Co., Ltd. Representative: KAO, MIN-HUNG	962,821	3.20%	-	-	-	-	KAO, MIN-HUNG	Person in charge	-
	541,206	1.80%	-	-	962,821	3.20%	KAO, CHIH-HUNG	Brothers	-
KAO, MIN-HUNG	541,206	1.80%	-	-	962,821	3.20%	KAO, CHIH-HUNG	Brothers	-
							Hung Hui Co., Ltd. Representative: KAO, MIN-HUNG	Person in charge	-
CHEN, CHUN-JUNG	453,756	1.51%	-	-	-	-	KAO, MIN-HUNG	Relation by marriage Second degree of kinship	-
Yong Yueh Investment Co., LTD Representative: CHEN, YI-CHENG	352,931	1.17%	-	-	-	-	KAO, CHIH-HUNG KAO, MIN-HUNG	Relation by marriage Second degree of kinship	-
HUANG, YUN-SHAN	294,244	0.98%	-	-	-	-	-	-	-
Gains Investment Corporation	272,748	0.91%	-	-	-	-	-	-	-

(X) Consolidated number of shares owned by the Company, directors, supervisors, managerial officers, and business controlled directly or indirectly by the Company

April 30, 2024; Unit: Share

Invested Company (Note)	Investment by the Company		Investment by directors/supervisors/managers and by companies directly or indirectly controlled by the Company		Total investment	
	Shares	%	Shares	%	Shares	%
Nichtek Industrial Co., Limited	18,591,400	100 %	-	-	18,591,400	100 %
Wendell Co., Ltd.	500	100 %	-	-	500	100 %
WENDELL PTE. LTD.	100,000	100 %	-	-	100,000	100 %
WENDELL KOREA CO.,LTD	10,000	100 %	-	-	10,000	100 %
Shenzhen Qianhong Electronic Co., Ltd.	-	-	-	100 %	-	100 %
Suzhou Lianhong Electronic Co., Ltd.	-	-	-	100 %	-	100 %
Shenzhen Qianhong Electrical Testing Co., Ltd.	-	-	-	100 %	-	100 %
Wendell Electrical Testing Co., Ltd.	10,020,000	100 %	-	-	10,020,000	100 %

Note: Investment made by the Company by equity method.

IV. Capital Overview

(I) Capital and Shares

A. Sources of Capital

1. Types of shares:

Changes in share capital in the last five years and as of the publication date of the annual report

April 30, 2024; Unit: Share

Year/ Month	Issue Price (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital (NT\$)	Capital Increase by Assets Other than Cash	Other
2010.06	10	8,000	80,000	8,000	80,000	Capital increase by surplus of NT\$10,000,000	None	Note 1
2010.08	10	10,000	100,000	10,000	100,000	Capital increase by cash of NT\$20,000,000	None	Note 2
2016.02	10	11,000	110,000	11,000	110,000	Capital increase by cash of NT\$10,000,000	None	Note 3
2016.03	10	12,000	120,000	12,000	120,000	Capital increase by cash of NT\$10,000,000	None	Note 4
2017.07	30	30,000	300,000	13,000	130,000	Capital increase by cash of NT\$10,000,000	None	Note 5
2017.10	10	30,000	300,000	14,300	143,000	Capital increase by surplus of NT\$13,000,000	None	Note 6
2018.09	10	30,000	300,000	15,730	157,300	Capital increase by surplus of NT\$14,300,000	None	Note 7
2019.07	10	30,000	300,000	17,303	173,030	Capital increase by surplus of NT\$15,730,000	None	Note 8
2019.08	42	30,000	300,000	20,303	203,030	Capital increase by cash of NT\$30,000,000	None	Note 9
2020.08	10	30,000	300,000	21,318	213,181	Capital increase by surplus of NT\$10,151,000	None	Note 10
2021.08	10	30,000	300,000	21,745	217,445	Capital increase by surplus of NT\$4,264,000	None	Note 11
2021.11	68	30,000	300,000	23,908	239,085	Capital increase by cash of NT\$21,640,000	None	Note 12
2023.06	10	30,000	300,000	23,909	239,095	Conversion of corporate bonds to ordinary shares of NT\$ 10,000	None	Note 13
2023.06	10	60,000	600,000	23,909	239,095	-	None	Note 14
2023.08	10	60,000	600,000	25,104	251,049	Capital increase by surplus of NT\$11,954,000	None	Note 15
2024.03	52.5	60,000	600,000	30,104	301,049	Capital increase by cash of NT\$50,000,000	None	Note 16

Note 1: On June 28, 2010, according to Pei-Fu-Ching-Ssu-Tzu No. 0993095643 Document, it was approved to increase the capital by NT\$ 10,000,000.

Note 2: On August 27, 2010, according to Pei-Fu-Ching-Ssu-Tzu No. 0993151391 Document, it was approved to increase the capital by NT\$ 20,000,000.

Note 3: On February 18, 2016, according to Hsin-Pei-Fu-Ching-Ssu-Tzu No. 1055131116 Document, it was approved to increase the capital by NT\$ 10,000,000.

Note 4: On March 25, 2016, according to Hsin-Pei-Fu-Ching-Ssu-Tzu No. 1055149683 Document, it was approved to increase the capital by NT\$ 10,000,000.

Note 5: On July 19, 2017, according to Hsin-Pei-Fu-Ching-Ssu-Tzu No. 1068045353 Document, it was approved to increase the capital by NT\$ 10,000,000.

Note 6: On October 11, 2017, according to Hsin-Pei-Fu-Ching-Ssu-Tzu No. 1068065645 Document, it was approved to increase the capital by NT\$ 13,000,000.

Note 7: On September 17, 2018, according to Hsin-Pei-Fu-Ching-Ssu-Tzu No. 1078060609 Document, it was approved to increase the capital by NT\$ 14,300,000.

Note 8: On July 2, 2019, according to Hsin-Pei-Fu-Ching-Ssu-Tzu No. 1088043627 Document, it was approved to increase the capital by NT\$ 15,730,000.

Note 9: On August 23, 2019, according to Hsin-Pei-Fu-Ching-Ssu-Tzu No. 1088057971 Document, it was approved to increase the capital by NT\$ 30,000,000.

Note 10: On August 5, 2020, according to Hsin-Pei-Fu-Ching-Ssu-Tzu No. 1098056093 Document, it was approved to increase the capital by NT\$ 10,151,000.

Note 11: On August 19, 2021, according to Hsin-Pei-Fu-Ching-Ssu-Tzu No. 1108058226 Document, it was approved to increase the capital by NT\$ 4,264,000.

Note 12: On November 25, 2021, according to Hsin-Pei-Fu-Ching-Ssu-Tzu No. 1108081807 Document, it was approved to increase the capital by NT\$ 21,640,000.

Note 13: On June 1, 2023, according to Hsin-Pei-Fu-Ching-Ssu-Tzu No. 1128037804 Document, it was approved to increase the capital by NT\$ 10,000.

Note 14: On June 21, 2023, according to Hsin-Pei-Fu-Ching-Ssu-Tzu No. 1128041199 Document, it was approved to increase the Authorized capital to NT\$ 600,000,000.

Note 15: On August 22, 2023, according to Hsin-Pei-Fu-Ching-Ssu-Tzu No. 1128059492 Document, it was approved to increase the capital by NT\$ 11,954,000.

Note 16: On March 8, 2024, according to Hsin-Pei-Fu-Ching-Ssu-Tzu No. 1138015738 Document, it was approved to increase the capital by NT\$ 50,000,000.

April 20, 2024; Unit: Share

Type of Stock	Issued Shares			Remarks
	Outstanding shares	Not TWSE/TPEX Listed	Total	
Nominal Common Stock	30,104,942	29,895,058	60,000,000	TWSE/TPEX Listed

- If the Company is approved to raise and issue securities under the shelf registration system, relevant information regarding approved amount, scheduled issuance, and securities already issued shall be disclosed: Not applicable.

B. Shareholder structure

April 20, 2024; Unit: Person; Share; %

Shareholder structure	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of shareholders	—	—	25	4,057	15	4,097
Number of shares	—	—	12,872,435	16,334,370	898,137	30,104,942
Percentage (%)	—	—	42.76%	54.26%	2.98%	100.00%

C. Shareholding distribution status (NT\$10 per share)

1. Common stock

April 20, 2024; Unit: Person; Share; %

Range of Shares	Number of Shareholders	Current Shareholding	Shareholding (%)
1 - 999	1,154	161,912	0.54%
1,000 - 5,000	2,369	4,507,396	14.97%
5,001 - 10,000	301	2,199,041	7.30%
10,001 - 15,000	100	1,255,471	4.17%
15,001 - 20,000	37	659,805	2.19%
20,001 - 30,000	59	1,463,459	4.86%
30,001 - 40,000	14	484,541	1.61%
40,001 - 50,000	12	532,403	1.77%

50,001 - 100,000	25	1,778,178	5.91%
100,001 - 200,000	13	1,805,896	6.00%
200,001 - 400,000	6	1,606,786	5.34%
400,001 - 600,000	2	994,962	3.31%
600,001 - 800,000	—	—	—
800,001 - 1,000,000	2	1,955,254	6.49%
Above 1,000,001	3	10,699,838	35.54%
Total	4,097	30,104,942	100.00%

2. Preferred stock: N/A

D. List of major shareholders

April 20, 2024; Unit: Share; %

Name of Major Shareholders	Current Shareholding	Shareholding (%)
Bo Hong Investment Co., Ltd.	4,715,586	15.66%
Wei Hong Assets Co., Ltd.	4,715,586	15.66%
China Development Advantage Venture Capital Limited Partnership	1,268,666	4.21%
KAO, CHIH-HUNG	992,433	3.30%
Hung Hui Co., Ltd.	962,821	3.20%
KAO, MIN-HUNG	541,206	1.80%
CHEN, CHUN-JUNG	453,756	1.51%
Yong Yueh Investment Co., LTD	352,931	1.17%
HUANG, YUN-SHAN	294,244	0.98%
Gains Investment Corporation	272,748	0.91%

E. Market price, net worth, earnings, dividend and related information over the last two years

Unit: NT\$; Thousand Share

Item	Year		2022	2023	As of April 30, 2024 (Note 8)
	Market price per share (Note 1)	Highest	Lowest	150.50	109.00
		Average	75.90	69.20	70.00
Net worth per share (Note 2)	Before distribution		112.96	90.71	87.81
	After distribution		42.46	39.58	-
Earnings per share	Weighted average shares	Before distribution	23,908	25,104	26,994
		After distribution	26,232	29,839	31,717
	Earnings per share (Note 3)	Before distribution	8.09	4.04	-
		After distribution	7.53	3.58	-
Dividends per share	Cash dividends		5.1	4.0	-
	Stock dividends	Dividends from retained earnings	0.5	-	-

Item		Year	2022	2023	As of April 30, 2024 (Note 8)
			Dividends from capital surplus	-	-
	Cumulative unpaid dividends (Note 4)	-	-	-	
Return on investment	Price/Earnings ratio (Note 5)	13.96	22.45	-	
	Price/Dividend ratio (Note 6)	22.15	22.68	-	
	Cash dividend yield rate (Note 7)	4.51%	4.41%	-	

Note 1: List the highest and lowest market price in each fiscal year and calculate the average market price based on the trading value and volume.

Note 2: Please fill out the figures according to the number of outstanding shares at the end of the fiscal year and the resolution regarding distribution by the Shareholders' Meeting of the following year.

Note 3: Please fill out basic and diluted earnings per share if the retroactive adjustment is necessary due to the stock dividend payout.

Note 4: If the terms of issuance of equity securities provide that any dividends declared but not paid may be carried forward until the Company has earnings, the amount of accrued unpaid dividends as at the end of such fiscal year shall be disclosed.

Note 5: Price/earnings ratio = Average closing price per share for the year/Earnings per share.

Note 6: Price/dividend ratio = Average closing price per share for the year/Cash dividend per share.

Note 7: Cash dividend yield rate = Cash dividends per share/Average closing price per share for the current fiscal year.

Note 8: The financial data of the Company hasn't been verified and reviewed by CPAs as of the publication date of the annual report.

F. Dividend policy and implementation

1. Dividend policy:

If the Company makes a surplus after final accounting of revenue and expenditure, it shall be used to pay taxes, make up the loss, and then appropriate 10% of the remaining amount as statutory surplus reserve; however, it does not apply to the situation in which the accumulated amount of the statutory surplus reserve already reaches the total capital of the Company. Also, special surplus reserve may be set aside or reversed according to relevant laws and regulations or the provisions of the competent authority. If there is still a remaining amount of surplus, the Board of Directors may draft a distribution proposal with the balance plus the accumulated undistributed surplus, and submit it to the Shareholders' Meeting for a resolution on distribution of dividends to the shareholders.

To coordinate the present and future development plans, in consideration of investment environment, capital demand and domestic and foreign competition, and with equal consideration to factors like shareholders' interest, the Company may set aside at least 10% of the surplus available for distribution in the preceding paragraph to distribute dividends to shareholders either in stock or cash. The cash dividends distributed shall not be lower than 10% of the total dividends.

2. 2024 dividend distribution proposed at shareholders' meeting:

The surplus distribution proposal of the Company in 2023 was approved by the Board of Directors on March 7, 2024. It is expected that this proposal will be passed at the regular Shareholders' Meeting with a resolution on June 18, 2024 to distribute cash dividends of NT\$ 120,420,000 (NT\$ 4.0 per share) to the shareholders.

- G. Impact on the business performance and earnings per share of the Company resulting from stock dividend distribution proposed at the Shareholders' Meeting: The Company distributes dividends according to its dividend policy. Stock dividends and employee stock compensation were not distributed this time, and therefore, no impact was imposed on the Company's business performance and earnings per share.
- H. Compensation of employees, directors:
1. Percentages and scope of employees' compensation and directors' compensation specified in the Articles of Incorporation
If the Company makes a profit in the current year (i.e., profit obtained by before deduction of employee compensation and directors' compensation distributed from the before-tax profit), and there is still a remaining amount after deduction of accumulated losses, the Board of Directors shall set aside at least 1.5% of the profit as employee compensation and no more than 3% of the profit as directors' compensation respectively. The employee compensation mentioned in the preceding paragraph may be paid in stock or cash, and the payees may include employees from companies controlled by or subordinate to the Company that comply with certain conditions which shall be established by the Board of Directors. Directors' compensation shall be paid in cash only.
 2. Accounting treatment in case of a discrepancy of the estimation basis of the amount of employee compensation and directors' compensation estimated in current period, the basis for calculation of number of shares distributed for employee compensation, and the amount distributed with the estimated amount
When a significant change occurred to the amount distributed based on the resolution of the Board of Directors prior to the publication date of the annual financial report, such change should be used to adjust the originally drawn annual expenses. If the amount is still changed after the publication date of the annual financial report, it should be handled as changes in accounting estimates, and adjusted and entered to accounts in the coming year.
 3. Approval of compensation distribution by the Board of Directors:
 - (1) If the amount of employee compensation and directors' compensation distributed in cash or stock is different from the annually estimated amount of the recognized expenses, the amount of difference and reason thereof as well as the handling status shall be described:
The amount of employee compensation and directors' compensation of the Company was already passed by the Board of Directors on March 7, 2024. A resolution was made to distribute employee compensation of NT\$ 2,012,000 and directors' compensation of NT\$ 3,502,000 respectively in cash, which didn't have any discrepancy with the annually estimated amount of the recognized expenses.
 - (2) Ratio of employee compensation distributed in stock to the net profit after tax in the current period and the total amount of employee compensation: Not applicable.
 4. For the actual distribution of employees' and directors' compensation for the previous fiscal year (including number of shares distributed, amount and stock price), the amount of difference with recognized employees' and directors' compensation, reason thereof, and handling status shall be described:
The proposal for distribution of employee compensation and directors' compensation of the Company in 2022 was already reported to the regular Shareholders' Meeting on May 30, 2023. Employee compensation of NT\$

3,724,000 and directors/supervisors' compensation of NT\$ 3,724,000 were distributed, which didn't present a discrepancy between the estimated distribution amount and the actual distribution amount.

I. Share repurchases: None.

(II) Handling of corporate bonds

Type of corporate bonds	Domestic First Unsecured Convertible Corporate Bond
Date of issuance (handling)	June 8, 2022 (Note 1)
Face value	NT\$100,000
Place of issuance and trading(Note 2)	N/A
Issue price	101% (issued at premium)
Total amount	NT\$400,000,000
Interest rate	0%
Term	3 years Date of Expiration: June 8, 2025
Guarantor	N/A
Trustee	Taipei Fubon Commercial Bank Co., Ltd.
Underwriter	Fubon Securities Co. Ltd.
Certified lawyer	Handsome Attorneys-at-Law Lawyer: CHIU, YA-WEN
CPA	PwC Taiwan CPAs: CHEN, CHIN-CHANG, TU, PEI-LING
Repayment method	The bond will be repaid in cash per bond face value in a lump-sum manner upon maturity except conversion to ordinary shares of the Company, or exercising of put right, and early recovery by the Company, or repurchase and cancelation by the securities dealer's office.
Unpaid principal	NT\$399,900,000
Clause of redemption or premature repayment	Please refer to Measures for Issuance and Conversion of Domestic First Unsecured Convertible Corporate Bonds of the Company.
Qualifying clause(Note 3)	None
Name of credit rating agency, date of rating, and corporate bond rating result	N/A
Attached other rights	Amount of converted (swap or share subscription) ordinary shares, GDRs or other valuable securities as of the publication date of the annual report
	The ordinary shares converted amounted to NT\$ 10,040.
	Measures for issuance and conversion (swap or share subscription)
	Please refer to Measures for Issuance and Conversion of Domestic First Unsecured Convertible Corporate Bonds of the Company.
Issuance and conversion, measures for swap or share subscription, possible dilution of equity due to issuance conditions, and influence of issuance conditions on the existing shareholders' equity	No material impact imposed yet
Name of agency entrusted for custody of swap object	N/A

Note 1: The handling status of corporate bonds include publicly offered and privately placed corporate bonds being handled. The publicly offered corporate bonds being handled refer to those already enforced (approved) by this commission; the privately placed corporate bonds being handled refer to those already passed by the Board of Directors with a resolution.

Note 2: Filled out for overseas corporate bonds.

Note 3: Restriction on distribution of cash dividends, external investments, or requirement for the maintenance of certain asset ratio, etc.

Note 4: For convertible corporate bonds, exchangeable corporate bonds, corporate bonds issued under the shelf registration system, or corporate bonds with warrants, the data of these bonds shall be disclosed per their nature and the formats listed in the table.

Information of Convertible Corporate Bond

Type of corporate bonds		First Unsecured Convertible Corporate Bond	
Item	Year	From January 1, 2023 to December 31, 2023	As of April 30, 2024 (Note 3)
	Price of convertible corporate bond(Note 1)	Highest	116.60
Lowest		102.50	102.00
Average		109.30	115.51
Conversion price		89.30	85.20
Date of issuance (handling) and conversion price upon issuance		105.90	105.90
Way to perform the conversion obligation (Note 2)		Issuance of 1,004 new shares	Issuance of 0 new shares

Note 1: If overseas corporate bonds involve multiple places of trading, they shall be presented separately per the places of trading.

Note 2: Delivery of issued shares or issuance of new shares

Note 3: The data for the current year as of the publication date of the annual report shall be filled out.

(III) Handling of special shares

None.

(IV) Handling of overseas depositary receipts

None.

(V) Handling of employee subscription certificates and new shares with limited employee rights

None.

(VI) Issuance of New Shares in Connection with Mergers and Acquisitions

None.

(VII) Finance Plans and Implementation

A. Issuance of domestic first unsecured convertible corporate bond in 2022

1. Contents of the plan

(1) Date of approval by the competent authority and document number:
Jin-Guan-Zheng-Fa-Tzu No. 1110338861

(2) Total amount of funds needed for the plan: NT\$559,312,000

(3) Sources of funds:

Acquisition of land and construction of plants:

An amount of NT\$ 502,918,000 is needed. It will be realized through

the raising and issuance of domestic first unsecured convertible corporate bond with issuance period of three years. The face value of each bond is NT\$ 100,000 only at a nominal interest rate of 0%. The total number of bonds issued is up to 4,000, and the total face value issued is up to NT\$ 400,000,000. It is issued at 100%~101% of the face value. The total issue amount is up to NT\$ 404,000,000. The remaining amount of NT\$ 98,918,000 will be paid by self-owned capital, bank loans, or other means. If the funds raised this time are insufficient, the insufficient amount will be covered by self-owned capital, bank loans, or other means.

Construction of laboratories:

An amount of NT\$ 56,394,000 will be paid by self-owned capital, bank loans, or other means.

(4) Planned projects and predetermined progress of fund use

Unit: NT\$ Thousand

Planned projects	Estimated date of completion	Total amount of funds needed	Predetermined progress of fund use																
			2022			2023				2024				2025				2026	
			Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Acquisition of land	2022 Q2	238,800	238,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction of plants	2026 Q1	264,118	-	-	-	-	-	13,206	63,388	60,747	55,465	44,900	13,206	5,282	-	-	-	-	7,924
Construction of laboratories	2025 Q4	56,394	-	-	-	-	-	-	-	-	-	17,500	17,500	5,348	5,348	5,349	5,349	-	-
Total		559,312	238,800	-	-	-	-	13,206	63,388	60,747	55,465	62,400	30,706	10,630	5,348	5,349	5,349	7,924	-

(5) Expected benefits

In response to laboratory resource integration, improvement of certification capacity and parts debugging efficiency, and the bettering of efficiency for providing testing and certification services to customers, the Company plans to raise NT\$ 404,000,000 for acquiring land and constructing plants in Tucheng District, New Taipei City. In addition to the increase of plant space and satisfy the needs for enlargement of production capacity and business development of the Company in the future, these plans will also save rental expenditure and increase the operating revenue, operating margin and profiting income of the Company by NT\$ 24,489,417,000, NT\$ 4,011,717,000, and NT\$ 338,304,000 respectively in a period from 2026-2059. Additionally, relying on its complete product lines, the Company provides customers with complete electromagnetic compatibility and line protection components as well as EMC solutions and certified one-stop purchasing service model, to accelerate the efficiency of provision of solutions, shorten product marketing time, and increase customer stickiness. The business model adopted by the laboratories of the Company differs from those in the same industry. By assisting customers in testing and certification services, the Company manages to attract customers to adopt electronic component products presented or self-owned by the Company, leading to the stable growth of the scale of overall operating revenue of the Company.

(6) Changes of plan contents and sources and use of funds, reasons for change, benefits before and after changes, and dates of submission of changed plans to the Shareholders' Meeting: None.

2. Implementation status and benefit analysis

(1) Implementation

Unit: NT\$ Thousand

Planned project	Implementation status as of 2023 Q4			Reason for advance or lagged progress and improvement plan
Acquisition of land Payment of project funds	Amount paid	Predetermined	315,394	The main reason lied in that the vendor requested the payment of project funds in Q4 relatively late, and the payment of this fund would be extended to January 2024 according to the agreements reached in payment terms.
		Actual	266,800	
	Implementation progress	Predetermined	56.38%	
		Actual	47.70%	

(2) Benefit evaluation

This plan is expected to be completed in the first quarter of 2026. So far, the Company is still continually executing this plan according to the progress. The expected benefits will gradually emerge only after completion of this plan.

B. Proposal for capital increase by cash in December 2023

1. Contents of the plan

- (1) Total amount of funds needed for the plan: December 19, 2023; Jin-Guan-Zheng-Fa-Tzu No. 1120364231.
- (2) Total amount of funds needed for the plan: NT\$263,876,000
- (3) Sources of funds: 5,000,000 ordinary shares will be issued through capital increase in cash with face value of NT\$ 10 per share and issue price of NT\$ 52.5 per share. The total amount of funds raised is NT\$ 262,500,000.
- (4) Planned projects and predetermined progress of fund use

Unit: NT\$ Thousand

Planned projects	Estimated date of completion	Total amount of funds needed	Predetermined progress of fund use	
			2024	
			Q1	Q2
Repayment of bank loan	2024 Q2	91,376	33,590	57,786
Increase of working capital	2024 Q2	172,500	43,000	129,500
Total		263,876	76,590	187,286

(5) Expected benefits

Repayment of bank loan

In this fundraising plan project, it is expected to use NT\$ 91,376,000 to repay the bank loan, thus reducing the loan amount borrowed from the bank and lightening the interest burden therefore caused. If calculated according to the interest rate of the loan the Company plans to repay at present, interest expenditure of NT\$ 2,116,000 is expected to be saved in 2024. The interest expenditure of approximately NT\$ 4,232,000 will be annually saved since 2025. As a result, the Company's financial burden can be moderately lightened, and the dependence on financial institutions can be reduced. Also, the financial structure will be improved, and the short-term debt repaying ability can be enhanced, thus benefiting the overall business development of the Company.

Increase of working capital

In this fundraising plan project, it is expected to use NT\$ 172,500,000 to increase the working capital, in response to the future development needs of the Company. If calculated according to the loan interest rates of 2.283%~7.10% charged by the banks currently cooperated by the Company, the interest expenditure of NT\$ 4,056,000 can be saved in

2024. The interest expenditure of approximately NT\$ 8,112,000 will be annually saved since 2025.

2. Implementation status and benefit analysis

(1) Implementation

This fundraising plan is expected to be completed before the first quarter of 2024. Therefore, as of the fourth quarter of 2023, no implementation status was seen.

(2) Benefit evaluation

This fundraising plan is expected to be completed before the first quarter of 2024. Therefore, as of the fourth quarter of 2023, it was not required to evaluate the benefits.

V. Operational Highlights

(I) Description of the business



A. Scope of business:

1. The Company operates the following businesses

The company is mainly engaged in the sales of electromagnetic compatibility and line protection components and integrated services of electromagnetic compatibility and wireless radio frequency certification testing. Our products are widely used in network communications, security monitoring, industrial computers, automotive electronics, and power supplies. and other consumer electronics fields, and sells its own brand "Nichtek" and agent "Bourns" brand components around the world. The main contents of the company's business are as follows:

- (1) Wholesale of Electronic Materials
- (2) Wholesale of Machinery
- (3) Wholesale of Electrical Appliances
- (4) Wholesale of Precision Instruments
- (5) Wholesale of Computer Software
- (6) Retail Sale of Electronic Materials
- (7) Retail Sale of Electrical Appliances
- (8) Retail Sale of Precision Instruments
- (9) Retail Sale of Computer Software
- (10) International Trade
- (11) Electronics Components Manufacturing
- (12) Wholesale of Chemical Feedstock
- (13) Wholesale of Other Chemical Products
- (14) All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Business ratios at present

Unit: NT\$ Thousand; %

Main Product(s)	Year	2022		2023	
		Amount	%	Amount	%
Component sales-Agent		1,037,719	53.96	873,392	50.10
Component sales-Self-owned		717,311	37.30	699,029	40.09
Revenue from rendering of labor service-Testing and certification		167,999	8.74	171,038	9.81
Total		1,923,029	100.00	1,743,459	100.00

3. Current products (services)

Products	Usage
Component sales-Protection Devices	Used for the functions of electrostatic protection/overcurrent and overvoltage protection during PCB design, and applied in various types of PCs, laptops, industrial PCs, network communication products, IoT, security monitoring, and applications related to automotive electronics and electric motor car/cars.
Component sales-EMI Devices	Used to improve the problem of electromagnetic interference during PCB design, and applied in various types of PCs, laptops, industrial PCs, network communication products, IoT, security monitoring, and applications related to automotive electronics and electric motor car/cars.
Component sales-Modular Products	These modular integrated overvoltage protection products can save the space for customers in design, and

	be applied in network communication products, security monitoring, and outdoor power supply related purposes.
Material sales-Heat-conducting interface material EMI shielding material	Heat-conducting interface material: It can fill the gap between the chip heat source and the heat sink, accelerate the heat conduction, and effectively transmit the chip heat to the heat sink fins. EMI shielding material: It can block and attenuate electromagnetic interference from shielded areas to the outside world. Both materials can be widely applied in various types of PCs, laptops, industrial PCs, network communication products, IoT, security monitoring, automotive electronics and electric motor car/cars, and other relevant fields. Composite product: The shielded honeycomb ventilation panel is applied at ventilation openings with the functions of shielding electromagnetic interference and heat convection. Also, it can be used to reduce noise and mitigate the impact of noise on the hard disk read heads. Therefore, it is applicable to servers, switch products, and medical measurement equipment.
Certification test- Electromagnetic compatibility	The Company provides EMI and EMS test reports for products like computer information consumer products, monitoring and access control products, residence/commerce-light industry products, medical instruments, alarm equipment, industrial medical products, network communications (wired/wireless) products, offers testing premises, and provides design modifications of specifications and functions of electronic products, to comply with the standards specified in the EMC regulations of related countries.
Certification test- Wireless RF	The Company provides wireless low-power RF testing and certification services (WIFI, BT, RFID, NFC, LPWAN) to comply with the standards specified in RF regulations of related countries, including CE of Europe, FCC of America, ISED of Canada, NCC of Taiwan, MIC of Japan, etc., and obtains wireless RF ID and certificates.
Certification test- Safety certification	The Company provides testing and certification of safety specifications, safety testing and certification of electronic, electrical, and lithium battery products, international certification of electronic and electrical products, and other relevant services.

4. New products to be developed
- Wendell has always dedicated to the research and development of new anti-EMI and line protection components. At the same time, it keeps up with the market changes in laboratory safety services. In the future, in fields like 5G, IoT and AI, miniaturized and high-performance filters capable of inhibiting electromagnetic waves and various kinds of interference with higher frequency, higher speed and higher bandwidth as well as transient surge absorbers, high-energy surge absorption protectors, high-speed communication Ethernet protection modules, and high-tolerance automotive-specification electromagnetic wave absorption/suppression filters and surge absorption protectors, etc. that comply with the automotive market and new energy related applications will be needed. All of them are target products continually and intensively planned, researched, and developed by Wendell.

B. Industry overview

1. Current status and development of the industry

Component sales

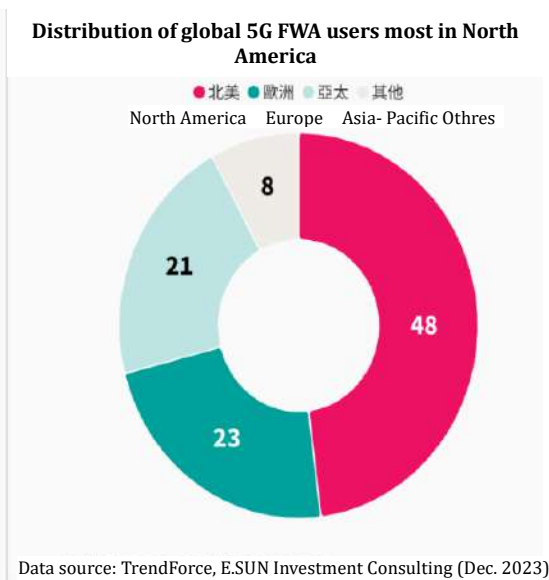
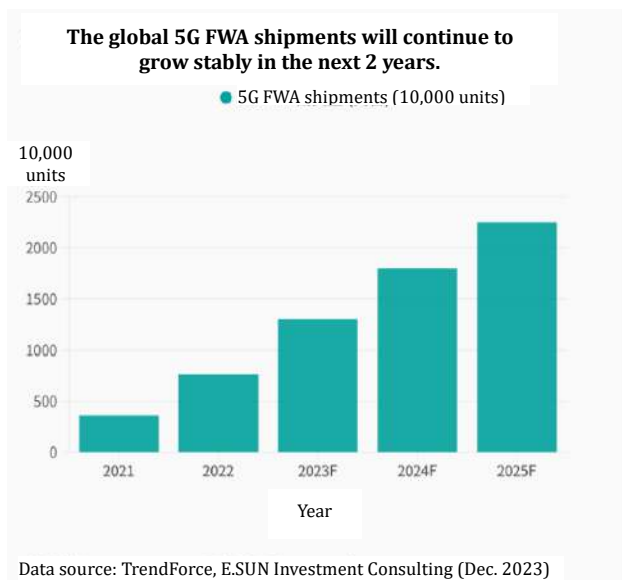
With the development of electronic technology, the network communication, IoT, security monitoring, industrial PC, automotive electronics, consumer electronics, etc. among the intelligent electronic products become increasingly developed, accompanied with the growingly complicated and deteriorated electromagnetic environment. As a result, the problem of electromagnetic compatibility (EMC) of electronic products, including electromagnetic interference (EMI) and electromagnetic stamina (EMS), has drawn increasing attention from national governments and manufacturers. The EMI generated by electronic products may have an adverse impact on the electronic products, or other products and even the human race. The problems of EMI and EMS have already been increasingly emphasized by national governments and manufacturers.

(1) Network communication

In response to the rising demand for applications like AI, smart city, and high-definition audio-visual contents, major international network service providers will continually invest in the construction of super-large data centers. With the successive allocation of production capacity of switch chips and optical fiber modules, the shipments of advanced switches with capacity of 400G and above will increase. On the other hand, with the continuous thriving of 5G, the global telecommunications operators have concentrated on the experimental tests of 5G technology and the introduction of core equipment. With the improvement of Wi-Fi 6/6E technical standards, routers can concurrently connect and manage a larger number of devices, and the waiting and delay time of signal conflicts can be significantly lowered. They are expected to become auxiliary networks for enterprises to introduce 5G network.

Since Wi-Fi 7 technology has gradually entered the commercial market this year, various wireless modules equipped with this technology, including AP router, smart TV, intelligent set-top box, and even VR headsets and VR glasses, will be successively introduced with Wi-Fi 7 technical specification, so that consumers can be provided with better application experience. According to the forecast of relevant market survey agency, the market of Wi-Fi 7 will further thrive in the next 5 years, and the output value of semiconductors, related parts and components, and terminals will reach as high as approximately NT\$ 770 billion. Benefited from the demand of communication devices driven by the updating of network infrastructure, the network communications equipment manufacturing industry of Taiwan will continue to grow. According to the estimation of a survey report, the global network communications market will reach a scale of NT\$ 174 trillion by 2030.

According to the Infrastructure Investment and Jobs Act of the United States, over USD 100 billion has been invested in the construction of high-speed broadband network and the provision of digital services and education, which will increase the demand for new-generation technologies such as 5G, optical fiber, semiconductor, cloud, and AI. Besides, Indian telecommunications operators are now actively deploying 5G networks, resulting in the substantial increase in the shipments of 5G FWA and high-speed switches supplied by network communications manufacturers in Taiwan.



(2) Security monitoring

In August 2018, the US Congress passed the National Defense Authorization Act (NDAA) which prohibited the U.S. government from purchasing monitoring cameras manufactured in China. The well-known Chinese manufacturers were blacklisted. Besides, with the continuity of the US-China trade war, the professional monitoring products were also included in the list of the third batch of products with additional 10% of tariff charged by the United States against China. As a result, European and American manufacturers successively searched security monitoring manufacturers in countries other than China for OEM cooperation. If the United States and China fail to reach an agreement in the trade war, the tariff of security monitoring products will increase to 25%. At that time, manufacturers in Taiwan will more definitely feel the effect of order transfer, and a reshuffling effect will be imposed on the global security monitoring industry. The Company shall pay continual attention to the future trends of the tariff system later.

In recent years, the security monitoring products have been continually developed with a focus on AI, and cloud technology and face recognition system have been added. Also, concepts like smart shop and smart city have become development directions for developed countries. With the increasing scale of the global security monitoring market, relevant products and solutions have emerged like mushrooms after rain. Additionally, the demand for security monitoring has been tremendously increased with the promotion of smart cities in major cities in the world and given the needs for monitoring the COVID-19 pandemic. Therefore, the smart security monitoring industry is very promising. The survey report published by Memoori Research AB indicated that the global sales of security monitoring products reached USD 19.15 billion in 2019. It is expected that a scale of USD 35.8 billion or above will be reached in 2024, presenting a growth rate of 86.95%. The growth momentum comes from the integration of security monitoring hardware with AI image analysis software as well as the application market of VSaaS (Video Surveillance as a Service). Also, it has been predicted that IP Video Camera (online monitoring camera) will become the primary sensing equipment in the commercial buildings and factories in the future. The chairman of the Taiwan Safety and Security Industry Association indicated that the scale of the security monitoring industry of Taiwan continued to expand

thanks to the trends of IoT and AI, based on the global demand for cloud, big data, and edge computing, and through the strengthening of the cross-domain collaboration between security monitoring practitioners. Additionally, benefited from the order transfer effect from the US-China trade war, products manufactured in Chinese mainland have been denied in the international market in consideration of national security.

(3) Industrial PC

Industrial PC (IPC for short) mainly refers to a kind of personal computer exclusively intended for industrial purposes. It can be used as an industrial controller. The basic performance and compatibility of IPCs are similar to commercial personal computers with same specifications. However, IPCs are provided with more protection measures, with emphasis placed on the stability under different environments. For example, the control of various kinds of production lines shall be stable under severe environments, with functions including dust-proofing, waterproofing, and prevention of static electricity and surge, etc. IPCs do not necessarily require the highest performance, but must meet the system requirements as well as demands for reliability and stability in the industrial environments. Otherwise, failure of an industrial PC on a production line can result in serious losses. Therefore, the standard values required of IPCs shall comply with strict specifications with expandability. Currently, IPCs have already been widely used in communication, industrial automation, medical treatment, environmental protection, aviation, and various aspects of human life.

With the coming of the era of IoT, management intelligent devices become highly customized after connected to cloud, and IPCs can be used to complete important tasks like data collection, computing, communication, networking, etc. in response to different needs. Therefore, IPCs have become a key driver in the wave of IoT. Additionally, since IoT benefits the improvement of the sustainable development of the industry, the reduction of operating cost, the improvement of productivity, etc., it will impact the industry, value chain, commercial model, and labor development in the next decade. This trend will bring not only huge potential demand but also mighty driving force to the IPC industry. The development trends of IPC have evolved from the original industrial automation to office automation and then family automation. In the future, various unmanned services, including unmanned store, unmanned restaurant, and unmanned bank, will be everywhere. Other growth momentums, including factory automation, infrastructure, building automation, medical treatment, transportation, etc. have been gradually applied towards a diversified and cross-industry manner.

(4) Automotive electronics

Automotive electronics refer to electronic components, systems, and technologies applied in cars. These components and systems include security systems, entertainment systems, electric systems, sensors, control units, communication systems, etc. With the popularization of the new energy vehicles and the development of automatic driving technology, the automotive electronics market presents a flourishing trend. The market demand of new energy vehicles mainly comes from battery management system, charger, motor drive, etc.; the development of automatic driving technology has also promoted the demand of automotive electronics like sensor, radar, video processor, and communication module. Additionally, the trends of intelligence,

networking, and informatization have also contributed to more application scenarios and market opportunities. For example, automotive intelligent transportation systems, Internet of Vehicles, etc. require abundant support from automotive electronics technologies.

With the continual increase in the demand for driving safety, the automatic driving technology can improve the safety and comfort during car driving. Also, with the continuously enhanced requirements for Net Zero emissions by national governments, automotive intelligence and electrification. According to the forecast of Bloomberg, the global electric vehicle market will reach 30 million by 2030, and this figure will even increase to 60 million (accounting for 55% of the total market of new vehicles) in 2040, leading to the continual growth of the demand for automotive electronics and automotive chips.

According to the forecast of SEMI, the global market scale of automotive electronics will exceed USD 400 billion in 2028, with a compound annual growth rate of 7.9%. The output value of automotive electronics in Taiwan already grew to NT\$ 295.8 billion. This figure is expected to exceed NT\$ 600 billion in 2025.

In 2024, the annual sales volume of electric vehicles will reach 16 million. In addition to the increase in quantity of electric vehicles, Witology Markettrend Research Institute concluded that the upgrading of energy utilization efficiency, safety and driving experience will become the focus of consumers in the future. The quality of electric vehicles will be improved focusing on three main aspects, namely, energy conservation (battery life), safety (integrated optimization of motor/electronic control system), and user experience (intelligent cockpit). Given the gradual transformation of automotive parts industry, relevant manufacturers in Taiwan have the advantages of accurate delivery period and quality. They have laid a profound foundation and developed great integration capabilities in the fields of onboard cameras, automotive panels, and driving computers, and they are expected to become the beneficiaries in the wave of electric vehicles.

(5) Cloud computing

Cloud computing is a computing approach based on the Internet (including network, server, storage space, database, application program, intelligent function, etc.). Through the use of this approach, we can provide the shared software and hardware resources and information to various computer terminals and other various as needed, and the electrical infrastructure provided by service providers can be used for computing resources. Furthermore, the cloud computing can facilitate the acceleration of innovation, assure elasticity of resources, and realize scale economy.

With the rise of AI, relevant technical applications have also been integrated to people's daily life in addition to the introduction of AI to each industry. It is expected that the industrial development will, relying on AI technology, replace the global traditional computer market worth over USD 1 trillion and fundamentally change the development progress of each industry in the next decade, during which cloud service is a key industry. According to the statistics of IDC, the cloud service market focusing on AI is expected to reach a scale of USD 62 billion in 2027.

Testing and certification

The electrical testing laboratory is mainly intended to sell testing, detection and certification services for electronic and electrical products regarding

electromagnetic compatibility (EMC), safety regulations, radio frequency (RF), and energy which are analyzed as follows respectively:

(1) Electromagnetic compatibility (EMC)

Electronic and electrical products emit electromagnetic wave when used, and the electromagnetic wave will interfere with other electronic products. When the situation is serious, it can even cause direct or indirect hazards to users (the human race). The electromagnetic wave would have a material impact on different aspects, including navigation equipment and driving control systems of means of transport (e.g., airplanes and cars), pacemakers and hearing aids used by the elderly, and even inspection and caring instruments used in the hospitals. To eliminate the impact of EMI on equipment and users, developed countries and regions in the world (e.g., Taiwan, the United States, the EU, Japan, South Korea, etc.) have established legislation and regulations governing EMC testing methods and standards, to protect the life and property safety of their people. The EMC control objects determined by various countries include computer products, home appliances, communication and navigation devices, toys, medical devices, and even motor vehicles, airplanes, ships, etc.

(2) Safety regulations

The material properties, design structure, usage, etc. of electronic and electrical products often easily cause electric shock, energy injuries, fire and mechanical injury, radiation, and chemical injury, which threatens the life safety of users (the human race). Many countries and regions in the world (e.g., Taiwan, the United States, the EU, Japan, Chinese mainland, South Korea, and even India) have established mandatory laws and regulations for safety control, to protect personal safety and environmental sanitation, and prevent public hazards. These safety regulations established by the aforesaid countries have covered a wide range of products, including information products, home appliances, communication products, medical devices, battery products, etc. Today, with the rising awareness of environmental protection and the increasing requirements for personal safety, the satisfaction with the requirements for testing and certification of EMC and safety have already been necessary approaches for the marketing of all electronic and electrical products in different countries.

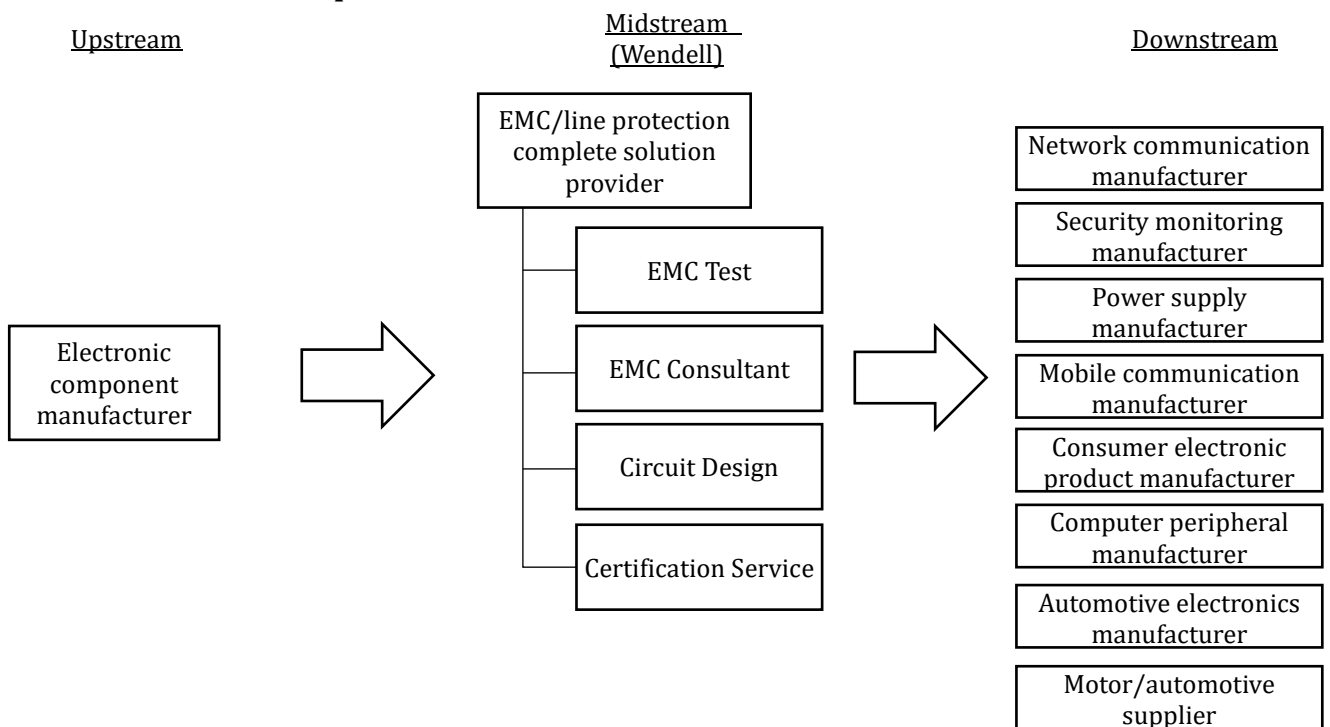
(3) Radio frequency (RF)

The applications of wireless products have grown very rapidly in recent years. In particular, relevant wireless communication products have already become an inevitable mainstream development in consumer electronics in the future. Besides, the era of IoT (Internet of Things) has also emerged in a way unnoticed. The application fields covered by IoT include wearable devices, smart home, various networked applications (e.g., medical network and Internet of Vehicles), and other terminal products. Relevant integrated wireless products make the testing work even more complicated, and the test items needed for multi-task products operated under wireless communication become extremely troublesome. Therefore, more extensive and precise testing techniques and instruments are needed to assist the inspection of products for complying with due laws, regulations and testing standards. Furthermore, due to the strong electromagnetic wave emitted by wireless communication products, they can cause more significant interference with other electronic devices during operation. To this end,

national governments in the world have legislated and established relevant mandatory testing standards against the import of such wireless products. If the wireless products fail to comply with the regulatory requirements of these countries, they shall not be imported for sales. Therefore, the demand for testing and certification services of wireless products will grow substantially without doubt.

2. The relationship between industry supply chains
 Located in the midstream of the industrial chain, Wendell provides customers with one-stop purchasing service process. Relying on the EMC experience accumulated in the past, as well as complete product lines and resource integration for construction of EMC and safety certification laboratories, Wendell can substantially reduce the product certification expenses payable by downstream customers and shorten the marketing time of new products, thus assisting customers in acquiring the greatest business opportunities.

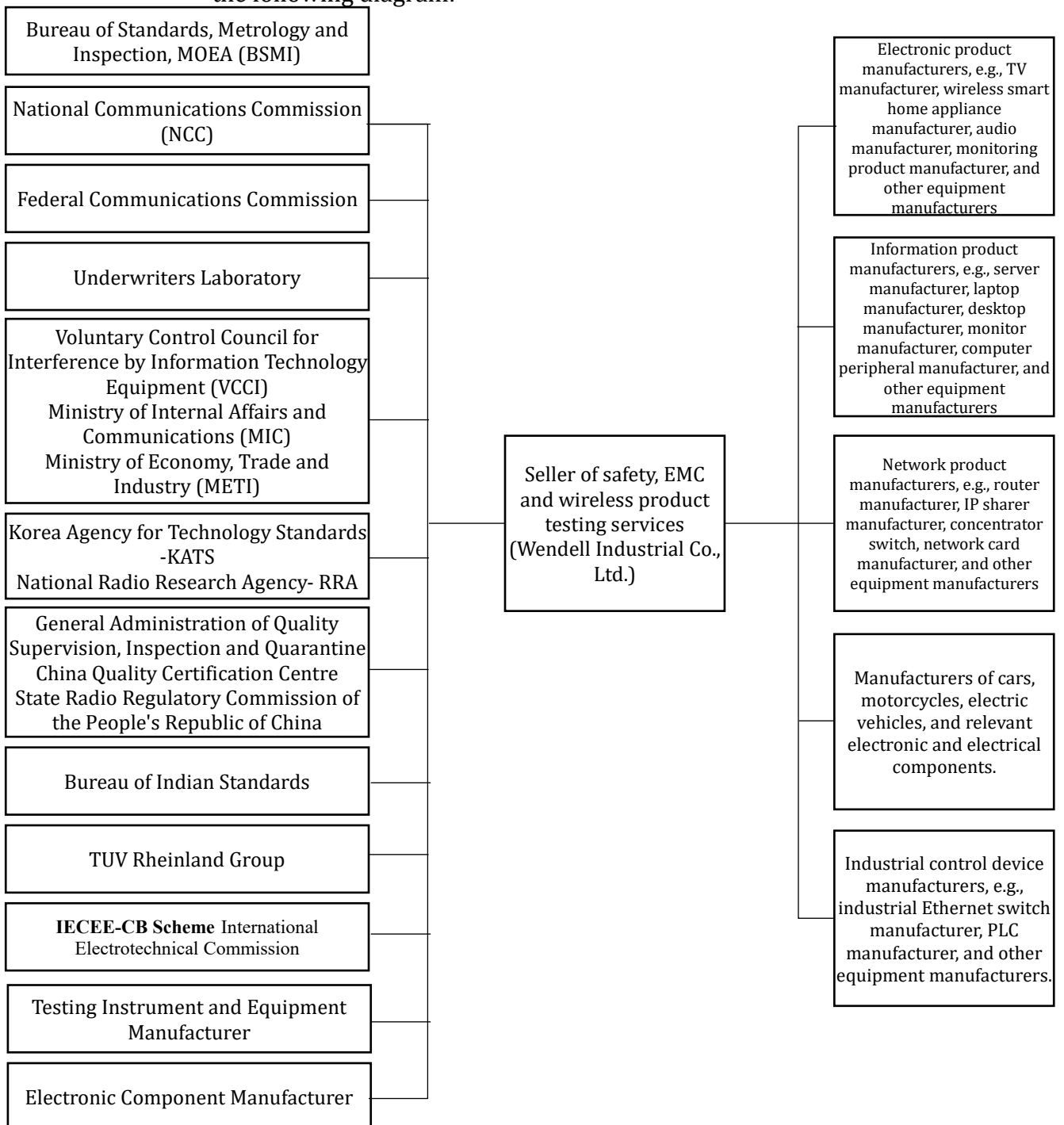
Component sales



Testing and certification

The testing services of EMC, safety and RF provided by the Company are mainly to execute product testing work on behalf of national governments or major verification units. Therefore, in addition to the testing equipment manufacturers and electronic component manufacturers, the upstream part of this industry also includes laboratories and verification units authorized by government agencies or governments of related countries. The downstream industry mainly includes manufacturers of information hardware products, home appliances, network communication products, etc. Therefore, products with the risk of EMI or safety, or required to comply with technical specifications regarding radio regulations are included in the service scope of the testing industry.

The relations of EMC, Safety and RF testing services with the upstream, midstream, and downstream parts of the parts vendors are demonstrated in the following diagram:



3. Development trend

(1) Vertical, integrated development of service products

In the traditional industrial chain, there are barriers in upstream, midstream and downstream sectors, making it difficult to cross over into others' fields.

However, Wendell sticks to the tenet of service provision, and utilizes its professional judgment and analysis to assist downstream customers in working out solutions with upstream manufacturers in consideration of the customers' problems and needs. Therefore, perfect results can be achieved, and Wendell can set foot in all these three sectors and serve as a perfect bridge that connects the whole industrial chain. Wendell is also an ideal partner for the manufacturers and customers in each field.

Wendell persistently develops the service industry and continually strengthen the vertical integration of its service products, in the hope that it can continually upgrade and develop with the industry.

(2) Cross-domain combination of application service products

In the past, the design, R&D and application of a single product only focuses on a single target market, but required support from multiple technical teams, to achieve successful product verification, test, and layout. It was time-consuming and labor-consuming, and the costs were extremely high.

Now, single products can be designed and applied for different markets. However, under different applications, different needs for integrated applications and regulatory test verification will be raised. Wendell provides a powerful technical team, and has integrated the past application experience and the resources of verification and testing platform to assist the accelerated design verification and market layout of the industry.

(3) R&D of parts products marching towards multi-function applications and high reliability

The design of lighter, thinner, shorter and smaller parts has already become a trend. Given the thriving of products and applications, the maximization and high reliance of sharing of parts in various fields and applications can increase product competitiveness in order to speed up the product layout planning.

4. Product competitiveness

In the market, there are few companies that can provide customers with one-stop purchasing service processes like Wendell which adopts "a complete business model from EMC line design and parts supply to regulatory certification". As one of few manufacturers capable of providing EMC solutions and acquiring certification service platforms in the market, Wendell Industrial adopts this business model to provide customers with complete integrated services. Therefore, Wendell has already initiatively seized the market business opportunities and won favorable goodwill. Additionally, the technical team of the Company has already integrated the previous application experience as well as verification and testing platforms, and have matched with complete sales of electronic components to provide one-stop purchasing services for customers.

C. Technology and research overview

1. Technical levels and R&D

With the coming of Industry 4.0, various new types of technologies, e.g., cloud application, VR/AR application, 5G, IoT, Internet of Vehicles, electric vehicle, self-driving, AI, etc. have become the important objectives for continual R&D at present and in the future.

In consideration of various new technologies, market applications, product designs, and customized design requirements from different customers, Wendell has relied on its well-established complete EMC/Safety product lines and R&D technical teams with abundant product application experience in a variety of markets to assist the connection of upstream, midstream, and downstream applications of products in each field, realize one-stop purchasing services for design, testing, and verification, and help various industrial customers quickly arrange their businesses.

At the same time, the R&D and design of EMC and line protection parts and modules are planned based on various product applications and according to actual regulatory requirements. The professional technology and abundant experience of Wendell can be utilized to create patented products and modules that can span across various application levels.

In addition to the foregoing, Wendell is capable of providing abundant experience and technical service platforms to address different application requirements. At the same time, it can research, develop, and design relevant application products related to the aforesaid markets and fields. In the future, in fields like 5G, IoT and AI, miniaturized and high-performance filters capable of inhibiting electromagnetic waves and various kinds of interference with higher frequency, higher speed and higher bandwidth as well as transient surge absorbers, high-energy surge absorption protectors, high-speed communication Ethernet protection modules, and high-tolerance automotive-specification electromagnetic wave absorption/suppression filters and surge absorption protectors, etc. that comply with the automotive market and new energy related applications will be needed. All of them are target products continually and intensively planned, researched, and developed by Wendell.

Meanwhile, the ability to integrate upstream, midstream, and downstream resources and the cross-domain technical experience service platform enable Wendell to continually strengthen its technology and experience, making it difficult for peers in the same industry to copy and surpass.

2. R&D personnel's education experience

Unit: Person

Item	2022		2023		April 30, 2024	
	Number	%	Number	%	Number	%
University/College	7	87.5%	9	90.0%	9	90.0%
Graduate School	1	12.5%	1	10.0%	1	10.0%
PhD	-	-	-	-	-	-
Total	8	100%	10	100%	10	100%

3. R&D expenses annually invested in the last five years

Unit: NT\$ Thousand

Year	2019	2020	2021	2022	2023
R&D expenses (A)	11,674	12,304	11,932	13,164	14,561
Net operating revenue (B)	1,295,917	1,464,275	1,894,207	1,923,029	1,743,459
Ratio of R&D expenses to the net operating revenue (A/B)	0.90%	0.84%	0.63%	0.68%	0.84%

4. Technologies or products successfully developed in the last five years:

New projects of component sales in Taiwan

- Patent of “Network Communication Connector Protection Device - TR189001” “Connected Network Lightning Protector” obtained in 2024.
- Patents of “Anti-interference Network Transformer Module EMS Trans.” obtained in 2024.
- Patent of “Semiconductor Packaging Structure with Improved Upper Core Area” obtained in 2024.
- Patent of “Composite Material Structure with High Thermal Conductivity” obtained in 2023.
- Patent of “Electromagnetic Interference Housing with High Thermal Conductivity” obtained in 2023
- Patents of “Power Conducted Noise Attenuation Device” obtained in 2023.
- Patents of “Automotive Power Filter (China)” obtained in 2022.
- Patents of “Non-notch Bottom with Merger Package Structure” obtained in 2022.
- Patents of “Automotive Power Filter” obtained in 2021.
- Patents of “Non-leaded Merger Package Structure” obtained in 2021.
- Patents of “Conductive Polymeric Composition and Fiber Yarn” obtained in 2021.
- Patents of “Conducted Noise Interference Attenuation System” and “Load Dump Protection Device” obtained in 2020.

Product testing and certification

Testing and certification technologies as well as qualifications and standards of relevant certification and accreditation recognized by international laboratories and the competent authority are presented as follows:

(1) Acquisition of accreditation qualifications

- (A) Taiwan Accreditation Foundation (TAF), and acquisition of accreditation qualifications of designated product inspection laboratory of Bureau of Standards, Metrology and Inspection (BSMI) of the Ministry of Economic Affairs, telecommunications equipment test laboratory of National Communications Commission (NCC), accredited laboratory of Federal Communications Commission (FCC) of the United States, accredited laboratory of Innovation, Science and Economic Development Canada (ISED), and Energy Star laboratory of the United States through relevant certification service plan.
- (B) IECEE CBTL
- (C) UL Third Party Test Data Program (TPTDP)
- (D) Registered Measurement Facilities of Voluntary Control Council for Interference by Information Technology Equipment (VCCI)

(2) Accreditation standards

- EMC:

Item	Standard	Usage
1	FCC Part 15 Subpart B, ICES-003	EMC testing of electronic and electrical unintentional emission and information products
2	EN 55032, CISPR 32, AS/NZS CISPR 32, VCCI-CISPR 32	EMC testing of multimedia products
3	CISPR 11, EN55011, AS/NZS CISPR 11, ICES-001, 47 CFR FCC Part 18	EMC testing of industrial, scientific, and medical products
4	CISPR 24, EN 55024	EMS testing of information products and office equipment

5	CISPR 35, EN 55035	EMS testing of multimedia products
6	IEC/EN 60601-1-2	EMC testing of medical instruments and equipment
7	IEC 61326-1, IEC 61326-2-2	EMC testing of laboratory measurement and control equipment
8	EN 50130-4	EMC testing of alarm equipment
9	EN 50155, EN 50121-1, EN 50121-4, EN 50121-3-2, IEC 60571, IEC 62236-4, IEC 62236-3-2	EMC testing of electronic equipment used in railway rolling stock
10	EN 60945	EMC testing of marine celestial navigation and radio communication equipment and systems
11	ITU-T K.21	EMC testing of communication network equipment

➤ Site verification:

Item	Standard	Usage
1	CISPR 16-1-4 ANSI C63.4, ANSI C63.4a-2017	Measurement of normalized site attenuation (NSA) Measurement of site voltage standing wave ratio (SVSWR)

➤ RF:

Item	Standard	Usage
1	ETSI EN 301 489-1, ETSI EN 301 489-3, ETSI EN 301 489-17	EMC testing of radio frequency products
2	ETSI EN 300 328 ETSI EN 300 220-1 ETSI EN 300 220-2 ETSI EN 300 330 ETSI EN 300 440 ETSI EN 301 893 ETSI EN 302 208 AS/NZS 4268	RF testing of short-range/low-power RF products
3	ETSI EN 303 687	RF testing of 6GHz wireless LAN equipment
4	ETSI EN 300 328	2.4GHz spread spectrum modulation technical product test
5	NCC LP0002	Low-power RF product testing in Taiwan
6	47 CFR FCC Part 15 Subpart C, E	U.S. intentional emission device test
7	RSS-Gen, RSS210, RSS-247, RSS-248, RSS-102	Radio product testing of Canada, including 6GHz frequency band

➤ Safety tests:

Item	Standard	Usage
1	UL/IEC/EN 62368-1, -3 CNS 15598-1	Safety tests of audios and videos, information, and communication technical equipment
2	UL/IEC/EN60950-1, CNS 14336-1 AS/NZS 60950.1	Safety test of IT equipment
3	UL/IEC/EN60065, CNS 14408	Safety test of audio and video products
4	IEC/EN60601-1	Safety test of medical products
5	UL/IEC61010-1, UL/IEC61010-2-201	Safety tests of measurement, control, and laboratory electrical equipment

➤ Energy-saving test:

Item	Standard	Usage
1	EN 50563, EN 50564 AS/NZS 4665.1, AS/NZS 4665.2	Energy consumption testing of power supplies and peripheral information products
2	ENERGY STAR Program Requirements for Displays	Energy consumption testing of computer monitor (Energy Star of the United States)

➤ Lithium battery safety tests:

Item	Standard	Usage
1	IEC/EN 61960-3, CNS 14857-2	Electrical tests of secondary single cells and battery packs containing alkaline or other non-acidic electrolytes/secondary lithium single cells and battery packs for portable applications
2	IEC/EN 62133, -1, -2 CNS 62133-1, CNS 62133-2, CNS 15364 (and other harmonized regulations)	Secondary single cells and battery packs containing alkaline or other non-acidic electrolytes-Secondary lithium single cells and battery packs for portable applications, 3C secondary lithium single batteries/packs, and 3C secondary lithium mobile power supplies
3	CNS 15387	Secondary lithium batteries/packs for electric vehicles/bicycles/help-move-vehicles

➤ Enclosure and environment tests:

Item	Standard	Usage
1	IEC/EN 60529, CNS 14165	Protection classification grade of electrical enclosures (IP waterproof and dust-proof test)
2	IEC 60068-2-11, ISO 9227, ASTM B117, CNS 3627, CNS 8886, UL 50E Clause 8.7.1 and 8.9.1	Salt spray test
3	UL 50E Clause 8.13.2	Strain rate test of tensile strength of gasket

D. Long- and short-term business development plans

1. Short-term plan

- (1) The continual development of new products, linkage with new market applications, and active layout of applications such as 5G, WiFi7, automotive electronics and electric motor car/car/bicycle, IoT, high-speed computing of data center, low earth orbit satellite, low-carbon green energy and energy storage, artificial intelligence, and intelligent city are all the main development directions in 2024.
- (2) Strengthen the coverage of automotive electronic peripherals and IoT products and continually improve the ratio of business turnover of automatic customers.
- (3) Expand the battery test market to satisfy new market applications, and provide customers with safety certification complying with relevant regulations based on professional experience and in combination of complete testing equipment, to accelerate the efficiency of marketing of customers' products.

- (4) Continually plan the capacity expansion of the laboratories, improve the testing energy, integrate laboratory services to upgrade testing efficiency, and utilize the complete EMC solutions of the laboratories to continually increase and profoundly develop customer groups in each field and increase corporate performance.
 - (5) Conduct strategic cooperation with main upstream raw material manufacturers, fabs, and OSATs to ensure the supply and quality stability of raw materials and production capacity, lower the cost, and increase the overall competitive advantages.
 - (6) Strengthen the supply of EMC and line protection components needed for cloud computing applications, and set foot in relevant solutions related to EMI shielding and high-efficiency heat dissipation.
2. Long-term plan
- Promote the complete one-stop purchasing services for EMC certification, cultivate long-term partnership with customers in the service spirit of “A team of customer orientation”, expand the global laboratory platform, continually expand laboratory certification items, and rely on cooperation with overseas laboratories to improve the breadth and depth of customer services.

(II) Market and sales overview

A. Market analysis

1. Major sales regions

Unit: NT\$ Thousand; %

Sales regions		Year		2022		2023	
		Amount	%	Amount	%		
Domestic sales	Taiwan	826,490	42.98	824,141	47.27		
Export	China	608,104	31.62	557,907	32.00		
	Korea	274,223	14.26	191,380	10.98		
	Other	214,212	11.14	170,031	9.75		
Total		1,923,029	100.00	1,743,459	100.00		

2. Market share

Component sales

In Taiwan, there are Amazing Microelectronic Corp., Thinking Electronic industrial Co., Ltd., Polytronics Technology Corp., etc. which sell EMI and line protection components like the Company. Furthermore, there are other competitive companies like Littelfuse, ON Semiconductor, EPCOS, Vishay, and ST Microelectronics overseas. The categories of components provided by these manufacturers are different. The product lines of Wendell are complete and diversified in patterns, and therefore it is not easy to estimate its market share.

Testing and certification

Focusing on the system certification of Underwriter Laboratories Inc. (UL) of the United States and IECEE CB Scheme, Wendell Electrical Testing Laboratory currently holds an important position in Taiwan and it is capable of providing local real-time testing and verification services.

3. Future market supply, demand and growth

Component sales











Since the design of electronic products becomes increasingly refined, and the electromagnetic interference therefore caused and the safety in use may bring adverse influence and hazards to electronic products, other products, and even the human race, the issues of electromagnetic compatibility (EMC) and safety have always drawn increasing attention from national governments

and manufacturers. All electrical and electronic products must pass the EMC certification and safety certification of each country. Otherwise, relevant products shall not be sold in the market. It has enormously promoted the rapid development of circuit protection components, and people have raised higher requirements for reliability and safety of various kinds of new electronic products. Countries in the world have successively established relevant safety regulations. Also, it is stipulated that relevant products may be sold only after passing the safety regulations of each country. However, since the technology, culture and habits of each country are reflected in their industrial standards and legal provisions, the differences may be significant among these countries. The demand for sales of protection components continues to grow with the continuous improvement and comprehensiveness of product regulations established by each country. To sell products in relevant countries, it is mandatorily required to obtain safety certification first.

Testing and certification

With the continuous progress of science and technology, electronic motors, 3C and other relevant products have already been comprehensively and extensively used. The electromagnetic wave interference of products and requirements of safety regulations have already been closely related to users' life and property. In response to the current diversified applications and needs, the development of new types of products is also changing quickly. Furthermore, due to the rising emphasis on life and property and the awareness of environmental protection in the international community, the testing requirements for EMC, safety and RF of products will continue to grow in each country. In addition to the United States, Europe, Japan, Canada, New Zealand and Australia which established corresponding regulations at an earlier stage, countries and regions including Taiwan, Southeast Asia, South Korea, Chinese mainland, and India have also initiatively begun establishing relevant laws and regulations for control. Therefore, the needs for testing and certification of EMC, safety and RF will continue grow.

Wendell provides regulatory certification services of each country as follows:

Country	Mark	Standards
Taiwan		CNS/NCC series standards
USA		FCC Part 15 Subpart B/C/E, FCC Part 18 UL series standards for Safety
Canada		ICES/RSS series standards
EU		EN series standards
UK		BS EN series standards
Japan		V32/MIC ARIB/J series standards
China		GB series standards
Australia and New Zealand		AS/NZS series standards
Korea		KS series standards
India		IS series standards
Mexico		NOM series standards

4. Competitive niches
Currently, three sectors in the electronic industrial chain, including component suppliers, line design and debugging, and laboratory certification, have been integrated into a service operation model, and one-stop purchasing service processes are provided to the customers. Relying on the EMC experience accumulated in the past, as well as complete product lines and resource integration for construction of EMC and safety certification laboratories, Wendell can reduce the product certification expenses and shorten the marketing time of new products, thus acquiring the greatest business opportunities.
5. Advantages, disadvantages and responsive strategy in future development
 - (1) Advantages
 - Possession of complete EMC and production component product lines;
 - Well-experienced EMC professional technical team;
 - Complete EMC certification and testing equipment and environment
 - Favorable goodwill established due to years' experience in selling products to local and foreign enterprises;
 - It is not easy for other competitors to copy the operation model of Wendell.
 - (2) Disadvantages and correspondent strategies
 - Due to the quick updating of various regulations and technologies in the electronics industry, a company may lose its market competitive advantages if it fails to promptly update them. The technical team of Wendell will intensively study new regulations and technical specifications, and provide relevant testing equipment and solutions to the customers.
 - Currently, electronic products become increasingly diversified and more complicated. As a result, more human resources are needed to solve the problem of EMI and comply with certification.

Amidst the violent and unpredictable world economic situation, the Company will continually expand its sales sites and industries, to maintain stable growth and avoid being affected by the decline of a single industry.

- B. Important purposes and production process
 1. Important purposes

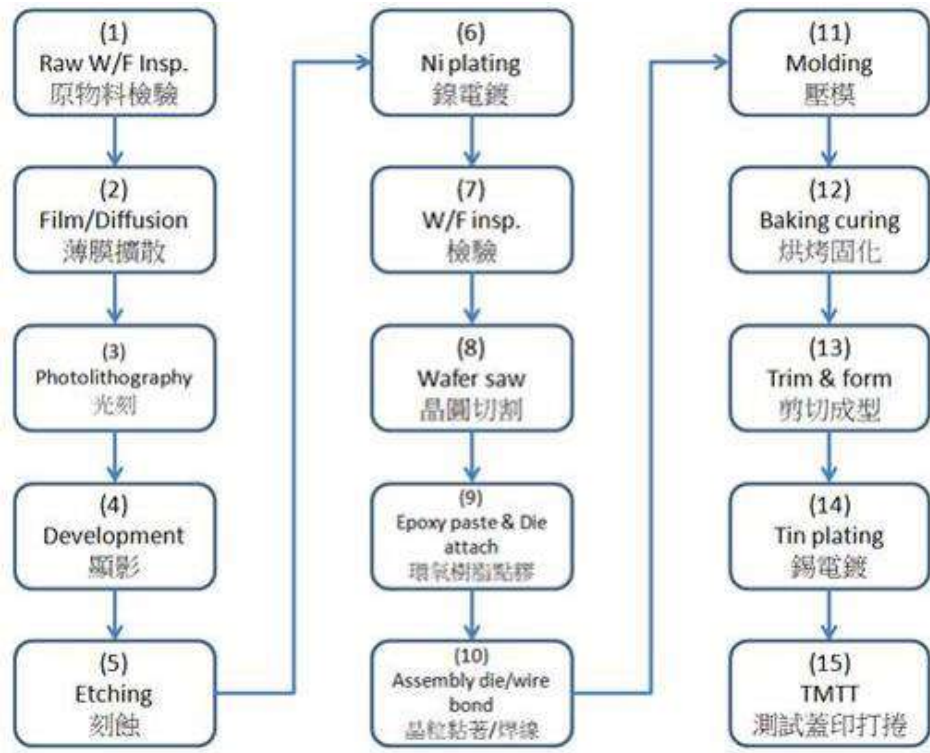
Main Products	Usage
Transient Voltage Suppressor (TVS)	Extensively applied in the overvoltage protection of electronic products, and mainly including consumer products, communication, computers, security monitoring, automotive electronics, power supplies, military, aviation and aerospace navigation systems, control systems, etc.
Electrostatic Discharge Diode (ESD Diode)	The electrostatic protection is applied in USB, Ethernet, T1/E1, LAN Port, ISDN S/T Interface, AV, PDA, MOBILE, RS232, GPS, LCD, ADSL, SIM, IEE1394, DVI, HDMI, MP4, STORAGE, PRINTERS & SCANNER, etc.
Thyristor Surge Suppressor (TSS)	The overvoltage protection is applied in cable modems, line card and CPE, SLICS, T-1/E-1, ISDN, LAN/WAN and Xdsl transmission equipment, PBXs, etc.

Self-restoring Fuse (PTC)	Extensively applied in desktop, laptop, automobile, communication equipment, home appliances, battery, and other industrial fields.
Gas Discharge Tube (GDT)	It may be used for lightning protection in communication lines, security units of communication distribution frames as well as high-frequency circuits. Scope of application: Lightning arrester, stabilizer, power supply, surge protector, and communication equipment.
EMI Electromagnetic Wave Suppression (Inductor/Bead/Common mode filter/EMIESD Filter)	Mainly used for electromagnetic wave suppression in circuit design, and widely applied in desktop, laptop, automobile, communication equipment, security monitoring system, home appliances, battery, and other industrial fields.
Network Transformer (LAN Transformer)	Mainly used for signal transmission, impedance matching, waveform restoration, signal noise suppression, high-voltage isolation, etc., and widely applied in desktop, laptop, communication equipment, security monitoring system and other industrial fields.
Separated Rectifier Assembly (Schottky/Zener/Bridge/Transistor)	Widely applied in desktop, laptop, communication equipment, security monitoring system, power supply, and other industrial fields
Metal Oxide Semiconductor Field Effect Transistor (Mosfet)	Widely used as field-effect transistor in analog and digital circuits, featuring low conduction resistance, low loss, simple drive circuit, favorable thermal resistance, etc. and thus especially suitable for applications in power control fields like PC, mobile phone, mobile power supply, vehicle navigation, electric vehicles, and UPS.

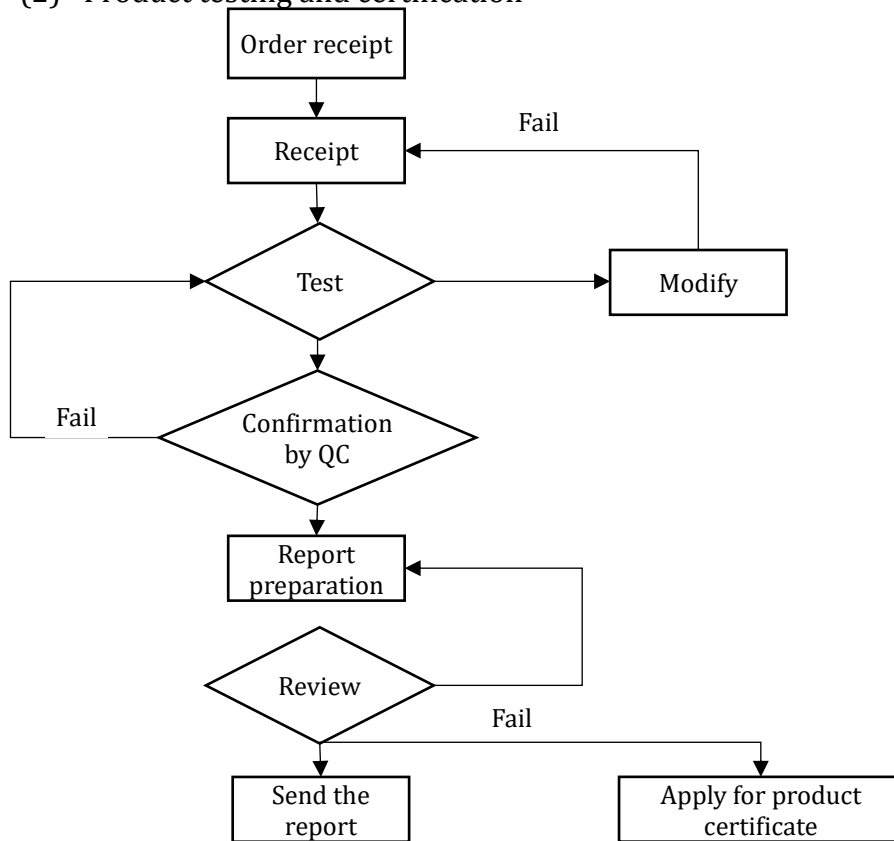
2. Production process

The Company is mainly engaged in the sales of electromagnetic compatibility and line protection components as well as integrated certification and testing services. The Company hasn't built any plant. The production and certification/testing processes are shown in the diagram below:

(1) TVS, ESD Diode, TSS



(2) Product testing and certification



C. Supply of major materials

The main products of the Company are line protection and EMC protection components. It mainly purchases from major manufacturers at home and abroad which have already developed favorable and long-term stable supply-demand relationship with the Company. So far, the supply of main components of the Company is in good condition, and no situations like shortage of supply or other disputes have occurred.

D. Names of customers accounting for more than 10% of the total purchasing (sales) amount in either of the last two years as well as their purchasing (sales) amount

and ratios, and a description of reason for change (increase/decrease)

- Suppliers that account for 10% or more total purchases in any one of the past two years

Unit: NT\$ Thousand

		2022			2023				As of the first quarter of 2024 (Note 1)			
Item	Name	Amount	Proportion of net purchase for the year (%)	Relationship with the Issuer	Name	Amount	Proportion of net purchase for the year (%)	Relationship with the Issuer	Name	Amount	Proportion of net purchase for the year (%)	Relationship with the Issuer
1	Bourns	915,395	62.69	None	Bourns	578,384	49.24	None				
2	Other	544,692	37.31	None	Other	596,181	50.76	None				
	Net purchase	1,460,087	100.00		Net purchase	1,174,565	100.00					

Note: As of the publication date of the annual report, financial data of the first quarter of 2024 already audited and certified, or verified and reviewed by CPAs was unavailable, and therefore it was not disclosed.

Analysis of change: Bourns, a supplier of the Company, was engaged in the agency of line protection components. The primary reason for the change lied in the normal operating activities, and the change was to coordinate the actual business demand without any special nature.

- Name of customers of the past two years

Since the Company has many customers with decentralized selling amount, the Company didn't have any customer accounting for more than 10% of total sales volume in either of the past two years.

- Production volume and value in the past two years

Unit: Thousand PCS; NT\$ Thousand

Main Products	Year	2022			2023		
		Production capacity	Output	Value	Production capacity	Output	Value
Testing and certification (1,000 times)		-	8	139,894	-	7	148,573
Outsourcing-Chip (1,000PCS)		-	98,300	22,886	-	168,081	35,167
Total		-	(Note 1)	162,780	-	(Note 1)	183,740

Note 1: The total amount was not calculated due to different product types and units of measurement.

- Sales volume and value in the past two years

Unit: Thousand PCS; NT\$ Thousand

Main Products	Year	2022				2023			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Component sales-Agent (1,000PCS)		146,613	324,440	233,112	710,144	101,198	316,659	179,035	558,324
Component sales-Self-owned (1,000PCS)		353,842	351,790	430,189	368,656	373,344	353,500	454,383	343,938
Revenue from rendering of labor services-Testing and certification (1,000 times)		7	150,260	-	17,739	6	153,982	-	17,056
Total		(Note 1)	826,490	(Note 1)	1,096,539	(Note 1)	824,141	(Note 1)	919,318

Note 1: The total amount was not calculated due to different product types and units of measurement.

The domestic sales of the Company reached NT\$ 826,490,000 and NT\$ 824,141,000 in 2022 and 2023 respectively, presenting a growth rate of (0.28%). The export value of the Company reached NT\$ 1,096,539,000 and NT\$ 919,318,000 respectively in 2022 and 2023, presenting a growth rate of (16.16%). The Group mainly focuses on export sales. In 2023, the export amount declined by NT\$ 177,221,000 compared to that in 2022, which mainly resulted from the demand slowdown in South Korea and Chinese mainland in 2023.

(III) Employees information

Number of employees, average service seniority, average age, and education distribution ratios in the last two years and as of the publication date of the annual report:

Unit: Person; Year; %

Year		2022	2023	As of April 30, 2024
No. of Employee	Direct staff	34	37	41
	Indirect staff	195	202	205
	Total	229	239	246
Average Age		38.51	39.33	39.72
Average experience		6.14	7.28	7.53
Education (%)	Above Graduate School	5.2	5.9	4.9
	University/ College	84.7	84.9	85.8
	Senior High School	10.1	9.2	9.3
	Others	-	-	-

(IV) Environmental protection expenditure

A. Description of application for receipt, payment, or establishment if it is required by laws and regulations that the Company should apply for receipt of polluting facility establishment license or pollution discharge license or permit, or establish dedicated unit and dedicated personnel to take charge of environmental protection:

It is not applicable since the Company is mainly engaged in the sales of EMC and line protection components and the integrated services of certification and testing, and the Company hasn't built any plant and relevant production equipment.

B. Present the investments of the Company in the main environmental pollution prevention and control equipment and their usage, as well as possible benefits: Not applicable.

C. Describe the process of the Company's improvement of environmental pollution in the last two years and as of the publication date of the annual report, as well as the treatment process if the Company was involved in any pollution dispute: None.

D. The total amount of losses and punishments suffered as a result of environmental pollution in the recent 2 years and up to the date of issuing the annual report, together with future countermeasures and possible expenditures (including potential loss, estimated penalty and compensation amount. If the amount cannot reasonably be estimated, explain the reason): None.

E. Impact of the status quo and improvement of the pollution on the Company's surplus, competitive position, and capital expenditure, as well as estimated major environmental protection expenditure in the next two years: None.

(V) Labor relations

A. Employee welfare measures, education, training, retirement mechanism and implementation, as well as agreements and measures to protect the rights of employees

1. Employee welfare, education and training measures

According to the provisions of relevant laws and regulations, the Company has established an Employee Welfare Committee to promote welfare measures regular employee health checkups, group insurance, cash gifts on the occasions of birthday, the Dragon Boat Festival, the Mid-Autumn Festival, childbirth and marriage, performance bonus, vocation leave, travel allowance, etc. The Employee Welfare Committee holds employee activities and after-work sports club every two months, and provides employees from each department with education and training irregularly. Female employees are supported with a maternity leave of 60 days more than the statutory requirement, and the Company also provides childbirth subsidy of NT\$ 20,000 per child. The subsidy will be granted in a lump-sum manner after application, with no limit on the number of births. Besides, the Company has begun to provide childbirth allowance for elderly parturient women since 2023. Female employees or spouses of employees aged 34 or reaching the age of 34 in during pregnancy can enjoy this policy, with additional subsidy of NT\$ 20,000 per birth. As for childcare, family care leave and flexible working hour system are provided.

2. Retirement mechanism

To take care of employees' retirement life and promote good labor-management relations, the Company has adopted a defined contribution system per the Labor Pension Act and appropriated and deposit retirement funds to the workers' personal pension accounts established at the Bureau of Labor Insurance every month. The Company has stipulated the following provisions according to the Labor Pension Act:

Voluntary retirement

Employees who comply with any of the following circumstances may apply for voluntary retirement:

- (1) Those who have worked for more than 15 years and are aged 55 or above;
- (2) Those who have worked for more than 25 years;
- (3) Those who have worked for more than 10 years and are aged 60 or above.

Mandatory retirement

If an employee hasn't any of the following circumstances, the Company shall not force the employees to retire:

- (1) Aged 65 or above;
- (2) Unable to conduct the work due to physical and mental disabilities.

As for the age limit specified in the first paragraph above, the Company may apply to the central competent authority for approval and adjustment of the age of retirement as at least 55 for those engaged in special types of work that involve certain danger or require strong physical demands.

Pension payment standards

Employees' pension payment standards are as follows:

- (1) For the working seniority prior to the application of the Labor Standards Act, the pension payment standard shall be calculated according to the provisions of applicable laws and regulations then; if there are no laws and regulations available for calculation, the pension will be calculated according to the provisions established by the Company or based on the negotiation between labor and management. Two base numbers are provided for each full year based on employees' working seniority.

However, for the working seniority above 15 years, one base number is provided for each full year, up to 45 base numbers in total. If an employee works for less than half a year, it will be calculated as half a year; if an employee works for more than half a year, it will be calculated as a year.

- (2) For the working seniority under the pension system (old system) stipulated in the Labor Standards Act, the pension payment standard shall be calculated according to the provisions of Article 55 of the Labor Standards Act. However, if the physical and mental disabilities of employees forced to retire according to the provisions of the subparagraph 2, paragraph 1 of Article 35 of the Labor Standards Act are caused due to execution of their job duties, additional 20% of the pension will be provided for them according to the provisions of subparagraph 2, paragraph 1 of Article 55 of the Labor Standards Act.
- (3) The Company has withdrawn and deposited 6% of employees' monthly salaries to their personal pension accounts every month since July 1, 2005 when the Company began to apply the Labor Standards Act.

Pension payment

Pension payable by the Company to employees according to the provisions of the Labor Standards Act on pension shall be paid within thirty days since the date of retirement.

Request for pension

The right of employees who comply with the provisions of the Labor Standards Act on pension to claim pension will disappear within five years since the next month after retirement if not exercised.

3. Labor agreements and measures to protect employees' interests
According to the provisions of relevant laws and regulations, the labor and the management handle relevant matters according to service contract, work rules, and all other management rules and regulations with contents clearly specifying employees' rights and obligations as well as welfare projects. Also, labor-management meetings are regularly convened to safeguard employees' rights and interests. The labor-management relationship of the Company has been harmonious since its establishment. Also, two-way, open communication methods have been actively established. No major labor-management disputes and losses have occurred.
- B. Losses arising from labor disputes in the most recent fiscal year and as of the publication date of the annual report, and disclosure of the potential estimated amount and response measures to date and in the future: The Company and its subsidiaries have properly planned human resources, and reviewed relevant personnel system as appropriate in response to the changes of the social and economic environments. Also, they attach importance to employees' welfare, provide a favorable work environment, and maintain unimpeded communication pipelines and harmonious labor-management relationship. Therefore, no risk of labor-management disputes may occur.

(VI) Cybersecurity management

- A. Describe the cybersecurity risk management framework, cybersecurity policies, concrete management programs, and investments in resources for cybersecurity management
 1. Information security organization
 - (1) The Company has assigned the Information Management Office to take charge of information security policy management and planning, and the information security team to take charge of handling and reporting information security related incidents.

- (2) Regularly summarize information security mechanisms intended for prevention of viruses, disasters, hackers, and leakage and report to the responsible supervisor on a regular basis.
2. Information security policy
The Company has established relevant specifications for information security management to ensure the confidentiality, security and legal compliance of information assets for the Company. Also, it has established a hazard handling procedure to minimize the impact.
3. Concrete management programs:
 - (1) In response to emergencies and to ensure replies to information data, the Company has already begun the planning of information disconnection backup drills and asset inventory for backup. Also, the Company further learns about the currently insufficient measures, equipment, proficiency of personnel, and other response capabilities through drills. With subsequent reinforcement planning, the Company strives to better its overall strain capacity and crisis handling capability.
 - (2) The main server equipment and the power supply facilities in the equipment room are regularly maintained by relevant vendors, to guarantee a sound maintenance and operation environment through disaster prevention, fire protection planning, and UPS.
 - (3) A firewall mechanism is used to classify internal units and groups requiring the use of network and services and conduct application service control. Also, time period management and application mechanism are employed to strengthen network management and flexible applications.
 - (4) The mail service is matched with SPAM mechanism and mounted with anti-virus module and advanced defense module, to benefit the comparison with advanced malware. Therefore, it can resist incidents like spear-phishing attacks, fraudulent transfers, APT attack emails, ransomware, and other new attacks.
 - (5) Data files and systems backups are scheduled for automatic regular backups and stored remotely.
 - (6) Server virtualization technology is used to conduct quick system mounting and service recovery of the previous system backup versions through the system backup mechanism upon occurrence of emergencies.
 - (7) All Windows computers used in the Company are configured with anti-virus software, and the operating systems are regularly updated, thus effectively avoiding system vulnerabilities, improving system security, and securing the reliability and safety of overall application, network, and management of the enterprise.
 - (8) As for the use of each system in the Company, the passwords set by the employees shall not be less than 8 characters in combination of special symbols, numbers, and uppercase and lowercase English letters. Besides, these passwords shall not be identical to previous ones.
 - (9) The Company regularly advocates information security policy and provides improving measures and other relevant planning, to avoid increasing the Company's internal risks and causing indirect, abnormal damages due to Internet-surfing behaviors of colleagues, contents of emails, plug-and-play USB, and use and operations of devices personnel held.

4. Resources invested in the cybersecurity management:
- (1) Plan and promote information security personnel to receive training through professional information security courses every year in response to appropriate needs.
 - (2) Service devices installed inside the Company, including anti-virus software, network firewall, email filtering, etc. are continually used, and software and hardware are updated and upgraded as appropriate and necessary.
- B. List any losses suffered by the Company in the most recent fiscal year and up to the publication date of the annual report due to significant cybersecurity incidents, the possible impact therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of why shall be provided: None.

(VII) Material Contracts

Type of Contract	Party	Contract Duration	Major Content	Restriction
House leasing contract	FIVETECH TECHNOLOGY INC.	2020/1/1 ~ 2024/12/31	House leasing contract	None
House leasing contract	FIVETECH TECHNOLOGY INC.	2020/1/1 ~ 2024/12/31	House leasing contract	None
House leasing contract	YUEA CHING BUSINESS CO., LTD.	2020/1/1 ~ 2024/12/31	House leasing contract	None
House leasing contract	HUA-CHUANG AUTOMOBILE INFORMATION TECHNICAL CENTER CO., LTD.	2020/9/1 ~ 2025/8/31	House leasing contract	None
House leasing contract	Tien Yu Industrial Co., Ltd.	2024/3/1 ~ 2027/2/28	House leasing contract	None
House leasing	Li Yi Construction Co., Ltd.	2021/5/1 ~ 2026/4/30	House leasing contract	None
House leasing	Suzhou Wuzhong District Wuzhong Shopping Mall Co., Ltd.	2021/7/5 ~ 2025/7/4	House leasing contract	None
House leasing	LIN, MENG-SHENG	2022/10/1 ~ 2025/9/30	House leasing contract	None
Agency contract	Bourns	Since 2003/3/24	Procurement contract	Regional restriction
Procurement contract	Company A	Since 2019/4/26	Procurement contract	Confidentiality agreement
Procurement contract	Company B	Since 2018/10/4	Procurement contract	Confidentiality agreement
Procurement contract	Company G	Since 2020/1/1	Procurement contract	Confidentiality agreement
Procurement contract	Company F	Since 2014/4/11	Procurement contract	Confidentiality agreement
Procurement contract	Company D	Since 2015/10/8	Procurement contract	Confidentiality agreement
Procurement contract	Company H	Since 2016/12/21	Procurement contract	Confidentiality agreement
Procurement contract	DONGCHEN ELECTRONICS CO., LTD.	Since 2018/10/3	Procurement contract	Confidentiality agreement
Procurement contract	Company E	Since 2015/4/1	Procurement contract	Confidentiality agreement
Sales contract	Pegatron Corporation	Since 2009/8/26	Procurement contract	None
Sales contract	Cal-Comp Electronics (Thailand) Public Company Limited	2019/8/1 ~ 2024/8/1	Procurement contract	None
Sales contract	ANJIECHENG (H.K) ELECTRONIC CO. LIMITED	Since 2020/7/30	Procurement contract	None

Type of Contract	Party	Contract Duration	Major Content	Restriction
Sales contract	Meanwell (Guangzhou) Electronics Co., Ltd.	Since 2020/1/14	Procurement contract	None
Sales contract	TOPVIEW OPTRONICS CORP.	Since 2015/5/25	Procurement contract	None
Loan contract	Bank SinoPac	2023/06/24 ~ 2024/06/30	Short-term borrowing	None
Loan contract	E.SUN Bank	2023/07/14 ~ 2024/07/17	Short-term borrowing	None
Loan contract	Taipei Fubon Bank	2023/06/01 ~ 2024/06/01	Short-term borrowing	None
Loan contract	First Bank	2023/06/28 ~ 2024/06/28	Short-term borrowing	None
Loan contract	The Shanghai Commercial & Savings Bank, Ltd.	2023/02/22 ~ 2024/02/22	Short-term borrowing	None
Loan contract	KGI Bank	2023/01/03 ~ 2024/01/03	Short-term borrowing	None
Industry-university cooperation	Lunghwa University of Science and Technology	Since 2019/11/8	Industry-university cooperation	None
Industry-university cooperation	Lunghwa University of Science and Technology	2021/08/01 ~ 2026/07/31	Industry-university cooperation	None
Industry-university cooperation	Lunghwa University of Science and Technology	Since 2022/02/18	Industry-university cooperation	None

VI. Financial Information

(I) Five-Year Financial Summary

A. Condensed Balance Sheets and Comprehensive Income Statements

1. Condensed Balance Sheets (Consolidated)

Unit: NT\$ Thousand

Item	Year	Financial Summary for the Last Five Years					Financial Information as of March 31, 2024 (Note 2)
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	
Current assets		824,854	926,675	1,377,761	1,513,231	1,512,269	
Property, plant and equipment		72,183	94,551	102,099	318,066	347,206	
Intangible assets		1,416	1,512	1,218	1,404	2,842	
Other assets		103,664	124,066	115,431	94,012	92,276	
Total assets		1,002,117	1,146,804	1,596,509	1,926,713	1,954,593	
Current liabilities	Before distribution	379,020	454,276	577,710	469,960	914,023	
	After distribution	429,778	518,230	716,379	591,894	1,034,443	
Non-current liabilities		61,433	90,757	85,597	441,503	46,891	
Total liabilities	Before distribution	440,453	545,033	663,307	911,463	960,914	
	After distribution	491,211	608,987	801,976	1,033,397	1,081,334	
Equity attributable to shareholders of the parent company		561,664	601,771	933,202	1,015,250	993,679	
Share capital		203,030	213,181	239,085	239,085	251,049	
Capital surplus		116,078	116,078	305,468	326,595	326,681	
Retained earnings	Before distribution	243,708	273,062	392,845	448,565	418,271	
	After distribution	182,799	204,844	254,176	314,677	297,851	
Other equity interest		(1,152)	(550)	(4,196)	1,005	(2,322)	
Treasury stock		-	-	-	-	-	
Non-controlling interest		-	-	-	-	-	
Total equity	Before distribution	561,664	601,771	933,202	1,015,250	993,679	
	After distribution	510,906	537,817	794,533	893,316	873,259	

Note 1: Audited and certified by the accountants in 2019 to 2023.

Note 2: As of April 30, 2024, no financial information was provided according to the International Financial Reporting Standards (Consolidated).

2. Condensed Comprehensive Income Statements (Consolidated)

Unit: NT\$ Thousand

Item	Year	Financial Summary for the Last Five Years					Financial Information as of March 31, 2024 (Note 2)
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	
Operating revenue		1,295,917	1,464,275	1,894,207	1,923,029	1,743,459	
Gross profit		377,024	426,799	585,312	582,690	503,996	
Operating profit (loss)		99,189	123,481	243,601	232,115	147,977	
Non-operating income and expenses		(9,377)	(7,893)	(4,378)	16,781	(16,365)	
Net income before tax		89,812	115,588	239,223	248,896	131,612	
Net income from continuing operations		76,157	92,077	188,609	193,388	101,329	
Loss from discontinued operations		-	-	-	-	-	
Net income (loss)		76,157	92,077	188,609	193,388	101,329	
Other comprehensive income (net value after tax)		(1,814)	(1,212)	(4,254)	6,202	(1,062)	
Total comprehensive income		74,343	90,865	184,355	199,590	100,267	
Net income attributable to shareholders of the parent company		76,157	92,077	188,609	193,388	101,329	
Net income attributable to non- controlling interests		-	-	-	-	-	
Total comprehensive income attributable to owners of the parent company		74,343	90,865	184,355	199,590	100,267	
Total comprehensive income attributable to non-controlling interests		-	-	-	-	-	
Earnings per share		4.13	4.32	8.54	8.09	4.04	

Note 1: Audited and certified by the accountants in 2019 to 2023.

Note 2: As of April 30, 2024, no financial information was provided according to the International Financial Reporting Standards (Consolidated).

3. Condensed Balance Sheets (Individual)

Unit: NT\$ Thousand

Year		Financial Summary for the Last Five Years					Financial Information as of March 31, 2024 (Note 2)
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	
Item							
Current assets		767,863	817,472	1,211,601	1,321,485	1,266,316	
Property, plant and equipment		64,820	55,593	43,617	273,135	313,920	
Intangible assets		977	1,214	1,060	1,322	2,788	
Other assets		123,270	200,420	261,495	267,996	308,760	
Total assets		956,930	1,074,699	1,517,773	1,863,938	1,891,784	
Current liabilities	Before distribution	359,353	406,050	521,325	416,732	862,634	
	After distribution	410,111	470,004	659,994	538,666	983,054	
Non-current liabilities		35,913	66,878	63,246	431,956	35,471	
Total liabilities	Before distribution	395,266	472,928	584,571	848,688	898,105	
	After distribution	446,024	536,882	723,240	970,622	1,018,525	
Equity attributable to shareholders of the parent company		561,664	601,771	933,202	1,015,250	993,679	
Share capital		203,030	213,181	239,085	239,085	251,049	
Capital surplus		116,078	116,078	305,468	326,595	326,681	
Retained earnings	Before distribution	243,708	273,062	392,845	448,565	418,271	
	After distribution	182,799	204,844	254,176	314,677	297,851	
Other equity interest		(1,152)	(550)	(4,196)	1,005	(2,322)	
Treasury stock		-	-	-	-	-	
Non-controlling interest		-	-	-	-	-	
Total equity	Before distribution	561,664	601,771	933,202	1,015,250	993,679	
	After distribution	510,906	537,817	794,533	893,316	873,259	

Note 1: Audited and certified by the accountants in 2019 to 2023.

Note 2: As of April 30, 2024, no financial information was provided according to the International Financial Reporting Standards (parent company individual).

4. Comprehensive Income Statements (Individual)

Unit: NT\$ Thousand

Item	Year	Financial Summary for the Last Five Years					Financial Information as of March 31, 2024 (Note 2)
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	
Operating revenue		1,208,025	1,279,091	1,659,977	1,690,873	1,483,623	
Gross profit		308,517	330,547	451,024	453,332	398,662	
Operating profit (loss)		84,412	105,830	204,682	196,738	133,216	
Non-operating income and expenses		4,912	5,603	27,952	44,070	(4,965)	
Net income before tax		89,324	111,433	232,634	240,808	128,251	
Net income from continuing operations		76,157	92,077	188,609	193,388	101,329	
Loss from discontinued operations		-	-	-	-	-	
Net income (loss)		76,157	92,077	188,609	193,388	101,329	
Other comprehensive income (net value after tax)		(1,814)	(1,212)	(4,254)	6,202	(1,062)	
Total comprehensive income		74,343	90,865	184,355	199,590	100,267	
Net income attributable to shareholders of the parent company		76,157	92,077	188,609	193,388	101,329	
Net income attributable to non-controlling interests		-	-	-	-	-	
Total comprehensive income attributable to owners of the parent company		74,343	90,865	184,355	199,590	100,267	
Total comprehensive income attributable to non-controlling interests		-	-	-	-	-	
Earnings per share		4.13	4.32	8.54	8.09	4.04	

Note 1: Audited and certified by the accountants in 2019 to 2023.

Note 2: As of April 30, 2024, no financial information was provided according to the International Financial Reporting Standards (parent company individual).

B. Names and Auditing Opinions of CPAs for the Past Five Fiscal Years

Year	Accounting Firm	Name of CPAs	Opinion
2019	Sun Rise Company & CPAs	CHEN, YI-LING CHEN, TSAN-HUANG	Qualified opinion
2020	PwC Taiwan	TU, PEI-LING CHEN, CHIN-CHANG	Qualified opinion
2021	PwC Taiwan	TU, PEI-LING CHEN, CHIN-CHANG	Qualified opinion
2022	PwC Taiwan	CHEN, CHIN-CHANG TU, PEI-LING	Qualified opinion
2023	PwC Taiwan	CHEN, CHIN-CHANG TU, PEI-LING	Qualified opinion

(II) Five-Year Financial Analysis

A. Consolidated Financial Analyses

Year		Financial Analysis for the Last Five Years					As of March 31, 2024 (Note 2)
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	
Analysis Item							
Financial structure (%)	Debt ratio	43.95	47.53	41.55	47.31	49.16	
	Ratio of long-term capital to property, plant and equipment	863.22	732.44	997.85	458.00	299.70	
Solvency (%)	Current ratio	217.63	203.99	238.49	321.99	165.45	
	Quick ratio	164.53	155.45	155.07	210.46	127.33	
	Times interest earned ratio	9.92	17.37	40.86	35.18	13.19	
Operation performance	Accounts receivable turnover rate (times)	3.41	3.46	3.68	3.43	3.00	
	Average days for cash receipts	107	106	100	107	122	
	Inventory turnover rate (times)	3.91	4.66	3.62	2.58	2.61	
	Payables turnover rate (times)	5.63	6.08	6.38	6.00	6.79	
	Average days for sale of goods	93	78	101	141	140	
	Turnover rate for property, plant and equipment (times)	18.36	17.56	19.26	9.15	5.24	
	Total asset turnover rate (times)	1.40	1.36	1.38	1.09	0.90	
Profitability	Return on assets (%)	9.07	9.10	14.10	11.50	5.95	
	Return on equity (%)	16.07	15.83	24.57	19.85	10.09	
	Ratio of income before tax to paid-in capital (%)	44.24	54.22	100.06	104.10	52.42	
	Net profit margin (%)	5.88	6.29	9.96	10.06	5.81	
	Earnings per share (NT\$)	4.13	4.32	8.54	8.09	4.04	
Cash Flow	Cash Flow ratio (%)	46.16	16.32	(2.06)	42.65	18.67	
	Cash Flow adequacy ratio (%)	50.18	61.64	36.55	43.80	68.30	
	Cash reinvestment ratio (%)	25.08	3.51	(7.41)	4.11	4.49	
Leverage	Operating leverage	2.50	2.43	1.80	1.88	2.39	
	Financial leverage	1.11	1.06	1.03	1.05	1.14	

Explain changes in financial ratios over the past two fiscal years. (Not required if the difference does not exceed 20%.)

- (1) Decrease in ratio of long-term capital to property, plant and equipment: Mainly resulted from the decrease in non-current liabilities in 2023.
- (2) Decrease in current ratio, quick ratio, and cash flow ratio: Mainly resulted from the increase in current liabilities in 2023.
- (3) Decrease in times interest earned ratio: Mainly resulted from the decrease in net income before tax and the increase in interest expense in 2023.
- (4) Decrease in turnover rate for property, plant and equipment: Resulted from the increase in the average net worth of property, plant and equipment and the decrease in net sales in 2023.
- (5) Decrease in return on assets, return on equity, ratio of income before tax to paid-in capital, net profit margin, and earnings per share: Mainly resulted from the decrease in after-tax profit or loss and net income before tax in 2023.
- (6) Increase in cash flow adequacy ratio: Mainly resulted from increase in net cash inflows from operating activities and decrease in increment of inventories in the last five years.
- (7) Increase in operating leverage: Mainly resulted from the decrease in operating income in 2023.

Note 1: Audited and certified by the accountants in 2019 to 2023.

Note 2: As of April 30, 2024, no financial information was provided according to the International Financial Reporting Standards (Consolidated).

Note 3: At the end of the annual report, the following calculation formula shall be presented:

1. Financial structure

(1) Debt ratio = Total liabilities/Total assets.

(2) Ratio of long-term capital to property, plant and equipment = (Net shareholders' equity + Long-term liabilities)/Net value of property, plant and equipment.

2. Solvency

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

(2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.

(3) Times interest earned ratio = Income before income tax and interest expenses/Interest expenses.

3. Operation performance

(1) Accounts receivable turnover rate (including accounts receivable and notes receivable from business operation) = Net sales/Average accounts receivable in each period (including accounts receivable and notes receivable from business operation).

(2) Average days for cash receipts = 365/Accounts receivable turnover rate.

(3) Inventory turnover rate = Cost of goods sold/Average inventory.

(4) Payables turnover rate (including accounts payable and notes payable from business operation) = Cost of sales/Average accounts payable in each period (including accounts payable and notes payable from business operation).

(5) Average days for sale of goods = 365/Inventory turnover rate.

(6) Turnover rate for property, plant and equipment = Net sales/Average property, plant and equipment.

(7) Total assets turnover rate = Net sales/Average total assets.

4. Profitability

(1) Return on assets (ROA) = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.

(2) Return on equity (ROE) = Profit or loss after tax/Average net shareholder equity.

(3) Net profit margin = Profit or loss after tax/Net sales.

(4) Earnings per share = (Net income after tax - Preferred shares dividends)/Weighted average number of shares issued.

5. Cash Flows

(1) Cash Flow ratio = Net Cash Flows generated from operating activities/Current liabilities.

(2) Cash Flow adequacy ratio = Net Cash Flow from operating activities for the most recent five years/ (Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.

(3) Cash reinvestment ratio = (Net Cash Flow from operating activities - Cash dividends)/ (Gross fixed assets + Long-term investment + Other assets + Operating capital).

6. Leverage

(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income

(2) Financial leverage = Operating income/ (Operating income - Interest expenses).

B. Individual Financial Analyses

		Year	Financial Analysis for the Last Five Years					As of March 31, 2024 (Note 2)
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)		
Analysis Item								
Financial structure (%)	Debt ratio	41.31	44.01	38.52	45.53	47.47		
	Ratio of long-term capital to property, plant and equipment	921.90	1,202.76	2,284.54	529.85	327.84		
Solvency (%)	Current ratio	213.68	201.32	232.41	317.11	146.80		
	Quick ratio	166.94	155.57	151.73	211.34	113.35		
	Times interest earned ratio	10.21	21.05	50.31	40.50	13.64		
Operation performance	Accounts receivable turnover rate (times)	2.86	2.96	3.39	3.15	2.76		
	Average days for cash receipts	128	124	108	116	132		
	Inventory turnover rate (times)	4.48	4.95	3.77	2.72	2.66		
	Payables turnover rate (times)	5.46	5.71	6.38	5.97	6.62		
	Average days for sale of goods	81	74	97	134	137		
	Turnover rate for property, plant and equipment (times)	18.15	21.25	33.46	10.68	5.05		
	Total asset turnover rate (times)	1.34	1.26	1.28	1.00	0.79		
Profitability	Return on assets (%)	9.33	9.50	14.84	11.92	6.12		
	Return on equity (%)	16.09	15.83	24.57	19.85	10.09		
	Ratio of income before tax to paid-in capital (%)	44.00	52.27	97.30	100.72	51.09		
	Net profit margin (%)	6.30	7.20	11.36	11.44	6.83		
	Earnings per share (NT\$)	4.13	4.32	8.54	8.09	4.04		
Cash Flow	Cash Flow ratio (%)	45.55	16.64	(5.64)	40.6	19.02		
	Cash Flow adequacy ratio (%)	52.22	60.32	33.93	42.86	67.52		
	Cash reinvestment ratio (%)	23.00	2.54	(9.23)	2.06	4.02		
Leverage	Operating leverage	2.47	2.25	1.74	1.83	2.22		
	Financial leverage	1.13	1.06	1.02	1.06	1.15		

Explain changes in financial ratios over the past two fiscal years. (Not required if the difference does not exceed 20%.)

- (1) Decrease in ratio of long-term capital to property, plant and equipment: Mainly resulted from the decrease in non-current liabilities in 2023.
- (2) Decrease in current ratio, quick ratio, and cash flow ratio: Mainly resulted from the increase in current liabilities in 2023.
- (3) Decrease in times interest earned ratio: Mainly resulted from the decrease in net income before tax and the increase in interest expense in 2023.
- (4) Decrease in turnover rate for property, plant and equipment and total asset turnover rate: Resulted from the increase in the average net worth of property, plant and equipment and the decrease in net sales in 2023.
- (5) Decrease in return on assets, return on equity, ratio of income before tax to paid-in capital, net profit margin, and earnings per share: Mainly resulted from the decrease in after-tax profit or loss and net income before tax in 2023.

- (6) Increase in cash flow adequacy ratio: Mainly resulted from increase in net cash inflows from operating activities and decrease in increment of inventories in the last five years.
- (7) Increase in cash reinvestment ratio: Mainly resulted from the decrease in working capital in 2023.
- (8) Increase in operating leverage: Mainly resulted from the decrease in operating income in 2023.

Note 1: Audited and certified by the accountants in 2019 to 2023.

Note 2: As of April 30, 2024, no financial information was provided according to the International Financial Reporting Standards (parent company individual).

Note 3: At the end of the annual report, the following calculation formula shall be presented:

1. Financial structure
 - (1) Debt ratio = Total liabilities/Total assets.
 - (2) Ratio of long-term capital to property, plant and equipment = (Net shareholders' equity + Long-term liabilities)/Net value of property, plant and equipment.
2. Solvency
 - (1) Current ratio = Current assets/Current liabilities.
 - (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
 - (3) Times interest earned ratio= Income before income tax and interest expenses/Interest expenses.
3. Operation performance
 - (1) Accounts receivable turnover rate (including accounts receivable and notes receivable from business operation) = Net sales/Average accounts receivable in each period (including accounts receivable and notes receivable from business operation).
 - (2) Average days for cash receipts = 365/Accounts receivable turnover rate.
 - (3) Inventory turnover rate = Cost of goods sold/Average inventory.
 - (4) Payables turnover rate (including accounts payable and notes payable from business operation) = Cost of sales/Average accounts payable in each period (including accounts payable and notes payable from business operation).
 - (5) Average days for sale of goods = 365/Inventory turnover rate.
 - (6) Turnover rate for property, plant and equipment = Net sales/Average property, plant and equipment.
 - (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
 - (1) Return on assets (ROA) = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.
 - (2) Return on equity (ROE) = Profit or loss after tax/Average net shareholder equity.
 - (3) Net profit margin = Profit or loss after tax/Net sales.
 - (4) Earnings per share = (Net income after tax - Preferred shares dividends)/Weighted average number of shares issued.
5. Cash Flows
 - (1) Cash Flow ratio = Net Cash Flows generated from operating activities/Current liabilities.
 - (2) Cash Flow adequacy ratio = Net Cash Flow from operating activities for the most recent five years/ (Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
 - (3) Cash reinvestment ratio = (Net Cash Flow from operating activities - Cash dividends)/ (Gross fixed assets + Long-term investment + Other assets + Operating capital).
6. Leverage
 - (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income
 - (2) Financial leverage = Operating income/ (Operating income - Interest expenses).

**(III) Audit Committee's Review Report for the Most Recent Fiscal Year's
Financial Statement**

**Wendell Industrial Co., Ltd.
Audit Committee Approval and Audit Report**

The board of directors of the company prepared and submitted the 2023 business report, financial statements, and surplus distribution statement. The financial statements were verified by PricewaterhouseCoopers Taiwan CPA CHEN, CHIN-CHANG, CPA TU, PEI-LING. The accountant has communicated with the Audit Committee on the key audit matters in the audit report. The Audit Committee, upon examination, finds no discrepancy in the foregoing lists, and in accordance with the provisions of Article 14 of the Securities and Exchange Act and Article 219 of the Company Act, hereby provides a report for your approval.

2024 Regular Shareholders' Meeting of Wendell Industrial Co., Ltd.

Audit Committee of Wendell Industrial Co., Ltd.

Audit Committee Convener: LIN, CHIN-FENG

March 7, 2024

(IV) Financial Statements for the Most Recent Fiscal Year

Please refer to Pages 149~214.

(V) Individual financial statements of companies audited by accountants in the recent years

Please refer to Pages 215~290.

(VI) Financial Impact on the Company where the Company and its Affiliated Companies Have Incurred any Financial or Cash Flow Difficulties in the Most Recent Year and as of the Publication Date of the Annual Report

None.



VII. Review and Analysis of the Company's Financial Position, Performance, and Risk Management

(I) Financial Position

Primary reasons for the significant changes in assets, liabilities, and equity in the last two years and impact thereof:

A. Financial Position

1. Financial Position - Consolidated Financial

Unit: NT\$ Thousand; %

Item	Year	2022	2023	Difference	
				Amount	%
Current assets		1,513,231	1,512,269	(962)	(0.06)
Property, plant and equipment		318,066	347,206	29,140	9.16
Right-of-use assets		72,725	58,053	(14,672)	(20.17)
Other non-current assets		22,691	37,065	14,374	63.35
Total assets		1,926,713	1,954,593	27,880	1.45
Current liabilities		469,960	914,023	444,063	94.49
Non-current liabilities		441,503	46,891	(394,612)	(89.38)
Total liabilities		911,463	960,914	49,451	5.43
Share capital		239,085	251,049	11,964	5.00
Capital surplus		326,595	326,681	86	0.03
Retained earnings		448,565	418,271	(30,294)	(6.75)
Other equity interest		1,005	(2,322)	(3,327)	(331.04)
Total equity		1,015,250	993,679	(21,571)	(2.12)

1. Description of major change items (With amount of difference reaching NT\$ 10,000,000 and change ratio reaching 20%):
 - (1) Right-of-use assets: Mainly resulted from the early termination of contract of the office of Qianhong Electrical Testing and the fixed depreciation of right-of-use assets in 2023.
 - (2) Other non-current assets: Mainly resulted from the increase in deferred income tax assets due to increase in the unrealized inventory falling price loss.
 - (3) Current liabilities: Mainly resulted from the conversion of corporate bonds payable to long-term liabilities due within one year or a business cycle.
 - (4) Non-current liabilities: Mainly resulted from the conversion of corporate bonds payable to long-term liabilities due within one year or a business cycle.
2. Future response plan to those with a significant impact:
 The aforesaid changes didn't have a material adverse impact on the Company, and no significant abnormalities occurred to the Company's overall performance. Therefore, it was not required to draw up any response plan.

2. Financial Position - Individual Financial

Unit: NT\$ Thousand; %

Item	Year	2022	2023	Difference	
				Amount	%
Current assets		1,321,485	1,266,316	(55,169)	(4.17)
Property, plant and equipment		273,135	313,920	40,785	14.93
Right-of-use assets		51,883	36,630	(15,253)	(29.40)
Other non-current assets		217,435	274,918	57,483	26.44
Total assets		1,863,938	1,891,784	27,846	1.49
Current liabilities		416,732	862,634	445,902	107.00
Non-current liabilities		431,956	35,471	(396,485)	(91.79)
Total liabilities		848,688	898,105	49,417	5.82
Share capital		239,085	251,049	11,964	5.00
Capital surplus		326,595	326,681	86	0.03
Retained earnings		448,565	418,271	(30,294)	(6.75)
Other equity interest		1,005	(2,322)	(3,327)	(331.04)
Total equity		1,015,250	993,679	(21,571)	(2.12)
<p>1. Description of major change items (With amount of difference reaching NT\$ 10,000,000 and change ratio reaching 20%):</p> <p>(1) Property, plant and equipment: Mainly resulted from the acquisition of land in Tucheng District to build laboratories in 2022 and the increase in cost of laboratory construction in 2023.</p> <p>(2) Right-of-use assets: Mainly resulted from the fixed depreciation of right-of-use assets.</p> <p>(3) Other non-current assets: Mainly resulted from the capital increase of NT\$ 40,000,000 by cash in Wendell Electrical Testing in 2023.</p> <p>(4) Current liabilities: Mainly resulted from the conversion of corporate bonds payable to long-term liabilities due within one year or a business cycle.</p> <p>(5) Non-current liabilities: Mainly resulted from the conversion of corporate bonds payable to long-term liabilities due within one year or a business cycle.</p> <p>2. Future response plan to those with a significant impact: The aforesaid changes didn't have a material adverse impact on the Company, and no significant abnormalities occurred to the Company's overall performance. Therefore, it was not required to draw up any response plan.</p>					

(II) Financial Performance

A. Primary reasons for the significant changes in operating revenue, operating income, and net income before tax in the last two years:

1. Analytical Statement of Operating Results - Consolidated Financial

Unit: NT\$ Thousand; %

Item	Year	2022	2023	Difference	
				Amount	%
Operating revenue		1,923,029	1,743,459	(179,570)	(9.34)
Operating costs		1,340,339	1,239,463	(100,876)	(7.53)
Gross profit		582,690	503,996	(78,694)	(13.51)
Operating expenses		350,575	356,019	5,444	1.55
Net operating income		232,115	147,977	(84,138)	(36.25)
Non-operating income and expenses		16,781	(16,365)	(33,146)	(197.52)
Net income before tax		248,896	131,612	(117,284)	(47.12)
Income tax expense		55,508	30,283	(25,225)	(45.44)
Net profit for the period		193,388	101,329	(92,059)	(47.60)
<p>1. Description of major change items (With amount of difference reaching NT\$ 10,000,000 and change ratio reaching 20%):</p> <p>(1) Operating revenue: Mainly resulted from the decrease in operating revenue by NT\$ 179,570,000 in 2023 compared with last year.</p> <p>(2) Non-operating income and expenses: Mainly resulted from the substantial change in the exchange rate in 2023. The exchange loss increased by NT\$ 28,794,000 compared with last year.</p> <p>(3) Net income before tax, income tax expense, and net profit for the period: Mainly resulted from the decrease of operating revenue by NT\$ 179,570,000 in 2023 compared with last year as well as the increase in exchange loss. As a result, the net income before tax, income tax expense, and net profit for the period decreased relatively.</p> <p>2. Future response plan to those with a significant impact: The aforesaid changes didn't have a material adverse impact on the Company, and no significant abnormalities occurred to the Company's overall performance. Therefore, it was not required to draw up any response plan.</p>					

2. Analytical Statement of Operating Results - Individual Financial

Unit: NT\$ Thousand; %

Item	Year	2022	2023	Difference	
				Amount	%
Operating revenue		1,690,873	1,483,623	(207,250)	(12.26)
Operating costs		1,233,305	1,086,542	(146,763)	(11.90)
Gross profit		453,332	398,662	(54,670)	(12.06)
Operating expenses		256,594	265,446	8,852	3.45
Net operating income		196,738	133,216	(63,522)	(32.29)
Non-operating income and expenses		44,070	(4,965)	(49,035)	(111.27)
Net income before tax		240,808	128,251	(112,557)	(46.74)
Income tax expense		47,420	26,922	(20,498)	(43.23)
Net profit for the period		193,388	101,329	(92,059)	(47.60)
<p>1. Description of major change items (With amount of difference reaching NT\$ 10,000,000 and change ratio reaching 20%):</p> <p>(1) Operating revenue: Mainly resulted from the decrease in operating revenue by NT\$ 207,250,000 in 2023 compared with last year.</p> <p>(2) Non-operating income and expenses: Mainly resulted from the substantial change in the exchange rate in 2023. The exchange loss increased by NT\$ 36,927,000 compared with last year.</p> <p>(3) Net income before tax, income tax expense, and net profit for the period: Mainly resulted from the decrease of operating revenue by NT\$ 207,250,000 in 2023 compared with last year as well as the increase in exchange loss. As a result, the net income before tax, income tax expense, and net profit for the period decreased relatively.</p> <p>2. Future response plan to those with a significant impact: The aforesaid changes didn't have a material adverse impact on the Company, and no significant abnormalities occurred to the Company's overall performance. Therefore, it was not required to draw up any response plan.</p>					

B. The impact of the expected sales volume in the next year and its basis on the Company's future financial business

Since the Company didn't issue any financial forecast, the expected sales quantity and its basis were thus not applicable. The Company will continually provide high-quality products to satisfy customers' needs in different aspects. It is expected to maintain certain growth momentum and keep the financial structure complete and stable. Besides, no significant abnormalities occurred to the Company's overall performance. Therefore, it is not required to draw up any response plan.

(III) Cash Flow

A. Analysis of changes in Cash Flow for the most recent fiscal year (2023).

Unit: NT\$ Thousand

Item \ Year	2022	2023	Difference	
			Amount	%
Net cash inflows from operating activities	200,428	170,616	(29,812)	(14.87%)
Net cash outflows from investing activities	(232,684)	(8,494)	224,190	96.35%
Net cash inflows (outflows) from financing activities	139,976	(54,240)	(194,216)	(138.75%)
With changed amount reaching 20% and absolute changed amount reaching 1% of the total assets in the current year:				
1. The decrease in net cash outflows from investing activities was mainly resulted from the acquisition of land in Tucheng District in 2022. This situation didn't occur in 2023.				
2. The decrease in net cash outflows from investing activities was mainly resulted from the issuance of corporate bonds in 2022. This situation didn't occur in 2023.				

B. Improvement plan for insufficient liquidity: The Company was not involved in insufficient cash liquidity.

C. Cash Flow analysis for the coming year (2024) and improvement plan for insufficient liquidity (individual)

Unit: NT\$ Thousand

Opening cash balance (1)	Estimated net Cash Flow from operating activities for the year (2)	Estimated net Cash Flow from investment activities for the year (3)	Estimated net Cash Flow from financing activities for the year (4)	Cash surplus (shortfall) (5)=(1)+(2)+(3)+(4)	Remedial measures for cash inadequacy	
					Investment plan	Financing plan
359,693	58,711	(196,000)	(68,196)	154,208	-	-
1. Analysis of change in the cash flow in the coming year						
(1) Business activities: et cash inflows will be obtained mainly due to the stable growth of performance and stable profits and operations in 2024.						
(2) Investment activities: The capital expenditure will increase mainly due to the estimated purchasing and commencement of the construction of laboratory building in Tucheng District in 2024, for the purpose of integrating the testing laboratories in Wugu and Baoqiao Road in the future.						
(3) Financing activities: Mainly resulted from the payment of cash dividends and early repayment of corporate bonds in 2024.						
2. Remedia measure for expected cash inadequacy and liquidity analysis: The Company hasn't faced any risk of inadequacy of cash flow in recent years.						

(IV) The Effect of Major Capital Expenditures on Financials and the Business During the Most Recent Fiscal Year

The Company acquired land, construction plants, and built laboratories in response to its operating demand. The use of its capital expenditures and the sources of funds are detailed in VII. Finance plans and implementation, which didn't have a material impact on the Company's finance and business operation.

(V) Investment Policy, the Main Reasons for Profit or Loss as well as the Improvement Plan Over the Past Year, and an Investment Plan for Next Year

A. Investment policy

The Company has established "Procedures for Acquisition or Disposal of Assets" in accordance with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" established by the competent authority as the basis for investments of the Company, to master relevant business and financial position; The Company's current invested enterprises are 100% invested subsidiaries. It has already established "Regulations Governing the Supervision of Subsidiaries" in its internal management system, to regularly supervise the operating status of subsidiaries.

B. The main reasons for profit or loss as well as the improvement plan over the past year

Unit: NT\$ Thousand

Invested company	Holding ratio	Profit (loss) on investments recognized in the current period (2023)	Primary reason for profit or loss	Improvement plan
Nichtek Industrial Co., Limited	100%	(8,766)	It had the nature of holding company. The primary reason for the income was determined based on the profit or loss of the invested company.	-
Shenzhen Qianhong Electronic Co., Ltd.	100%	(8,766)	In 2023, since the global economic recovery was not as expected, the sales were affected. Besides, due to continual depreciation of RMB, the cost was improved. Furthermore, due to the impact of the international exchange market, the amount of exchange loss was increased.	Continually and profoundly develop local automotive, network communication, industrial PC, and IC design groups, and provide laboratory services to promote the sales of electronic components and increase customers' stickiness.
Suzhou Lianhong Electronic Co., Ltd.	100%	909	Operating performance gradually emerging	-
Shenzhen Qianhong Electrical Testing Co., Ltd.	100%	473	Operating performance gradually emerging	-

Invested company	Holding ratio	Profit (loss) on investments recognized in the current period (2023)	Primary reason for profit or loss	Improvement plan
Wendell Co., Ltd.	100%	1,472	Operating performance gradually emerging	-
WENDELL PTE., LTD.	100%	1,069	Operating performance gradually emerging	-
WENDEL KOREA CO., LTD	100%	9,416	Operating performance gradually emerging	-
Wendell Electrical Testing Co., Ltd.	100%	3,253	Operating performance gradually emerging	-

C. Investment Plan for Next Year: None.

(VI) Risk Analysis and Assessment for the Most Recent Fiscal Year and as of the Publication Date of the Annual Report

A. Impact of interest rate and exchange rate fluctuation and inflation on the Company's profitability and future countermeasures

1. Changes in interest rate

(1) Impact on the Company's profit and loss

The interest income of the Company and its subsidiaries reached NT\$ 2,074,000 and NT\$ 6,755,000 respectively in 2022 and 2023, accounting for 0.11% and 0.39% of the net operating revenue respectively; the interest expenditure reached NT\$ 11,463,000 and NT\$ 17,697,000 respectively, accounting for 0.60% and 1.02% of the net operating revenue respectively. In summary, the ratios of interest income and interest expenditure in the net operating revenue were not very high in 2022 and 2023. Therefore, the changes in market interest rate didn't have a material impact on the Company's finance and business operation.

(2) Response Measures

The Company continues to maintain close contract with banks, actively learns about the trends of interest rates, and observes the impact of change in market interest rate on the capital of the Company at any time. In case of any financing demand, the Company will, in consideration of the actual capital demand, adjust the idle capital, plan appropriate long-term and short-term bank loans, and strive for the most favorable loan interest rates, to lower the risk of changes in interest rate.

2. Changes in exchange rates

(1) Impact on the Company's profit and loss

The operating sites of the Company and its subsidiaries are located in Taiwan, Chinese mainland, South Korea, Singapore, and Japan, and most of its purchasing objects adopt USD and local currencies for pricing, which is also similar for selling objects. Therefore, risk exposure of changes in exchange rates emerges. The exchange gain (loss) of the Company and its subsidiaries reached NT\$ 19,447,000 and (NT\$ 9,347,000) in 2022 and 2023 respectively, accounting for approximately 1.01% and (0.54%) of the net operating revenue of the Company. It indicated that the changes in exchange rates had a limited impact on the Company's operation. The exchange profit (loss) incurred in 2022 and 2023 was mainly resulted from the fluctuation of exchange rates of USD and RMB.

(2) Response Measures

The Company continues to maintain close contract with banks, actively learns about the trends of interest rates, and observes the impact of change in market interest rate on the capital of the Company at any time. Furthermore, the Company actively searches information related to exchange rates, consults the trends of exchange rates with relevant banks, continually observes the changes in exchange rates, and flexibly adjusts the holding volume of foreign currency positions in the spot market according to the actual capital demand and exchange rate level.

3. Inflation

(1) Impact on the Company's profit and loss

In recent years, due to the impact of relevant global resources and rising prices, the overall economic environment has presented a slight trend of inflation. However, the consolidated company has not been subject to the material impact of inflation in the most recent fiscal year and as of the publication date of the annual report. Therefore, the pressure from inflation only had a limited impact on the profit (loss) of the consolidated company.

(2) Response Measures

The Company and its subsidiaries pay attention to the fluctuation of market prices of electronic components at any time, maintain favorable interactive relationships with suppliers and customers, and predict the product trends, to avoid any material impact caused by inflation to the Company.

B. Policies, main causes of gains or losses and future measures with respect to high-risk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions

The Company's management policy focuses on the main business and sticks to the principle of practicability. Financially, the Company adheres to a stable and conservative strategy. Additionally, the Company has established operating procedures including "Procedures for Lending Funds to Others", "Procedures for Endorsement Guarantees", and "Procedures for Acquisition and Disposal of Assets" as basis for the Company to engage in relevant behaviors. The Company engages in derivative trades, such as operational hedging of foreign exchange, for the sole purpose of lowering its financial risk and conducts all transactions in accordance with the Company's internal control procedure.

C. Future research and development plans, and estimated expenditures

To profoundly improve its competitiveness, and maintain its market advantages, the Company spares no effort in R&D and innovation, and continues to develop products that satisfy various market demands and keep up with the technological trends. The R&D expenses expected to be spent by the Company will be gradually allocated according to the development progress of new products and new technologies, and the amount invested will be adjusted based on the operating status, to ensure the Company's competitive advantages.

D. Effect of important policies adopted on the Company's financial operations and changes in the legal environment at home and abroad, and measures to be taken in response

The daily operation of the Company and its subsidiaries is handled according to the provisions of relevant local and foreign laws and regulations. Also, they pay continual attention to the development trends of local and foreign important policies as well as legal changes, and search market-related information for the management's reference, to adjust the Company's operating strategies. In the most recent fiscal year and as of the publication date of the annual report, the finance and business operation of the Company and its subsidiaries haven't been subject to a material impact resulted from the changes in the important policies and laws at home and abroad.

- E. Effect of technological changes and industrial changes on the Company's financial performance and solutions
The Company and its subsidiaries stay updated with the industrial trends at any time, pay attention to the technological changes and technical development of the industry, and learn about customer requirements, to ensure their market advantages and sustain the Company's competitiveness. In response to the changes in the market environment and the overall operating development strategy of the Company, the Company has begun integrating the resources of the Group for organizational restructuring and expansion of business scope to satisfy customer requirements since 2017. In the most recent fiscal year and as of the publication date of the annual report, no important technological changes have imposed a material impact on the Company's finance and business operation.
- F. Effect on the Company's crisis management of changes to the Company's corporate image, and measures to be taken in response
Since their establishment, the Company and its subsidiaries have continually provided complete line protection and integrated testing and verification service platform for relevant industries at home and abroad and conducted industry-university cooperation with major junior colleges and universities in Taiwan, to train professional talents needed in the industry and provide internship for in-school students and jobs for the young people in society. Since its establishment, the Company has dedicated to the operation of its main business, abided by relevant statutory and regulatory provisions, and been committed to the maintenance of the corporate image. Therefore, the Company hasn't been involved in any management crisis resulting from the change in the corporate image. The Company will continually maintain a favorable corporate image, constantly improve its service quality to satisfy customer requirements, and actively strengthen internal management and improve management quality and performance, to lower the occurrence of corporate risks and their impact on the Company.
- G. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken
Currently, the Company and its subsidiaries haven't established any merger and acquisition plans.
- H. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken
1. Expected benefits
The main purposes of land acquisition and construction of plant and laboratories in 2022 were to respond to the integration of laboratory resources and expansion of business scale, improve certification capacity and debugging efficiency of parts, and avoid laboratories being too scattered to cause inconveniences to customers. Also, such moves were intended to support the enlargement of production capacity and business development of the Company in the future. To be specific, the Company purchased land and built a plant in Tucheng District. After the plant was constructed, the Company will combine and relocate EMC laboratory and RF laboratory which were originally leased in Xindian and Wugu, and then the overall testing energy of the laboratories based on actual needs.

2. Possible risks and mitigation measures

The Company expands its laboratories based on the market growth demand. If the industrial prosperity affects the market development, the possible risks may lower the laboratory utilization rate. However, the management team of the Company owns abundant industrial experience and learns about the demands of industry and products as well as development in new fields. Therefore, we can lower the risk of insufficient utilization rate of production capacity through conversion and updating of application plans.

I. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

1. Purchasing

As a supplier of protection components, the Company has begun to focus on the sales of EMC parts and the layout of product lines with the trends of smaller and multi-functional electronic products and the increasing strict requirements raised by countries for EMC standards. Also, the Company strives for the agency from major EMC and line protection parts manufacturers in the world, which can substantially increase the breadth of parts products and satisfy customers' requirements for parts. As a result, centralized purchasing will take place.

The Company and the original suppliers continue to strengthen cooperation and improve dependence. Also, the Company seeks diversified parts to improve the purchasing ratio of other suppliers. Furthermore, it is continually committed to developing its own brands and agency of other product lines. In the recent two years, the purchasing ratio has presented a declining trend year by year. The Company has already established distribution contracts to effectively lower the risks like delay in delivery period, unfavorable quality, and arbitrary quotations. Therefore, the centralized purchasing of the Company would not cause a major operating risk.

2. Sales

The Group is mainly engaged in EMC and line protection solutions which are applied in relevant industries like IoT, 5G, AI, smart city, automotive electronics, and electric motor car/car. In consideration of extensive product applications, the Company has many customers specialized in different industries. In the most recent fiscal year and as of the publication date of the public offering prospectus, the top-10 customers of the Company have been slightly changed. However, there was no such situation in which a single customer accounted for 10% of sales ratio. Therefore, the sales objects are relatively scattered, and there is no significant centralization of sales.

J. Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the Company is transferred or otherwise changes hands, and mitigation measures being or to be taken

None.

K. Effect upon and risk to the Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken

None.

- L. Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the publication date of the annual report where the Company and/or any of its directors, supervisors, President, person in charge, shareholders with 10% or more share ownership, or affiliates involved in pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities
1. If the results of litigation, non-litigation, or administrative litigation events already confirmed or currently pending in the last two years and as of the publication date of the annual report may have a material impact on shareholders' equity or securities price, the dispute facts, target amount, starting date of litigation, main parties involved in litigation, and current handling status shall be disclosed: None.
 2. Litigation, non-litigation, or administrative litigation events already confirmed or currently pending as related to directors, president, substantial principal, shareholders holding more than 10% of shares, and subordinate companies of the Company in the last two years and as of the publication date of the annual report, with results possibly having a material impact on the equity of the shareholders of the Company or securities price: None.
 3. Involvement of directors, managerial officers, and shareholders holding more than 10% of shares of the Company in the situations stipulated in Article 157 of the Securities and Exchange Act in the last two years and as of the publication date of the annual report, as well as current handling status by the Company: None.
- M. Other important risks, and mitigation measures being or to be taken
- Information security risks:
1. Users privately install computers, network communication devices, and other relevant equipment in offices without authorization.
 2. The users' accounts are not immediately deactivated or removed when users do not continually use the cybersecurity system.
 3. The confidential information isn't encrypted during storage or transmission.
 4. Users fail to heighten vigilance when using emails, and read emails from unknown sources.
- Response measures for information security control:
1. The firewall policy guarantees the network security protection inside and outside the Company, including network security connection, malware, hacker invasion, etc.
 2. Computers of the Company are installed with anti-virus software to protect computers from viruses and improve security protection of computers.
 3. Email protection system is implemented to ensure the security of corporate emails through spam filtering, virus scanning, and prevention of email threats and attacks.
 4. Strengthen the advocacy, education, and training of information security, promote the personnel's awareness of information security, and enhance the recognition of relevant responsibilities.

(VII) Other Major Events

None.



VIII. Special Disclosure

(I) Information on Affiliated Companies

The following documents have been prepared in the most recent fiscal year according to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” established by the Financial Supervisory Commission.

A. Consolidated business report: Please refer to Pages 145-148.

B. Consolidated financial statements of affiliates: Please refer to Pages 149-214.

C. Business report of affiliates: N/A.

(II) Private placement of securities in the most recent fiscal year and as of the publication date of the annual report

None.

(III) Holding or disposal of shares in the Company by the Company’s subsidiaries in the most recent fiscal year and as of the publication date of the annual report

None.

(IV) Other necessary statements

None.

IX. Situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act which might materially affect shareholders’ equity or the price of the Company’s securities occurring in the most recent fiscal year as of the publication date of the annual report

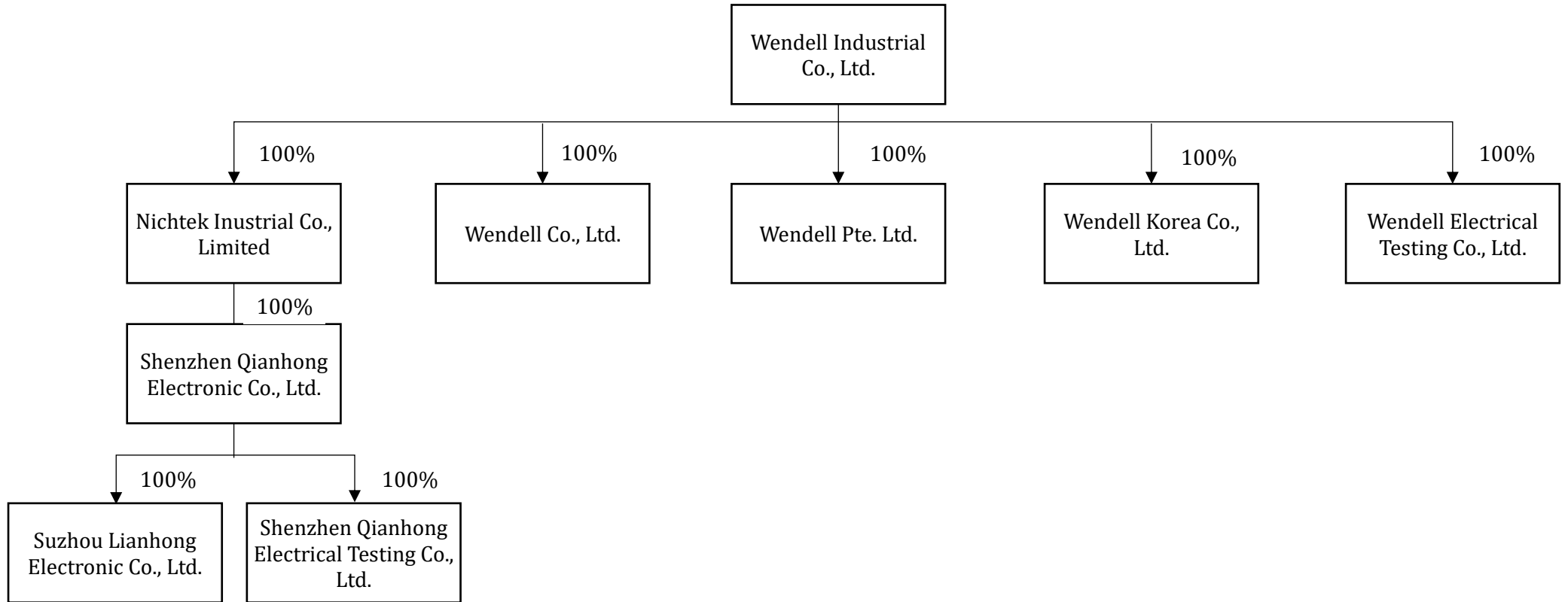
None.

I. Overview of affiliated companies

(I) Overview of affiliated companies structure

A. Affiliate company structure

December 31, 2023



- B. Subsidiary companies stipulated in Article 369-2 of the Company Act are included in the consolidated financial statements of affiliated enterprises.
- C. Companies with the relations of control and subordination as assumed according to Article 369-3 of the Company Act: None.

(II) Basic information on affiliates

December 31, 2023

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Primary Business and Production Projects
Nichtek Industrial Co., Limited	2008.7.16	Room 6,16/F, Workingbond Commercial Centre, 162-164 Prince Edward Road West, Mongkok, Kowloon, H.K.	HKD 18,591,400	Reinvested holding company
Wendell Co., Ltd.	2014.11.17	Room101,6-31-24, Kamikizaki, Urawa District, Saitama City, Saitama 330-0071, Japan	JPY 25,000,000	Sales of electronic components
WENDELL PTE. LTD.	2016.05.02	38 Ipoh Lane, 38 I-Suite, #14-12, Singapore 438646	SGD 100,000	Sales of electronic components
WENDELL KOREA CO., LTD	2005.03.16	1304~1305, KOLON DIGITAL TOWER 21, Yangpyeong-ro 22-gil, Yeongdeungpo-gu, Seoul 072-05, KOREA	KRW 50,000,000	Sales of electronic components
Shenzhen Qianhong Electronic Co., Ltd.	2008.10.20	206, 2F, Building C2, Zhonghao Industrial City, Xiangjiaotang Community, Bantian Sub-district, Longgang District, Shenzhen	USD 2,370,000	Sales of electronic components
Suzhou Lianhong Electronic Co., Ltd.	2002.11.29	Room 1102, 11F, Tower A, Wuzhong Yinzuo Building, No. 388, Wunan Road, Wuzhong Economic and Technological Development Zone, Suzhou	RMB 500,000	Sales of electronic components
Wendell Electrical Testing Co., Ltd.	2018.4.10	5F, No. 4, Ln. 7, Baogao Rd., Baofu Vil., Xindian Dist., New Taipei City, Taiwan (R.O.C.)	NTD 100,200,000	Testing and safety certification services
Shenzhen Qianhong Electrical Testing Co., Ltd.	2022.08.22	201, 2# Building, Riyue Shichuang Health Technology Park, No. 28, Zhonghao Second Road, Xiangjiaotang Community, Bantian Sub-district, Longgang District, Shenzhen	RMB 500,000	Testing and certification services

(III) Where there is a controlled and subordinate relationship, the information of the shareholders shall be provided: None.

(IV) Industries where the affiliated companies operate business:

Operation of import and export trade business, trading business of electronic and mechanical materials like capacitors, resistors and inductors, and EMC related services and certification.

(V) Information on directors, supervisors, and President of affiliates

December 31, 2023

Name of Affiliate	Position (Note 1)	Name or Representative	Shareholding	
			Number of Shares	Percentage of Ownership
Nichtek Industrial Co., Limited	Investor name Chairman Director	Wendell Industrial Co., Ltd. Representative: KAO, MIN-HUNG KAO, CHIH-HUNG	18,591,400 shares	100%
Wendell Co., Ltd.	Investor name Chairman Director Director	Wendell Industrial Co., Ltd. Representative: 大沼光宏(KAO, MIN-HUNG) KAO, CHIH-HUNG 龟冈靖幸	500 shares	100%
WENDELL PTE. LTD.	Investor name Director Director	Wendell Industrial Co., Ltd. Representative: KAO, MIN-HUNG CHANG, JUNG-FU	100,000 shares	100%
WENDELL KOREA CO., LTD	Investor name Chairman	Wendell Industrial Co., Ltd. Representative: KAO, MIN-HUNG	10,000 shares	100%
Shenzhen Qianhong Electronic Co., Ltd.	Investor name Chairman and President Supervisor	Nichtek Industrial Co., Limited Representative: KAO, MIN-HUNG HUANG, CHAO-YUNG	USD 2,370,000	100%
Suzhou Lianhong Electronic Co., Ltd.	Investor name Chairman and President Supervisor	Shenzhen Qianhong Electronic Co., Ltd. Representative: CHANG, TING HUANG, CHAO-YUNG	RMB 500,000	100%
Shenzhen Qianhong Electrical Testing Co., Ltd.	Investor name Chairman and President Supervisor	Shenzhen Qianhong Electronic Co., Ltd. Representative: YANG, CHENG-HSIEN HUANG, CHAO-YUNG	RMB 500,000	100%
Wendell Electrical Testing Co., Ltd.	Investor name Chairman	Wendell Industrial Co., Ltd. KAO, CHIH-HUNG	10,020,000 shares	100%

Note 1 If an affiliate is a foreign company, person with equivalent position shall be listed.

Note 2 If an invested company is a company limited by shares, number of shares and shareholding ratio shall be filled out. For other types of invested companies, contribution amount and ratio shall be filled out and specified.

Note 3 When a director is a legal person, relevant information of this director's representative shall be disclosed.

Note 4 Some of the affiliates above do not have a president, and therefore the chairman (or principal, director) of each of such enterprises shall concurrently serve as president.

II. Affiliate Business Overview

Financial position and operating results of each affiliate:

December 31, 2023; Unit: NT\$ Thousand

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Value	Operating revenue	Operating Profit	Profit or Loss (After Tax)	ESP(NT\$) (After Tax)
Nichtek Industrial Co., Limited	69,773	46,876	-	46,876	-	-	(9,262)	(0.50)
Wendell Co., Ltd.	6,802	6,984	3,291	3,693	8,654	1,493	1,472	2.944.67
WENDELL PTE. LTD.	2,306	18,172	7,864	10,308	23,994	1,158	1,069	10.69
WENDELL KOREA CO., LTD	1,429	96,728	12,956	83,772	234,946	12,243	9,416	941.58
Shenzhen Qianhong Electronic Co., Ltd.	69,585	153,816	106,966	46,850	207,010	(12,090)	(9,262)	-
Suzhou Lianhong Electronic Co., Ltd.	2,286	49,078	35,589	13,489	120,097	1,414	909	-
Shenzhen Qianhong Electrical Testing Co., Ltd.	2,227	2,756	651	2,105	16,348	495	473	-
Wendell Electrical Testing Co., Ltd.	100,200	158,024	47,847	110,177	139,495	4,078	3,253	0.51

Note 1 All affiliates shall be disclosed regardless of their scale.

Note 2 If an affiliate is a foreign company, relevant figures shall be converted to New Taiwan Dollar according to the exchange rates on the report date.

Note 3 The financial statements of the affiliates above have been verified and certified by CPAs and other accountants.

Note 4 If an invested company is a limited company, earnings per share shall not apply.

Note 5 Exchange rates on the report date: NTD: RMB = 1: 4.328; weighted average exchange rate: 1: 4.383

NTD: USD = 1: 30.71; weighted average exchange rate: 1: 31.1271

NTD: KRW = 1: 0.0239; weighted average exchange rate: 1: 0.0240

NTD: JPY = 1: 0.2172; weighted average exchange rate: 1: 0.2207

Wendell Industrial Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and
2022 and
Independent Auditors' Review Report
(Stock code: 6761)

Address: 6F.-1, No. 188, Baoqiao Rd., Xindian Dist., New Taipei City
Tel: (02)2917-5770

For the convenience of readers and for information purpose only, the 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Wendell Industrial Co., Ltd. and Subsidiaries
Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and
Independent Auditors' Review Report

CONTENT

Item	Page
I. Cover	1
II. Content	2-3
III. Declaration of Consolidated Financial Statements of Affiliates	4
IV. Independent Auditors' Report	5-9
V. Consolidated Balance Sheet	10-11
VI. Consolidated Statement of Comprehensive Income	12
VII. Consolidated Statement of Changes in Equity	13
VIII. Consolidated Statement of Cash Flows	14
IX. Notes to Consolidated Financial Statements	15-58
1. Company History	15
2. Date and Procedure of Adoption of Financial Statements	15
3. Application of New and Amended Standards and Interpretations	15-16
4. Summary of Significant Accounting Policies	16-27
5. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions	27-28
6. Explanations of Significant Accounting Items	28-48
7. Related Party Transactions	48
8. Pledged Assets	48

	Item	Page
9.	Significant Contingent Liabilities and Unrecognized Contract Commitments	48
10.	Significant Disaster Loss	48
11.	Significant Events after the Balance Sheet Date	48
12.	Others	49-56
13.	Supplementary Disclosures	56-57
14.	Segment Information	57-58

Wendell Industrial Co., Ltd.
Declaration of Consolidated Financial Statements of Affiliates

The entities that are required to be included in the combined financial statements of Taiwan Semiconductor Manufacturing Company Limited as of and for the year ended December 31, 2023, under the Criteria Governing 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 conformity with the 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. Consequently, Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Wendell Industrial Co., Ltd.

By

KAO, CHIH-HUNG
Chairman

March 7, 2024

Independent Auditors' Report

(113) Cai-Sheng-Bao-Tzu No. 23004639

Wendell Industrial Co., Ltd.:

Opinions

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and their consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinions

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

Key Audit Matters

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

The key audit matters of the consolidated financial statements of Wendell Group in the year 2023 are as follows:

Loss allowance for accounts receivable

Instruction for the matter

For the accounting policy regarding accounts receivable, accounting estimates and assumptions of impairment evaluation, and instructions related to impairment, please see Note 4 (9) and (10), Note 5 (2) and Note 6 (4) of the consolidated financial statements.

Wendell Group evaluates the impairment of accounts receivable and calculate expected loss ratio with reference to historical experience and in consideration of the customers' previous default records and current financial position, etc., to recognize loss allowance. Additionally, if the accounts receivable from individual customers are individually identified with a trace of impairment, or actual credit impairment, the Company will draw loss allowance. During the process of impairment evaluation of accounts receivable, the management applies judgment and estimates to determine the future recoverability, while its future recoverability is affected by various factors like the management's assumptions of credit risks of customers. Therefore, the CPA will include the estimates of impairment of accounts receivable as a key audit matter.

Responsive audit procedures

The audit procedures already executed by this CPA are summarized as follows:

1. Learn about and evaluate credit risk management as well as policies related to impairment evaluation of accounts receivable and internal control.
2. Learn about the computational logic of the aging statement of ending accounts receivable provided by the management, review relevant supporting documents, and check the book records to confirm the correctness of the classification of aging periods.
3. Recheck the supporting documents provided by the management for evaluation regarding the major impairment of accounts receivable as individually recognized by the management, to evaluate the reasonableness of the possibility of recovery.
4. Verify the subsequent collections of overdue accounts receivable with a significant sampling amount.

Inventory valuation

Instruction for the matter

For the accounting policy, accounting estimates and assumptions related to inventory valuation, please refer to Note 4 (12), Note 5 (2) and Note 6 (5) of the consolidated financial statements for details.

Wendell Group is mainly engaged in the sales of various kinds of electronic components. The ending inventories are measured at the cost or net realizable value, whichever is lower. At the same time, the falling price loss is drawn based on the useful status of outdated and obsolete inventories that have been individually identified. Such inventories feature short life cycle and fierce market competition, and the allowance for reduction of inventory individually identified as outdated and obsolete involves the management's subjective judgment. Therefore, the CPA includes the estimates of such inventory evaluation losses as a key audit matter.

Responsive audit procedures

The audit procedures already executed by this CPA are summarized as follows:

1. Learn about the operation of the Group and the nature of the industry, and evaluate the reasonableness of the internal control procedure and withdrawal policy adopted by the Company to address the loss on the allowance for reduction of inventory.
2. Test the basis of market price of net realizable value of individual inventories and conduct spot check to confirm whether the net realizable value is correctly calculated.
3. Learn about the warehousing management process of the Group, review its annual inventory plan, and participate in the evaluation of its annual inventory checking on the site, to evaluate the effectiveness of the inventory control of the management.
4. Acquire the details of outdated inventories individually identified by the management, review relevant documents, and check them with the book records.

Other Matter – the Parent Company Only Financial Statements

We have also audited the parent company only financial statements of Wendell 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

To ensure that the Consolidated Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for preparing and maintaining necessary internal control procedures pertaining to the Consolidated Financial Statements.

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Groups' 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 misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing

standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Consolidated Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit 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 controls 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 internal controls of the Group.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the Consolidated Financial Statements (including relevant Notes), and whether the Consolidated Financial Statements fairly present relevant transactions and items.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the Group's audits.

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 the key audit matters of the Groups' Consolidated Financial Statements for the year ended December 31, 2023. 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.

PricewaterhouseCoopers Taiwan

CPA: CHEN, CHIN-CHANG
TU, PEI-LING

Financial Supervisory Commission
Auditing and Attestation No.: FSC (Sheng) No.
1060025060
Former Securities & Exchange Commission,
Ministry of Finance
Auditing and Attestation No.: (84) Tai-Cai-Cheng (6)
No.13377
March 7, 2024

Wendell Industrial Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	\$ 478,129	24	\$ 373,921	19
1110	Current financial assets at fair value through profit or loss	6(2)	77,471	4	-	-
1136	Financial assets at amortized cost	6(3), 8	2,000	-	48,874	3
1150	Notes receivable	6(4)	39,510	2	30,115	2
1170	Accounts receivable	6(4)	559,593	29	528,596	28
130X	Inventories	6(5)	336,500	17	503,896	26
1470	Other current assets		19,066	1	27,829	1
11XX	Total current assets		<u>1,512,269</u>	<u>77</u>	<u>1,513,231</u>	<u>79</u>
	Non-current assets					
1600	Property, plant and equipment	6(6)	347,206	18	318,066	16
1755	Right-of-use assets	6(7)	58,053	3	72,725	4
1840	Deferred tax assets	6(19)	18,185	1	11,149	-
1900	Other non-current assets		18,880	1	11,542	1
15XX	Total non-current assets		<u>442,324</u>	<u>23</u>	<u>413,482</u>	<u>21</u>
1XXX	Total assets		<u>\$ 1,954,593</u>	<u>100</u>	<u>\$ 1,926,713</u>	<u>100</u>

(Continue on next page)

Wendell Industrial Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(8)	\$ 217,191	11	\$ 114,306	6
2120	Financial liabilities at fair value through profit or loss	6(2)	840	-	1,200	-
2130	Current contract liabilities	6(15)	7,212	-	7,482	-
2170	Accounts payable		155,161	8	210,086	11
2200	Other accounts payable	6(9)	76,301	4	64,348	3
2230	Current tax liabilities		36,067	2	35,583	2
2280	Current lease liabilities (Note 13)	6(7)	29,507	2	33,487	2
2320	Long-term liabilities - current portion	6(10)	389,078	20	-	-
2399	Other current liabilities - other		2,666	-	3,468	-
21XX	Total current liabilities		<u>914,023</u>	<u>47</u>	<u>469,960</u>	<u>24</u>
	Non-current liabilities					
2530	Bonds payable	6(10)	-	-	381,825	20
2570	Deferred tax liabilities	6(19)	13,508	1	12,787	1
2580	Non-current lease liabilities	6(7)	29,476	1	40,583	2
2600	Other non-current liabilities	6(11)	3,907	-	6,308	-
25XX	Total non-current liabilities		<u>46,891</u>	<u>2</u>	<u>441,503</u>	<u>23</u>
2XXX	Total liabilities		<u>960,914</u>	<u>49</u>	<u>911,463</u>	<u>47</u>
	Equity					
	Equity attributed to owners of parent					
	Share	6(12)				
3110	Ordinary share		251,049	13	239,085	13
	Capital surplus	6(13)				
3200	Capital surplus		326,681	17	326,595	17
	Retained earnings	6(14)				
3310	Legal reserve		83,425	4	63,986	3
3320	Special reserve		-	-	4,196	-
3350	Unappropriated retained earnings		334,846	17	380,383	20
	Other equity					
3400	Other equity		(2,322)	-	1,005	-
3XXX	Total equity		<u>993,679</u>	<u>51</u>	<u>1,015,250</u>	<u>53</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant subsequent events	11				
3X2X	Total liabilities and equity		<u>\$ 1,954,593</u>	<u>100</u>	<u>\$ 1,926,713</u>	<u>100</u>

The accompanying notes constitute part of the consolidated financial statements.

Wendell Industrial Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars,
except for EPS in New Taiwan Dollars

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6(15)	\$ 1,743,459	100	\$ 1,923,029	100
5000 Operating costs	6(5)(18)	(1,239,463)	(71)	(1,340,339)	(70)
5900 Gross profit (loss) from operations		<u>503,996</u>	<u>29</u>	<u>582,690</u>	<u>30</u>
Operating expenses	6(18)				
6100 Selling expenses		(150,500)	(8)	(145,936)	(7)
6200 Administrative expenses		(188,827)	(11)	(192,607)	(10)
6300 Research and development expenses		(14,561)	(1)	(13,164)	(1)
6450 Impairment loss determined in accordance with IFRS 9	6(4)	(2,131)	-	1,132	-
6000 Total operating expenses		<u>(356,019)</u>	<u>(20)</u>	<u>(350,575)</u>	<u>(18)</u>
6900 Net operating income		<u>147,977</u>	<u>9</u>	<u>232,115</u>	<u>12</u>
Non-operating income and expenses					
7100 Interest income		6,755	-	2,074	-
7010 Other income		2,970	-	7,970	1
7020 Other gains and losses	6(16)	(8,393)	-	18,200	1
7050 Finance costs	6(17)	(17,697)	(1)	(11,463)	(1)
7000 Total non-operating income and expenses		<u>(16,365)</u>	<u>(1)</u>	<u>16,781</u>	<u>1</u>
7900 Profit from continuing operations before tax		<u>131,612</u>	<u>8</u>	<u>248,896</u>	<u>13</u>
7950 Tax expense	6(19)	(30,283)	(2)	(55,508)	(3)
8200 Profit (loss)		<u>\$ 101,329</u>	<u>6</u>	<u>\$ 193,388</u>	<u>10</u>
Other comprehensive income (net) Items that will not be reclassified subsequently to profit or loss:					
8311 Gains (losses) on remeasurements of defined benefit plans	6(11)	\$ 2,457	-	\$ 1,155	-
8349 Income tax related to items that will not be reclassified subsequently to profit or loss	6(19)	(192)	-	(154)	-
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translation of financial statements of overseas operations		(3,327)	-	5,201	-
8300 Other comprehensive income (net)		<u>(\$ 1,062)</u>	<u>-</u>	<u>\$ 6,202</u>	<u>-</u>
8500 Total comprehensive income		<u>\$ 100,267</u>	<u>6</u>	<u>\$ 199,590</u>	<u>10</u>
Profit attributable to:					
8610 Owners of parent		<u>\$ 101,329</u>	<u>6</u>	<u>\$ 193,388</u>	<u>10</u>
Comprehensive income attributable to:					
8710 Owners of parent		<u>\$ 100,267</u>	<u>6</u>	<u>\$ 199,590</u>	<u>10</u>
Earnings per share	6(20)				
9750 Total basic earnings per share		<u>\$</u>	<u>4.04</u>	<u>\$</u>	<u>7.70</u>
9850 Total diluted earnings per share		<u>\$</u>	<u>3.58</u>	<u>\$</u>	<u>7.18</u>

The accompanying notes constitute part of the consolidated financial statements.

Wendell Industrial Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

	Note	Equity attributed to owners of parent					Exchange differences on translation of financial statements of overseas operations	Total
		Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		
2022								
Balance at January 1		\$ 239,085	\$ 305,468	\$ 45,186	\$ 550	\$ 347,109	(\$ 4,196)	\$ 933,202
Net profit in the current period		-	-	-	-	193,388	-	193,388
Other comprehensive income in the current period		-	-	-	-	1,001	5,201	6,202
Total comprehensive income in the current period		-	-	-	-	194,389	5,201	199,590
Earnings Assignment and Distribution in 2021	6(14)							
Legal reserve		-	-	18,800	-	(18,800)	-	-
Special reserve		-	-	-	3,646	(3,646)	-	-
Cash dividends		-	-	-	-	(138,669)	-	(138,669)
Issuance of corporate bonds	6(10)(13)	-	21,127	-	-	-	-	21,127
Balance at December 31		<u>\$ 239,085</u>	<u>\$ 326,595</u>	<u>\$ 63,986</u>	<u>\$ 4,196</u>	<u>\$ 380,383</u>	<u>\$ 1,005</u>	<u>\$ 1,015,250</u>
2023								
Balance at January 1		\$ 239,085	\$ 326,595	\$ 63,986	\$ 4,196	\$ 380,383	\$ 1,005	\$ 1,015,250
Net profit in the current period		-	-	-	-	101,329	-	101,329
Other comprehensive income in the current period		-	-	-	-	2,265	(3,327)	(1,062)
Total comprehensive income in the current period		-	-	-	-	103,594	(3,327)	100,267
Earnings Assignment and Distribution in 2022	6(14)							
Legal reserve		-	-	19,439	-	(19,439)	-	-
Special reserve		-	-	-	(4,196)	4,196	-	-
Cash dividends		-	-	-	-	(121,934)	-	(121,934)
Stock dividends		11,954	-	-	-	(11,954)	-	-
Conversion of convertible corporate bonds	6(10)(13)	10	86	-	-	-	-	96
Balance at December 31		<u>\$ 251,049</u>	<u>\$ 326,681</u>	<u>\$ 83,425</u>	<u>\$ -</u>	<u>\$ 334,846</u>	<u>(\$ 2,322)</u>	<u>\$ 993,679</u>

The accompanying notes constitute part of the consolidated financial statements.

Wendell Industrial Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

	Note	2023	2022
<u>Cash flows from operating activities, indirect method</u>			
Profit before tax		\$ 131,612	\$ 248,896
Adjustment items			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(18)	63,011	66,875
Amortization expense	6(18)	1,284	703
Expected credit loss	6(4)	2,131	(1,132)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(16)	(1,956)	1,240
Interest	6(17)	17,697	11,463
Interest income		(6,755)	(2,074)
Loss (gain) on disposal of property, plant and equipment	6(16)	10	699
Profit from lease modification	6(16)	(252)	(1,285)
Changes in operating assets and liabilities			
Total changes in operating assets			
Financial assets measured at fair value through profit or loss		(76,676)	-
Notes receivable		(9,398)	(437)
Accounts receivable		(33,233)	4,103
Inventories		167,396	(39,100)
Other current assets		10,512	(1,232)
Other non-current assets		54	(169)
Total changes in operating liabilities			
Contract liabilities - current		(270)	3,350
Accounts payable		(54,925)	(26,397)
Other accounts payable		2,981	(1,263)
Other current liabilities - other		(802)	317
Net defined benefit liability		196	(4,047)
Cash generated from operations		212,617	260,510
Interest collected		5,006	2,074
Interest paid		(11,320)	(7,400)
Income tax paid		(35,687)	(54,756)
Net cash generated from operating activities		<u>170,616</u>	<u>200,428</u>
<u>Cash flows from investing activities</u>			
Financial assets measured at amortized cost - Decrease in current assets		46,874	14,996
Acquisition of property, plant and equipment	6(21)	(46,789)	(247,749)
Acquisition of intangible assets		(2,723)	(888)
Decrease (increase) in refundable deposits		(5,856)	957
Net cash used in investing activities		<u>(8,494)</u>	<u>(232,684)</u>
<u>Cash flows from financing activities</u>			
Increase (decrease) in short-term loans	6(22)	102,885	(85,232)
Issuance of corporate bonds payable	6(22)	-	398,849
(Decrease) increase in Guarantee deposits paid	6(22)	(140)	140
Payments of lease liabilities	6(22)	(35,051)	(35,112)
Cash dividends paid	6(14)	(121,934)	(138,669)
Net cash generated from (used in) financing activities		<u>(54,240)</u>	<u>139,976</u>
Effect of exchange rate changes		(3,674)	5,109
Net increase in cash and cash equivalents		104,208	112,829
Cash and cash equivalents at beginning of period		373,921	261,092
Cash and cash equivalents at end of period		<u>\$ 478,129</u>	<u>\$ 373,921</u>

The accompanying notes constitute part of the consolidated financial statements.

Wendell Industrial Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

Amount in Thousands of New Taiwan Dollars
(Unless Otherwise Specified)

1. Company History

Wendell Industrial Co., Ltd. (hereinafter referred to as the “Company”) was incorporated on June 1979. The stock of the Company was approved for public offering in September 2019, and initially traded at Taipei Exchange since November 8, 2021. The Company and its subsidiaries (hereinafter referred to as “the Group”) is mainly engaged in the import and export trade business, sales of electronic and electromechanical materials like capacitors, resistors and inductors, and relevant services and certification regarding electromagnetic compatibility.

2. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 7, 2024.

3. Application of New and Amended Standards and Interpretations

(1) Impact of the adoption of new and amended International Financial Reporting Standards (IFRSs) recognized, released and enforced by the Financial Supervisory Commission (hereinafter referred to as “FSC”)

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

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”	May 23, 2023

The Group confirmed through evaluation that the aforesaid standards and interpretations didn’t have a significant impact on its financial position and financial performance.

(2) Standards or interpretations issued, revised or amended, by IASB which are endorsed by FSC, but not yet adopted by the Group

The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2024:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024

The Group confirmed through evaluation that the aforesaid standards and interpretations didn't have a significant impact on its financial position and financial performance.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

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

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 7 "First-time Adoption of IFRS 17 and IFRS 9 - comparative information"	January 1, 2023
Amendments to IAS "Lack of Exchangeability"	January 1, 2025

The Group confirmed through evaluation that the aforesaid standards and interpretations didn't have a significant impact on its financial position and financial performance.

4. Summary of Significant Accounting Policies

The significant accounting policies adopted for the preparation of the consolidated financial statements are described as follows. Unless otherwise specified, such policies should be consistently applied in all reporting periods.

(1) Statement of Compliance

The consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed (hereinafter referred to as "IFRSs").

(2) Basis of Preparation

A. The consolidated financial statements were prepared at historical cost except the following important items:

- (A) Financial assets and liabilities measured at fair value through profit or loss
- (B) Defined benefit liabilities recognized at the net present value of retirement

fund assets after deduction of defined benefit obligations.

- B. Some significant accounting estimates shall be used to prepare financial statements that comply with IFRSs. In the application of the Group's accounting policies, the management is required to apply its judgment. For highly judgmental or complicated items, or items involving the significant assumptions and estimates of the consolidated financial statements, please see Note V for details.

(3) Basis of Consolidation

A. Preparation principle of consolidated financial statements

- (A) The Group includes all subsidiaries as individuals for the preparation of the consolidated financial statements. A subsidiary refers to an individual (including a structured individual) controlled by the Company. When the Company is exposed to variable compensation from its participation in this individual, or enjoys rights over the variable compensation, and the Company has the ability to impact such compensation through its power over this individual, the Company controls this individual. The subsidiaries are included into the consolidated financial statement since the date when the Group obtains the control over it, and the consolidation is terminated on the date when the control is lost.
- (B) The transactions, balance, and unrealized profit or loss between the companies in the Group have already been written off. The accounting policies of the subsidiaries have already been adjusted necessarily, to align with the policies adopted by the Group.
- (C) Each constituent part of profit or loss and other comprehensive income is attributable to the owners of the parent company as well as non-controlling interests; the total amount of comprehensive income is also attributable to the owners of the parent company as well as non-controlling interests, even it leads to the loss balance of the non-controlling interests.

B. The subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Main Business	Percentage of Ownership (%)		Illustrate
			2023.12.31	2022.12.31	
Wendell Industrial Co., Ltd. (Wendell Industrial)		Sales of electronic parts	100%	100%	
Wendell Industrial	Wendell Pte. Ltd. (Wendell Pte)	Sales of electronic parts	100%	100%	
Wendell Industrial	Wendell Korea Co., Ltd. (Wendell Korea)	Sales of electronic parts	100%	100%	
Wendell Industrial	Nichtek Industrial Co., Limited (Nichtek)	Controlling company of investee	100%	100%	
Wendell Industrial	Wendell Electrical Testing Co., Ltd. (Wendell Electrical Testing)	Testing and safety certification services	100%	100%	

Name of Investor	Name of Subsidiary	Main Business	Percentage of Ownership (%)		Illustrate
			2023.12.31	2022.12.31	
Nichtek	Shenzhen Qianhong Electronic Co., Ltd. (Shenzhen Qianhong)	Sales of electronic parts	100%	100%	
Shenzhen Qianhong	Suzhou Lianhong Electronic Co., Ltd. (Suzhou Lianhong)	Sales of electronic parts	100%	100%	
Shenzhen Qianhong	Shenzhen Qianhong Electrical Testing Co., Ltd. (Qianhong Electrical Testing)	Testing and certification services	100%	100%	

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Different adjustments and handling methods of subsidiaries in the accounting period: None.
- E. Significant restrictions: None.
- F. Subsidiaries of non-controlling interests significant for the Group: None.

(4) Foreign currency transactions

Each entity in the Group determines its functional currency, and items included in the financial statements of each entity are measured using that functional currency. The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency.

- A. Foreign currency transactions and balance
- (A) Foreign currency transactions are translated to functional currency at the spot rate on the trading date or measurement date. The translation difference resulting from the translation of such transactions is recognized as current profit or loss.
- (B) The balance of foreign currency monetary assets and liabilities is evaluated and adjusted at the spot rate on the balance sheet date. The translation difference resulting from such adjustment is recognized as current profit or loss.
- (C) The balance of foreign currency non-monetary assets and liabilities, if measured at fair value through profit or loss, is evaluated and adjusted to the spot rate on the balance sheet date. The translation difference resulting from such adjustment is recognized as current profit or loss.
- B. Translation of foreign operating institutions
- The operating results and financial position of all individuals of the Group with different functional currency and presentation currency are translated to the presentation currency using the following methods:
- (A) Assets and liabilities presented in each balance sheet are translated at the

- closing rate on this balance sheet date;
- (B) Income and expenses presented in each statement of comprehensive income are translated at the average exchange rate in the current period; and
- (C) All exchange differences resulting from translation are recognized as other comprehensive income.

(5) Classification of Current and Non-current Assets and Liabilities

- A. An asset is classified as current when one of the following criteria is met:
 - (A) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle.
 - (B) It is held primarily for the purpose of trading.
 - (C) It is expected to be realized within twelve months after the reporting period.
 - (D) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all assets that do not comply with the aforesaid conditions as non-current assets.

- B. A liability is classified as current when one of the following criteria is met:
 - (A) It is expected to be settled in the normal operating cycle.
 - (B) It is held primarily for the purpose of trading.
 - (C) It is due to be settled within twelve months after the reporting period.

The Group classifies all liabilities that do not comply with the aforesaid conditions as non-current liabilities.

(6) Cash Equivalents

A cash equivalent refers to a short-term investment with high liquidity. This investment can be converted to fixed-amount cash at any time with a very small risk of change in its value. Time deposits that comply with the preceding definition with the purpose of holding to satisfy the short-term cash commitment in terms of operation are classified as cash equivalents.

(7) Financial assets at fair value through other comprehensive income

- A. Refer to financial assets measured at amortized cost, or fair value through other comprehensive income.
- B. The Group implements accounting of financial assets measured at fair value through profit or loss that comply with the trading practice on the trading date.
- C. The Group measures these financial assets at fair value upon original recognition, and recognizes relevant transaction cost as profit or loss. It will subsequently measure the assets at fair value, and recognize their interests or losses as profit or loss.

(8) Financial assets measured at amortized cost

- A. Refer to a financial asset that complies with the following conditions at the same time:
 - (A) This financial asset is held under a business model intended to collect contract cash flow.
 - (B) The cash flow from the covenant of this financial asset on a specific day is entirely for the payment of principal and interest on the outstanding principal amount.
- B. The Group implements accounting of financial assets measured at amortized cost that comply with the trading practice on the trading date.
- C. The Group measures these financial assets at fair value plus transaction cost upon original recognition, and subsequently takes effective interest method to recognize interest revenue and impairment loss within the circulation period per the amortization procedures. Besides, their interests or losses are recognized as profit or loss upon derecognition.
- D. The time deposits held by the Group that do not comply with the standards of cash equivalents are measured at investment amount in consideration of short holding period and insignificant impact of discount.

(9) Accounts and notes receivable

- A. Refer to accounts and notes already with an unconditional right to collect the amount of consideration exchanged for the transfer of products or labor services according to contract agreements.
- B. Short-term accounts and notes receivable with interest not yet paid are measured by the Group at the original invoice amount due to insignificant impact of discount.

(10) Impairments of Financial Assets

On each balance sheet, the Group considers all reasonable and verifiable information (including forward-looking information) and then measures loss allowance for financial assets measured at amortized cost with credit risk not significantly increased after original recognition per the amount of 12-month expected credit loss; the Group measures loss allowance for those with credit risk already significantly increased after original recognition per the amount of lifetime expected credit loss; the Company measures loss allowance for accounts and notes receivable and not containing significant financial constituents per the amount of lifetime expected credit loss.

(11) Derecognition of financial assets

When the contract right of the Group to collect cash flows from financial assets becomes invalid, these financial assets will be derecognized.

(12) Inventory

Inventories are measured at cost or net realizable value, whichever is lower, while the cost is determined using the method of weighted mean. When the cost and the net realizable value are compared, item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the normal business process after deduction of estimated cost needed for the completion of the sale.

(13) Property, plant, and equipment

- A. The acquisition cost of property, plant, and equipment is adopted as the bookkeeping basis, and relevant interest incurred in the acquisition period is capitalized.
- B. The subsequent cost is included in the carrying amount of assets, or recognized as an individual asset only when the future economic benefits related to this item are likely to flow into the Group, and the cost of this item can be reliably measured. The carrying amount of the replaced part shall be derecognized. All other repair expenses are recognized as current profit or loss upon incurrence.
- C. Cost model is adopted for the subsequent measurement of property, plant, and equipment. The property, plant, and equipment are depreciated using the straight-line method according to durable years except land that is not depreciated. If each component of property, plant, and equipment is significant, they shall be depreciated individually.
- D. The Group reviews the residual value, durable years and depreciation method of each asset at the end of each fiscal year. If the expected values of residual value and durable years are different from the previous estimates, or a significant change is already present in the expected consumption type of the future economic benefits included in the assets, the provisions of IFS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" regarding the changes in accounting estimates shall be followed since the date when the change occurs. The durable years of each asset are as follows:
- | | |
|------------------------|------------|
| Machinery | 3-10 years |
| Office Equipment | 3-7 years |
| Leasehold improvements | 3-10 years |
| Other Equipment | 3-10 years |

(14) Lessee's lease transactions - Right-of-use assets/lease liabilities

- A. Lease assets are recognized as right-of-use assets and lease liabilities on the date when they are available for use by the Group. When the lease contract is short-term lease or lease of a low-valued target asset, the lease payment is recognized as expense using the straight-line method during the lease term.
- B. Lease liabilities are recognized as present value of the lease payment not yet paid after discounting per the incremental loan interest rate of the Group on the lease inception. The lease payment is fixed payment, and any lease incentive that can

be collected shall be deducted.

Interest method is subsequently adopted for measurement per the amortized cost, and interest expenses is drawn in the lease term. When the lease term or lease payment is changed not due to modification of the contract, the lease liabilities will be reevaluated, and then the right-of-use assets will be adjusted using the gains (losses) on remeasurements.

- C. The right-of-use assets are recognized at cost on the lease inception. The cost is the originally measured amount of the lease liabilities.
Cost model is used for subsequent measurement. Depreciation expenses are drawn upon the expiry of the durable years of the right-of-use assets, or expiry of the lease term, whichever is earlier.
- D. For lease modification intended to reduce the lease scope, the lessee will reduce the carrying amount of the right-of-use assets to reflect the partial or comprehensive termination of the lease, and recognize the difference between this carrying amount and the gains (losses) on remeasurements of the lease liabilities in the profit or loss.

(15) Intangible assets

Computer software costs are amortized on a straight-line basis over its estimated useful life (1-5 years).

(16) Impairment of non-financial assets

The Group estimates the recoverable amount of an asset with a sign of impairment on the balance sheet date. When the recoverable amount is lower than this asset's carrying amount, impairment loss is recognized. The recoverable amount refers to the amount obtained by deduction of disposal cost from the fair value of an asset or its use value, whichever is higher. When the asset impairment already recognized in the previous year no longer exists or decreases, the impairment loss will be reversed. However, the carrying amount of the asset increased due to the reversal of the impairment loss shall not exceed the carrying amount of this asset deducted with depreciation or amortization given that the impairment loss is not recognized.

(17) Borrowing

It refers to the short-term amount borrowed from the bank. The Group measures the borrowings at fair value deducted with transaction cost upon original recognition. For any subsequent difference between the price after deduction of transaction cost and the redeemed value, effective interest method is adopted to recognize interest expenses in the profit or loss in the circulation period per the amortization procedures.

(18) Accounts and notes payable

- A. Refer to debts generated from the purchasing of raw materials, products or labor services on credit as well as notes payable incurred not due to business

operations.

- B. Short-term accounts and notes receivable with interest not yet paid are measured by the Group at the original invoice amount due to insignificant impact of discount.

(19) Convertible corporate bonds payable

The convertible corporate bonds payable as issued by the Group are embedded with conversion right (i.e., the right of the holder to convert the corporate bonds to common shares of the Group with fixed-amount conversion and fixed number of shares converted), recall right, and right of redemption. During initial issue, the issue prices are distinguished as financial assets, financial liabilities or equity per the issue conditions. They are handled as follows:

- A. Embedded call right and right of redemption: The net amount of fair value of these rights are entered at “Financial assets or liabilities measured at fair value through profit or loss” upon original recognition; these rights are evaluated per the fair value then upon the balance sheet, and the difference is recognized as “Interests or losses of financial assets (liabilities) measured at fair value through profit or loss”.
- B. Master contract of corporate bond: It is measured at fair value upon original recognition. The difference between the fair value and the redeemed value is recognized as premium/discount price of corporate bond payable; effective interest method is subsequently adopted to recognize it as profit or loss within the circulation period per the amortization procedures. It will be used as an adjustment item of “Financial cost”.
- C. Embedded conversion right (complying with the definition of equity): The remaining value obtained after deduction of the aforesaid “Financial assets or liabilities measured at fair value through profit or loss” and “Corporate bonds payable” from the issued amount is entered into “Capital surplus - Subscription right” upon original recognition. It will not be remeasured subsequently.
- D. Any directly attributed transaction cost issued is distributed to the constituents of each liability and equity per the original carrying amount of each of the aforesaid portfolios.
- E. When the holder is converted, the constituents of the liabilities entered into the accounts (including “Corporate bonds payable” and “Financial assets or liabilities measured at fair value through profit or loss” are treated using the classified subsequent measurement method, and then the sum of the carrying amount of the constituents of liabilities and the carrying amount of “Capital surplus - Subscription right” is adopted as issue cost for converted common shares.

(20) Derecognition of financial liabilities

The Group derecognizes financial liabilities when the obligations expressly

determined in the contract are performed, canceled, or expired.

(21) Employee Benefits

A. Short-term employee benefits

Short-term employee benefits are measured at undiscounted amount of expected payments, and recognized as expenses upon provision of related services.

B. Retirement benefits

(A) Defined contribution plan

For the defined contribution plan, the amount of retirement fund that shall be appropriated is recognized as current pension cost on an accrual basis. The prepaid appropriation fund is recognized as an asset within a scope of refundable cash or reduced future payment.

(B) Defined benefit plan

- I. Net obligations under the defined benefit plan are calculated through the discounting of future benefit amount earned by employees in the current period or from previous services, and the present value of determined benefit obligations on the balance sheet date is deducted with fair value of planned assets. The defined net benefit obligations are calculated annually by actuaries using projected unit benefit method. The discount rate is determined with reference to the market dividend yield of the high-quality corporate bonds that are consistent with the currency and period of the defined benefit plan on the balance sheet date; in countries without deep market for high-quality corporate bonds, the market dividend yield of government bonds is used (on the balance sheet date).
- II. The gains (losses) on remeasurements generated from the defined benefit plan is recognized as other comprehensive income in the current period, and presented in retained earnings.
- III. Relevant expenses of early service cost are immediately recognized as profit or loss.

(C) Remunerations of employee and remunerations of the Directors

Remunerations of employee and remunerations of the Directors are recognized as expenses and liabilities when there are legal or presumed obligations with amount reasonably estimable. When the actual allotment amount subsequently resolved is different from the estimated amount, it shall be handled as change in accounting estimates.

(22) Income Tax

- A. Income tax expenses include current and deferred income taxes. Income taxes are recognized as profit or loss except income taxes related to items included into other comprehensive income or directly included into equity which are

recognized as other comprehensive income or directly recognized as equity.

- B. The Group calculates current income tax according to its business operation as well as tax rate already legislated or substantially legislated by the country where the taxable income occurs on the balance sheet date. The management shall regularly evaluate the declaration status of income tax according to relevant provisions applicable to the income tax, and estimate income tax liabilities as applicable according to the taxes payable to the tax authority. If a profit distribution proposal is passed at the Shareholders' Meeting in the year following the year when the undistributed profit is generated according to the income tax collected per the income tax law, the income tax expenses of undistributed profit may be recognized based on the actual profit distribution.
- C. The deferred income taxes are recognized using the balance sheet method according to the tax base of assets and liabilities and the temporary differences generated from the carrying amount of the deferred income taxes in the consolidated balance sheet. The deferred income taxes are not recognized if they are sourced from the original recognition of assets or liabilities in the transactions (not including business combination), and the accounting profits or taxable income (taxable loss) haven't been affected, or equivalent taxable and deductible temporary differences haven't been generated upon the transactions. If the Group is able to control the time point of reversal of temporary differences generated from investments in subsidiaries, and the temporary differences are very likely not to be reversed in a foreseeable future, such temporary differences will not be recognized. The deferred income taxes shall be calculated according to the tax rate (and tax law) already legislated or substantially legislated and expected as applicable upon realization of relevant deferred income tax assets or repayment of deferred income tax liabilities.
- D. The deferred income tax assets are recognized within a scope where the temporary differences are very likely to deduct the future taxable income. Also, the deferred income tax assets unrecognized and recognized shall be reevaluated on each balance sheet date.

(23) Share capital

Ordinary shares are classified as equity. The net amount obtained by deducting income tax from the incremental cost directly attributable to issuance of new shares or subscription right is listed as price deduction in the equity.

(24) Dividends distribution

The dividends distributed to the shareholders of the Company are recognized in the financial statements when the Shareholders' Meeting of the Company makes a resolution to distribute dividends. The distributed cash dividends are recognized as liabilities, and the distributed stock dividends are recognized as stock dividends to be distributed and transferred to ordinary shares on the base date of the issuance of new shares.

(25) Revenue recognition

A. Sale of goods

- (A) The Group mainly operates import and export business and sales of sales of electronic and electromechanical materials like capacitors, resistors and inductors. The revenue from sale of goods is recognized when the control of the products is transferred to the customers, i.e., when the products are delivered to the customers, the customers have discretionary power over the sales channels and prices of the products, and the Group does not have any unperformed obligations that may affect the customers' acceptance of such products. A product is deemed as delivered when it is transported to the designated place, the risks of outdatedness and loss have already been transferred to the customer, the customer accepts the product according to the sales contract, or objective evidence indicates that all acceptance criteria have been satisfied.
- (B) The revenue from sale of goods of the Group is recognized as the net amount of the contract price obtained after deduction of estimated sales allowance or price reduction. The sales allowance or priced reduction provided to the customer is usually calculated on the basis of the sales volume in the current period. The Group estimates the sales allowance or price reduction based on its historical experience. The recognized amount of revenue is limited to the part which is highly likely not to be significantly reversed in the future, and the estimate is updated on each balance sheet date. The estimated sales allowance or price reduction payable to customers as related to the sale of goods is recognized as refund liability as of the balance sheet date. The collection condition of sales transaction is usually due 90-150 days after the shipment date. Since the time interval between the transfer of the promised products or services to the customer and the payment made by the customer does not exceed one year, the Group hasn't adjusted the transaction prices to reflect the time value of money.
- (C) Accounts receivable shall be recognized when the products are delivered to the customers. Since the Group has an unconditional right over the contract price from this time point, relevant consideration may be collected from the customers only with the time passing by.

B. Revenue from rendering of labor services

- (A) The Group provides electronic material testing and certification services. Revenue from rendering of labor services is recognized when the control of the transaction result of rendering of labor service is transferred to the customer, i.e., when the transaction result is delivered to the customer, and the Group does not have any unperformed obligations that may affect the customer's acceptance of this result.
- (B) Accounts receivable shall be recognized when the transaction result of rendering of labor services is delivered to the customer. Since the Group has an unconditional right over the contract price from this time point, relevant consideration may be collected from the customers only with the time passing by.
- (C) When the services already provided by the Group have exceeded the amount payable by the customers, they shall be recognized as contract

assets. If the amount payable by customers has exceeded the services already provided by the Group, they shall be recognized as contract liabilities.

(26) Government grant

A government grant is recognized at fair value when it may be reasonably assured that the enterprise will follow the conditions attached with the government grant, and this government grant can be received. If the nature of the government grant is to compensate for the expenses incurred to the Group, the government grant shall be recognized as current profit or loss during the period when relevant expenses are incurred on a systematic basis.

(27) Operation departments

The information of the operation departments of the Group is reported in such a way that is consistent with the method adopted for the internal management reports provided to the main operation decision-maker who is responsible for allocating resources to operation departments and evaluating their performance. It is identified that the main operation decision-maker of the Group is the Board of Directors.

5. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When the Group prepares these consolidated financial statements, the management has already applied its judgment to determine the accounting policies to adopt, and make accounting judgments and assumptions according to the reasonable expectations of the future events based on the situation on the balance date sheet. There may be discrepancies between the material accounting estimates and assumptions adopted and the actual results, and continual evaluation and adjustment will be implemented in consideration of the historical experience and other factors. These estimates and assumptions present a risk of significant adjustment of the carrying amount of assets and liabilities in the next fiscal year. Please see the instructions below for details regarding the uncertainties in material accounting judgments, estimates and assumptions:

(1) Material judgments adopted in the accounting policies

None.

(2) Material accounting estimates and assumptions

A. Evaluation of loss allowance of accounts receivable

When evaluating the impairment of accounts receivable, the Group shall apply judgments and estimates to determine the future recoverability of accounts receivable, while the future recoverability is under the impact of multiple factors like the customer's financial position, the internal credit rating of the Group, historical transaction records, current economic status and other factors that may affect the customer's paying ability. When there is a doubt about the

recoverability of accounts receivable, the Group may evaluate the possibility of recovery of these accounts receivable and draw appropriate allowances. This allowance is evaluated according to the reasonable expectations of the future events based on the situation on the balance sheet date. A significant change may arise if there are discrepancies between the actual results and the estimates.

The book balance of the accounts receivable of the Group was NT\$559,593 on December 31, 2023.

B. Evaluation of inventories

Since inventories are valued at cost or net realizable value, whichever is lower, the Group must apply judgments and estimates to determine the net realizable value of inventories on the balance sheet date. Due to the rapid change of science and technology, the Group evaluates the amount of inventories on the balance sheet date as corresponding to normal loss, outdatedness or absence of market sales value, and charges against the inventory cost to the net realizable value. A significant change may arise since the product demand within a specific period in the future is mainly adopted as the estimation basis of this inventory evaluation.

The book balance of inventories of the Group was NT\$336,500 on December 31, 2023.

6. Explanations of Significant Accounting Items

(1) Cash and cash equivalents

	<u>2023.12.31</u>	<u>2022.12.31</u>
Cash on hand and working capital	\$ 334	\$ 511
Cheque and demand deposits	399,014	361,124
Time deposits	<u>78,781</u>	<u>12,286</u>
Total	<u>\$ 478,129</u>	<u>\$ 373,921</u>

- A. The demand deposits mentioned above are highly liquid investments that are due within three months.
- B. The Group establishes business relations with multiple financial institutions of good credit quality to spread credit risks. Therefore, the possibility of default is very low as expected.
- C. The Group has already classified the guaranteed cash and cash equivalents as financial assets measured at amortized cost. Please see Note 6 (3) and Note 8 for details.

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

Item	2023.12.31	2022.12.31
Financial assets mandatorily measured at fair value through profit or loss		
Hybrid instruments - financial bonds	\$ 76,676	\$ -
Derivative instruments - forward exchange contracts	450	-
Evaluation and adjustment	345	-
Total	<u>\$ 77,471</u>	<u>\$ -</u>
Financial liabilities at fair value through profit or loss		
Derivative instruments - Right of redemption of convertible corporate bonds	800	800
Derivative instruments - Right of redemption of convertible corporate bonds	(760)	(760)
Evaluation and adjustment	(880)	(1,240)
Total	<u>(\$ 840)</u>	<u>(\$ 1,200)</u>

- A. Details regarding the recognition of financial assets and liabilities at fair value through profit or loss as profit or loss are as follows:

	2023	2022
Non-derivative instruments	\$ 1,186	\$ -
Derivative instruments	770	(1,240)
Total	<u>\$ 1,956</u>	<u>(\$ 1,240)</u>

- B. Information regarding the transactions and contracts of derivative financial assets undertaken by the Group without the application of hedge accounting is described as follows:

		December 31, 2023	
Derivative financial assets		Contract amount (Nominal principal) (Thousands of NTD)	Contract period
Current Item:			
Forward exchange contracts - Sale of US dollar and purchasing of NTD	USD	920	2023/11/22- 2024/02/27

This situation didn't exist on December 31, 2022.

The forward foreign exchange contracts signed by the Group are to avoid the risk of exchange rate resulting from the export prices. However, hedge accounting hasn't been applied.

- C. The Group hasn't provided financial assets measured at fair value through profit or loss for pledge.
- D. For information regarding the credit risks of relevant financial assets measured at fair value through profit or loss, please refer to Note 12 (2) for details.

(3) Financial assets at amortized cost

Item	2023.12.31	2022.12.31
Current Item:		
Time deposits with original expiry date exceeding three months	\$ 2,000	\$ 36,858
Demand deposits of special compensation account	-	8,016
Time deposits restricted for the purpose of providing pledge	-	4,000
Total	<u>\$ 2,000</u>	<u>\$ 48,874</u>

- A. The amount exposed to the maximum credit risk on December 31, 2023 and December 31, 2022 regarding the most representative financial assets measured at amortized cost as held by the Group is the carrying amount of the financial assets recognized given that the collateral held or other credit enhancement is not taken into account.
- B. For the provision of financial assets measured at amortized cost by the Group for pledge guarantee, please refer to Note 8 for details.
- C. For information regarding the credit risks of relevant financial assets measured at amortized cost, please refer to Note 12 (2) for details.

(4) Notes and accounts receivable

	2023.12.31	2022.12.31
Notes receivable	\$ 39,522	\$ 30,124
Less: Loss allowances	(12)	(9)
	<u>\$ 39,510</u>	<u>\$ 30,115</u>
Accounts receivable	\$ 562,473	\$ 529,456
Less: Loss allowances	(2,880)	(860)
	<u>\$ 559,593</u>	<u>\$ 528,596</u>

- A. The average credit extension period offered by the Group to the customers lasts for 90~150 days in principle through monthly settlement. Except drawing of impairment loss for credit impairment actually occurring to individual customers, the Group calculates expected loss ratio to recognize loss allowance with reference to the historical experience and inconsideration of the customers' previous default records and current financial position as well as the future economic situation of the industry.
- B. The aging analysis of accounts and notes receivable is as follows:

	2023.12.31		2022.12.31	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not overdue	\$ 541,655	\$ 39,522	\$ 517,431	\$ 30,124
in 30 days	13,097	-	8,476	-
31-90 days	6,089	-	3,267	-
above 91 days	1,632	-	282	-
	<u>\$ 562,473</u>	<u>\$ 39,522</u>	<u>\$ 529,456</u>	<u>\$ 30,124</u>

The aging analysis above is carried out based on the number of overdue days.

- C. The balance of receivables (including notes receivable) contracted by the Group with customers reached NT\$601,995, NT\$559,580, and NT\$563,206 respectively on December 31, 2023, December 31, 2022, and January 1, 2022 respectively. Given that the collateral held or other credit enhancement is not taken into account, the maximum credit risk of the Group possibly resulting from the financial losses caused by the counterparties' failure to perform their obligations is the carrying amount of the financial assets recognized as of the ending date of the reporting period.
- D. The Group adopts a simplified practice to estimate the expected credit loss on the basis of preparation matrix and in consideration of characteristics such as geographical region, product type and customer rating.
- E. The Group charges against the amount of financial assets that appear not recoverable based on reasonable expectations after the recourse procedure. However, the Group will continually implement the legal recourse procedures to preserve its right over creditors' rights.
- F. The Group includes the loss ratios established based on the historical and current information in specific periods with future forward-looking considerations and adjustments, to estimate the loss allowance for accounts and notes receivable. The loss ratios on December 31, 2023 and December 31, 2022 are as follows:

	Not overdue	Overdue for 30 days	Overdue for 31-90 days	Overdue for more than 91 days	Total
<u>2023.12.31</u>					
Expected loss ratio	0.03%	0.01%-12.81%	7.92%-100%	100.00%	
Total Notes receivable	\$ 39,522	\$ -	\$ -	\$ -	\$ 39,522
Total accounts receivable	\$ 541,655	\$ 13,097	\$ 6,089	\$ 1,632	\$ 562,473
	Not overdue	Overdue for 30 days	Overdue for 31-90 days	Overdue for more than 91 days	Total
<u>2022.12.31</u>					
Expected loss ratio	0.03%	0.18%-50.03%	4.30%-100%	100.00%	
Total Notes receivable	\$ 30,124	\$ -	\$ -	\$ -	\$ 30,124
Total accounts receivable	\$ 517,431	\$ 8,476	\$ 3,267	\$ 282	\$ 529,456

- G. Table of changes in loss allowance for accounts and notes receivable by the Group through the use of the simplified practice is as follows:

	2023		2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Jan. 1	\$ 860	\$ 9	\$ 1,896	\$ 9
Drawing (reversal) of impairment loss	2,128	3 (1,132)	-
Amounts charged against due to failure for recovery	(100)	-	-	-
Recovery of overdue receivables	-	-	76	-
Amount affected by exchange rate	(8)	-	20	-
Dec. 31	\$ 2,880	\$ 12	\$ 860	\$ 9

In the losses drawn in 2023 and 2022, the impairment (loss) interests recognized from the receivables (including notes receivable) generated from contracts with customers were (\$2,131) and \$1,132 respectively.

H. For information regarding the credit risks of relevant accounts receivable and notes receivable, please see Note 12 (2) for details.

(5) Inventories

	December 31, 2023		
	Cost	Allowance for falling price loss	Carrying amount
Commodities	\$ 386,356	(\$ 64,888)	\$ 321,468
Work in process	4,605	-	4,605
Finished goods	9,984	(152)	9,832
Inventory in transit	595	-	595
Total	\$ 401,540	(\$ 65,040)	\$ 336,500
	December 31, 2022		
	Cost	Allowance for falling price loss	Carrying amount
Commodities	\$ 530,773	(\$ 44,141)	\$ 486,632
Work in process	3,559	-	3,559
Finished goods	7,318	(226)	7,092
Inventory in transit	6,613	-	6,613
Total	\$ 548,263	(\$ 44,367)	\$ 503,896

Inventory cost recognized by the Group as expenses and losses in the current period:

	2023	2022
Cost of inventories sold	\$ 1,073,806	\$ 1,185,680
Falling price loss	20,673	19,287
	\$ 1,094,479	\$ 1,204,967

(6) Property, plant, and equipment

	2023						
	Land	Machinery	Office Equipment	Leasehold improvements	Other Equipment	Construction in Process	Total
Jan. 1							
Cost	\$ 240,928	\$ 101,067	\$ 9,258	\$ 80,614	\$ 2,713	\$ 2,055	\$436,635
Depreciation	-	(72,388)	(6,056)	(39,400)	(725)	-	(118,569)
	<u>\$ 240,928</u>	<u>\$ 28,679</u>	<u>\$ 3,202</u>	<u>\$ 41,214</u>	<u>\$ 1,988</u>	<u>\$ 2,055</u>	<u>\$318,066</u>
Jan. 1	\$ 240,928	\$ 28,679	\$ 3,202	\$ 41,214	\$ 1,988	\$ 2,055	\$318,066
Addition	-	5,861	1,767	368	-	49,709	57,705
Disposal and obsolescence	-	-	(10)	-	-	-	(10)
Transfer	-	3,288	-	-	-	(3,288)	-
Depreciation fee	-	(15,313)	(1,781)	(10,514)	(529)	-	(28,137)
Net exchange difference	-	(120)	(16)	(254)	(28)	-	(418)
Dec. 31	<u>\$ 240,928</u>	<u>\$ 22,395</u>	<u>\$ 3,162</u>	<u>\$ 30,814</u>	<u>\$ 1,431</u>	<u>\$ 48,476</u>	<u>\$347,206</u>
Dec. 31							
Cost	\$ 240,928	\$ 78,916	\$ 8,363	\$ 69,157	\$ 2,665	\$ 48,476	\$448,505
Depreciation	-	(56,521)	(5,201)	(38,343)	(1,234)	-	(101,299)
	<u>\$ 240,928</u>	<u>\$ 22,395</u>	<u>\$ 3,162</u>	<u>\$ 30,814</u>	<u>\$ 1,431</u>	<u>\$ 48,476</u>	<u>\$347,206</u>

	2022						
	Land	Machinery	Office Equipment	Leasehold improvements	Other Equipment	Construction in Process	Total
Jan. 1							
Cost	\$ -	\$ 100,329	\$ 8,988	\$ 91,361	\$ 2,558	\$ -	\$203,236
Depreciation	-	(58,142)	(5,265)	(37,520)	(210)	-	(101,137)
	<u>\$ -</u>	<u>\$ 42,187</u>	<u>\$ 3,723</u>	<u>\$ 53,841</u>	<u>\$ 2,348</u>	<u>\$ -</u>	<u>\$102,099</u>
Jan. 1	\$ -	\$ 42,187	\$ 3,723	\$ 53,841	\$ 2,348	\$ -	\$102,099
Addition	240,928	3,116	1,501	238	116	2,112	248,011
Disposal and obsolescence	-	(45)	(90)	(564)	-	-	(699)
Transfer	-	57	-	-	-	(57)	-
Depreciation fee	-	(16,742)	(1,958)	(12,571)	(513)	-	(31,784)
Net exchange difference	-	106	26	270	37	-	439
Dec. 31	<u>\$ 240,928</u>	<u>\$ 28,679</u>	<u>\$ 3,202</u>	<u>\$ 41,214</u>	<u>\$ 1,988</u>	<u>\$ 2,055</u>	<u>\$318,066</u>
Dec. 31							
Cost	\$ 240,928	\$ 101,067	\$ 9,258	\$ 80,614	\$ 2,713	\$ 2,055	\$436,635
Depreciation	-	(72,388)	(6,056)	(39,400)	(725)	-	(118,569)
	<u>\$ 240,928</u>	<u>\$ 28,679</u>	<u>\$ 3,202</u>	<u>\$ 41,214</u>	<u>\$ 1,988</u>	<u>\$ 2,055</u>	<u>\$318,066</u>

A. The Group hasn't provided property, plant, and equipment for guarantee.

B. The amount of property, plant and equipment borrowing costs capitalized and their interest rates are as follows:

	2023
Capitalized amount	\$ 972
Interval of capitalized interest rate	5.69%

This situation didn't exist in 2022.

(7) Lease transactions - Lessee

	2023.12.31	2022.12.31
Right-of-use assets:		
Housing	\$ 43,625	\$ 63,331
Transportation Equipment (official cars)	14,428	9,394
	<u>\$ 58,053</u>	<u>\$ 72,725</u>
Leasehold liabilities:		
Current	\$ 29,507	\$ 33,487
Non-current	29,476	40,583
	<u>\$ 58,983</u>	<u>\$ 74,070</u>

- A. The target assets leased by the Group include housing and official cars. The lease contract term usually lasts for 1-5 years. The lease contracts are individually negotiated and contain various different terms and conditions. No other restrictions have been imposed except that the leased assets shall not be used for loan guarantee.
- B. The lease term of housing, parking spaces and copying machines leased by the Group does not exceed 12 months.
- C. The information of depreciation expenses of right-of-use assets recognized is as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
	Depreciation fee	Depreciation fee
Housing	\$ 28,677	\$ 29,294
Transportation Equipment (official cars)	6,197	5,797
	<u>\$ 34,874</u>	<u>\$ 35,091</u>

- D. The right-of-use assets added by the Group in 2023 and 2022 were NT\$25,689 and NT\$22,068 respectively.
- E. The information of other profit and loss items related to lease contracts except depreciation is as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
<u>Items that affect current profit or loss</u>		
Interest of lease liabilities	\$ 1,590	\$ 2,319
Expenses of short-term lease contracts	5,851	5,024
Interests from modification of lease	252	1,285

- F. The total amount of lease cash outflows of the Group reached NT\$42,492 and NT\$42,455 respectively in 2023 and 2022.

(8) Short-term loans

	<u>2023.12.31</u>	<u>2022.12.31</u>
Secured loans	\$ -	\$ 20,646
Credit loans	217,191	93,660
	<u>\$ 217,191</u>	<u>\$ 114,306</u>
Interest rate range	0.5%-7.30%	1.70%-6.25%

- A. The interest expenses recognized in profit or loss in 2023 and 2022 reached NT\$8,758 and NT\$4,926 respectively.
- B. For the collateral provided by the Group for short-term loans, please refer to the instructions in Note 8.

(9) Other payables

	<u>2023.12.31</u>	<u>2022.12.31</u>
Compensation and bonus payable	\$ 40,436	\$ 38,570
Remunerations of employee and remunerations of the Directors payable	5,639	7,500
Payables on equipment	9,972	28
Other	20,254	18,250
Total	<u>\$ 76,301</u>	<u>\$ 64,348</u>

(10) Bonds payable

	<u>2023.12.31</u>	<u>2022.12.31</u>
Bonds payable	\$ 399,900	\$ 400,000
Less: Discounts on bonds payable	(10,822)	(18,175)
Subtotal	<u>389,078</u>	<u>381,825</u>
Less: Bonds payable - current	(389,078)	-
	<u>\$ -</u>	<u>\$ 381,825</u>

A. Domestic convertible corporate bonds issued by the Company

(A) The issuance conditions of the first unsecured convertible corporate bond of the Company in Taiwan are as follows:

- I. The Company raised and issued the first unsecured convertible corporate bond in Taiwan with the approval from the competent authority. The total amount issued reached NT\$400,000 with nominal interest rate of 0%, and the issuance term is 3 years. The circulation period starts from June 8, 2022 and ends on June 8, 2025. Upon maturity of this convertible corporate bond, it shall be repaid by cash in a lump-sum manner per the face value of the bond. This convertible corporate bond was listed at Taipei Exchange for trading on June 8, 2022.
- II. The holders of this convertible corporate bond may request the Group for conversion of the bond to the ordinary shares of the Company from the next day after three months following the issue date of this bond to the due date except periods stipulated by relevant measures or regulations when transfer should be suspended. The rights and obligations accompanying the converted ordinary shares are same as those of ordinary shares originally issued.
- III. The conversion price of this convertible corporate bond was determined according to the pricing model stipulated in corresponding regulation governing issuance and conversion. The conversion price is NT\$ 105.9. Since the Company issued cash dividends of ordinary shares, the conversion price should be adjusted on the ex-dividend base date in accordance with the provisions of Article 11 of the regulation governing issuance and conversion. Therefore, the conversion price was adjusted from NT\$ 105.9 to NT\$ 89.3.
- IV. The Company may recover all its bonds by cash per the face value of the bond at any time subsequently when the closing price of the ordinary shares of the Company exceeds 30% of the conversion price then for thirty consecutive business days, or the outstanding balance of this convertible corporate bond is lower than 10% of the original total

- issue amount forty days prior to the expiry of the issuance period from the next day after three months following the issuance of this convertible corporate bond,
- V. The holders of this convertible corporate bond may require the cash redemption of the bonds they hold at the face value of the bond within forty days prior to the issuance of the bond for two years.
 - VI. In accordance with the provisions of the regulation governing conversion, all the convertible corporate bonds recovered (including those repurchased from the Taipei Exchange), repaid or converted by the Company will be canceled, and all rights and obligations still accompanying the corporate bonds will be terminated and no longer issued.
- (B) As of December 31, 2023, the face amount of this convertible corporate bond, amounting to NT\$100, was already converted to 1,000 ordinary shares, and the change registration formalities were already handled.
 - (C) As of December 31, 2023, the Company didn't repurchase this convertible corporate bond from the Taipei Exchange.
- B. When issuing the convertible corporate bond, the Company separated the conversion right with nature of equity from the constituting element of each liability and recorded it in "Capital surplus - Subscription right" in accordance with IAS 32 "Financial Instruments: Presentation". As of December 31, 2023, the balance of "Capital surplus - Subscription right" was NT\$21,122. Besides, the embedded right of redemption and put right was separated according to the provisions of IFRS 9 "Financial Instruments" and considering that the economic characteristics of master contract debt products were not closely associated with risks. Also, the net amount of these embedded rights was recorded in "Financial assets or liabilities measured at fair value through profit or loss". The effective interest rate of the master contract was 1.91% after separation.
- (11) Retirement pension
- A. (A) The Company has established a defined-benefit retirement regulation in accordance with the provisions of the "Labor Standards Act". This regulation applies to service seniority of all former employees before implementation of the "Labor Pension Act" on July 1, 2005, as well as the subsequent service seniority of employees who chose the continual application of the Labor Standards Act after implementation of the "Labor Pension Act". For employees who comply with the conditions for retirement, their pension will be calculated according to the service seniority and the average salary in 6 months prior to their retirement. Two base numbers are provided for each year if the service seniority is within 15 years (including given figure). One base number is provided for each year if the service seniority exceeds 15 years. However, it is limited to 45 base numbers. The Company appropriates 2% of the total compensation every month as retirement fund, and deposit it in a specific account opened at the Bank of Taiwan under the name of labor retirement reserve supervisory committee. Additionally, the Company estimate the balance of the special account of labor retirement reserve mentioned above before the end of each year. If this balance is not sufficient to pay the retirement pension of laborers who are expected to comply with the retirement conditions in the next year, the Company will appropriate the difference in a lump-sum way prior to the end of March next year.

(B) Wendell Korea chooses to adopt defined payment retirement regulation according to the local laws and regulations, and draws relevant retirement pension expenses according to the projected unit benefit method.

(C) The amount recognized in the balance sheet is as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligation	(\$ 13,958)	(\$ 16,117)
Fair value of plan assets	10,051	9,949
Net defined benefit liability	<u>(\$ 3,907)</u>	<u>(\$ 6,168)</u>

(D) Movement in net defined benefit liability

	2023		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Jan. 1	(\$ 16,117)	\$ 9,949	(\$ 6,168)
Current service cost	(1,199)	-	(1,199)
Interest (expense) income	(505)	490	(15)
	<u>(17,821)</u>	<u>10,439</u>	<u>(7,382)</u>
Remeasurement:	-		
Benefits paid from plan assets	-	(179)	(179)
Empirical adjustment	2,636	-	2,636
	<u>2,636</u>	<u>(179)</u>	<u>2,457</u>
Appropriation of retirement fund	-	1,044	1,044
Paying of retirement pension	1,002	(1,002)	-
Exchange difference	225	(251)	(26)
Dec. 31	<u>(\$ 13,958)</u>	<u>\$ 10,051</u>	<u>(\$ 3,907)</u>
	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Jan. 1	(\$ 19,560)	\$ 8,498	(\$ 11,062)
Current service cost	(1,370)	-	(1,370)
Interest expense	(379)	240	(139)
	<u>(21,309)</u>	<u>8,738</u>	<u>(12,571)</u>
Remeasurement:			
Benefits paid from plan assets(Note)	-	82	82
Amount affected by changes in financial assumptions	1,762	-	1,762
Empirical adjustment	(689)	-	(689)
	<u>1,073</u>	<u>82</u>	<u>1,155</u>
Appropriation of retirement fund	-	5,192	5,192
Paying of retirement pension	4,460	(4,460)	-
Exchange difference	(341)	397	56
Dec. 31	<u>(\$ 16,117)</u>	<u>\$ 9,949</u>	<u>(\$ 6,168)</u>

Note: Not including amount contained in interest income or expenses.

(E) The Bank of Taiwan is responsible for handling the entrusted operation of the assets of the fund of the determined benefit retirement plan of the Company in accordance with the ratios and amount range of items entrusted for operation as determined in the annual investment utilization plan of this fund and pursuant to the items specified in Article 6 of *Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund* (i.e., deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter or private place equity securities, investment in domestic or foreign real estate and its securization products, etc.). Relevant utilization of the fund is supervised by the labor retirement fund supervisory commission. With respect to the utilization of this fund, the minimum income distributed in the annual final accounts shall not be lower than the income calculated at the interest rate of the two-year time deposit in the local bank. In case of insufficiency, it shall be supplemented by the national treasury after relevant approval is obtained from the competent authority. Since the Company is not authorized to participate in the operation and management of this fund, it is thus unable to disclose the classification of fair value of plan assets according to provisions of Section 142 of IAS 19. The fair value of the total assets of this fund was constituted on December 31, 2023 and December 2022. Please refer to the labor retirement fund utilization report of each year as announced by the government for details.

(F) The principal assumptions of the actuarial valuation were as follows:

	<u>2023</u>	<u>2022</u>
Discount rate		
-the Company	<u>1.25%</u>	<u>1.25%</u>
-Wendell Korea	<u>4.60%</u>	<u>5.37%</u>
Future salary increase rate		
-the Company	<u>3.50%</u>	<u>3.50%</u>
-Wendell Korea	<u>4.80%</u>	<u>5.50%</u>

As for the assumption of future mortality, the Company conducts estimation according to the annuity insurance mortality table of Taiwan.

Wendell Korea conducts estimation according to the statistical figures locally announced as well as relevant experience.

The present value of defined benefit obligations affected due to the change in the main actuarial assumptions adopted is analyzed as follows:

	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease 0.25%	Increase by 0.25%	Decrease 0.25%
2023.12.31 Impact on the present value of defined benefit obligations	<u>(\$ 311)</u>	<u>\$ 343</u>	<u>\$ 344</u>	<u>(\$ 304)</u>
2022.12.31 Impact on the present value of defined benefit obligations	<u>(\$ 411)</u>	<u>\$ 450</u>	<u>\$ 456</u>	<u>(\$ 398)</u>

The sensitivity analysis above refers to the analysis of the impact of change in a single assumption given that other assumptions remain unchanged. In practice, the changes of many assumptions may be linked with each other. The sensitivity analysis is consistent with the method adopted to calculate the net retirement pension liability in the balance sheet date.

The method used for the preparation of sensitivity analysis in the current period is same as that in the previous period.

- (G) The Group expects to pay appropriation amount of retirement plan as NT\$957 in 2024.
- (H) As of December 31, 2023, the weighted average duration of the retirement plan of the Company lasts for 11.8 years; the weighted average duration of the retirement plan of Wendell Korea lasts for 10.17 years.
- B. (A) The Company and Wendell Electrical Testing established defined retirement pension appropriation measures applicable to all employees in Taiwan according to "Labor Pension Act" from July 1, 2005. If the employees choose to apply the labor pension system determined in "Labor Pension Act", the Company and its subsidiaries in Taiwan withdraw 6% of salaries as labor pension to the personal accounts opened by employees at the Bureau of Labor Insurance every month. The employees' pension will be paid on a monthly basis or in a lump-sum manner in accordance with the amount in the special personal pension accounts of employees and the amount of accumulated income.
- (B) Shenzhen Qianhong, Suzhou Lianhong, and Qianhong Electrical Testing appropriate a certain ratio of the total amount of local employees' remuneration as pension insurance every month according to the pension insurance system stipulated by the government of the People's Republic of China. The pension of each employee will be managed and uniformly arranged by the government. The Group does not have further obligations other than monthly appropriation.
- (C) Wendell Co., Ltd. appropriates pension insurance according to the

retirement regulation stipulated by the local government and based on the local employees' remuneration. This company does not have further obligations other than annual appropriation.

- (D) In 2023 and 2022, the Group recognizes retirement pension cost of NT\$10,873 and NT\$10,305 respectively in accordance with the preceding retirement pension measures.

(12) Capital stock / Subsequent events

- A. The normal capital of the Company reached NT\$600,000 on December 31, 2023, divided into 60,000,000 shares. The paid-in capital was NT\$251,049 with face value per share of NT\$ 10. The stock capital corresponding to the shares already issued by the Company were already received.

- B. The number of outstanding ordinary shares of the Company at the beginning and end of the period is adjusted as follows (Unit: 1,000 shares):

	<u>2023</u>	<u>2022</u>
January 1	23,908	23,908
Common Stock dividends	1,195	-
Convertible Bond	<u>1</u>	<u>-</u>
December 31	<u>25,104</u>	<u>23,908</u>

- C. For the requested conversion of convertible corporate bonds in 2023, please refer to the description of corporate bonds payable in Note 6 (10).

- D. The Company approved the conversion of earnings to increase capital in 2022 through a resolution made at the Shareholders' Meeting on May 30, 2023, involving amount of NT\$11,954 and 1,195,000 shares. The base date of capital increase was August 5, 2023. Change registration was already handled.

- E. Subsequent events

The Company approved the handling of capital increase by cash to issue 5,000,000 ordinary shares with face value per share of NT\$ 10 through a resolution made at the board meeting on November 14, 2023. Each share was issued at a premium price of NT\$ 52.5. The base date of capital increase by cash was February 26, 2024. Relevant procedures are now ongoing.

(13) Capital surplus

In accordance with the provisions of the Company Act, the surplus obtained from the issuance of stock beyond the nominal amount and the capital surplus received from donations may be used to compensate for losses. When the Company does not have any accumulated losses, new shares or cash will be distributed to shareholders based on their original shareholding ratios by using the aforesaid surplus. Besides, in accordance with relevant provisions of the Securities and Exchange Act, when the preceding capital surplus is used to increase the capital, the total amount increased shall not exceed ten percent of the paid-in capital every year. If the Company still has a loss after the earned surplus is used to make up for the capital losses, it is not

allowed to use the capital surplus to supplement the loss.

	2023		
	Share premium account	Subscription right	Total
Jan. 1	\$ 305,468	\$ 21,127	\$ 326,595
Convertible Bond	91	(5)	86
Dec. 31	<u>\$ 305,559</u>	<u>\$ 21,122</u>	<u>\$ 326,681</u>
	2022		
	Share premium account	Subscription right	Total
Jan. 1	\$ 305,468	\$ -	\$ 305,468
Convertible Bond	-	21,127	21,127
Dec. 31	<u>\$ 305,468</u>	<u>\$ 21,127</u>	<u>\$ 326,595</u>

(14) Retained earnings / Subsequent events

- A. In accordance with the provisions of the Articles of Association of the Company, if there are any earnings in the annual final accounts, they shall be used to pay taxes, and make up losses first if any. Then, 10% of the retained earnings may be drawn as statutory surplus reserve; however, when the accumulated amount of the statutory surplus reserve reaches the total capital of the Company, this provision shall not apply. Also, special surplus reserve may be appropriated or reversed according to relevant laws and regulations or the competent authority's provisions. If there are still remaining earnings, the Board of Directors may draw up a distribution proposal regarding the earnings and the accumulated unappropriated earnings and then submit to the Shareholders' Meeting for a resolution on the distribution of shareholder dividends.
- B. The dividend policy of the Company is determined in accordance with the current and future development plans, and in consideration of investment environment, capital demand, domestic and foreign competition, shareholders' interests, and other relevant factors. At least 10% of the distributable earnings in the preceding paragraph shall be appropriated to distribute dividends to shareholders either by cash or stock. The cash dividends shall not be lower than 10% of the total dividends.
- C. Except compensation for the losses of the Company and the distribution of new shares or cash per shareholders' original shareholding ratios, the statutory surplus reserve shall not be used. If it is used to distribute new shares or cash, it shall be limited to the part of this surplus reserve above 25% of the paid-in capital.
- D. When distributing earnings, the Company shall draw special surplus reserve for the debit balance of other equity items on the balance sheet date of the current year according to regulatory provisions first. Later, when the debit balance of other equity items is reversed, the reversed amount may be included in the distributable earnings.
- E. During the Shareholders' Meeting on May 30, 2023 and June 16, 2022, the appropriations and distribution of earnings for 2022 and 2021 have been

separately proposed and approved with the following details:

F.

	2022		2021	
	Amount	Dividends Per Share (NT\$)	Amount	Dividends Per Share (NT\$)
Legal capital reserve	\$ 19,439		\$ 18,800	
Special capital reserve	(4,196)		3,646	
Cash dividends	121,934	\$ 5.1	138,669	\$ 5.8
Stock dividends	11,954	0.5	-	-
	<u>\$ 149,131</u>		<u>\$ 161,115</u>	

G. Subsequent events

During the Company's Board of Directors' Meeting on March 7, 2024, the appropriations and distribution of earnings for 2023 have been separately proposed and approved with the following details:

	2023	
	Amount	Dividends Per Share (NT\$)
Legal capital reserve	\$ 10,360	
Special capital reserve	2,322	
Cash dividends	120,420	\$ 4.0
	<u>\$ 133,102</u>	

The proposal for distribution of earnings in 2023 as mentioned above hasn't been resolved by the Shareholders' Meeting yet.

H. Please see Note 6(18) for information on remunerations of employee and the Directors.

(15) Operating revenue

	2023	2022
Revenue from contracts with customers:		
Revenue from sale of goods	\$ 1,572,421	\$ 1,755,030
Revenue from labor services	171,038	167,999
Total	<u>\$ 1,743,459</u>	<u>\$ 1,923,029</u>

A. The source of revenue of the Group is the provision of commodities and labor services gradually transferred with the time and transferred upon a certain time point. Revenue can be segmented to the following primary geological areas:

2023	Taiwan	China	Korea	Other	Total
Revenue from sale of goods	\$ 670,159	\$ 546,450	\$ 191,230	\$ 164,582	\$ 1,572,421
Revenue from labor services	153,982	11,457	150	5,449	171,038
Revenue from contracts with external customers	<u>\$ 824,141</u>	<u>\$ 557,907</u>	<u>\$ 191,380</u>	<u>\$ 170,031</u>	<u>\$ 1,743,459</u>
Timing of revenue recognition					
At a fixed point in time	\$ 670,159	\$ 546,450	\$ 191,230	\$ 164,582	\$ 1,572,421
Revenue gradually recognized with the time	153,982	11,457	150	5,449	171,038
	<u>\$ 824,141</u>	<u>\$ 557,907</u>	<u>\$ 191,380</u>	<u>\$ 170,031</u>	<u>\$ 1,743,459</u>

2022	Taiwan	China	Korea	Other	Total
Revenue from sale of goods	\$ 676,230	\$ 594,854	\$ 274,134	\$ 209,812	\$ 1,755,030
Revenue from labor services	150,260	13,250	89	4,400	167,999
Revenue from contracts with external customers	<u>\$ 826,490</u>	<u>\$ 608,104</u>	<u>\$ 274,223</u>	<u>\$ 214,212</u>	<u>\$ 1,923,029</u>
Timing of revenue recognition:					
At a fixed point in time	\$ 676,230	\$ 594,854	\$ 274,134	\$ 209,812	\$ 1,755,030
Revenue gradually recognized with the time	150,260	13,250	89	4,400	167,999
	<u>\$ 826,490</u>	<u>\$ 608,104</u>	<u>\$ 274,223</u>	<u>\$ 214,212</u>	<u>\$ 1,923,029</u>

Note: The revenue is disclosed per the locations of the customers.

B. Contract liabilities

The Group recognizes the contract liabilities related to revenue from contracts with customers as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities - current	<u>\$ 7,212</u>	<u>\$ 7,482</u>	<u>\$ 4,132</u>

The amount of beginning contract liabilities of the Group recognized as revenue in the current period for the years 2023 and 2022 reached NT\$6,649 and NT\$2,863 respectively.

(16) Other gains and losses

	<u>2023</u>	<u>2022</u>
Gains (losses) on foreign currency exchange	(\$ 9,347)	\$ 19,447
Gains (losses) on financial assets (liabilities) measured at fair value through profit or loss	1,956	(1,240)
Gains on modification of lease	252	1,285
Losses from disposal of property, plant, and equipment	(10)	(699)
Other	(1,244)	(593)
	<u>(\$ 8,393)</u>	<u>\$ 18,200</u>

(17) Finance costs

	<u>2023</u>	<u>2022</u>
Convertible Bond	\$ 7,349	\$ 4,063
Interest expense	8,758	5,081
Interest of lease liabilities	1,590	2,319
	<u>\$ 17,697</u>	<u>\$ 11,463</u>

(18) Depreciation, amortization expenses and employee benefits

	2023	2022
Salaries	\$ 230,724	\$ 218,650
Labor and health insurance	17,917	16,394
Pension	12,087	11,814
Other employee benefits	9,799	9,785
Total	<u>\$ 270,527</u>	<u>\$ 256,643</u>
Depreciation expenses	<u>\$ 63,011</u>	<u>\$ 66,875</u>
Amortization expenses	<u>\$ 1,284</u>	<u>\$ 703</u>

- A. In accordance with the provisions of the Articles of Association, if the Company makes a profit in the current year (i.e., before-tax interests deducted with remunerations of employee and remunerations of the Directors distributed), and there is still a remaining amount after deduction of accumulated losses, the Board of Directors shall appropriate at least 1.5% of the annual profit as remunerations of employee and no more than 3% of the profit as remunerations of the Directors respectively.
- B. The estimated amount of remunerations of the Directors and remunerations of employee of the Company is listed as follows, and relevant amount is recorded as compensation expenses:

	2023	2022
Remunerations of the Directors	\$ 3,502	\$ 3,724
Remunerations of employee	2,012	3,724
	<u>\$ 5,514</u>	<u>\$ 7,448</u>

Remunerations of the Directors and remunerations of employee in 2023 and 2022 were estimated based on the annual profits and pursuant to the provisions of the Articles of Association.

According to the resolution made by the Board of Directors on March 7, 2024, the remunerations of the Directors and the remunerations of employee reached NT\$3,502 and NT\$2,012 respectively in 2023. The remunerations of employee will be paid in cash.

- C. The remunerations of the Directors and the remunerations of employee resolved by the Board of Directors in 2022 are consistent with the amount recognized in the financial statements in 2022.
- D. For information related to the remunerations of the Directors and remunerations of employee approved by the Board of Directors of the Company, please query at the MOPS.

(19) Income tax

- A. Income tax expense

(A) Major components of income tax expense:

	2023	2022
Current income tax expense:		
Income tax generated by income for the current period	\$ 33,737	\$ 54,301
Undistributed earnings additionally taxed	1,893	1,395
Underestimation (overestimation) of income taxes in previous years	1,202	(310)
Total current income tax expense	<u>36,832</u>	<u>55,386</u>
Deferred income tax expense:		
Relating to origination and reversal of temporary differences	(6,549)	122
Income tax expense	<u>\$ 30,283</u>	<u>\$ 55,508</u>

(B) Income tax amount related to other comprehensive income:

	2023	2022
Remeasurement of defined benefit plans	<u>(\$ 192)</u>	<u>(\$ 154)</u>

B. Relationship between tax expense and accounting profit

	2023	2022
Income tax of pre-tax net profit calculated per statutory tax rate	\$ 29,093	\$ 56,250
Affected amount of items that shall not be recognized according to the provisions of tax law	279	143
Affected amount of income tax from investment deduction	(2,184)	(1,970)
Underestimation (overestimation) of income taxes in previous years	1,202	(310)
Undistributed earnings additionally taxed	1,893	1,395
Income tax expense	<u>\$ 30,283</u>	<u>\$ 55,508</u>

C. Amount of each deferred income tax asset or liability generated from temporary differences is as follows:

	2023				
	Jan. 1	Recognized in profit or loss	Recognized in other comprehensive income	Arising from consolidation	Dec. 31
Deferred income tax assets:					
- Temporary differences:					
Losses of falling price and obsolete and slow-moving inventories	\$ 8,417	\$ 4,436	\$ -	(\$ 26)	\$ 12,827
Unrealized gains from sale of goods	2,204	(317)	-	-	1,887
Unrealized exchange losses	-	2,925	-	-	2,925
Actuarial gains and losses	337	-	(192)	(9)	136
Other	191	226	-	(7)	410
Subtotal	<u>\$ 11,149</u>	<u>\$ 7,270</u>	<u>(\$ 192)</u>	<u>(\$ 42)</u>	<u>\$ 18,185</u>
- Deferred income tax liabilities:					
Unrealized exchange gains	(\$ 245)	\$ 245	\$ -	\$ -	\$ -
Share of gains of subsidiaries recognized using the equity method	(12,542)	(639)	-	-	(13,181)
Unrealized gains from evaluation	-	(327)	-	-	(327)
Subtotal	<u>(\$ 12,787)</u>	<u>(\$ 721)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 13,508)</u>
Total	<u>(\$ 1,638)</u>	<u>\$ 6,549</u>	<u>(\$ 192)</u>	<u>(\$ 42)</u>	<u>\$ 4,677</u>

	2022				
	Jan. 1	Recognized in profit or loss	Recognized in other comprehensive income	Arising from consolidation	Dec. 31
Deferred income tax assets:					
- Temporary differences:					
Losses of falling price and obsolete and slow-moving inventories	\$ 4,897	\$ 3,481	\$ -	\$ 39	\$ 8,417
Unrealized gains from sale of goods	1,357	847	-	-	2,204
Actuarial gains and losses	477	-	(154)	14	337
Other	515	(332)	-	8	191
Subtotal	\$ 7,246	\$ 3,996	(\$ 154)	\$ 61	\$ 11,149
- Deferred income tax liabilities:					
Unrealized exchange gains	(\$ 18)	(\$ 227)	\$ -	\$ -	(\$ 245)
Share of gains of subsidiaries recognized using the equity method	(8,651)	(3,891)	-	-	(12,542)
Subtotal	(\$ 8,669)	(\$ 4,118)	\$ -	\$ -	(\$ 12,787)
Total	(\$ 1,423)	(\$ 122)	(\$ 154)	\$ 61	(\$ 1,638)

- D. The Company may enjoy the deduction of taxable business income tax incurred in the current year within the limit of 15% of its R&D expenditure according to "Regulation Governing Industrial Innovation", but shall not exceed 30% of the taxable business income tax in the current year.
- E. The business income tax of the Company and its domestic subsidiary, i.e. Wendell Electrical Testing, was verified and approved by the tax collection authority until the year of 2021.

(20) Earnings per share

	2023		
	After-tax amount	Weighted average number of outstanding shares (1,000 shares)	Earnings per share (NT\$)
<u>Basic earnings (loss) per share</u>			
Profit (loss) attributable to ordinary equity owners of the parent	\$ 101,329	25,104	\$ 4.04
<u>Diluted earnings (loss) per share</u>			
Profit (loss) attributable to ordinary equity owners of the parent	\$ 101,329	25,104	
Effects of all dilutive potential common shares			
Convertible Bond	5,591	4,702	
Remunerations of employee	-	33	
Net profit for the current period as attributable to the shareholders of common shares of the parent company and the effects of potential common shares	\$ 106,920	29,839	\$ 3.58

	2022		
	After-tax amount	Weighted average number of outstanding shares (1,000 shares)	Earnings per share (NT\$)
<u>Basic earnings (loss) per share(Note)</u>			
Profit (loss) attributable to ordinary equity owners of the parent	\$ 193,388	25,103	\$ 7.70
<u>Diluted earnings (loss) per share(Note)</u>			
Profit (loss) attributable to ordinary equity owners of the parent	\$ 193,388	25,103	
Effects of all dilutive potential common shares			
Convertible Bond	4,243	2,387	
Remunerations of employee	-	51	
Net profit for the current period as attributable to the shareholders of common shares of the parent company and the effects of potential common shares	\$ 197,631	27,541	\$ 7.18

Note: The base date of the conversion of earnings to increase capital as resolved by the Shareholders' Meeting of the Company on May 30, 2023 was August 5, 2023. The weighted average number of outstanding shares in 2022 has already been retroactively adjusted according to the ratio of conversion of earnings to increase capital.

(21) Cash flow information

Investing activities only partially paid by cash:

	2023		2022	
Additions of property, plant and equipment	\$	57,705	\$	248,011
Add: Beginning payables on equipment		28		566
Less: Beginning prepaid payment for equipment		-	(800)
Ending payables on equipment	(9,972)	(28)
Capitalization of loan cost	(972)		-
Cash paid in the current period	\$	46,789	\$	247,749

(22) Reconciliation of liabilities arising from financing activities

	2023				
	Short-term loans	Bonds payable (including current)	Lease liabilities	Guarantee deposits paid	Total liabilities arising from financing activities
Jan. 1	\$ 114,306	\$ 381,825	\$ 74,070	\$ 140	\$ 570,341
Movement of Financing Cash Flow	102,885	-	(35,051)	(140)	67,694
Movement of other non-cash	-	7,253	19,964	-	27,217
Dec. 31	\$ 217,191	\$ 389,078	\$ 58,983	\$ -	\$ 665,252

	2022				
	Short-term loans	Bonds payable (including current)	Lease liabilities	Guarantee deposits paid	Total liabilities arising from financing activities
Jan. 1	\$ 199,538	\$ -	\$ 99,285	\$ -	\$ 298,823
Movement of Financing Cash Flow	(85,232)	398,849	(35,112)	140	278,645
Movement of other non-cash	-	(17,024)	9,897	-	(7,127)
Dec. 31	\$ 114,306	\$ 381,825	\$ 74,070	\$ 140	\$ 570,341

7. Related Party Transactions

Bonuses for the Company's key managerial officers

	2023	2022
Remuneration and short-term employee benefits	\$ 30,659	\$ 24,048
Retirement benefits	928	645
Total	\$ 31,587	\$ 24,693

8. Pledged Assets

The Company has pledged the following assets as collateral:

Item	Carrying amount		Content of the secured liabilities
	2023.12.31	2022.12.31	
Time deposits (Note)	\$ -	\$ 4,000	Customs duties guarantee
Demand deposits of special compensation account (Note)	-	8,016	Loan guarantee
Total	\$ -	\$ 12,016	

Note: Financial assets measured at amortized cost are recorded in accounts.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure already contracted but not yet incurred

	December 31, 2023	December 31, 2022
Property, plant and equipment	\$ 280,391	\$ 3,200

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Please see Note 6(12) and 6 (14) for more information.

12. Other

(1) Capital management

The objectives of the Group for capital management are to guarantee the continual operation of the Group, sustain the best capital structure to lower capital cost, and provide remuneration for shareholders. In order to sustain or adjust its capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, and issue new shares or sell assets to adjust into the most suitable capital structure.

(2) Financial instruments

A. Category of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through loss and gain	\$ 77,471	\$ -
Financial assets at amortized cost (Note 1)	\$ 1,101,180	\$ 998,582
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through loss and gain	\$ 840	\$ 1,200
Financial assets at amortized cost (Note 2)	\$ 448,653	\$ 388,880
Bonds payable (including current)	\$ 389,078	\$ 381,825
Lease liabilities	\$ 58,983	\$ 74,070

Note 1: Including cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables (recorded in other current assets), and guaranteed deposits paid.

Note 2: Including short-term loans, accounts payable, other payables, and guarantee deposit received.

B. Policy of financial risk management

(A) The daily operation of the Group is impacted by multiple financial risks, including market risks (such as risk of exchange rate, risk of interest rate, and price risk), credit risks, and liquidity risks. The overall risk management policy of the Group is determined in accordance with the economic environment, competition status, and change in market value. The Group has established relevant market risk management objectives and strived to minimize the potential adverse impact on the financial position and performance of the Group, to achieve the best risk positions, sustain appropriate liquidity positions, and centrally manage all market risks.

(B) The risk management work is executed by the Financial Department of the

Group in accordance with the policy approved by the Board of Directors. By closely cooperating with each operating unit in the Group, the Financial Department is responsible for identifying, assessing, and avoiding financial risks.

C. Nature and level of significant financial risks

(A) Market risk

Foreign exchange risk

- I. Since the Group operates business internationally, it is thus subject to the risk of exchange rate resulting from different functional currencies, mainly the US dollar, used in the transactions with the Company and its subsidiaries. Relevant risk of exchange rate comes from future commercial transactions and recognized assets and liabilities.
- II. The management of the Group stipulates that the risk of exchange rate corresponding to its functional currency shall be managed by each company in the Group. Each company shall hedge their overall risk of exchange rate through the Financial Department of the Group.
- III. Since the business of the Group involves several non-functional currencies (the functional currency of the Company and some subsidiaries is NTD, while the functional currencies of some subsidiaries are RMB and KRW), it is thus influenced by the fluctuation in exchange rate. The information of foreign currency assets and liabilities with a significant impact of fluctuation in exchange rate is as follows:

December 31, 2023					
(Foreign currency: Functional currency)	Foreign currency (in thousand dollars)	Exchange rate	Carrying amount (NT\$)	Sensitivity analysis	
				Amount of variation	Profit or loss affected
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$ 16,321	30.71	\$ 501,218	1%	\$ 5,012
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	\$ 6,942	30.71	\$ 213,189	1%	\$ 2,132
December 31, 2022					
(Foreign currency: Functional currency)	Foreign currency (in thousand dollars)	Exchange rate	Carrying amount (NT\$)	Sensitivity analysis	
				Amount of variation	Profit or loss affected
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$ 16,461	30.71	\$ 505,517	1%	\$ 5,055
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	\$ 7,788	30.71	\$ 239,169	1%	\$ 2,392

- IV. The summarized amounts of all exchange gains (losses) (both realized and unrealized) of the monetary items of the Group recognized with significant impact on the fluctuation of exchange rate in 2023 and 2022 reached (NT\$9,347) and NT\$19,447 respectively.

Price risk

The Group hasn't been exposed to the risks of product price and equity instrument investment.

Risk of interest rate in cash flows and fair value

- I. The risk of interest rate of the Group mainly comes from the short-term loans issued at the floating interest rates, making the Group exposed to the risk of interest rate in cash flows.
- II. The loans of the Group are measured at amortized cost. In accordance with the contract agreements, the interest rate is repriced annually. Therefore, the Group has been exposed to the risk of change of future market interest rate.
- III. Given that the loan interest rate (NTD) increases or decreases by 1% while all other factors remain unchanged, the before-tax net profit would be decreased or increased by NT\$2,172 and NT\$1,143 respectively in 2023 and 2022, which was mainly caused by the change of the interest expenses of the loans calculated at the floating interest rate.

(B) Credit risk

- I. The credit risk of the Group mainly refers to the risk of financial losses of the Group due to the failure of customers or counterparties of financial instruments to perform their contractual obligations. It mainly comes from accounts receivable that cannot be repaid by the counterparties according to the payment terms.
- II. The Group has established credit risk management from the perspective of a group. In accordance with the credit extension policy expressly determined in the Group, each operating individual of the Group shall conduct risk management and credit risk analysis before concluding terms and conditions for payment and delivery with each new customer. The internal risk control shall be conducted in consideration of the financial position, previous experience and other factors, to evaluate the credit quality of customers. The limits of individual risks are established by the Board of Directors according to internal or external ratings, and the Board of Directors is required to regularly monitor the use of the line of credit.
- III. The Group adopts the following assumption as the basis to judge whether the credit risk of financial instruments is significant increased

or default occurs after original recognition:

- (I) If the contract payment is overdue for more than 30 days according to the agreed payment terms, it will be deemed that the credit risk of the financial assets is already significantly increased after original recognition.
- (II) If the contract payment is overdue for more than 90 days according to the agreed payment terms, it will be deemed that default occurs.

IV. The indicators used by the Group to determine credit impairment of debt instrument investments are as follows:

- (I) The issuer suffers a major financial difficulty, or the possibility of bankruptcy or other financial reorganization is substantially increased;
- (II) The issuer delays or fails to pay interest or principal;
- (III) Adverse changes in the national or regional economic situation related to the issuer's default.

(C) Liquidity risk

- I. The Company is responsible for executing the forecasting of cash flows, and the Financial Department is responsible for summarization. Also, the Financial Department monitors the forecast of the demand of the Company for working capital to ensure sufficient capital is available to fulfill the operational demand.
- II. Except those listed in the table below, the non-derivative financial liabilities of the Group are due within one year. The amount of cash flows that are significant within one year as of December 31, 2023 and December 31, 2022, including notes payable, accounts payable, and other payables, refers to undiscounted amount which is consistent with the balance of each subject in the balance sheet.

December 31, 2023	Less than 1 year	2-5 years	5 years or above
<u>Non-derivative financial liabilities:</u>			
Short-term loan	\$ 217,526	\$ -	\$ -
Lease liability	29,507	29,476	-
Bonds payable (including current)	399,900	-	-
December 31, 2022	Less than 1 year	2-5 years	5 years or above
<u>Non-derivative financial liabilities:</u>			
Short-term loan	\$ 114,539	\$ -	\$ -
Lease liability	33,487	40,583	-
Bonds payable (including current)	-	400,000	-

(3) Information of fair value

- A. Each level of evaluation techniques adopted to measure the fair value of financial and non-financial instruments is defined as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market refers to a market where transactions of assets or liabilities with adequate frequency and quantity occur and pricing information is provided on a continuous basis. The fair value of hybrid instruments invested by the Group belongs to this level.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of forward foreign exchange contracts invested by the Group belongs to this level.
- Level 3: Unobservable inputs for the asset or liabilities. The fair value of the right of redemption and put right of convertible corporate bonds of the Group belongs to this level.

B. Financial instruments not measured at fair value

- (A) Except those listed in the table below, the carrying amount of cash and cash equivalents, notes receivable, accounts receivable, other payables (recorded in other current assets), short-term loans, accounts payable, and other payables is the reasonable approximate value of fair value:

	December 31, 2023			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable (including current)	\$ 389,078	\$ -	\$ 390,777	\$ -
	December 31, 2022			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable (including current)	\$ 381,825	\$ -	\$ 384,709	\$ -

- (B) Methods and assumptions used to estimate fair value are as follows:

Corporate bonds payable: Measured at the present value discounted per the market interest rate on the balance sheet date according to the cash flows expected to be paid.

C. Financial and non-financial instruments measured at fair value

- (A) The Group classifies these financial instruments on the basis of the nature, characteristics, risks and fair value of assets and liabilities. Relevant information is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at FVTPL				
Hybrid instruments -				
Financial bonds	\$ 77,021	\$ -	\$ -	\$ 77,021
Forward exchange contracts		450		450
Right of redemption over convertible corporate bonds	-	-	-	-
Total	<u>\$ 77,021</u>	<u>\$ 450</u>	<u>\$ -</u>	<u>\$ 77,471</u>
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities at FVTPL				
Put right over convertible corporate bonds	\$ -	\$ -	\$ 840	\$ 840
December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at FVTPL				
Right of redemption over convertible corporate bonds	\$ -	\$ -	\$ 120	\$ 120
Total				
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities at FVTPL				
Put right over convertible corporate bonds	\$ -	\$ -	\$ 1,320	\$ 1,320

(B) Methods and assumptions used by the Group to measure fair value are described as follows:

- I. Those with fair value determined by the Group as quoted market prices (i.e., Level 1) are stocks of TWSE/TPEX listed companies as well as bonds issued by them. The closing prices of these stocks and bonds are their quoted market prices.
- II. The derivative instruments held by the Group are mainly forward foreign exchange contracts. They are non-standardized and less complicated financial instruments. The Group adopts evaluation techniques widely used by the market participants, and the parameters used are market observable information.
- III. The output of the evaluation model is an estimated value, while the evaluation techniques may not reflect all factors related to the financial

and non-financial instruments held by the Group. Therefore, the estimated value of the evaluation model will be appropriately adjusted according to extra parameters, e.g., model risk or liquidity risk. In accordance with the fair value evaluation model management policy and related control procedures of the Group, the management believes that relevant evaluation and adjustment are appropriate and necessary for the fair presentation of the fair value of financial instruments and non-financial instruments in the consolidated balance sheet. The price information and parameters used in the process of evaluation shall be prudently evaluated and appropriately adjusted according to the current conditions of the local markets.

D. No transfer between Level 1 and Level 2 occurred in 2023 and 2022.

E. The changes in Level 3 in 2023 and 2022 are presented in the following table:

	2023	
	Right of redemption over convertible corporate bonds	Put right over convertible corporate bonds
January 1	\$ 120	(\$ 1,320)
Evaluated profit or loss	(120)	480
December 31	\$ -	(\$ 840)

	2022	
	Right of redemption over convertible corporate bonds	Put right over convertible corporate bonds
January 1	\$ -	\$ -
Acquired in the current period	800	(760)
Evaluated profit or loss	(680)	(560)
December 31	\$ 120	(\$ 1,320)

F. No transfer-in and transfer-out of Level 3 occurred in 2023 and 2022.

G. As for the evaluation process adopted by the Group for fair value classified to Level 3, relevant department is responsible for conducting independent fair value verification of financial instruments, relying on data from independent sources to make the evaluation results close to the market status, confirming that the data sources are independent, reliable, consistent with other data and represent executable prices, and regularly calibrating and updating the input value and data needed for the evaluation model as well as any other necessary fair value adjustments, to ensure the reasonableness of the evaluation results.

H. The quantified information of significant unobservable input values of the evaluation model used for the evaluation of Level 3 fair value measurement items of the Group, and the sensitivity analysis of changes of these significant unobservable input values are described as follows:

	Dec 31, 2023 fair value	Evaluation technique	Significant unobservable input value	Interval (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Right of redemption over convertible corporate bonds	\$ -	Binary tree evaluation model	Degree of fluctuation	24.87%	The higher the degree of fluctuation, the higher the fair value
Put right over convertible corporate bonds	\$ 840				
	Dec 31, 2022 fair value	Evaluation technique	Significant unobservable input value	Interval (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Right of redemption over convertible corporate bonds	\$ 120	Binary tree evaluation model	Degree of fluctuation	34.60%	The higher the degree of fluctuation, the higher the fair value
Put right over convertible corporate bonds	\$ 1,320				

13. Supplementary Disclosures

(1) Information on Significant Transactions

- A. Financings provided to others: None.
- B. Endorsement / guarantee provided to others: None.
- C. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and interests in joint ventures): Please refer to Attachment 1.
- D. Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the paid-in capital: Please refer to Attachment 2.
- E. Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- F. Disposal of property with the amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- G. Purchases or sales of goods from or to related parties with the amount exceeding NT\$100 million or 20% of paid-in capital: Please refer to Attachment 3.
- H. Receivables from related parties amounting to NT\$100 million or 20% of paid-up capital: Please refer to Attachment 4.

- I. Derivatives transactions: Please refer to Note 6(2).
- J. Business relationships and significant transactions between parent and subsidiary: Please refer to Attachment 5.

(2) Information on the reinvestment business

Name of Investee Company, Location...etc. (excluding Mainland China investee companies): Please refer to Attachment 6.

(3) Information on investment in Mainland China

- 1. Basic information: Please refer to Attachment 7.
- 2. Major transactions with investees in Mainland China directly or indirectly through business in a third region: Please refer to Attachment 3, 4 and 5.

(4) Information on major shareholders

Information on major shareholders: Please refer to Attachment 8.

14. Segment Information

(1) General information

The Group only operates business in a single industry. The Board of Directors evaluates performance and allocates resources of the Group as a whole. It is identified that the Group is the single sector to be reported.

(2) Measurement of department information

As for the measurement of department information, the information of the department requiring reporting provided to the main operation decision-maker is as follows:

	2023	2022
Segment revenue	\$ 1,743,459	\$ 1,923,029
Segment profit or loss	\$ 131,613	\$ 248,896
Segment profit or loss includes:		
Depreciation, amortization expenses	\$ 64,295	\$ 67,578
Interest income	\$ 6,755	\$ 2,074
Finance costs	\$ 17,697	\$ 11,463

(3) Information on the adjustment of department profits and losses

Since the Board of Directors of the Group adopts after-tax net profit as the basis when evaluating departments' performance and deciding how to allocate resources, adjustment is thus not necessary.

(4) Information per product and per labor service

Please refer to Note 6(15).

(5) Information per region

The information of the Group per region in 2023 and 2022 is as follows. The revenue is disclosed based on the customers' locations, while non-current assets are disclosed based on the locations of assets.

	2023		2022	
	Income	Non-current assets	Income	Non-current assets
Taiwan	\$ 824,141	\$ 394,620	\$ 826,490	\$ 361,397
China	557,907	23,873	608,104	37,207
Kora	191,380	4,755	274,223	3,393
Other	170,031	575	214,212	65
Total	<u>\$ 1,743,459</u>	<u>\$ 423,823</u>	<u>\$ 1,923,029</u>	<u>\$ 402,062</u>

(6) Information of important customers

The Group does not have a single customer that contributes more than 10% of consolidated revenue from sale of goods.

Wendell Industrial Co., Ltd. and Subsidiaries
 Securities held at end of period (excluding investments in subsidiaries, associates, and joint ventures)
 Decembre 31, 2023

Attachment 1

Unit: NT\$ thousands
 (Unless Otherwise Specified)

Securities Holding Company	Type and Name of Securities (Note 1)	Relationship with Issuer of Securities (Note 2)	Financial Statement Account	Ending Balance				Remark (Note 4)
				Number of Shares (share)	Carrying amount (Note 3)	Percentage of Ownership	Fair value	
Wendell Industrial Co., Ltd.	Bond Bank of America	-	Financial assets at fair value through loss and gain - current	-	\$ 77,021	-	\$ 77,021	

Note 1: Securities mentioned in this table refer to stocks, bonds, and beneficiary certificates within the scope of IAS 9 “Financial Instruments” as well as securities derived from the aforesaid items.

Note 2: It is not required to fill out this column of the issuer of securities is not a related party.

Note 3: For those measured at fair value, please fill out the book balance obtained after evaluation and adjustment of fair value and deduction of accumulated impairment in the column of “Carrying amount”; for those not measured at fair value, please fill out the book balance obtained after deduction of accumulated impairment from the original acquisition cost or amortized cost in the column of “Carrying amount”.

Note 4: If securities listed are subject to guarantee, pledge loan, or other agreed restrictions, the guaranteed or pledged number of shares, amount of guarantee or pledge loan, and restricted use shall be specified in the column of “Remark”.

Wendell Industrial Co., Ltd. and Subsidiaries
Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the paid-in capital
From January 1, 2023 to Decembre 31, 2023

Attachment 2

Unit: NT\$ thousands
(Unless Otherwise Specified)

Trading company	Type and Name of Securities (Note 1)	Financial Statement Account	Counterparty	Relationship	Beginning		Buy in		Sold out			Ending			
					Unit number (thousand)	Amount	Unit number (thousand)	Amount	Unit number (thousand)	Price	Book cost	Profit or loss from disposal	Evaluated profit or loss (Note)	Unit number (thousand)	Amount
Wendell Industrial Co., Ltd.	Bank of America Bond	Financial assets at fair value through loss and gain - current	-	-	-	\$ -	250,000	\$76,676	-	\$ -	\$ -	-	\$345	250,000	\$ 77,021

Note: Including evaluated profit or loss and amount affected by exchange rate.

Wendell Industrial Co., Ltd. and Subsidiaries
Purchases or sales of goods from or to related parties with the amount exceeding NT\$100 million or 20% of paid-in capital
From January 1, 2023 to December 31, 2023

Attachment 3

Unit: NT\$ thousands
(Unless Otherwise Specified)

Purchases or sales Company	Counterparty	Relationship	Description of Transactions				Differences between transaction conditions and general transactions and reasons thereof		Notes and accounts receivable (payable)		Remarks
			Purchases or sales of goods	Amount	Ratio in total purchases (sales)	Credit extension period	Unit price	Credit extension period	Balance (net)	Ratio in total notes and accounts receivable (payable)	
Wendell Industrial Co., Ltd.	Wendell Korea Co., Ltd.	Subsidiaries	Sales	\$ 182,790	12%	90 days through monthly settlement	Equivalent with general transactions	\$ 9,072	2%		
Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	Subsidiaries	Sales	123,730	8%	150 days through monthly settlement	Equivalent with general transactions	89,450	17%		
Wendell Industrial Co., Ltd.	Suzhou Lianhong Electronic Co., Ltd.	Subsidiaries	Sales	77,227	5%	120 days through monthly settlement	Equivalent with general transactions	25,452	5%		

Note 1: If the transaction conditions of related parties are different from general transaction conditions, the differences and reasons thereof shall be clearly indicated in the columns of "Unit price" and "Credit extension period".

Note 2: In case of advances received (prepayments), the reason, agreed contract terms, amount and differences from general transaction types shall be clearly indicated in the column of "Remark".

Wendell Industrial Co., Ltd. and Subsidiaries
 Receivables from related parties amounting to NT\$100 million or 20% of paid-up capital
 Decembre 31, 2023

Attachment 4

Unit: NT\$ thousands
 (Unless Otherwise Specified)

Company recording receivables	Counterparty	Relationship	Overdue accounts receivable from related parties				Amount of accounts receivable from related parties subsequently recovered	Amount with loss allowance drawn
			Balance of accounts receivable from related parties (Note)	Turnover rate	Amount	Disposal method		
Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	Subsidiaries	\$ 89,450	1.23	\$ 27,651	Enhanced collection	\$ 24,378	\$ -

Note: Please fill out relevant contents respectively according to accounts and notes receivable from related parties, other receivables, etc.

Wendell Industrial Co., Ltd. and Subsidiaries
Business relationships and significant transactions between parent and subsidiary
From January 1, 2023 to Decembre 31, 2023

Attachment 5

Unit: NT\$ thousands
(Unless Otherwise Specified)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Description of Transactions			Percentage of Total Revenue or Total Assets (%) (Note 3)
				Account	Amount	Transaction Term	
0	Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	1	Sales revenue	\$ 123,730	able to General Transaction	7%
0	Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	1	Accounts receivable	89,450	"	5%
0	Wendell Industrial Co., Ltd.	Suzhou Lianhong Electronic Co., Ltd.	1	Sales revenue	77,227	"	4%
0	Wendell Industrial Co., Ltd.	Suzhou Lianhong Electronic Co., Ltd.	1	Accounts receivable	25,452	"	1%
0	Wendell Industrial Co., Ltd.	Wendell Korea Co., Ltd.	1	Sales revenue	182,790	"	10%
0	Wendell Industrial Co., Ltd.	Wendell Pte. Ltd.	1	Sales revenue	21,168	"	1%
0	Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	1	Purchasing of goods	33,685	"	2%
1	Shenzhen Qianhong Electronic Co., Ltd.	Suzhou Lianhong Electronic Co., Ltd.	3	Sales revenue	25,594	"	1%

Note 1. The information on business dealings between the parent company and subsidiaries should be numbered according to the following method:

1. For the parent company, fill in 0.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2. Relationships with counterparties can be any one of the following three types (For a same transaction between parent company and a subsidiary or between subsidiaries, it is not required to disclose it repeatedly. For example, if the parent company has already disclosed a transaction with the subsidiary, the subsidiary will not be required to disclose this transaction repeatedly; if a subsidiary already discloses a transaction with another subsidiary, the latter will not be required to disclose this transaction repeatedly):

1. The parent company to subsidiaries.
2. Subsidiaries to the parent company.
3. Subsidiaries to subsidiaries.

Note 3. The ratio of transaction amount to total revenue or total assets is calculated as the ending balance to total assets if it is an asset or liability account. For profit and loss accounts, the calculation is based on the cumulative amount to total revenue in the period.

Note 4. Individual transactions with amount not reaching 1% of the consolidated total operating revenue and the consolidated total assets will not be disclosed.

Wendell Industrial Co., Ltd. and Subsidiaries
Name of Investee Company, Location...etc. (excluding Mainland China investee companies)
From January 1, 2023 to December 31, 2023

Attachment 6

Unit: NT\$ thousands
(Unless Otherwise Specified)

Name of Investor	Name of Investee (Note 1, 2)	Location	Principal Business	Initial Investment Amount		End of the Period			Profit (Loss) of Investee for the Period (Note 2(2))	Investment Profit (Loss) Recognized for the Period (Note 2(3))	Remarks
				Ending Balance for the Current	End of Last Year	Number of	Shareholding (%)	Carrying amount			
Wendell Industrial Co., Ltd.	Wendell Co., Ltd.	Japan	Sales of electronic components	\$ 6,802	\$ 6,802	500	100%	\$ 3,678	\$ 1,472	\$ 1,472	Subsidiaries
"	Wendell Pte. Ltd.	Singapore	Sales of electronic components	2,306	2,306	100,000	100%	10,308	1,069	1,069	"
"	Wendell Korea Co., Ltd.	Korea	Sales of electronic components	7,204	7,204	10,000	100%	76,964	9,416	9,416	"
"	Nichtek Industrial Co., Limited	Hong Kong	Reinvested holding company	65,847	65,847	18,591,400	100%	43,923	(9,262)	(8,766)	"
"	Wendell Electrical Testing Co., Ltd.	Taiwan	Testing and safety certification services	100,246	60,246	10,020,000	100%	110,177	3,253	3,253	"

Note 1. If a public company has a foreign holding company and is required by local laws and regulations to use consolidated financial statements as the primary financial statements, the disclosure of information about the investee company may be limited to the relevant information of the holding company.

Note 2. For cases other than those described in Note 1, the following regulations apply:

1. The columns of "Name of investee company", "Location", "Principal business", "Initial investment amount" and "Shareholding as of the end of the period" shall be determined in accordance with the circumstances the Company's transfer of investment and each direct investment. The Company shall fill in the following information in the order of the reinvestment of the investee company or the indirectly controlled investor. The relationship between each investee company and the Company (if it is a subsidiary or sub-subsidiary) shall be indicated in the Notes column.
2. The column of "Profit or loss of investee company for the period" shall be filled in the amount of profit or loss of each investee company for the period.
3. The column of "Gains or losses recognized during the period" shall be filled in only for each subsidiary and equity-method investee recognized by the (public) company. The remainder is not required. When filled "Amount of current profit or loss of each subsidiary recognized as a direct investment", the amount of current profit or loss of each subsidiary includes the investment income or loss that shall with the regulations for its reinvestment.

Wendell Industrial Co., Ltd. and Subsidiaries
Information on investment in Mainland China – Basic information
From January 1, 2023 to December 31, 2023

Attachment 7

Unit: NT\$ thousands
(Unless Otherwise Specified)

Investee Company in Mainland China Name of Company	Main Business Activities	Paid-in Capital	Method of Investments (Note 1)	Accumulated Amount of Investments	Amount of Investments Remitted or Repatriated for		Accumulated Amount of Investments	Current profit or loss of investee	The Company's Direct or	Investment Profit (Loss) Recognized (Note 2)	Carrying Amount of Investments	Accumulated Investment Income	Remarks
					Remitted	Repatriated							
Shenzhen Qianhong Electronic Co., Ltd.	Sales of electronic components	\$ 69,585	2	\$ 65,660	\$ -	\$ -	\$ 65,660	(\$ 9,262)	100%	(\$ 8,766)	\$ 47,346	\$ -	
Suzhou Lianhong Electronic Co., Ltd.	Sales of electronic components	2,286	2	-	-	-	-	909	100%	909	13,489	-	
Shenzhen Qianhong Electrical Testing Co., Ltd.	Testing and certification services	2,227	2	-	-	-	-	473	100%	473	2,105	-	
Company Name		Accumulated Amount of Investments Remitted from Taiwan to		Amount of Investments Authorized by		Ceiling on Amount of Investments Stipulated							
Wendell Industrial Co., Ltd.		\$	65,660	\$	65,660	\$	596,207						

Note 1. Methods of investments are divided into the following three types:

1. Direct investment in mainland companies.
2. Investment in mainland companies through a third region remittance. (Please indicate the investment company in the third region)
 - A. Reinvestment in Shenzhen Qianhong Electronic Co., Ltd. through Nichteck Industrial Co., Limited
 - B. Investment in Shenzhen Qianhong Electronic Co., Ltd. through Nichteck Industrial Co., Limited, and then reinvestment in Suzhou Lianhong Electronic Co., Ltd.
 - C. Investment in Shenzhen Qianhong Electronic Co., Ltd. through Nichteck Industrial Co., Limited, and then reinvestment in Shenzhen Qianhong Electrical Testing Co., Ltd.
3. Others

Note 2. The investment profit or loss recognized in the current period is consistent with the financial statements of the parent company in Taiwan as audited by the CPAs.

Note 3. Relevant figures related to this table are presented in NTD.

Wendell Industrial Co., Ltd. and Subsidiaries
Information on Major Shareholders
Decembre 31, 2023

Attachment 8

Name of shareholders	Shareholding	
	Number of Shares Held (share) (Note)	Percentage of Ownership (%)
Po Hong Investment Co., Ltd.	4,639,996	18.48%
Wei Hong Assets Co., Ltd.	4,639,996	18.48%
China Development Advantage Venture Capital Limited Partnership	1,260,397	5.02%

Note: It refers to the number of shares disclosed on December 31, 2023.

Wendell Industrial Co., Ltd.

Parent Company Only Financial Statements for the Years Ended December 31,
2023 and 2022 and
Independent Auditors' Review Report
(Stock Code: 6761)

Address: 6F.-1, No. 188, Baoqiao Rd., Xindian Dist., New Taipei City
Tel: (02)2917-5770

For the convenience of readers and for information purpose only, the 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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

CONTENT

	<u>Item</u>	<u>Page</u>
I.	Cover	1
II.	Content	2-3
III.	Independent Auditors' Report	4-7
IV.	Parent Company Only Balance Sheet	8-9
V.	Parent Company Only Statement of Comprehensive Income	10
VI.	Parent Company Only Statement of Changes in Equity	11
VII.	Parent Company Only Statement of Cash Flows	12-13
VIII.	Notes to Parent Company Only Financial Statements	14-58
	1. Company History	14
	2. Date and Procedure of Adoption of Financial Statements	14
	3. Application of New and Amended Standards and Interpretations	14-15
	4. Summary of Significant Accounting Policies	15-25
	5. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions	25-26
	6. Explanations of Significant Accounting Items	26-47
	7. Related Party Transactions	47-49
	8. Pledged Assets	50
	9. Significant Contingent Liabilities and Unrecognized Contract Commitments	50

Item	Page
10. Significant Disaster Loss	50
11. Significant Events after the Balance Sheet Date	50
12. Others	50-57
13. Supplementary Disclosures	58
14. Segment Information	58
IX. Statements of important accounting items	
Cash and cash equivalents	Table 1
Accounts receivable	Table 2
Inventories	Table 3
Changes in Investments by Using the Equity Method	Table 4
Changes in Property, plant and equipment	Note 6 (7)
Short-term loans	Table 5
Accounts payable	Table 6
Operating Revenue	Table 7
Operating Cost	Table 8
Manufacturing Expenses	Table 9
Operating Expenses	Table 10

Independent Auditors' Report

(113) Cai-Sheng-Bao-Tzu No. 23004342

Wendell Industrial Co., Ltd.:

Opinions

We have audited the Parent Company Only Balance Sheet of Wendell Industrial Co., Ltd. as of December 31, 2023 and 2022, Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows, and Notes to Parent Company Only Financial Statements (including Summary of Significant Accounting Policies) for the annual periods from January 1 to December 31, 2023 and 2022.

In our opinion, the aforementioned Parent Company Only Financial Statements present fairly, in all material respects, the financial position of Wendell Industrial Co., Ltd. as of December 31, 2023 and 2022, and its financial performance and cash flows for the annual periods ended December 31, 2022, and 2011, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Basis for Opinions

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

Key Audit Matters

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

The key audit matters of the individual financial statements of Wendell Group in the year 2023 are as follows:

Loss allowance for accounts receivable

Instruction for the matter

For the accounting policy regarding accounts receivable, accounting estimates and assumptions of impairment evaluation, and instructions related to impairment, please see Note 4 (8) and (9), Note 5 (2) and Note 6 (4) of the parent company only financial statements.

Wendell Group evaluates the impairment of accounts receivable and calculate expected loss ratio

with reference to historical experience and in consideration of the customers' previous default records and current financial position, etc., to recognize loss allowance. Additionally, if the accounts receivable from individual customers are individually identified with a trace of impairment, or actual credit impairment, the Company will draw loss allowance. During the process of impairment evaluation of accounts receivable, the management applies judgment and estimates to determine the future recoverability, while its future recoverability is affected by various factors like the management's assumptions of credit risks of customers. Therefore, the CPA will include the estimates of impairment of accounts receivable as a key audit matter.

Responsive audit procedures

The audit procedures already executed by this CPA are summarized as follows:

1. Learn about and evaluate credit risk management as well as policies related to impairment evaluation of accounts receivable and internal control.
2. Learn about the computational logic of the aging statement of ending accounts receivable provided by the management, review relevant supporting documents, and check the book records to confirm the correctness of the classification of aging periods.
3. Recheck the supporting documents provided by the management for evaluation regarding the major impairment of accounts receivable as individually recognized by the management, to evaluate the reasonableness of the possibility of recovery.
4. Verify the subsequent collections of overdue accounts receivable with a significant sampling amount.

Inventory valuation

Instruction for the matter

For the accounting policy, accounting estimates and assumptions related to inventory valuation, please refer to Note 4 (11), Note 5 (2) and Note 6 (5) of the parent company only financial statements for details.

Wendell Group is mainly engaged in the sales of various kinds of electronic components. The ending inventories are measured at the cost or net realizable value, whichever is lower. At the same time, the falling price loss is drawn based on the useful status of outdated and obsolete inventories that have been individually identified. Such inventories feature short life cycle and fierce market competition, and the allowance for reduction of inventory individually identified as outdated and obsolete involves the management's subjective judgment. Therefore, the CPA includes the estimates of such inventory evaluation losses as a key audit matter.

Responsive audit procedures

The audit procedures already executed by this CPA are summarized as follows:

1. Learn about the operation of the Group and the nature of the industry, and evaluate the reasonableness of the internal control procedure and withdrawal policy adopted by the Company to address the loss on the allowance for reduction of inventory.
2. Test the basis of market price of net realizable value of individual inventories and conduct spot check to confirm whether the net realizable value is correctly calculated.

3. Learn about the warehousing management process of the Group, review its annual inventory plan, and participate in the evaluation of its annual inventory checking on the site, to evaluate the effectiveness of the inventory control of the management.
4. Acquire the details of outdated inventories individually identified by the management, review relevant documents, and check them with the book records.

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

To ensure that the Parent Company Only Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for preparing and maintaining necessary internal control procedures pertaining to the Parent Company Only Financial Statements.

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Groups' financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Parent Company Only Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit 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 controls 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 internal controls of the Group.

3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the Parent Company Only Financial Statements (including relevant Notes), and whether the Parent Company Only Financial Statements fairly present relevant transactions and items.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the Group's audits.

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 the key audit matters of the Parent Company Only Financial Statements for the year ended December 31, 2023. 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.

PricewaterhouseCoopers Taiwan

CPA: CHEN, CHIN-CHANG
TU, PEI-LING

Financial Supervisory Commission
Auditing and Attestation No.: FSC (Sheng) No.
1060025060
Former Securities & Exchange Commission,
Ministry of Finance
Auditing and Attestation No.: (84) Tai-Cai-Cheng (6)
No.13377
March 7, 2024

Wendell Industrial Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 359,693	19	\$ 281,753	15
1110	Current financial assets at fair value through profit or loss	6(2)	77,471	4	-	-
1136	Financial assets at amortized cost	6(3), 8	2,000	-	48,874	3
1150	Notes receivable	6(4)	7,787	-	11,813	1
1170	Accounts receivable	6(4)	390,770	21	346,567	18
1180	Accounts receivable from related parties, net	7	133,702	7	184,658	10
130X	Inventories	6(5)	286,099	15	433,485	23
1470	Other current assets		8,794	1	14,335	1
11XX	Total current assets		<u>1,266,316</u>	<u>67</u>	<u>1,321,485</u>	<u>71</u>
Non-current assets						
1550	Investments accounted for using the equity method	6(6), 7	245,050	13	200,825	11
1600	Property, plant and equipment	6(6)	313,920	16	273,135	15
1755	Right-of-use assets	6(7)	36,630	2	51,883	3
1840	Deferred tax assets	6(19)	16,455	1	9,783	-
1900	Other non-current assets		13,413	1	6,827	-
15XX	Total non-current assets		<u>625,468</u>	<u>33</u>	<u>542,453</u>	<u>29</u>
1XXX	Total assets		<u>\$ 1,891,784</u>	<u>100</u>	<u>\$ 1,863,938</u>	<u>100</u>

(Continue on next page)

Wendell Industrial Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term loans	6(9)	\$ 217,191	11	\$ 114,306	6
2120	Financial liabilities at fair value through profit or loss	6(2)	840	-	1,200	-
2130	Current contract liabilities	6(16)	474	-	595	-
2150	Notes payable		1,004	-	907	-
2170	Accounts payable		123,830	7	187,769	10
2180	Accounts payable from related parties	7	9,171	-	5,404	1
2200	Other accounts payable	6(10)	62,343	3	49,877	3
2220	Other accounts payable from related parties	7	396	-	721	-
2230	Current tax liabilities		35,061	2	29,874	2
2280	Current lease liabilities (Note 13)	6(8)	21,235	1	23,461	1
2320	Long-term liabilities - current portion	6(11)	389,078	21	-	-
2399	Other current liabilities - other		2,011	-	2,618	-
21XX	Total current liabilities		<u>862,634</u>	<u>45</u>	<u>416,732</u>	<u>23</u>
Non-current liabilities						
2530	Bonds payable	6(11)	-	-	381,825	20
2570	Deferred tax liabilities	6(20)	13,508	1	12,788	1
2580	Non-current lease liabilities	6(8)	16,526	1	30,235	2
2600	Other non-current liabilities	6(12)	5,437	-	7,108	-
25XX	Total non-current liabilities		<u>35,471</u>	<u>2</u>	<u>431,956</u>	<u>23</u>
2XXX	Total liabilities		<u>898,105</u>	<u>47</u>	<u>848,688</u>	<u>46</u>
Equity						
Share						
3110	Ordinary share	6(13)	251,049	13	239,085	13
Capital surplus						
3200	Capital surplus	6(14)	326,681	17	326,595	17
Retained earnings						
3310	Legal reserve	6(15)	83,425	5	63,986	4
3320	Special reserve		-	-	4,196	-
3350	Unappropriated retained earnings		334,846	18	380,383	20
Other equity						
3400	Other equity		(2,322)	-	1,005	-
3XXX	Total equity		<u>993,679</u>	<u>53</u>	<u>1,015,250</u>	<u>54</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant subsequent events						
3X2X	Total liabilities and equity		<u>\$ 1,891,784</u>	<u>100</u>	<u>\$ 1,863,938</u>	<u>100</u>

The accompanying notes constitute part of the parent company only financial statements.

Wendell Industrial Co., Ltd.
Parent Company Only Statements of Comprehensive Income
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars,
except for EPS in New Taiwan Dollars

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6(16), 7	\$ 1,483,623	100	\$ 1,690,873	100
5000 Operating costs	6(5), (19) & 7	(1,086,542)	(73)	(1,233,305)	(73)
5900 Gross profit		397,081	27	457,568	27
5910 Unrealized gross profit		9,438	(1)	(11,019)	(1)
5920 Realized gross profit		11,019	1	6,783	1
5950 Gross profit, net		398,662	27	453,332	27
Operating expenses	6(19), 7				
6100 Selling expenses		(100,954)	(7)	(97,592)	(6)
6200 Administrative expenses		(149,462)	(10)	(146,264)	(8)
6300 Research and development expenses		(14,561)	(1)	(13,164)	(1)
6450 Impairment loss determined in accordance with IFRS 9	6(4)	(469)	-	426	-
6000 Total operating expenses		(265,446)	(18)	(256,594)	(15)
6900 Net operating income		133,216	9	196,738	12
Non-operating income and expenses					
7100 Interest income		6,473	-	1,950	-
7010 Other income		2,078	-	934	-
7020 Other gains and losses	6(17)	(2,930)	-	30,683	2
7050 Finance costs	6(18)	(17,030)	(1)	(10,262)	-
7070 Profit (loss) share of subsidiaries, affiliated enterprises and joint ventures recognized using the equity method	6(6)	6,444	-	20,765	1
7000 Total non-operating income and expenses		(4,965)	-	44,070	3
7900 Profit from continuing operations before tax		128,251	9	240,808	15
7950 Tax expense	6(20)	(26,922)	(2)	(47,420)	(3)
8200 Profit (loss)		<u>\$ 101,329</u>	<u>7</u>	<u>\$ 193,388</u>	<u>12</u>
Other comprehensive income (net) Items that will not be reclassified subsequently to profit or loss:					
8311 Gains (losses) on remeasurements of defined benefit plans	6(12)	\$ 1,534	-	\$ 454	-
8330 Share of the other comprehensive income of associates accounted for using the equity method	6(6)	731	-	547	-
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translation of financial statements of overseas operations	6(6)	(3,327)	-	5,201	-
8300 Other comprehensive income (net)		<u>(\$ 1,062)</u>	<u>-</u>	<u>\$ 6,202</u>	<u>-</u>
8500 Total comprehensive income		<u>\$ 100,267</u>	<u>7</u>	<u>\$ 199,590</u>	<u>12</u>
Earnings per share	6(21)				
9750 Total basic earnings per share		\$	4.04	\$	7.70
9850 Total diluted earnings per share		\$	3.58	\$	7.18

The accompanying notes constitute part of the parent company only financial statements.

Wendell Industrial Co., Ltd.
Parent Company Only Statements of Changes in Equity
December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

	Note	Equity attributed to owners of parent					Exchange differences on translation of financial statements of overseas operations	Total
		Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		
2022								
Balance at January 1		\$ 239,085	\$ 305,468	\$ 45,186	\$ 550	\$ 347,109	(\$ 4,196)	\$ 933,202
Net profit in the current period		-	-	-	-	193,388	-	193,388
Other comprehensive income in the current period		-	-	-	-	1,001	5,201	6,202
Total comprehensive income in the current period		-	-	-	-	194,389	5,201	199,590
Earnings Assignment and Distribution in 2021	6(15)							
Legal reserve		-	-	18,800	-	(18,800)	-	-
Special reserve		-	-	-	3,646	(3,646)	-	-
Cash dividends		-	-	-	-	(138,669)	-	(138,669)
Issuance of corporate bonds	6(11)(14)	-	21,127	-	-	-	-	21,127
Balance at December 31		\$ 239,085	\$ 326,595	\$ 63,986	\$ 4,196	\$ 380,383	\$ 1,005	\$ 1,015,250
2023								
Balance at January 1		\$ 239,085	\$ 326,595	\$ 63,986	\$ 4,196	\$ 380,383	\$ 1,005	\$ 1,015,250
Net profit in the current period		-	-	-	-	101,329	-	101,329
Other comprehensive income in the current period		-	-	-	-	2,265	(3,327)	(1,062)
Total comprehensive income in the current period		-	-	-	-	103,594	(3,327)	100,267
Earnings Assignment and Distribution in 2022	6(15)							
Legal reserve		-	-	19,439	-	(19,439)	-	-
Special reserve		-	-	-	(4,196)	4,196	-	-
Cash dividends		-	-	-	-	(121,934)	-	(121,934)
Stock dividends		11,954	-	-	-	(11,954)	-	-
Conversion of convertible corporate bonds	6(11)(14)	10	86	-	-	-	-	96
Balance at December 31		\$ 251,049	\$ 326,681	\$ 83,425	\$ -	\$ 334,846	(\$ 2,322)	\$ 993,679

The accompanying notes constitute part of the parent company only financial statements.

Wendell Industrial Co., Ltd.
Parent Company Only Statements of Cash Flows
December 31, 2023 and 2022

	Note	Unit: In Thousands of New Taiwan Dollars	
		2023	2022
<u>Cash flows from operating activities, indirect method</u>			
Profit before tax		\$ 128,251	\$ 248,808
Adjustment items			
Adjustments to reconcile profit (loss)			
Unrealized gross profit		9,438	11,019
Realized gross profit		(11,019)	(6,783)
Depreciation expense	6(19)	36,606	39,083
Amortization expense	6(19)	1,203	626
Expected credit loss	6(4)	469	(426)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(17)	(1,956)	1,240
Interest	6(18)	17,030	10,262
Interest income		(6,473)	(1,950)
Profit and loss share of subsidiaries, affiliated enterprises and joint ventures recognized using the equity method	6(6)	(6,444)	(20,765)
Loss (gain) on disposal of property, plant and equipment		-	132
Profit from lease modification		(58)	(72)
Unrealized foreign currency exchange loss		801	-
Changes in operating assets and liabilities			
Total changes in operating assets			
Financial assets measured at fair value through profit or loss		(76,676)	-
Notes receivable		4,027	4,143
Accounts receivable		(44,673)	19,880
Accounts receivable - related parties		50,956	(37,507)
Inventories		147,386	(19,222)
Other current assets		7,288	1,161
Total changes in operating liabilities			
Contract liabilities - current		(121)	595
Notes payable		97	(23,335)
Accounts payable		(63,939)	4,660
Accounts payable - related parties		3,767	(6,391)
Other accounts payable		2,659	3,500
Other accounts payable - related parties		(325)	204
Other current liabilities - other		(607)	(261)
Net defined benefit liability		3	(1)
Cash generated from operations		197,690	220,600
Interest collected		4,726	1,950
Interest paid		(10,653)	(6,199)
Income tax paid		(27,687)	(47,169)
Net cash generated from operating activities		164,076	169,182

(Continue on next page)

Wendell Industrial Co., Ltd.
Parent Company Only Statements of Cash Flows
December 31, 2023 and 2022

	Note	Unit: In Thousands of New Taiwan Dollars	
		2023	2022
<u>Cash flows from investing activities</u>			
Financial assets measured at amortized cost - Decrease in current assets		\$ 46,874	\$ 14,996
Investments using the equity method	7	(40,000)	-
Cash dividends distributed from investments using the equity method		1,204	2,408
Acquisition of property, plant and equipment	6(22)	(42,420)	(245,501)
Acquisition of intangible assets		(2,669)	(888)
Decrease (increase) in refundable deposits		(5,121)	1,305
Net cash used in investing activities		(42,132)	(227,680)
<u>Cash flows from financing activities</u>			
Increase (decrease) in short-term loans	6(23)	102,885	(85,232)
Issuance of corporate bonds payable	6(23)	-	398,849
(Decrease) increase in Guarantee deposits paid	6(23)	(140)	140
Payments of lease liabilities	6(23)	(24,815)	(23,499)
Cash dividends paid	6(15)	(121,934)	(138,669)
Net cash generated from (used in) financing activities		(44,004)	151,589
Net increase in cash and cash equivalents		77,940	93,091
Cash and cash equivalents at beginning of period		281,753	188,662
Cash and cash equivalents at end of period		\$ 359,693	\$ 281,753

The accompanying notes constitute part of the parent company only financial statements.

Wendell Industrial Co., Ltd.
Notes to Parent Company Only Financial Statements
December 31, 2023 and 2022

Amount in Thousands of New Taiwan Dollars
(Unless Otherwise Specified)

1. Company History

Wendell Industrial Co., Ltd. (hereinafter referred to as the “Company”) was incorporated on June 1979. The stock of the Company was approved for public offering in September 2019, and initially traded at Taipei Exchange since November 8, 2021. The Company is mainly engaged in the import and export trade business, sales of electronic and electromechanical materials like capacitors, resistors and inductors, and relevant services and certification regarding electromagnetic compatibility.

2. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 7, 2024.

3. Application of New and Amended Standards and Interpretations

(1) Impact of the adoption of new and amended International Financial Reporting Standards (IFRSs) recognized, released and enforced by the Financial Supervisory Commission (hereinafter referred to as “FSC”)

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

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”	May 23, 2023

The Company confirmed through evaluation that the aforesaid standards and interpretations didn’t have a significant impact on its financial position and financial performance.

(2) Standards or interpretations issued, revised or amended, by IASB which are endorsed by FSC, but not yet adopted by the Group

The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2024:

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024

The Company confirmed through evaluation that the aforesaid standards and interpretations didn't have a significant impact on its financial position and financial performance.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

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

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 7 "First-time Adoption of IFRS 17 and IFRS 9 - comparative information"	January 1, 2023
Amendments to IAS "Lack of Exchangeability"	January 1, 2025

The Company confirmed through evaluation that the aforesaid standards and interpretations didn't have a significant impact on its financial position and financial performance.

4. Summary of Significant Accounting Policies

The significant accounting policies adopted for the preparation of the parent company only financial statements are described as follows. Unless otherwise specified, such policies should be consistently applied in all reporting periods.

(1) Statement of Compliance

The parent company only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of Preparation

A. The consolidated financial statements were prepared at historical cost except the following important items:

- (1) Financial assets and liabilities measured at fair value through profit or loss
- (2) Defined benefit liabilities recognized at the net present value of retirement fund assets after deduction of defined benefit obligations.

B. Some significant accounting estimates shall be used to prepare financial statements that comply with IFRSs. In the application of the Group's accounting

policies, the management is required to apply its judgment. For highly judgmental or complicated items, or items involving the significant assumptions and estimates of the consolidated financial statements, please see Note V for details.

(3) Foreign currency transactions

Each entity in the Group determines its functional currency, and items included in the financial statements of each entity are measured using that functional currency. The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency.

A. Foreign currency transactions and balance

- (A) Foreign currency transactions are translated to functional currency at the spot rate on the trading date or measurement date. The translation difference resulting from the translation of such transactions is recognized as current profit or loss.
- (B) The balance of foreign currency monetary assets and liabilities is evaluated and adjusted at the spot rate on the balance sheet date. The translation difference resulting from such adjustment is recognized as current profit or loss.
- (C) The balance of foreign currency non-monetary assets and liabilities, if measured at fair value through profit or loss, is evaluated and adjusted at the spot rate on the balance sheet date. The translation difference resulting from such adjustment is recognized as current profit or loss.

B. Translation of foreign operating institutions

The operating results and financial position of all individuals of the Group with different functional currency and presentation currency are translated to the presentation currency using the following methods:

- (A) Assets and liabilities presented in each balance sheet are translated at the closing rate on this balance sheet date;
- (B) Income and expenses presented in each statement of comprehensive income are translated at the average exchange rate in the current period; and
- (C) All exchange differences resulting from translation are recognized as other comprehensive income.

(4) Classification of Current and Non-current Assets and Liabilities

A. An asset is classified as current when one of the following criteria is met:

- (A) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle.
- (B) It is held primarily for the purpose of trading.
- (C) It is expected to be realized within twelve months after the reporting period.
- (D) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all assets that do not comply with the aforesaid

conditions as non-current assets.

- B. A liability is classified as current when one of the following criteria is met:
 - (A) It is expected to be settled in the normal operating cycle.
 - (B) It is held primarily for the purpose of trading.
 - (C) It is due to be settled within twelve months after the reporting period.

The Company classifies all liabilities that do not comply with the aforesaid conditions as non-current liabilities.

(5) Cash Equivalents

A cash equivalent refers to a short-term investment with high liquidity. This investment can be converted to fixed-amount cash at any time with a very small risk of change in its value. Time deposits that comply with the preceding definition with the purpose of holding to satisfy the short-term cash commitment in terms of operation are classified as cash equivalents.

(6) Financial assets at fair value through other comprehensive income

- A. Refer to financial assets measured at amortized cost, or fair value through other comprehensive income.
- B. The Company implements accounting of financial assets measured at fair value through profit or loss that comply with the trading practice on the trading date.
- C. The Company measures these financial assets at fair value upon original recognition, and recognizes relevant transaction cost as profit or loss. It will subsequently measure the assets at fair value, and recognize their interests or losses as profit or loss.

(7) Financial assets measured at amortized cost

- A. Refer to a financial asset that complies with the following conditions at the same time:
 - (A) This financial asset is held under a business model intended to collect contract cash flow.
 - (B) The cash flow from the covenant of this financial asset on a specific day is entirely for the payment of principal and interest on the outstanding principal amount.
- B. The Company implements accounting of financial assets measured at amortized cost that comply with the trading practice on the trading date.
- C. The Company measures these financial assets at fair value plus transaction cost upon original recognition, and subsequently takes effective interest method to recognize interest revenue and impairment loss within the circulation period per the amortization procedures. Besides, their interests or losses are recognized as profit or loss upon derecognition.

- D. The time deposits held by the Company that do not comply with the standards of cash equivalents are measured at investment amount in consideration of short holding period and insignificant impact of discount.

(8) Accounts and notes receivable

- A. Refer to accounts and notes already with an unconditional right to collect the amount of consideration exchanged for the transfer of products or labor services according to contract agreements.
- B. Short-term accounts and notes receivable with interest not yet paid are measured by the Company at the original invoice amount due to insignificant impact of discount.

(9) Impairments of Financial Assets

On each balance sheet, the Company considers all reasonable and verifiable information (including forward-looking information) and then measures loss allowance for financial assets measures at amortized cost with credit risk not significantly increased after original recognition per the amount of 12-month expected credit loss; the Group measures loss allowance for those with credit risk already significantly increased after original recognition per the amount of lifetime expected credit loss; the Company measures loss allowance for accounts and notes receivable and not containing significant financial constituents per the amount of lifetime expected credit loss.

(10) Derecognition of financial assets

When the contract right of the Company to collect cash flows from financial assets becomes invalid, these financial assets will be derecognized.

(11) Inventory

Inventories are measured at cost or net realizable value, whichever is lower, while the cost is determined using the method of weighted mean. When the cost and the net realizable value are compared, item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the normal business process after deduction of estimated cost needed for the completion of the sale.

(12) Investments Accounted for Using the Equity Method - Subsidiaries

- A. A subsidiary refers to an individual (including a structured individual) controlled by the Company. When the Company is exposed to variable compensation from its participation in this individual, or enjoys rights over the variable compensation, and the Company has the ability to impact such compensation through its power over this individual, the Company controls this individual.

- B. The unrealized profit or loss resulting from the transactions between the Company and its subsidiaries has already been written off. The accounting policies of the subsidiaries have already been adjusted necessarily, to align with the policies adopted by the Company.
- C. The Company recognizes the share of profit and loss as current profit or loss, and the share of other comprehensive income as other comprehensive income after acquisition of subsidiaries. If the share of the Company in the losses recognized by a subsidiary is equal to or exceeds the Company's interests in this subsidiary, the Company will continue to recognize losses per its shareholding ratio in this subsidiary.
- D. In accordance with the provisions of "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the current profit or loss and other comprehensive income indicated in the individual financial report shall be same as the apportioned amount of the current profit and other comprehensive income indicated in the financial report prepared on a consolidated basis as attributable to the owners of the parent company. The owners' interests in the individual financial report shall be same as the interests indicated in the financial report prepared on a consolidated basis as attributable to the owners of the parent company.

(13) Property, plant, and equipment

- A. The acquisition cost of property, plant, and equipment is adopted as the bookkeeping basis, and relevant interest incurred in the acquisition period is capitalized.
- B. The subsequent cost is included in the carrying amount of assets, or recognized as an individual asset only when the future economic benefits related to this item are likely to flow into the Group, and the cost of this item can be reliably measured. The carrying amount of the replaced part shall be derecognized. All other repair expenses are recognized as current profit or loss upon incurrence.
- C. Cost model is adopted for the subsequent measurement of property, plant, and equipment. The property, plant, and equipment are depreciated using the straight-line method according to durable years except land that is not depreciated. If each component of property, plant, and equipment is significant, they shall be depreciated individually.
- D. The Company reviews the residual value, durable years and depreciation method of each asset at the end of each fiscal year. If the expected values of residual value and durable years are different from the previous estimates, or a significant change is already present in the expected consumption type of the future economic benefits included in the assets, the provisions of IFS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" regarding the changes in accounting estimates shall be followed since the date when the change occurs. The durable years of each asset are as follows:

Machinery	3-10 years
Office Equipment	3-7 years
Leasehold improvements	5-10 years
Other Equipment	3 years

(14) Lessee's lease transactions - Right-of-use assets/lease liabilities

- A. Lease assets are recognized as right-of-use assets and lease liabilities on the date when they are available for use by the Company. When the lease contract is short-term lease or lease of a low-valued target asset, the lease payment is recognized as expense using the straight-line method during the lease term.
- B. Lease liabilities are recognized as present value of the lease payment not yet paid after discounting per the incremental loan interest rate of the Company on the lease inception. The lease payment is fixed payment, and any lease incentive that can be collected shall be deducted.
Interest method is subsequently adopted for measurement per the amortized cost, and interest expenses is drawn in the lease term. When the lease term or lease payment is changed not due to modification of the contract, the lease liabilities will be reevaluated, and then the right-of-use assets will be adjusted using the gains (losses) on remeasurements.
- C. The right-of-use assets are recognized at cost on the lease inception. The cost is the originally measured amount of the lease liabilities.
Cost model is used for subsequent measurement. Depreciation expenses are drawn upon the expiry of the durable years of the right-of-use assets, or expiry of the lease term, whichever is earlier.
- D. For lease modification intended to reduce the lease scope, the lessee will reduce the carrying amount of the right-of-use assets to reflect the partial or comprehensive termination of the lease, and recognize the difference between this carrying amount and the gains (losses) on remeasurements of the lease liabilities in the profit or loss.

(15) Intangible assets

Computer software costs are amortized on a straight-line basis over its estimated useful life (1-5 years).

(16) Impairment of non-financial assets

The Company estimates the recoverable amount of an asset with a sign of impairment on the balance sheet date. When the recoverable amount is lower than this asset's carrying amount, impairment loss is recognized. The recoverable amount refers to the amount obtained by deduction of disposal cost from the fair value of an asset or its use value, whichever is higher. When the asset impairment already recognized in the previous year no longer exists or decreases, the impairment loss will be reversed. However, the carrying amount of the asset increased due to the reversal of the impairment loss shall not exceed the carrying amount of this asset deducted with

depreciation or amortization given that the impairment loss is not recognized.

(17) Borrowing

It refers to the short-term amount borrowed from the bank. The Company measures the borrowings at fair value deducted with transaction cost upon original recognition. For any subsequent difference between the price after deduction of transaction cost and the redeemed value, effective interest method is adopted to recognize interest expenses in the profit or loss in the circulation period per the amortization procedures.

(18) Accounts and notes payable

- A. Refer to debts generated from the purchasing of raw materials, products or labor services on credit as well as notes payable incurred not due to business operations.
- B. Short-term accounts and notes receivable with interest not yet paid are measured by the Group at the original invoice amount due to insignificant impact of discount.

(19) Convertible corporate bonds payable

The convertible corporate bonds payable as issued by the Company are embedded with conversion right (i.e., the right of the holder to convert the corporate bonds to common shares of the Group with fixed-amount conversion and fixed number of shares converted), recall right, and right of redemption. During initial issue, the issue prices are distinguished as financial assets, financial liabilities or equity per the issue conditions. They are handled as follows:

- A. Embedded call right and right of redemption: The net amount of fair value of these rights are entered at “Financial assets or liabilities measured at fair value through profit or loss” upon original recognition; these rights are evaluated per the fair value then upon the balance sheet, and the difference is recognized as “Interests or losses of financial assets (liabilities) measured at fair value through profit or loss”.
- B. Master contract of corporate bond: It is measured at fair value upon original recognition. The difference between the fair value and the redeemed value is recognized as premium/discount price of corporate bond payable; effective interest method is subsequently adopted to recognize it as profit or loss within the circulation period per the amortization procedures. It will be used as an adjustment item of “Financial cost”.
- C. Embedded conversion right (complying with the definition of equity): The remaining value obtained after deduction of the aforesaid “Financial assets or liabilities measured at fair value through profit or loss” and “Corporate bonds payable” from the issued amount is entered into “Capital surplus - Subscription right” upon original recognition. It will not be remeasured subsequently.

- D. Any directly attributed transaction cost issued is distributed to the constituents of each liability and equity per the original carrying amount of each of the aforesaid portfolios.
- E. When the holder is converted, the constituents of the liabilities entered into the accounts (including “Corporate bonds payable” and “Financial assets or liabilities measured at fair value through profit or loss” are treated using the classified subsequent measurement method, and then the sum of the carrying amount of the constituents of liabilities and the carrying amount of “Capital surplus - Subscription right” is adopted as issue cost for converted common shares.

(20) Derecognition of financial liabilities

The Company derecognizes financial liabilities when the obligations expressly determined in the contract are performed, canceled, or expired.

(21) Employee Benefits

A. Short-term employee benefits

Short-term employee benefits are measured at undiscounted amount of expected payments, and recognized as expenses upon provision of related services.

B. Retirement benefits

(A) Defined contribution plan

For the defined contribution plan, the amount of retirement fund that shall be appropriated is recognized as current pension cost on an accrual basis. The prepaid appropriation fund is recognized as an asset within a scope of refundable cash or reduced future payment.

(B) Defined benefit plan

- I. Net obligations under the defined benefit plan are calculated through the discounting of future benefit amount earned by employees in the current period or from previous services, and the present value of determined benefit obligations on the balance sheet date is deducted with fair value of planned assets. The defined net benefit obligations are calculated annually by actuaries using projected unit benefit method. The discount rate is determined with reference to the market dividend yield of the high-quality corporate bonds that are consistent with the currency and period of the defined benefit plan on the balance sheet date; in countries without deep market for high-quality corporate bonds, the market dividend yield of government bonds is used (on the balance sheet date).
- II. The gains (losses) on remeasurements generated from the defined benefit plan is recognized as other comprehensive income in the current period, and presented in retained earnings.

III. Relevant expenses of early service cost are immediately recognized as profit or loss.

- C. Remunerations of employee and remunerations of the Directors
Remunerations of employee and remunerations of the Directors are recognized as expenses and liabilities when there are legal or presumed obligations with amount reasonably estimable. When the actual allotment amount subsequently resolved is different from the estimated amount, it shall be handled as change in accounting estimates.

(22) Income Tax

- A. Income tax expenses include current and deferred income taxes. Income taxes are recognized as profit or loss except income taxes related to items included into other comprehensive income or directly included into equity which are recognized as other comprehensive income or directly recognized as equity.
- B. The Company calculates current income tax according to its business operation as well as tax rate already legislated or substantially legislated by the country where the taxable income occurs on the balance sheet date. The management shall regularly evaluate the declaration status of income tax according to relevant provisions applicable to the income tax, and estimate income tax liabilities as applicable according to the taxes payable to the tax authority. If a profit distribution proposal is passed at the Shareholders' Meeting in the year following the year when the undistributed profit is generated according to the income tax collected per the income tax law, the income tax expenses of undistributed profit may be recognized based on the actual profit distribution.
- C. The deferred income taxes are recognized using the balance sheet method according to the tax base of assets and liabilities and the temporary differences generated from the carrying amount of the deferred income taxes in the consolidated balance sheet. The deferred income taxes are not recognized if they are sourced from the original recognition of assets or liabilities in the transactions (not including business combination), and the accounting profits or taxable income (taxable loss) haven't been affected, or equivalent taxable and deductible temporary differences haven't been generated upon the transactions. If the Group is able to control the time point of reversal of temporary differences generated from investments in subsidiaries, and the temporary differences are very likely not to be reversed in a foreseeable future, such temporary differences will not be recognized. The deferred income taxes shall be calculated according to the tax rate (and tax law) already legislated or substantially legislated and expected as applicable upon realization of relevant deferred income tax assets or repayment of deferred income tax liabilities.
- D. The deferred income tax assets are recognized within a scope where the temporary differences are very likely to deduct the future taxable income. Also, the deferred income tax assets unrecognized and recognized shall be reevaluated on each balance sheet date.

(23) Share capital

Ordinary shares are classified as equity. The net amount obtained by deducting income tax from the incremental cost directly attributable to issuance of new shares or subscription right is listed as price deduction in the equity.

(24) Dividends distribution

The dividends distributed to the shareholders of the Company are recognized in the financial statements when the Shareholders' Meeting of the Company makes a resolution to distribute dividends. The distributed cash dividends are recognized as liabilities, and the distributed stock dividends are recognized as stock dividends to be distributed and transferred to ordinary shares on the base date of the issuance of new shares.

(25) Revenue recognition

A. Sale of goods

- (A) The Company mainly operates import and export business and sales of sales of electronic and electromechanical materials like capacitors, resistors and inductors. The revenue from sale of goods is recognized when the control of the products is transferred to the customers, i.e., when the products are delivered to the customers, the customers have discretionary power over the sales channels and prices of the products, and the Company does not have any unperformed obligations that may affect the customers' acceptance of such products. A product is deemed as delivered when it is transported to the designated place, the risks of outdatedness and loss have already been transferred to the customer, the customer accepts the product according to the sales contract, or objective evidence indicates that all acceptance criteria have been satisfied.
- (B) The revenue from sale of goods of the Company is recognized as the net amount of the contract price obtained after deduction of estimated sales allowance or price reduction. The sales allowance or priced reduction provided to the customer is usually calculated on the basis of the sales volume in the current period. The Company estimates the sales allowance or price reduction based on its historical experience. The recognized amount of revenue is limited to the part which is highly likely not to be significantly reversed in the future, and the estimate is updated on each balance sheet date. The estimated sales allowance or price reduction payable to customers as related to the sale of goods is recognized as refund liability as of the balance sheet date. The collection condition of sales transaction is usually due 90-150 days after the shipment date. Since the time interval between the transfer of the promised products or services to the customer and the payment made by the customer does not exceed one year, the Company hasn't adjusted the transaction prices to reflect the time value of money.
- (C) Accounts receivable shall be recognized when the products are delivered to the customers. Since the Company has an unconditional right over the contract price from this time point, relevant consideration may be collected

from the customers only with the time passing by.

- B. Revenue from rendering of labor services
 - (A) The Company provides electronic material testing and certification services. Revenue from rendering of labor services is recognized when the control of the transaction result of rendering of labor service is transferred to the customer, i.e., when the transaction result is delivered to the customer, and the Company does not have any unperformed obligations that may affect the customer's acceptance of this result.
 - (B) Accounts receivable shall be recognized when the transaction result of rendering of labor services is delivered to the customer. Since the Company has an unconditional right over the contract price from this time point, relevant consideration may be collected from the customers only with the time passing by.
 - (C) When the services already provided by the Company have exceeded the amount payable by the customers, they shall be recognized as contract assets. If the amount payable by customers has exceeded the services already provided by the Company, they shall be recognized as contract liabilities.

(26) Government grant

A government grant is recognized at fair value when it may be reasonably assured that the enterprise will follow the conditions attached with the government grant, and this government grant can be received. If the nature of the government grant is to compensate for the expenses incurred to the Company, the government grant shall be recognized as current profit or loss during the period when relevant expenses are incurred on a systematic basis.

5. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When the Company prepares these parent company only financial statements, the management has already applied its judgment to determine the accounting policies to adopt, and make accounting judgments and assumptions according to the reasonable expectations of the future events based on the situation on the balance date sheet. There may be discrepancies between the material accounting estimates and assumptions adopted and the actual results, and continual evaluation and adjustment will be implemented in consideration of the historical experience and other factors. These estimates and assumptions present a risk of significant adjustment of the carrying amount of assets and liabilities in the next fiscal year. Please see the instructions below for details regarding the uncertainties in material accounting judgments, estimates and assumptions:

(1) Material judgments adopted in the accounting policies

None.

(2) Material accounting estimates and assumptions

A. Evaluation of loss allowance of accounts receivable

When evaluating the impairment of accounts receivable, the Company shall apply judgments and estimates to determine the future recoverability of accounts receivable, while the future recoverability is under the impact of multiple factors like the customer's financial position, the internal credit rating of the Group, historical transaction records, current economic status and other factors that may affect the customer's paying ability. When there is a doubt about the recoverability of accounts receivable, the Group may evaluate the possibility of recovery of these accounts receivable and draw appropriate allowances. This allowance is evaluated according to the reasonable expectations of the future events based on the situation on the balance sheet date. A significant change may arise if there are discrepancies between the actual results and the estimates.

The book balance of the accounts receivable of the Company was NT\$390,770 on December 31, 2023.

B. Evaluation of inventories

Since inventories are valued at cost or net realizable value, whichever is lower, the Company must apply judgments and estimates to determine the net realizable value of inventories on the balance sheet date. Due to the rapid change of science and technology, the Company evaluates the amount of inventories on the balance sheet date as corresponding to normal loss, outdatedness or absence of market sales value, and charges against the inventory cost to the net realizable value. A significant change may arise since the product demand within a specific period in the future is mainly adopted as the estimation basis of this inventory evaluation.

The book balance of inventories of the Company was NT\$286,099 on December 31, 2023.

6. Explanations of Significant Accounting Items

(1) Cash and cash equivalents

	<u>2023.12.31</u>	<u>2022.12.31</u>
Cash on hand and working capital	\$ 219	\$ 351
Cheque and demand deposits	285,693	269,116
Time deposits	73,781	12,286
Total	<u>\$ 359,693</u>	<u>\$ 281,753</u>

A. The demand deposits mentioned above are highly liquid investments that are due within three months.

B. The Company establishes business relations with multiple financial institutions of good credit quality to spread credit risks. Therefore, the possibility of default is very low as expected.

- C. The Company has already classified the guaranteed cash and cash equivalents as financial assets measured at amortized cost. Please see Note 6 (3) and Note 8 for details.

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

Item	2023.12.31	2022.12.31
Financial assets mandatorily measured at fair value through profit or loss		
Hybrid instruments - financial bonds	\$ 76,676	\$ -
Derivative instruments - forward exchange contracts	450	-
Evaluation and adjustment	345	-
Total	\$ 77,471	\$ -
Financial liabilities at fair value through profit or loss		
Derivative instruments - Right of redemption over convertible corporate bonds	800	800
Derivative instruments - Right of redemption over convertible corporate bonds	(760)	(760)
Evaluation and adjustment	(880)	(1,240)
Total	(\$ 840)	(\$ 1,200)

- A. Details regarding the recognition of financial assets and liabilities at fair value through profit or loss as profit or loss are as follows:

	2023	2022
Non-derivative instruments	\$ 1,186	\$ -
Derivative instruments	770	(1,240)
Total	\$ 1,956	(\$ 1,240)

- B. Information regarding the transactions and contracts of derivative financial assets undertaken by the Company without the application of hedge accounting is described as follows:

Derivative financial assets	December 31, 2023	
	Contract amount (Nominal principal) (Thousands of NTD)	Contract period
Current Item:		
Forward exchange contracts –Sale of US dollar and purchasing of NTD	USD 920	2023/11/22- 2024/2/27

This situation didn't exist on December 31, 2022.

The forward foreign exchange contracts signed by the Company are to avoid the risk of exchange rate resulting from the export prices. However, hedge accounting hasn't been applied.

- C. The Company hasn't provided financial assets measured at fair value through profit or loss for pledge.
- D. For information regarding the credit risks of relevant financial assets measured at fair value through profit or loss, please refer to Note 12 (2) for details.

(3) Financial assets at amortized cost

Item	2023.12.31	2022.12.31
Current Item:		
Time deposits with original expiry date exceeding three months	\$ 2,000	\$ 36,858
Demand deposits of special compensation account	-	8,016
Time deposits restricted for the purpose of providing pledge	-	4,000
Total	\$ 2,000	\$ 48,874

- A. The amount exposed to the maximum credit risk on December 31, 2023 and December 31, 2022 regarding the most representative financial assets measured at amortized cost as held by the Company is the carrying amount of the financial assets recognized given that the collateral held or other credit enhancement is not taken into account.
- B. For the provision of financial assets measured at amortized cost by the Company for pledge guarantee, please refer to Note 8 for details.
- C. For information regarding the credit risks of relevant financial assets measured at amortized cost, please refer to Note 12 (2) for details.

(4) Notes and accounts receivable

	2023.12.31	2022.12.31
Notes receivable	\$ 7,789	\$ 11,816
Less: Loss allowances	(2)	(3)
	\$ 7,787	\$ 11,813
Accounts receivable	\$ 391,773	\$ 347,100
Less: Loss allowances	(1,003)	(533)
	\$ 390,770	\$ 346,567

- A. The average credit extension period offered by the Company to the customers lasts for 90~150 days in principle through monthly settlement. Except drawing of impairment loss for credit impairment actually occurring to individual customers, the Company calculates expected loss ratio to recognize loss allowance with reference to the historical experience and inconsideration of the customers' previous default records and current financial position as well as the future economic situation of the industry.

B. The aging analysis of accounts and notes receivable is as follows:

	2023.12.31		2022.12.31	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not overdue	\$ 380,499	\$ 7,789	\$ 341,008	\$ 11,816
in 30 days	6,381	-	3,344	-
31-90 days	4,786	-	2,565	-
above 91 days	107	-	183	-
	<u>\$ 391,773</u>	<u>\$ 7,789</u>	<u>\$ 347,100</u>	<u>\$ 11,816</u>

The aging analysis above is carried out based on the number of overdue days.

- C. The balance of receivables (including notes receivable) contracted by the Company with customers reached NT\$399,562, NT\$358,916, and NT\$382,939 respectively on December 31, 2023, December 31, 2022, and January 1, 2022 respectively. Given that the collateral held or other credit enhancement is not taken into account, the maximum credit risk of the Company possibly resulting from the financial losses caused by the counterparties' failure to perform their obligations is the carrying amount of the financial assets recognized as of the ending date of the reporting period.
- D. The Company adopts a simplified practice to estimate the expected credit loss on the basis of preparation matrix and in consideration of characteristics such as geographical region, product type and customer rating.
- E. The Company charges against the amount of financial assets that appear not recoverable based on reasonable expectations after the recourse procedure. However, the Company will continually implement the legal recourse procedures to preserve its right over creditors' rights.
- F. The Company includes the loss ratios established based on the historical and current information in specific periods with future forward-looking considerations and adjustments, to estimate the loss allowance for accounts and notes receivable. The loss ratios on December 31, 2023 and December 31, 2022 are as follows:

	Not overdue	Overdue for 30 days	Overdue for 31-90 days	Overdue for more than 91 days	Total
<u>2023.12.31</u>					
Expected loss ratio	0.03%	0.16%	7.92%-42.94%	100.00%	
Total Notes receivable	<u>\$ 7,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,789</u>
Total accounts receivable	<u>\$ 380,499</u>	<u>\$ 6,381</u>	<u>\$ 4,786</u>	<u>\$ 107</u>	<u>\$ 391,773</u>

	Not overdue	Overdue for 30 days	Overdue for 31-90 days	Overdue for more than 91 days	Total
<u>2022.12.31</u>					
Expected loss ratio	0.03%	0.26%	7.46%-35.91%	100.00%	
Total Notes receivable	\$ 11,816	\$ -	\$ -	\$ -	\$ 11,816
Total accounts receivable	\$ 341,008	\$ 3,344	\$ 2,565	\$ 183	\$ 347,100

G. Table of changes in loss allowance for accounts and notes receivable by the Company through the use of the simplified practice is as follows:

	2023		2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Jan. 1	\$ 533	\$ 3	\$ 957	\$ 5
Impairment losses drawn (reversed)	470	(1)	(424)	(2)
Dec. 31	\$ 1,003	\$ 2	\$ 533	\$ 3

In the losses drawn in 2023 and 2022, the impairment (loss) interests recognized from the receivables (including notes receivable) generated from contracts with customers were (\$469) and \$426 respectively.

H. For information regarding the credit risks of relevant accounts receivable and notes receivable, please see Note 12 (2) for details.

(5) Inventories

	December 31, 2023		
	Cost	Allowance for falling price loss	Carrying amount
Commodities	\$ 329,129	(\$ 58,062)	\$ 271,067
Work in process	4,605	-	4,605
Finished goods	9,984	(152)	9,832
Inventory in transit	595	-	595
Total	\$ 344,313	(\$ 58,214)	\$ 286,099

	December 31, 2022		
	Cost	Allowance for falling price loss	Carrying amount
Commodities	\$ 453,720	(\$ 37,668)	\$ 416,052
Work in process	3,559	-	3,559
Finished goods	7,318	(226)	7,092
Inventory in transit	6,782	-	6,782
Total	\$ 471,379	(\$ 37,894)	\$ 433,485

Inventory cost recognized by the Company as expenses and losses in the current period:

	2023	2022
Cost of inventories sold	\$ 1,034,641	\$ 1,182,619
Falling price loss	20,320	15,276
	<u>\$ 1,054,961</u>	<u>\$ 1,197,895</u>

(6) Investments accounted for using the equity method

A. Subsidiaries invested using the equity method

	December 31, 2023	December 31, 2022
Nichtek Industrial Co., Limited	\$ 43,923	\$ 51,529
Wendell Electrical Testing Co., Ltd.	110,177	68,128
Wendell Industrial Co., Ltd.	3,678	2,366
Wendell Korea Co., Ltd.	76,964	69,547
Wendell Pte. Ltd.	10,308	9,255
	<u>\$ 245,050</u>	<u>\$ 200,825</u>

For information regarding the subsidiaries of the Company, please refer to Note 4 (3) to the Consolidated Financial Statements of the Company in 2023.

B. Share of profit or loss of subsidiaries invested using the equity method

	2023	
	Investment profit (loss)	Other comprehensive income (loss)
Nichtek Industrial Co., Limited	(\$ 8,766)	(\$ 931)
Wendell Electrical Testing Co., Ltd.	3,253	-
Wendell Industrial Co., Ltd.	1,472	(180)
Wendell Korea Co., Ltd.	9,416	(1,469)
Wendell Pte. Ltd.	1,069	(16)
	<u>\$ 6,444</u>	<u>(\$ 2,596)</u>
	2022	
	Investment profit (loss)	Other comprehensive income (loss)
Nichtek Industrial Co., Limited	(\$ 13,581)	\$ 1,071
Wendell Electrical Testing Co., Ltd.	1,309	-
Wendell Industrial Co., Ltd.	619	(47)
Wendell Korea Co., Ltd.	28,972	4,064
Wendell Pte. Ltd.	3,446	660
	<u>\$ 20,765</u>	<u>\$ 5,748</u>

(7) Property, plant, and equipment

		2023						
		Land	Machinery	Office Equipment	Leasehold improvements	Other Equipment	Construction in Process	Total
Jan. 1	Cost	\$ 240,928	\$ 63,190	\$ 4,323	\$ 49,423	\$ 116	\$ 2,055	\$ 360,035
	Depreciation	-	(53,971)	(2,545)	(30,365)	(19)	-	(86,900)
		<u>\$ 240,928</u>	<u>\$ 9,219</u>	<u>\$ 1,778</u>	<u>\$ 19,058</u>	<u>\$ 97</u>	<u>\$ 2,055</u>	<u>\$273,135</u>
Jan. 1	Cost	\$ 240,928	\$ 9,219	\$ 1,778	\$ 19,058	\$ 97	\$ 2,055	\$273,135
	Addition	-	2,342	1,148	-	-	49,709	53,199
	Transfer	-	3,288	-	-	-	(3,288)	-
	Depreciation fee	-	(5,098)	(1,071)	(6,206)	(39)	-	(12,414)
Dec. 31		<u>240,928</u>	<u>\$ 9,751</u>	<u>\$ 1,855</u>	<u>\$ 12,852</u>	<u>\$ 58</u>	<u>\$ 48,476</u>	<u>\$313,920</u>
Dec. 31	Cost	\$ 240,928	\$ 37,751	\$ 3,509	\$ 37,953	\$ 116	\$ 48,476	\$368,733
	Depreciation	-	(28,000)	(1,654)	(25,101)	(58)	-	(54,813)
		<u>\$ 240,928</u>	<u>\$ 9,751</u>	<u>\$ 1,855</u>	<u>\$ 12,852</u>	<u>\$ 58</u>	<u>\$ 48,476</u>	<u>\$313,920</u>
		2022						
		Land	Machinery	Office Equipment	Leasehold improvements	Other Equipment	Construction in Process	Total
Jan. 1	Cost	\$ -	\$ 62,671	\$ 4,047	\$ 59,443	\$ -	\$ -	\$126,161
	Depreciation	-	(47,845)	(2,339)	(32,360)	-	-	(82,544)
		<u>\$ -</u>	<u>\$ 14,826</u>	<u>\$ 1,708</u>	<u>\$ 27,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,617</u>
Jan. 1	Cost	\$ -	\$ 14,826	\$ 1,708	\$ 27,083	\$ -	\$ -	\$ 43,617
	Addition	240,928	910	1,298	-	116	2,112	245,364
	Disposal and obsolescence	-	(44)	(88)	-	-	-	(132)
	Transfer	-	57	-	-	-	(57)	-
	Depreciation fee	-	(6,530)	(1,140)	(8,025)	(19)	-	(15,714)
Dec. 31		<u>\$ 240,928</u>	<u>\$ 9,219</u>	<u>\$ 1,778</u>	<u>\$ 19,058</u>	<u>\$ 97</u>	<u>\$ 2,055</u>	<u>\$273,135</u>
Dec. 31	Cost	\$ 240,928	\$ 63,190	\$ 4,323	\$ 49,423	\$ 116	\$ 2,055	\$360,035
	Depreciation	-	(53,971)	(2,545)	(30,365)	(19)	-	(86,900)
		<u>\$ 240,928</u>	<u>\$ 9,219</u>	<u>\$ 1,778</u>	<u>\$ 19,058</u>	<u>\$ 97</u>	<u>\$ 2,055</u>	<u>\$273,135</u>

- A. The Company hasn't provided property, plant, and equipment for guarantee.
- B. The amount of property, plant and equipment borrowing costs capitalized and their interest rates are as follows:

	2023
Capitalized amount	\$ 972
Interval of capitalized interest rate	5.69%

This situation didn't exist in 2022.

(8) Lease transactions - Lessee

Item	2023.12.31	2022.12.31
Right-of-use assets:		
Housing	\$ 25,365	\$ 44,499
Transportation Equipment (official cars)	11,265	7,384
	\$ 36,630	\$ 51,883
Leasehold liabilities:		
Current	\$ 21,235	\$ 23,461
Non-current	16,526	30,235
	\$ 37,761	\$ 53,696

- A. The target assets leased by the Company include housing and official cars. The lease contract term usually lasts for 2-5 years. The lease contracts are individually negotiated and contain various different terms and conditions. No other restrictions have been imposed except that the leased assets shall not be used for loan guarantee.
- B. The lease term of housing, parking spaces and copying machines leased by the Company does not exceed 12 months.

- C. The information of depreciation expenses of right-of-use assets recognized is as follows:

	2023	2022
Housing	\$ 19,135	\$ 18,634
Transportation Equipment (official cars)	5,057	4,735
	\$ 24,192	\$ 23,369

- D. The right-of-use assets added by the Company in 2023 and 2022 were NT\$9,755 and NT\$9,585 respectively.
- E. The information of other profit and loss items related to lease contracts except depreciation is as follows:

	2023	2022
<u>Items that affect current profit or loss</u>		
Interest of lease liabilities	\$ 923	\$ 1,273
Expenses of short-term lease contracts	3,387	3,319
Interests from modification of lease	58	72

- F. The total amount of lease cash outflows of the Company reached NT\$29,125 and NT\$28,091 respectively in 2023 and 2022.

(9) Short-term loans

	2023.12.31	2022.12.31
Secured loans	\$ -	\$ 20,646
Credit loans	217,191	93,660
	\$ 217,191	\$ 114,306
Interest rate range	0.50%-7.30%	1.70%-6.25%

- A. The interest expenses recognized in profit or loss in 2023 and 2022 reached NT\$8,758 and NT\$4,926 respectively.
- B. For the collateral provided by the Company for short-term loans, please refer to the instructions in Note 8.

(10) Other payables

	<u>2023.12.31</u>	<u>2022.12.31</u>
Compensation and bonus payable	\$ 31,620	\$ 29,263
Remunerations of employee and remunerations of the Directors payable	5,514	7,448
Payables on equipment	9,835	28
Other	15,374	13,138
Total	<u>\$ 62,343</u>	<u>\$ 49,877</u>

(11) Bonds payable

	<u>2023.12.31</u>	<u>2022.12.31</u>
Bonds payable	\$ 399,900	\$ 400,000
Less: Discounts on bonds payable	(10,822)	(18,175)
Subtotal	<u>389,078</u>	<u>381,825</u>
Less: Bonds payable - current	<u>(389,078)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 381,825</u>

A. Domestic convertible corporate bonds issued by the Company

- (A) The issuance conditions of the first unsecured convertible corporate bond of the Company in Taiwan are as follows:
- I. The Company raised and issued the first unsecured convertible corporate bond in Taiwan with the approval from the competent authority. The total amount issued reached NT\$400,000 with nominal interest rate of 0%, and the issuance term is 3 years. The circulation period starts from June 8, 2022 and ends on June 8, 2025. Upon maturity of this convertible corporate bond, it shall be repaid by cash in a lump-sum manner per the face value of the bond. This convertible corporate bond was listed at Taipei Exchange for trading on June 8, 2022.
 - II. The holders of this convertible corporate bond may request the Group for conversion of the bond to the ordinary shares of the Company from the next day after three months following the issue date of this bond to the due date except periods stipulated by relevant measures or regulations when transfer should be suspended. The rights and obligations accompanying the converted ordinary shares are same as those of ordinary shares originally issued.
 - III. The conversion price of this convertible corporate bond was determined according to the pricing model stipulated in corresponding regulation governing issuance and conversion. The conversion price is NT\$ 105.9. Since the Company issued cash dividends of ordinary shares, the conversion price should be adjusted on the ex-dividend base date

in accordance with the provisions of Article 11 of the regulation governing issuance and conversion. Therefore, the conversion price was adjusted from NT\$ 105.9 to NT\$ 89.3.

- IV. The Company may recover all its bonds by cash per the face value of the bond at any time subsequently when the closing price of the ordinary shares of the Company exceeds 30% of the conversion price then for thirty consecutive business days, or the outstanding balance of this convertible corporate bond is lower than 10% of the original total issue amount forty days prior to the expiry of the issuance period from the next day after three months following the issuance of this convertible corporate bond,
 - V. The holders of this convertible corporate bond may require the cash redemption of the bonds they hold at the face value of the bond within forty days prior to the issuance of the bond for two years.
 - VI. In accordance with the provisions of the regulation governing conversion, all the convertible corporate bonds recovered (including those repurchased from the Taipei Exchange), repaid or converted by the Company will be canceled, and all rights and obligations still accompanying the corporate bonds will be terminated and no longer issued.
- (B) As of December 31, 2023, the face amount of this convertible corporate bond, amounting to NT\$100, was already converted to 1,000 ordinary shares, and the change registration formalities were already handled.
 - (C) As of December 31, 2023, the Company didn't repurchase this convertible corporate bond from the Taipei Exchange.
- B. When issuing the convertible corporate bond, the Company separated the conversion right with nature of equity from the constituting element of each liability and recorded it in "Capital surplus - Subscription right" in accordance with IAS 32 "Financial Instruments: Presentation". As of December 31, 2023, the balance of "Capital surplus - Subscription right" was NT\$21,122. Besides, the embedded right of redemption and put right was separated according to the provisions of IFRS 9 "Financial Instruments" and considering that the economic characteristics of master contract debt products were not closely associated with risks. Also, the net amount of these embedded rights was recorded in "Financial assets or liabilities measured at fair value through profit or loss". The effective interest rate of the master contract was 1.91% after separation.

(12) Retirement pension

- A. (A) The Company has established a defined-benefit retirement regulation in accordance with the provisions of the "Labor Standards Act". This regulation applies to service seniority of all former employees before implementation of the "Labor Pension Act" on July 1, 2005, as well as the subsequent service seniority of employees who chose the continual application of the Labor Standards Act after implementation of the "Labor Pension Act". For employees who comply with the conditions for retirement, their pension will be calculated according to the service seniority and the average salary in 6 months prior to their retirement. Two base numbers are provided for each year if the service seniority is within 15 years (including given figure).

One base number is provided for each year if the service seniority exceeds 15 years. However, it is limited to 45 base numbers. The Company appropriates 2% of the total compensation every month as retirement fund, and deposit it in a specific account opened at the Bank of Taiwan under the name of labor retirement reserve supervisory committee. Additionally, the Company estimate the balance of the special account of labor retirement reserve mentioned above before the end of each year. If this balance is not sufficient to pay the retirement pension of laborers who are expected to comply with the retirement conditions in the next year, the Company will appropriate the difference in a lump-sum way prior to the end of March next year.

(B) The amount recognized in the balance sheet is as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligation	\$ 6,716	\$ 8,139
Fair value of plan assets	(1,279)	(1,171)
Net defined benefit liability	\$ 5,437	\$ 6,968

(C) Movement in net defined benefit liability

	2023		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Jan. 1	(\$ 8,139)	\$ 1,171	(\$ 6,968)
Interest (expense) income	(102)	15	(87)
	(8,241)	1,186	(7,055)
Remeasurement:			
Benefits paid from plan assets (Not included or contained in interest income or expenses)	-	9	9
Empirical adjustment	1,525	-	1,525
	1,525	9	1,534
Appropriation of retirement fund	-	84	84
Dec. 31	(\$ 6,716)	\$ 1,279	(\$ 5,437)

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Jan. 1	(\$ 8,309)	\$ 886	(\$ 7,423)
Interest (expense) income	(54)	7	(47)
	(8,363)	893	(7,470)
Remeasurement:			
Benefits paid from plan assets (Not including amount contained in interest income or expenses)	-	230	230
Amount affected by changes in financial assumptions	599	-	599
Empirical adjustment	(375)	-	(375)
	224	230	454
Appropriation of retirement fund	-	48	48
Dec. 31	(\$ 8,139)	\$ 1,171	(\$ 6,968)

(D) The Bank of Taiwan is responsible for handling the entrusted operation of the assets of the fund of the determined benefit retirement plan of the Company in accordance with the ratios and amount range of items entrusted for operation as determined in the annual investment utilization plan of this fund and pursuant to the items specified in Article 6 of Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter or private place equity securities, investment in domestic or foreign real estate and its securization products, etc.). Relevant utilization of the fund is supervised by the labor retirement fund supervisory commission. With respect to the utilization of this fund, the minimum income distributed in the annual final accounts shall not be lower than the income calculated at the interest rate of the two-year time deposit in the local bank. In case of insufficiency, it shall be supplemented by the national treasury after relevant approval is obtained from the competent authority. Since the Company is not authorized to participate in the operation and management of this fund, it is thus unable to disclose the classification of fair value of plan assets according to provisions of Section 142 of IAS 19. The fair value of the total assets of this fund was constituted on December 31, 2023 and December 2022. Please refer to the labor retirement fund utilization report of each year as announced by the government for details.

(E) The principal assumptions of the actuarial valuation were as follows:

	2023	2022
Discount rate	1.25%	1.25%
Future salary increase rate	3.50%	3.50%

As for the assumption of future mortality, the Company conducts estimation according to the annuity insurance mortality table of Taiwan.

The present value of defined benefit obligations affected due to the change in the main actuarial assumptions adopted is analyzed as follows:

	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease 0.25%	Increase by 0.25%	Decrease 0.25%
2023.12.31				
Impact on the present value of defined benefit obligations	(\$ 146)	\$ 153	\$ 156	(\$ 138)
	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease 0.25%	Increase by 0.25%	Decrease 0.25%
2022.12.31				
Impact on the present value of defined benefit obligations	(\$ 233)	\$ 243	\$ 251	(\$ 218)

The sensitivity analysis above refers to the analysis of the impact of change in a single assumption given that other assumptions remain unchanged. In practice, the changes of many assumptions may be linked with each other. The sensitivity analysis is consistent with the method adopted to calculate the net retirement pension liability in the balance sheet date.

The method used for the preparation of sensitivity analysis in the current period is same as that in the previous period.

- (F) The Company expects to pay appropriation amount of retirement plan as NT\$0 in 2024.
- (G) As of December 31, 2023, the weighted average duration of the retirement plan of the Company lasts for 11.8 years.
- B. (A) The Company established defined retirement pension appropriation measures applicable to all employees in Taiwan according to “Labor Pension Act” from July 1, 2005. If the employees choose to apply the labor pension system determined in “Labor Pension Act”, the Company and its subsidiaries in Taiwan withdraw 6% of salaries as labor pension to the personal accounts opened by employees at the Bureau of Labor Insurance every month. The employees’ pension will be paid on a monthly basis or in a lump-sum manner in accordance with the amount in the special personal pension accounts of employees and the amount of accumulated income.
- (B) In 2023 and 2022, the Company recognizes retirement pension cost of NT\$6,363 and NT\$5,774 respectively in accordance with the preceding retirement pension measures.

(13) Capital stock / Subsequent events

- A. The normal capital of the Company reached NT\$600,000 on December 31, 2023, divided into 60,000,000 shares. The paid-in capital was NT\$251,049 with face value per share of NT\$ 10. The stock capital corresponding to the shares already issued by the Company were already received.

- B. The number of outstanding ordinary shares of the Company at the beginning and end of the period is adjusted as follows (Unit: 1,000 shares):

	2023	2022
January 1	23,908	23,908
Common Stock dividends	1,195	-
Convertible Bond	1	-
December 31	<u>25,104</u>	<u>23,908</u>

- C. For the requested conversion of convertible corporate bonds in 2023, please refer to the description of corporate bonds payable in Note 6 (11).
- D. The Company approved the conversion of earnings to increase capital in 2022 through a resolution made at the Shareholders’ Meeting on May 30, 2023,

involving amount of NT\$11,954 and 1,195,000 shares. The base date of capital increase was August 5, 2023. Change registration was already handled.

E. Subsequent events

The Company approved the handling of capital increase by cash to issue 5,000,000 ordinary shares with face value per share of NT\$ 10 through a resolution made at the board meeting on November 14, 2023. Each share was issued at a premium price of NT\$ 52.5. The base date of capital increase by cash was February 26, 2024. Relevant procedures are now ongoing.

(14) Capital surplus

In accordance with the provisions of the Company Act, the surplus obtained from the issuance of stock beyond the nominal amount and the capital surplus received from donations may be used to compensate for losses. When the Company does not have any accumulated losses, new shares or cash will be distributed to shareholders based on their original shareholding ratios by using the aforesaid surplus. Besides, in accordance with relevant provisions of the Securities and Exchange Act, when the preceding capital surplus is used to increase the capital, the total amount increased shall not exceed ten percent of the paid-in capital every year. If the Company still has a loss after the earned surplus is used to make up for the capital losses, it is not allowed to use the capital surplus to supplement the loss.

	2023		
	Share premium account	Subscription right	Total
Jan. 1	\$ 305,468	\$ 21,127	\$ 326,595
Convertible Bond	91	(5)	86
Dec. 31	\$ 305,559	\$ 21,122	\$ 326,681
	2022		
	Share premium account	Subscription right	Net defined benefit liability
Jan. 1	\$ 305,468	\$ -	\$ 305,468
Convertible Bond	-	21,127	21,127
Dec. 31	\$ 305,468	\$ 21,127	\$ 326,595

(15) Retained earnings / Subsequent events

A. In accordance with the provisions of the Articles of Association of the Company, if there are any earnings in the annual final accounts, they shall be used to pay taxes, and make up losses first if any. Then, 10% of the retained earnings may be drawn as statutory surplus reserve; however, when the accumulated amount of the statutory surplus reserve reaches the total capital of the Company, this provision shall not apply. Also, special surplus reserve may be appropriated or reversed according to relevant laws and regulations or the competent authority's provisions. If there are still remaining earnings, the Board of Directors may draw up a distribution proposal regarding the earnings and the accumulated unappropriated earnings and then submit to the Shareholders' Meeting for a resolution on the distribution of shareholder dividends.

- B. The dividend policy of the Company is determined in accordance with the current and future development plans, and in consideration of investment environment, capital demand, domestic and foreign competition, shareholders' interests, and other relevant factors. At least 10% of the distributable earnings in the preceding paragraph shall be appropriated to distribute dividends to shareholders either by cash or stock. The cash dividends shall not be lower than 10% of the total dividends.
- C. Except compensation for the losses of the Company and the distribution of new shares or cash per shareholders' original shareholding ratios, the statutory surplus reserve shall not be used. If it is used to distribute new shares or cash, it shall be limited to the part of this surplus reserve above 25% of the paid-in capital.
- D. When distributing earnings, the Company shall draw special surplus reserve for the debit balance of other equity items on the balance sheet date of the current year according to regulatory provisions first. Later, when the debit balance of other equity items is reversed, the reversed amount may be included in the distributable earnings.
- E. During the Shareholders' Meeting on May 30, 2023 and June 16, 2022, the appropriations and distribution of earnings for 2022 and 2021 have been separately proposed and approved with the following details:

	2022		2021	
	Amount	Dividends Per Share (NT\$)	Amount	Dividends Per Share (NT\$)
Legal capital reserve	\$ 19,439		\$ 18,800	
Special capital reserve	(4,196)		3,646	
Cash dividends	121,934	\$ 5.1	138,669	\$ 5.8
Stock dividends	11,954	0.5	-	-
	<u>\$ 149,131</u>		<u>\$ 161,115</u>	

F. Subsequent events

During the Company's Board of Directors' Meeting on March 7, 2024, the appropriations and distribution of earnings for 2023 have been separately proposed and approved with the following details:

	2023	
	Amount	Dividends Per Share (NT\$)
Legal capital reserve	\$ 10,360	
Special capital reserve	2,322	
Cash dividends	120,420	\$ 4.0
	<u>\$ 133,102</u>	

The proposal for distribution of earnings in 2023 as mentioned above hasn't been resolved by the Shareholders' Meeting yet.

G. Please see Note 6(19) for information on remunerations of employee and the Directors.

(16) Operating revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers:		
Revenue from sale of goods	\$ 1,449,376	\$ 1,647,313
Revenue from labor services	34,247	43,560
Total	<u>\$ 1,483,623</u>	<u>\$ 1,690,873</u>

A. Segmentation of revenue from contracts with customers

The source of revenue of the Company is the provision of commodities and labor services gradually transferred with the time and transferred upon a certain time point. Revenue can be segmented to the following primary geological areas:

<u>2023</u>	<u>Taiwan</u>	<u>China</u>	<u>Korea</u>	<u>Other</u>	<u>Total</u>
Revenue from sale of goods	\$ 670,159	\$ 476,286	\$ 182,790	\$ 120,141	\$ 1,449,376
Revenue from labor services	32,999	1,109	-	139	34,247
Revenue from contracts with external customers	<u>\$ 703,158</u>	<u>\$ 477,395</u>	<u>\$ 182,790</u>	<u>\$ 120,280</u>	<u>\$ 1,483,623</u>
Timing of revenue recognition:					
At a fixed point in time	\$ 670,159	\$ 476,286	\$ 182,790	\$ 120,141	\$ 1,449,376
Revenue gradually recognized with the time	32,999	1,109	-	139	34,247
	<u>\$ 703,158</u>	<u>\$ 477,395</u>	<u>\$ 182,790</u>	<u>\$ 120,280</u>	<u>\$ 1,483,623</u>
<u>2022</u>	<u>Taiwan</u>	<u>China</u>	<u>Korea</u>	<u>Other</u>	<u>Total</u>
Revenue from sale of goods	\$ 676,230	\$ 563,334	\$ 250,907	\$ 156,842	\$ 1,647,313
Revenue from labor services	41,283	2,270	-	7	43,560
Revenue from contracts with external customers	<u>\$ 717,513</u>	<u>\$ 565,604</u>	<u>\$ 250,907</u>	<u>\$ 156,849</u>	<u>\$ 1,670,873</u>
Timing of revenue recognition:					
At a fixed point in time	\$ 676,230	\$ 563,334	\$ 250,907	\$ 156,842	\$ 1,647,313
Revenue gradually recognized with the time	41,283	2,270	-	7	43,560
	<u>\$ 717,513</u>	<u>\$ 565,604</u>	<u>\$ 250,907</u>	<u>\$ 156,849</u>	<u>\$ 1,690,873</u>

Note: The revenue is disclosed per the locations of the customers.

B. Contract liabilities

The Company recognizes the contract liabilities related to revenue from contracts with customers as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities - current	\$ 474	\$ 595	\$ 829

The amount of beginning contract liabilities of the Company recognized as revenue in the current period for the years 2023 and 2022 reached NT\$215 and NT\$461 respectively.

(17) Other gains and losses

	<u>2023</u>	<u>2022</u>
Gains (losses) on foreign currency exchange	(\$ 4,944)	\$ 31,983
Gains (losses) on financial assets (liabilities) measured at fair value through profit or loss	1,956	(1,240)
Other	58	(60)
	<u>(\$ 2,930)</u>	<u>\$ 30,683</u>

(18) Finance costs

	<u>2023</u>	<u>2022</u>
Convertible Bond	\$ 8,758	\$ 4,926
Interest expense	923	1,273
Interest of lease liabilities	7,349	4,063
	<u>\$ 17,030</u>	<u>\$ 10,262</u>

(19) Depreciation, amortization expenses and employee benefits

	<u>2023</u>		
	<u>Categorized as</u>	<u>Categorized as</u>	<u>Total</u>
	<u>operating cost</u>	<u>operating expenses</u>	
Employee benefits expenses			
Salaries	\$ 15,076	\$ 141,532	\$ 156,608
Labor and health insurance	1,317	11,653	12,970
Pension	626	5,824	6,450
Remunerations of the Directors	-	3,686	3,686
Other employee benefits	-	6,073	6,073
	<u>17,019</u>	<u>168,768</u>	<u>185,787</u>
Depreciation expenses	4,241	32,365	36,606
Amortization expenses	152	1,051	1,203
	<u>\$ 21,412</u>	<u>\$ 202,184</u>	<u>\$ 223,596</u>

	<u>2022</u>		
	<u>Categorized as</u>	<u>Categorized as</u>	<u>Total</u>
	<u>operating cost</u>	<u>operating expenses</u>	
Employee benefits expenses			
Salaries	\$ 13,679	\$ 133,199	\$ 146,878
Labor and health insurance	1,178	10,554	11,732
Pension	577	5,244	5,821
Remunerations of the Directors	-	3,941	3,941
Other employee benefits	-	6,044	6,044
	<u>15,434</u>	<u>158,982</u>	<u>174,416</u>
Depreciation expenses	5,377	33,706	39,083
Amortization expenses	64	562	626
	<u>\$ 20,875</u>	<u>\$ 193,250</u>	<u>\$ 214,125</u>

- A. The average number of employees reached 161 and 148 in 2023 and 2022 respectively. The number of directors who didn't concurrently serve as employees was 4 in both years.
- B. (A) The average employee welfare expenses reached \$1,160 and \$1,184 in 2023 and 2022 respectively.
 (B) The average employee compensation expenses reached \$998 and \$1,020 in 2023 and 2022 respectively.
 (C) The adjustment or change of the average employee compensation expenses was(2.16%).
- C. The Company has established an Audit Committee in replacement of supervisors according to the provisions of the Articles of Association. If the Company makes a profit in the current year (i.e., before-tax interests deducted with the remunerations of employee and remunerations of the Directors distributed), and there is still a remaining amount after the accumulated losses are deducted, the Board of Directors will appropriate at least 1.5% of the annual profit as remunerations of employee, and no more than 3% of the annual profit as remunerations of the Directors respectively.
- D. The estimated amount of remunerations of the Directors and remunerations of employee of the Company is listed as follows, and relevant amount is recorded as compensation expenses:

	2023	2022
Remunerations of the Directors	\$ 3,502	\$ 3,724
Remunerations of employee	2,012	3,724
	<u>\$ 5,514</u>	<u>\$ 7,448</u>

Remunerations of the Directors and remunerations of employee in 2023 and 2022 were estimated based on the annual profits and pursuant to the provisions of the Articles of Association.

According to the resolution made by the Board of Directors on March 7, 2024, the remunerations of the Directors and the remunerations of employee reached NT\$3,502 and NT\$2,012 respectively in 2023. The remunerations of employee will be paid in cash.

The remunerations of the Directors and the remunerations of employee resolved by the Board of Directors in 2022 are consistent with the amount recognized in the financial statements in 2022.

For information related to the remunerations of the Directors and remunerations of employee approved by the Board of Directors of the Company, please query at the MOPS.

- E. The Company has already established a Remuneration Committee. The remuneration of directors and managers shall be comprehensively considered in accordance with the degree of their participation in the corporate operation as

well as the value contributed by them and with reference to the annual objectives achieved and performance contribution. Then, such remuneration will be discussed and passed by the Remuneration Committee, and submitted to the Board of Directors for discussing and making corresponding resolutions.

- F. The remunerations of employees of the Company includes monthly salary, bonus, and remunerations of employee. Employees' remuneration standards are determined according to their positions, education, work experience and professional knowledge, as well as market value. The starting salary and reward do not differ based on gender, religious belief, political party, marital status, etc. The average budget for annual salary adjustment is 2~6% in accordance with the Company's operating status. The salary adjustment and the paying of remunerations of employee will be determined based on employees' positions, contributions, and performance, to ensure that employees' salaries comply with the market conditions and the principle of impartiality.

(20) Income tax

A. Income tax expense

	2023	2022
Current income tax expense:		
Income tax generated by income for the current period	\$ 29,682	\$ 46,156
Undistributed earnings additionally taxed	1,893	1,344
Underestimation (overestimation) of income taxes in previous years	1,299	(296)
Total current income tax expense	32,874	47,204
Deferred income tax expense:		
Relating to origination and reversal of temporary differences	(5,952)	216
Income tax expense	\$ 26,922	\$ 47,420

B. Relationship between tax expense and accounting profit

	2023	2022
Income tax of pre-tax net profit calculated per statutory tax rate	\$ 25,650	\$ 48,162
Affected amount of items that shall not be recognized according to the provisions of tax law	264	180
Affected amount of income tax from investment deduction	(2,184)	(1,970)
Underestimation (overestimation) of income taxes in previous years	1,299	(296)
Undistributed earnings additionally taxed	1,893	1,344
Income tax expense	\$ 26,922	\$ 47,420

- C. Amount of each deferred income tax asset or liability generated from temporary differences is as follows:

	2023		
	Jan. 1	Recognized in profit or loss	Dec. 31
Deferred income tax assets:			
- Temporary differences:			
Losses of falling price and obsolete and slow-moving inventories	\$ 7,579	\$ 4,064	\$ 11,643
Unrealized gains from sale of goods	2,204	(317)	1,887
Unrealized exchange losses	-	2,925	2,925
Subtotal	\$ -	\$ 6,672	\$ 16,455
- Deferred income tax liabilities:			
Unrealized exchange gains	(\$ 245)	\$ 245	\$ -
Share of gains of subsidiaries recognized using the equity method	(12,543)	(638)	(13,181)
Unrealized gains from evaluation	-	(327)	(327)
Subtotal	(\$ 12,788)	(\$ 720)	(\$ 13,508)
Total	(\$ 12,788)	\$ 5,952	\$ 2,947

	2023		
	Jan. 1	Recognized in profit or loss	Dec. 31
Deferred income tax assets:			
- Temporary differences:			
Losses of falling price and obsolete and slow-moving inventories	\$ 4,523	\$ 3,056	\$ 7,579
Unrealized gains from sale of goods	1,357	847	2,204
Subtotal	\$ 5,880	\$ 3,903	\$ 9,783
- Deferred income tax liabilities:			
Share of gains of subsidiaries recognized using the equity method	(\$ 18)	(\$ 227)	(\$ 245)
Unrealized exchange gains	(8,651)	(3,892)	(12,543)
Subtotal	(\$ 8,669)	(\$ 4,119)	(\$ 12,788)
Total	(\$ 2,789)	(\$ 216)	(\$ 3,005)

- D. The Company may enjoy the deduction of taxable business income tax incurred in the current year within the limit of 15% of its R&D expenditure according to "Regulation Governing Industrial Innovation", but shall not exceed 30% of the taxable business income tax in the current year.
- E. The business income tax of the Company was verified and approved by the tax collection authority until the year of 2021.

(22) Cash flow information

	2023	2022
Additions of property, plant and equipment		
Add: Beginning payables on equipment	\$ 53,199	\$ 245,364
Less: Beginning prepaid payment for equipment	28	230
Ending payables on equipment	-	(65)
Capitalization of loan cost	(9,835)	(28)
Cash paid in the current period	(972)	-
	<u>\$ 42,420</u>	<u>\$ 245,501</u>

(23) Reconciliation of liabilities arising from financing activities

	2023				Total liabilities arising from financing activities
	Short-term loans	Bonds payable (including current)	Lease liabilities	Guarantee deposits paid	
Jan. 1	\$ 114,306	\$ 381,825	\$ 53,696	\$ 140	\$ 549,967
Movement of Financing Cash Flow	102,885	-	(24,815)	(140)	77,930
Movement of other non-cash	-	7,253	8,880	-	16,133
Dec. 31	<u>\$ 217,191</u>	<u>\$ 389,078</u>	<u>\$ 37,761</u>	<u>\$ -</u>	<u>\$ 644,030</u>

	2022				Total liabilities arising from financing activities
	Short-term loans	Bonds payable (including current)	Lease liabilities	Guarantee deposits paid	
Jan. 1	\$ 199,538	\$ -	\$ 69,981	\$ -	\$ 269,519
Movement of Financing Cash Flow	(85,232)	398,849	(23,499)	140	290,258
Movement of other non-cash	-	(17,024)	7,214	-	(9,810)
Dec. 31	<u>\$ 114,306</u>	<u>\$ 381,825</u>	<u>\$ 53,696</u>	<u>\$ 140</u>	<u>\$ 549,967</u>

7. Related Party Transactions

(1) Names and relationship of related parties

Related Party	Relationship with the Company
Wendell Korea Co., Ltd. (Wendell Korea)	Subsidiary
Wendell Pte. Ltd. (Wendell Pte)	"
Nichtek Industrial Co., Limited (Nichtek)	"
Shenzhen Qianhong Electronic Co., Ltd. (Shenzhen Qianhong)	Subsidiary of Nichtek
Shenzhen Qianhong Electrical Testing Co., Ltd. (Qianhong Electrical Testing)	Subsidiary of Shenzhen Qianhong
Suzhou Lianhong Electronics Co., Ltd. (Suzhou Lian hong)	"
Wendell Electrical Testing Co., Ltd. (Wendell Electrical Testing)	Subsidiary
Wendell Industrial Co., Ltd.	"

(2) Material transaction matters with related parties

A. Operating income

	<u>2023</u>	<u>2022</u>
Sale of goods:		
Wendell Korea	\$ 182,790	\$ 250,852
Shenzhen Qianhong	123,730	183,417
Suzhou Lianhong	77,227	107,803
Other	25,267	44,669
Total	<u>\$ 409,014</u>	<u>\$ 586,741</u>
Sale of labor services:		
Wendell Electrical Testing	<u>\$ 1,448</u>	<u>\$ 2,200</u>

The selling prices of products sold by the Company to related parties were negotiated and determined by the two sides with reference to market conditions. The collection period determined by the Company for the related parties lasts for 30~150 days through monthly settlement. The collection period determined by the Company for the non-related parties lasts for 30~150 days through monthly settlement.

B. Purchasing:

	<u>2023</u>	<u>2022</u>
Purchasing of commodities:		
Shenzhen Qianhong	\$ 33,685	\$ 32,293
Other	3,477	336
Total	<u>\$ 37,162</u>	<u>\$ 32,629</u>
Purchasing of labor services:		
Wendell Electrical Testing	\$ 2,051	\$ 2,282
Other	49	-
Total	<u>\$ 2,100</u>	<u>\$ 2,282</u>

The prices of products purchased by the Company from its related parties were negotiated and determined by the two sides with reference to market conditions. The payment period determined by the Company for the related parties lasts for 30~60 days through monthly settlement. The payment period determined by the Company for the non-related parties lasts for 30~90 days through monthly settlement.

C. Accounts receivable from related parties

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Accounts receivable:		
Wendell Korea	\$ 9,072	\$ 31,276
Shenzhen Qianhong	89,450	111,113
Suzhou Lianhong	25,452	41,092
Other	9,728	1,177
Total	<u>\$ 133,702</u>	<u>\$ 184,658</u>

The accounts receivable from related parties mainly came from sales. No mortgage or cum dividend was involved in such accounts receivable. Loss allowance wasn't drawn for accounts receivable from related parties.

D. Accounts payable for related parties

	Dec. 31, 2023	Dec. 31, 2022
Accounts payable:		
Shenzhen Qianhong	\$ 9,171	\$ 5,301
Other	-	103
Total	<u>\$ 9,171</u>	<u>\$ 5,404</u>
Other accounts payable:		
Wendell Electrical Testing	<u>\$ 396</u>	<u>\$ 721</u>

Accounts payable for related parties mainly came from purchasing transactions, and other payables mainly came from commission payable. No cum dividend was involved in the payables.

E. Equity transactions

The Company participated in the capital increase by cash of Wendell Electrical Testing, involving an amount of \$40,000, on December 5, 2023.

F. Other expenses

Object	Nature	2023	2022
Wendell Korea	Commission expenditure	<u>\$ 978</u>	<u>\$ 1,673</u>

G. Others

Object	Nature	2023	2022
Wendell Pte	Advances (Note)	<u>\$ 211</u>	<u>\$ 671</u>

Note: They are payments made by the Company on behalf of others, and relevant amount is recorded as expense deduction.

(3) Bonuses for the Company's key managerial officers

	2023	2022
Remuneration and short-term employee benefits	\$ 24,161	\$ 17,213
Retirement benefits	566	307
Total	<u>\$ 24,727</u>	<u>\$ 17,520</u>

8. Pledged Assets

The Company has pledged the following assets as collateral:

Item	Carrying amount		Content of the secured liabilities
	2023.12.31	2022.12.31	
Time deposits (Note)	\$ -	\$ 4,000	Customs duties guarantee
Demand deposits of special compensation account (Note)	-	8,016	Loan guarantee
Total	<u>\$ -</u>	<u>\$ 12,016</u>	

Note: Financial assets measured at amortized cost are recorded in accounts.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure already contracted but not yet incurred

	December 31, 2023	December 31, 2022
Property, plant and equipment	<u>\$ 278,110</u>	<u>\$ 3,200</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Please see Note 6(13) and 6 (15) for more information.

12. Other

(1) Capital management

The objectives of the Company for capital management are to guarantee the continual operation of the Company, sustain the best capital structure to lower capital cost, and provide remuneration for shareholders. In order to sustain or adjust its capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, and issue new shares or sell assets to adjust into the most suitable capital structure.

(2) Financial instruments

A. Category of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through loss and gain	\$ 77,471	\$ -
Financial assets at amortized cost (Note 1)	\$ 910,801	\$ 886,223
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through loss and gain	\$ 840	\$ 1,200
Financial assets at amortized cost (Note 2)	\$ 413,935	\$ 359,124
Bonds payable (including current)	\$ 389,078	\$ 381,825
Lease liabilities	\$ 37,761	\$ 53,696

Note 1: Including cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables (recorded in other current assets), and guaranteed deposits paid.

Note 2: Including short-term loans, accounts payable, other payables, and guarantee deposit received.

B. Policy of financial risk management

(A) The daily operation of the Company is impacted by multiple financial risks, including market risks (such as risk of exchange rate, risk of interest rate, and price risk), credit risks, and liquidity risks. The overall risk management policy of the Company is determined in accordance with the economic environment, competition status, and change in market value. The Company has established relevant market risk management objectives and strived to minimize the potential adverse impact on the financial position and performance of the Company, to achieve the best risk positions, sustain appropriate liquidity positions, and centrally manage all market risks.

(B) The risk management work is executed by the Financial Department of the Company in accordance with the policy approved by the Board of Directors. By closely cooperating with each operating unit in the Company, the Financial Department is responsible for identifying, assessing, and avoiding financial risks.

C. Nature and level of significant financial risks

(A) Market risk

Foreign exchange risk

- I. Since the Company operates business internationally, it is thus subject to the risk of exchange rate resulting from different currencies, mainly the US dollar. Relevant risk of exchange rate comes from future commercial transactions and recognized assets and liabilities.
- II. The management of the Company stipulates that the risk of exchange rate corresponding to its functional currency shall be managed internally. The Company shall hedge its overall risk of exchange rate through the Financial Department of the Group.
- III. Since the business of the Company involves several non-functional currencies, it is thus influenced by the fluctuation in exchange rate. The information of foreign currency assets and liabilities with a significant impact of fluctuation in exchange rate is as follows:

December 31, 2023					
	Foreign currency (in thousand dollars)	Exchange rate	Carrying amount (NT\$)	Sensitivity analysis	
				Amount of variation	Profit or loss affected
(Foreign currency: Functional currency)					
Financial assets					
Monetary items					
USD : NTD	\$ 20,097	30.71	\$ 617,179	1%	\$ 6,172
Non-monetary items					
USD : NTD	1,430	30.71	43,923	-	-
KRW : NTD	3,220,251	0.0239	76,964	-	-
Financial liabilities					
Monetary items					
USD : NTD	\$ 7,094	30.71	\$ 217,857	1%	\$ 2,179

December 31, 2022					
	Foreign currency (in thousand dollars)	Exchange rate	Carrying amount (NT\$)	Sensitivity analysis	
				Amount of variation	Profit or loss affected
(Foreign currency: Functional currency)					
Financial assets					
Monetary items					
USD : NTD	\$ 22,124	30.71	\$ 679,428	1%	\$ 6,794
Non-monetary items					
USD : NTD	1,678	30.71	51,529	-	-
KRW : NTD	2,827,114	0.0246	69,547	-	-
Financial liabilities					
Monetary items					
USD : NTD	\$ 7,838	30.71	\$ 240,705	1%	\$ 2,407

- IV. The summarized amounts of all exchange gains (losses) (both realized and unrealized) of the monetary items of the Company recognized with significant impact on the fluctuation of exchange rate in 2023 and 2022 reached (NT\$4,944) and NT\$31,983 respectively.

Price risk

The Company hasn't been exposed to the risks of product price and equity instrument investment.

Risk of interest rate in cash flows and fair value

- I. The risk of interest rate of the Company mainly comes from the short-term loans issued at the floating interest rates, making the Company exposed to the risk of interest rate in cash flows.
- II. The loans of the Company are measured at amortized cost. In accordance with the contract agreements, the interest rate is repriced annually. Therefore, the Company has been exposed to the risk of change of future market interest rate.
- III. Given that the loan interest rate (NTD) increases or decreases by 1% while all other factors remain unchanged, the before-tax net profit would be decreased or increased by NT\$2,172 and NT\$1,143 respectively in 2023 and 2022, which was mainly caused by the change of the interest expenses of the loans calculated at the floating interest rate.

(B) Credit risk

- I. The credit risk of the Company mainly refers to the risk of financial losses of the Company due to the failure of customers or counterparties of financial instruments to perform their contractual obligations. It mainly comes from accounts receivable that cannot be repaid by the counterparties according to the payment terms.
- II. The Company has established credit risk management from the perspective of a company. In accordance with the credit extension policy expressly determined in the Company, each operating individual of the Company shall conduct risk management and credit risk analysis before concluding terms and conditions for payment and delivery with each new customer. The internal risk control shall be conducted in consideration of the financial position, previous experience and other factors, to evaluate the credit quality of customers. The limits of individual risks are established by the Board of Directors according to internal or external ratings, and the Board of Directors is required to regularly monitor the use of the line of credit.
- III. The Company adopts the following assumption as the basis to judge whether the credit risk of financial instruments is significant increased or default occurs after original recognition:
 - (I) If the contract payment is overdue for more than 30 days according to the agreed payment terms, it will be deemed that the credit risk of the financial assets is already significantly increased after original recognition.
 - (II) If the contract payment is overdue for more than 90 days according to the agreed payment terms, it will be deemed that default occurs.
- IV. The indicators used by the Company to determine credit impairment of debt instrument investments are as follows:

- (I) The issuer suffers a major financial difficulty, or the possibility of bankruptcy or other financial reorganization is substantially increased;
- (II) The issuer delays or fails to pay interest or principal;
- (III) Adverse changes in the national or regional economic situation related to the issuer's default.

(C) Liquidity risk

- I. The Company is responsible for executing the forecasting of cash flows, and the Financial Department is responsible for summarization. Also, the Financial Department monitors the forecast of the demand of the Company for working capital to ensure sufficient capital is available to fulfill the operational demand.
- II. Except those listed in the table below, the non-derivative financial liabilities of the Group are due within one year. The amount of cash flows that are significant within one year as of December 31, 2023 and December 31, 2022, including notes payable, accounts payable, and other payables, refers to undiscounted amount which is consistent with the balance of each subject in the balance sheet.

December 31, 2023	Less than 1year	2-5 years	5 years or above
<u>Non-derivative financial liabilities:</u>			
Short-term loan	\$ 217,526	\$ -	\$ -
Lease liability	21,235	16,526	-
Bonds payable (including current)	399,900	-	-
December 31, 2022	Less than 1year	2-5 years	5 years or above
<u>Non-derivative financial liabilities:</u>			
Short-term loan	\$ 114,539	\$ -	\$ -
Lease liability	23,461	30,235	-
Bonds payable (including current)	-	400,000	-

(3) Information of fair value

- A. Each level of evaluation techniques adopted to measure the fair value of financial and non-financial instruments is defined as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market refers to a market where transactions of assets or liabilities with adequate frequency and quantity occur and pricing information is provided on a continuous basis. The fair value of hybrid instruments invested by the Group belongs to this level.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of forward foreign exchange contracts invested by the Company belongs to this level.
- Level 3: Unobservable inputs for the asset or liabilities. The fair value of the right of redemption and put right of convertible corporate bonds of the Company belongs to this level.

B. Financial instruments not measured at fair value

- (A) Except those listed in the table below, the carrying amount of cash and cash equivalents, notes receivable, accounts receivable, other payables (recorded in other current assets), short-term loans, accounts payable, and other payables is the reasonable approximate value of fair value:

	December 31, 2023			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable				
(including current)	\$ 389,078	\$ -	\$ 390,777	\$ -
	December 31, 2022			
	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable				
(including current)	\$ 381,825	\$ -	\$ 384,709	\$ -

- (B) Methods and assumptions used to estimate fair value are as follows:
Corporate bonds payable: Measured at the present value discounted per the market interest rate on the balance sheet date according to the cash flows expected to be paid.

C. Financial and non-financial instruments measured at fair value

- (A) The Company classifies these financial instruments on the basis of the nature, characteristics, risks and fair value of assets and liabilities. Relevant information is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at FVTPL				
Hybrid instruments -				
Financial bonds	\$ 77,021	\$ -	\$ -	\$ 77,021
Forward exchange contracts	-	450	-	450
Right of redemption over convertible corporate bonds	-	-	-	-
Total	\$ 77,021	\$ 450	\$ -	\$ 77,471
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities at FVTPL				
Put right over convertible corporate bonds	\$ -	\$ -	\$ 840	\$ 840

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at FVTPL				
Right of redemption over convertible corporate bonds	\$ -	\$ -	\$ 120	\$ 120
Liabilities				
<u>Recurring fair value</u>				
Financial liabilities at FVTPL				
Put right over convertible corporate bonds	\$ -	\$ -	\$ 1,320	\$ 1,320

(B) Methods and assumptions used by the Company to measure fair value are described as follows:

- I. Those with fair value determined by the Company as quoted market prices (i.e., Level 1) are stocks of TWSE/TPEX listed companies as well as bonds issued by them. The closing prices of these stocks and bonds are their quoted market prices.
- II. The derivative instruments held by the Company are mainly forward foreign exchange contracts. They are non-standardized and less complicated financial instruments. The Company adopts evaluation techniques widely used by the market participants, and the parameters used are market observable information.
- III. The output of the evaluation model is an estimated value, while the evaluation techniques may not reflect all factors related to the financial and non-financial instruments held by the Company. Therefore, the estimated value of the evaluation model will be appropriately adjusted according to extra parameters, e.g., model risk or liquidity risk. In accordance with the fair value evaluation model management policy and related control procedures of the Company, the management believes that relevant evaluation and adjustment are appropriate and necessary for the fair presentation of the fair value of financial instruments and non-financial instruments in the consolidated balance sheet. The price information and parameters used in the process of evaluation shall be prudently evaluated and appropriately adjusted according to the current conditions of the local markets.

D. No transfer between Level 1 and Level 2 occurred in 2023 and 2022.

E. The changes in Level 3 in 2023 and 2022 are presented in the following table:

	2023	
	Right of redemption over convertible corporate bonds	Put right over convertible corporate bonds
January 1	\$ 120	(\$ 1,320)
Evaluated profit or loss	(120)	480
December 31	\$ -	(\$ 840)
	2022	
	Right of redemption over convertible corporate bonds	Put right over convertible corporate bonds
January 1	\$ -	\$ -
Acquired in the current period	800	(760)
Evaluated profit or loss	(680)	(560)
December 31	\$ 120	(\$ 1,320)

F. No transfer-in and transfer-out of Level 3 occurred in 2023 and 2022.

G. As for the evaluation process adopted by the Company for fair value classified to Level 3, relevant department is responsible for conducting independent fair value verification of financial instruments, relying on data from independent sources to make the evaluation results close to the market status, confirming that the data sources are independent, reliable, consistent with other data and represent executable prices, and regularly calibrating and updating the input value and data needed for the evaluation model as well as any other necessary fair value adjustments, to ensure the reasonableness of the evaluation results.

H. The quantified information of significant unobservable input values of the evaluation model used for the evaluation of Level 3 fair value measurement items of the Company, and the sensitivity analysis of changes of these significant unobservable input values are described as follows:

	Dec 31, 2023 fair value	Evaluation technique	Significant unobservable input value	Interval (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Right of redemption over convertible corporate bonds	\$ -	Binary tree evaluation model	Degree of fluctuation	24.87%	The higher the degree of fluctuation, the higher the fair value
Put right over convertible corporate bonds	\$ 840				
	Dec 31, 2022 fair value	Evaluation technique	Significant unobservable input value	Interval (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Right of redemption over convertible corporate bonds	\$ 120	Binary tree evaluation model	Degree of fluctuation	34.60%	The higher the degree of fluctuation, the higher the fair value
Put right over convertible corporate bonds	\$ 1,320				

13. Supplementary Disclosures

(1) Information on Significant Transactions

- A. Financings provided to others: None.
- B. Endorsement / guarantee provided to others: None.
- C. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and interests in joint ventures): Please refer to Attachment 1.
- D. Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the paid-in capital: Please refer to Attachment 2.
- E. Acquisition of property with the amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- F. Disposal of property with the amount exceeding NT\$300 million or 20% of the paid-in capital: None.
- G. Purchases or sales of goods from or to related parties with the amount exceeding NT\$100 million or 20% of paid-in capital: Please refer to Attachment 3.
- H. Receivables from related parties amounting to NT\$100 million or 20% of paid-up capital: Please refer to Attachment 4.
- I. Derivatives transactions: Please refer to Note 6(2).
- J. Business relationships and significant transactions between parent and subsidiary: Please refer to Attachment 5.

(2) Information on the reinvestment business

Name of Investee Company, Location...etc. (excluding Mainland China investee companies): Please refer to Attachment 6.

(3) Information on investment in Mainland China

- A. Basic information: Please refer to Attachment 7.
- B. Major transactions with investees in Mainland China directly or indirectly through business in a third region: Please refer to Attachment 3, 4 and 5.

(4) Information on major shareholders

Information on major shareholders: Please refer to Attachment 8.

14. Segment Information

N/A.

Wendell Industrial Co., Ltd. and Subsidiaries
 Securities held at end of period (excluding investments in subsidiaries, associates, and joint ventures)
 Decembre 31, 2023

Attachment 1

Unit: NT\$ thousands
 (Unless Otherwise Specified)

Securities Holding Company	Type and Name of Securities (Note 1)	Relationship with Issuer of Securities (Note 2)	Financial Statement Account	Ending Balance				Remark (Note 4)
				Number of Shares (share)	Carrying amount (Note 3)	Percentage of Ownership	Fair value	
Wendell Industrial Co., Ltd.	Bond Bank of America	-	Financial assets at fair value through loss and gain - current	-	\$ 77,021	-	\$ 77,021	

Note 1: Securities mentioned in this table refer to stocks, bonds, and beneficiary certificates within the scope of IAS 9 “Financial Instruments” as well as securities derived from the aforesaid items.

Note 2: It is not required to fill out this column of the issuer of securities is not a related party.

Note 3: For those measured at fair value, please fill out the book balance obtained after evaluation and adjustment of fair value and deduction of accumulated impairment in the column of “Carrying amount”; for those not measured at fair value, please fill out the book balance obtained after deduction of accumulated impairment from the original acquisition cost or amortized cost in the column of “Carrying amount”.

Note 4: If securities listed are subject to guarantee, pledge loan, or other agreed restrictions, the guaranteed or pledged number of shares, amount of guarantee or pledge loan, and restricted use shall be specified in the column of “Remark”.

Wendell Industrial Co., Ltd. and Subsidiaries
Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the paid-in capital
From January 1, 2023 to Decembre 31, 2023

Attachment 2

Unit: NT\$ thousands
(Unless Otherwise Specified)

Trading company	Type and Name of Securities (Note 1)	Financial Statement Account	Counterparty	Relationship	Beginning		Buy in		Sold out				Ending			
					Unit number (thousand)	Amount	Unit number (thousand)	Amount	Unit number (thousand)	Price	Book cost	Profit or loss from disposal	Evaluated profit or loss (Note)	Unit number (thousand)	Amount	
Wendell Industrial Co., Ltd.	Bank of America Bond	Financial assets at fair value through loss and gain - current	-	-	-	\$ -	250,000	\$76,676	-	\$ -	\$ -	\$ -	\$ -	\$ 345	250,000	\$ 77,021

Note: Including evaluated profit or loss and amount affected by exchange rate.

Wendell Industrial Co., Ltd. and Subsidiaries
Purchases or sales of goods from or to related parties with the amount exceeding NT\$100 million or 20% of paid-in capital
From January 1, 2023 to December 31, 2023

Attachment 3

Unit: NT\$ thousands
(Unless Otherwise Specified)

Purchases or sales Company	Counterparty	Relationship	Description of Transactions				Differences between transaction conditions and general transactions and reasons thereof		Notes and accounts receivable (payable)		Remarks
			Purchases or sales of goods	Amount	Ratio in total purchases (sales)	Credit extension period	Unit price	Credit extension period	Balance (net)	Ratio in total notes and accounts receivable (payable)	
Wendell Industrial Co., Ltd.	Wendell Korea Co., Ltd.	Subsidiaries	Sales	\$ 182,790	12%	90 days through monthly settlement	Equivalent with general transactions	\$ 9,072	2%		
Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	Subsidiaries	Sales	123,730	8%	150 days through monthly settlement	Equivalent with general transactions	89,450	17%		
Wendell Industrial Co., Ltd.	Suzhou Lianhong Electronic Co., Ltd.	Subsidiaries	Sales	77,227	5%	120 days through monthly settlement	Equivalent with general transactions	25,452	5%		

Note 1: If the transaction conditions of related parties are different from general transaction conditions, the differences and reasons thereof shall be clearly indicated in the columns of "Unit price" and "Credit extension period".

Note 2: In case of advances received (prepayments), the reason, agreed contract terms, amount and differences from general transaction types shall be clearly indicated in the column of "Remark".

Wendell Industrial Co., Ltd. and Subsidiaries
 Receivables from related parties amounting to NT\$100 million or 20% of paid-up capital
 Decembre 31, 2023

Attachment 4

Unit: NT\$ thousands
 (Unless Otherwise Specified)

Company recording receivables	Counterparty	Relationship	Overdue accounts receivable from related parties				Disposal method	Amount of accounts receivable from related parties subsequently recovered	Amount with loss allowance drawn
			Balance of accounts receivable from related parties (Note)	Turnover rate	Amount				
Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	Subsidiaries	\$ 89,450	1.23	\$ 27,651	Enhanced collection	\$ 24,378	\$ -	

Note: Please fill out relevant contents respectively according to accounts and notes receivable from related parties, other receivables, etc.

Wendell Industrial Co., Ltd. and Subsidiaries
Business relationships and significant transactions between parent and subsidiary
From January 1, 2023 to December 31, 2023

Attachment 5

Unit: NT\$ thousands
(Unless Otherwise Specified)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Description of Transactions			Percentage of Total Revenue or Total Assets (%) (Note 3)
				Account	Amount	Transaction Term	
0	Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	1	Sales revenue	\$ 123,730	able to General Transaction	7%
0	Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	1	Accounts receivable	89,450	"	5%
0	Wendell Industrial Co., Ltd.	Suzhou Lianhong Electronic Co., Ltd.	1	Sales revenue	77,227	"	4%
0	Wendell Industrial Co., Ltd.	Suzhou Lianhong Electronic Co., Ltd.	1	Accounts receivable	25,452	"	1%
0	Wendell Industrial Co., Ltd.	Wendell Korea Co., Ltd.	1	Sales revenue	182,790	"	10%
0	Wendell Industrial Co., Ltd.	Wendell Pte. Ltd.	1	Sales revenue	21,168	"	1%
0	Wendell Industrial Co., Ltd.	Shenzhen Qianhong Electronic Co., Ltd.	1	Purchasing of goods	33,685	"	2%
1	Shenzhen Qianhong Electronic Co., Ltd.	Suzhou Lianhong Electronic Co., Ltd.	3	Sales revenue	25,594	"	1%

Note 1. The information on business dealings between the parent company and subsidiaries should be numbered according to the following method:

1. For the parent company, fill in 0.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2. Relationships with counterparties can be any one of the following three types (For a same transaction between parent company and a subsidiary or between subsidiaries, it is not required to disclose it repeatedly. For example, if the parent company has already disclosed a transaction with the subsidiary, the subsidiary will not be required to disclose this transaction repeatedly; if a subsidiary already discloses a transaction with another subsidiary, the latter will not be required to disclose this transaction repeatedly):

1. The parent company to subsidiaries.
2. Subsidiaries to the parent company.
3. Subsidiaries to subsidiaries.

Note 3. The ratio of transaction amount to total revenue or total assets is calculated as the ending balance to total assets if it is an asset or liability account. For profit and loss accounts, the calculation is based on the cumulative amount to total revenue in the period.

Note 4. Individual transactions with amount not reaching 1% of the consolidated total operating revenue and the consolidated total assets will not be disclosed.

Wendell Industrial Co., Ltd. and Subsidiaries
Name of Investee Company, Location...etc. (excluding Mainland China investee companies)
From January 1, 2023 to December 31, 2023

Attachment 6

Unit: NT\$ thousands
(Unless Otherwise Specified)

Name of Investor	Name of Investee (Note 1, 2)	Location	Principal Business	Initial Investment Amount		End of the Period			Profit (Loss) of Investee for the Period (Note 2(2))	Investment Profit (Loss) Recognized for the Period (Note 2(3))	Remarks
				Ending Balance for the Current	End of Last Year	Number of	Shareholding (%)	Carrying amount			
Wendell Industrial Co., Ltd.	Wendell Co., Ltd.	Japan	Sales of electronic components	\$ 6,802	\$ 6,802	500	100%	\$ 3,678	\$ 1,472	\$ 1,472	Subsidiaries
"	Wendell Pte. Ltd.	Singapore	Sales of electronic components	2,306	2,306	100,000	100%	10,308	1,069	1,069	"
"	Wendell Korea Co., Ltd.	Korea	Sales of electronic components	7,204	7,204	10,000	100%	76,964	9,416	9,416	"
"	Nichtek Industrial Co., Limited	Hong Kong	Reinvested holding company	65,847	65,847	18,591,400	100%	43,923	(9,262)	(8,766)	"
"	Wendell Electrical Testing Co., Ltd.	Taiwan	Testing and safety certification services	100,246	60,246	10,020,000	100%	110,177	3,253	3,253	"

Note 1. If a public company has a foreign holding company and is required by local laws and regulations to use consolidated financial statements as the primary financial statements, the disclosure of information about the investee company may be limited to the relevant information of the holding company.

Note 2. For cases other than those described in Note 1, the following regulations apply:

1. The columns of "Name of investee company", "Location", "Principal business", "Initial investment amount" and "Shareholding as of the end of the period" shall be determined in accordance with the circumstances the Company's transfer of investment and each direct investment. The Company shall fill in the following information in the order of the reinvestment of the investee company or the indirectly controlled investor. The relationship between each investee company and the Company (if it is a subsidiary or sub-subsidiary) shall be indicated in the Notes column.
2. The column of "Profit or loss of investee company for the period" shall be filled in the amount of profit or loss of each investee company for the period.
3. The column of "Gains or losses recognized during the period" shall be filled in only for each subsidiary and equity-method investee recognized by the (public) company. The remainder is not required. When filled "Amount of current profit or loss of each subsidiary recognized as a direct investment", the amount of current profit or loss of each subsidiary includes the investment income or loss that shall with the regulations for its reinvestment.

Wendell Industrial Co., Ltd. and Subsidiaries
Information on investment in Mainland China – Basic information
From January 1, 2023 to December 31, 2023

Attachment 7

Unit: NT\$ thousands
(Unless Otherwise Specified)

Investee Company in Mainland China Name of Company	Main Business Activities	Paid-in Capital	Method of Investments (Note 1)	Accumulated Amount of Investments	Amount of Investments Remitted or Repatriated for		Accumulated Amount of Investments	Current profit or loss of investee	The Company's Direct or	Investment Profit (Loss) Recognized (Note 2)	Carrying Amount of Investments	Accumulated Investment Income	Remarks
					Remitted	Repatriated							
Shenzhen Qianhong Electronic Co., Ltd.	Sales of electronic components	\$ 69,585	2	\$ 65,660	\$ -	\$ -	\$ 65,660	(\$ 9,262)	100%	(\$ 8,766)	\$ 47,346	\$ -	
Suzhou Lianhong Electronic Co., Ltd.	Sales of electronic components	2,286	2	-	-	-	-	909	100%	909	13,489	-	
Shenzhen Qianhong Electrical Testing Co., Ltd.	Testing and certification services	2,227	2	-	-	-	-	473	100%	473	2,105	-	
Company Name		Accumulated Amount of Investments Remitted from Taiwan to		Amount of Investments Authorized by		Ceiling on Amount of Investments Stipulated							
Wendell Industrial Co., Ltd.		\$	65,660	\$	65,660	\$	596,207						

Note 1. Methods of investments are divided into the following three types:

1. Direct investment in mainland companies.
2. Investment in mainland companies through a third region remittance. (Please indicate the investment company in the third region)
 - A. Reinvestment in Shenzhen Qianhong Electronic Co., Ltd. through Nichteck Industrial Co., Limited
 - B. Investment in Shenzhen Qianhong Electronic Co., Ltd. through Nichteck Industrial Co., Limited, and then reinvestment in Suzhou Lianhong Electronic Co., Ltd.
 - C. Investment in Shenzhen Qianhong Electronic Co., Ltd. through Nichteck Industrial Co., Limited, and then reinvestment in Shenzhen Qianhong Electrical Testing Co., Ltd.
3. Others

Note 2. The investment profit or loss recognized in the current period is consistent with the financial statements of the parent company in Taiwan as audited by the CPAs.

Note 3. Relevant figures related to this table are presented in NTD.

Wendell Industrial Co., Ltd. and Subsidiaries
Information on Major Shareholders
Decembre 31, 2023

Attachment 8

Name of shareholders	Shareholding	
	Number of Shares Held (share) (Note)	Percentage of Ownership (%)
Po Hong Investment Co., Ltd.	4,639,996	18.48%
Wei Hong Assets Co., Ltd.	4,639,996	18.48%
China Development Advantage Venture Capital Limited Partnership	1,260,397	5.02%

Note: It refers to the number of shares disclosed on December 31, 2023.

Wendell Industrial Co., Ltd.
Cash and cash equivalents
December 31, 2023

Table 1

Unit: NT\$ thousands

Item	Summary	Amount
Cash on hand and petty cash		\$ 219
Bank deposits		
Check deposits		5
Current deposit - NTD		144,331
USD	USD 4,594,000, with exchange rate of 30.71	141,073
RMB	RMB 66,000, with exchange rate of 4.33	284
Equivalent to cash		
Time deposits – USD	USD 1,100,000, with exchange rate of 30.71 Annual interest rate: 5.20~5.70%; all due within 3 months	33,781
- NTD	NTD time deposit: 40,000,000 Annual interest rate: 1.10%~1.35%; all due within 3 months	40,000
		<u>\$ 359,693</u>

Wendell Industrial Co., Ltd.
Accounts receivable
December 31, 2023

Table 2

Unit: NT\$ thousands

Name of customer	Amount	Remarks
Customer A	\$ 76,144	
Customer B	19,139	
Other customer	296,490	The balance of each individual customer hasn't exceeded 5% of the balance of this subject.
Subtotal	391,773	
Less: Loss allowances	(1,003)	
	\$ 390,770	

Wendell Industrial Co., Ltd.
Inventories
December 31, 2023

Table 3

Unit: NT\$ thousands

Item	Amount		Remarks
	Cost	Net realizable value	
Commodities	\$ 329,129	\$ 360,522	Note
Work in process	4,605	57,888	"
Finished goods	9,984	29,656	"
Inventory in transit	595	595	"
	<u>344,313</u>	<u>\$ 448,661</u>	
Less: Provision for falling price and losses of obsolete and slow- moving inventories	<u>(58,214)</u>		
	<u>\$ 286,099</u>		

Note: Commodities, work in process, and finished products are evaluated at net realizable value, while reproduction cost of inventory in transit is adopted as net realizable value.

Wendell Industrial Co., Ltd.
Changes in Investments by Using the Equity Method
From January 1, 2023 to December 31, 2023

Table 4

Unit: NT\$ thousands

Name	Beginning balance		Increase in the current period (Note 1)		Decrease in the current period (Note 2)		Profit and loss on investments	Realized (unrealized) interests on sales	Other comprehensive income	Accumulatively converted and adjusted amount	Ending balance			Published price or net equity value		Provision of guarantee or pledge	Remarks
	Share	Amount	Share	Amount	Share	Amount	Amount	Amount	Amount	Amount	Share	Shareholding ratio	Amount	Unit price	Total amount		
Nichtek Industrial Co., Limited	18,591,400	\$51,529	-	\$ -	-	\$ -	(\$ 8,766)	\$ 2,091	\$ -	(\$ 931)	18,591,400	100%	\$ 43,923	\$ 2.52	\$ 46,876	None	
Wendell Electrical Testing Co., Ltd.	6,020,000	68,128	4,000,000	40,000	-	(1,204)	3,253	-	-	-	10,020,000	100%	110,177	11.00	110,177	"	
Wendell Industrial Co., Ltd.	500	2,366	-	-	-	-	1,472	20	-	(180)	500	100%	3,678	7,386.00	3,693	"	
Wendell Korea Co., Ltd.	10,000	69,547	-	-	-	-	9,416	(530)	731	(2,200)	10,000	100%	76,964	8,377.20	83,772	"	
Wendell Pte. Ltd.	100,000	9,255	-	-	-	-	1,069	-	-	(16)	100,000	100%	10,308	103.08	10,308	"	
		<u>\$200,825</u>		<u>\$40,000</u>		<u>(\$1,204)</u>	<u>\$ 6,444</u>	<u>\$ 1,581</u>	<u>\$ 731</u>	<u>(\$ 3,327)</u>			<u>\$245,050</u>		<u>\$254,826</u>		

Note 1: The increase in the current period was resulted from the participation of the Company in the capital increase by cash of the investee.

Note 2: The decrease in the current period was resulted from the distribution of cash dividends by the subsidiary.

Wendell Industrial Co., Ltd.
Short-term loans
December 31, 2023

Table 5

Unit: NT\$ thousands

Creditor	Summary	Ending balance	Contract term	Interest Rate Range	Financing amount	Mortgage or guarantee	Remarks
First Commercial Bank	Credit loan	\$ 29,815	2023.08.01-2024.06.22	2.44-7.30%	\$ 80,000	None	
Taipei Fubon Commercial Bank	Credit loan	48,986	2023.07.24-2024.04.13	2.38-7.02%	120,000	"	
E.SUN Commercial Bank	Credit loan	59,819	2023.09.11-2024.12.04	0.5-5.71%	95,000	"	
Bank SinoPac	Credit loan	13,374	2023.08.28-2024.06.03	2.28%	80,000	"	
KGI Bank	Credit loan	32,250	2023.07.24-2024.06.11	2.31%-7.04%	80,000	"	
The Shanghai Commercial & Savings Bank	Credit loan	32,947	2023.08.14-2024.06.21	6.49%-6.50%	61,420	"	
		<u>\$ 217,191</u>			<u>\$ 516,420</u>		

Wendell Industrial Co., Ltd.
Accounts payable
December 31, 2023

Table 6

Unit: NT\$ thousands

Name of customer	Amount	Remarks
Customer A	\$ 41,451	
Customer B	13,103	
Customer C	8,432	
Customer D	8,028	
Customer E	7,781	
Customer F	6,564	
Other	38,471	The balance of each individual supplier does not exceed 5% of the balance of this account.
	<u>\$ 123,830</u>	

Wendell Industrial Co., Ltd.
Operating Revenue
From January 1, 2023 to December 31, 2023

Table 7

Unit: NT\$ thousands

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Remarks</u>
Electronic components products	1,054,752,000	\$ 1,449,376	
Revenue from labor services		34,247	
Operating revenue		<u>\$ 1,483,623</u>	

Wendell Industrial Co., Ltd.
Operating Cost
From January 1, 2023 to December 31, 2023

Table 8

Unit: NT\$ thousands

Item	Amount
Beginning commodities	\$ 460,502
Add: Commodities purchased in the current period	869,013
Other	142
Less: Ending commodities	(329,724)
Transferred expenses	(985)
Cost of inventories sold	<u>998,948</u>
Beginning raw materials	-
Add: Materials purchased in the current period	15,336
Less: Ending raw materials	-
Materials consumed in the current period	<u>15,336</u>
Manufacturing expenses	<u>24,069</u>
Manufacturing cost	39,405
Add: Beginning work in process	3,559
Less: Ending work in process	(4,605)
Cost of finished products	<u>38,359</u>
Add: Beginning finished products	7,318
Less: Ending finished products	(9,984)
Selling cost of finished products	35,693
Inventory falling price loss	20,320
Labor cost	<u>31,581</u>
Operating cost	<u>\$ 1,086,542</u>

Wendell Industrial Co., Ltd.
Manufacturing Expenses
From January 1, 2023 to December 31, 2023

Table 9

Unit: NT\$ thousands

<u>Name of customer</u>	<u>Amount</u>	<u>Remarks</u>
Processing fee	\$ <u>24,069</u>	

Wendell Industrial Co., Ltd.
Operating Expenses
From January 1, 2023 to December 31, 2023

Table 10

Unit: NT\$ thousands

Item	Amortization expenses	Administrative costs	R&D expenses	Total	Remarks
Salary expenses	\$ 41,288	\$ 94,610	\$ 9,320	\$ 145,218	
Depreciation expenses	14,283	15,595	2,487	32,365	
Insurance expenses	3,974	8,298	875	13,147	
Import and export expenses	7,231	-	-	7,231	
Transportation expenses	5,088	16	1	5,105	
Other	29,090	30,943	1,878	61,911	Note
	<u>\$ 100,954</u>	<u>\$ 149,462</u>	<u>\$ 14,561</u>	<u>\$ 264,977</u>	

Note: The amount of each separate item hasn't exceeded 5% of the total amount of this subject.

Wendell Industrial Co., Ltd.

Chairman : KAO, CHIH-HUNG