

**Stock Code: 1618**

# **2022 Annual Report**

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<http://www.hold-key.com.tw> (company website)**

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**

**Published on May 25, 2023**

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- V. The name of any exchanges where the Company's securities are listed offshore, and the method by which to access information on said offshore securities: None.
- VI. Company website: [www.hold-key.com.tw](http://www.hold-key.com.tw)

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## One. Letter to Shareholders

### I. 2022 Operation Overview

#### (I) Implementation results of business plan

In 2022, the Company's consolidated revenue was NT\$2,864,412 thousand, gross profit NT\$322,334 thousand (at gross margin of 11%), operating profit NT\$223,680 thousand, and net income after tax NT\$248,077 thousand.

In the post-pandemic year of 2022, all the control measures were relaxed and the congestion at international harbors eased off. However, the Russia-Ukraine war continues and central banks in different countries keep raising interest rates. The cloudy outlook of the global economy adds to the Company's operational challenges.

Looking ahead, we will take a more rigorous and proactive approach and, on the basis of the existing foundation, continue to expand the market for cable-related products under the forward-looking plan; meet the demand for grid-connected cables in related industries under the government's non-nuclear home energy policy and the demand from commercial buildings, factory facilities and wire and cable replacements; invest in new product development and obtain certifications in different countries for overseas markets. The purpose is to achieve greater product competitiveness and management and lower costs and business risks.

Based on the concept of sustainable management and fulfilling corporate social responsibility, the company will move into the international arena as a professional wire and cable manufacturer with a stable operation, and expects to create new achievements in the future to reward the efforts of employees and the support of shareholders.

#### (II) Financial receipts and expenditures and budget implementation

##### 1. Financial Receipts and Expenditures

Unit: Thousand NT\$

Item	2022 (IFRS)-stand-alone	2021 (IFRS)-stand-alone	Increase or decrease %	2022 (IFRS)-consolidated	2021 (IFRS)-consolidated	Increase or decrease %
Operating revenues	2,861,035	2,800,179	2.17%	2,864,412	2,803,841	2.16%
Operating costs	2,536,646	2,453,015	3.41%	2,542,078	2,458,739	3.39%
Operating gross profits	324,389	347,164	( 6.56%)	322,334	345,102	( 6.60%)
Operating expenses	97,874	93,205	5.01%	98,654	94,242	4.68%
Operating profits	226,515	253,959	( 10.81%)	223,680	250,860	( 10.83%)
Non-operating income and expense	77,844	36,980	110.50%	80,679	40,079	101.30%
Net profits before tax	304,359	290,939	4.61%	304,359	290,939	4.61%

##### 2. Budget Implementation Status

The 2022 financial forecast was not made public, so there is no question of whether the budget was achieved or not.

#### (III) Profitability analysis

Analysis	Ratio (%) - stand-alone	Ratio (%) - consolidated
Return on assets (%)	5.30%	5.30%
Return on equity (%)	5.81%	5.81%
Profits before tax to paid-in capital (%)	15.80%	15.80%
Net profit margin (%)	8.67%	8.66%
Earnings per share (NT\$)	1.29	1.29

#### (IV) Research and Development

The Company's R&D is committed to the development of new products in domestic and foreign markets, and the improvement of production technology and equipment and at present, has completed the development of 69KV,

161KV and 345KV ultra-high voltage power cables, Aluminum (lead) covered ultra-high voltage power cables below 400KV, ultra-high voltage optical fiber composite power cables, 15KV and 25KV cable accessories, cross-linked PE termite-proof cables, bare aluminum wire, heat-resistant steel core aluminum wire, heat-resistant composite core aluminum wire, Japanese snow-proof high-voltage overhead aluminum wire and steel core aluminum wire & Aluminum conductor steel-reinforced cable (ACSR), heat-resistant cable, low-smoke, non-toxic and fire-resistant cable, communication cables below 3200 pairs, 216-core and other fiber optic cables, Cat.6, Cat.7 network cables, CMP network cables. In the future, in the spirit of R&D and innovation, the Company will continue to develop and produce more high value-added and high-quality products.

## II. Business plan outline for the current year

### (I) Operation Strategy

- (1) Continue to develop new products and upgrade product levels, launch high value-added and market-competitive products, achieve product and customer diversification, and expand sales markets.
- (2) Enhance internal management so that all employees have a full understanding of the Company's future direction and operational objectives, and establish the concept of cost effectiveness for all employees so as to create maximum benefits with minimum costs in order to maintain the Company's competitiveness.

### (II) Sales volume forecast and the basis

Regarding the Company's 2023 business target, after careful evaluation based on past sales performance and order loading this year, sales quantity of wires and cables is expected to be 40,000 kilometers.

### (III) Important production and sales policies

In order to pursue growth, the Company offers Ultra high-voltage power cables, a wide range of diversified products such as high-voltage power cables, bare aluminum wires, Heat-resistant aluminum wires, communication cables below 3200 pairs, Internet cables, optical fiber cables, heat-resistant cables, and low-smoke, non-toxic and fire-resistant cables this year; in terms of sales, actively expands sales channels and further cultivates existing sales market, and with a more complete product portfolio and sufficient supply capacity, effectively competes for customers, and enhances risk control. It is expected that with the multi-faceted approach, the Company will be able to more accurately comprehend market trends and create operational success.

## III. The Company's development strategy for the future

We will continue to attract orders from TaiPower under its plan to strengthen the resilience of grids and develop niche products and also, in conjunction with the government's non-nuclear homeland policy, explores the demand for grid-connected cables for green energy-related industries and provides diversified and complete cable products for the export market so as to stabilize the Company's profitability.

## IV. Effect of external competition, legal environment, and overall business environment.

The post-pandemic economy is confronted with adversaries such as the Russian-Ukraine war and interest rate hikes by central banks around the world. Energy and commodity prices continue to rise and the supply chain suffer from bottlenecks here and there. Inflation pressures persist. The prices of many raw materials for our power cable plants have stayed at high levels since 2021. To stabilize the quality, quantity, and capacity of products, both safe inventory and amount were increased significantly, and testing the decisiveness of business decisions and the high sensitivity of market demand, the Company will continue to improve quality management, offer a more complete product portfolio, obtain product certifications from various areas, enhance the control of operating costs and reduce risks, and actively develop high value-added products at a high speed to move into the international arena as a solid and professional cable manufacturer. and is looking forward to making new achievements in the future to reward our shareholders.

We would like to express our most profound gratitude to the shareholders, Please continue to give us your support and advice.

We wish you all  
success and good health.

Chairperson: Biqi Yang

General manager: Xinzheng Li

Accounting officer: Tingyi Chou

## Two. Company Profile

I. Date of Incorporation: March 1st, 1989

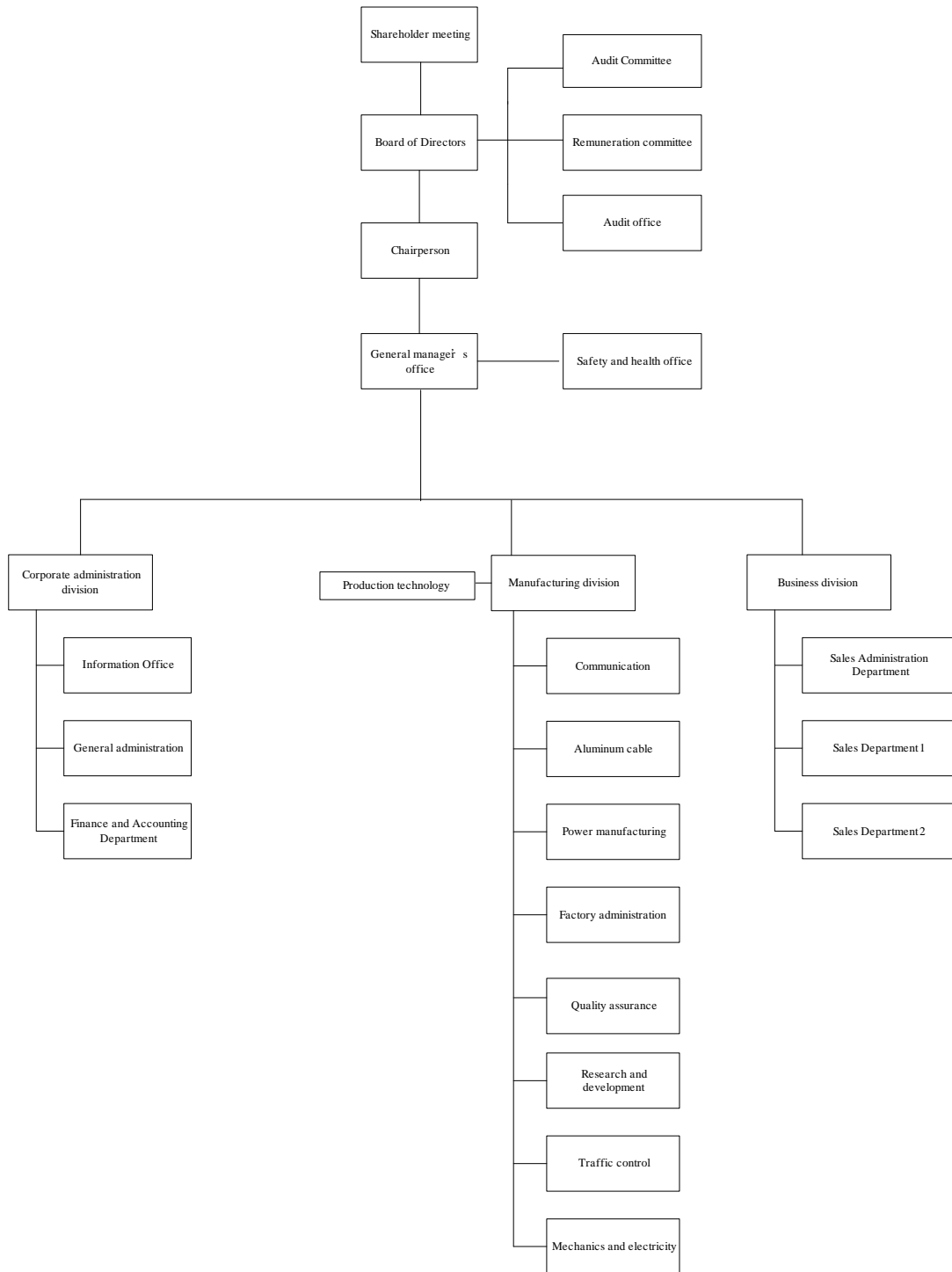
II. Company History

The largest juristic-person shareholders when the Company was founded was YOUNG FAST OPTOELECTRONICS CO., LTD (now renamed SOL YOUNG ENTERPRISES CO., LTD.), and the largest shareholders of SOL YOUNG is a group of like-minded classmates and friends including Kaiti Yang, Yisen Lai, Jinyu Zhou, Suyuan Yu, Wenhao Lin, Yangheng Chen, etc. YOUNG FAST started as a trade company, and its products are mainly groceries, electrical products, wires and cables, etc. After four years of hard work, it has established a stable foreign market. In addition to having its own electrical product production and assembly factory, in 1989, technical personnel from the wire and cable industry were recruited to establish HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD., with Mr. Kaiti Yang as the chairperson. The Company is a professional wire and cable manufacturer that provides indispensable transmission conductors for electricity, communications and various electrical appliances. It belongs to a strategic industry approved by the government and is capital and technology-intensive. Since the establishment of the first factory, the Company has been recruiting and training professional talents, which is the Company's foundation for the stable development, and the Company's consistent objective and business philosophy is to be prudent, thorough, and efficient.

1989	The Company was incorporated with a registered capital of NT\$20 million at the initial stage.
1994	Purchased machinery and equipment, expanded plants and purchased the Taipei office.
1995	In order to add equipment to meet the needs of business development, the Company increased its capital by NT\$53 million in cash. After the capital increase, the capital reached NT\$ 251 million, and the public offering of shares of the Company was approved by the Securities and Futures Bureau, Ministry of Finance.
1996	In August, passed the accreditation registration of ISO-9002 international standard quality assurance by the Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs.
1997	Completed the installation of high-voltage cable production equipment, and obtained the certification license for 15KV and 25KV high-voltage cables from Taiwan Power Company.
1998	On June 23, 87, the Company's stocks were officially listed on the Taipei Exchange.
1999	Began production of communication cables and bare aluminum wires, etc. in Guanyin no. 2 and no. 3 factories.
2000	On September 1, 2000, the Company's stocks were officially listed on the Taiwan Stock Exchange. Issued the Company's first domestic unsecured convertible bonds for NT\$300 million
2002	Obtained the certification license for 69KV and 161KV high-voltage cables from Taiwan Power Company and passed the accreditation registration of ISO-9001 international standard quality assurance by the Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs.
2003	Issued the Company's first overseas unsecured convertible bonds for USD 7.5 million.
2004	Increased capital to NT\$1,910,383 thousand by transferring earnings of \$79,457 thousand and capital surplus of \$79,457 thousand, for a total of NT\$158,914 thousand, and converting domestic convertible bonds and overseas convertible bonds to common stock of NT\$300,930 thousand..
2005	Increased capital to NT\$2,082,318 thousand by transferring earnings of \$171,935 thousand.
2006	Increased capital to NT\$2,292,639 thousand by transferring earnings of \$66,776 thousand and converting overseas convertible bonds to common stock of NT\$143,545 thousand..
2007	The localization certification of 345KV XLPE cable in progress.
2008	Continued the localization certification of 345KV XLPE cable localization certification.
2009	In August, obtained the certification license for 345KV XLPE cables from Taiwan Power Company; in November, completed transfer of earnings to capital and increased capital to NT\$2,338,492 thousand; in December, obtained the approval letter issued by the Industrial Development Bureau, Ministry of Economic Affairs, for the five-year tax-free investment plan.
2010	Obtained the certification license for 132KV, 245KV ultra-high voltage cables from KEMA International Institution.
2011	In September, completed transfer of earnings of NT\$70,155 thousand to capital and increased capital to NT\$2,408,647 thousand; in December, obtained the certification of completion issued by the Industrial Development Bureau, Ministry of Economic Affairs, for the five-year tax-free investment plan.
2012	Successfully manufactured and delivered 345KV XLPE cables and the revenues hit a new high since 2007.
2013	Distinguished as an excellent project by Taiwan Power Company for "Gaogang ~ Wuji ~ Kaohsiung 345KV Underground Cable Line Project".
2014	In July, invested in Muchon Organic Farm Co., Ltd. and completed the UL certification of CMP FTP network.
2017	Obtained DQS quality management system certificate.
2019	Obtained ISO14001:2015 and ISO45001:2018 certificates.
2021	Carried out cash capital reduction of \$481,729 thousand, with the current paid-in capital of \$1,926,917 thousand.

### Three. Corporate Governance Report

#### 1. Organizational System (I)





(II) Businesses of Major Departments

Department	Major Responsibilities
Audit office	<ul style="list-style-type: none"> <li>- Establishment of audit system and implementation</li> <li>- Audit of the Company's business, financial and operational situation</li> <li>- Analysis of abnormalities, recommendations for and tracking of improvements</li> </ul>
Corporate administration division	<ul style="list-style-type: none"> <li>- The Company's capital scheduling, financial planning, and risk management</li> <li>- Planning and management of other finance-related operations</li> <li>- The Company's accounting processes</li> <li>- Budget consolidation and preparation and analysis of various management reports</li> <li>- Planning and management of information system related operations</li> <li>- Planning and management of human resource and administration related operations</li> <li>- Investment execution and management</li> <li>- Management of stock affairs</li> <li>- Management of legal affairs</li> </ul>
Business division	<ul style="list-style-type: none"> <li>- Marketing and business development of the Company's products</li> <li>- Execution of sales-related operations</li> <li>- Customer development and credit investigation</li> <li>- Tendering business for public authorities</li> <li>- Foreign markets development</li> <li>- Foreign customer development and credit investigation</li> <li>- Raw materials import related operations</li> <li>- Import and export customs declaration related operations</li> <li>- Development of new business opportunities</li> <li>- Reinvested enterprise operations and management</li> </ul>
Manufacturing division	<ul style="list-style-type: none"> <li>- Production planning and manufacturing of wires and cables</li> <li>- Planning and management of raw material procurement related operations</li> <li>- Product trial production and process improvement</li> <li>- Product manufacturing quality management</li> <li>- Establishment and management of product and production equipment operating standards</li> <li>- Development, validation and testing of new materials</li> <li>- Development of design of new product development; establishment and management of new technical standard</li> <li>- Management and maintenance of production equipment and related facilities</li> </ul>
Safety and health office	<ul style="list-style-type: none"> <li>- Planning and implementation guidance of occupational disaster prevention plan</li> <li>- Supervision and planning of labor safety and health management</li> <li>- Air pollution, water pollution and toxic substance management</li> <li>- Perimeter air pollution detection and preparation of emergency response plan</li> <li>- Other matters of air pollution and toxic chemical management</li> </ul>

2. Information on directors, supervisors, general managers, deputy general managers, senior managers, and officers of various departments and branches

(I) Information on Directors and Supervisors

1. Information on Directors

April 29, 2023

Title	Nationality	Name	Gender Age	Date elected	Term of office	Date first elected	Shareholding when Elected		Shareholding Now		Shareholding of spouse and minor children now		Shareholding in the name of others		Major educations and experiences	Concurrent positions in the Company and other companies now	Spouse or relatives within second degree of kinship who are officers, directors or supervisors of the Company			Note (2)
							Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Title	Name	Relation	
Chairperson	Taiwan	SOL YOUNG ENTERPRISES CO., LTD.	Female (61-70 years old)	2022.06.27	3 years	1995.06.11	73,817,655	32.20%	62,045,531	32.20%	0	0.00%	0	0.00%	Department of International Trade, Changhua Senior High School of Commerce Chairperson, Dahelong Electromechanical Co., Ltd.	Note 1	Director	Kaiti Yang	Relatives within second degree of kinship	None
		2007.06.15				10,300	0.00%	8,656	0.00%	24,341	0.01%	0	0.00%							
Director	Taiwan	Kaiti Yang	Male (61-70 years old)	2022.06.27	3 years	1989.03.01	1,588,999	0.69%	1,575,520	0.82%	2,092,356	1.09%	0	0.00%	Department of Chemical Engineering, Chung Yuan Christian University Chairperson, HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. General Manager, HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. Chairperson, SOL YOUNG ENTERPRISES CO., LTD.	Note 1	Chairperson	Biji Yang	Relatives within second degree of kinship	None
Director	Taiwan	Yisen Lai	Male (61-70 years old)	2022.06.27	3 years	1989.03.01	1,904,305	0.83%	1,600,529	0.83%	0	0.00%	0	0.00%	Department of Chemical Engineering, Chung Yuan Christian University General Manager, SOL YOUNG ENTERPRISES CO., LTD.	Note 1	None	None	None	None
Director	Taiwan	Suyuan Yu	Female (51-60 years old)	2022.06.27	3 years	1995.06.11	725,062	0.32%	609,399	0.32%	62,840	0.03%	0	0.00%	General Business Department, Taipei Municipal Shilin High School of Commerce Deputy General Manager, HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.	Note 1	None	None	None	None
Director	Taiwan	Xinzheng Li	Male (51-60 years old)	2022.06.27	3 years	2007.06.15	1,266	0.00%	1,063	0.00%	513	0.00%	0	0.00%	Department of Electrical Engineering, Chien Hsin University of Science and Technology General Manager, Dahelong Electromechanical Co., Ltd. Plant Manager, HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.	Note 1	special assistant	Li Tung-Yen	First degree of kinship	None
Director	Taiwan	BOND-GALV INDUSTRIAL CO., LTD.	Male (81-90 years old)	2022.06.27	3 years	2019.06.24	2,912,498	1.21%	2,329,998	1.21%	0	0.00%	0	0.00%	Department of Biology, National Taiwan Normal University BOND-GALV INDUSTRIAL CO., LTD., Chairperson	Note 1	None	None	None	None
		324,163					0.13%	259,330	0.13%	598,110	0.31%	0	0.00%							
Independent directors	Taiwan	Rongsui Weng	Male (71-80 years old)	2022.06.27	3 years	2016.06.27	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Economics, College of Social Sciences, National Taiwan University EMBA, College of Management, National Taiwan University Deloitte and Touche CPA and director concurrently	Note 1	None	None	None	None
Independent directors	Taiwan	Wencheng Shen	Male (61-70 years old)	2022.06.27	3 years	2016.06.27	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Finance, National Taiwan University Department of Capital Markets, Taiwan Securities Co., Ltd. Deputy general manager General Manager, Tainshin Investment Trust	Note 1	None	None	None	None

Title	Nationality	Name	Gender Age	Date elected	Term of office	Date first elected	Shareholding when Elected		Shareholding Now		Shareholding of spouse and minor children now		Shareholding in the name of others		Major educations and experiences	Concurrent positions in the Company and other companies now	Spouse or relatives within second degree of kinship who are officers, directors or supervisors of the Company			Note (2)
							Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Title	Name	Relation	
Independent directors	Taiwan	Shizhen Chen	Male (41-50years old)	2022.06.27	3 years	2019.06.24	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Graduate School of Law, Soochow University Lawyer, Lee and Li, Attorneys-at-Law Arbitrator, Chinese Arbitration Association, Taipei Taipei Branch, Legal Aid Foundation Member, Screening Committee Lawyer, THRONE, Attorneys-at-Law	Note 1	None	None	None	None

Note 1:

Name	Concurrent positions in the Company and other companies now
Biqi Yang	Chairperon, HOLDKEY (BELIZE) INVESTMENTS LIMITED.
Kaiti Yang	Supervisor, Yusheng Asset Development Co., Ltd.
Yisen Lai	Director, SOL YOUNG ENTERPRISES CO., LTD., Supervisor, Fenggen Development Co., Ltd., Supervisor, Zhangmiao Development Co., Ltd., Director, BOND-GALV INDUSTRIAL CO., LTD.
Suyuan Yu	Chairperson, Huan Yi Development Co., Ltd.
Xinzheng Li	General Manager of the Company, Director and General Manager, Taiwan SRU Co., Ltd., Director(Juristic-person representative) and General Manager of Mechanics and Electricity Business Group, SOL YOUNG ENTERPRISES CO., LTD., Chairperson, Muchon Farm Co., Ltd.
Yuanhong Huang	Chairperson, BOND-GALV INDUSTRIAL CO., LTD.,
Rongsui Weng	Chairperson, OFUNA TECHNOLOGY CO., LTD., Chairperson, Shaorui Development Co., Ltd., Remuneration Committee and Audit Committee, HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. Independent Director, Audit Committee, and Remuneration Committee, HSIN KUANG STEEL CO., LTD. Independent Director, Audit Committee, and Remuneration Committee, Cica-Huntek Chemical Technology Taiwan Co.
Wencheng Shen	Audit Committee and Remuneration Committee, HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.
Shizhen Chen	SYSTEX CORPORATION: Attorney General 、Deputy general manager 、Supervisor, ONATION CORPORATION, HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.,Independent Director, PAN-JIT INTERNATIONAL INC., Director as the representative of Syswiser Technology Corporation; Director as the representative of Syslink Corporation; Director as the representative of Top Information Technologies Co., Ltd.; Director as the representative of Smartsys Technology Corporation; Director as the representative of Dawning Technology Inc.; and Director as the representative of Taifon Computer Company Limited

Note 2: If the chairperson and the general managers or equivalents (the top managerial officers) of the Company are the same person, each other's spouse or relative within first degree of kinship, the reason, rationality, necessity, corresponding measures (such as increasing the number of independent directors and having a majority of directors who are not concurrently serving as employees or managerial officers, etc.) and related information should be described: No such situation.

## 2. Major Juristic-Person Shareholders

Name of juristic-person shareholder	Major juristic-person shareholders
SOL YOUNG ENTERPRISES CO., LTD.	Zhangmiao Development Co., Ltd. (16.14%), Yusheng Asset Development Co., Ltd. (7.92%), BOND-GALV INDUSTRIAL CO., LTD. (7.24%), Shuli Xu (6.19%), HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. (5.60%), Huan Yi Development Co., Ltd. (4.45%), Jianhe Zeng (2.76%), YOUNG SSUH WONG INTERNATIONAL DEVELOPER CO., LTD. (2.61%), Fenggen Development Co., Ltd. (2.05%), Yangheng Chen (1.85%)
BOND-GALV INDUSTRIAL CO., LTD.	SOL YOUNG ENTERPRISES CO., LTD. (34.51%), HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. (11.46%), Zhangmiao Development Co., Ltd. (11.07%), Yusheng Asset Development Co., Ltd. (4.58%), Jianhe Zeng (3.46%), Huan Yi Development Co., Ltd. (3.06%), AUTOTECH AUTOPARTS ENT. CO., LTD. (2.62%), Mingzong Wang (2.28%), Xihao Lin (1.88%), Liangxu Lai (1.86%).

## 3. Where the major shareholders of a juristic-person shareholder are juristic persons, the major shareholders

The name of the juristic-person shareholder	The major shareholders of the juristic-person shareholder
Zhangmiao Development Co., Ltd.	Shufen Xu (94.24%), Weizhi Lai (2.00%), Yanan Lai (1.38%), Yanxin Lai (1.38%), Liangxu Lai (0.50%), Yisen Lai (0.50%)
Yusheng Asset Development Co., Ltd.	Shuli Xu (63.61%), Zhijie Yang (14.00%), Yecheng Yang (13.98%), Kaiti Yang (8.37%), Shujuan Xu (0.02%), Shumei Xu (0.02%)
HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.	SOL YOUNG ENTERPRISES CO., LTD. (32.20%), YOUNG FAST OPTOELECTRONICS CO., LTD. (5.49%), Zhangmiao Development Co., Ltd. (4.22%), Fenggen Development Co., Ltd. (2.17%), Zhijie Yang (1.75%), Yecheng Yang (1.70%), Huan Yi Development Co., Ltd. (1.34%), BOND-GALV INDUSTRIAL CO., LTD. (1.21%), Shuli Xu (1.09%), Chiuchieh Shao (1.08%)
Huan Yi Development Co., Ltd.	Suyuan Yu (60.91%), Peizhu Huang (34.05%), Xueqing Huang (5.00%), Sulian Yu (0.02%), Zhongyu Xu (0.02%)
YOUNG SSUH WONG INTERNATIONAL DEVELOPER CO., LTD.	Zhenxiu Yang (47.50%), Xiangyun Yang (21.04%), Ziyang Yang (17.34%), Yuling Yang (12.82%), Chiachang Yang (1.30%)
Fenggen Development Co., Ltd.	Shufen Xu (93.19%), Yan'an Lai (3.06%), Yanxin Lai (3.06%), Weizhi Lai (0.33%), Yisen Lai (0.33%), Liangxu Lai (0.03%)
AUTOTECH AUTOPARTS ENT. CO., LTD.	Qiongren Chen (31.78%), Ji-Yang Investment Co., Ltd. (31.78%)(Note), Jintao Hong (26.80%), Supei Cai (4.92%), Xiaolin Cai (4.72%)

Note: As of the date of publication of the annual report, its major shareholder roster was not available.

4. Information on Directors:

(1) Professional qualifications of directors and disclosure of information on independence of independent directors.

Name	Criteria	Professional qualifications and experience	Status of Independence			Concurrently employed by other public company Number of Independent directors	
			1	2 (Number and percentage of shares held by the individual, spouse, relatives within 2nd degree of kinship, etc.)	3(Note)		4
Chairperson: Biqi Yang (SOL YOUNG ENTERPRISES CO., LTD. Juristic-person representative)		In addition to the family business background, the individual has been the juristic-person representative for nearly 15 years since the beginning of June 2007, and has complete leadership and management experience.	Relatives within 2nd degree of kinship who are directors of the Company.	3,700,873 shares (1.92%)	Not a director, supervisor or employee of a firm with which the Company has a specific relationship	0	
Director: Kaiti Yang		The founder of the Company with over 30 years of industry-related and practical experience.		3,700,873 shares (1.92%)	Serve as a director,		0
Drector: Yisen Lai		The founder of the Company with over 30 years of industry-related and practical experience.	The individual, spouse, relatives within 2nd degree of kinship are not directors, supervisors, or employees of the Company or its affiliates	1,600,529 shares (0.83%)	supervisor or employee of a firm with which the Company has a specific relationship	0	
Director: Suyuan Yu		The founder of the Company with over 30 years of industry-related and practical experience.		672,239 shares (0.35%)		No remuneration received for providing business, legal, financial or accounting services to the Company or its affiliates in the last two years	0
Director: BOND-GALV INDUSTRIAL CO., LTD. (Representative: Yuanhong Huang)		Chairperson of BOND-GALV INDUSTRIAL CO., LTD. with complete experience in operation management and leadership, decision making.		857,440 shares (0.44%)	Not a director, supervisor or employee of a firm with which the Company has a specific relationship	0	
Director: Xinzheng Li		With over 30 years of experience in the industry and has served as a plant manager and General Manger of an affiliate, and complete practical experience at the basic level.	Relatives within first- degree of kinship who are employees of the Company.	1,576 shares (0.00%)	Serve as a director, supervisor or employee of a firm with which the Company has a specific relationship	0	
Independent director: Rongsui Weng		Former certified public accountant, president, and director of Deloitte and Touche with more than 30 years of practice Currently and and Hsin Kuang Steel co. LTD. and Cica-Huntek Chemical Technology Taiwan Co.	The individual, spouse, relatives within 2nd	No shareholding	Not a director, supervisor or employee of a	No remuneration received for providing business, legal, financial or accounting services to	2

Independent director: Wencheng Shen	Former Deputy General Manger of Capital Market Department, Taiwan Securities Co., Ltd. and General Manager, Taishin Investment Trust with over 30 years of experience in the securities market.	degree of kinship are not directors, supervisors, or employees of the Company or its affiliates		firm with which the Company has a specific relationship	the Company or its affiliates in the last two years	0
Independent director: Shizhen Chen	SYSTEX CORPORATION: Attorney General · Deputy general manager · Qualified as an attorney in Taiwan, formerly with the law firm of Lee & Lee and currently a practicing attorney with the Throne Attorneys-At-Law, with nearly 20 years of practice; also former arbitrator of the Chinese Arbitration Association and member of the Screening Committee of the Legal Aid Foundation Taipei Branch Also an independent director of PAN-JIT INTERNATIONAL INC.					1

Note: A firm with which the Company has a specific relationship: As stipulated in subparagraphs 5~8, paragraph 1, Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".

- V. A director, supervisor or employee of a juristic-person shareholder directly holding more than 5% of the outstanding shares issued by the Company, or a director, supervisor or employee of an juristic-person shareholder who is among the top 5 shareholders, or a representative of an juristic-person shareholders appointed as the director or supervisor of the Company according to paragraphs 1 or 2, Article 27, Company Act
- VI. A director, supervisor or employee of a company controlling over one half of the Company's director seats or voting shares under one person
- VII. A director of a company or institution whose chairperson and general manager or equivalent role is the same person or its spouse and the director, supervisor or employee of other companies or institutions.
- VIII. A director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specific company or institution that has a financial or business relationship with the Company.

\*Pursuant to the Rules Governing Review of Securities Listings and Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the Company has obtained the independence declaration from each independent director, and they are all qualified for the independence criteria required by laws and regulations.

## (2) Diversity and independence of the Board of Directors.

Director's name	Basic composition						Industry experience/professional qualifications					
	Gender	Age/years old				Years of service as an independent director		Business management	Leadership and decision-making	Industry knowledge	Law	Finance accounting
		41~50	51-60	61-70	71~above	3~6 years	7~9 years					
Chairperson: Biji Yang (SOL YOUNG ENTERPRISES CO., LTD. Juristic-person representative)	Female			V				V	V	V		
Director: Kaiti Yang	Male			V				V	V	V		
Director: Yisen Lai	Male			V				V	V	V		
Director: Suyuan Yu	Female		V					V	V	V		V
Director: Xinzheng Li	Male		V					V	V	V		
Director: BOND-GALV INDUSTRIAL CO., LTD. (Representative: Yuanhong Huang)	Male				V			V	V			
Independent director: Rongsui Weng	Male				V		V	V	V			V
Independent director: Wencheng Shen	Male			V			V	V	V			V
Independent director: Shizhen Chen	Male	V				V		V	V		V	

## A. Diversity of the Board of Directors.

The Company has established a diversity policy on membership in the "Corporate Governance Practice Principles" and the "Procedure for Election of Directors and Supervisors". Currently, the Company's Board directors are independent of gender, religion, age, etc., and each has expertise in business, accounting, or finance, etc.

The Company's Board of Directors is composed of directors with industry experience, accounting, and legal expertise, including CPA and lawyers with professional licenses, and female directors in order to implement the Gender Equality Policy Guidelines of our country, increase female participation in decision-making and improve the Board structure.

A total of 9 Board members:

1. Female directors account for 22%  $\geq$  Target: 20%.

2. Younger Board members, under age of 50: 1, 51-60: 2, 61-70: 4, 71+: 2  
 $\geq$ Target: At least 3 members under the age of 65.

3. Three independent directors, accounting for 33% of all directors; one with a term of less than six years and two with a term of less than nine years  
 $\geq$  Target: Independent directors account for 30% and at least one seat not re-elected for 3 terms.

4. Diversified professional backgrounds of directors, with one lawyer and one CPA  $\geq$  Target: at least one seat with legal background and one seat with financial background.

## B. Independence of the Board of Directors

1. 9 directors in total, 3 independent directors, accounting for 33% of all directors.

2. Only two regular directors of all the directors are related to each other within 2nd degree of kinship, and the remaining 77% of directors are independent, which is more than half of the total number of directors. Therefore, the independence requirement under paragraph 3, Article 26-3 of the Securities and Exchange Act is satisfied.

3. Of all of the 9 directors, only 2 are juristic-person directors, but they belong to 2 different corporations, and only 2 regular directors are related to each other within the second degree of kinship; therefore, the provisions of paragraph 4, Article 26-3 of the Securities and Exchange Act is satisfied.

4. All of the independent directors meet the independence requirements.

## (II) Information on general managers, deputy general managers, senior managers, and officers of various departments and branches

April 29, 2023

Title	Nationality	Name	Gender	Date of assuming office	Shareholding		Shareholding of spouse and minor children		Shareholding in the name of others		Major educations and experiences	Concurrent positions in the Company and other companies	Managerial officers with spouses or relatives with second degree of kinship			Note (Note 2)
					Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Title	Name	Relation	
General Manager	Taiwan	Xinzheng Li	Male	2000.04.01	1,063	0.00%	513	0.00%	0	0.00%	Department of Electrical Engineering, Chien Hsin University of Science and Technology General Manager, Dahelong Electromechanical Co., Ltd. Plant Manager, HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.	Note 1	None	None	None	None
Audit officer Deputy general manager (2023.4.1 Transferred to General Manager's Office)	Taiwan	Meiling Lin	Female	2016.11.11	20,591	0.01%	0	0.00%	0	0.00%	Department of Accounting and Statistics, Tatung Institute of Commerce and Technology HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.,	Note 1	None	None	None	None
Manufacturing division Deputy general manager	Taiwan	Yinde Zhang (Retired on 2023.03.31)	Male	2004.01.01	0	0.00%	0	0.00%	0	0.00%	Department of Electrical Engineering, Taoyuan Agricultural & Industrial School Senior Manager, HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.,	None	None	None	None	None
Manufacturing division Assistant Vice Presiden (Newly appointed on 2023.4.1)	Taiwan	Chinhsun Kuo	Male	2023.04.01	0	0.00%	2,400	0.00%	0	0.00%	Graduate Institute of Urban Planning, National Taipei University HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD., Manger	None	None	None	None	None
Business division Assistant Vice Presiden	Taiwan	Tsunhsiung Cheng	Male	2021.10.15	0	0.00%	0	0.00%	0	0.00%	Department of Accounting and Statistic, Chungyu Junior College of Business Administration HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD., Manger	Xxxx	None	None	None	None
Finance officer (Assistant Vice Presiden of Corporate Administration Division) (2023.4.1 Transferred to the position as Audit officer Assistant Vice Presiden)	Taiwan	Yaping Chen	Female	2016.05.11	82	0.00%	0	0.00%	0	0.00%	Department of Accounting, Management School, Shih Chien University Specialist, Deloitte and Touche Audit officer, YOUNG FAST INDUSTRIAL CO., LTD HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD., Finance officer / corporate governance officer	None	None	None	None	None
Accounting officer (2023.4.1 Finance Director/Corporate Governance Officer-Assistant Vice Presiden of Corporate Administration Division)	Taiwan	Tingyi Chou	Female	2012.04.27	824	0.00%	0	0.00%	0	0.00%	Department of Accounting, Soochow University Deputy Manager, Deloitte and Touche	None	None	None	None	None

Note 1:

Name	Concurrent positions in the Company and other companies
Xinzheng Li	Director and General Manager, Taiwan SRU Co., Ltd, Director(Juristic-person representative)and General Manager of Mechanics and Electricity Business Group, SOL YOUNG ENTERPRISES CO., LTD. Muchon Farm Co., Ltd.
Meiling Lin	General Manager ,Muchon Farm Co., Ltd.



Note 2: If the chairperson and the general managers or equivalents (the top managerial officers) of the Company are the same person, each other's spouse or relative within first degree of kinship, the reason, rationality, necessity, corresponding measures (such as increasing the number of independent directors and having a majority of directors who are not concurrently serving as employees or managerial officers, etc.) and related information should be disclosed: No such situation.

3. Remuneration for directors (including independent directors), general managers and deputy general managers for the most recent year

(I) Remuneration for directors (including independent directors)

Unit: Thousand NT\$

Title	Name	Remuneration for directors								A, B, C and D as a % of the net profits after tax		Remuneration for employees with concurrent positions in the Company and other companies								A, B, C, D, E, F and G as a % of the net profits after tax		Remuneration from reinvested enterprises outside subsidiaries or from the parent company
		Base remuneration (A)		Severance and pension (B)		Remuneration for directors (C)		Business execution expenses (D)				Remuneration, bonus, allowance (E)		Severance and pension (F)		Remuneration for employees (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in the financial statements	
Director	SOL YOUNG ENTERPRISES CO., LTD. Representative Biqi Yang	2,097	2,097	0	0	4,860	4,860	0	0	6,957 (2.80%)	6,957 (2.80%)	5,332	5,332	334	334	1,500	0	1,500	0	14,123 (5.69%)	14,123 (5.69%)	None
	Kaiti Yang																					
	Yisen Lai																					
	Suyuan Yu																					
	Xinzheng Li																					
Independent director	BOND-GALV INDUSTRIAL CO., LTD. Representative Yuanhong Huang	1,830	1,830	0	0	1,620	1,620	0	0	3,450 (1.39%)	3,450 (1.39%)	0	0	0	0	0	0	0	0	3,450 (1.39%)	3,450 (1.39%)	None
	Rongsui Weng																					
	Wencheng Shen																					
	Shizhen Chen																					

1. Please describe the policy, system, criteria and structure for the remuneration for independent directors, and the correlation to the amount of remuneration in terms of their responsibilities, risks, time spent and other factors: Please refer to page 17 of this Report.
2. Except as disclosed above, the remuneration for the directors of the Company for providing services (to the parent company/all companies in the financial statements/investees as a non-employee consultant, etc.) in the most recent year: None.

Table of remuneration ranges

Remuneration ranges for the directors of the Company	Director's name			
	Total amount of the first four remunerations (A+B+C+D)		Total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Less than NT\$1,000,000	Kaiti Yang, Yisen Lai, Suyuan Yu Xinzheng Li, Yuanhong Huang	Kaiti Yang, Yisen Lai, Suyuan Yu Xinzheng Li, Yuanhong Huang	Yuanhong Huang	Yuanhong Huang
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Rongsui Weng, Wencheng Shen, Shizhen Chen	Rongsui Weng, Wencheng Shen, Shizhen Chen	Kaiti Yang, Yisen Lai, Suyuan Yu, Rongsui Weng, Wencheng Shen, Shizhen Chen	Kaiti Yang, Yisen Lai, Suyuan Yu, Rongsui Weng, Wencheng Shen, Shizhen Chen
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Biqi Yang	Biqi Yang	Biqi Yang	Biqi Yang
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	None	None	None	None
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	None	None	Xinzheng Li	Xinzheng Li
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	None	None	None	None
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	None	None	None	None
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	None	None	None	None
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	None	None	None	None
More than NT\$100,000,000	None	None	None	None
Total	9 seats	9 seats	9 seats	9 seats

(II) Remuneration for general managers and deputy general managers and the name of the managerial officer in charge of the distribution of employee remuneration and the status of the distribution

1. Remuneration for general managers and deputy general managers

(Unit: Thousand NT\$)

Title	Name	Salary (A)		Severance and pension (B)		Bonus and Allowance (C)		Amount of employee remuneration (D)				A, B, C and D as a % of the net profits after tax (%)		Remuneration from reinvested enterprises outside subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General manager	Xinzheng Li	5,386	5,386	466	466	2,204	2,204	2,196	-	2,196	-	10,252 (4.13%)	10,252 (4.13%)	None
Deputy general manager	Meiling Lin													
Deputy general manager	Yinde Zhang (Retired on 2023.03.31)													

Note 1: The severance and pension for General Managers and Deputy General Managers are provisioned or contributed by the Company.

Table of remuneration ranges

Remuneration ranges for the general managers and deputy general managers of the Company	Name of general manager or deputy general manager	
	The Company	All companies in the financial statements
Less than NT\$1,000,000	None	None
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Meiling Lin	Meiling Lin
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Yinde Zhang	Yinde Zhang
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	None	None
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Xinzheng Li	Xinzheng Li
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	None	None
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	None	None
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	None	None
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	None	None
More than NT\$100,000,000	None	None
Total	3seats	3 seats

2. The name of the managerial officer in charge of the distribution of employee remuneration and the status of the distribution: The Company's Board of Directors would resolve on May 12, 2023 to set aside cash remuneration NTD 9,600,000 for employees in accordance with the Company's Article of Incorporation and its distribution to managerial officers would be carefully evaluated and resolved by the Remuneration Committee on May 12, 2023.

**The name of the managerial officer in charge of the distribution of employee remuneration and the status of the distribution**

May 12, 2023

Unit: Thousand NT\$

	Title	Name	Stock amount	Cash amount	Total	Total as a % of the net profits after tax (%)
Officer	General manager	Xinzheng Li	0	2,881	2,881	2,881 (1.17%)
	Audit officer (deputy general manager) (2023.4.1 Transferred to General Manager's Office)	Meiling Lin				
	Manufacturing division Deputy general manager	Yinde Zhang (Retired on 2023.03.31)				
	Manufacturing division Assistant vice presiden	Chinhsun Kuo				
	Business Division Assistant vice presiden	Tsunhsiung Cheng				
	Finance officer (Assistant Vice Presiden of Corporate Administration Division) (2023.4.1 Transferred to the position as Audit officer Assistant Vice Presiden)	Yaping Chen				
	Accounting officer (2023.4.1 Finance Director/Corporate Governance Officer-Assistant Vice President of Corporate Administration Division)	Tingyi Chou				

- (III) The Company does not need to individually disclose the remuneration for the top five most highly paid officers
- (IV) Compare and describe the total remuneration paid to directors, supervisors, general managers, and deputy general managers in the most recent 2 years by the Company and all companies in the consolidated financial statements as a % of the net profits after tax, and explain the policies, criteria, combination, the procedures for determining remuneration and the correlation to operating performances and future risks.
1. Analysis of the total remuneration paid to the directors, general managers and deputy general managers by the Company as a % of the net profits after tax for the most recent 2 years

Title	2022		2021	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
The remuneration for directors as a % of the net profits after tax for the most recent 2 years	17,573 7.08%	17,573 7.08%	16,552 7.10%	16,552 7.10%
The remuneration for general managers and deputy general managers as a % of the net profits after tax for the most recent 2 years	10,252 4.13%	10,252 4.13%	11,012 4.73%	11,012 4.73%

2. The Company's policy, criteria, and combination of the remuneration for directors, general managers, and deputy general managers, the procedures for determining remuneration and the correlation to operating performances and future risks.
- (1) The remuneration of the Company's directors is determined in accordance with Article 20 of the Company's Articles of Incorporation and is evaluated by the Remuneration Committee based on the results of the self-evaluation of directors' performance in the "Management Measures for Remuneration for Directors and Managerial Officers" and the "Measures for the Performance Evaluation of the Board of Directors".
- A. Each year, no more than 2.5% of the profits for the current year (i.e., profits before tax and employee and director remuneration) should be set aside as remuneration for directors.
- B. The principles of payment are as follows: (a) Independent directors (all of whom are members of the Audit Committee and the Remuneration Committee) receive fixed monthly remuneration whether the Company operates at a profit or loss; (b) The regular directors who are involved in the day-to-day operations of the Company and hold management positions receive monthly remuneration in accordance with their management

responsibilities.(c).Remuneration to directors is based on the degree of participation and value of contribution of individual directors to the Company's operations, and is allocated in proportion to the total weights of all the directors. The Company shall also consider the overall operating performance of the Company, the normal standards of the industry, and the degree of individual management responsibilities and performance contributions to provide reasonable remuneration.

The remuneration of the Company's managerial officers is evaluated by the Remuneration Committee based on the results of the "Management Measures for Remuneration for Directors and Managerial Officers" and the "Annual Performance Appraisal Results".

- A. Each year, 1% ~ 5% of the profits for the current year (i.e., profits before tax and employee and director remuneration) should be set aside as remuneration for employees
  - B. The principles of payment are as follows: (a)The employee shall receive monthly remuneration and three-festival bonuses in accordance with the Company's salary determination principles for his or her management responsibilities.(b)Employees' remuneration is allocated based on annual performance appraisal results; managerial officers' appraisal items are divided into the following categories: work execution, leadership, and moral conduct.
- (2) The Company established a Remuneration Committee on December 30, 2011, and in accordance with the Company's "Management Measures for Remuneration for Directors and Managerial Officers", the Committee shall make a proposal based on annual operating results and individual annual contribution or performance (assessment results), with a view to preventing short-term behavior and promoting the Company's long-term stable development, so as to reasonably widen the remuneration gap and enhance the incentive effect. The content and reasonableness of remuneration for managerial officers are proposed by the Remuneration Committee and approved by the Board of Directors, with reference to the usual standard in the industry.

4. The Company's implementation of corporate governance

(I) The operations of the Board of Directors

The Board of Directors elected on 2019.06.24 and 2022.06.27 held 6(A) meetings in the most recent year, and the attendance of directors and supervisors is as follows:

Title	Name	Number of attendance in person (B)	Number of attendance by proxy	% of attendance in person [ B/A ]	Note
Chairperson	SOL YOUNG ENTERPRISES CO., LTD. Representative: Biqi Yang	6	0	100.00%	reappointment
Director	Kaiti Yang	6	0	100.00%	reappointment
Director	Yisen Lai	6	0	100.00%	reappointment
Director	Suyuan Yu	6	0	100.00%	reappointment
Director	Xinzheng Li	6	0	100.00%	reappointment
Director	BOND-GALV INDUSTRIAL CO., LTD. Representative: Yuanhong Huang	6	0	100.00%	reappointment
Independent director	Rongsui Weng	6	0	100.00%	reappointment
Independent director	Wencheng Shen	6	0	100.00%	reappointment
Independent director	Shizhen Chen	6	0	100.00%	reappointment

Other matters to be recorded:

1. If the operation of the Board of Directors is under any of the following circumstances, the date, period, proposal content, all independent directors' opinions and the Company's handling of their opinions should be described:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act:

May 25, 2023

Item	Date Term	Proposal content	Independent directors' opinions	The Company's handling of their opinions
1	March 22, 2022 11th term - 17th session	1.Evaluation of the independence and competence of the attesting CPA engaged by the Company and its appointment remuneration. 2.Amendment to the "Regulations Governing the Acquisition or Disposal of Assets".	All independent directors: Passed without objection.	Not applicable
2	May 12, 2022 11th term - 18th session	1.The Company's endorsement and guarantee for customs tariff 2.The proposed amount for managerial officers in the Company's plan for 2021 employees' and directors' remuneration and performance award	1.All independent directors: Passed without objection. 2.Except for the part on the distribution of independent directors' remuneration, for which all independent directors recused themselves due to conflict of interest, all independent directors approved the amendment as proposed without any objection.	Not applicable
3	August 11, 2022 12th term - 2th session	1. Budget for the Company's joint venture with Synin Corporation to construct a 2,000 kW (peak) and a 4,000 kW (peak) storage systems	All independent directors: Passed without objection.	Not applicable

4	November 11, 2022 12th term - 3th session	1.the attesting CPA engaged by the Company and its appointment remuneration. 2. Adjustment of monthly wages for internal personnel	All independent directors: Passed without objection.	Not applicable
5	March 24, 2023 12th term - 5th session	1.Evaluation of CPA independence and competence; as well as replacement, appointment and remuneration of CPAs 2.Change of Audit Director and Finance Director	All independent directors: Passed without objection.	Not applicable
6	May 12, 2023 12th term - 6th session	1.The Company's endorsement and guarantee for customs tariff 2. The distribution of the proposed amount for managerial officers in the Company's plan for 2022 directors' and employees' remuneration and performance award.	1.All independent directors: Passed without objection. 2.Except for the part on the distribution of independent directors' remuneration, for which all independent directors recused themselves due to conflict of interest, all independent directors approved the amendment as proposed without any objection.	Not applicable

(II) In addition to the previous matters, other board meeting resolutions that have been opposed or reserved by independent directors with records or written statements: No such situation.

2. In the implementation of a director's recusal for being an interested party in a proposal, the director's name, the proposal content, the recusal reasons and his or her participation in voting should be stated.

May 25, 2023

Item	Date Term	Director's name	Proposal content	Recusal reasons	Participation in voting
1	May 12, 2022 11th term - 18th session	Biqi Yang Xinzheng Li Kaiti Yang Yisen Lai Suyuan Yu BOND-GALV INDUSTRIAL CO., LTD. Rongsui Weng Wencheng Shen Shizhen Chen (recusal by turn)	The proposed amount for managerial officers in the Company's plan for 2021 employees' and directors' remuneration and performance award	Personal interest	Recusal of voting rights in accordance with law
2	November 11, 2022 12th term - 3th session	Biqi Yang Xinzheng Li Kaiti Yang Yisen Lai Suyuan Yu (recusal by turn)	Adjustment of monthly wages for internal personnel	Personal interest	Recusal of voting rights in accordance with law
3	May 12, 2023 12th term - 6th session	Biqi Yang Xinzheng Li Kaiti Yang Yisen Lai Suyuan Yu BOND-GALV INDUSTRIAL CO., LTD. Rongsui Weng Wencheng Shen Shizhen Chen (recusal by turn)	The distribution of the proposed amount for managerial officers in the Company's plan for 2022 directors' and employees' remuneration and performance award.	Personal interest	Recusal of voting rights in accordance with law



3. Evaluation of the Board of Directors				
Evaluation frequency	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	2022/1/1 ~ 2022/12/31	1. The operations of the Board of Directors/functional committees 2. Performance evaluation of individual board members and functional committee members	Internal self-evaluation of the board, self-evaluation of directors, internal self-evaluation of functional committees, self-evaluation of functional committee members	As the table below

**2022**

**Summary report of the performance evaluation of the Board of Directors and functional committees**

On December 21, 2020, the Company's Board of Directors approved the establishment, the latest amended "Measures for the Performance Evaluation of the Board of Directors", which stipulates that the board should conduct performance evaluations of itself, its members and the functional committees (remuneration, audit) at least once a year, and their internal evaluations should be completed before the end of the first quarter of the following year.

- I. The performance evaluation of the Company's Board of Directors includes the following five major areas., A total of 45 appraisal items
  - (I) The extent of participation in the Company's operations.: Average 4.33 points
  - (II) Improvement in the quality of the board's decision-making.: Average 4.58 points
  - (III) Composition and structure of the board.: Average 4.57 points
  - (IV) Election and continuing education of directors.: Average 4.00 points
  - (V) Internal control: Average 4.57 points
- II. The (self) performance evaluation of the members of the Board of Directors includes the following six major areas, A total of 23 appraisal items.
  - (I) Mastery of the Company's objectives and tasks.: Average 4.93 points
  - (II) Perception of directors' responsibilities.: Average 4.96 points
  - (III) The extent of participation in the Company's operations.: Average 4.86 points
  - (IV) Internal relationship management and communication.: Average 4.93 points
  - (V) Professionalism and continuing education of directors.: Average 4.85 points
  - (VI) Internal control: Average 4.89 points
- III. The performance evaluation of functional committees (remuneration, audit) includes the following five major areas, A total of 24 appraisal items.
  - (I) The extent of participation in the Company's operations.: Average 4.75 points
  - (II) Perception of functional committees' responsibilities.: Average 4.71 points
  - (III) Improvement in the quality of the functional committee's decision-making.: Average 5.00 points
  - (IV) Composition and member appointment of functional committees.: Average 4.67 points
  - (V) Internal control: Average 4.33 points
- IV. The performance evaluation of the Remuneration Committee and the Audit Committee includes the following five major areas with a total of 24 appraisal items:
  - (I) The extent of participation in the Company's operations: Average 5.00 points
  - (II) Perception of functional committees' responsibilities.: Average 5.00 points
  - (III) Improvement in the quality of the functional committee's decision-making.: Average 5.00 points
  - (IV) Composition and member appointment of functional committees.: Average 5.00 points
  - (V) Internal control: Average 5.00 points

The annual evaluation is carried out by the agenda planning unit - the General Administration department as designated by the Board of Directors by means of an internal questionnaire, based on the operational evaluation of the board, self-evaluation of board members, operational evaluation of functional committees and self-evaluation of committee members. The results of the above evaluations will be used as the reference for nomination and determination of individual salary and remuneration.

All the questionnaires for 2022 have been collected before the end of February, 2023. The Company's General Administration department will analyze the questionnaires according to the previous method and report the evaluation results to the board meeting to be held on March 24, 2023.

The evaluation score for the questionnaire is 1~5 (grades) from low to high. The average score should be good. The directors and committee members had no specific recommendations and generally agreed that the members had been doing their part. The company's overall risk management, financial and business situations are fully discussed and professional advice is provided for reference in decision making, and the decision making process is open and transparent with good operation.

4. Evaluation of the objective for enhancing the functions of the Board of Directors (e.g., establishing an audit committee, enhancing information transparency, etc.) and its implementation in the current year and the most recent year:
  - (I) The Company established the Remuneration Committee at the end of 2011 to improve the reasonableness of the remuneration plan for directors, supervisors and managerial officers, and regularly evaluate whether the remuneration plan is up to date.
  - (II) Maintain transparency in operations, treat shareholders equally, and disclose information on important Board of Directors' resolutions on the Company's website.
  - (III) The Company established the Audit Committee to replace the supervisors on June 24, 2019, which would exercise its powers of office in accordance with the Audit Committee's Charter, and enhance the functions of the Board of Directors.

## (II) The operations of the Audit Committee

The Audit Committee established on 2019.06.24 and 2012.06.27 held 5 meetings (A) in the most recent year, and the attendance of independent directors is as follows:

Title	Name	Number of attendance in person (B)	Number of attendance by proxy	% of attendance in person [ B/A ]	Note
Independent director (Convener)	Rongsui Weng	5	0	100.00%	reappointment
Independent director	Wencheng Shen	5	0	100.00%	reappointment
Independent director	Shizhen Chen	5	0	100.00%	reappointment

Other matters to be recorded:

I. If the operation of the Audit Committee is under any of the following circumstances, the date, period, proposal content, the content of the objections, reservations or significant recommendations of the independent directors, resolution of the Audit Committee and the Company's handling of the Audit Committee's opinions should be described:

(I) The state of the operations and matters listed in Article 14-5 of the Securities and Exchange Act:

May 25, 2023

Item	Date Term	Proposal content	Audit Committee's opinions	the Company's handling of the Audit Committee's opinions
1	March 22, 2022 1th term - 14th session	1. 2021 business report, stand-alone financial statements and consolidated financial statements. 2. Evaluation of the independence and competence of the attesting CPA engaged by the Company and its appointment remuneration. 3. The Company completed the assessment of the effectiveness of its internal control systems and issued the "Internal Control Systems Statement" in 2021. 4. Amendment to the "Regulations Governing the Acquisition or Disposal of Assets".	All attending members: Passed without objection.	Not applicable
2	May 12, 2022 1th term - 15th session	1. The Company's endorsement and guarantee for customs tariff	All attending members: Passed without objection.	Not applicable
3	August 11, 2022 2th term - 1th session	1. The Company's consolidated financial statements for the second quarter of 2022 2. Budget for the Company's joint venture with Synin Corporation to construct a 2,000 kW (peak) and a 4,000 kW (peak) storage systems	All attending members: Passed without objection.	Not applicable
4	November 11, 2022 2th term - 2th session	1. The Company's consolidated financial statements for the third quarter of 2022 2. the attesting CPA engaged by the Company and its appointment remuneration.	All attending members: Passed without objection.	Not applicable
5	March 24, 2023 2th term - 4th session	1. 2022 business report, stand-alone financial statements and consolidated financial statements. 2. Evaluation of CPA independence and competence; as well as replacement, appointment and remuneration of CPAs 3. The Company completed the assessment of the effectiveness of its internal control systems and issued the "Internal Control Systems Statement" in 2022. 4. Change of Audit Director and Finance Director	All attending members: Passed without objection.	Not applicable

6	May 12, 2023 2th term - 5th session	1. The Company's consolidated financial statements for the First quarter of 2023 2. The Company's endorsement and guarantee for customs tariff	All attending members: Passed without objection.	Not applicable
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(II) In addition to the previous matters, other matters that have not been approved by the Audit Committee but approved by more than two-thirds of all directors: None.

II. In the implementation of an independent director's recusal for being an interested party in a proposal, the independent director's name, the proposal content, the recusal reasons and his or her participation in voting should be stated: No such situation.

III. Communication between independent directors, internal audit officer and CPA (major matters, methods and results of communication on the Company's financial and business conditions, etc. should be included):

(I) Summary of previous communications between independent directors, internal audit officer and CPA.

Date	Communication highlight	Independent director's recommendation
2022/3/22	1. CPA provided a description of the financial and profit and loss status for 2021 2. CPA discussed and communicated with the attendees on the issues raised by the attendees.	No recommendation
2022/5/12	1. CPA provided a description of the financial and profit and loss status for the first quarter of 2022. 2. CPA discussed and communicated with the attendees on the issues raised by the attendees.	No recommendation
2022/8/11	1. CPA provided a description of the financial and profit and loss status for the first half of 2022. 2. CPA discussed and communicated with the attendees on the issues raised by the attendees.	No recommendation
2022/11/11	1. CPA provided a description of the financial and profit and loss status for the third quarter of 2022. 2. CPA discussed and communicated with the attendees on the issues raised by the attendees.	No recommendation
2022/12/22	1. Explanation by CPAs about key audit matters for the year(KAM) 2. CPA discussed and communicated with the attendees on the issues raised by the attendees.	No recommendation
2023/3/24	1. CPA provided a description of the financial and profit and loss status for 2022 2. CPA discussed and communicated with the attendees on the issues raised by the attendees.	No recommendation
2023/5/12	1. CPA provided a description of the financial and profit and loss status for the first quarter of 2023. 2. CPA discussed and communicated with the attendees on the issues raised by the attendees.	No recommendation

(II) Summary of previous communications between independent directors and internal audit officer:

Date	Communication highlight	Independent director's recommendation
2022/3/22	1. Executive report on audit operations for the fourth quarter of 2021. 2. Report on the implementation of the self-evaluation of the internal control systems by each department of the Company for the various operations in 2021.	No recommendation
2022/5/12	1. Executive report on audit operations for the first quarter of 2022.	No recommendation
2022/8/11	1. Executive report on audit operations for the second quarter of 2022.	No recommendation
2022/11/11	1. Executive report on audit operations for the third quarter of 2022.	No recommendation
2022/12/22	1. Proposal for 2022 audit plan	No recommendation
2023/3/24	1. Executive report on audit operations for the fourth quarter of 2022. 2. Report on the implementation of the self-evaluation of the internal control systems by each department of the Company for the various operations in 2022.	No recommendation
2023/5/12	1. Executive report on audit operations for the first quarter of 2023.	No recommendation

The professional qualifications and experience of the members of the Audit Committee, their authorities, and their annual work priorities.

1. Professional qualifications and experience: Please refer to page 9 of this Report for the disclosure of professional qualifications of directors and information on the independence of independent directors.
2. powers of office and annual work priorities :
  - (1) Formulate or amend the internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.
  - (2) Assessment of the effectiveness of the internal control systems.

- (3) In accordance with the provisions of Article 36-1 of the Securities and Exchange Act, formulate or amend the processing procedures for the acquisition or disposal of assets, derivative transactions, lending funds to others, endorsements or guarantees for others.
- (4) Matters involving the interests of directors
- (5) Major asset or derivative transactions.
- (6) Major funds lending, endorsements or guarantees
- (7) Raising, issuing or private placement of equity securities.
- (8) The appointment, discharge, or remuneration for the attesting CPA.
- (9) Appointment and dismissal of financial, accounting or internal audit officer
- (10) The annual financial statements signed or sealed by the chairperson of the board, managerial officers and accounting officer, and the second quarter financial statements subject to accounting audit and attestation.
- (11) Other major matters specified by the Company or the competent authority.

(III) The Company's implementation of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.

Evaluation Items	The state of operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary description	
I. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has formulated a set of corporate governance practice principles and disclosed it on the home page of the Company website/Investor Relations/Corporate Governance/Practice Principles for Corporate Governance.	There is no difference from the spirit of the principles.
II. The Company's equity structure and shareholder equity				
(I) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations, and implemented them in accordance with the procedures?	✓		(I) The Company has set up spokespersons and relevant units for stock affairs as a channel for shareholder recommendations and communication.	There is no difference from the spirit of the principles.
(II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?	✓		(II) The Company keeps track of the list in a timely manner and interacts with its major shareholders for good relationships.	
(III) Has the Company established and implemented risk control and firewall mechanisms between affiliated companies?	✓		(III) The finance and business matters of the Company and its affiliates are conducted independently and the Company's "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" have been formulated.	
(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	✓		(IV) The Company has established "Operating Procedures for Handling Material Inside Information and Preventing Insider Trading" in accordance with relevant laws and regulations.	
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board of Directors have a diversity policy, specific management objectives and their implementation?	✓		(I) Please refer to page 9 of this Report for the disclosure of professional qualifications of directors and information on the independence of independent directors.	There is no difference from the spirit of the principles.
(II) In addition to the Remuneration Committee and the Audit Committee established in accordance with law, has the Company voluntarily set up other functional committees?		✓	(II) In addition to the Remuneration committee and the Audit Committee established in accordance with law, the Company has not established any other functional committees considering the scale of operations. At present, the relevant operations are taken care of by various responsible departments according to their powers of office, and these other functional committees can be established in the future based on business needs.	

Evaluation Items	The state of operations		The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.																						
	Yes	No		Summary description																					
(III) Whether the Company has formulated board performance evaluation measures and methods, conducts performance evaluations annually and regularly, and reports the results of performance evaluations to the Board of Directors, and uses them as a reference for individual directors' remuneration and nomination for reappointment?	✓		(III) Please refer to page 21 of this report for the implementation of the board evaluation; or refer to the Company's website: Investor Relation/Related Information of the Board of Directors; the relevant assessment results will be one of the references for director nomination and remuneration in the future.																						
(IV) Does the Company regularly evaluate the independence of the attesting CPA?	✓		(IV) The Company's Audit Committee selects CPAs based on the assessment by responsible units and the AQI information attached. has the evaluation of the independence of the attesting CPA approved by the board meeting on March 24, 2023. <table border="1" style="margin-left: 40px;"> <thead> <tr> <th colspan="2">Evaluation items</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Is there any major financial interests between the attesting CPA and the Company?</td> </tr> <tr> <td>2.</td> <td>Is there any employment relationship or salary payment between the attesting CPA and the Company?</td> </tr> <tr> <td>3.</td> <td>Is there any joint investment and benefit-sharing relationship between the attesting CPA and the Company?</td> </tr> <tr> <td>4.</td> <td>Did the attesting CPA accept valuable gifts or presents from the Company, its directors or managerial officers (according to the general social etiquette standards)?</td> </tr> <tr> <td>5.</td> <td>Is there any person who jointly practiced with the attesting CPA in the accounting firm within the past 1 year and is currently serving the Company as a director, managerial officer, or in a position of significant influence over the audit of the Company?</td> </tr> <tr> <td>6.</td> <td>Will the non-audit services provided by the CPA directly affect the important items of the attestation of financial statements?</td> </tr> <tr> <td>7.</td> <td>Is the attesting CPA related to any of the Company's directors, managerial officers or persons with significant influence on the audit?</td> </tr> <tr> <td>8.</td> <td>Did the management ask the attesting CPA to accept improper choices in accounting policies or improper disclosures in the financial statements?</td> </tr> <tr> <td>9.</td> <td>Is there any pressure on the attesting CPA to improperly reduce the audit work that should be performed?</td> </tr> <tr> <td>10.</td> <td>Has the attesting CPA provided audit services to the Company for seven consecutive years?</td> </tr> </tbody> </table>	Evaluation items		1.	Is there any major financial interests between the attesting CPA and the Company?	2.	Is there any employment relationship or salary payment between the attesting CPA and the Company?	3.	Is there any joint investment and benefit-sharing relationship between the attesting CPA and the Company?	4.	Did the attesting CPA accept valuable gifts or presents from the Company, its directors or managerial officers (according to the general social etiquette standards)?	5.	Is there any person who jointly practiced with the attesting CPA in the accounting firm within the past 1 year and is currently serving the Company as a director, managerial officer, or in a position of significant influence over the audit of the Company?	6.	Will the non-audit services provided by the CPA directly affect the important items of the attestation of financial statements?	7.	Is the attesting CPA related to any of the Company's directors, managerial officers or persons with significant influence on the audit?	8.	Did the management ask the attesting CPA to accept improper choices in accounting policies or improper disclosures in the financial statements?	9.	Is there any pressure on the attesting CPA to improperly reduce the audit work that should be performed?	10.	Has the attesting CPA provided audit services to the Company for seven consecutive years?
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IV. Does the Company have suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors to comply with laws and regulations, conducting board meeting and shareholder meeting related matters in accordance with law, handling company registration and alteration registration, and preparing minutes of board meetings and shareholder meetings,	✓		<p>1. Within the time limit prescribed by the regulations, on May 11, 2021, Corporate Governance Officer was appointed on June 1, 2021 according to the qualifications stipulated in Article 23 of the "Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers" and is responsible for matters related to corporate governance and strengthening the functions of the Board of Directors.</p> <p>2. The scope of authorities and business execution priorities of the corporate governance officer are as follows.</p> <p>(1) Administer the Board of Directors' and shareholders' meetings and prepare the minutes of the Board of Directors' and shareholders' meetings in accordance with the law (please refer to pages 40-41 of this Report).</p> <p>(2) Handle the change registration of the Company.</p> <p>(3) Provide information necessary for the directors to execute their business.</p> <p style="padding-left: 20px;">A. Necessary information on the related motions of the Board of Directors</p> <p style="padding-left: 20px;">B. Assist in arranging regular meetings with the CPAs and internal audit leader.</p> <p>(4) Assist directors in complying with the law</p> <p style="padding-left: 20px;">A. Provide the rules and regulations subject to amendment by the Board of Directors.</p> <p style="padding-left: 20px;">B. Provide information to be published on the Market Observation Post System.</p> <p>(5) Assist directors to assume position and continuing education:</p>																						

Evaluation Items	The state of operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
etc.)?			Please refer to page 28 of this Report).	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and a special section for stakeholders on the Company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	✓		The Company has dedicated departments for direct communication with stakeholders, and has set up a special section for stakeholders on the Company website. Currently, an investor relations contact window and a spokesperson or acting spokesperson contact channel has been set up or announced on the Company's website and the Market Observation Post System to facilitate communication and response.	There is no difference from the spirit of the principles.
VI. Has the Company appointed a professional stock affairs agency to handle matters for shareholder meetings?	✓		The professional stock affairs agency appointed by the Company is the Concord Securities Group, Stock Affairs	There is no difference from the spirit of the principles.
VII. Information Disclosure (I) Has the Company set up a website to disclose finance and business matters and corporate governance information? (II) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, posting the Company's earnings calls on its website, etc.)? (III) Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year, and the financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline?	✓  ✓		(I) The Company simultaneously discloses finance and business matters and corporate governance information on the Market Observation Post System and the Company website.  (II) The Company has dedicated personnel responsible for the collection and disclosure of information and has implemented a spokesperson system.  ✓ (III) The Company publicly announces and files its annual financial statements before the deadline (end of March) prescribed by the competent authority. The financial statements for the first, second, and third quarters and the monthly operating status of 2022 were also announced and filed at the Market Observation Post System before the prescribed deadline.	There is no difference from the spirit of the principles.
VIII. Does the Company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations,	✓		(1) Employee rights and employee relations: The Company has always regarded employees as its greatest asset and attached particular importance to the rights and benefits of employees. In addition to complying with government regulations for labor insurance, health insurance, and staff health checkups, the Company also provides employees with various skills training opportunities for talents building. The Employee Welfare Committee has been set up to coordinate the various employee welfare affairs, including subsidies for annual dinner, travel, birthday, wedding and funeral, etc. Regular labor-management meetings are held to establish a communication platform with corporate union representatives.	There is no difference from the spirit of the principles.

Evaluation Items	The state of operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.																																										
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stakeholder rights, continuing education of directors and supervisors, Implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)?			<p>(2) Supplier relations: Base on the relationship of co-existence and co-prosperity, the Company provides suppliers with the profits they deserve, creating a win-win situation.</p> <p>(3) Stakeholder rights: The Company holds stakeholder rights in high regard, and when stakeholders want to inquire and transcribe the Company's registration information, they can do so by following the provisions of the relevant laws and regulations.</p> <p>(4) Continuing education of directors and supervisors: The directors and supervisors of the Company, as required by law, all attend relevant training courses organized by the institutions certified by the competent authority regularly every year, and complete the filing process.</p> <p>(5) Implementation of risk management policies and risk measurement standards: The Company's internal control and risk management systems and various management rules and regulations must be approved by the Board of Directors one by one. The active side is to avoid risky business investment, and the passive side has various insurance policies to cover the possible loss of the Company's property and employee liability.</p> <p>(6) The Company's purchase of liability insurance for directors and supervisors: The Company has purchased liability insurance for its directors, supervisors and management.</p> <p>Continuing education of directors</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Date</th> <th>Course</th> </tr> </thead> <tbody> <tr> <td>Chairperson</td> <td>Biqi Yang</td> <td rowspan="10">2022/9/20</td> <td rowspan="10">Intellectual Property Opportunities and Risks for Metaverse Business Prospect (3H)  Creation of Corporate Competitiveness in Sustainability (3H)</td> </tr> <tr> <td>Director</td> <td>Kaiti Yang</td> </tr> <tr> <td>Director</td> <td>Yisen Lai</td> </tr> <tr> <td>Director</td> <td>Suyuan Yu</td> </tr> <tr> <td>Director (General manager)</td> <td>Xinzheng Li</td> </tr> <tr> <td>Director: BOND-GALV INDUSTRIAL CO., LTD.</td> <td>Representative: Yuanhong Huang</td> </tr> <tr> <td>Independent director</td> <td>Wencheng Shen</td> </tr> <tr> <td>Independent director</td> <td>Xusui Weng</td> </tr> <tr> <td>Independent director</td> <td>Shizhen Chen</td> </tr> </tbody> </table> <p>Continuing education of each department head</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Date</th> <th>Course</th> </tr> </thead> <tbody> <tr> <td>Accounting officer</td> <td>Tingyi Chou</td> <td>2022/9/22~2022/9/23</td> <td>Continuing Education for Accounting Managers with Issuers, Securities Firms and Stock Exchanges (12H)</td> </tr> <tr> <td rowspan="2">Audit officer</td> <td rowspan="2">Meiling Lin</td> <td>2022/9/1</td> <td>Frequently Seen Limitation Types and Internal Control and Management of Commercial Contracts (6H)</td> </tr> <tr> <td>2022/10/11</td> <td>Corporate Fraud Investigations and Case Studies (6H)</td> </tr> <tr> <td>Corporate Governance Officer</td> <td>Yaping Chen</td> <td>2022/3/29~2022/3/30</td> <td>Practical Workshop for Directors and Supervisors (Including Independent Directors) and Corporate Governance Officer - Taipei (12H)</td> </tr> </tbody> </table> <p>(7) Succession planning and operation of the Board of Directors</p> <p>A. The Company's "Articles of Incorporation" specify that the election of directors shall be based on the candidate nomination system, and the "Corporate Governance Best Practice Principles" and "Procedure for Election of Directors" specify that diversity shall be considered in the composition of the Board of Directors.</p> <p>B. The Company currently has nine directors (including three independent directors) with diverse expertise in management, leadership, industry knowledge, finance, accounting, and law, and two female directors with an emphasis on gender equality.</p>	Title	Name	Date	Course	Chairperson	Biqi Yang	2022/9/20	Intellectual Property Opportunities and Risks for Metaverse Business Prospect (3H)  Creation of Corporate Competitiveness in Sustainability (3H)	Director	Kaiti Yang	Director	Yisen Lai	Director	Suyuan Yu	Director (General manager)	Xinzheng Li	Director: BOND-GALV INDUSTRIAL CO., LTD.	Representative: Yuanhong Huang	Independent director	Wencheng Shen	Independent director	Xusui Weng	Independent director	Shizhen Chen	Title	Name	Date	Course	Accounting officer	Tingyi Chou	2022/9/22~2022/9/23	Continuing Education for Accounting Managers with Issuers, Securities Firms and Stock Exchanges (12H)	Audit officer	Meiling Lin	2022/9/1	Frequently Seen Limitation Types and Internal Control and Management of Commercial Contracts (6H)	2022/10/11	Corporate Fraud Investigations and Case Studies (6H)	Corporate Governance Officer	Yaping Chen	2022/3/29~2022/3/30	Practical Workshop for Directors and Supervisors (Including Independent Directors) and Corporate Governance Officer - Taipei (12H)	
Title	Name	Date	Course																																											
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Director	Suyuan Yu																																													
Director (General manager)	Xinzheng Li																																													
Director: BOND-GALV INDUSTRIAL CO., LTD.	Representative: Yuanhong Huang																																													
Independent director	Wencheng Shen																																													
Independent director	Xusui Weng																																													
Independent director	Shizhen Chen																																													
Title	Name			Date	Course																																									
Accounting officer	Tingyi Chou	2022/9/22~2022/9/23	Continuing Education for Accounting Managers with Issuers, Securities Firms and Stock Exchanges (12H)																																											
Audit officer	Meiling Lin	2022/9/1	Frequently Seen Limitation Types and Internal Control and Management of Commercial Contracts (6H)																																											
		2022/10/11	Corporate Fraud Investigations and Case Studies (6H)																																											
Corporate Governance Officer	Yaping Chen	2022/3/29~2022/3/30	Practical Workshop for Directors and Supervisors (Including Independent Directors) and Corporate Governance Officer - Taipei (12H)																																											



Evaluation Items	The state of operations		Summary description	The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.																		
	Yes	No																				
			<p>C. The Company has an ongoing succession plan for directors to join the Board of Directors with members who are in line with the Company's core values and have industry experience related to the Company's business. Mr. Xinzheng Li, the current director, worked as the manager of the quality assurance department of the Company in September 1999, and held the positions of plant manager of Plant 2, General Manger of the affiliated enterprises, etc. He joined the Board of Directors in June 2007.</p> <p>D. The Company periodically carries out the "Measures for the Performance Evaluation of the Board of Directors" to verify the effectiveness of the Board of Directors' operations and to evaluate the performance of the Directors through the performance evaluation items, which will serve as a reference for the future selection of Directors for nomination</p> <p><b>Succession Planning and Operation of Key Management:</b>  In order to cultivate and pass on the future management, the Company holds monthly internal production and sales meetings and business meetings with the heads of each department as a group, in order to enhance the systematic thinking of the heads of each department, and to cultivate the ability to communicate with each department horizontally and across departments on various matters, so that they can understand the current and future important directions of the Company's operations and help them to effectively enhance their succession ability and shorten the succession time. Mr. Xinzheng Li, the General Manager, worked as the manager of the quality assurance department of the Company in September 1999, and held the positions of plant manager of Plant 2, General Manger of the affiliated enterprises, etc. He succeeded as the General Manager in 2006.</p>																			
<p>IX. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved:</p> <p><b>Improved:</b></p> <table border="1"> <thead> <tr> <th>Question no.</th> <th>Indicator</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>1.9</td> <td>Does the Company upload English-version meeting notice, handbooks and supplementary materials thirty days before annual shareholders' meetings?</td> <td>Uploaded on 2022/5/25</td> </tr> <tr> <td>2.2</td> <td>Has the Company formulated a diversity policy on board membership, and disclosed its specific management objectives and implementation on the Company's website and annual report?</td> <td>Already disclose on the Company's website and Annual Report</td> </tr> <tr> <td>3.5</td> <td>Does the Company update the English-version annual financial statements sixteen days before the annual shareholders' meetings?</td> <td>Uploaded on 2022/5/25</td> </tr> <tr> <td>3.14</td> <td>Does the Company disclose in annual reports the link between performance reviews and remunerations of directors and managers?</td> <td>Already disclose on the Company's Annual Report</td> </tr> <tr> <td>4.12</td> <td>Has the Company formulated management policies to reduce GHG emissions, water consumptions or wastes? This includes volume reduction targets, measures and achievements?</td> <td>Already disclose on the Company's website and Annual Report</td> </tr> </tbody> </table> <p><b>Priorities and measures:</b></p> <ol style="list-style-type: none"> <li>A majority of the directors and the convener of the Audit Committee attend the shareholders' meeting in person and the attendance list is disclosed in the minutes of meeting.</li> <li>The regulations governing financial and business dealings with related parties are put in writing, by covering the procedures of sales and purchases, asset acquisitions or disposals. Relevant and significant transactions should be resolved by the Board of Directors and approved by or reported to the shareholders' meeting.</li> </ol> <p>Note: The state of operations, no matter if "Yes" or "No" are checked, should be stated in summary description.</p>					Question no.	Indicator	Description	1.9	Does the Company upload English-version meeting notice, handbooks and supplementary materials thirty days before annual shareholders' meetings?	Uploaded on 2022/5/25	2.2	Has the Company formulated a diversity policy on board membership, and disclosed its specific management objectives and implementation on the Company's website and annual report?	Already disclose on the Company's website and Annual Report	3.5	Does the Company update the English-version annual financial statements sixteen days before the annual shareholders' meetings?	Uploaded on 2022/5/25	3.14	Does the Company disclose in annual reports the link between performance reviews and remunerations of directors and managers?	Already disclose on the Company's Annual Report	4.12	Has the Company formulated management policies to reduce GHG emissions, water consumptions or wastes? This includes volume reduction targets, measures and achievements?	Already disclose on the Company's website and Annual Report
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(IV) If the Company has a remuneration committee, it should disclose its composition, responsibilities and operations:

1. The Company's Remuneration Committee was established on December 30, 2011. Its members are as follows:

Position (Note 1)	Criteria Name	Professional qualifications and experience	Status of Independence				Number of other public companies in which the individual is concurrently serving as a remuneration committee member
			1	2	3	4	
Independent director (Convener)	Wencheng Shen	Please refer to page 9 of this Report. Professional qualifications of directors and disclosure of information on independence of independent directors.	Please refer to page 9 of this Report. Professional qualifications of directors and disclosure of information on independence of independent directors.				0
Independent director	Rongsui Weng						2
Independent director	Shizhen Chen						1

Note 1: Please enter either director, independent director or other for position.

2. Responsibilities of the Remuneration Committee: The Committee should faithfully perform the following duties with the attention of a good managerial officer and submit its recommendations to the Board of Directors for discussion.

- (1) Review this rule regularly and propose amendments.
- (2) Formulate and regularly review policies, systems, standards and structures for annual and long-term performance objectives and remuneration for directors and managerial officers of the Company.
- (3) Regularly evaluate the achievement of the performance objectives of the Company's directors and managerial officers, and determine the content and amount of their individual remuneration.

When performing the duties of the preceding paragraph, the committee should follow the following principles:

- (1) Ensure that the Company's remuneration packages comply with relevant laws and regulations and are sufficient to attract talents.
- (2) The performance evaluation and remuneration for directors and managerial officers should be based on the usual standard in the industry, with consideration of the time spent by the individual, its responsibilities, achievement of personal objectives, and performance in other positions, as well as the Company's remuneration for others in the same position; and the reasonableness of the correlation between their performance, the Company's operating performance and future risks shall be evaluated in light of the achievement of the Company's short-term and long-term business objectives and the Company's financial status.
- (3) Directors and managerial officers should not be encouraged to engage in activities that exceeds the Company's risk tolerance in pursuit of remuneration.
- (4) The percentage of bonuses for short-term performance and the payment time of part of variable remuneration for directors and senior managerial officers should be determined by considering the characteristics of the industry and the nature of the Company's business.
- (5) Members of this committee must not participate in discussion and voting on their own remuneration decisions.

If the remuneration for directors and managerial officers of a subsidiary of the Company must be approved by the Company's Board of Directors according to the approval hierarchy of the subsidiary, the committee shall make recommendations before submitting it to the board for discussion.

3. Information on the operations of the Remuneration Committee

- (1) There are 3 members in the Company's Remuneration Committee.  
 (2) The term of office of the current members: June 27, 2022 to June 26, 2025, (elected on 2019.06.24 and 2022.06.27) with 2 meetings in the most recent year of 2021.  
 (A). The qualifications and attendance of the members are as follows:

Title	Name	Number of attendance in person (B)	Number of attendance by proxy	% of attendance in person (B/A)	Note
Convener	Wencheng Shen	2	-	100.00%	reappointment
Member	Rongsui Weng	2	-	100.00%	reappointment
Member	Shizhen Chen	2	-	100.00%	reappointment

Other matters to be recorded:

- I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it should state the date, period, proposal content, resolution of the board, and its handling of the committee's opinions (if the remuneration approved by the board is better than the recommendation proposed by the committee, the difference and reasons should be stated): No such situation.
- II. For the proposals by the Remuneration Committee. If any members have objections or reservations with records or written statements, the date, period, proposal content, the opinions of all members, its handling of the members' opinions should be stated.

May 25, 2023

Item	Date Term	Proposal content	Audit Committee's opinions	The Company's handling of the Audit Committee's opinions
1	May 12, 2022 4th term - 8th session	1. The distribution of the proposed amount for managerial officers in the Company's plan for 2021 directors' and employees' remuneration and performance award	With the exception of the proposal that was directly submitted to the Board of Directors for discussion because it involves conflict of interest, the rest was approved as presented by all members present without objection.	Submitted to the Board of Directors and approved by the resolution of all the attending directors.
2	November 11, 2022 5th term -1th session	1. Adjustment of monthly wages for internal personnel	All attending members: Passed without objection.	Submitted to the Board of Directors and approved by the resolution of all the attending directors.
3	March 24, 2023 5th term -2th session	1. Self-initiated application for retirement by the Company's internal personnel. 2. Personnel change (personnel, position) and adjustment of monthly wages	All attending members: Passed without objection.	Submitted to the Board of Directors and approved by the resolution of all the attending directors.

	4	May 12, 2023 5th term -3th session	The distribution of the proposed amount for managerial officers in the Company's plan for 2022 directors' and employees' remuneration and performance award	With the exception of the proposal that was directly submitted to the Board of Directors for discussion because it involves conflict of interest, the rest was approved as presented by all members present without objection.	Submitted to the Board of Directors and approved by the resolution of all the attending directors.
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(V) The Company's implementation of sustainable development and the differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.

Promotion Item	Implementation Status (Note 1)		The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.																																
	Yes	No																																	
I. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and the supervision situation of the Board of Directors?		✓	<p>The Company has not set up such a full-time (part-time) unit for Sustainable Development.</p>																																
II. Does the Company conduct risk evaluations on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note2)	✓		<p>The Company has obtained ISO 9001 quality management systems, ISO 14001 environmental management systems, and ISO 45001 occupational safety and health management systems certification. The Company also attaches great importance to information security and the protection of confidential data, and is equipped with firewalls, anti-virus software, data backup, file encryption and other protective measures to avoid malicious attacks and extortion by hackers in order to maintain the stable operation of the operating system..</p> <p>The Company's risk management policies and procedures were established and approved by the Board of Directors on December 22, 2022. The following scope of risks are managed according to industry characteristics and business divisions:</p> <table border="1" data-bbox="481 943 1098 1697"> <thead> <tr> <th>Risk scope</th> <th>Potential risks</th> <th>Responsible unit</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Market risks</td> <td>Bidding qualifications</td> <td rowspan="3">Business division</td> </tr> <tr> <td>Product competitiveness</td> </tr> <tr> <td>Engineering management</td> </tr> <tr> <td rowspan="3">Supply chain risks</td> <td>Price volatility</td> <td rowspan="3">Business Management Department / Factory Affairs Department</td> </tr> <tr> <td>Supply disruption / delivery unstable</td> </tr> <tr> <td>Supply quality abnormal</td> </tr> <tr> <td rowspan="3">Production/technical risks</td> <td>Gap in key technologies</td> <td rowspan="3">Manufacturing division</td> </tr> <tr> <td>Equipment replacement/maintenance</td> </tr> <tr> <td>Quality inspection</td> </tr> <tr> <td rowspan="2">Financial risks</td> <td>Interest rate changes</td> <td rowspan="2">Finance and Accounting Department</td> </tr> <tr> <td>Exchange rate changes</td> </tr> <tr> <td rowspan="2">Human resource risks</td> <td>Labor relation handling</td> <td rowspan="2">General administration</td> </tr> <tr> <td>Personnel change</td> </tr> <tr> <td>Information security risks</td> <td>Security concern of information system and confidential data</td> <td>Information Office</td> </tr> <tr> <td>Occupational safety risks</td> <td>Work environment /personnel safety and health</td> <td>Safety and health office</td> </tr> </tbody> </table> <p>the Company's business philosophy is not only to pursue sustainable operation and profitability, but also to pay attention to the development of corporate governance and also to environmental and social factors, which are reflected in the Company's management and operation, so there is no major difference from the spirit of the principles.</p>	Risk scope	Potential risks	Responsible unit	Market risks	Bidding qualifications	Business division	Product competitiveness	Engineering management	Supply chain risks	Price volatility	Business Management Department / Factory Affairs Department	Supply disruption / delivery unstable	Supply quality abnormal	Production/technical risks	Gap in key technologies	Manufacturing division	Equipment replacement/maintenance	Quality inspection	Financial risks	Interest rate changes	Finance and Accounting Department	Exchange rate changes	Human resource risks	Labor relation handling	General administration	Personnel change	Information security risks	Security concern of information system and confidential data	Information Office	Occupational safety risks	Work environment /personnel safety and health	Safety and health office
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III. Environmental Issues																																			
(I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	✓		<p>(I) The Company has obtained ISO 14001 environmental management systems certification in June 2019, and the safety and health office is responsible for the management of related affairs.</p>																																
(II) Is the Company committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment?	✓		<p>(II) During factory reorganization, the Company fully replaced lighting fixtures with energy-saving LED, implemented resource recycling and classification, and reused packaging materials and pallets after categorization, so as to minimize the damage to the environment and ecology.</p>																																
			<p>The Company has implemented the regulations of the competent authority, so there is no major difference from the spirit of the principles.</p>																																

Promotion Item	Implementation Status (Note 1)		The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	
(III) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take corresponding measures to respond to climate related issues?	✓		
(IV) Does the Company make statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	✓		
IV. Social Issues (I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations as well as the International Bill of Human Rights?	✓		There is no difference from the spirit of the principles.
(II) Whether the Company has formulated and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflects operating performance or results in employee remuneration?	✓	<p>(I) The Company abides by all labor laws and regulations, which are implemented and managed by dedicated personnel to protect the rights and interests of employees, and has smooth labor-management communication channels to reasonably meet the needs of employees in order to achieve a win-win situation for both employees and management.</p> <p>(II) In accordance with the Labor Standards Act and related laws and regulations, the Company has established various salary and welfare measures for employees, makes provisions for employee benefits in accordance with the Company's Article of Incorporation, rewards employees for their performance in a timely manner, and has set up a "Supervisory Committee of Labor Retirement Reserve" to make regular contributions to the Bank of Taiwan's pension fund account and for employees under the new scheme, the Bureau of Labor Insurance's individual pension fund account to protect their retirement rights.</p> <p>"Salary Adjustment and Fairness" The Company's EPS for 2022 is 1.29. Therefore, all employees (except foreign workers), regardless of gender and rank, will receive a 4.5% increase in base salary starting from 2023.01.01, and no less than the basic salary.</p> <p>"Remuneration for employees" In 2022, the Company set aside \$9.6 million as employee remuneration based on 3.00% of the pre-tax profit for the year, which will be distributed based on the annual performance appraisal results.</p> <p>"Rest and other benefits" The Company's employees may choose to defer the number of days of special leave not used in the current year or to be paid according to the number of days before their anniversary of the on board day The percentage of Taiwanese nationality female employees is 32.32%, and the percentage of female leaders is 7.93%, so as to achieve gender equality in the workplace. For additional information, please refer to page 58-59 of this report on labor relations.</p>	
(III) Does the Company provide employees with a safe and healthy working environment, and related education?	✓		

Promotion Item	Implementation Status (Note 1)		The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	
(IV) Has the Company established an effective career development training program for employees?	✓		(IV) In addition to the various internal and external training programs offered by the Company from time to time, employees may request to participate in training courses according to their work requirements.
(V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant customer rights protection policies and complaint procedures?	✓		(V) The Company is an ISO-9001 certified manufacturer, has detailed product introductions and follows the relevant laws and regulations and international standards of the products. In addition, a stakeholder section is available on the Company's website to provide a channel for customers to ask questions and file complaints for consumer rights protection.
(VI) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and monitor their implementation?	✓		(VI) The Company's procurement management procedures clearly emphasize the importance of occupational safety and health and the sustainable green concept of the cooperative suppliers, and each quarter whether the suppliers violate the relevant regulations are validated and evaluated and are reported to the management representatives.
V. Does the Company make reference to international reporting standards or guidelines to prepare sustainable development or other reports that disclose non-financial information about the Company? Has the assurance or opinion from third-party certifying institutions been obtained for the reports of the preceding paragraph?		✓	The Company has formulated a "Sustainable Development Best Practice Principles" with reference to relevant standards, but considering the scale of operations, no sustainability report has been prepared.
VI. If the Company has related practice principles of its own in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please state the differences between the two and the state of implementation: no difference.			Under evaluation
VII. Other important information to help understand the implementation of sustainable development. 1. The Company uses FSC certified environmentally friendly paper for the cover and interior text of all annual reports and meeting handbooks and is in compliance with the Forest Stewardship Council certification. 2. The Company participated in the "Voluntary Green Power Price System Pilot Program of the Ministry of Economic Affairs" and purchased 100,000 kWh of green power in 2015.			
Note 1: If the "Yes" box is checked for the implementation status, please specify the important policies, strategies, measures and implementation status; if the "No" box is checked for the implementation status, please explain the differences and reasons in the "Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor" column, and explain the plans for future implementation of relevant policies, strategies and measures. With regards to the first two initiatives, the TWSE/TPEX-listed company should describe the governance and oversight structure for sustainable development, including but not limited to management guidelines, strategies, target setting and review mechanisms. Please describe the Company's risk management policies or strategies and assessments of risks associated with business environment, social and corporate governance issues.			
Note 2: The materiality principle applies to those environmental, social and corporate governance issues that have a significant impact on the Company's investors and other stakeholders.			

#### Working environment and personal safety protection measures:

In order to maintain the safety and health of all employees and to improve the comfort and quality of the working environment, the Company follows the relevant laws and regulations on occupational safety and health, as a precautionary measure formulates occupational safety and health management rules and regulations, and implements various safety and health plans; all employees participate in safety and health activities in order to achieve the objective of zero occupational hazards.

In accordance with the "Occupational Safety and Health Management Regulations", occupational safety and health management units and personnel are put in place to draw up, plan and promote safety and health management. The employer or its proxy is responsible for the overall management and the management at all levels in the business divisions in

accordance with their powers of office direct and supervise the implementation of their subordinates; the responsibilities at each level are clear, and all safety and health regulations are indeed enforced.

The protective facilities installed in the workplace or for machinery and equipment, etc. should be checked frequently and their functionality should be maintained. Such as: guard fence, guard rail, guard cover, emergency stop switch, interlocking device, etc. All kinds of machinery, equipment, or apparatus, are subject to operation checkup, regular maintenance and inspection to ensure the safety of use by personnel. Automatic inspection is implemented. When abnormalities are found, they should be repaired or disabled immediately and necessary precautionary measures should be taken. For the safe use of production equipment in the factory, the following safety rules must be observed.

- ◆ Work safety rules for wire drawing machine:
  - I. Checks before activating the machine:
    - 1. Whether the function of the emergency braking is normal.
    - 2. Whether the function of the automatic shutdown device for wire discontinuation is normal.
    - 3. Whether the instruments on the control panel are normal.
    - 4. Whether the supply of wire-drawing lubricant, boiling and cooling water is sufficient.
  - II. Notes when activating the machine.
    - 1. The die is securely fixed on the die base.
    - 2. The cover is securely closed.
  - III. Notes when shutting down the machine.
    - 1. When shutting down the machine, the cover can only be opened when the machine is completely stopped without wire-drawing lubricant spraying.
    - 2. The take-up shaft can be unloaded only after it is stopped.
    - 3. When replacing the iron shaft, pay attention to the rolling prevention measures to avoid pressure injury.
- ◆ Work safety rules for wire stranding machine:
  - I. Checks before activating the machine:
    - 1. Whether the function of the emergency braking is normal.
    - 2. Whether the function of the automatic shutdown device for wire discontinuation is normal.
    - 3. Whether the instruments on the control panel are normal.
    - 4. Whether the take-up and pay-off shafts are deformed and locked.
  - II. The cover must be securely closed before turning on the switch.
  - III. When shutting down the machine, in addition to turning off the power, the cover can only be activated after the bow arm is completely stopped.
- ◆ Work safety rules for extrusion machine.
  - I. Is the display instrument of each function on the control panel of the host machine normal?
  - II. Whether the pay-off shaft and take-up shaft are locked securely.
  - III. Whether the supply of cooling water and compressed air is sufficient.
  - IV. Whether the function of the electrical discharge machine is normal.
  - V. Pay attention to the high temperature of PVC when testing molds and changing materials and be sure to use protective gloves.

All employees participate in safety and health education and training, including new employees, labor safety and health personnel, special operations personnel, first aid personnel, general operations personnel, and other designated personnel during job transfers or changes, etc, and the refresher courses regularly.

There are sufficient first aid medicines and equipment in the workplace. When working, employees must use safe and appropriate protective supplies, such as earmuffs, masks, safety glasses or protective masks, heat-insulating asbestos gloves or thick velvet gloves, safety helmets, backpack safety belts, etc., before they can work.

Employees are obliged to accept health checkups, new employees must have physical checkups, and all current employees are required by regulations to undergo health checkups regularly arranged by the Company in order to understand their personal health conditions and make appropriate adjustments to their work.



(VI)The Company's implementation of ethical corporate management and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor.

Evaluation Items	The state of operations			The differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary description	
<p>I. Formulate ethical corporate management policy and plan</p> <p>(I) Has the Company formulated an ethical corporate management policy approved by the Board of Directors, and are the policy and practice of ethical corporate management stated in the Company's regulations and external documents, as well as the commitment of the Board of Directors and the senior management to actively implement the policy?</p> <p>(II) Whether the Company has established a mechanism for evaluating the risk of unethical conduct, regularly analyzes and evaluates the activities in the scope of business with a higher risk of unethical conduct, and on the basis of this, has formulated a plan to prevent unethical conduct, which covers at least the preventive measures for the conduct set out in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p> <p>(III) Whether the Company has specified operating procedures, conduct guidelines, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well as regularly reviews and amends it?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company amended the "Ethical Corporate Management Principles" approved by the Board of Directors on 2020.03.27 and disclosed it on the Company's website, stating the relevant requirements and requesting the Board of Directors and senior management to issue a statement of compliance with the ethical corporate management policy.</p> <p>(II) The Company, through the review mechanism of its internal audit unit, prevents the occurrence of business activities involving unethical conduct, offering or accepting bribes, and illegal political contributions.</p> <p>(III) The Company amended on 2020.03.27 the "Operating Procedures for Ethical Management and Guidelines for Conduct", clearly specifying and implementing the relevant procedures.</p>	<p>There is no difference from the spirit of the principles.</p>
<p>II. The implementation of ethical corporate management</p> <p>(I) Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?</p> <p>(II) Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management and report regularly (at least once a year) to the Board of Directors on its ethical management policy and plan to prevent unethical conduct and monitor their implementation?</p> <p>(III) Does the Company have a policy to prevent conflict of interest, provide appropriate channels for explanation, and implement it?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company and its customers and suppliers all adhere to the ethical principle in entering into and performing contracts.</p> <p>(II) The General Administration department is responsible for its promotion in the Company and reports to the Board of Directors in the fourth quarter of each year.</p> <p>(III) For matters related to conflict of interest, the Company has proper reporting channels and will keep the identity of the reports and the contents confidential.</p>	<p>There is no difference from the spirit of the principles.</p>

Evaluation Items	The state of operations			The differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor.
	Yes	No	Summary description	
(IV) Whether the Company has established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit draws up relevant audit plans based on the evaluation results of risk of unethical conduct, and audits the compliance of the plan to prevent unethical conduct or entrusts a CPA to perform the audit? (V) Does the Company regularly organize internal and external education and training on ethical corporate management?	✓		(IV) The Company's accounting unit strictly examines the supporting documents and related transaction documents for each expense, and the Company also has an internal control system. The internal audit unit performs various audits in accordance with the audit plan; and the appointed CPA also reviews annually the implementation of the internal control system.  (V) Each department head of the Company will promote the importance of ethical corporate management in a timely manner.	
III. The operation of the Company's whistleblower reporting system (I) Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate personnel to deal with the reported matters? (II) Has the Company formulated standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms? (III) Whether the Company takes measures to protect whistleblowers from being improperly handled due to reporting?	✓		(I) The Company has clear guidelines in the "Operating Procedures for Ethical Management and Guidelines for Conduct", clearly specifying and implementing the relevant procedures.  (II) The Company has clear guidelines in the "Operating Procedures for Ethical Management and Guidelines for Conduct", clearly specifying and implementing the relevant procedures.  (III) The Company has clear guidelines in the "Operating Procedures for Ethical Management and Guidelines for Conduct", clearly specifying and implementing the relevant procedures.	There is no difference from the spirit of the principles.
IV. Enhance Information Disclosure Does the Company disclose the content and effectiveness of its Ethical Corporate Management Principles on its website and the Market Observation Post System?	✓		The Company's Ethical Corporate Management Principles is disclosed on both the Company's website and the Market Observation Post System.	There is no difference from the spirit of the principles.
V. If the Company has related practice principles of its own in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please state the differences between the two and the state of implementation: no difference.				
VI. Other important information that is helpful to understand the implementation of ethical corporate management (For example, if the Company reviews and amends its ethical corporate management principles.) 1. Article 16 of the Company's "Rules of Procedure for Board of Directors Meetings" clearly stipulates that board directors should exercise a high degree of self-discipline. For meeting matters in which they or the juristic persons they represent have an interest and the relationship is likely to compromise the interests of the Company, they can state their opinions or answer inquiries but must not participate in discussion or voting and they should also recuse themselves from such discussion and voting and must not exercise voting rights as a proxy of other directors. 2. The Company has clearly defined the "Operating Procedures for Handling Material Inside Information and Preventing Insider Trading", which specifically regulates that the Company's directors, supervisors, managerial officers, employees, insiders and their related parties must not disclose internal material information that they know to others and must not inquire or collect undisclosed internal material information of the Company that is not related to their personal duties from those who know internal material information of the Company. Those who learn of undisclosed internal material information of the company for reasons other than the performing of their business also must not disclose it to others in order to protect investors and safeguard the interests of the Company.				
Note 1: The state of operations, no matter if "Yes" or "No" are checked, should be stated in summary description.				

(VII) If the Company has formulated the "Corporate Governance Practice Principles" and related rules, it shall disclose its inquiry methods: The Company has formulated the Corporate Governance Practice Principles, the Ethical Corporate Management Principles, and the Code of Ethical Conduct, and other guidelines, which are posted on the Company's website (<http://www.hold-key.com.tw>).

(VIII) Other important information that is helpful to understand the Company's implementation of corporate governance may also be disclosed.  
Please refer to point 8 on page 27 of this report for any other important information that is helpful to understand the Company's implementation of corporate governance.

(IV) The implementation of internal control system

1. Statement of internal control

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**  
**Statement of internal control system**

Date: March 24, 2023

The Company states the following for its 2022 internal control system based on the results of self-evaluation,

- I. The Company knows that establishing, implementing and maintaining an internal control system is the responsibility of the Company's Board of Directors and managerial officers, and the Company has established this system. Its purpose is to provide reasonable assurance of the achievement of objectives such as the effectiveness and efficiency of operations (including profitability, performance and asset security, etc.), the reliability, timeliness, and transparency of reporting, as well as compliance with relevant rulings, laws and regulations, etc.
- II. Internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance of the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective actions.
- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the criteria of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria of internal control system adopted in the "Regulations" are based on the process of managerial control and divide internal control system into five components: 1. control environment, 2. risk evaluation, 3. control operations, 4. Information and communication, and 5. Monitoring operations. Each component consists of a number of items. Please refer to the "Regulations" for these items.
- IV. The Company has adopted the aforementioned criteria of internal control system to evaluate the effectiveness of the design and implementation of its internal control system.
- V. Based on the evaluation results of the preceding paragraph, the Company believed that the design and implementation of its internal control system was effective as of December 31, 2022 (including the supervision and management of subsidiaries), with a understanding of the extent to which the objectives of effectiveness and efficiency of operations were achieved, whether the reporting was reliable, timely, transparent, and if the compliance with relevant rulings, laws and regulations is met, and a reasonable assurance of the achievement of these objectives.
- VI. This statement will become the main content of the Company's annual report and prospectus, and will be made public. If the above-mentioned disclosures have falsehood or concealment, legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act will be incurred.
- VII. This statement was approved by the Company's Board of Directors on March 24, 2023. Of the 9 directors present, 0 had objections, and the rest all agreed with the content of this statement and declare here.

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

Chairperson: Biqi Yang

General manager: Xinzheng Li

2. Where a CPA was entrusted to review the internal control system, the review report should be disclosed: None.

(X) During the most recent year or during the current year up to the date of publication of the annual report, if the Company or its internal personnel have been punished in accordance with law, or the Company has punished its internal personnel for violating the provisions of the internal control system, and the results of such punishments may have a material effect on shareholder equity or securities price, the contents of the punishments, major deficiencies and improvements should be listed: None.

(XI) Important resolutions of the shareholder meeting and board meeting during the most recent year or during the current year up to the date of publication of the annual report:

1. Important resolutions of the Board of Directors:

Date	Important resolution
2022.3.22	<ol style="list-style-type: none"> <li>1. Approved the Company's 2021 business report, stand-alone financial statements and consolidated financial statements</li> <li>2. Approved the evaluation of the independence and competence of the attesting CPA engaged by the Company and its appointment remuneration</li> <li>3. Approved the Company's assessment of the effectiveness of its internal control systems and the issuance of "Statement of Internal Control System" of 2021.</li> <li>4. Approved the amendment to the "Regulations Governing the Acquisition or Disposal of Assets".</li> <li>5. Approved the full re-election of directors</li> <li>6. Approved the period and location for the nomination of 9 directors (including 3 independent directors) at the 2022 regular shareholders' meeting of the Company.</li> <li>7. Approved the release of the Company's new directors from the non-compete restriction</li> <li>8. Approved matters related to 2022 regular shareholders' meeting.</li> <li>9. Approved matters related to the acceptance of shareholder proposals.</li> </ol>
2022.5.12	<ol style="list-style-type: none"> <li>1. Approved the Company's consolidated financial statements for the first quarter of 2022.</li> <li>2. Approved the Company's endorsement and guarantee for customs tariff</li> <li>3. Approved the amendment to the Company's "Article of Incorporation".</li> <li>4. Approved the proposed amount for managerial officers in the Company's distribution for 2021 employees' and directors' remuneration and performance award</li> <li>5. Approved the Company's 2021 earnings distribution statements.</li> <li>6. Approved the Company's capital surplus cash distribution proposal.</li> <li>7. Approved to accept shareholders' proposals and the review results of director candidate nomination.</li> <li>8. Approved amendment to the matters related to 2022 regular shareholder meeting.</li> <li>9. Approved the proposal of scheduling the GHG inventory and verification.</li> </ol>
2022.06.27	<ol style="list-style-type: none"> <li>1. Approval of the election of Chairman</li> <li>2. Approval of the Company's appointment of members for its fifth Remuneration Committee</li> </ol>
2022.08.11	<ol style="list-style-type: none"> <li>1. Approved the Company's consolidated financial statements for the second quarter of 2022.</li> <li>2. Approval of the Company's collateralization of real estate for the credit facility provided by Taipei branch of Mega Bank (Ratification of an existing loan)</li> <li>3. Budgetary approval for the Company's joint venture with Synin Corporation to construct a 2,000 kW (peak) and a 4,000 kW (peak) storage systems.</li> </ol>
2022.11.11	<ol style="list-style-type: none"> <li>1. Approved the Company's consolidated financial statements for the third quarter of 2022 .</li> <li>2. Approval of appointment and remuneration of CPAs.</li> <li>3. Approval for adjustment of monthly wages for internal personnel</li> </ol>
2022.12.22	<ol style="list-style-type: none"> <li>1. Approved the Company's 2023 annual business budget.</li> <li>2. Approved the authorization of the chairperson Biqi Yang to handle various credit activities and accounts receivable factoring with various banks for the Company's 2023 operating needs.</li> <li>3. Approved the Company's 2023 audit plan.</li> <li>4. Approved the amendment to the Company's organizational structure</li> <li>5. Approved the proposal of scheduling the GHG inventory and verification.</li> <li>6. Approved the amendment to the Company's "Procedures for Handling Material Inside Information".</li> <li>7. Approved the amendment to the Company's "Rules of Procedure for Shareholder Meeting"</li> <li>8. Approved the amendment to the Company's "Corporate Governance Practice</li> </ol>

Date	Important resolution
	Principles”. 9.Approved the amendment to the Company’s “Rules of Procedure for Board of Directors Meetings”. 10.Approved the Addendum to the Company’s “Risk management policy and procedures”.
2023.03.24	1.Approved the Company’s 2022 business report, stand-alone financial statements and consolidated financial statements 2. Approval of the evaluation of CPA independence and competence; as well as replacement, appointment and remuneration of CPAs 3.Approved the Company’s assessment of the effectiveness of its internal control systems and the issuance of "Statement of Internal Control System" of 2022. 4. Approved the amendment to the “Corporate Governance Practice Principles”. 5. Approved the amendment to the “Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises”. 6. Approved the self-initiated application for retirement by the Company's internal personnel. 7. Approval of the change of Audit Director, Finance Director, Corporate Governance Officer, Spokesperson, Deputy Spokesperson, Manufacturing Department Head, Quality Assurance Department Head and R&D Department Head. 8. Approval of the expiration of the term of office of board directors and the appointment of managers for the subsidiary Muchon Organic Farm Co., Ltd. 9. Approval for internal personnel change and adjustment of monthly wages 10. Approved matters related to 2023 regular shareholders’ meeting. 11. Approved matters related to the acceptance of shareholder proposals.
2023.05.12	1. Approved the Company's consolidated financial statements for the first quarter of 2023. 2. Approved the Company’s endorsement and guarantee for customs tariff 3. Approved the distribution of the proposed amount for managerial officers in the Company’s plan for 2022 directors’ and employees’ remuneration and performance award. 4. Approved the Company’s 2022 earnings distribution statements. 5. Approved the Company’s capital surplus cash distribution proposal. 6. Approved the amendment to the Company’s “Rules of Procedure for Shareholder Meeting” 7. Approved amendment to the matters related to 2023 regular shareholder meeting.

2.Important resolutions of the shareholder meeting and their implementation:

Date	Important resolutions and their implementation:
2022.06.27	1. Ratification of the 2021 business report and financial statements 2. Ratification of the 2021 earnings distribution proposal Implementation status: Cash dividends of NT\$0.25 per share from 2021 earnings 3. Approved the amendment to the Company’s “Article of Incorporation”. Implementation status: On July 29, 2022, it was approved by the Ministry of Economic Affairs for registration and announced on the Company's website. 4. Approved the amendment to the Company’s “Regulations Governing the Acquisition or Disposal of Assets” 5. proceed to re-elect all directors. Implementation status: Director Elected list: SOL YOUNG ENTERPRISES CO., LTD.-Representative :Biqi Yang 、Kaiti Yang 、Yisen Lai 、Suyuan Yu 、Xinzheng Li 、BOND-GALV INDUSTRIAL CO., LTD.-Representative: Yuanhong Huang) Independent directors Elected list: Rongsui Weng 、Wencheng Shen 、Shizhen Chen. On July 29, 2022, it was approved by the Ministry of Economic Affairs for registration and announced on the Company's website. 6. Approved the release of the Company's new directors and their representatives from the non-compete restriction.

(XII) During the most recent year or during the current year up to the date of publication of the annual report, if board directors or supervisors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions: None.

(XIII) For the most recent year or the current year up to the date of publication of the annual report, summary of the resignation and dismissal of the Company's chairperson, general managers, accounting officer, finance officer, internal audit officer, corporate governance officer, and R&D officer: On April 1, 2023, the Company changed its Finance Director, Audit Director and Corporate Governance Officer due to internal adjustments. Please refer to the announcement of maternal information on March 24, 2023 via Market Observation Post System.

5. Information on CPA professional fee

Amount unit: Thousand NT\$

Name of CPA firm	The name of CPA	CPA Audit period	Audit fee	Non-audit fee(Note)	Total	Note
Deloitte and Touche	Zeli Gong	2022.01.01	2,645	0	2,645	
	Wenyuan Zhuang	~ 2022.12.31				

- (I) If the amount of non-audit fee paid to the attesting CPA, its firm and affiliates is more than one-fourth of the audit fee, the amount of audit and non-audit fee and the content of non-audit service should be disclosed: None
- (II) Where the audit fee paid in the year of the replacement of CPA firm is less than the audit fee in the year before the change, the amount of the audit fee before and after the replacement and the reasons therefor should be disclosed: None.
- (III) Where the audit fee has decreased by 10% or more from the previous year, the amount, percentage and reasons therefor should be disclosed: None.

6. Information on the replacement of CPA:None.

7. If the Company's chairperson, general manager, or any managerial officer in charge of finance or accounting affairs has in the most recent year held a position at the counting firm of its attesting CPA or an affiliate of the accounting firm, the name and position of the person, and the period during which the position was held, should be disclosed: None.

8. Any equity transfer or change in equity pledge by a director, supervisor, managerial officer, or shareholder with 10% stake or more during the most recent year or during the current year up to the date of publication of the annual report.

(I) Changes in equity by directors, supervisors, managerial officers and major shareholders

Title	Name	2022		2023 up to March 31	
		Change in shares held	Change in shares pledged	Change in shares held	Change in shares pledged
Chairperson and shareholders with 10% stake or more	SOL YOUNG ENTERPRISES CO., LTD.	0	0	0	0
Director	Kaiti Yang	0	0	0	0
Director	Yisen Lai	0	0	0	0
Director	Suyuan Yu	0	0	0	0
Director (General manager)	Xinzheng Li	0	0	0	0
Director	BOND-GALV INDUSTRIAL CO., LTD.	0	0	0	0
Independent director	Rongsui Weng	0	0	0	0
Independent director	Wencheng Shen	0	0	0	0
Independent director	Shizhen Chen	0	0	0	0
Audit officer (Transferred to General Manager's Office on 2023.4.1)	Meiling Lin	0	0	0	0
Manufacturing division Deputy general manager (2023.3.3 retire)	Yinde Zhang	0	0	0	0
Manufacturing division Assistant Vice President (Newly appointed on 2023.4.1)	Chinhsun Kuo	0	0	0	0
Business division Assistant Vice President	Tsunhsiung Cheng	(16,000)	0	0	0
Finance officer (Assistant Vice President of Corporate Administration Division) (2023.4.1 Transferred to the position as Audit officer Assistant Vice President)	Yaping Chen	0	0	0	0
Accounting officer (2023.4.1 Finance Director/Corporate Governance Officer-Assistant Vice President Corporate Administration Division)	Tingyi Chou	0	0	0	0

(II) Information on the related party of the equity transfer or equity pledge: None.



9. Information on the relationship among the top 10 shareholders

April 29, 2023

Name	Shareholding by the individual		Shareholding of spouse and minor children		Total shareholding in the name of others		The name of and relationship among the top 10 shareholders if anyone is a related party, a spouse or a relative within second degree of kinship of another.		Note
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Name (or alias)	Relation	
SOL YOUNG ENTERPRISES CO., LTD.	62,045,531	32.20%	0	0.00%	0	0.00%	None	None	
SOL YOUNG ENTERPRISES CO., LTD. Representative: Biqi Yang	8,656	0.00%	24,341	0.01%	0	0.00%	Shuli Xu	Relatives within second degree of kinship	
YOUNG FAST OPTOELECTRONICS CO., LTD.	10,583,200	5.49	0	0.00%	0	0.00%	None	None	
YOUNG FAST OPTOELECTRONICS CO., LTD. Representative: Zhiqiang Bai	0	0.00%	0	0.00%	0	0.00%	None	None	
Zhangmiao Development Co., Ltd.	8,133,271	4.22%	0	0.00%	0	0.00%	Fenggen Development Co., Ltd.	Same responsible person	
Zhangmiao Development Co., Ltd. Responsible person: Shufen Xu	0	0.00%	1,600,529	0.83%	0	0.00%	Yuanhong Huang	Relatives within second degree of kinship	
Fenggen Development Co., Ltd.	4,188,476	2.17%	0	0.00%	0	0.00%	Zhangmiao Development Co., Ltd.	Same responsible person	
Fenggen Development Co., Ltd. Responsible person: Shufen Xu	0	0.00%	1,600,529	0.83%	0	0.00%	Yuanhong Huang	Relatives within second degree of kinship	
Zhijie Yang	3,375,268	1.75%	0	0.00%	0	0.00%	Shuli Xu Ye Cheng Yang	First degree of kinship Relatives within second degree of kinship	
Ye Cheng Yang	3,275,415	1.70%	0	0.00%	0	0.00%	Shuli Xu Zhijie Yang	First degree of kinship Relatives within second degree of kinship	
Huan Yi Development Co., Ltd.	2,582,080	1.34%	0	0.00%	0	0.00%	None	None	
Huan Yi Development Co., Ltd. Responsible person: Xueqing Huang	62,840	0.03%	609,399	0.32%	0	0.00%	None	None	
BOND-GALV INDUSTRIAL CO., LTD.	2,329,998	1.21%	0	0.00%	0	0.00%	None	None	
BOND-GALV INDUSTRIAL CO., LTD. Responsible person: Yuanhong Huang	259,330	0.13%	598,110	0.31%	0	0.00%	Shufen Xu	Relatives within second degree of kinship	
Shuli Xu	2,092,356	1.09%	1,575,520	0.82%	0	0.00%	Zhijie Yang Ye Cheng Yang Biqi Yang	First degree of kinship First degree of kinship Second degree of kinship	
Shao, Chiu-Jie	2,077,760	1.08%	0	0.00%	0	0.00%	None	None	

10. The total number of shares and the consolidated equity stake percentage held in any single reinvested enterprise by the Company, its directors, supervisors, managerial officers, or any companies controlled either directly or indirectly by the Company

April 30, 2023 Unit: shares; %

Reinvested enterprise (Note 1)	Investment by the Company		Directors, supervisors, managerial officers, and investments controlled either directly or indirectly.		Total investment	
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %
HOLDKEY (BELIZE) INVESTMENTS LIMITED	9,970,519	100%	0	0.00%	9,970,519	100%
Muchon Organic Farm Co., Ltd.	13,000,000	100%	0	0.00%	13,000,000	100%

Note 1: investment by the Company using equity method

#### Four. Capital Raising

##### I. Capital and shares (I) Source of capital

April 29, 2023 Unit: shares; %

Share type	Authorized capital			Note
	Outstanding shares (note)	Unissued shares	Total	
Common shares	192,691,747	127,308,253	320,000,000	

Note: The shares are the stocks of a listed company and have no restrictions on trading.

April 29, 2023 Unit: NT\$

Year and month	Issue price (NT\$)	Authorized capital		Paid-in capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Using property other than cash as payment of shares	Others
1999.05	10	150,000,000	1,500,000,000	69,600,000	696,000,000	Capital increase of NT\$162,457,410 from earnings and capital surplus Approved on 1999.5.24 with Order (88) Taiwan-Finance-Securities (I) No. 48466.	None	
1999.05	10	150,000,000	1,500,000,000	94,600,000	946,000,000	Capital increase of NT\$250,000,000 by cash Approved on 1999.5.29 with Order (88) Taiwan-Finance-Securities (I) No. 48467.	None	
2000.06	10	210,000,000	2,100,000,000	113,700,000	1,137,000,000	Capital increase of NT\$191,000,000 from earnings and capital surplus Approved on 2000.6.28 with Order (86) Taiwan-Finance-Securities (I) No. 55914	None	
2001.07	10	210,000,000	2,100,000,000	119,385,000	1,193,850,000	Capital increase of NT\$56,850,000 from earnings and capital surplus Approved on 2001.7.25 with Order (90) Taiwan-Finance-Securities (I) No. 148338	None	
2002.08	10	210,000,000	2,100,000,000	125,355,000	1,253,550,000	Capital increase of NT\$59,700,000 from earnings and capital surplus Approved on 2002.8.15 with Taiwan-Finance-Securities (I) No. 0910145344	None	
2003.07	10	220,000,000	2,200,000,000	141,073,950	1,410,739,500	Capital increase of NT\$41,089,500 from earnings Approved on 2003.7.24 with Taiwan-Finance-Securities (I) No. 0920133575	None	
2004.07	10	320,000,000	3,200,000,000	186,768,481	1,867,684,810	Capital increase of NT\$158,913,960 from earnings and capital surplus Approved on 2004.7.6 with Taiwan-Finance-Securities (I) No. 0930129621	None	
2005.09	10	320,000,000	3,200,000,000	208,231,778	2,082,317,780	Capital increase of NT\$171,934,500 from earnings Approved on 2005.9.22 with Financial-Supervisory-Securities-I-0940142468	None	
2006.07	10	320,000,000	3,200,000,000	229,263,929	2,292,639,290	Capital increase of NT\$66,775,910 from earnings Approved on 2006.7.27 with Financial-Supervisory-Securities-I-0950133079	None	
2009.11	10	320,000,000	3,200,000,000	233,849,208	2,338,492,080	Capital increase of NT\$45,852,790 from earnings Approved on 2009.9.29 with Financial-Supervisory-Securities-Corporate-0980051110	None	
2011.09	10	320,000,000	3,200,000,000	240,864,684	2,408,646,840	Capital increase of NT\$70,154,760 from earnings Approved on 2011.7.6 with Financial-Supervisory-Securities-Corporate-1000031225	None	
2021.08	8	320,000,000	3,200,000,000	192,691,747	1,926,917,470	Cash capital reduction of 481,729,370 Approved on 2021.8.24 with Tai-Zheng-Shang-I-Zi No. 1101804473	None	

Information on shelf registration system: Not applicable

## (II) Shareholder structure

April 29, 2023

Shareholder structure	Government agency	Financial institution	Other juristic person	Individual	Foreign institution and individual	Total
Quantity						
Number of persons	0	0	39	16,187	35	16,261
Shareholding	0	0	96,228,854	92,120,040	4,342,853	192,691,747
Shareholding %	0.00%	0.00%	49.94%	47.81%	2.25%	100.00%

## (III) Equity dispersion profile

April 29, 2023

Shareholding range	Number of shareholders	Shareholding	Shareholding %
1 to 999	7,279	2,657,007	1.40
1,000 to 5,000	6,627	15,077,407	7.82
5,001 to 10,000	1,183	9,101,559	4.72
10,001 to 15,000	337	4,214,313	2.19
15,001 to 20,000	261	4,655,779	2.42
20,001 to 30,000	194	4,884,027	2.53
30,001 to 40,000	97	3,373,210	1.75
40,001 to 50,000	59	2,756,616	1.43
50,001 to 100,000	109	7,743,276	4.02
100,001 to 200,000	51	6,978,908	3.62
200,001 to 400,000	31	8,543,336	4.43
400,001 to 600,000	6	2,739,710	1.42
600,001 to 800,000	6	4,011,396	2.08
800,001 to 1,000,000	2	1,757,728	0.91
More than 1,000,000	19	114,197,475	59.26
Total	16,261	192,691,747	100

## (IV) Major shareholders (with more than 5% stake and among top 10)

April 29, 2023

Name of major shareholder	Shares	Shareholding	Shareholding %
SOL YOUNG ENTERPRISES CO., LTD.		62,045,531	32.20%
YOUNG FAST OPTOELECTRONICS CO., LTD.		10,583,200	5.49%
Zhangmiao Development Co., Ltd.		8,133,271	4.22%
Fenggen Development Co., Ltd.		4,188,476	2.17%
Zhijie Yang		3,375,268	1.75%
Yecheng Yang		3,275,415	1.70%
Huan Yi Development Co., Ltd.		2,582,080	1.34%
BOND-GALV INDUSTRIAL CO., LTD.		2,329,998	1.21%
Shuli Xu		2,092,356	1.09%
Shao, Chiu-Jie		2,077,760	1.08%

## (V) Information on market price, net worth, earnings, dividend per share for the most recent two years

Item		Year		2021	2022	Current year up to March 31, 2023
Market price per share	Highest			23.30	16.50	17.55
	Lowest			10.50	11.20	14.15
	Average			16.58	14.59	16.04
Net worth per share	Before distribution			22.01	22.32	23.04
	After distribution (note 1)			★21.51	★21.72	Not applicable
Earnings per share	Weighted average number of shares			223,971 thousand shares	192,692 thousand shares	192,692 thousand shares
	Earnings per share before retrospective adjustments (note 2)			1.04	1.29	0.28
	Earnings per share after retrospective adjustments (note 2)			-	-	Not applicable
Dividend per share	Cash dividend			★0.50	★0.60	Not applicable
	Stock dividend	Stock dividend from retained earnings		-	-	Not applicable
		Stock dividend from capital surplus		-	-	Not applicable
	Cumulative unpaid dividend			None	★0.60	None
Return on investment analysis	Price-to-Earning Ratio (note 3)			15.94	11.31	57.29
	Price to earning ratio (note 4)			★33.16	★24.32	Not applicable
	Cash dividend yield (note 5)			★3.02	★4.11	Not applicable

Note 1: Please fill in according to the distribution resolution of the next year's board of directors.

Note 2: If there is a retroactive adjustment due to circumstances such as stock dividend, etc., earnings per share before and after the adjustment should be shown.

Note 3: Price to Earning ratio = average closing price per share for the year/earnings per share.

Note 4: Price to dividend ratio = average closing price per share for the year/cash dividend per share.

Note 5: Cash dividend yield = dividend per share/average closing price per share for the year

★Pursuant to the Articles of Incorporation, the board of directors is authorized to resolve the amount to be submitted to the shareholders' meeting.

(VI) Company dividend policy and implementation

1. Dividend policy

- (1) If there are earnings surplus in the Company's annual final accounts, it should provide for tax payables in accordance with the law, make up for the accumulated losses, then allocate 10% as legal reserve but when the legal reserve has reached the amount of the Company's paid-in capital, the allocation may no longer be necessary. After the appropriated earnings are set aside or reversed in accordance with laws and regulations, the remainder together with the accumulated unappropriated earnings of the previous year may be treated as distributable earnings, and the Board of Directors shall prepare a distribution proposal and submit it to the shareholder meeting for a resolution to distribute dividends to shareholders. The cash dividends to shareholders shall not be less than 10% of the total amount of dividends distributed to shareholders in the year.

The Board of Directors is authorized to distribute dividends and bonuses, from capital surplus or legal reserve in whole or in part in the form of cash by the presence of at least two-thirds of the directors and by a resolution of a majority of the directors present, and to report to the shareholders' meeting, without applying the provisions of this Article to the shareholders' meeting for resolution.

- (2) The Company's dividend policy is based on current and future development plans, consideration of the investment environment, capital requirements and long-term financial planning, as well as shareholder interests, etc. Under the current dividend policy, if there is no other special reason, dividend shall not be less than 60% of the current year's earnings after tax (but may be allocated from capital surplus), except that if the cumulative distributable earnings are less than 100% of the paid-in capital, dividend may not be distributed.

Information on dividend distribution for the most recent 3 years:

	2019	2020	2021
Earnings after tax (thousand NT\$)	67,942	241,980	232,916
Total amount of dividends (thousand NT\$)	72,258	72,259	96,346
Earnings distribution (NT\$/share)	-	-	-
Dividend from capital surplus (NT\$/share)	0.30	0.30(Note)	0.50(Note)

Note : The cash capital reduction in 2021 was NT\$481,730,000, which is about 20%.

2. The proposed dividend distribution in the shareholder meeting

The Board of Directors resolved on May 12, 2023 to appropriate NT\$77,076,699 from accumulated undistributed earnings and allot NT\$0.4 in cash per share, NT\$38,538,349 allocated from capital surplus (i.e., premiums above face value of issued shares) to distribute cash dividends at NT\$0.20 per share, for a total of NT\$0.60 per share based on the shares held in the shareholder roster on the base date of distribution.

2022 earnings distribution statement

<u>Note</u>	<u>Amount</u>
Unappropriated retained earnings, beginning of period	1,378,964,719
Remeasurements of defined benefit plans recognized in retained earnings	2,209,392
Disposal of equity instrument investments at fair value through other comprehensive profit and loss, the cumulative gains and losses are directly transferred to retained earnings	1,731,395
Unappropriated retained earnings, after adjustment	1,382,905,506
Net profits for the period	248,077,484
Less: Provision for legal reserve	( 25,201,827 )
Distributable earnings for the period	1,605,781,163
Distribution items:	
Shareholder cash dividends(0.4/ shares)	77,076,699 ( 77,076,699 )
Unappropriated retained earnings, end of period	1,528,704,464

(VII) The impact of the proposed stock dividend in the shareholder meeting on the Company's operating performance and earnings per share:

There is no proposed stock dividend in the shareholder meeting, so it is not applicable.

(VIII) Remuneration for employees, directors, and supervisors

1. The amount or scope of remuneration for employees, directors and supervisors as stated in the Article of Incorporation:

(1) If the Company makes profits during the year, it should allocate 1% to 5% of the profits for the current year as employee remuneration and no more than 2.5% of the profits for the current year as director remuneration; The method of payment of employee remuneration is determined by a special resolution of the Board of Directors; employee remuneration and director remuneration should be reported to the shareholder meeting. However, when the Company still has accumulated losses, it should reserve the off-setting amount in advance.

The allocation basis is calculated on the balance of the profits for the current year (i.e., profits before tax and employee and director remuneration) after deducting accumulated losses.

2. The estimation of the remuneration for employees, directors and supervisors in this period is based on the number of shares distributed to employees as remuneration.

Accounting treatment when the estimate and the actual distribution amount are different:

(1) The estimation of the remuneration for employees, directors and supervisors is based on the percentage range stated in the Company's Article of Incorporation.

(2) The basis for calculating the number of shares distributed to employees as remuneration: The Company did not distribute stock remuneration in 2022.

(3) Accounting treatment when the estimate and the actual distribution amount are different: The difference is mainly due to changes in estimate and will be adjusted to the 2023 profit and loss.

3. Approval by the Board of Directors of remuneration distribution

(1) The amount of remuneration for employees, directors distributed in cash or stocks. If the amount is different from the amount estimated in the year in which the expense is recognized, the amount of the difference, the reason for the difference and the treatment of the difference should be disclosed.

The Board of Directors approved the appropriation of NT\$9,600,000 in cash for employee remuneration and NT\$6,480,000 in cash for director remuneration, which are not different from the amounts recognized in the 2022 financial statements.

(2) The amount of employee remuneration in stock and its proportion to the sum of net profits after tax and total employee remuneration in the stand-alone financial statements for the period:

There is nothing related to employee remuneration in stock in the shareholder meeting, so it is not applicable.

4. The actual distribution of the remuneration for employees, directors in the previous year, and if it is different from the remuneration recognized, the amount of the difference, the reason for the difference and the treatment of the difference should be disclosed.

The actual amount of remuneration for employees, directors distributed by the Company in 2021 is not different from the amount recognized in 2021 financial statements. Please refer to Note 22. (8) of the Company's 2022 stand-alone financial statements.

(IX) Buy-back of the Company's shares: None

II. Issuance of corporate bonds: None

III. Preferred shares: None

IV. Issuance of global depository receipts: None

V. Employee stock option plan: None

VI. Employee restricted stock: None

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

VIII. Financing planning and implementation

The Company has not issued or privately placed securities to for any financial plans in the most recent year.

## Five. Operation overview

### I. Business Activities

#### (I) Business scope

1. The Company's main business activities include:
  - a. Manufacturing, processing and sales of various wires, cables and accessories.
  - b. Smelting, manufacturing, processing and sales of various metals.
  - c. Manufacturing, processing and sales of various motors, electrical equipment and insulating materials.
  - d. Piping engineering industry.
  - e. Import and export trade, agency and distribution of the preceding businesses.
2. The proportion of the Company's current products in consolidated revenues:  
2022 revenues analysis: rubber cable 12.93%, communication cable 9.25%, XLPE power cable 56.30%, bare aluminum wire 2.54%, optical fiber 3.03%, service and engineering income 1.24%, and other 14.71%.
3. The Company's current major products:
  - a. Rubber cable
  - b. XLPE power cable
  - c. Communication cable (Including multi-pair communication cables, network cables, etc.)
  - d. Bare aluminum wire, Overhead cables
  - e. Optical fiber cable
4. New products under plan to be developed:  
In response to the rapidly increasing demand for electricity consumption, we will focus new product R&D on power cables for green energy and a variety of power cables for domestic and overseas utilities, anti-corrosion overhead cables, low-smoke zero-halogen eco-friendly power cables, 432-core fiber optics, export fiber optics and fire-resistant high-speed transmission network cables.

#### (II) Industry overview

1. Current state and development of the industry:  
The wire and cable industry is a technology-intensive and capital-intensive industry. It is an important basic industry in our country and is indispensable for all public facilities, factories, commercial buildings, homes, vehicles and other information and electronic products and is a domestic demand-oriented industry, so the growth of the wire and cable industry is closely related to the prosperity of the upstream and downstream industries related to national public construction. Generally speaking, although the wire and cable industry is not a high-tech star industry with high growth rate, it has at least maintained at the economic growth rate and is a fairly mature but stable growing industry.  
Due to the lack of natural minerals in our country, the production of domestic wire and cable relies on import of electrolytic copper plates from abroad, which are then processed as primary products. Generally speaking, the cost of copper accounts for a high proportion of the manufacturing cost of wires and cables. Therefore, the selling price of the finished products of the wire and cable industry in our country is likely to change considerably with the rise and fall of the international copper price. If the international copper price fluctuates sharply, it will have a certain impact on the wire and cable industry of our country.
2. The correlation among the upstream, midstream and downstream industries:

Industrial structure	Description
Upstream	Raw materials suppliers for wires and cables such as copper, aluminum, optical fiber, and insulating outer coverings.
Midstream	Manufacturers of low-voltage, medium-voltage, high-voltage, ultra-high-voltage power cables, soft and hard stranded copper wires, communication wires, electronic wires, optical fibers, etc.
Downstream	Cable users of electric power, communication engineering, home appliances, information, electronic system engineering, etc.



Product name	Major application
Power cable	Transmission lines, high and low voltage distribution systems and indoor wiring of buildings.
Communication cable	Information and signal transmission lines for information, electronics, transmission equipment, etc.
Electronic wire	Internal wiring of information, home appliances, machinery and equipment.

3. Development trend and competition landscape:

- A. Currently, the wire and cable market is dominated by domestic sales, and due to the low entry barrier for general products, there are many domestic competitors, and the competitive advantage of the cable industry is mainly based on high value-added products.
- B. Environmental awareness is on the rise, promoting energy saving and carbon reduction. The non-nuclear homeland in 2025 is the current policy and objective so the rising demand for green energy industries such as wind power generation is causing an impact on the traditional wire and cable market.
- C. The boom or bust cycle of the domestic environment and the increase or decrease of the public engineering budget may affect the overall development of the wire and cable industry at any time.
- D. The international copper price and exchange rate fluctuate drastically, which easily affects the accuracy of the cost estimate and the profitability of the cable industry.

(III) Technology and R&D

1. R&D expenses invested during the most recent year or during the current year up to the date of publication of the annual report.

Item	Year	2022	Current year up to March 31, 2023
R&D expenses		NT\$3,564 thousand	NT\$895 thousand

2. Technology or product successfully developed  
69KV, 161KV and 345KV ultra-high voltage power cables, Aluminum (lead) covered ultra-high voltage power cables below 400KV, ultra-high voltage optical fiber composite power cables, 15KV and 25KV cable accessories, cross-linked PE termite-proof cables, bare aluminum wire, heat-resistant steel core aluminum wire, Japanese snow-proof high-voltage overhead aluminum wire and steel core aluminum wire & Aluminum conductor steel-reinforced cable (ACSR), heat-resistant composite core aluminum wire, heat-resistant cable, low-smoke, non-toxic and fire-resistant cable, communication cables below 3200 pairs, various types of optical fiber cables, Cat.6, Cat.7 network cables, CMP network cables.
3. Future annual R&D plan  
power cables for green energy industry development, High value-added products such as super heat-resistant steel core aluminum wires, 432-core fiber optics cables and ultra high-voltage power cables for domestic and overseas markets

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

Short-term business plan

- (1) Actively seek public engineering tenders for 69/161/345KV ultra-high voltage cables
- (2) Actively develop the global market for network routes.
- (3) Foreign market for aluminum (lead) covered power cables below 400KV
- (4) Improve production efficiency and reduce production costs for more orders and higher profits.

Long-term business plan

- (1) Actively integrate the manufacturing of overhead cables and UHV underground cables, the development of accessories, the design and construction of power systems, and lay out a foundation for turnkey projects for domestic and foreign power systems.
- (2) Integrate the Group's resources to deploy a global production and sales network, further cultivate domestic existing markets and expand overseas emerging markets.
- (3) Participate in the development of the green energy industry, focus on the R&D of high value-added products and develop new markets.

## II. Market and production and sales overview

### I. Market analysis

#### 1. Sales area of the Company's major products

In 2022, the proportion of domestic sales of wires and cables (including cooperative export sales) was 93.89%, and the proportion of export sales was 6.11%.

Major export areas: Europe、Asia and the Americas.

#### 2. Market share

According to Commonwealth Magazine's top 2000 manufacturing revenue ranking summary for the year of 2023, the Company's overall ranking was 848th and 62th in the metal products industry.

#### 3. Future supply and demand of the market

In terms of domestic sales, wire and cable is a basic industry related to national construction and economic prosperity and high stability and long life cycle are its industrial characteristics. Although the market growth has slowed down in recent years, the government is still actively promoting the construction of various public engineering construction for the increase of electricity demand, the response and quality stability of power supply systems, the construction of metropolitan rapid transit systems, the modernization of telecommunication networks, the undergrounding of urban roads and cables, and the construction of transportation, etc., which still have a lot of demand for the wire and cable products and are expected to help our business.

The Company's wire and cable technology is sophisticated and our product line-up is complete. As one of the few companies in our country that have obtained the bidding qualification for Taiwan Power Company's 345KV cable, the Company has a certain competitive edge over other players in the industry for government construction and related tenders.

In terms of export, the major markets are in Europe and the Americas. The Company's major products internationally competitive, which have obtained ISO-9001 quality assurance, UL, as well as ETL and EC DELTA and other international safety and electrical certifications, etc and together with the outstanding sales and technical personnel cultivated by the Company for a long time will be a major advantage for the Company to expand overseas markets.

#### 4. Sales volume forecast and the basis

The Company's 2023 business target, after careful evaluation based on past sales performance and current order loading this year, the sales quantity of wires and cables is expected to be 40,000 kilometers.

#### 5. Competitive edge and favorable and unfavorable factors of development and corresponding tactics.

Favorable: ① The government is still actively promoting various construction projects, such as metropolitan rapid transit system, modernization of telecommunication network, undergrounding of urban roads and cables, power development projects, and transportation construction, which will positively benefit the wire and cable industry.

② The product line-up is complete with many quality certifications.

③ with high-end product development capability.

Unfavorable: ① The public engineering budget is subject to political factors that affect the stability of wire and cable demand.

② Copper prices and international raw materials fluctuate a lot, which has a greater impact on production costs and risk control.

③ There are many domestic and foreign cable manufacturers, and the price competition is fierce.

Corresponding tactics: Pay attention to changes in international copper prices and raw materials at any time, and take risk control measure. And continue to upgrade production technology, accelerate the development of new products, carry out R&D work such as equipment improvement or automation to improve the competitiveness and added value of products.

Obtain product quality certification from various countries and develop different markets domestically and internationally without relying on a single product for a single market.

### II. Important application and production processes of major products

#### 1. Bare copper wire: for the manufacture of various wire and cable conductors.

Refined copper plate (raw material) → dissolving → casting → rolling → copper strip (semi-finished product) → drawing → copper wire (finished product)

#### 2. Power cable: for transmitting power and current.

Copper wire (raw material) → drawing wire → stranding wire → insulated extrusion → coating extrusion → power wire (finished product)

### III. Supply of major raw materials

#### 1. Electrolytic copper plates: Mainly from Taiwan Sojitz Corporation, with stable material sources.

#### 2. PVC granules: The Company has been cooperating with major suppliers for many years and has maintained at least two suppliers to ensure steady supplies.

IV. The names of suppliers and customers who have accounted for more than 10% of the total purchases (sales) in any of the most recent 2 years, their purchases (sales) amount and proportion, and the reasons for the increase or decrease

1. The names of major suppliers

Unit: Thousand NT\$

Item	2021				2022				As of the first quarter of 2023			
	Name	Amount	As a percentage of net purchases for the year [%].	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year [%].	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year up to the previous quarter [%].	Relationship with the issuer
1	Supplier A	385,868	17.52	None	Supplier A	671,192	29.51	None	Supplier A	219,317	29.64	None
2	Supplier B	314,500	14.28	None	Supplier B	634,207	27.88	None	Supplier B	82,471	11.15	None
3	Supplier C	245,255	11.14	None	Supplier C	-	-	None	Supplier C	-	-	None
4	Supplier D	230,625	10.47	None	Supplier D	-	-	None	Supplier D	-	-	None
	Others	1,025,802	46.59	None	Others	969,166	42.61	None	Others	438,081	59.21	None
	Net purchases	2,202,050	100.00		Net purchases	2,274,565	100.00		Net purchases	739,869	100.00	

Description: In response to the demand of production orders and supplier adjustments.

2. The names of major customers

Unit: Thousand NT\$

Item	2021				2022				As of the first quarter of 2023			
	Name	Amount	As a percentage of net sales for the year [%].	Relationship with the issuer	Name	Amount	As a percentage of net sales for the year [%].	Relationship with the issuer	Name	Amount	As a percentage of net sales for the year up to the previous quarter [%].	Relationship with the issuer
1	Customer A	1,004,018	35.86	None	Customer A	663,752	23.20	None	Customer A	420,576	52.14	None
2	Customer B	200,527	7.16	None	Customer B	334,274	11.68	None	Customer B	14,484	1.80	None
3	Customer C	219,102	7.82	None	Customer C	316,563	11.06	None	Customer C	-	-	None
	Customer D	280,074	10.00	None	Customer D	-	-	None	Customer D	-	-	None
	Others	1,096,458	39.16	None	Others	1,546,446	54.06	None	Others	371,633	46.06	None
	Net purchases	2,800,179	100.00		Net purchases	2,861,035	100.00		Net purchases	806,693	100.00	

Description: Difference depending on the progress of shipment notice from customers' tenders.

V. Production quantity and amount for the most recent two years

Unit: Quantity: Metric tons; Core km Amount: Thousand NT\$

Major products \ Year	2021			2022		
	Capacity	Production quantity	Production amount	Capacity	Production quantity	Production amount
Rubber cable	15,000	3,175	400,756	15,000	2,313	314,128
Cross-linked PE Wire Cable	18,000	4,554	978,466	18,000	6,987	1,480,450
Communication cable	7,000	1,170	262,897	7,000	1,066	250,590
Bare aluminum wire	5,400	884	83,120	5,400	510	52,485
Optical fiber	350,000	79,600	79,072	350,000	61,788	80,702
Bare copper wire	-	-	-	-	27	3,376
Others	-	1,638	486,530	-	483	234,704
<b>Total</b>			<b>2,290,841</b>			<b>2,416,435</b>

VI. Sales quantity and amount for the most recent two years

Unit: Quantity: Metric tons; Core km Amount: Thousand NTS

Sales quantity and amount		Year	2021		2022	
			Sales quantity	Sales amount	Sales quantity	Sales amount
Major products						
Plastic Wire Cable	Domestic sales		2,935	397,477	2,536	370,092
	Export sales		2	449	0	200
	<b>Total</b>		<b>2,937</b>	<b>397,926</b>	<b>2,536</b>	<b>370,292</b>
Cross-linked PE Wire Cable	Domestic sales		5,282	1,357,079	5,679	1,555,732
	Export sales		124	10,885	498	56,986
	<b>Total</b>		<b>5,406</b>	<b>1,367,964</b>	<b>6,177</b>	<b>1,612,718</b>
Communication Cable	Domestic sales		905	186,837	842	176,484
	Export sales		222	50,916	314	88,542
	<b>Total</b>		<b>1,127</b>	<b>237,753</b>	<b>1,156</b>	<b>265,026</b>
Bare aluminum wire	Domestic sales		676	77,720	542	72,652
	Export sales		0	0	0	0
	<b>Total</b>		<b>676</b>	<b>77,720</b>	<b>542</b>	<b>72,652</b>
Optical fiber	Domestic sales		72,197	96,544	56,479	86,842
	Export sales		0	0	0	0
	<b>Total</b>		<b>72,197</b>	<b>96,544</b>	<b>56,479</b>	<b>86,842</b>
Bare copper wire	Domestic sales		1	260	12	3,838
	Export sales		0	0	0	0
	<b>Total</b>		<b>1</b>	<b>260</b>	<b>12</b>	<b>3,838</b>
Engineering	Domestic sales		0	72,820	0	35,608
	Export sales		0	0	0	0
	<b>Total</b>		<b>0</b>	<b>72,820</b>	<b>0</b>	<b>35,608</b>
Others	Domestic sales		1,175	531,724	424	384,843
	Export sales		313	17,468	314	29,216
	<b>Total</b>		<b>1,488</b>	<b>549,192</b>	<b>738</b>	<b>414,059</b>
Total	Domestic sales		83,171	2,720,461	66,514	2,686,091
	Export sales		661	79,718	1,126	174,944
	<b>Total</b>		<b>83,832</b>	<b>2,800,179</b>	<b>67,640</b>	<b>2,861,035</b>

III. The number of employees for the most recent 2 years, and during the current year up to the date of publication of the annual report, their average years of service, average age, and education distribution.

Year		2021	2022	Current year up to March 31, 2023
Number of employees	Management	53	56	59
	Technical staff	37	37	34
	Operator	119	121	120
	Total		214	213
Average age		44.84	44.82	44.43
Average years of service		13.45	13.54	13.35
Education distribution %	Doctorate	0	0	0
	Master	0.95	0.93	0.94
	University and college	32.06	31.78	31.46
	High school	54.55	55.14	55.86
	Below high school	12.44	12.15	11.74

IV. Information on environmental protection expenditure: The losses suffered due to environmental pollution in the most recent year and in the current year up to the date of publication of the annual report (including penalty and violations of environmental protection laws and regulations resulted from environmental protection audits. The date, content, and reference number of the penalty, the provisions and contents of the laws and regulations violated should be listed), and disclose the estimated amount and corresponding measures that may occur at present and in the future and if it is impossible to make a reasonable estimate, the fact that it is impossible to make a reasonable estimate should be stated):

The date of the penalty	March 13, 2023
The date of the penalty/reference number	March 13, 2023, Tao-Huan-Shi-Zi No. 1120019160
Provision of the laws and regulations violated and disposition	Violated paragraph 1-1, Article 31 of the Waste Disposal Act, and penalty was impose pursuant to Article 52 of the same Act. The environmental protection seminar was imposed pursuant to Article 23 of the Environmental Education Act.
Contents of the laws and regulations violated	A report was filed in July 2021 regarding the output of non-hazardous waste dusts or mixture (D-1099) exceeding by 10% the monthly maximum output (2 tons) specified in Business Waste Cleaning Plan.
Current amount	Fined NT\$6,000 and imposed one-hour environmental protection seminar.
Estimated future loss	None
Corresponding measures	According to Business Waste Cleaning Plan, the maximum monthly output may not exceed 2 tons.

V. Labor Relation

(I) Employee welfare programs, continuing education, training, retirement systems and their implementation, as well as labor-management agreements and various employee rights protection measures.

1. Employee welfare programs, continuing education, training

The Company attaches great importance to employee welfare and provides various welfare programs, including dormitories, uniforms, meals, etc. and also organizes various travel activities and provides our employees with various training opportunities to improve their professional knowledge.

2022 employee education and training summary

Course type	Total course hours	Expenditure (NT\$)
1. Business management		
2. Labor safety and health		
3. Laws and regulations	1,606	146,260
4. Professional techniques		

2. Retirement systems and implementation

- (1) The Company's retirement program is implemented in accordance with the Labor Standards Act, and a Supervisory Committee of Labor Retirement Reserve has been established to ensure labor rights.
- (2) The Company's employee retirement program formulated in accordance with the "Labor Pension Act" is a defined contribution pension plan. Starting from July 1, 2005, 6% of the Company has contributed 6% of employees' monthly salaries to the Bureau of Labor Insurance's individual pension fund account.
- (3) The Company's employee retirement program formulated in accordance with the "Labor Standards Act" is a defined contribution pension plan. Employees' pensions are calculated based on their years of service and average salary (base) of the six months before the approved retirement date. The Company contributes 6% of employees' total monthly salaries to the employees' pension fund since February 2022.2 ( The original contribution rate was 2%), which is deposited by the Supervisory Committee of Labor Retirement Reserve in the name of the committee.

3. Labor-management agreement: The Company's labor-management relationship is cordial, and no labor-management disputes or losses have occurred.

4. Employee rights protection measures: The Company follows the Labor Standards Act as the basic criteria for all of its regulations, and holds regular labor-management meetings to discuss and negotiate on labor rights and interests, and has a complete announcement system to publish the policies and benefits implemented by the Company from time to time.

- (II) Losses incurred due to labor-management disputes in the most recent year and in the current year up to the date of the publication of the annual report (including violations of the Labor Standards Act resulted from labor inspection, the date, content, and reference number of the penalty, the provisions and contents of the laws and regulations violated should be listed) and disclose the estimated amount and corresponding measures that may occur at present and in the future :

The following information was already disclosed in the annual report for the previous year (2021):

The date of the penalty	April 28, 2022
The date of the penalty/reference number	Fu-Lau-Chian-Zhi No.1110112201
The laws and regulations violated and the content of the penalty	Violated paragraph 2, Article 32 of the Labor Standards Act, and fined NT\$50,000 pursuant to subparagraph 1, paragraph 1 of Article 79; also pursuant to paragraph 1 of Article 80-1, the name of company, representative's name, date of disposition, provision violated, and amount of fine were disclosed and the deadline of improvement was designated.
Contents of the laws and regulations violated	Violated paragraph 2, Article 32 of the Labor Standards Act: The extension of working hours, combined with the regular working hours shall not exceed twelve hours a day; the total number of overtime shall not exceed forty-six hours a month; however, the extension of working hours, with the consent of a labor union, or if there is no labor union exists in a business entity, with the approval of a labor-management conference, shall not exceed fifty-four hours a month and one hundred and thirty-eight hours every three months.
Current amount	NT\$50,000
Estimated future loss	None
Corresponding measures	Control the applied overtime hours by employees.

VI. Cyber Security Management:

(I) Risk management framework for cyber security, information and cyber security policies, specific management plans and resources devoted to cyber security management.

1. Cyber security risk management framework

The Information Office of the Company is responsible for formulating the annual information security strategies, integrating and implementing the annual information security plan, discussing and reporting to the president on information security-related issues from time to time, and implementing the effectiveness of information security management measures.

2. Cyber security policy

For the information system, with the assistance of external consultants, the conformity of information operation process to the industry standards and actual operational needs are confirmed, and formal compliance certification has been obtained.

3. Concrete management programs

3.1 Use professional software, regularly conduct internal and external vulnerability scanning and penetration testing, and update the scanned vulnerabilities at the fastest to avoid information security incidents.

3.2 The Company has joined the information security alliance, Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CSIRT) to share information and latest news on information security with alliance members, enhance the overall national joint defense capacity for information security, and safeguard the overall network security in Taiwan together.

3.3 Establish an automatic monitoring system to record the operating status of the system always, and collect relevant records. If any irregularity occurs, an alert will be sent to the relevant personnel immediately, and depending on the seriousness of the situation, the irregularity will be reported to the level below the president (inclusive), to ensure that the and situation of the system would be handle in the swiftest way.

3.4 When connecting to the external network, the system is equipped with firewall and anti-virus software to strengthen the security of the information management system.

3.5 Strengthen propaganda to prevent employees from sending, receiving or downloading emails or software that are not related to business, and eliminate the chance of computer virus infection.

3.6 Transmission of company-related information via e-mail is prohibited without the authorization of the officer in charge.

3.7 Encrypt important software or files and update passwords regularly to avoid misappropriation or plagiarism.

3.8 If employees need other network services, they should submit an application to the officer in charge for approval and have an evaluation by MIS before they can install the network services.

3.9 Regularly update the anti-virus software and detect the anti-virus software version, and train all personnel to turn on the anti-virus software and real-account function to monitor and scan all data files in and out of the computer.

4. Resources invested in cyber security management

Conduct information security promotions from time to time, and conduct relevant tests to ensure that employees retain information security awareness and related knowledge at all times. An appropriate budget for 2023 has been prepared to strengthen information technology and security safeguard.

(II) Losses suffered due to major cyber security incidents in the most recent year and up to the date of publication of the annual report, possible impacts and countermeasures: None.



VII. Important Contracts:

Nature of the contracts	The parties involved	Contract start and end date	Main content	Restriction clause
Sales/installation contract	Taiwan Power Company	2022/08/19 ~2032/08/19	161kV cross-linked PE cable and accessories (procurement and installation)	None
Sales contract	CENTRAL MINT	2023/07/10~ 2023/08/10	Electrolytic copper plates	None
Purchase contract	Taiwan Sojitz Corporation	2023/7~2023/12	Electrolytic copper plates	None
Engineering contract	Lih Hwa Construction Company	2022/11~2023/8	New factory construction	None

## Six. Finance Overview

### I. Condensed balance sheets and comprehensive income statements for the most recent 5 years

#### (I) Condensed balance sheets - IFRS (stand-alone)

Unit: Thousand NT\$

Year		Financial information for the most recent 5 years				
Item		2018	2019	2020	2021	2022
Current assets		2,252,047	2,516,473	2,340,474	1,960,515	2,288,521
Property, plant and equipment		1,238,375	1,175,721	1,389,644	1,320,472	1,284,102
Net investment property		195,793	195,156	192,936	289,931	272,898
Intangible assets		0	0	0	0	0
Other assets		544,825	734,539	1,106,161	1,005,385	979,898
Total assets		4,231,040	4,621,889	5,029,215	4,576,303	4,825,419
Current liabilities	Before distribution	282,025	461,906	374,131	294,252	486,181
	After distribution	354,285	534,164	446,390	390,598	Not yet distributed
Non-current liabilities		31,774	50,761	39,490	41,183	38,768
Total liabilities	Before distribution	313,799	512,667	413,621	335,435	524,949
	After distribution	386,059	584,925	485,880	431,781	Not yet distributed
Equity attributable to shareholders of the parent		3,917,241	4,109,222	4,615,594	4,240,868	4,300,470
Capital stock		2,408,647	2,408,647	2,408,647	1,926,917	1,926,917
Capital surplus		503,895	431,635	359,377	283,083	234,910
Retained earnings	Before distribution	1,226,029	1,280,177	1,526,992	1,785,678	1,989,524
	After distribution	1,226,029	1,280,177	1,526,992	1,737,505	Not yet distributed
Other equity		(221,330)	(11,237)	320,578	245,190	149,119
Treasury stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	3,917,241	4,109,222	4,615,594	4,240,868	4,300,470
	After distribution	3,844,981	4,036,964	4,543,335	4,144,522	Not yet distributed

Note: The financial information of the Company for the most recent 5 years has been audited and attested by CPA.

Condensed comprehensive income statement - IFRS (stand-alone)

Unit: Thousand NT\$

Year Item	Financial information for the most recent 5 years				
	2018	2019	2020	2021	2022
Operating revenues	2,114,672	2,752,856	2,818,659	2,800,179	2,861,035
Operating gross profits (losses)	108,692	171,243	344,521	347,164	324,389
Operating profits (losses)	15,132	63,651	245,288	253,959	226,515
Non-operating income and expense	1,759	17,766	48,875	36,980	77,844
Net profits before tax	16,891	81,417	294,163	290,939	304,359
Net profits (losses) for the period from continuing operations	(10,487)	67,942	241,980	232,916	248,077
Losses from discontinued operations	0	0	0	0	0
Net profits (losses) for the period	(10,487)	67,942	241,980	232,916	248,077
Other comprehensive income for the period (Net after tax)	(86,234)	196,299	336,650	(49,618)	(92,129)
Total comprehensive income for the period	(96,721)	264,241	578,630	183,298	155,948
Net profits attributable to shareholders of the parent	(10,487)	67,942	241,980	232,916	248,077
Net profits attributable to non-controlling interests	0	0	0	0	0
Comprehensive income attributable to shareholders of the parent	(96,721)	264,241	578,630	183,298	155,948
Comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share	(0.04)	0.28	1.00	1.04	1.29

Note: The financial information of the Company for the most recent 5 years has been audited and attested by CPA.

Condensed balance sheets - IFRS (consolidated)

Unit: Thousand NT\$

Item	Year	Financial information for the most recent 5 years					Financial information for the current year up to March 31, 2023 (note 1)
		2018	2019	2020	2021	2022	
Current assets		2,289,841	2,552,613	2,373,258	1,993,434	2,320,660	2,568,991
Property, plant and equipment		1,265,503	1,201,934	1,415,027	1,345,559	1,309,001	1,266,343
Net investment property		195,793	195,156	192,936	289,931	272,898	269,919
Intangible assets		0	0	0	0	0	0
Other assets		483,632	681,436	1,055,733	954,511	928,959	1,119,453
Total assets		4,234,769	4,631,139	5,036,954	4,583,435	4,831,518	5,224,706
Current liabilities	Before distribution	285,754	466,820	378,232	298,452	490,065	744,163
	After distribution	358,014	539,078	450,491	394,798	Not yet distributed	Not applicable
Non-current liabilities		31,774	55,097	43,128	44,115	40,983	41,483
Total liabilities	Before distribution	317,528	521,917	421,360	342,567	531,048	785,646
	After distribution	389,788	594,175	493,619	438,913	Not yet distributed	Not applicable
Equity attributable to shareholders of the parent		3,917,241	4,109,222	4,615,594	4,240,868	4,300,470	4,439,060
Capital stock		2,408,647	2,408,647	2,408,647	1,926,917	1,926,917	1,926,917
Capital surplus		503,895	431,635	359,377	283,083	234,910	234,910
Retained earnings	Before distribution	1,226,029	1,280,177	1,526,992	1,785,678	1,989,524	2,043,373
	After distribution	1,226,029	1,280,177	1,526,992	1,737,505	Not yet distributed	Not applicable
Other equity		(221,330)	(11,237)	320,578	245,190	149,119	233,860
Treasury stock		0	0	0	0	0	0
Non-controlling interests		0	0	0	0	0	0
Total equity	Before distribution	3,917,241	4,109,222	4,615,594	4,240,868	4,300,470	4,439,060
	After distribution	3,844,981	4,036,964	4,543,335	4,144,522	Not yet distributed	Not applicable

Note: The financial information of the Company for the most recent 5 years has been audited and attested by CPA, and the consolidated financial information for the first quarter of 2023 has been reviewed by CPA.

Condensed comprehensive income statement - IFRS (consolidated)

Unit: Thousand NT\$

Item \ Year	Financial information for the most recent 5 years					Current year up to March 31, 2023 Financial information (Note)
	2018	2019	2020	2021	2022	
Operating revenues	2,119,659	2,757,736	2,822,947	2,803,841	2,864,412	807,325
Operating gross profits (losses)	104,071	167,801	340,905	345,102	322,334	113,243
Operating profits (losses)	9,193	59,080	240,642	250,860	223,680	88,883
Non-operating income and expense	7,698	22,337	53,521	40,079	80,679	(21,480)
Net profits (losses) before tax	16,891	81,417	294,163	290,939	304,359	67,403
Net profits (losses) for the period from continuing operations	(10,487)	67,942	241,980	232,916	248,077	53,849
Losses from discontinued operations	0	0	0	0	0	0
Net profits (losses) for the period	(10,487)	67,942	241,980	232,916	248,077	53,849
Other comprehensive income for the period (Net after tax)	(86,234)	196,299	336,650	(49,618)	(92,129)	84,741
Total comprehensive income for the period	(96,721)	264,241	578,630	183,298	155,948	138,590
Net profits attributable to shareholders of the parent	(10,487)	67,942	241,980	232,916	248,077	53,849
Net profits attributable to non-controlling interests	0	0	0	0	0	0
Comprehensive income attributable to shareholders of the parent	(96,721)	264,241	578,630	183,298	155,948	138,590
Comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings per share	(0.04)	0.28	1.00	1.04	1.29	0.28

Note: The financial information of the Company for the most recent 5 years has been audited and attested by CPA, and the consolidated financial information for the first quarter of 2023 has been reviewed by CPA.

(II) The name of CPA for the most recent 5 years and the audit opinions

Year \ Item	The name of CPA	Audit opinion
2018	Deloitte and Touche Zeli Gong Jingting Yang	An unqualified opinion
2019	Deloitte and Touche Zeli Gong Jingting Yang	An unqualified opinion
2020	Deloitte and Touche Zeli Gong Wenyuan Zhuang	An unqualified opinion
2021	Deloitte and Touche Zeli Gong Wenyuan Zhuang	An unqualified opinion
2022	Deloitte and Touche Zeli Gong Wenyuan Zhuang	An unqualified opinion

II. Financial analysis for the most recent 5 years - IFRS (stand-alone)

Analysis	Year item	Financial information for the most recent 5 years				
		2018	2019	2020	2021	2022
Capital structure %	Debts to assets ratio (Note 1)	7.42	11.09	8.22	7.33	10.88
	Long-term capital to property, plant, and equipment ratio	275.35	302.31	294.15	265.90	278.69
Liquidity %	Current ratio (Note 1)	798.53	544.80	625.58	666.27	470.71
	Quick ratio (Note 1)	587.68	364.34	422.85	357.51	253.88
	Interests coverage multiplier (Note 2)	412.98	226.53	994.79	1,808.07	204.77
Operating performance	Accounts receivable turnover rate (times) (Note 3)	4.75	5.88	6.51	8.45	6.85
	Average collection days (Note 3)	76	62	56	43	53
	Inventory turnover rate (times)	3.53	3.68	3.14	2.95	2.6
	Accounts payable turnover rate (times)	12.96	10.00	8.72	13.44	15.30
	Average sales days	103	99	116	124	140
	Property, plant and equipment turnover rate (times)	1.64	2.27	2.18	2.05	2.18
	Total assets turnover rate (times)	0.49	0.62	0.58	0.58	0.61
Profitability	Return on assets (%)	(0.24)	1.54	5.02	4.85	5.30
	Return on equity (%)	(0.26)	1.69	5.55	5.26	5.81
	Profits before tax to paid-in capital (%)	0.70	3.38	12.21	15.10	15.80
	Net profits margin (%)	(0.50)	2.47	8.58	8.32	8.67
	Earnings per share (NT\$)	(0.04)	0.28	1	1.04	1.29
Cash flow	Cash flow ratio (%) (Note 4)	67.97	(51.30)	111.11	4.99	(20.32)
	Cash flow adequacy ratio (%) (Note 5)	65.24	47.48	98.09	50.27	21.83
	Cash flow reinvestment ratio (Note 4)	2.39	(6.19)	6.57	(1.25)	(4.21)
Leverage	Operating leverage	11.84	3.65	1.58	1.50	1.58
	Financial leverage	1.00	1.01	1.00	1.00	1.01

Please explain the reasons for the changes in various financial ratios for the most recent 2 years: (increase or decrease is more than 20%)

Note 1: The increase was mainly due to the increase in short-term borrowings for operational needs after the capital reduction.

Note 2: The decrease was mainly due to the increase in short-term borrowings and the increase in interest expenses.

Note 3: The turnover rate decreased and the number of collection days increased due to the increase in average accounts receivable.

Note 4: The cash flow from operating activities in 2022 is the net cash outflow, it is not intended to be analyzed.

Note 5: The ratio decreased due to the decrease in cash inflows from operating activities as a result of the increase in account receivables and inventories.

## Financial analysis - IFRS (consolidated)

Analysis		Financial information for the most recent 5 years					Current year up to March 31, 2023 Financial information
		2018	2019	2020	2021	2022	
Year item							
Capital structure %	Debts to assets ratio (Note 1)	7.50	11.27	8.37	7.47	10.99	15.04
	Long-term capital to property, plant, and equipment ratio	270.24	298.07	289.73	262.00	274.45	291.65
Liquidity %	Current ratio(Note 1)	801.33	546.81	627.46	667.92	473.54	345.22
	Quick ratio(Note 1)	592.34	367.76	426.48	362.81	257.93	180.82
	Interests coverage multiplier (Note 2)	412.98	191.67	818.12	1,354.20	199.06	117.75
Operating performance	Accounts receivable turnover rate (times) (Note 3)	4.76	5.89	6.51	8.45	6.85	5.98
	Average collection days (Note 3)	77	62	56	43	53	61
	Inventory turnover rate (times)	3.53	3.68	3.15	2.95	2.60	2.47
	Accounts payable turnover rate (times)	13.01	10.03	8.75	13.46	15.32	10.08
	Average sales days	103	99	116	124	140	148
	Property, plant and equipment turnover rate (times)	1.61	2.22	2.15	2.02	2.14	2.49
	Total assets turnover rate (times)	0.49	0.62	0.58	0.58	0.61	0.64
Profitability	Return on assets (%)	(0.24)	1.54	5.01	4.85	5.30	4.33
	Return on equity (%)	(0.26)	1.69	5.55	5.26	5.81	4.93
	Profits before tax to paid-in capital (%)	0.70	3.38	12.21	15.10	15.80	3.5
	Net profits margin (%)	(0.49)	2.46	8.57	8.31	8.66	6.67
	Earnings per share (NT\$)	(0.04)	0.28	1	1.04	1.29	0.28
Cash flow	Cash flow ratio (%)(Note4)	65.94	(51.32)	109.27	4.25	(20.21)	(8.91)
	Cash flow adequacy ratio (%)(Note5)	60.01	44.25	96.27	49.08	21.02	1.62
	Cash flow reinvestment ratio (Note4)	2.32	(6.24)	6.51	(1.29)	(4.21)	(1.41)
Leverage	Operating leverage	19.03	3.89	1.60	1.51	1.59	1.38
	Financial leverage	1.00	1.01	1.00	1.00	1.01	1.01
Please explain the reasons for the changes in various financial ratios for the most recent 2 years: (increase or decrease is more than 20%) Note 1: The increase was mainly due to the increase in short-term borrowings for operational needs after the capital reduction. Note 2: The decrease was mainly due to the increase in short-term borrowings and the increase in interest expenses. Note 3: The turnover rate decreased and the number of collection days increased due to the increase in average accounts receivable. Note 4: The cash flow from operating activities in 2022 is the net cash outflow, it is not intended to be analyzed. Note 5: The ratio decreased due to the decrease in cash inflows from operating activities as a result of the increase in account receivables and inventories.							



Note 1: The financial information of the Company for the most recent 5 years has been audited and attested by CPA, and the consolidated financial information for the first quarter of 2023 has been audited and attested by CPA.

Note 2: Financial analysis formula:

1. Capital structure
  - (1) Debts to assets ratio = total liabilities/total assets
  - (2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment
2. Liquidity
  - (1) Current ratio = current assets/current liabilities
  - (2) Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities
  - (3) Interests coverage multiplier = net profits before tax and interest expense/interest expense for the period
3. Operating performance
  - (1) Receivable (including accounts receivable and notes receivable from business operations) turnover rate = net sales / balance of average accounts receivable for various periods (including accounts receivable and notes receivable from business operations).
  - (2) Average collection days = 365/accounts receivable turnover rate
  - (3) Inventory turnover rate = costs of goods sold/average inventory
  - (4) Payable (including accounts payable and notes payable from business operations) turnover rate = costs of goods sold / balance of average accounts payable for various periods (including accounts payable and notes payable from business operations).
  - (5) Average sales days = 365/inventory turnover rate
  - (6) Property, plant, and equipment turnover rate = net sales/average property, plant, and equipment
  - (7) Total assets turnover rate = net sales/average total assets
4. Profitability
  - (1) Return on assets = [net profits after tax + interest expense x (1 - tax rate)]/average total assets
  - (2) Return on equity = net profits after tax/average total equity
  - (3) Net profits margin = net profits after tax/net sales
  - (4) Earnings per share = (net profits attributable to shareholders of the parent - preferred stock dividend)/weighted average number of shares outstanding
5. Cash flow
  - (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
  - (2) Cash flow adequacy ratio = sum of net cash flow from operating activities for the most recent 5 years / sum of capital expenditures, inventory additions, and cash dividend for the most recent 5 years
  - (3) Cash flow reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capitals).
6. Leverage
  - (1) Operating leverage = (net operating revenues - variable operating costs and expenses) / operating profits.
  - (2) Financial leverage = operating profits / (operating profits - interest expense).

III. Audit Committee's review report of the financial statements for the most recent year

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**

**Audit Committee's Review Report**

The Board of Directors prepared the Company's 2022 business report, financial statements (stand-alone and consolidated) and earnings distribution proposal. CPA Zeli Gong and Wenyuan Zhuang from Deloitte and Touche have audited the financial statements (stand-alone and consolidated) and have issued an audit report. The above-mentioned business report, financial statements (stand-alone and consolidated) and earnings distribution proposal have been reviewed by the Audit Committee and no discrepancies have been found and a report was prepared for your review according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To  
The 2023 regular shareholder meeting of HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

Chairperson of the Audit Committee:

May 12, 2023

IV. Financial statements for the most recent year: Please refer to pages 83 to 144.

V. The stand-alone financial statements of the Company for the most recent year, audited and attested by CPA: Please refer to pages 145 to 222.

VI. If the Company or its affiliates have experienced financial difficulties in the most recent year or during the current year up to the date of publication of the annual report, their effects on the Company's financial status should be described: None.

## Seven. Review and analysis of financial status and financial performance and risk

### I. Review and analysis of financial status - IFRS (consolidated)

Unit: Thousand NT\$

Item	Year	2022	2021	Difference	
				Amount	%
Current assets		2,320,660	1,993,434	327,226	16.42
Property, plant and equipment		1,309,001	1,345,559	(36,558)	(2.72)
Net investment property		272,898	289,931	(17,033)	(5.87)
Intangible assets		0	0	0	0
Other assets		928,959	954,511	(25,552)	(2.68)
Total assets		4,831,518	4,583,435	248,083	5.41
Current liabilities(Note 1)		490,065	298,452	191,613	64.20
Non-current liabilities		40,983	44,115	(3,132)	(7.10)
Total liabilities(Note 1)		531,048	342,567	188,481	55.02
Equity attributable to shareholders of the parent		4,300,470	4,240,868	59,602	1.41
Capital stock		1,926,917	1,926,917	0	0
Capital surplus		234,910	283,083	(48,173)	(17.02)
Retained earnings		1,989,524	1,785,678	203,846	11.42
Other equity (Note 2)		149,119	245,190	(96,071)	(39.18)
Treasury stock		0	0	0	0
Non-controlling interests		0	0	0	0
Total equity		4,300,470	4,240,868	59,602	1.41

The explanation is as follows: items with a more than 20% change and the amount of the change is more than NT\$10 million between the previous and the current period  
 Note 1: Current liabilities: Mainly due to increase in short-term borrowings.  
 Note 2: Other equity: Decrease in unrealized valuation gain on financial assets measured at fair value through other comprehensive income.

II. Review and analysis of financial performance - IFRS (consolidated)

Unit: Thousand NT\$

Item	Year	2022	2021	Increase (decrease) amount	Change (%)
Net operating revenues		2,864,412	2,803,841	60,571	2.16
Operating costs		2,542,078	2,458,739	83,339	3.39
Operating gross profits		322,334	345,102	(22,768)	(6.60)
Operating expenses		98,654	94,242	4,412	4.68
Operating profits		223,680	250,860	(27,180)	(10.83)
Non-operating income and expense (Note 1)		80,679	40,079	40,600	101.30
Profits before tax		304,359	290,939	13,420	4.61
Tax expense		56,282	58,023	(1,741)	(3.00)
Net profits (losses) for the period		248,077	232,916	15,161	6.51
Net other comprehensive income for the period (Note 2)		(92,129)	(49,618)	(42,511)	85.68
Comprehensive income for the period		155,948	183,298	(27,350)	(14.92)

Analysis and explanation of increase or decrease % (items with a more than 20% change and the amount of the change is more than NT\$10 million between the previous and the current period)

Note 1. The increase in non-operating income and expenses was mainly due to the increase in dividend income and gain on financial assets at fair value through profit or loss (unrealized gold valuation gain).

Note 2. The decrease in other comprehensive income for the period was mainly due to the decrease in unrealized gain or loss on valuation of equity instruments measured at fair value through other comprehensive income or loss (unrealized valuation gain on investment).

III. Review and analysis of cash flow

(i). Analysis of changes in cash flow for the most recent year

Unit: Thousand NT\$

Item \ Year	2022	2021	Increase (decrease) %
Cash flow ratio (Note 1)	(20.21)	4.25	(575.53%)
Cash flow adequacy ratio(Note 2)	21.02	49.08	(57.17%)
Cash flow reinvestment ratio(Note 1)	(4.21)	(1.29)	226.36

Analysis and explanation of increase or decrease %: (increase or decrease is more than 20%)  
 Note 1: The cash flow from operating activities in 2022 is the net cash outflow, it is not intended to be analyzed.  
 Note 2: The ratio decreased due to the decrease in cash inflows from operating activities as a result of the increase in account receivables and inventories.

(ii). Analysis of cash liquidity for the coming year

Unit: Thousand NT\$

Cash balance as of 2022.12.31①	Estimated 2023 net cash flow from operating activities②	Estimated 2023 cash outflow③	Estimated cash balance (shortfall) ①+②-③	Remedies for estimated cash shortfall	
				Investment plan	Financing plan
145,087	270,500	278,000	137,587	--	--

IV. Effect of major capital expenditures on finance and business matters in the most recent year: None

V. Reinvestment policy for the most recent year, the main reasons for profit or loss, improvement plan and investment plan for the coming year.

- (1) Investment policy for the most recent year: The Company's reinvestments are made with long-term operations as the development strategy. In view of the frequent food safety scandals in recent years, the Company invested in the Muchon Organic Farm Co., Ltd. in July 2014 in order to further cultivate the market and explore the opportunities of organic agriculture.
- (2) Overview of the gain and loss from major investments in the most recent year: Please refer to the note 34.(ii) to the 2022 financial statements. The main reason for the loss is that it takes time to establish a brand image and expand market but best efforts will be made to establish various marketing channels and participate in the organic agriculture market to break through the existing bottleneck. The profitability status has gradually improved compared with the previous period.
- (3) Investment plan for the coming year: To conservatively adapt to the reinvested enterprises and continue to cultivate the organic agriculture market.

VI. Risk

(I) The impact of the changes in interest rate and exchange rate, and inflation on the Company's profitability in the most recent year and in the current year up to the date of publication of the annual report and future corresponding measures

1. The impact of the change in interest rate on the Company's profitability in the most recent year and in the current year up to the date of publication of the annual report and future corresponding measures:

As of December 31, 2022, the balance of borrowing was NT\$149,319 thousand. If interest rate would increase (decrease) by one yard (0.25% per annum), the net profits before tax would decrease (increase) by NT\$373 thousand, and the impact of interest expense on earnings per share for the year would be NT\$0.0019.

The Company's corresponding measures to changes in interest rate:

- (1) Actively seek preferential interest rate from financial institutions and plan and control capital positions.
- (2) Regularly evaluate the loan interest rate of financial institutions and obtain the average market interest rate to stay in the most favorable loan interest rate range.

2. The impact of the change in exchange rate on the Company's profitability in the most recent year and in the current year up to the date of publication of the annual report and future corresponding measures:  
The exchange profit in 2022 was NT\$3,893 thousand, and the impact on earnings per share was NT\$0.020.  
The Company's corresponding measures to changes in exchange rate:
    - (1) Adopt natural hedging of the same currency between receipt and payment.
    - (2) Depending on the demand for capital and the fluctuation of exchange rate, stay in contact with bank foreign exchange units, pay attention to the trend of exchange rate, and make proper use of foreign currency accounts to adjust the foreign currency positions held.
  3. The impact of inflation on the Company's profitability in the most recent year and in the current year up to the date of publication of the annual report and future corresponding measures  
The Company's products are not general consumer products, so inflation has no specific impact on the Company.
- (II) Policies on high-risk, highly-leveraged investments, lending funds others, endorsement and guarantee, and derivatives transactions in the most recent year and in the current year up to the date of publication of the annual report, major reasons for gain or loss, and future corresponding measures:
1. The Company did not engage in high-risk, highly-leveraged investments in the most recent year.
  2. The Company and its affiliates have conducted relevant transactions in accordance with the "Operating Procedures for Lending Funds to Others", "Implementation Measures of Endorsement and Guarantee" and "Processing Procedures for Engagements in Derivatives Transactions". In the most recent year, the Company and its affiliates did not engage in lending funds to others, endorsement or guarantee, or derivatives transactions.
- (III) Future R&D plans and estimated R&D expenses during the most recent year or during the current year up to the date of publication of the annual report: It is estimated that the R&D investment in 2023 will be NT\$3.55 million, which will continue to be targeted at high value-added products such as super heat-resistant steel core aluminum wires, power cables for green energy industry development, and UHV power cables for domestic and foreign markets, required for overhead power transmission systems.
- (IV) The impact of important domestic and foreign policy and legal changes on the Company's finance and business in the most recent year and in the current year up to the date of publication of the annual report and corresponding measures: None.
- (V) The impact of important changes in technology (Including cyber security risk) or industry on the Company's finance and business in the most recent year and in the current year up to the date of publication of the annual report and corresponding measures:  
In recent years, information security incidents including cyber attacks and ransomware have been frequent, and the COVID-19 pandemic has made remote working a new norm. In order to ensure the normal operation of the Company and information security, the user's identity authentication mechanism is one of the essential control.
- (VI) The impact of change in corporate image in the most recent year and in the current year up to the date of publication of the annual report on corporate crisis management and corresponding measures: None.
- (VII) Expected benefits and possible risks of mergers and acquisitions in the most recent year and in the current year up to the date of publication of the annual report and corresponding measures : None.
- (VIII) Expected benefits and possible risks of plant expansion in the most recent year and in the current year up to the date of publication of the annual report and corresponding measures : None.
- (IX) Risks of concentrations of purchases or sales in the most recent year and in the current year up to the date of publication of the annual report and corresponding measures : None.
- (X) The impact on the Company and risks of the massive transfer or change of shares of directors, supervisors or major shareholders with 10% stake or more in the most recent year and in the current year up to the date of publication of the annual report and corresponding measures: None.
- (XI) The impact on the Company and risks of change in management rights in the most recent year and in the current year up to the date of publication of the annual report and corresponding measures: None.
- (XII) Litigation or non-litigation events in the most recent year and in the current year up to the date of publication of the annual report: None.
- (XIII) Other major risks in the most recent year and in the current year up to the date of publication of the annual report and corresponding measures : None.

VII. Other important matters: None

**Eight. Special Matters**

- I. Information on the Company's affiliates
  - (I) The consolidated business report of affiliates

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HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

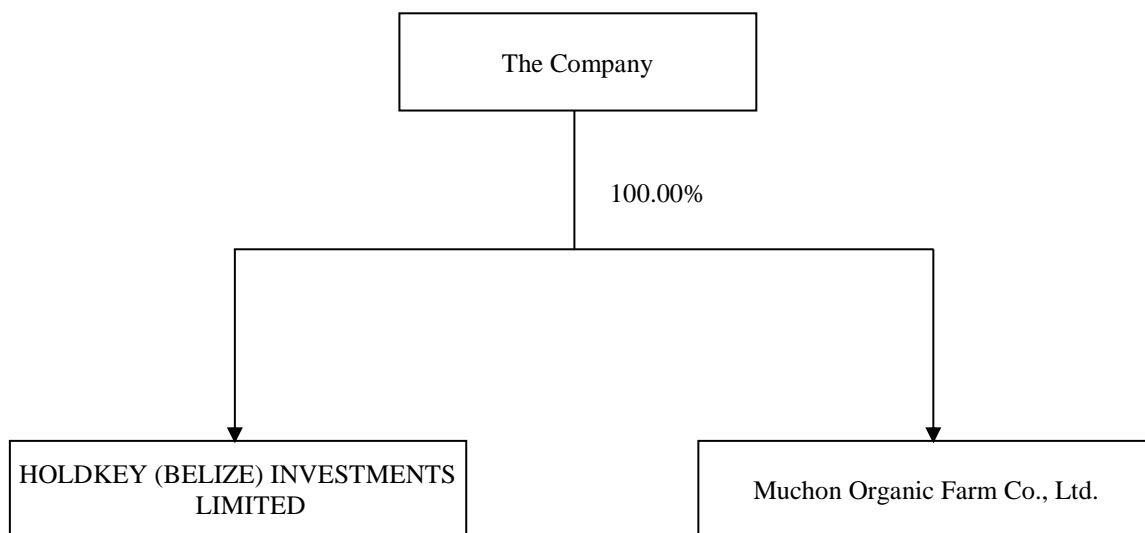
The consolidated business report of affiliates

2022

I. Affiliate overview

(I) Affiliate organization chart

<u>Affiliate name</u>	<u>Shareholding %</u>
Controlling company and subordinate	
HOLDKEY (BELIZE) INVESTMENTS LIMITED	100.00%
Muchon Organic Farm Co., Ltd.	100.00%



## (II) Information on affiliates

December 31, 2022 Unit: Thousand NT\$

Enterprise name	Date of Incorporation	Address	Paid-in capital	Major business and production items
HOLDKEY (BELIZE) INVESTMENTS LIMITED	2000.06.19	60 Market Square, P.O.Box364, Belize City, Belize	346,448 (USD 10,237) (HKD 1,000)	Investment
Muchon Organic Farm Co., Ltd.	2008.08.11 (Shareholding as of 2014.07.01)	3F., No. 36-10, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City.	130,000	Crop cultivation and wholesale

## (III) Information on the shareholders in common of the Company and affiliates presumed to be in a controlling and subordinate relation

December 31, 2022 Unit: shares; %

Controlling company name	Control reason	Shareholding and pledging of the controlling company			Directors, supervisors or managerial officers appointed by the controlling company	
		Shareholding	Shareholding %	Number of pledged shares	Title	Name
SOL YOUNG ENTERPRISES CO., LTD.	Juristic-person director of the Company	62,045,531	32.20%	-	Chairperson	Biqi Yang

- (IV) Industries covered by the business of the overall affiliates  
 HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. is a reinvested company of HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. in the 3rd area.  
 Muchon Farm Co., Ltd. is a crop cultivation and wholesale company invested by HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

- (V) Directors, supervisors and general managers of affiliates

December 31, 2022 Unit: shares; %

Enterprise name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding %
HOLDKEY (BELIZE) INVESTMENTS LIMITED	Chairperson	HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.: Biqi Yang	9,971,519	100.00
Muchon Farm Co., Ltd.	Chairperson	HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.	13,000,000	100.00

II. Affiliate Operations Overview

December 31, 2022 Unit: Thousand NT\$

Enterprise name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating profits (losses)	Net profits (losses) for the period (after tax)	earnings (losses) per share (NT\$) (after tax)
HOLDKEY (BELIZE) INVESTMENTS LIMITED	333,245 (USD 9,842 ) (HKD 1,000 )	6,223 (USD 203)	- (USD - )	6,223 (USD 203)	-	(55) (USD -2)	(34) (USD -1)	( 0.00) (USD -0.0001)
Muchon Farm Co., Ltd.	130,000	53,876	6,109	47,767	3,495	(2,780)	(1,275)	(0.10)

Note: 100% shareholding as of 2014.07.01

(II) The consolidated business report of affiliated enterprises

The statement of the consolidated business report of affiliated enterprises

The entities required to be included in the consolidated financial statements of the Company as of and for the year ended December 31, 2022 under the “Criteria Governing 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 IFRS No. 10 “Consolidated Financial Statements” endorsed by the Financial Supervisory Commission. In addition, the information required to be disclosed according to the Criteria is included in the consolidated financial statements prepared in conformity with IFRS No. 10. Consequently, The Company and affiliates do not prepare a separate set of consolidated financial statements.  
Hereby declare

HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

Responsible person: Biqi Yang

March 24, 2023

- (III) The consolidated business report of affiliates: None
- II. Private placement of securities during the most recent year or during the current year up to the date of publication of the annual report: None
- III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent year or during the current year up to the date of publication of the annual report: None.
- IV. Other matters that require additional explanation: None.

**Nine. If any of the situations listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholder equity or the price of the Company's securities, has occurred during the most recent year or during the current year up to the date of publication of the annual report: None.**

Financial statements for the most recent year

- (I) CPA's audit report
- (II) Balance sheets
- (III) Comprehensive income statement
- (IV) Statement of changes in equity
- (V) Cash flow statement

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Hold-Key Electric Wire & Cable Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Hold-Key Electric Wire & Cable Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



### Revenue Recognition

The Group's revenue, which comes from sales of wires and cables to domestic contractors, is recognized upon the customers' acceptance of the products based on the agreed upon conditions. Since the amount of such revenue is significant to the consolidated financial statements, we considered the occurrence of such revenue as a key audit matter for the year ended December 31, 2022.

To address this matter, we evaluated the Group's revenue recognition policy and the design and implementation of internal controls for such revenue and conducted the relevant internal control test and substantive test. We selected samples of such recorded sales revenue and verified them against the contract, customers' acceptance documents, sales orders, invoices, etc., and confirmed the occurrence of this type of revenue transactions.

### **Other Matter**

We have also audited the financial statements of Hold-Key Electric Wire & Cable Co., Ltd. as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Tza-Li Gung and Wen-Yuan Chuang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 24, 2023

Notice to Readers

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

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

# HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 145,087	3	\$ 176,505	4
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	176,715	4	157,113	3
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	96,614	2	93,689	2
Financial assets at amortized cost - current (Notes 4, 9 and 29)	28,407	1	28,408	1
Contract assets - current (Notes 4 and 22)	269,035	6	267,778	6
Notes receivable (Notes 4, 10, 22 and 28)	26,416	-	36,115	1
Trade receivables (Notes 4, 10, 22 and 28)	460,694	9	303,131	7
Other receivables (Note 10)	6,274	-	10,953	-
Inventories (Notes 4, 5 and 11)	1,048,506	22	906,904	20
Other current assets (Note 17)	<u>62,912</u>	<u>1</u>	<u>12,838</u>	<u>-</u>
Total current assets	<u>2,320,660</u>	<u>48</u>	<u>1,993,434</u>	<u>44</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	805,741	17	905,744	20
Contract assets - non-current (Notes 4 and 22)	46,660	1	-	-
Property, plant and equipment (Notes 4, 14 and 29)	1,309,001	27	1,345,559	30
Right-of-use assets (Notes 4 and 15)	10,127	-	12,312	-
Investment properties (Notes 4, 16 and 29)	272,898	6	289,931	6
Deferred tax assets (Notes 4, 5 and 24)	23,592	-	24,517	-
Other non-current assets (Note 17)	<u>42,839</u>	<u>1</u>	<u>11,938</u>	<u>-</u>
Total non-current assets	<u>2,510,858</u>	<u>52</u>	<u>2,590,001</u>	<u>56</u>
<b>TOTAL</b>	<u>\$ 4,831,518</u>	<u>100</u>	<u>\$ 4,583,435</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 4 and 18)	\$ 149,319	3	\$ -	-
Contract liabilities - current (Notes 4 and 22)	31,585	1	29,244	1
Notes payable	445	-	429	-
Trade payables to unrelated parties	162,919	3	128,715	2
Trade payables to related parties (Note 28)	23,944	-	15,476	-
Other payables (Note 19)	86,889	2	84,038	2
Current tax liabilities (Notes 4 and 24)	27,666	1	33,319	1
Lease liabilities - current (Notes 4 and 15)	4,787	-	4,769	-
Other current liabilities (Note 19)	<u>2,511</u>	<u>-</u>	<u>2,462</u>	<u>-</u>
Total current liabilities	<u>490,065</u>	<u>10</u>	<u>298,452</u>	<u>6</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 24)	4,394	-	474	-
Lease liabilities - non-current (Notes 4 and 15)	5,416	-	7,608	-
Other non-current liabilities (Notes 19, 20 and 28)	<u>31,173</u>	<u>1</u>	<u>36,033</u>	<u>1</u>
Total non-current liabilities	<u>40,983</u>	<u>1</u>	<u>44,115</u>	<u>1</u>
Total liabilities	<u>531,048</u>	<u>11</u>	<u>342,567</u>	<u>7</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 4, 8 and 21)</b>				
Ordinary shares	<u>1,926,917</u>	<u>40</u>	<u>1,926,917</u>	<u>42</u>
Capital surplus	<u>234,910</u>	<u>5</u>	<u>283,083</u>	<u>6</u>
Retained earnings				
Legal reserve	358,541	7	332,672	7
Unappropriated earnings	<u>1,630,983</u>	<u>34</u>	<u>1,453,006</u>	<u>32</u>
Total retained earnings	<u>1,989,524</u>	<u>41</u>	<u>1,785,678</u>	<u>39</u>
Other equity				
Exchange differences on translation of the financial statements of foreign operations	6,875	-	6,259	-
Unrealized valuation gain on financial assets at fair value through other comprehensive income	<u>142,244</u>	<u>3</u>	<u>238,931</u>	<u>6</u>
Total other equity	<u>149,119</u>	<u>3</u>	<u>245,190</u>	<u>6</u>
Total equity attributable to owners of the parent	<u>4,300,470</u>	<u>89</u>	<u>4,240,868</u>	<u>93</u>
<b>TOTAL</b>	<u>\$ 4,831,518</u>	<u>100</u>	<u>\$ 4,583,435</u>	<u>100</u>

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

# HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22, 28 and 35)	\$ 2,864,412	100	\$ 2,803,841	100
OPERATING COSTS (Notes 11, 20, 23 and 28)	<u>2,542,078</u>	<u>89</u>	<u>2,458,739</u>	<u>88</u>
GROSS PROFIT	<u>322,334</u>	<u>11</u>	<u>345,102</u>	<u>12</u>
OPERATING EXPENSES (Notes 20, 23 and 28)				
Selling and marketing expenses	49,004	2	47,814	2
General and administrative expenses	46,086	1	41,540	1
Research and development expenses	<u>3,564</u>	<u>-</u>	<u>4,888</u>	<u>-</u>
Total operating expenses	<u>98,654</u>	<u>3</u>	<u>94,242</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>223,680</u>	<u>8</u>	<u>250,860</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 23 and 35)	701	-	1,525	-
Other income (Notes 23 and 35)	57,288	2	42,452	1
Other gains and losses (Notes 13, 23 and 35)	24,293	-	(3,683)	-
Finance costs (Notes 23 and 35)	<u>(1,603)</u>	<u>-</u>	<u>(215)</u>	<u>-</u>
Total non-operating income and expenses	<u>80,679</u>	<u>2</u>	<u>40,079</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	304,359	10	290,939	10
INCOME TAX EXPENSE (Notes 4, 5 and 24)	<u>56,282</u>	<u>2</u>	<u>58,023</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>248,077</u>	<u>8</u>	<u>232,916</u>	<u>8</u>

(Continued)

# HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 2,210	-	\$ (1,237)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(94,955)	(3)	(48,835)	(2)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>616</u>	<u>-</u>	<u>454</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>(92,129)</u>	<u>(3)</u>	<u>(49,618)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 155,948</u>	<u>5</u>	<u>\$ 183,298</u>	<u>6</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 1.29</u>		<u>\$ 1.04</u>	
Diluted	<u>\$ 1.28</u>		<u>\$ 1.04</u>	

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

(Concluded)

## HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Retained Earnings						Other Equity		Total	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2021	\$ 2,408,647	\$ 359,377	\$ 307,990	\$ 11,237	\$ 1,207,765	\$ 1,526,992	\$ 5,805	\$ 314,773	\$ 320,578	\$ 4,615,594
Appropriation of the 2020 earnings										
Legal reserve	-	-	24,682	-	(24,682)	-	-	-	-	-
Special reserve	-	-	-	(11,237)	11,237	-	-	-	-	-
Issuance of cash dividends from capital surplus	-	(72,259)	-	-	-	-	-	-	-	(72,259)
Capital reduction	(481,730)	-	-	-	-	-	-	-	-	(481,730)
Disposal of investments accounted for using the equity method	-	(4,035)	-	-	-	-	-	-	-	(4,035)
Net profit for the year ended December 31, 2021	-	-	-	-	232,916	232,916	-	-	-	232,916
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(1,237)	(1,237)	454	(48,835)	(48,381)	(49,618)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	231,679	231,679	454	(48,835)	(48,381)	183,298
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	27,007	27,007	-	(27,007)	(27,007)	-
BALANCE AT DECEMBER 31, 2021	1,926,917	283,083	332,672	-	1,453,006	1,785,678	6,259	238,931	245,190	4,240,868
Appropriation of the 2021 earnings										
Legal reserve	-	-	25,869	-	(25,869)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(48,173)	(48,173)	-	-	-	(48,173)
Issuance of cash dividends from capital surplus	-	(48,173)	-	-	-	-	-	-	-	(48,173)
Net profit for the year ended December 31, 2022	-	-	-	-	248,077	248,077	-	-	-	248,077
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	2,210	2,210	616	(94,955)	(94,339)	(92,129)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	250,287	250,287	616	(94,955)	(94,339)	155,948
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,732	1,732	-	(1,732)	(1,732)	-
BALANCE AT DECEMBER 31, 2022	\$ 1,926,917	\$ 234,910	\$ 358,541	\$ -	\$ 1,630,983	\$ 1,989,524	\$ 6,875	\$ 142,244	\$ 149,119	\$ 4,300,470

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

# HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 304,359	\$ 290,939
Adjustments for:		
Depreciation expense	62,992	62,554
Amortization expense	-	1
Loss (reversal of) expected credit loss on trade receivables	2,474	(158)
Net (gain) loss on fair value changes of financial assets designated as at fair value through profit or loss	(19,602)	10,395
Finance costs	1,603	215
Interest income	(701)	(1,525)
Dividend income	(44,920)	(32,901)
(Gain) loss on disposal of property, plant and equipment	(883)	86
Gain on disposal of investment accounted for using the equity method	-	(4,448)
Write-downs of inventories	335	15,595
Reversal of write-downs of inventories	-	(20,113)
Net (gain) loss on foreign currency exchange	(801)	288
Other non-cash items	-	(12)
Changes in operating assets and liabilities		
Contract assets	(47,578)	(27,708)
Notes receivable	9,760	(9,329)
Trade receivables	(159,559)	(13,140)
Other receivables	(824)	(2,626)
Inventories	(141,937)	(144,812)
Other current assets	(50,074)	27,689
Other non-current assets	-	(65)
Contract liabilities	2,341	9,110
Notes payable	16	139
Trade payables	42,597	(76,149)
Other payables	2,591	(1,881)
Other current liabilities	49	(3,194)
Other non-current liabilities	(2,098)	(235)
Cash (used in) generated from operations	(39,860)	78,715
Interest paid	(1,537)	(215)
Income tax paid	(57,642)	(65,810)
Net cash (used in) generated from operating activities	<u>(99,039)</u>	<u>12,690</u>

(Continued)



# HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (9,690)
Proceeds from sale of financial assets at fair value through other comprehensive income	2,123	73,196
Proceeds from capital reduction by return of shares - financial assets at FVTOCI	5,504	-
Purchase of financial assets at amortized cost	(19,015)	(42,408)
Proceeds from sale of financial assets at amortized cost	19,016	50,000
Proceeds from sale of investments in associates	-	1,484
Payments for property, plant and equipment	(8,576)	(48,056)
Proceeds from sale of property, plant and equipment	5,500	-
Increase in refundable deposits	(19,802)	(11,221)
Decrease in refundable deposits	18,080	11,708
Payments for investment properties	-	(21,609)
Increase in prepayments for equipment	(29,223)	(626)
Interest received	698	1,624
Other dividends received	<u>44,920</u>	<u>32,901</u>
Net cash generated from investing activities	<u>19,225</u>	<u>37,303</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase repayments of short-term borrowings	149,319	-
Proceeds from guarantee deposits received	150	3,496
Refunds of guarantee deposits received	(150)	(3,450)
Repayment of the principal portion of lease liabilities	(5,193)	(4,380)
Cash dividends	(96,346)	(72,259)
Payment for reduction of capital	<u>-</u>	<u>(481,730)</u>
Net cash generated from (used in) financing activities	<u>47,780</u>	<u>(558,323)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>616</u>	<u>(47)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(31,418)	(508,377)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>176,505</u>	<u>684,882</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 145,087</u>	<u>\$ 176,505</u>

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

(Concluded)

# HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Hold-Key Electric Wire & Cable Co., Ltd. (the “Company”) was established in Taipei, Taiwan in March 1989 and its factories are located in Taoyuan, Taiwan. The Company mainly manufactures and sells XLPE power cables, electric cables, aluminum cables, rubber cables, communication cables, fiber optic cables, LAN cables, cable accessories, etc. and is also engaged in the import and export of the aforementioned products and lease of properties.

The Company’s shares are listed and have been traded on the Taiwan Stock Exchange since September 2000.

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the “Group”, are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on March 24, 2023.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to

transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group assesses that the application of above standards and interpretations have no material impact on the Group's financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, other regulations and IFRSs as endorsed and issued into effect by the FSC.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

- c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

The Group is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Refer to Note 12 and Table 3 for detailed information of subsidiaries (including the percentage of ownership and main business).

e. Business combinations

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

f. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not translated using the exchange rate at the date of the transaction.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and the entities in the Group (including subsidiaries and associates in other countries that use currencies which are the different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates. If the Group's ownership interest is reduced due to the additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, plant and equipment

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

j. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Freehold investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

k. Impairment of property, plant and equipment, right-of-use assets, investment properties and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and investment properties to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories and property, plant and equipment related to the contract shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the corresponding carrying amount of the asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

#### 1. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

##### Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

##### 1) Measurement categories

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

##### a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 27.



## b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, notes receivable, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of the financial asset; and
- ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Cash equivalents include time deposits, commercial papers and repurchase agreements collateralized by bonds with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

## c) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

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

## 2) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), as well as contract assets.

The Group always recognizes lifetime Expected Credit Losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

### 3) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

### Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

### Financial liabilities

#### 1) Subsequent measurement

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

#### 2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

### m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electric wires and cables. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location and examined by the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Revenue and contract assets are recognized concurrently. Any amounts previously recognized as contract assets are subsequently reclassified to trade receivables when invoices are issued. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer or examined by the customer.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from cable and wire installation services. Revenue from the installation of electric wires and cables and contract assets are recognized concurrently when the installation has been completed and examined by the customer. Contract assets are subsequently reclassified to trade receivables when invoices are issued.

n. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, and net interest on the net defined benefit liabilities (assets)) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, effects of changes to asset ceiling and returns on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

### 3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

### q. Taxation

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

#### 1) Current tax

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

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

#### 2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

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

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

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

### 3) Current and deferred taxes

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

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

### Key Sources of Estimation Uncertainty

#### a. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience for the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

#### b. Income taxes

As of December 31, 2022 and 2021, the carrying amount of deferred tax assets in relation to deductible temporary differences was \$23,592 thousand and \$24,517 thousand, respectively. As of December 31, 2022 and 2021, no deferred tax asset was recognized on tax losses of \$71,426 thousand and \$76,667 thousand, respectively, due to the unpredictability of future profit streams. A key source of estimation uncertainty is the determination of the realizability of deferred tax assets, which mainly depends on whether sufficient future profit or taxable temporary differences will be available. In cases where the actual future profit generated is less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 145	\$ 147
Checking accounts and demand deposits	141,516	160,558
Cash equivalents		
Time deposits with original maturities of 3 months or less	<u>3,426</u>	<u>15,800</u>
	<u>\$ 145,087</u>	<u>\$ 176,505</u>

The marketing rate intervals of cash in banks at the end of the reporting period were as follows:

	<u>December 31</u>	
	2022	2021
Bank balance	0%-2.75%	0%-0.41%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Gold investment account	\$ <u>176,715</u>	\$ <u>157,113</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Domestic investments		
Listed shares		
Ordinary shares - Taiwan Cooperative Financial Holding Co., Ltd.	\$ 85,572	81,323
Ordinary shares - DrayTek Company	6,376	7,033
Ordinary shares - Mega Financial Holding Company Ltd.	<u>4,666</u>	<u>5,333</u>
	<u>\$ 96,614</u>	<u>\$ 93,689</u>
<u>Non-current</u>		
Domestic investments		
Listed shares		
Ordinary shares - Young Fast Optoelectronics Co., Ltd.	\$ 554,263	\$ 587,947
Ordinary shares - Fuzetec Technology Co., Ltd.	55,800	87,410
Unlisted shares		
Ordinary shares - Sol Young Enterprises Co., Ltd.	124,593	130,086
Ordinary shares - Bond-Galv Industrial Co., Ltd.	39,375	50,782
Ordinary shares - Mosart Semiconductor Corp.	14,738	30,333
Ordinary shares - Luminous Optical Technology Co., Ltd.	13,244	12,549
Ordinary shares - Taiwan Submarine Cable Co., Ltd.	-	300
Preference shares - MagiCap Venture Capital Co., Ltd.	<u>3,728</u>	<u>6,337</u>
	<u>\$ 805,741</u>	<u>\$ 905,744</u>

These investments in equity instruments are held for medium to long-term strategic purposes, and the Group expects to profit from the shares through long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

In 2021, the Group acquired investments in equity instruments for medium to long-term strategic purposes of \$9,690 thousand; the management designated these investments as at FVTOCI.

In 2022 and 2021, the Group sold its shares in order to manage credit concentration risk. The sold shares had a fair value of \$2,123 thousand and \$73,196 thousand, respectively, and the related unrealized valuation gain of \$1,732 thousand and \$27,007 thousand, respectively, was transferred from other equity to retained earnings.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	\$ 19,000	\$ 19,000
Restricted assets - demand deposit	<u>9,407</u>	<u>9,408</u>
	<u>\$ 28,407</u>	<u>\$ 28,408</u>

- a. As of December 31, 2022 and 2021, the interest rates for time deposits with original maturity of more than 3 months were 1.04% and 0.79%, respectively.
- b. Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	2022	2021
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 26,794	\$ 36,554
Less: Allowance for impairment loss	<u>(378)</u>	<u>(439)</u>
	<u>\$ 26,416</u>	<u>\$ 36,115</u>
		(Continued)



	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 466,294	\$ 306,196
Less: Allowance for impairment loss	<u>(5,600)</u>	<u>(3,065)</u>
	<u>\$ 460,694</u>	<u>\$ 303,131</u>
<u>Other receivables</u>		
Tax refund receivable	\$ 2,173	\$ 1,001
Earned revenue receivable and others	<u>4,101</u>	<u>9,952</u>
	<u>\$ 6,274</u>	<u>\$ 10,953</u>
		(Concluded)

Trade receivables at amortized cost

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

Other than government agencies, the Group transacted with customers from diverse industries that are unrelated to each other; thus, no concentration of credit risk was observed.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

December 31, 2022

	<b>Not Past Due</b>
Expected credit loss rate	1%
Gross carrying amount	\$ 493,088
Loss allowance (Lifetime ECLs)	<u>(5,978)</u>
Amortized cost	<u>\$ 487,110</u>

December 31, 2021

	<b>Not Past Due</b>
Expected credit loss rate	1%
Gross carrying amount	\$ 342,750
Loss allowance (Lifetime ECLs)	<u>(3,504)</u>
Amortized cost	<u>\$ 339,246</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 3,504	\$ 3,662
Add: Provision for impairment loss	2,474	-
Less: Recovery for impairment loss	<u>-</u>	<u>(158)</u>
Balance at December 31	<u>\$ 5,978</u>	<u>\$ 3,504</u>

## 11. INVENTORIES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Finished goods (including merchandise)	\$ 223,046	\$ 251,598
Work in progress	402,682	333,913
Raw materials	420,387	319,390
Agricultural products	<u>2,391</u>	<u>2,003</u>
	<u>\$ 1,048,506</u>	<u>\$ 906,904</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$2,498,052 thousand and \$2,388,843 thousand, respectively.

The cost of goods sold included write-downs of inventories of \$335 thousand for the year ended December 31, 2022. The cost of goods sold included reversal of write-downs of inventories of \$20,113 thousand and inventory write-downs of \$15,595 thousand for the year ended December 31, 2021. Previous write-downs were reversed as a result of increased selling price and the sale of obsolete and slow-moving inventories which were previously written down.

## 12. SUBSIDIARIES

### Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	<b>Proportion of Ownership (%)</b>	
			<b>December 31</b>	
			<b>2022</b>	<b>2021</b>
The Company	Holdkey (Belize) Investments Limited	Investment	100	100
	Muchonfarm Inc.	Agriculture	100	100

## 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group held 21.83% interest in Midori Mark (H.K.) Limited and accounted for the investment as associate. In February 2021, the Group sold all its interest in Midori Mark (H.K.) Limited. This transaction resulted in the recognition of a gain in profit or loss, which was calculated as follows:

Proceeds from disposal (received in February 2021)	\$ 1,484
Less: Carrying amount of investment at the date of disposal	(571)
Less: Loss on foreign currency exchange	(500)
Add: Capital reserve on the date of disposal - capital reserve from investment in associate accounted for using the equity method	<u>4,035</u>
Gain on disposal of associate	<u>\$ 4,448</u>

## 14. PROPERTY, PLANT AND EQUIPMENT

### Assets Used by the Group

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Lease Improvement	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 543,810	\$ 1,192,447	\$ 196,963	\$ 80,084	\$ 2,683	\$ 2,015,987
Additions	-	-	5,050	3,720	-	8,770
Disposals	-	(17,591)	(40,187)	(6,669)	-	(64,447)
Transferred from investment properties	<u>3,279</u>	<u>2,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,129</u>
Balance at December 31, 2022	<u>\$ 547,089</u>	<u>\$ 1,177,706</u>	<u>\$ 161,826</u>	<u>\$ 77,135</u>	<u>\$ 2,683</u>	<u>\$ 1,966,439</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	\$ -	\$ (482,394)	\$ (155,224)	\$ (30,666)	\$ (2,144)	\$ (670,428)
Disposals	-	17,591	35,570	6,669	-	59,830
Depreciation expense	-	(30,645)	(5,957)	(9,046)	(127)	(45,775)
Transferred from investment properties	<u>-</u>	<u>(1,065)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,065)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ (496,513)</u>	<u>\$ (125,611)</u>	<u>\$ (33,043)</u>	<u>\$ (2,271)</u>	<u>\$ (657,438)</u>
Balance at December 31, 2022, net	<u>\$ 547,089</u>	<u>\$ 681,193</u>	<u>\$ 36,215</u>	<u>\$ 44,092</u>	<u>\$ 412</u>	<u>\$ 1,309,001</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 523,580	\$ 1,376,724	\$ 236,144	\$ 84,674	\$ 2,683	\$ 2,223,805
Additions	-	43,553	879	4,336	-	48,768
Disposals	-	(24,322)	(40,060)	(8,926)	-	(73,308)
Transferred from prepaid equipment	-	11,377	-	-	-	11,377
Transferred from investment properties	20,230	-	-	-	-	20,230
Transferred to investment properties	<u>-</u>	<u>(214,885)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(214,885)</u>
Balance at December 31, 2021	<u>\$ 543,810</u>	<u>\$ 1,192,447</u>	<u>\$ 196,963</u>	<u>\$ 80,084</u>	<u>\$ 2,683</u>	<u>\$ 2,015,987</u>

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Lease Improvement	Total
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ -	\$ (589,159)	\$ (187,561)	\$ (30,100)	\$ (1,958)	\$ (808,778)
Disposals	-	24,322	40,060	8,840	-	73,222
Depreciation expense	-	(34,919)	(7,723)	(9,406)	(186)	(52,234)
Transferred to investment properties	-	117,362	-	-	-	117,362
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ (482,394)</u>	<u>\$ (155,224)</u>	<u>\$ (30,666)</u>	<u>\$ (2,144)</u>	<u>\$ (670,428)</u>
Balance at December 31, 2021, net	<u>\$ 543,810</u>	<u>\$ 710,053</u>	<u>\$ 41,739</u>	<u>\$ 49,418</u>	<u>\$ 539</u>	<u>\$ 1,345,559</u> (Concluded)

In July 2017, Muchonfarm Inc. purchased a piece of land located in Qimei Section of Ruisui Township, Hualien County, with the purchase price of \$24,376 thousand for organic farming. Because it is an agricultural land, the land use right is temporarily registered under the name of Hsin-Cheng Lee, the chairman of Muchonfarm Inc. Muchonfarm Inc. entered into an agreement with Hsin-Cheng Lee and signed a contract of borrowing other's name for real estate registration, which stated that Muchonfarm Inc. is the legal owner of the abovementioned land.

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

Buildings	6-50 years
Machinery and equipment	4-20 years
Other equipment	3-16 years
Lease improvements	4-11 years

The major parts of the buildings held by the Group include plants and fire extinguishing equipment, which are depreciated over their estimated useful lives of 50 years and 10 years, respectively.

Refer to Note 29 for the carrying amount of property, plant and equipment pledged for general banking facilities granted to the Group.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31</u>	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 2,912	\$ 3,626
Buildings	4,634	6,263
Transportation equipment	<u>2,581</u>	<u>2,423</u>
	<u>\$ 10,127</u>	<u>\$ 12,312</u>

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 3,019</u>	<u>\$ 7,977</u>
Depreciation charge for right-of-use assets		
Land	\$ 714	\$ 712
Buildings	2,684	1,852
Transportation equipment	<u>1,806</u>	<u>1,754</u>
	<u>\$ 5,204</u>	<u>\$ 4,318</u>

b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amount</u>		
Current	<u>\$ 4,787</u>	<u>\$ 4,769</u>
Non-current	<u>\$ 5,416</u>	<u>\$ 7,608</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Land	1.465%	1.465%
Buildings	1.195%-1.60%	1.195%-1.465%
Transportation equipment	1.165%-1.725%	1.165%-1.465%

c. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 3,118</u>	<u>\$ 3,627</u>
Expenses relating to low-value asset leases	<u>\$ 101</u>	<u>\$ 102</u>
Total cash outflow for leases	<u>\$ (5,335)</u>	<u>\$ (4,520)</u>

The Group's leases of certain buildings, transportation equipment, etc., qualify as short-term leases and leases of certain office equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 16.

## 16. INVESTMENT PROPERTIES

	Freehold Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 109,938	\$ 332,096	\$ 442,034
Disposals	-	(88)	(88)
Transferred to properties, plant and equipment	<u>(3,279)</u>	<u>(2,850)</u>	<u>(6,129)</u>
Balance at December 31, 2022	<u>\$ 106,659</u>	<u>\$ 329,158</u>	<u>\$ 435,817</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ -	\$ (152,103)	\$ (152,103)
Disposals	-	88	88
Depreciation expense	-	(11,969)	(11,969)
Transferred to properties, plant and equipment	<u>-</u>	<u>1,065</u>	<u>1,065</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ (162,919)</u>	<u>\$ (162,919)</u>
Balance at December 31, 2022, net	<u>\$ 106,659</u>	<u>\$ 166,239</u>	<u>\$ 272,898</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 130,168	\$ 91,666	\$ 221,834
Additions	-	21,609	21,609
Disposals	-	(114)	(114)
Transferred from prepaid equipment	-	4,050	4,050
Transferred from properties, plant and equipment	-	214,885	214,885
Transferred to properties, plant and equipment	<u>(20,230)</u>	<u>-</u>	<u>(20,230)</u>
Balance at December 31, 2021	<u>\$ 109,938</u>	<u>\$ 332,096</u>	<u>\$ 442,034</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ -	\$ (28,898)	\$ (28,898)
Disposals	-	114	114
Depreciation expense	-	(5,957)	(5,957)
Transferred from properties, plant and equipment	<u>-</u>	<u>(117,362)</u>	<u>(117,362)</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ (152,103)</u>	<u>\$ (152,103)</u>
Balance at December 31, 2021, net	<u>\$ 109,938</u>	<u>\$ 179,993</u>	<u>\$ 289,931</u>

Investment properties are depreciated on a straight-line basis over their estimated useful lives of 6 to 55 years.

The fair value of investment properties was \$437,316 thousand and \$440,725 thousand as of December 31, 2022 and 2021, respectively. The fair value was not evaluated by an independent appraiser; the Group evaluated it with reference to the market evidence of similar real estate transaction prices.

The investment properties were leased out for 1 to 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

As of December 31, 2022 and 2021, guarantee deposits received by the Group for operating lease contracts were both amounted to \$3,978 thousand.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Year 1	\$ 20,809	\$ 13,462
Year 2	18,484	1,947
Year 3	16,509	-
Year 4	<u>14,909</u>	<u>-</u>
	<u>\$ 70,711</u>	<u>\$ 15,409</u>

The Group has freehold interest in all of its investment property. Refer to Note 29 for the carrying amount of investment properties pledged to secure general banking facilities granted to the Group.

## 17. OTHER ASSETS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Prepayments	\$ 44,683	\$ 7,947
Temporary payments and payments on behalf of others	2,109	973
Others	<u>16,120</u>	<u>3,918</u>
	<u>\$ 62,912</u>	<u>\$ 12,838</u>
<u>Non-current</u>		
Refundable deposits	\$ 12,976	\$ 11,254
Prepayments for equipment	29,849	626
Others	<u>14</u>	<u>58</u>
	<u>\$ 42,839</u>	<u>\$ 11,938</u>

## 18. SHORT-TERM BORROWINGS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Secured borrowings (Note 29)</u>		
Bank borrowings	\$ 23,844	\$ -
<u>Unsecured borrowings</u>		
Bank line of credit borrowings	<u>125,475</u>	<u>-</u>
	<u>\$ 149,319</u>	<u>\$ -</u>

The interest rate range of short-term borrowings interest rate was 1.596%-1.85% per annum at December 31, 2022.

## 19. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Other payables		
Payable for purchase of equipment	\$ 3,591	\$ 3,397
Salaries or bonuses	44,147	41,492
Payable for commissions	3,222	3,210
Payable for retirement and others	<u>35,929</u>	<u>35,939</u>
	<u>\$ 86,889</u>	<u>\$ 84,038</u>
Other liabilities		
Temporary receipts	\$ 1,736	1,714
Others	<u>775</u>	<u>748</u>
	<u>\$ 2,511</u>	<u>\$ 2,462</u>
<u>Non-current</u>		
Other liabilities		
Net defined benefit liabilities (Note 20)	\$ 27,195	\$ 32,055
Guarantee deposits received (Note 16)	<u>3,978</u>	<u>3,978</u>
	<u>\$ 31,173</u>	<u>\$ 36,033</u>

## 20. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Company and Muchonfarm Incorporated Limited adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company and Muchonfarm Incorporated Limited make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.



b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. Since February 2022, the Company contributes original amounts equal to 2% to 6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of the defined benefit obligation	\$ 77,967	\$ 75,774
Fair value of the plan assets	<u>(50,772)</u>	<u>(43,719)</u>
Deficit	<u>27,195</u>	<u>32,055</u>
Net defined benefit liabilities	<u>\$ 27,195</u>	<u>\$ 32,055</u>

Movements in net defined benefit liabilities (assets) were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2021	\$ 84,492	\$ (53,748)	\$ 30,744
Service cost			
Current service cost	653	-	653
Net interest expense (income)	<u>422</u>	<u>(271)</u>	<u>151</u>
Recognized in profit or loss	<u>1,075</u>	<u>(271)</u>	<u>804</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(695)	(695)
Actuarial (gain) loss - changes in demographic assumptions	1,996	-	1,996
Actuarial (gain) loss - changes in financial assumptions	(883)	-	(883)
Actuarial (gain) loss - experience adjustments	<u>1,128</u>	<u>-</u>	<u>1,128</u>
Recognized in other comprehensive income	<u>2,241</u>	<u>(695)</u>	<u>1,546</u>
Contributions from the employer	-	(1,039)	(1,039)
Benefits paid	<u>(12,034)</u>	<u>12,034</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 75,774</u>	<u>\$ (43,719)</u>	<u>\$ 32,055</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2022	<u>\$ 75,774</u>	<u>\$ (43,719)</u>	<u>\$ 32,055</u>
Service cost			
Current service cost	430	-	430
Net interest expense (income)	<u>474</u>	<u>(277)</u>	<u>197</u>
Recognized in profit or loss	<u>904</u>	<u>(277)</u>	<u>627</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,051)	(4,051)
Actuarial (gain) loss - changes in financial assumptions	(2,700)	-	(2,700)
Actuarial (gain) loss - experience adjustments	<u>3,989</u>	<u>-</u>	<u>3,989</u>
Recognized in other comprehensive income	<u>1,289</u>	<u>(4,051)</u>	<u>(2,762)</u>
Contributions from the employer	<u>-</u>	<u>(2,725)</u>	<u>(2,725)</u>
Balance at December 31, 2022	<u>\$ 77,967</u>	<u>\$ (50,772)</u>	<u>\$ 27,195</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating costs	\$ 460	\$ 756
Selling and marketing expenses	75	134
General and administrative expenses	73	(116)
Research and development expenses	<u>19</u>	<u>30</u>
	<u>\$ 627</u>	<u>\$ 804</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)	1.50%	0.63%
Expected rate(s) of salary increase	2.50%	2.00%

If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)		
0.25% increase	<u>\$ (1,665)</u>	<u>\$ (1,762)</u>
0.25% decrease	<u>\$ 1,718</u>	<u>\$ 1,823</u>
Expected rate(s) of salary increase/decrease		
0.25% increase	<u>\$ 1,671</u>	<u>\$ 1,767</u>
0.25% decrease	<u>\$ (1,627)</u>	<u>\$ (1,717)</u>

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
The expected contributions to the plan for the next year	<u>\$ 3,183</u>	<u>\$ 1,038</u>
The average duration of the defined benefit obligation	8.7 years	9.4 years

## 21. EQUITY

### a. Share capital

#### Ordinary shares

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Number of authorized shares (in thousands)	<u>320,000</u>	<u>320,000</u>
Amount of authorized shares	<u>\$ 3,200,000</u>	<u>\$ 3,200,000</u>
Number of issued and fully paid shares (in thousands)	<u>192,692</u>	<u>192,692</u>
Amount of issued and fully paid shares	<u>\$ 1,926,917</u>	<u>\$ 1,926,917</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and a right to receive dividends.

The Company's shareholders in their meetings on July 20, 2021 resolved to reduce its capital of \$481,730 thousand, which eliminated 48,173 thousand ordinary shares, and the reduction rate is about 20%. The paid ordinary shares after reduction were 192,692 thousand shares. On August 24, 2021, the above transaction was approved by the FSC and the subscription base date was determined by the board of the directors to be August 26, 2021.

b. Capital surplus

	<u>December 31</u>	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital (1)</u>		
Arising from issuance of ordinary shares	\$ 234,751	\$ 282,924
<u>May be used to offset a deficit only</u>		
Arising from changes in percentage of ownership interest in subsidiaries (2)	<u>159</u>	<u>159</u>
	<u>\$ 234,910</u>	<u>\$ 283,083</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for using equity method.

c. Retained earnings and dividends policy

The Company considers the needs of the environment and the characteristics of the industry and long-term financial planning, dividend policy, measure of investment funds, financial structure, and surplus situation before it decides on the amount and type of surplus distribution.

Under the dividends policy as set forth in the Articles, when the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes and offsetting losses of previous years. The Company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profit, first set aside 10% of such profit as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. In addition to the aforesaid legal reserve, the Company appropriates another sum as a special reserve. Finally, any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Distribution of cash dividends shall not be less than 10% of total dividends.

The Company's shareholders resolved the amendments to the Company's Articles of Incorporation on July 20, 2021. The amendment explicitly stipulates that the board of directors is authorized to adopt a special resolution to distribute dividends, bonuses, capital surplus or all or part of legal reserve in cash and a report of such distribution should be submitted in the shareholders' meeting. The requirement to submit a resolution to the shareholders' meeting shall not apply as of the Amendment Date.

For the policies on distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 23-h.

Legal reserve shall be appropriated until it has reached the Company's paid-in capital. This reserve may be used to offset a deficit. If the Company has no deficit, and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation of earnings for 2021 and 2020 were approved in the shareholders' meetings on June 27, 2022 and July 20, 2021, respectively, were as follows:

	<u>Appropriation of Earnings</u>	
	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Legal reserve	\$ 25,869	\$ 24,682
Special reserve	\$ -	\$ (11,237)
Cash dividends	\$ 48,173	\$ -
Cash dividend per dollar (NT\$)	\$ 0.25	\$ -

The above 2021 appropriations for cash dividends were resolved by the Company's board of directors on May 12, 2022; the other proposed appropriations were resolved by the shareholders in their meeting on June 27, 2022.

On May 12, 2022, the Board of Directors resolved to appropriate the capital surplus of \$48,173 thousand for cash. The Company's shareholders in their meetings resolved to appropriate the capital surplus of \$72,259 thousand for cash on July 20, 2021.

The proposed appropriations for 2022 was resolved by the Board of Directors on May, 2023. The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting to be held on June 26, 2023.

## 22. REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Wires and cables revenue	\$ 2,838,476	\$ 2,779,747
Rental revenue	22,499	20,296
Others	<u>3,437</u>	<u>3,798</u>
	<u>\$ 2,864,412</u>	<u>\$ 2,803,841</u>

### Contract Balances

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>January 1,</u> <u>2021</u>
Notes and trade receivables (Note 10)	<u>\$ 487,110</u>	<u>\$ 339,246</u>	<u>\$ 317,030</u>
Contract assets - current			
Sale of goods	\$ 269,035	\$ 267,778	\$ 240,070
Contract assets - non-current			
Sale of goods	<u>46,660</u>	<u>-</u>	<u>-</u>
	<u>\$ 315,695</u>	<u>\$ 267,778</u>	<u>\$ 240,070</u>

(Continued)

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities - current			
Sale of goods	\$ 24,680	\$ 25,842	\$ 15,653
Installation services	<u>6,905</u>	<u>3,402</u>	<u>4,481</u>
	<u>\$ 31,585</u>	<u>\$ 29,244</u>	<u>\$ 20,134</u> (Concluded)

The changes in the balance of contract assets primarily resulted from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment; other significant changes are as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Contract assets		
Balance at beginning of the year transferred to trade receivables	<u>\$ (88,051)</u>	<u>\$ (135,294)</u>

## 23. NET PROFIT

### a. Interest income

	<u>For the Year Ended December 31</u>	
	2022	2021
Bank deposits	\$ 681	\$ 1,503
Interest on deposits	<u>20</u>	<u>22</u>
	<u>\$ 701</u>	<u>\$ 1,525</u>

### b. Other income

	<u>For the Year Ended December 31</u>	
	2022	2021
Dividends	\$ 44,920	\$ 32,901
Others	<u>12,368</u>	<u>9,551</u>
	<u>\$ 57,288</u>	<u>\$ 42,452</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Gain (loss) on financial assets mandatorily classified as at FVTPL	\$ 19,602	\$ (10,395)
Net foreign exchange gains	3,893	2,449
Gain (loss) on disposal of property, plant and equipment	883	(86)
Gain on disposal of associates	-	4,448
Others	<u>(85)</u>	<u>(99)</u>
	<u>\$ 24,293</u>	<u>\$ (3,683)</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loan	\$ 1,430	\$ 44
Interest on lease liabilities	142	140
Interest on deposits	<u>31</u>	<u>31</u>
	<u>\$ 1,603</u>	<u>\$ 215</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
An analysis of depreciation by function		
Operating costs	\$ 59,580	\$ 59,676
Operating expenses	<u>3,412</u>	<u>2,878</u>
	<u>\$ 62,992</u>	<u>\$ 62,554</u>
An analysis of amortization by function		
Operating costs	<u>\$ -</u>	<u>\$ 1</u>

f. Operating expenses directly related to investment properties

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Direct operating expenses of investment properties generating rental income	<u>\$ 13,640</u>	<u>\$ 7,167</u>

g. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Post-employment benefits		
Defined contribution plans	\$ 5,777	\$ 5,887
Defined benefit plans (Note 20)	<u>627</u>	<u>804</u>
	6,404	6,691
Other employee benefits	<u>189,923</u>	<u>186,249</u>
Total employee benefits expense	<u>\$ 196,327</u>	<u>\$ 192,940</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 145,097	\$ 143,137
Operating expenses	<u>51,230</u>	<u>49,803</u>
	<u>\$ 196,327</u>	<u>\$ 192,940</u>

h. Compensation of employees and remuneration of directors

According to the Company's Articles, where the Company made a profit in a fiscal year, it distributes compensation of employees at the rate of no less than 1% and no higher than 5% and remuneration of directors at the rate of no higher than 2.5% of net profit before income tax. The compensation of employees is calculated based on the remaining balance of the current year's profit (i.e., profit before income tax prior to the distribution of compensation of employees and remuneration of directors) minus accumulated deficits.

The compensation of employees and remuneration of directors for the year ended December 31, 2022 are subject to the approval by the Company's board of directors. The compensation of employees and remuneration of directors for the year ended December 31, 2021 were approved by the Company's board of directors on May 12, 2022 as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	3.00%	2.94%
Remuneration of directors	2.02%	1.96%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 9,600	\$ 9,000
Remuneration of directors	6,480	6,000

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in 2021 and 2020 in the consolidated financial statements for the years ended December 31, 2021 and 2020.



Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Foreign exchange gains	\$ 6,599	\$ 5,031
Foreign exchange losses	<u>(2,706)</u>	<u>(2,582)</u>
	<u>\$ 3,893</u>	<u>\$ 2,449</u>

## 24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 43,152	\$ 48,480
Income tax on unappropriated earnings	8,794	7,623
Adjustments for prior year	43	71
Deferred tax		
In respect of the current year	<u>4,293</u>	<u>1,849</u>
Income tax expense recognized in profit or loss	<u>\$ 56,282</u>	<u>\$ 58,023</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax	<u>\$ 304,359</u>	<u>\$ 290,939</u>
Income tax expense calculated at the statutory rate	\$ 60,872	\$ 58,188
Non-deductible expenses in determining taxable income	10	12
Loss on property transaction	(30)	-
Tax-exempt income	(8,984)	(6,580)
Income tax on unappropriated earnings	8,794	7,623
Unrecognized deductible temporary differences	(4,423)	(1,291)
Adjustments for prior years' tax	<u>43</u>	<u>71</u>
Income tax expense recognized in profit or loss	<u>\$ 56,282</u>	<u>\$ 58,023</u>

b. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ <u>552</u>	\$ <u>(309)</u>
Total income tax expense (benefit) recognized in other comprehensive income	\$ <u>552</u>	\$ <u>(309)</u>

c. Current tax liabilities

	<u>December 31</u>	
	2022	2021
Current tax liabilities		
Income tax payable	\$ <u>27,666</u>	\$ <u>33,319</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized investment losses	\$ 4,091	\$ 127	\$ -	\$ 4,218
Inventory write-downs	12,077	67	-	12,144
Defined benefit plans	7,942	(420)	(552)	6,970
Others	<u>407</u>	<u>(147)</u>	<u>-</u>	<u>260</u>
	<u>\$ 24,517</u>	<u>\$ (373)</u>	<u>\$ (552)</u>	<u>\$ 23,592</u>
			<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Income</b>	<b>Balance</b>
Temporary differences				
Unrealized valuation gains	\$ <u>474</u>	\$ <u>3,920</u>	\$ <u>-</u>	\$ <u>4,394</u>

For the year ended December 31, 2021

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized investment losses	\$ 3,941	\$ 150	\$ -	\$ 4,091
Inventory write-downs	16,100	(4,023)	-	12,077
Defined benefit plans	7,680	(47)	309	7,942
Others	<u>415</u>	<u>(8)</u>	<u>-</u>	<u>407</u>
	<u>\$ 28,136</u>	<u>\$ (3,928)</u>	<u>\$ 309</u>	<u>\$ 24,517</u>

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized valuation gains	\$ <u>2,553</u>	\$ <u>(2,079)</u>	\$ <u>-</u>	\$ <u>474</u>

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	2022	2021
Deductible temporary differences		
Unrealized investment losses	\$ 323,806	\$ 323,134
Impairment of assets	<u>3,571</u>	<u>26,357</u>
	<u>\$ 327,377</u>	<u>\$ 349,491</u>
Loss carryforwards		
Expiry in 2022	\$ -	\$ 4,512
Expiry in 2023	2,893	2,893
Expiry in 2024	7,905	7,905
Expiry in 2025	5,984	5,984
Expiry in 2026	2,007	2,007
Expiry in 2027	3,536	3,536
Expiry in 2028	1,965	1,965
Expiry in 2029	2,282	2,282
Expiry in 2030	1,877	1,877
Expiry in 2031	854	884
Expiry in 2032	<u>450</u>	<u>-</u>
	<u>\$ 29,753</u>	<u>\$ 33,845</u>

- f. Income tax assessments

The income tax returns of the Company and the subsidiary, Muchonfarm Inc. through 2020 have been assessed and cleared by the tax authorities.

## 25. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of

earnings per share were as follows:

### Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2022	2021
Profit for the year attributable to owners of the Company	\$ <u>248,077</u>	\$ <u>232,916</u>

### Weighted Average Number of Ordinary Shares Outstanding

(In Thousands of Shares)

	<u>For the Year Ended December 31</u>	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	192,692	223,971
Effect of potentially dilutive ordinary shares:		
Employees' compensation issued	<u>927</u>	<u>789</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>193,619</u>	<u>224,760</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 26. CAPITAL MANAGEMENT

In consideration of the industry dynamics, the Group manages its capital in a manner to ensure that it has sufficient and necessary financial resources to find its working capital needs, capital assets purchases, research and development activities, and dividend payments associated with its existing operations over the next 12 months.

## 27. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Gold investment account	\$ 176,715	\$ -	\$ -	\$ 176,715
Financial assets at FVTOCI				
Listed securities in the ROC				
Equity securities	706,677	-	-	706,677
Unlisted securities in the ROC				
Equity securities	-	-	191,950	191,950
Preference shares	-	-	3,728	3,728
	<u>\$ 883,392</u>	<u>\$ -</u>	<u>\$ 195,678</u>	<u>\$ 1,079,070</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Gold investment account	\$ 157,113	\$ -	\$ -	\$ 157,113
Financial assets at FVTOCI				
Listed securities in the ROC				
Equity securities	769,046	-	-	769,046
Unlisted securities in the ROC				
Equity securities	-	-	224,050	224,050
Preference shares	-	-	6,337	6,337
	<u>\$ 926,159</u>	<u>\$ -</u>	<u>\$ 230,387</u>	<u>\$ 1,156,546</u>

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

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

For the year ended December 31, 2022

	<b>Financial Assets at FVTOCI Equity Instruments</b>
<u>Financial assets</u>	
Balance at January 1, 2022	\$ 230,387
Disposals/settlements	(2,123)
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	<u>(32,586)</u>
Balance at December 31, 2022	<u>\$ 195,678</u>

For the year ended December 31, 2021

**Financial Assets  
at FVTOCI  
Equity**

	<u>Instruments</u>
<u>Financial assets</u>	
Balance at January 1, 2021	\$ 240,835
Disposals/settlements	(1,627)
Return of shares after capital reduction	(5,504)
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	<u>(3,317)</u>
Balance at December 31, 2021	<u>\$ 230,387</u>

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

Domestic unlisted shares were valued using the market approach. The estimates and assumptions used by the Group under the market approach are consistent with those used by market participants in the pricing of financial instruments.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 176,715	\$ 157,113
Financial assets at amortized cost (Note 1)	679,854	566,366
Financial assets at FVTOCI	902,355	999,433

Financial liabilities

Amortized cost (Note 2)	427,494	232,636
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Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, trade receivables, other receivables and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, trade payables, other payables and guarantee deposits.

d. Financial risk management objectives and policies

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

With regard to the carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation), refer to Note 33.

Sensitivity analysis

The Group is mainly exposed to the USD and JPY.

The following table details the Group's sensitivity to a 2% increase in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate of 2% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period under the assumption of a 2% change in foreign currency rates. A positive number below indicates an increase/decrease in pre-tax profit/loss when New Taiwan dollars strengthened by 2% against the relevant currency. For a 2% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit/loss and the balances below would be negative.

	<b>USD Impact</b>		<b>JPY Impact</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Profit or loss	\$ 336	\$ 348	\$ 407	\$ 130

The amounts were mainly attributable to the outstanding receivables and payables, which were not hedged at the end of the reporting period.

The Group's sensitivity to foreign currency risk in 2022 and 2021 has not changed significantly from the prior year.

#### b) Interest rate risk

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 22,426	\$ 34,800
Cash flow interest rate risk		
Financial assets	150,170	169,228
Financial liabilities	149,319	-

#### Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. A sensitivity rate of 0.25% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% higher/lower and all other variables were held constant, the Group's pre-tax profit/loss for the years ended December 31, 2022 and 2021 would have increased/decreased by \$2 thousand and \$423 thousand, respectively, which was mainly a result of variable-rate bank deposits and short-term borrowings.

The Group's sensitivity to interest rate risk in 2022 and 2021 has not changed significantly from the prior year.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. The Group has appointed a special team to monitor the price risk and make plans to manage the price risk.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to the price risks of the aforementioned investments at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$1,767 thousand and \$1,571 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$7,067 thousand and \$7,690 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to investments in equity securities in 2022 has not changed significantly from the prior year.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

The Group adopted a policy of only dealing with government agencies and creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above.

Refer to Note 10 for impairment assessment of individual customer receivables.

3) Liquidity risk

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



The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had available unutilized short-term bank loan facilities of \$742,991 thousand and \$1,072,995 thousand, respectively.

## 28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties were disclosed below.

### a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Young Fast Optoelectronics Co., Ltd. (Young Fast)	Other related party (the Company is the corporate director)
Taiwan SRU Corp. Ltd. (SRU)	Other related party (related party in substance)
Bond-Galv Industrial Co., Ltd. (Bond-Galv)	Other related party (corporate director of the Company)

### b. Operating revenue

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
		<u>2022</u>	<u>2021</u>
Sales	Other related parties	\$ <u>2,104</u>	\$ <u>2,508</u>
Rental revenue	Other related parties		
	Young Fast	\$ 15,309	\$ 13,467
	SRU	<u>3,203</u>	<u>2,603</u>
		<u>\$ 18,512</u>	<u>\$ 16,070</u>

Sales were made at discounted market price to reflect the quantity of goods sold and the relationships between the parties.

Terms of sales from related parties were similar to those from third parties.

The Group rented houses to related parties. The amount of rent was agreed by both parties.

Terms of rent collection from related parties were similar to those from third parties.

As of December 31, 2022 and 2021, guarantee deposits received from the renting of houses to related parties were as follows:

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31</u>	
		<u>2022</u>	<u>2021</u>
Guarantee deposits received	Other related parties		
	Young Fast	\$ 3,000	\$ 3,000
	SRU	<u>450</u>	<u>450</u>
		<u>\$ 3,450</u>	<u>\$ 3,450</u>

c. Purchases of goods

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Other related parties	<u>\$ 130,895</u>	<u>\$ 90,014</u>

Purchases were made at discounted market prices to reflect the quantity of goods purchased and the relationships between the parties.

Terms of purchases from related parties were similar to those from third parties.

d. Receivables from related parties

<b>Line Item</b>	<b>Related Party Category</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Notes receivable	Other related parties	<u>\$ 7</u>	<u>\$ -</u>
Trade receivables	Other related parties	<u>\$ -</u>	<u>\$ 130</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Trade payables to related parties	Other related parties Young Fast	<u>\$ 23,944</u>	<u>\$ 15,476</u>

The outstanding payables to related parties were unsecured.

f. Service costs

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Other related parties Young Fast	<u>\$ 9,918</u>	<u>\$ -</u>

The service cost of the related party is incurred for the installation work contracted to the related party, so the price between the related party is mutually agreed upon.

The payment terms between the Group and its related parties are not materially different from those of non-related parties.

g. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	<u>\$ 22,677</u>	<u>\$ 22,637</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

## 29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been mortgaged as collateral for long- and short-term bank credit lines, performance guaranty, and a deposit for management and maintenance of public open space:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Financial assets at amortized cost - current		
Restricted asset - demand deposit	\$ 9,407	\$ 9,408
Property, plant and equipment		
Freehold land	194,247	190,967
Buildings, net	492,270	512,785
Investment properties		
Freehold land	28,182	31,462
Buildings, net	<u>140,397</u>	<u>153,066</u>
	<u>\$ 864,503</u>	<u>\$ 897,688</u>

## 30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2022 and 2021 were as follows:

- a. As of December 31, 2022 and 2021, unused letters of credit for purchases of raw materials and machinery and equipment amounted to the following:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
USD	<u>\$ 2,766</u>	<u>\$ 3,486</u>
JPY	<u>\$ 23,332</u>	<u>\$ 124,650</u>

- b. Unrecognized commitments for purchase of property, plant and equipment amounted to the following:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
NTD	<u>\$ 163,295</u>	<u>\$ 8,623</u>

- c. Unrecognized contractual commitments of contracts entered into between the Group and the subcontractors are as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
NTD	<u>\$ 277,651</u>	<u>\$ 132,145</u>

- d. In accordance with the customs import tariff of the post-release duty payment for imported goods, the bank issued a letter of guarantee on behalf of the Group to the customs. The endorsement/guarantee amount was as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
NTD	<u>\$ 15,000</u>	<u>\$ 8,000</u>

**31. SIGNIFICANT LOSSES FROM DISASTERS: NONE**

**32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE**

**33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 878	30.66	\$ 26,933
JPY	88,271	0.23	<u>20,338</u>
			<u>\$ 47,271</u>

Financial liabilities

Monetary items			
USD	329	30.76	<u>\$ 10,118</u>

December 31, 2021

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,624	27.63	\$ 44,879
JPY	55,378	0.24	<u>13,208</u>
			<u>\$ 58,087</u>

(Continued)

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 990	27.73	\$ 27,455
JPY	27,600	0.24	<u>6,693</u>
			<u>\$ 34,148</u>
			(Concluded)

The Group is mainly exposed to the USD and JPY. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rate between the respective functional currency and the presentation currency was disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>
<b>Functional Currency</b>				
NTD	1 (NTD:NTD)	<u>\$ 3,893</u>	1 (NTD:NTD)	<u>\$ 2,449</u>

### 34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided: None.
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint controlled entities) (Table 1)
- 4) Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (Table 2)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

- 9) Trading in derivative instruments: None.
- 10) Intercompany relationships and significant intercompany transactions: As the transaction amounts are not significant, they are not separately disclosed.
- b. Information on investees (Table 3)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: None.
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
- b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
- c) The amount of property transactions and the amount of the resultant gains or losses.
- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
- e) The highest period balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders:

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 4)

### **35. SEGMENT INFORMATION**

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

a. Segment revenue and results:

The information of the Group's revenue and results by segment was as follows:

For the year ended December 31, 2022

	<b>Wires and Cables Segment</b>	<b>Others Segment</b>	<b>Total</b>
Segment revenue	\$ 2,838,476	\$ 25,936	<u>\$ 2,864,412</u>
Segment income	217,553	6,127	\$ 223,680
Interest income			701
Other gains and losses			81,581
Finance costs			<u>(1,603)</u>
Profit before tax			<u>\$ 304,359</u>

For the year ended December 31, 2021

	<b>Wires and Cables Segment</b>	<b>Others Segment</b>	<b>Total</b>
Segment revenue	\$ 2,779,747	\$ 24,094	<u>\$ 2,803,841</u>
Segment income	240,654	10,206	\$ 250,860
Interest income			1,525
Other gains and losses			38,769
Finance costs			<u>(215)</u>
Profit before tax			<u>\$ 290,939</u>

The revenue above was generated from transactions with external customers.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs, share of profit of associates, interest income, dividend income, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of financial instruments, foreign exchange gains or losses, finance costs, other gains and losses and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

The amounts of the Group's assets and liabilities are not used in the management's decision-making; therefore, the amounts of assets and liabilities were zero.

c. Other segment information

	<b>Depreciation and Amortization</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Wires and cables segment	<u>\$ 50,077</u>	<u>\$ 55,430</u>

d. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Wires and cables segment	<u>\$ 2,838,476</u>	<u>\$ 2,779,747</u>

e. Geographical information

The Group mainly operates in Taiwan, Europe, USA, and Asia.

The Group's revenue from external customers by location is detailed below:

	<b>Revenue from External Customers</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Taiwan	\$ 2,689,468	\$ 2,706,837
Europe	30,420	32,842
USA	65,243	26,302
Asia	<u>79,281</u>	<u>37,860</u>
	<u>\$ 2,864,412</u>	<u>\$ 2,803,841</u>

f. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Sales</b>	<b>%</b>	<b>Sales</b>	<b>%</b>
Customer A	\$ 663,752	23	\$ 1,004,018	36
Customer B	334,274	12	(Note)	(Note)
Customer C	316,563	11	(Note)	(Note)

Note: Revenue is less than 10% of the Group's revenue.



## HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES

### MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars/Shares, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	% of Ownership	Fair Value	
Hold-Key Electric Wire & Cable Co., Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	3,291	\$ 85,572	0.02	\$ 85,572	
	DrayTek Company	-	Financial assets at fair value through other comprehensive income - current	253	6,376	0.28	6,376	
	Mega Financial Holding Company Ltd.	-	Financial assets at fair value through other comprehensive income - current	154	4,666	0.00	4,666	
	Young Fast Optoelectronics Co., Ltd.	The Company is the corporate director	Financial assets at fair value through other comprehensive income - non-current	20,415	554,263	13.49	554,263	
	MagiCap Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	54	3,728	1.77	3,728	
	Sol Young Enterprises Co., Ltd.	Corporate director	Financial assets at fair value through other comprehensive income - non-current	3,652	124,593	5.60	124,593	
	Bond-Galv Industrial Co., Ltd.	Corporate director	Financial assets at fair value through other comprehensive income - non-current	1,797	39,375	11.46	39,375	
	Fuzetec Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,247	55,800	3.33	55,800	
	Mosart Semiconductor Corp.	-	Financial assets at fair value through other comprehensive income - non-current	743	14,738	3.32	14,738	
	Luminous Optical Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	275	<u>13,244</u>	5.50	13,244	
					<u>\$ 902,355</u>			

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	Ending Balance	
Hold-Key Electric Wire & Cable Co., Ltd.	Young Fast Optoelectronics Co., Ltd.	The Company is the corporate director	Purchase	\$ 130,895	5.75	Payment in 60 days after acceptance	Note	Equivalent	\$ (23,944)	(12.79%)	

Note: Based on agreements by both parties.

## HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES

### INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, U.S. Dollars and Hong Kong Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	% of Ownership	Carrying Amount			
Hold-Key Electric Wire & Cable Co., Ltd.	Holdkey (Belize) Investments Limited	Belize City	Investment	\$ 346,448 (US\$ 10,237) (HK\$ 1,000)	\$ 346,448 (US\$ 10,237) (HK\$ 1,000)	9,971	100.00	\$ 6,223	\$ (34)	\$ (34)	Subsidiary
	Muchonfarm Inc.	3F., No. 36-10, Sec. 1, Fuxing S. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Agriculture	87,250	87,250	13,000	100.00	47,767	(1,275)	(1,275)	Subsidiary

**TABLE 4****HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sol Young Enterprises Co., Ltd.	62,045,531	32.19

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Company based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

The stand-alone financial statements of the Company for the most recent year, audited and attested by CPA,

- (I) CPA's audit report
- (II) Balance sheets
- (III) Comprehensive income statement
- (IV) Statement of changes in equity
- (V) Cash flow statement
- (VI) Note

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Hold-Key Electric Wire & Cable Co., Ltd.

### **Opinion**

We have audited the accompanying financial statements of Hold-Key Electric Wire & Cable Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Revenue Recognition

The Company's revenue, which comes from sales of wires and cables to domestic contractors, is recognized upon the customers' acceptance of the products based on the agreed upon conditions. Since the amount of such revenue is significant to the financial statements, we considered the occurrence of such revenue as a key audit matter for the year ended December 31, 2022.

To address this matter, we evaluated the Company's revenue recognition policy and the design and implementation of internal controls for such revenue and conducted the relevant internal control test and substantive test. We selected samples of such recorded sales revenue and verified them against the contract, customers' acceptance documents, sales orders, invoices, etc., and confirmed the occurrence of this type of revenue transactions.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Tza-Li Gung and Wen-Yuan Chuang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 24, 2023

#### Notice to Readers

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

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



# HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

## BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 136,512	3	\$ 167,669	4
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	176,715	4	157,113	3
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	96,614	2	93,689	2
Financial assets at amortized cost - current (Notes 4, 9 and 28)	9,407	-	9,408	-
Contract assets - current (Notes 4 and 21)	269,035	6	267,778	6
Notes receivable (Notes 4, 10, 21 and 27)	26,416	-	35,795	1
Trade receivables (Notes 4, 10, 21 and 27)	460,641	9	303,073	7
Other receivables (Note 10)	6,263	-	10,937	-
Inventories (Notes 4, 5 and 11)	1,046,101	22	904,884	20
Other current assets (Note 16)	60,817	1	10,169	-
Total current assets	<u>2,288,521</u>	<u>47</u>	<u>1,960,515</u>	<u>43</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	805,741	17	905,744	20
Investments accounted for using the equity method (Notes 4 and 12)	53,990	1	54,683	1
Contract assets - non-current (Notes 4 and 21)	46,660	1	-	-
Property, plant and equipment (Notes 4, 13 and 28)	1,284,102	27	1,320,472	29
Right-of-use assets (Notes 4 and 14)	7,215	-	8,686	-
Investment properties (Notes 4, 15 and 28)	272,898	6	289,931	6
Deferred tax assets (Notes 4, 5 and 23)	23,592	-	24,517	1
Other non-current assets (Note 16)	42,700	1	11,755	-
Total non-current assets	<u>2,536,898</u>	<u>53</u>	<u>2,615,788</u>	<u>57</u>
<b>TOTAL</b>	<u>\$ 4,825,419</u>	<u>100</u>	<u>\$ 4,576,303</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 4 and 17)	\$ 149,319	3	\$ -	-
Contract liabilities – current (Notes 4 and 21)	31,178	1	28,711	1
Notes payable	445	-	429	-
Trade payables to unrelated parties	162,808	3	128,443	2
Trade payables to related parties (Note 27)	23,944	-	15,476	-
Other payables (Note 18)	84,265	2	81,403	2
Current tax liabilities (Notes 4 and 23)	27,666	1	33,319	1
Lease liabilities - current (Notes 4 and 14)	4,070	-	4,062	-
Other current liabilities (Note 18)	2,486	-	2,409	-
Total current liabilities	<u>486,181</u>	<u>10</u>	<u>294,252</u>	<u>6</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 23)	4,394	-	474	-
Lease liabilities - non-current (Notes 4 and 14)	3,201	-	4,676	-
Other non-current liabilities (Notes 18, 19 and 27)	31,173	1	36,033	1
Total non-current liabilities	<u>38,768</u>	<u>1</u>	<u>41,183</u>	<u>1</u>
Total liabilities	<u>524,949</u>	<u>11</u>	<u>335,435</u>	<u>7</u>
<b>EQUITY (Notes 4, 8 and 20)</b>				
Ordinary shares	1,926,917	40	1,926,917	42
Capital surplus	234,910	5	283,083	6
Retained earnings				
Legal reserve	358,541	7	332,672	7
Unappropriated earnings	1,630,983	34	1,453,006	32
Total retained earnings	1,989,524	41	1,785,678	39
Other equity				
Exchange differences on translation of the financial statements of foreign operations	6,875	-	6,259	-
Unrealized valuation gain on financial assets at fair value through other comprehensive income	142,244	3	238,931	6
Total other equity	149,119	3	245,190	6
Total equity	<u>4,300,470</u>	<u>89</u>	<u>4,240,868</u>	<u>93</u>
<b>TOTAL</b>	<u>\$ 4,825,419</u>	<u>100</u>	<u>\$ 4,576,303</u>	<u>100</u>

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

# HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 27)	\$ 2,861,035	100	\$ 2,800,179	100
OPERATING COSTS (Notes 11, 19, 22 and 27)	<u>2,536,646</u>	<u>89</u>	<u>2,453,015</u>	<u>88</u>
GROSS PROFIT	<u>324,389</u>	<u>11</u>	<u>347,164</u>	<u>12</u>
OPERATING EXPENSES (Notes 19, 22 and 27)				
Selling and marketing expenses	49,007	2	47,817	2
General and administrative expenses	45,303	1	40,499	1
Research and development expenses	<u>3,564</u>	<u>-</u>	<u>4,889</u>	<u>-</u>
Total operating expenses	<u>97,874</u>	<u>3</u>	<u>93,205</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>226,515</u>	<u>8</u>	<u>253,959</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	501	-	1,366	-
Other income (Note 22)	55,918	2	41,023	1
Other gains and losses (Note 22)	24,294	-	(8,012)	-
Finance costs (Note 22)	(1,560)	-	(161)	-
Share of profit or loss of subsidiaries (Note 12)	<u>(1,309)</u>	<u>-</u>	<u>2,764</u>	<u>-</u>
Total non-operating income and expenses	<u>77,844</u>	<u>2</u>	<u>36,980</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	304,359	10	290,939	10
INCOME TAX EXPENSE (Notes 4, 5 and 23)	<u>56,282</u>	<u>2</u>	<u>58,023</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>248,077</u>	<u>8</u>	<u>232,916</u>	<u>8</u>

(Continued)

## HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 2,210	-	\$ (1,237)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(94,955)	(3)	(48,835)	(2)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>616</u>	<u>-</u>	<u>454</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>(92,129)</u>	<u>(3)</u>	<u>(49,618)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 155,948</u>	<u>5</u>	<u>\$ 183,298</u>	<u>6</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 1.29</u>		<u>\$ 1.04</u>	
Diluted	<u>\$ 1.28</u>		<u>\$ 1.04</u>	

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

(Concluded)

# HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Retained Earnings						Other Equity		Total	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2021	\$ 2,408,647	\$ 359,377	\$ 307,990	\$ 11,237	\$ 1,207,765	\$ 1,526,992	\$ 5,805	\$ 314,773	\$ 320,578	\$ 4,615,594
Appropriation of the 2020 earnings										
Legal reserve	-	-	24,682	-	(24,682)	-	-	-	-	-
Special reserve	-	-	-	(11,237)	11,237	-	-	-	-	-
Issuance of cash dividends from capital surplus	-	(72,259)	-	-	-	-	-	-	-	(72,259)
Capital reduction	(481,730)	-	-	-	-	-	-	-	-	(481,730)
Disposal of investments accounted for using the equity method	-	(4,035)	-	-	-	-	-	-	-	(4,035)
Net profit for the year ended December 31, 2021	-	-	-	-	232,916	232,916	-	-	-	232,916
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(1,237)	(1,237)	454	(48,835)	(48,381)	(49,618)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	231,679	231,679	454	(48,835)	(48,381)	183,298
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	27,007	27,007	-	(27,007)	(27,007)	-
BALANCE AT DECEMBER 31, 2021	1,926,917	283,083	332,672	-	1,453,006	1,785,678	6,259	238,931	245,190	4,240,868
Appropriation of the 2021 earnings										
Legal reserve	-	-	25,869	-	(25,869)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(48,173)	(48,173)	-	-	-	(48,173)
Issuance of cash dividends from capital surplus	-	(48,173)	-	-	-	-	-	-	-	(48,173)
Net profit for the year ended December 31, 2022	-	-	-	-	248,077	248,077	-	-	-	248,077
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	2,210	2,210	616	(94,955)	(94,339)	(92,129)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	250,287	250,287	616	(94,955)	(94,339)	155,948
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,732	1,732	-	(1,732)	(1,732)	-
BALANCE AT DECEMBER 31, 2022	\$ 1,926,917	\$ 234,910	\$ 358,541	\$ -	\$ 1,630,983	\$ 1,989,524	\$ 6,875	\$ 142,244	\$ 149,119	\$ 4,300,470

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

# HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 304,359	\$ 290,939
Adjustments for:		
Depreciation expense	62,046	61,387
Loss (reversal of) expected credit loss on trade receivables	2,474	(158)
Net (gain) loss on fair value changes of financial assets designated as at fair value through profit or loss	(19,602)	10,395
Finance costs	1,560	161
Interest income	(501)	(1,366)
Dividend income	(44,920)	(32,901)
Share of loss (profit) of subsidiaries	1,309	(2,764)
(Gain) loss on disposal of property, plant and equipment	(883)	86
Write-downs of inventories	335	15,595
Reversal of write-downs of inventories	-	(20,113)
Net (gain) loss on foreign currency exchange	(801)	288
Other non-cash items	-	(12)
Changes in operating assets and liabilities		
Contract assets	(47,578)	(27,708)
Notes receivable	9,440	(9,023)
Trade receivables	(159,564)	(13,152)
Other receivables	(832)	(2,615)
Inventories	(141,552)	(144,459)
Other current assets	(50,648)	28,248
Contract liabilities	2,467	9,138
Notes payable	16	139
Trade payables	42,758	(76,372)
Other payables	2,482	(1,764)
Other current liabilities	77	(3,085)
Other non-current liabilities	(2,098)	(235)
Cash (used in) generated from operations	(39,656)	80,649
Interest paid	(1,494)	(161)
Income tax paid	(57,642)	(65,810)
Net cash (used in) generated from operating activities	<u>(98,792)</u>	<u>14,678</u>

(Continued)

# HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (9,690)
Proceeds from sale of financial assets at fair value through other comprehensive income	2,123	73,196
Proceeds from capital reduction by return of shares - financial assets at FVTOCI	5,504	-
Purchase of financial assets at amortized cost	(15)	(23,408)
Proceeds from sale of financial assets at amortized cost	16	28,000
Payments for property, plant and equipment	(8,456)	(48,062)
Proceeds from property, plant and equipment	5,500	-
Increase in refundable deposits	(19,802)	(11,221)
Decrease in refundable deposits	18,080	11,708
Payments for investment properties	-	(21,609)
Increase in prepayments for equipment	(29,223)	(626)
Interest received	501	1,463
Other dividends received	<u>44,920</u>	<u>32,901</u>
Net cash generated from investing activities	<u>19,148</u>	<u>32,652</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	149,319	-
Proceeds from guarantee deposits received	150	3,496
Refunds of guarantee deposits received	(150)	(3,450)
Repayment of the principal portion of lease liabilities	(4,486)	(3,684)
Cash dividends	(96,346)	(72,259)
Payment for reduction of capital	<u>-</u>	<u>(481,730)</u>
Net cash generated from (used in) financing activities	<u>48,487</u>	<u>(557,627)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(31,157)	(510,297)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>167,669</u>	<u>677,966</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 136,512</u>	<u>\$ 167,669</u>

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

(Concluded)

# HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Hold-Key Electric Wire & Cable Co., Ltd. (the “Company”) was established in Taipei, Taiwan in March 1989 and its factories are located in Taoyuan, Taiwan. The Company mainly manufactures and sells XLPE power cables, electric cables, aluminum cables, rubber cables, communication cables, fiber optic cables, LAN cables, cable accessories, etc. and is also engaged in the import and export of the aforementioned products and lease of properties.

The Company’s shares are listed and have been traded on the Taiwan Stock Exchange since September 2000.

The financial statements of the Company are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors and authorized for issue on March 24, 2023.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2023.

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company assesses that the application of above standards and interpretations have no material impact on the Company's financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC.

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in



accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

The Company is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Company's construction-related assets and liabilities.

d. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated using the exchange rate at the date of the transaction.

For the purposes of presenting the financial statements, the functional currencies of the entities

(including operations of the subsidiaries and associates in other countries which used different currencies from the functional currency of the Company) are translated into the presentation currency, the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing of control over the subsidiary, the proportionate share of accumulated exchange differences is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Company.

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

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the entire financial statements of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits and losses resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profits and loss resulting from upstream and transactions between subsidiaries is recognized only in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Freehold investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

- i. Impairment of property, plant and equipment, right-of-use assets, investment properties and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and investment properties to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories and property, plant and equipment related to the contract shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the corresponding carrying amount of the asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

- j. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

#### Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

- 1) Measurement categories

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

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 26.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, notes receivable, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of the financial asset; and
- ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Cash equivalents include time deposits, commercial papers and repurchase agreements collateralized by bonds with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

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

## 2) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), as well as contract assets.

The Company always recognizes lifetime Expected Credit Losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

## 3) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

### Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

## Financial liabilities

### 1) Subsequent measurement

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

### 2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

### 1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electric wires and cables. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location and examined by the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Revenue and contract assets are recognized concurrently. Any amounts previously recognized as contract assets are subsequently reclassified to trade receivables when invoices are issued. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer or examined by the customer.

### 2) Revenue from the rendering of services

Revenue from the rendering of services comes from cable and wire installation services. Revenue from the installation of electric wires and cables and contract assets are recognized concurrently when the installation has been completed and examined by the customer. Contract assets are subsequently reclassified to trade receivables when invoices are issued.

## l. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

### 1) The Company as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

## 2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

## m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.



n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, effects of changes to asset ceiling and returns on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

o. Taxation

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

1) Current tax

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

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

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

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

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

### 3) Current and deferred taxes

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

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

### **Key Sources of Estimation Uncertainty**

#### a. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience for the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

b. Income taxes

As of December 31, 2022 and 2021, the carrying amount of deferred tax assets in relation to deductible temporary differences was \$23,592 thousand and \$24,517 thousand, respectively. As of December 31, 2022 and 2021, no deferred tax asset was recognized on tax losses of \$65,475 thousand and \$69,898 thousand, respectively, due to the unpredictability of future profit streams. A key source of estimation uncertainty is the determination of the realizability of the deferred tax asset mainly depends on whether sufficient future profit or taxable temporary differences will be available. In cases where the actual future profit generated is less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

**6. CASH AND CASH EQUIVALENTS**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 35	\$ 37
Checking accounts and demand deposits	133,051	151,832
Cash equivalents		
Time deposits with original maturities of 3 months or less	<u>3,426</u>	<u>15,800</u>
	<u>\$ 136,512</u>	<u>\$ 167,669</u>

The marketing rate intervals of cash in banks at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Bank balance	0%-2.75%	0%-0.41%

**7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Gold investment account	<u>\$ 176,715</u>	<u>\$ 157,113</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Domestic investments		
Listed shares		
Ordinary shares - Taiwan Cooperative Financial Holding Co., Ltd.	\$ 85,572	81,323
Ordinary shares - DrayTek Company	6,376	7,033
Ordinary shares - Mega Financial Holding Company Ltd.	<u>4,666</u>	<u>5,333</u>
	<u>\$ 96,614</u>	<u>\$ 93,689</u>
<u>Non-current</u>		
Domestic investments		
Listed shares		
Ordinary shares - Young Fast Optoelectronics Co., Ltd.	\$ 554,263	\$ 587,947
Ordinary shares - Fuzetec Technology Co., Ltd.	55,800	87,410
Unlisted shares		
Ordinary shares - Sol Young Enterprises Co., Ltd.	124,593	130,086
Ordinary shares - Bond-Galv Industrial Co., Ltd.	39,375	50,782
Ordinary shares - Mosart Semiconductor Corp.	14,738	30,333
Ordinary shares - Luminous Optical Technology Co., Ltd.	13,244	12,549
Ordinary shares - Taiwan Submarine Cable Co., Ltd.	-	300
Preference shares - MagiCap Venture Capital Co., Ltd.	<u>3,728</u>	<u>6,337</u>
	<u>\$ 805,741</u>	<u>\$ 905,744</u>

These investments in equity instruments are held for medium to long-term strategic purposes, and the Company expects to profit from the shares through long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

In 2021, the Company acquired investments in equity instruments for medium to long-term strategic purposes of \$9,690 thousand; the management designated these investments as at FVTOCI.

In 2022 and 2021, the Company sold its shares in order to manage credit concentration risk. The sold shares had a fair value of \$2,123 thousand and \$73,196 thousand, respectively, and the related unrealized valuation gain of \$1,732 thousand and \$27,007 thousand, respectively, was transferred from other equity to retained earnings.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Domestic investments		
Restricted assets - demand deposit	\$ <u>9,407</u>	\$ <u>9,408</u>

Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

## 10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	2022	2021
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 26,794	\$ 36,234
Less: Allowance for impairment loss	<u>(378)</u>	<u>(439)</u>
	<u>\$ 26,416</u>	<u>\$ 35,795</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 466,241	\$ 306,138
Less: Allowance for impairment loss	<u>(5,600)</u>	<u>(3,065)</u>
	<u>\$ 460,641</u>	<u>\$ 303,073</u>
<u>Other receivables</u>		
Tax refund receivable	\$ 2,173	\$ 1,001
Earned revenue receivable and others	<u>4,090</u>	<u>9,936</u>
	<u>\$ 6,263</u>	<u>\$ 10,937</u>

### Trade receivables at amortized cost

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

Other than government agencies, the Company transacted with customers from diverse industries that are unrelated to each other; thus, no concentration of credit risk was observed.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

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

December 31, 2022

	<b>Not Past Due</b>
Expected credit loss rate	1%
Gross carrying amount	\$ 493,035
Loss allowance (Lifetime ECLs)	<u>(5,978)</u>
Amortized cost	<u>\$ 487,057</u>

December 31, 2021

	<b>Not Past Due</b>
Expected credit loss rate	1%
Gross carrying amount	\$ 342,372
Loss allowance (Lifetime ECLs)	<u>(3,504)</u>
Amortized cost	<u>\$ 338,868</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 3,504	\$ 3,662
Add: Provision for impairment loss	2,474	-
Less: Recovery for impairment loss	<u>-</u>	<u>(158)</u>
Balance at December 31	<u>\$ 5,978</u>	<u>\$ 3,504</u>

## 11. INVENTORIES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Finished goods (including merchandise)	\$ 223,046	\$ 251,598
Work in progress	402,682	333,913
Raw materials	<u>420,373</u>	<u>319,373</u>
	<u>\$ 1,046,101</u>	<u>\$ 904,884</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$2,492,620 thousand and \$2,383,120 thousand, respectively.

The cost of goods sold included write-downs of inventories of \$335 thousand for the year ended December 31, 2022. The cost of goods sold included reversal of write-downs of inventories of \$20,113 thousand and inventory write-downs of \$15,595 thousand for the year ended December 31, 2021. Previous write-downs were reversed as a result of increased selling price and the sale of obsolete and slow-moving inventories which were previously written down.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### Investments in Subsidiaries

Name of Subsidiaries	December 31	
	2022	2021
Holdkey (Belize) Investments Limited	\$ 6,223	\$ 5,641
Muchonfarm Inc.	<u>47,767</u>	<u>49,042</u>
	<u>\$ 53,990</u>	<u>\$ 54,683</u>

Name of Subsidiaries	Proportion of Ownership and Voting Rights	
	2022	2021
Holdkey (Belize) Investments Limited	100%	100%
Muchonfarm Inc.	100%	100%

## 13. PROPERTY, PLANT AND EQUIPMENT

### Assets Used by the Company

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 519,434	\$ 1,192,447	\$ 196,963	\$ 74,762	\$ 1,983,606
Additions	-	-	5,050	3,720	8,770
Disposals	-	(17,591)	(40,187)	(6,669)	(64,447)
Transferred from investment properties	<u>3,279</u>	<u>2,850</u>	<u>-</u>	<u>-</u>	<u>6,129</u>
Balance at December 31, 2022	<u>\$ 522,713</u>	<u>\$ 1,177,706</u>	<u>\$ 161,826</u>	<u>\$ 71,813</u>	<u>\$ 1,934,058</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2022	\$ -	\$ (482,394)	\$ (155,224)	\$ (25,516)	\$ (663,134)
Disposals	-	17,591	35,570	6,669	59,830
Depreciation expense	-	(30,645)	(5,957)	(8,985)	(45,587)
Transferred from investment properties	<u>-</u>	<u>(1,065)</u>	<u>-</u>	<u>-</u>	<u>(1,065)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ (496,513)</u>	<u>\$ (125,611)</u>	<u>\$ (27,832)</u>	<u>\$ (649,956)</u>
Balance at December 31, 2022, net	<u>\$ 522,713</u>	<u>\$ 681,193</u>	<u>\$ 36,215</u>	<u>\$ 43,981</u>	<u>\$ 1,284,102</u>
					(Continued)
	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total

	<b>Freehold Land</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Other Equipment</b>	<b>Total</b>
<u>Cost</u>					
Balance at January 1, 2021	\$ 499,204	\$ 1,376,724	\$ 236,144	\$ 79,435	\$ 2,191,507
Additions	-	43,553	879	4,222	48,654
Disposals	-	(24,322)	(40,060)	(8,895)	(73,277)
Transferred from prepaid equipment	-	11,377	-	-	11,377
Transferred from investment properties	20,230	-	-	-	20,230
Transferred to investment properties	<u>-</u>	<u>(214,885)</u>	<u>-</u>	<u>-</u>	<u>(214,885)</u>
Balance at December 31, 2021	<u>\$ 519,434</u>	<u>\$ 1,192,447</u>	<u>\$ 196,963</u>	<u>\$ 74,762</u>	<u>\$ 1,983,606</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2021	\$ -	\$ (589,159)	\$ (187,561)	\$ (25,143)	\$ (801,863)
Disposals	-	24,322	40,060	8,809	73,191
Depreciation expense	-	(34,919)	(7,723)	(9,182)	(51,824)
Transferred to investment properties	<u>-</u>	<u>117,362</u>	<u>-</u>	<u>-</u>	<u>117,362</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ (482,394)</u>	<u>\$ (155,224)</u>	<u>\$ (25,516)</u>	<u>\$ (663,134)</u>
Balance at December 31, 2021, net	<u>\$ 519,434</u>	<u>\$ 710,053</u>	<u>\$ 41,739</u>	<u>\$ 49,246</u>	<u>\$ 1,320,472</u> (Concluded)

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

Buildings	6-50 years
Machinery and equipment	4-20 years
Other equipment	3-16 years

The major parts of the buildings held by the Company include plants and fire extinguishing equipment, which are depreciated over their estimated useful lives of 50 years and 10 years, respectively.

Refer to Note 28 for the carrying amount of property, plant and equipment pledged for general banking facilities granted to the Company.

## 14. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Buildings	\$ 4,634	\$ 6,263
Transportation equipment	<u>2,581</u>	<u>2,423</u>
	<u>\$ 7,215</u>	<u>\$ 8,686</u>



	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 3,019</u>	<u>\$ 7,977</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 2,684	\$ 1,852
Transportation equipment	<u>1,806</u>	<u>1,754</u>
	<u>\$ 4,490</u>	<u>\$ 3,606</u>

b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Current	<u>\$ 4,070</u>	<u>\$ 4,062</u>
Non-current	<u>\$ 3,201</u>	<u>\$ 4,676</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Buildings	1.195%-1.60%	1.195%-1.465%
Transportation equipment	1.165%-1.725%	1.165%-1.465%

c. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 3,118</u>	<u>\$ 3,627</u>
Expenses relating to low-value asset leases	<u>\$ 101</u>	<u>\$ 102</u>
Total cash outflow for leases	<u>\$ (4,585)</u>	<u>\$ (3,770)</u>

The Company's leases of certain buildings and transportation equipment qualify as short-term leases and leases of certain buildings and transportation equipment qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 15.

## 15. INVESTMENT PROPERTIES

	Freehold Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 109,938	\$ 332,096	\$ 442,034
Disposals	-	(88)	(88)
Transferred to property, plant and equipment	<u>(3,279)</u>	<u>(2,850)</u>	<u>(6,129)</u>
Balance at December 31, 2022	<u>\$ 106,659</u>	<u>\$ 329,158</u>	<u>\$ 435,817</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ -	\$ (152,103)	\$ (152,103)
Disposals	-	88	88
Depreciation expense	-	(11,969)	(11,969)
Transferred to property, plant and equipment	<u>-</u>	<u>1,065</u>	<u>1,065</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ (162,919)</u>	<u>\$ (162,919)</u>
Balance at December 31, 2022, net	<u>\$ 106,659</u>	<u>\$ 166,239</u>	<u>\$ 272,898</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 130,168	\$ 91,666	\$ 221,834
Additions	-	21,609	21,609
Disposals	-	(114)	(114)
Transferred from prepaid equipment	-	4,050	4,050
Transferred from property, plant and equipment	-	214,885	214,885
Transferred to property, plant and equipment	<u>(20,230)</u>	<u>-</u>	<u>(20,230)</u>
Balance at December 31, 2021	<u>\$ 109,938</u>	<u>\$ 332,096</u>	<u>\$ 442,034</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ -	\$ (28,898)	\$ (28,898)
Disposals	-	114	114
Depreciation expense	-	(5,957)	(5,957)
Transferred from property, plant and equipment	<u>-</u>	<u>(117,362)</u>	<u>(117,362)</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ (152,103)</u>	<u>\$ (152,103)</u>
Balance at December 31, 2021, net	<u>\$ 109,938</u>	<u>\$ 179,993</u>	<u>\$ 289,931</u>

Investment properties are depreciated on a straight-line basis over their estimated useful lives of 6 to 55 years.

The fair value of investment properties was \$437,316 thousand and \$440,725 thousand as of December 31, 2022 and 2021, respectively. The fair value was not evaluated by an independent appraiser; the Company evaluated it with reference to the market evidence of similar real estate transaction prices.

The investment properties were leased out for 1 to 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

As of December 31, 2022 and 2021, guarantee deposits received by the Company for operating lease contracts both were amounted to \$3,978 thousand.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Year 1	\$ 20,869	\$ 13,522
Year 2	18,484	1,947
Year 3	16,509	-
Year 4	<u>14,909</u>	<u>-</u>
	<u>\$ 70,771</u>	<u>\$ 15,469</u>

The Company has freehold interest in all of its investment property. Refer to Note 28 for the carrying amount of investment properties pledged to secure general banking facilities granted to the Company.

## 16. OTHER ASSETS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Prepayments	\$ 42,735	\$ 5,591
Temporary payments and payments on behalf of others	2,095	960
Others	<u>15,987</u>	<u>3,618</u>
	<u>\$ 60,817</u>	<u>\$ 10,169</u>
<u>Non-current</u>		
Refundable deposits	\$ 12,851	\$ 11,129
Prepayments for equipment	<u>29,849</u>	<u>626</u>
	<u>\$ 42,700</u>	<u>\$ 11,755</u>

## 17. SHORT-TERM BORROWINGS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Secured borrowings (Note 28)</u>		
Bank borrowings	\$ 23,844	\$ -
<u>Unsecured borrowings</u>		
Bank line of credit borrowings	<u>125,475</u>	<u>-</u>
	<u>\$ 149,319</u>	<u>\$ -</u>

The interest rate range of short-term borrowings interest rate was 1.596%-1.85% per annum at December 31, 2022.

## 18. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Other payables		
Payable for purchase of equipment	\$ 1,591	\$ 1,277
Salaries or bonuses	43,963	41,331
Payable for commissions	3,222	3,210
Payable for retirement and others	<u>35,489</u>	<u>35,585</u>
	<u>\$ 84,265</u>	<u>\$ 81,403</u>
Other liabilities		
Temporary receipts	\$ 1,716	\$ 1,665
Others	<u>770</u>	<u>744</u>
	<u>\$ 2,486</u>	<u>\$ 2,409</u>
<u>Non-current</u>		
Other liabilities		
Net defined benefit liabilities (Note 19)	\$ 27,195	\$ 32,055
Guarantee deposits received (Note 15)	<u>3,978</u>	<u>3,978</u>
	<u>\$ 31,173</u>	<u>\$ 36,033</u>

## 19. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

### b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. Since February 2022, the Company contributes original amounts equal to 2% to 6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of the defined benefit obligation	\$ 77,967	\$ 75,774
Fair value of the plan assets	<u>(50,772)</u>	<u>(43,719)</u>
Deficit	<u>27,195</u>	<u>32,055</u>
Net defined benefit liabilities	<u>\$ 27,195</u>	<u>\$ 32,055</u>

Movements in net defined benefit liabilities (assets) were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2021	\$ 84,492	\$ (53,748)	\$ 30,744
Service cost			
Current service cost	653	-	653
Net interest expense (income)	<u>422</u>	<u>(271)</u>	<u>151</u>
Recognized in profit or loss	<u>1,075</u>	<u>(271)</u>	<u>804</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(695)	(695)
Actuarial (gain) loss - changes in demographic assumptions	1,996	-	1,996
Actuarial (gain) loss - changes in financial assumptions	(883)	-	(883)
Actuarial (gain) loss - experience adjustments	<u>1,128</u>	<u>-</u>	<u>1,128</u>
Recognized in other comprehensive income	<u>2,241</u>	<u>(695)</u>	<u>1,546</u>
Contributions from the employer	-	(1,039)	(1,039)
Benefits paid	<u>(12,034)</u>	<u>12,034</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 75,774</u>	<u>\$ (43,719)</u>	<u>\$ 32,055</u>
Balance at January 1, 2022	\$ 75,774	\$ (43,719)	\$ 32,055
Service cost			
Current service cost	430	-	430
Net interest expense (income)	<u>474</u>	<u>(277)</u>	<u>197</u>
Recognized in profit or loss	<u>904</u>	<u>(277)</u>	<u>627</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,051)	(4,051)
Actuarial (gain) loss - changes in financial assumptions	(2,700)	-	(2,700)
Actuarial loss (gain) - experience adjustments	<u>3,989</u>	<u>-</u>	<u>3,989</u>
Recognized in other comprehensive income	<u>1,289</u>	<u>(4,051)</u>	<u>(2,762)</u>
Contributions from the employer	<u>-</u>	<u>(2,725)</u>	<u>(2,725)</u>
Balance at December 31, 2022	<u>\$ 77,967</u>	<u>\$ (50,772)</u>	<u>\$ 27,195</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating costs	\$ 460	\$ 756

Selling and marketing expenses	75	134
General and administrative expenses	73	(116)
Research and development expenses	<u>19</u>	<u>30</u>
	<u>\$ 627</u>	<u>\$ 804</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Discount rate(s)	1.50%	0.63%
Expected rate(s) of salary increase	2.50%	2.00%

If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Discount rate(s)		
0.25% increase	<u>\$ (1,665)</u>	<u>\$ (1,762)</u>
0.25% decrease	<u>\$ 1,718</u>	<u>\$ 1,823</u>
Expected rate(s) of salary increase/decrease		
0.25% increase	<u>\$ 1,671</u>	<u>\$ 1,767</u>
0.25% decrease	<u>\$ (1,627)</u>	<u>\$ (1,717)</u>

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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
The expected contributions to the plan for the next year	\$ <u>3,183</u>	\$ <u>1,038</u>
The average duration of the defined benefit obligation	8.7 years	9.4 years

## 20. EQUITY

### a. Share capital

#### Ordinary shares

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Number of authorized shares (in thousands)	<u>320,000</u>	<u>320,000</u>
Amount of authorized shares	\$ <u>3,200,000</u>	\$ <u>3,200,000</u>
Number of issued and fully paid shares (in thousands)	<u>192,692</u>	<u>192,692</u>
Amount of issued and fully paid shares	\$ <u>1,926,917</u>	\$ <u>1,926,917</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and a right to receive dividends.

The Company's shareholders in their meetings on July 20, 2021 resolved to reduce its capital of \$481,730 thousand, which eliminated 48,173 thousand ordinary shares, and the reduction rate is about 20%. The paid ordinary shares after reduction were 192,692 thousand shares. On August 24, 2021, the above transaction was approved by the FSC and the subscription base date was determined by the board of the directors to be August 26, 2021.

### b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Arising from issuance of ordinary shares	\$ 234,751	\$ 282,924
<u>May be used to offset a deficit only</u>		
Arising from changes in percentage of ownership interest in subsidiaries (2)	<u>159</u>	<u>159</u>
	<u>\$ 234,910</u>	<u>\$ 283,083</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for using equity method.

c. Retained earnings and dividends policy

The Company considers the needs of the environment and the characteristics of the industry and long-term financial planning, dividend policy, measure of investment funds, financial structure, and surplus situation before it decides on the amount and type of surplus distribution.

Under the dividends policy as set forth in the Articles, when the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes and offsetting losses of previous years. The Company shall, after its losses have been covered and all taxes and dues have been paid and at the time of allocating surplus profit, first set aside 10% of such profit as a legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. In addition to the aforesaid legal reserve, the Company appropriates another sum as a special reserve. Finally, any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Distribution of cash dividends shall not be less than 10% of total dividends.

The Company's shareholders resolved the amendments to the Company's Articles of Incorporation on July 20, 2021. The amendment explicitly stipulates that the board of directors is authorized to adopt a special resolution to distribute dividends, bonuses, capital surplus or all or part of legal reserve in cash and a report of such distribution should be submitted in the shareholders' meeting. The requirement to submit a resolution to the shareholders' meeting shall not apply as of the Amendment Date.

For the policies on distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 22-h.

Legal reserve shall be appropriated until it has reached the Company's paid-in capital. This reserve may be used to offset a deficit. If the Company has no deficit, and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation of earnings for 2021 and 2020 were approved in the shareholder's meetings on June 27, 2022 and July 20, 2021, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For Year 2021</b>	<b>For Year 2020</b>
Legal reserve	<u>\$ 25,869</u>	<u>\$ 24,682</u>
Special reserve	<u>\$ -</u>	<u>\$ (11,237)</u>
Cash dividends	<u>\$ 48,173</u>	<u>\$ -</u>
Cash dividend per share (NT\$)	\$ 0.25	\$ -

The above 2021 appropriations for cash dividends were resolved by the Company's board of directors on May 12, 2022; the other proposed appropriations were resolved by the shareholders in their meeting on June 27, 2022.

On May 12, 2022, the Board of Directors resolved to appropriate the capital surplus of \$48,173 thousand for cash. The Company's shareholders in their meetings resolved to appropriate the capital surplus of \$72,259 thousand for cash on July 20, 2021.



The proposed appropriations for 2022 were resolved by the board of directors in May 2023. The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting to be held on June 26, 2023.

## 21. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Wires and cables revenue	\$ 2,838,476	\$ 2,779,747
Rental revenue	<u>22,559</u>	<u>20,432</u>
	<u>\$ 2,861,035</u>	<u>\$ 2,800,179</u>

### Contract Balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Notes and trade receivables (Note 10)	<u>\$ 487,057</u>	<u>\$ 338,868</u>	<u>\$ 316,946</u>
Contract assets - current			
Sale of goods	\$ 269,035	\$ 267,778	\$ 240,070
Contract assets - non-current			
Sale of goods	<u>46,660</u>	<u>-</u>	<u>-</u>
	<u>\$ 315,695</u>	<u>\$ 267,778</u>	<u>\$ 240,070</u>
Contract liabilities - current			
Sale of goods	\$ 24,273	\$ 25,309	\$ 15,092
Installation services	<u>6,905</u>	<u>3,402</u>	<u>4,481</u>
	<u>\$ 31,178</u>	<u>\$ 28,711</u>	<u>\$ 19,573</u>

The changes in the balance of contract assets primarily resulted from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment; other significant changes are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Contract assets</u>		
Balance at beginning of the year transferred to trade receivables	<u>\$ (88,051)</u>	<u>\$ (135,294)</u>

## 22. NET PROFIT

### a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest income		
Bank deposits	\$ 481	\$ 1,344
Interest on deposits	<u>20</u>	<u>22</u>
	<u>\$ 501</u>	<u>\$ 1,366</u>

### b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Dividends	\$ 44,920	\$ 32,901
Others	<u>10,998</u>	<u>8,122</u>
	<u>\$ 55,918</u>	<u>\$ 41,023</u>

### c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Gain (loss) on financial assets mandatorily classified as at FVTPL	\$ 19,602	\$ (10,395)
Net foreign exchange gains	3,893	2,568
Gain (loss) on disposal of property, plant and equipment	883	(86)
Others	<u>(84)</u>	<u>(99)</u>
	<u>\$ 24,294</u>	<u>\$ (8,012)</u>

### d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loan	\$ 1,430	\$ 44
Interest on lease liabilities	99	86
Interest on deposits	<u>31</u>	<u>31</u>
	<u>\$ 1,560</u>	<u>\$ 161</u>

e. Depreciation

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
An analysis of depreciation by function		
Operating costs	\$ 58,634	\$ 58,509
Operating expenses	<u>3,412</u>	<u>2,878</u>
	<u>\$ 62,046</u>	<u>\$ 61,387</u>

f. Operating expenses directly related to investment properties

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Direct operating expenses of investment properties generating rental income	<u>\$ 13,640</u>	<u>\$ 7,167</u>

g. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Post-employment benefits		
Defined contribution plans	\$ 5,725	\$ 5,832
Defined benefit plans (Note 19)	<u>627</u>	<u>804</u>
	6,352	6,636
Other employee benefits	<u>188,767</u>	<u>185,064</u>
Total employee benefits expense	<u>\$ 195,119</u>	<u>\$ 191,700</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 143,889	\$ 141,897
Operating expenses	<u>51,230</u>	<u>49,803</u>
	<u>\$ 195,119</u>	<u>\$ 191,700</u>

h. Compensation of employees and remuneration of directors

According to the Company's Articles, where the Company made a profit in a fiscal year, it distributes compensation of employees at the rate of no less than 1% and no higher than 5% and remuneration of directors at the rate of no higher than 2.5% of net profit before income tax. The compensation of employees is calculated based on the remaining balance of the current year's profit (i.e., profit before income tax prior to the distribution of compensation of employees and remuneration of directors) minus accumulated deficits.

The compensation of employees and remuneration of directors for the year ended December 31, 2022 are subject to the approval by the Company's board of directors. The compensation of employees and remuneration of directors for the year ended December 31, 2021 were approved by the Company's board of directors on May 12, 2022 as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	3.00%	2.94%
Remuneration of directors	2.02%	1.96%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 9,600	\$ 9,000
Remuneration of directors	6,480	6,000

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in 2021 and 2020 in the financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Foreign exchange gains	\$ 6,599	\$ 5,031
Foreign exchange losses	<u>(2,706)</u>	<u>(2,463)</u>
	<u>\$ 3,893</u>	<u>\$ 2,568</u>

## 23. INCOME TAXES

### a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 43,152	\$ 48,480
Income tax on unappropriated earnings	8,794	7,623
Adjustments for prior year	43	71
Deferred tax		
In respect of the current year	<u>4,293</u>	<u>1,849</u>
Income tax expense recognized in profit or loss	<u>\$ 56,282</u>	<u>\$ 58,023</u>

A reconciliation of accounting profit and current income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax	<u>\$ 304,359</u>	<u>\$ 290,939</u>
Income tax expense calculated at the statutory rate	\$ 60,872	\$ 58,188
Non-deductible expenses in determining taxable income	10	12
Loss on property transaction	(30)	-
Tax-exempt income	(8,984)	(6,580)
Income tax on unappropriated earnings	8,794	7,623
Unrecognized deductible temporary differences	(4,423)	(1,291)
Adjustments for prior years' tax	<u>43</u>	<u>71</u>
Income tax expense recognized in profit or loss	<u>\$ 56,282</u>	<u>\$ 58,023</u>

### b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax</u>		
In respect of the current year:		
Remeasurement of defined benefit plans	<u>\$ 552</u>	<u>\$ (309)</u>
Total income tax expense (benefit) recognized in other comprehensive income	<u>\$ 552</u>	<u>\$ (309)</u>

### c. Current tax liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax liabilities		
Income tax payable	<u>\$ 27,666</u>	<u>\$ 33,319</u>

### d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized investment losses	\$ 4,091	\$ 127	\$ -	\$ 4,218
Inventory write-downs	12,077	67	-	12,144
Defined benefit plans	7,942	(420)	(552)	6,970
Others	<u>407</u>	<u>(147)</u>	<u>-</u>	<u>260</u>
	<u>\$ 24,517</u>	<u>\$ (373)</u>	<u>\$ (552)</u>	<u>\$ 23,592</u>
<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized valuation gains	<u>\$ 474</u>	<u>\$ 3,920</u>	<u>\$ -</u>	<u>\$ 4,394</u>

For the year ended December 31, 2021

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized investment losses	\$ 3,941	\$ 150	\$ -	\$ 4,091
Inventory write-downs	16,100	(4,023)	-	12,077
Defined benefit plans	7,680	(47)	309	7,942
Others	<u>415</u>	<u>(8)</u>	<u>-</u>	<u>407</u>
	<u>\$ 28,136</u>	<u>\$ (3,928)</u>	<u>\$ 309</u>	<u>\$ 24,517</u>
<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Unrealized valuation gains	<u>\$ 2,553</u>	<u>\$ (2,079)</u>	<u>\$ -</u>	<u>\$ 474</u>

- e. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Deductible temporary differences		
Unrealized investment losses	\$ 323,806	\$ 323,134
Impairment of assets	<u>3,571</u>	<u>26,357</u>
	<u>\$ 327,377</u>	<u>\$ 349,491</u>

- f. Income tax assessments

The income tax returns of the Company through 2020 have been assessed and cleared by the tax authorities.

## 24. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit for the year attributable to owners of the Company	<u>\$ 248,077</u>	<u>\$ 232,916</u>

### Weighted Average Number of Ordinary Shares Outstanding

(In Thousands of Shares)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	192,692	223,971
Effect of potentially dilutive ordinary shares:		
Employees' compensation issued	<u>927</u>	<u>789</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>193,619</u>	<u>224,760</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 25. CAPITAL MANAGEMENT

In consideration of the industry dynamics, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources to find its working capital needs, capital assets purchases, research and development activities, and dividend payments associated with its existing operations over the next 12 months.

## 26. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values or their fair values cannot be reliably measured.

### b. Fair value of financial instruments that are measured at fair value on a recurring basis

#### 1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Gold investment account	\$ 176,715	\$ -	\$ -	\$ 176,715
Financial assets at FVTOCI				
Listed securities in the ROC				
Equity securities	706,677	-	-	706,677
Unlisted securities in the ROC				
Equity securities	-	-	191,950	191,950
Preference shares	-	-	3,728	3,728
	<u>\$ 883,392</u>	<u>\$ -</u>	<u>\$ 195,678</u>	<u>\$ 1,079,070</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Gold investment account	\$ 157,113	\$ -	\$ -	\$ 157,113
Financial assets at FVTOCI				
Listed securities in the ROC				
Equity securities	769,046	-	-	769,046
Unlisted securities in the ROC				
Equity securities	-	-	224,050	224,050
Preference shares	-	-	6,337	6,337
	<u>\$ 926,159</u>	<u>\$ -</u>	<u>\$ 230,387</u>	<u>\$ 1,156,546</u>

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



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

For the year ended December 31, 2022

	<b>Financial Assets at FVTOCI Equity Instruments</b>
<u>Financial assets</u>	
Balance at January 1, 2022	\$ 230,387
Disposals/settlements	(2,123)
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	<u>(32,586)</u>
Balance at December 31, 2022	<u>\$ 195,678</u>

For the year ended December 31, 2021

	<b>Financial Assets at FVTOCI Equity Instruments</b>
<u>Financial assets</u>	
Balance at January 1, 2021	\$ 240,835
Disposals/settlements	(1,627)
Return of shares after capital reduction	(5,504)
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	<u>(3,317)</u>
Balance at December 31, 2021	<u>\$ 230,387</u>

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

Domestic unlisted shares were valued using the market approach. The estimates and assumptions used by the Company under the market approach are consistent with those used by market participants in the pricing of financial instruments.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 176,715	\$ 157,113
Financial assets at amortized cost (Note 1)	652,090	538,011
Financial assets at FVTOCI	902,355	999,433
<u>Financial liabilities</u>		
Amortized cost (Note 2)	424,759	229,729

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, trade receivables, other receivables and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, trade payables and other payables and guarantee deposits.

d. Financial risk management objectives and policies

The Company sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Company's policies approved by the board of directors.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

With regard to the carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation), refer to Note 32.

Sensitivity analysis

The Company is mainly exposed to the USD and JPY.

The following table details the Company's sensitivity to a 2% increase in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate of 2% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period under the assumption of a 2% change in foreign currency rates. A positive number below indicates an increase/decrease in pre-tax profit/loss when New Taiwan dollars strengthened by 2% against the relevant currency. For a 2% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit/loss and the balances below would be negative.

	<b>USD Impact</b>		<b>JPY Impact</b>	
	<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Profit or loss	\$ 336	\$ 348	\$ 407	\$ 130

The amounts were mainly attributable to the outstanding receivables and payables, which were not hedged at the end of the reporting period.

The Company's sensitivity to foreign currency risk in 2022 and 2021 has not changed significantly from the prior year.

b) Interest rate risk

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 3,426	\$ 15,800
Cash flow interest rate risk		
Financial assets	141,705	160,502
Financial liabilities	149,319	-

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. A sensitivity rate of 0.25% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% higher/lower and all other variables were held constant, the Company's pre-tax profit/loss for the years ended December 31, 2022 and 2021 would have increased/decreased by \$(19) thousand and \$401 thousand, respectively, which was mainly a result of variable-rate bank deposits and short-term borrowings.

The Company's sensitivity to interest rate risk in 2022 and 2021 has not changed significantly from the prior year.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. The Company has appointed a special team to monitor the price risk and make plans to manage the price risk.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to the price risks of the aforementioned investments at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$1,767 thousand and \$1,571 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$7,067 thousand and \$7,690 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Company's sensitivity to investments in equity securities in 2022 has not changed significantly from the prior year.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantee issued by the Company.

The Company adopted a policy of only dealing with government agencies and creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above.

Refer to Note 10 for impairment assessment of individual customer receivables.

## 3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized short-term bank loan facilities of \$742,991 thousand and \$1,072,995 thousand, respectively.

## 27. TRANSACTIONS WITH RELATED PARTIES

Besides disclosures mentioned in other notes, the details of transactions between the Company and other related parties were disclosed below.

### a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Muchonfarm Inc. (Muchonfarm)	Subsidiary
Young Fast Optoelectronics Co., Ltd. (Young Fast)	Other related party (the Company is the corporate director)
Taiwan SRU Corp. Ltd. (SRU)	Other related party (related party in substance)
Bond-Galv Industrial Co., Ltd. (Bond-Galv)	Other related party (corporate director of the Company)

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Sales	Other related parties	\$ <u>1,952</u>	\$ <u>2,408</u>
Rental revenue	Subsidiary	\$ 60	\$ 136
	Other related parties		
	Young Fast	15,309	13,467
	SRU	<u>3,203</u>	<u>2,603</u>
		\$ <u>18,572</u>	\$ <u>16,206</u>

Sales were made at discounted market price to reflect the quantity of goods sold and the relationships between the parties.

Terms of sales from related parties were similar to those from third parties.

The Company rented houses to related parties. The amount of rent was agreed by both parties.

Terms of rent collection from related parties were similar to those from third parties.

As of December 31, 2022 and 2021, guarantee deposits received from the renting of houses to related parties were as follows:

Line Item	Related Party Category/Name	December 31	
		2022	2021
Guarantee deposits received	Other related parties		
	Young Fast	\$ 3,000	\$ 3,000
	SRU	<u>450</u>	<u>450</u>
		\$ <u>3,450</u>	\$ <u>3,450</u>

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2022	2021
Other related parties	\$ <u>130,895</u>	\$ <u>90,014</u>

Purchases were made at discounted market prices to reflect the quantity of goods purchased and the relationships between the parties.

Terms of purchases from related parties were similar to those from third parties.

d. Receivables from related parties

Line Item	Related Party Category	December 31	
		2022	2021
Notes receivable	Other related parties	\$ <u>7</u>	\$ <u>-</u>
Trade receivables	Other related parties	\$ <u>-</u>	\$ <u>130</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade payables to related parties	Other related parties Young Fast	<u>\$ 23,944</u>	<u>\$ 15,476</u>

The outstanding payables to related parties were unsecured.

f. Service costs

Related Party Category	For the Year Ended December 31	
	2022	2021
Other related parties Young Fast	<u>\$ 9,918</u>	<u>\$ -</u>

The service cost of the related party is incurred for the installation work contracted to the related party, so the price between the related party is mutually agreed upon.

The payment terms between the Company and its related parties are not materially different from those of non-related parties.

g. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	<u>\$ 22,677</u>	<u>\$ 22,637</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

## 28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been mortgaged as collateral for long- and short-term bank credit lines, performance guaranty, and a deposit for management and maintenance of public open space:

	December 31	
	2022	2021
Financial assets at amortized cost - current		
Restricted assets - demand deposit	\$ 9,407	\$ 9,408
Property, plant and equipment		
Freehold land	194,247	190,967
Buildings, net	492,270	512,785
Investment properties		
Freehold land	28,182	31,462
Buildings, net	<u>140,397</u>	<u>153,066</u>
	<u>\$ 864,503</u>	<u>\$ 897,688</u>

## 29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2022 and 2021 were as follows:

- a. As of December 31, 2022 and 2021, unused letters of credit for purchases of raw materials and machinery and equipment amounted to the following:

	<u>December 31</u>	
	2022	2021
USD	<u>\$ 2,766</u>	<u>\$ 3,486</u>
JPY	<u>\$ 23,332</u>	<u>\$ 124,650</u>

- b. Unrecognized commitments for purchase of property, plant and equipment amounted to the following:

	<u>December 31</u>	
	2022	2021
NTD	<u>\$ 163,295</u>	<u>\$ 8,623</u>

- c. Unrecognized contractual commitments of contracts entered into between the Company and the subcontractors are as follows:

	<u>December 31</u>	
	2022	2021
NTD	<u>\$ 277,651</u>	<u>\$ 132,145</u>

- d. In accordance with the customs import tariff of the post-release duty payment for imported goods, the bank issued a letter of guarantee on behalf of the Company to the customs. The endorsement/guarantee amount was as follows:

	<u>December 31</u>	
	2022	2021
NTD	<u>\$ 15,000</u>	<u>\$ 8,000</u>

## 30. SIGNIFICANT LOSSES FROM DISASTERS: NONE

## 31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

### 32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between foreign currencies and respective functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2022

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 878	30.66	\$ 26,933
JPY	88,271	0.23	<u>20,338</u>
			<u>\$ 47,271</u>
<u>Financial liabilities</u>			
Monetary items			
USD	329	30.76	<u>\$ 10,118</u>

December 31, 2021

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,624	27.63	\$ 44,879
JPY	55,378	0.24	<u>13,208</u>
			<u>\$ 58,087</u>
<u>Financial liabilities</u>			
Monetary items			
USD	990	27.73	\$ 27,455
JPY	27,600	0.24	<u>6,693</u>
			<u>\$ 34,148</u>



The Company is mainly exposed to the USD and JPY. The following information was aggregated by the functional currencies of the Company, and the exchange rate between the respective functional currency and the presentation currency was disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

Functional Currency	For the Year Ended December 31			
	2022		2021	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	\$ <u>3,893</u>	1 (NTD:NTD)	\$ <u>2,568</u>

### 33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided: None.
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint controlled entities). (Table 1)
- 4) Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (Table 2)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 9) Trading in derivative instruments: None.

b. Information on investees. (Table 3)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: None.

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
  - e) The highest period balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 4)

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.****MARKETABLE SECURITIES HELD****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars/Shares, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	% of Ownership	Fair Value	
Hold-Key Electric Wire & Cable Co., Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	3,291	\$ 85,572	0.02	\$ 85,572	
	DrayTek Company	-	Financial assets at fair value through other comprehensive income - current	253	6,376	0.28	6,376	
	Mega Financial Holding Company Ltd.	-	Financial assets at fair value through other comprehensive income - current	154	4,666	0.00	4,666	
	Young Fast Optoelectronics Co., Ltd.	The Company is the corporate director	Financial assets at fair value through other comprehensive income - non-current	20,415	554,263	13.49	554,263	
	MagiCap Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	54	3,728	1.77	3,728	
	Sol Young Enterprises Co., Ltd.	Corporate director	Financial assets at fair value through other comprehensive income - non-current	3,652	124,593	5.60	124,593	
	Bond-Galv Industrial Co., Ltd.	Corporate director	Financial assets at fair value through other comprehensive income - non-current	1,797	39,375	11.46	39,375	
	Fuzetec Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,247	55,800	3.33	55,800	
	Mosart Semiconductor Corp.	-	Financial assets at fair value through other comprehensive income - non-current	743	14,738	3.32	14,738	
	Luminous Optical Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	275	<u>13,244</u>	5.50	13,244	
					<u>\$ 902,355</u>			

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	Ending Balance	
Hold-Key Electric Wire & Cable Co., Ltd.	Young Fast Optoelectronics Co., Ltd.	The Company is the corporate director	Purchase	\$ 130,895	5.75	Payment in 60 days after acceptance	Note	Equivalent	\$ (23,944)	(12.79%)	

Note: Based on agreement by both parties.

## HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD. AND SUBSIDIARIES

### INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, U.S. Dollars and Hong Kong Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	% of Ownership	Carrying Amount			
Hold-Key Electric Wire & Cable Co., Ltd.	Holdkey (Belize) Investments Limited	Belize City	Investment	\$ 346,448 (US\$ 10,237) (HK\$ 1,000)	\$ 346,448 (US\$ 10,237) (HK\$ 1,000)	9,971	100.00	\$ 6,223	\$ (34)	\$ (34)	Subsidiary
	Muchonfarm Inc.	3F., No. 36-10, Sec. 1, Fuxing S. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Agriculture	87,250	87,250	13,000	100.00	47,767	(1,275)	(1,275)	Subsidiary

**TABLE 4****HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sol Young Enterprises Co., Ltd.	62,045,531	32.19

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

# HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.

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**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Amount</b>
Cash on hand		\$ 35
Checking accounts		753
Demand deposits	Including foreign currency deposits of US\$275 thousand and JPY36,821 thousand @30.66 and @0.23	132,298
Time deposits	Time deposits with original maturities of 3 months or less	<u>3,426</u>
		<u>\$ 136,512</u>



**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**

## STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars/Kg, Unless Specified Otherwise)

Name	Description	Kg	Carrying Amount	Amount	Rate	Cost	Accumulated Impairment	Fair Value		Note
								Unit Price	Total Amount	
Gold investment account		99	\$ -	\$ -		<u>\$ 154,745</u>	\$ -	\$ 1,785	<u>\$ 176,715</u>	None

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.****STATEMENT OF INVESTMENTS IN EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars/Shares, Unless Specified Otherwise)**

Name	Description	Shares	Carrying Amount	Amount	Rate	Cost	Accumulated Impairment	Fair Value		Note
								Unit Price	Total Amount	
Taiwan Cooperative Financial Holding Co., Ltd.		3,291	\$ -	\$ -		\$ 46,795	\$ -	\$ 26.00	\$ 85,572	None
DrayTek Corporation		253	-	-		7,886	-	25.20	6,376	"
Mega Financial Holding Company Ltd.		154	-	-		<u>3,572</u>	-	30.35	<u>4,666</u>	"
						<u>\$ 58,253</u>			<u>\$ 96,614</u>	

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.****STATEMENT OF NOTES RECEIVABLE****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

---

<b>Client Name</b>	<b>Description</b>	<b>Amount</b>
Non-related party		
Client A	Payments	\$ 8,215
Client B	"	2,547
Client C	"	1,958
Client D	"	1,811
Client E	"	1,582
Others (Note)	"	<u>10,674</u>
		26,787
Related party		
Client F	"	<u>7</u>
		26,794
Less: Allowance for impairment loss		<u>378</u>
		<u>\$ 26,416</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**

**STATEMENT OF TRADE RECEIVABLES**

**DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars)**

---

<b>Client Name</b>	<b>Description</b>	<b>Amount</b>
Non-related party		
Client A	Payments	\$ 130,731
Client B	"	91,332
Client C	"	65,902
Client D	"	64,320
Client E	"	24,959
Client F	"	24,083
Others (Note)	"	<u>64,914</u>
		466,241
Less: Allowance for impairment loss		<u>5,600</u>
		<u>\$ 460,641</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**
**STATEMENT OF INVENTORIES**  
**DECEMBER 31, 2022**  
**(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value
Raw materials	\$ 428,547	\$ 414,528
Materials	10,663	5,845
Work in progress	422,674	402,682
Finished goods (including merchandise)	<u>244,939</u>	<u>223,046</u>
	1,106,823	<u>\$ 1,046,101</u>
Less: Allowance for write-downs of inventories	<u>60,722</u>	
	<u>\$ 1,046,101</u>	

Note: Inventories are evaluated at the lower of cost or net realizable value.

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.****STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2022**

(In Thousands of New Taiwan Dollars/Shares)

Name	Balance, January 1, 2022		Additions (Note 1)		Decrease (Note 2)		Balance, December 31, 2022			Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership (%)	Amount	
Young Fast Optoelectronics Co., Ltd.	20,415	\$ 587,947	-	\$ -	-	\$ 33,684	20,415	13.49	\$ 554,263	None
MagiCap Venture Capital Co., Ltd.	63	6,337	-	-	9	2,609	54	1.77	3,728	"
Sol Young Enterprises Co., Ltd.	3,652	130,086	-	-	-	5,493	3,652	5.60	124,593	"
Bond-Galv Industrial Co., Ltd.	1,797	50,782	-	-	-	11,407	1,797	11.46	39,375	"
Fuzetec Technology Co., Ltd.	1,247	87,410	-	-	-	31,610	1,247	3.33	55,800	"
Mosart Semiconductor Corp.	743	30,333	-	-	-	15,595	743	3.32	14,738	"
Luminous Optical Technology Co., Ltd.	275	12,549	-	695	-	-	275	5.50	13,244	"
Taiwan Submarine Cable Co., Ltd.	30	300	-	-	30	300	-	-	-	"
		<u>\$ 905,744</u>		<u>\$ 695</u>		<u>\$ 100,698</u>			<u>\$ 805,741</u>	

Note 1: Increase in amount resulted from adjustment.

Note 2: Decrease in amount resulted from adjustment and sale.

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.****STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2022**

(In Thousands of New Taiwan Dollars/Shares, Unless Specified Otherwise)

Investees	Balance, January 1, 2022		Additions in Investment		Decrease in Investment		Investment Gain or Loss	Balance, December 31, 2022			Market Value or Net Assets Value (Note 2)		Collateral
	Shares	Amount	Acquired Shares	Amount (Note 1)	Shares	Amount		Shares	Percentage of Ownership (%)	Amount	Unit Price	Total	
												Amount	
Holdkey (Belize) Investments Limited	9,971	\$ 5,641	-	\$ 616	-	\$ -	\$ (34)	9,971	100.00	\$ 6,223	\$ 0.62	\$ 6,223	None
Muchonfarm Inc.	13,000	<u>49,042</u>	-	<u>-</u>	-	<u>-</u>	<u>(1,275)</u>	13,000	100.00	<u>47,767</u>	3.67	<u>47,767</u>	"
		<u>\$ 54,683</u>		<u>\$ 616</u>		<u>\$ -</u>	<u>\$ (1,309)</u>			<u>\$ 53,990</u>		<u>\$ 53,990</u>	

Note 1: The exchange gain amount on translating foreign operation.

Note 2: Net asset value is mainly calculated based on the financial statements of the invested company and the shareholding ratio of the Company.

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.****STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Balance, January 1, 2022</b>	<b>Additions</b>	<b>Decrease</b>	<b>Balance, December 31, 2022</b>
Buildings	\$ 8,010	\$ 1,055	\$ 952	\$ 8,113
Transportation equipment	<u>6,251</u>	<u>1,964</u>	<u>1,584</u>	<u>6,631</u>
	<u>\$ 14,261</u>	<u>\$ 3,019</u>	<u>\$ 2,536</u>	<u>\$ 14,744</u>



**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.****STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**


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Item	Balance, January 1, 2022	Additions	Decrease	Balance, December 31, 2022
Buildings	\$ 1,747	\$ 2,684	\$ 952	\$ 3,479
Transportation equipment	<u>3,828</u>	<u>1,806</u>	<u>1,584</u>	<u>4,050</u>
	<u>\$ 5,575</u>	<u>\$ 4,490</u>	<u>\$ 2,536</u>	<u>\$ 7,529</u>

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.****STATEMENT OF SHORT-TERM BORROWINGS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

<b>Borrowing Type</b>	<b>Description</b>	<b>Balance, December 31, 2022</b>	<b>Contract Term</b>	<b>Interest Rate Range</b>	<b>Financing Amount</b>	<b>Pledge Or Guarantee</b>
Bank secured borrowings	Purchase loan	\$ 23,844	2022.12.23-2023.06.21	1.850%	\$ 350,000	Land, buildings and restricted assets - demand deposits
Bank line of credit borrowings	Working capital and purchase loan	<u>125,475</u>	2022.11.24-2023.06.28	1.596%-1.685%	180,000	None
		<u>\$ 149,319</u>				

STATEMENT 12

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**

**STATEMENT OF TRADE PAYABLES**  
**DECEMBER 31, 2022**  
**(In Thousands of New Taiwan Dollars)**

---

Client Name	Description	Amount
Non-related party		
Client A	Payments	\$ 49,359
Client B	"	16,847
Client C	"	14,729
Client D	"	12,247
Client E	"	12,051
Client F	"	9,848
Others (Note)	"	<u>47,727</u>
		162,808
Related party		
Young Fast Optoelectronics Co., Ltd.	"	<u>23,944</u>
		<u>\$ 186,752</u>

Note: The amount of individual client included in other does not exceed 5% of the account balance.

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**

**STATEMENT OF LEASE LIABILITIES**

**DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Description</b>	<b>Contract Period</b>	<b>Discount Rates (%)</b>	<b>Amount</b>
Buildings	Dormitory	2021.08.01-2025.07.31	1.195-1.60	\$ 4,668
Transportation equipment	Car	2019.04.01-2025.10.31	1.165-1.725	<u>2,603</u>
				7,271
Less: Portion due within one year				<u>4,070</u>
				<u>\$ 3,201</u>

**STATEMENT 14**

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**

**STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Quantities</b>	<b>Unit Price</b>	<b>Amount</b>
Wires and cables	14,587 KM	\$ 25.39	\$ 370,292
Aluminum wire	682 MT	106.53	72,652
XLPE power cables	2,792 KM	577.62	1,612,719
Communication wires and cables	17,441 KM	15.20	265,025
Optical fiber cables	1,135 KM	76.51	86,842
Rental revenue			22,559
Service revenue			35,608
Others - ancillary equipment			<u>395,338</u>
			<u>\$ 2,861,035</u>

**STATEMENT 15**

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**

**STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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Item	Amount
Direct raw materials	
Add: Raw materials, beginning of year	\$ 330,019
Purchases in the period	1,831,834
Transferred from expenses and revenue	13
Less: Raw materials, end of year	(428,547)
Others	(124)
	<u>1,733,195</u>
Materials used	
Materials, beginning of year	9,669
Add: Purchases in the period	14,916
Less: Materials, end of year	(10,663)
Others	(30)
	<u>13,892</u>
Direct labor	77,883
Manufacturing expenses	<u>249,358</u>
Manufacturing costs	2,074,328
Add: Work in process, beginning of year	351,041
Others	2,264
Less: Work in process, end of year	(422,674)
Others	(388)
	<u>2,004,571</u>
Cost of finished goods	274,542
Add: Finished goods, beginning of year	427,815
Finished goods purchased	30,353
Others	(244,939)
Less: Finished goods, end of year	(57)
	<u>2,492,285</u>
Cost of finished goods	13,640
Loss on write-downs of inventories	335
Rental cost	13,640
Add: Offsetting of construction in progress and advance construction receipts, beginning of year	2,611
Construction in progress in the period	145
Less: Offsetting of construction in progress and advance construction receipts, end of year	(2,756)
Services cost	<u>30,386</u>
	<u>\$ 2,536,646</u>

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**

**STATEMENT OF SELLING AND MARKETING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Description</b>	<b>Amount</b>
Payroll expenses		\$ 12,884
Shipping expenses		13,483
Commission expenses		7,657
Export expenses		3,847
Other (Note)		<u>11,136</u>
		<u>\$ 49,007</u>

Note: The amount of individual client included in other does not exceed 5% of the account balance.

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**

**STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Description</b>	<b>Amount</b>
Payroll expenses		\$ 31,655
Loss on expected credit impairment		2,474
Professional service fees		3,765
Others (Note)		<u>7,409</u>
		<u>\$ 45,303</u>

Note: The amount of individual client included in other does not exceed 5% of the account balance.



**STATEMENT 18**

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**

**STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Description</b>	<b>Amount</b>
Payroll expenses		\$ 2,408
Insurance fee		232
Depreciation expense		193
Consumables expenses		316
Other (Note)		<u>415</u>
		<u>\$ 3,564</u>

Note: The amount of individual client included in other does not exceed 5% of the account balance.

**STATEMENT 19**

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**

**STATEMENT OF LABOR, DEPRECIATION, DEPLETION AND AMORTIZATION BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	2022			2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salaries	\$ 120,710	\$ 35,140	\$ 155,850	\$ 117,806	\$ 34,476	\$ 152,282
Labor and health insurance	11,592	3,149	14,741	11,890	2,988	14,878
Post-employment benefits	4,952	1,400	6,352	5,400	1,236	6,636
Remuneration of directors	-	10,407	10,407	-	9,936	9,936
Others	<u>6,635</u>	<u>1,134</u>	<u>7,769</u>	<u>6,801</u>	<u>1,167</u>	<u>7,968</u>
	<u>\$ 143,889</u>	<u>\$ 51,230</u>	<u>\$ 195,119</u>	<u>\$ 141,897</u>	<u>\$ 49,803</u>	<u>\$ 191,700</u>
Depreciation	<u>\$ 58,634</u>	<u>\$ 3,412</u>	<u>\$ 62,046</u>	<u>\$ 58,509</u>	<u>\$ 2,878</u>	<u>\$ 61,387</u>

Note 1: As of December 31, 2022 and 2021, the Company had 216 and 225 employees, including 5 and 5 non-employee directors, respectively.

Note 2: The Company's shares have been listed on the stock exchange, and the following information has been disclosed:

- a) Average labor costs for the years ended December 31, 2022 and 2021 were \$875 thousand and \$826 thousand, respectively.
- b) Average salary and bonus for the years ended December 31, 2022 and 2021 were \$739 thousand and \$692 thousand, respectively.
- c) The average salary and bonus decreased by 6.79% year over year.
- d) The Company has no supervisor.
- e) The Company's salary and remuneration policy, including directors, managers and employees, are as follows:
  - 1) Salary is paid by remittance every month.
  - 2) Depending on the operating conditions of the year, the year-end bonus will be paid before the Chinese New Year.
  - 3) Depending on the operating conditions of the year, the performance bonus will be paid in the third quarter based on the employees' job title and annual performance appraisal results.
  - 4) Depending on the operating conditions of the year, 1%-5% of the current year's profit shall be allocated as compensation of employees and no more than 2.5% of the current year's profit as remuneration of directors. Remuneration will be paid in the third quarter of the year.

**HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD.**

**Chairperson: Biqi Yang**

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