

Stock Code: 2440

The contents of this annual report and  
related information of the Company

You can check the following URL:

Public Information

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

Corporate Website:

<https://www.spaces.com.tw>



# Annual Report 2022

Date of Publication: March 31, 2023

## **I. Company Spokesperson:**

1. Spokesperson  
Name: Lin, Tzu-Hsin  
Position: Finance Manager  
Tel : (03) 593-5588  
Email address: nancy@spaces.com.tw
2. Deputy Spokesperson  
Name: Chen, Yi-Hung  
Position: Accounting Manager  
Tel : (03) 593-5588  
Email address: hung@spaces.com.tw

## **II. Contact Information of Headquarters, Branches, and Plants:**

1. Headquarter:  
Address: 9th Floor-2, No. 23, Huanke 1st Road, Zhubei City, Hsinchu Country, Taiwan  
Tel: (03) 593-5588 (Representative No.)
2. Branch: None
3. Factory: None

## **III. Handling Stock Transfer Institutions:**

Name: CTBC BANK CO., LTD.  
Address: 5F., No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)  
Tel : (02) 6636-5566 (Representative No.)  
Website: <https://www.ctcbank.com>

## **IV. Latest Annual Financial Report's Certified Public Accountants:**

Accountant Name: Lin, Shu-Ling, Cheng, Han  
Name of Accounting Firm: Honesty CPA Firm  
Address: 5F1., No. 38, Sec. 1, Jen-Ai Rd., Taipei, Taiwan  
Tel: (02) 2396-7696 (Representative No.)  
Website: None

## **V. Name and Enquiry of Trading Place for Trading Overseas Securities The Method of Information of the Overseas Securities: None**

## **VI. Company website: <http://www.spaces.com.tw>**

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## Chapter 1 Letter to Shareholders

### Dear Shareholders,

Since this year, the global economy has been affected by the COVID-19 virus, the outbreak of the war crisis in Russian-Ukraine, the Fed continues to tighten monetary policy, the US continues to increase the blockage of China's various technologies and the blockade of China and the broken chain. This year, the global economy such as oil prices fluctuate sharply, political turmoil, the wave of deglobalization, and a sharp spike in inflation have forced central banks of many countries to speed up rate hike, resulting in a sharp economic recession and a significant slowdown in corporate activities, resulting in the Company's operating results not as expected in 2022. The Company's 2022 consolidated revenue was NT\$3,135,693 thousand dollars compared with 2021 NT\$4,202,960 thousand dollars, a decreased of NT\$1,067,267 thousand dollars, and the reduction rate was about 25.39%. ; operating gross profit NT\$ 187,314 thousand dollars compared with 2021decreased by NT\$121,399 thousand dollars , and the operating gross profit rate was 5.97%; overall operating expenses were NT\$154,170 thousand dollars in 2022, operating profit were NT\$33,144 thousand dollars, operating interest rate was about 1.05%; non-operating income and expenses are mainly due to the large exchange rate fluctuations in 2022, resulting in exchange losses of about NT\$12,096 thousand dollars and interest expenses of NT\$21,594 thousand dollars, resulting in a non-operating net loss of NT\$24,564 thousand dollars. The Company's net loss after tax in 2022 was NT\$23,364 thousand dollars.

Looking ahead, the global economy is likely to face deeper stagnation of inflation and recession. Since this year, the world's major economies have risen interest rates to curb inflation, resulting in significant increase in corporate operating costs and debt risks, and the Russian- Ukraine war continues. Variables such as the rise of the US-China technology war continue to deepen doubts about the global economic outlook. However, the Company will continue to focus on the impact of external international developments on the prices of related raw materials, and actively adjust the product structure and develop niche data transmission line market customers to enhance overall profitability, while reducing the Group's financing water level to strengthen the Company's operational flexibility in order to create a win-win situation for all shareholders, employees and customers, so that the Company and society create value together. A summary report on the operation status and business plan for 2022 is as follows:

### Implementation results of the business plan:

Unit: NT\$ thousands

Item	2022 Amount	2021 Amount	Increase (Decrease) Amount	Increase (Decrease) Ratio
Operating revenue	3,135,693	4,202,960	(1,067,267)	(25.39%)
Gross profit (loss)	187,314	308,713	(121,399)	(39.32%)
Operating expenses	(154,170)	(151,182)	2,988	1.98%
Net operating income (loss)	33,144	157,531	(124,387)	(78.96%)
Net profit (loss) after tax	(23,364)	104,692	(128,056)	(122.32%)

### Budget implementation:

The Company did not publish financial forecasts to the public for 2022.

**Financial structure, solvency and profitability:**

The overall financial structure, solvency and profitability of the Company in 2022 are as follows:

Item		2022	2021
Financial structure	Debt ratio	34.23	43.95
	Long-Term Funds' to Fixed Assets (%)	633.45	631.81
Solvency	Current ratio (%)	268.45	192.75
	Quick ratio (%)	226.78	160.96
Profitability	Return on total assets (%)	(0.26)	5.15
	Return on equity (%)	(1.67)	7.86
	Net Profit Margin (%)	(0.75)	2.49
	Earnings Per Share (NT\$)	(0.17)	0.75

**Research and development:**

The Company's R&D strategy aims to meet customer needs quickly. In addition to continuing to develop new products to enter the market of high value-added products other than the original 3C information industry, such as: smart cars, medical...etc., and we will also follow the world trend towards more energy-saving and emission reduction production process and in line with circular economy to enhance new product development and design capabilities through continuous focus on product and material development and improvement of existing technologies.

**This year's business strategy and direction:**

In the spirit of sustainable development, the Company is committed to product development stage or process in the introduction of sustainable product concept, while improving organizational operation efficiency and strengthening inventory management. With the improvement of production equipment to strengthen the real-time collection of production data analysis in the production process to improve production efficiency and process yield, in order to meet the customer's product demand, adhere to customer service enthusiasm, maintain long-term and stable relationship of existing customers, and develop potential customer cooperation opportunity.

**Impact of the external competition, the legal environment, and the macroeconomic conditions:**

Looking forward to the international political and economic situation in 2023, the global economic outlook is still facing many downside risks, such as the United States, Europe and other major central banks simultaneously raise interest rates, capital environment tightening, the US dollar strengthens economic benefits with a large number of US dollar-denominated liabilities fragile, directly jeopardizing financial stability, these economies expanding debt. The crisis will seriously slow down global economic growth. In particular, US-China disputes impact globalization, the US implements wafer export control to mainland China, and actively alliances with international countermeasures against mainland China. As our main production base and sales market are located in mainland China, the Company may be affected indirectly. In recent years, mainland China has also begun to have increasingly stringent requirements for labor and environmental protection laws and regulations, which has also gradually increased the Company's compliance costs for various laws and regulations.

The Company also introduced the circular economy business philosophy in business management and product research and development, and continued to improve the proportion of research and development of green products, focus on resource reuse, reduce waste, reduce carbon emission and other principles, through the improvement of product design, production process optimization, lower corner waste recycling, etc. Practice the business philosophy of a circular economy, in order to help the Company and resources symbiosis, and achieve the purpose of sustainable operation.

**Future Company development strategy:**

The Company's future operation strategy will continue to strengthen the Group's intercompany resource integration, and continue to understand customer needs to develop niche products. In addition to strengthening the production and sales of existing ICT cable products, the Company would apply core power to other possible industries and markets to expand business size and increase profitability.

Thank you for your long-term support and contribution. The entire management team will continue to work on the strategy formulation and implementation of sales, production, R&D and management plans and implementation to ensure the growth of revenue and profit, and give back to the support and trust of the management team.

Dear Shareholders,

Good health

Space Shuttle Hi-Tech Co., Ltd.

Chairman: Wang, Hsuan-Hui

Chairman:  
Wang, Hsuan-Hui

General Manager:  
Wang, Hsuan-Hui

Head of Accounting:  
Chen, Yi-Hung

## Chapter 2 Company Profile

### I. Date of Establishment

(I) Date: October 16, 1985

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

Address: 9th Floor-2, No. 23, Huanke 1st Road, Zhubei City, Hsinchu Country, Taiwan

Tel: (03) 593-5588 (Representative No.)

### II. Company History

Year	Important Notes
1985	The Company was established and named as Space Shuttle Hi-Fi Wire & Cable Industry Co. and established in Section 2, Zhongyang Road, Tucheng Township, Taipei County.
	Manufacturing, processing and trading of electronic, computer wire, fiber optic cable, etc.
	The amount of rated and paid-up capital is NT\$2 million dollars.
	Qualified factory qualification that meets UL and CSA safety specifications.
1986	Developed MONO MONITOR CABLE, and mass production, became the main product.
1987	Obtained CL2 high flame-retardant material specification certification.
1988	The Company name was changed to Space Shuttle Hi-Fi Wire & Cable Industry Co., Ltd.
	Rated and paid-up capital increased to NT\$10 million dollars.
	Introduced HP4194, 8753, TDR and other high-precision network analysis instruments to ensure product quality.
1989	Rated and paid-up capital increased to NT\$40 million dollars.
	In November, the Company moved to No. 7-3, Xizun Street, Shulin Township, Taipei County.
1990	Obtained the communication cable's high flame-resistant material specification certification.
1992	Turnover was NT\$427,787 thousand dollars.
1994	Developed high resolution VGA (MONITOR) CABLE, and mass production to become the main product.
	Rated and paid-up capital increased to NT\$95 million dollars and turnover increased to NT\$668,748 thousand dollars.
1995	Developed IEEE1284 (PRINTER, SCANNER) and SCSI (HDD) series cable, and mass production, becoming another group of major products.
	Obtained ISO-9002 international quality certification.
	Introduce DCM company's high frequency network analysis instrument to improve product quality.
	Rated and paid capital increased to NT\$195 million dollars and turnover increased to NT\$770,310 thousand dollars.
1996	Obtained CMR Categories 5 high flame-retardant material specification certification.
	Leading the industry to develop UHF IEEE1394, USB and EVC series cable, and accept customer's small order trial production, become another series of main products in the future.



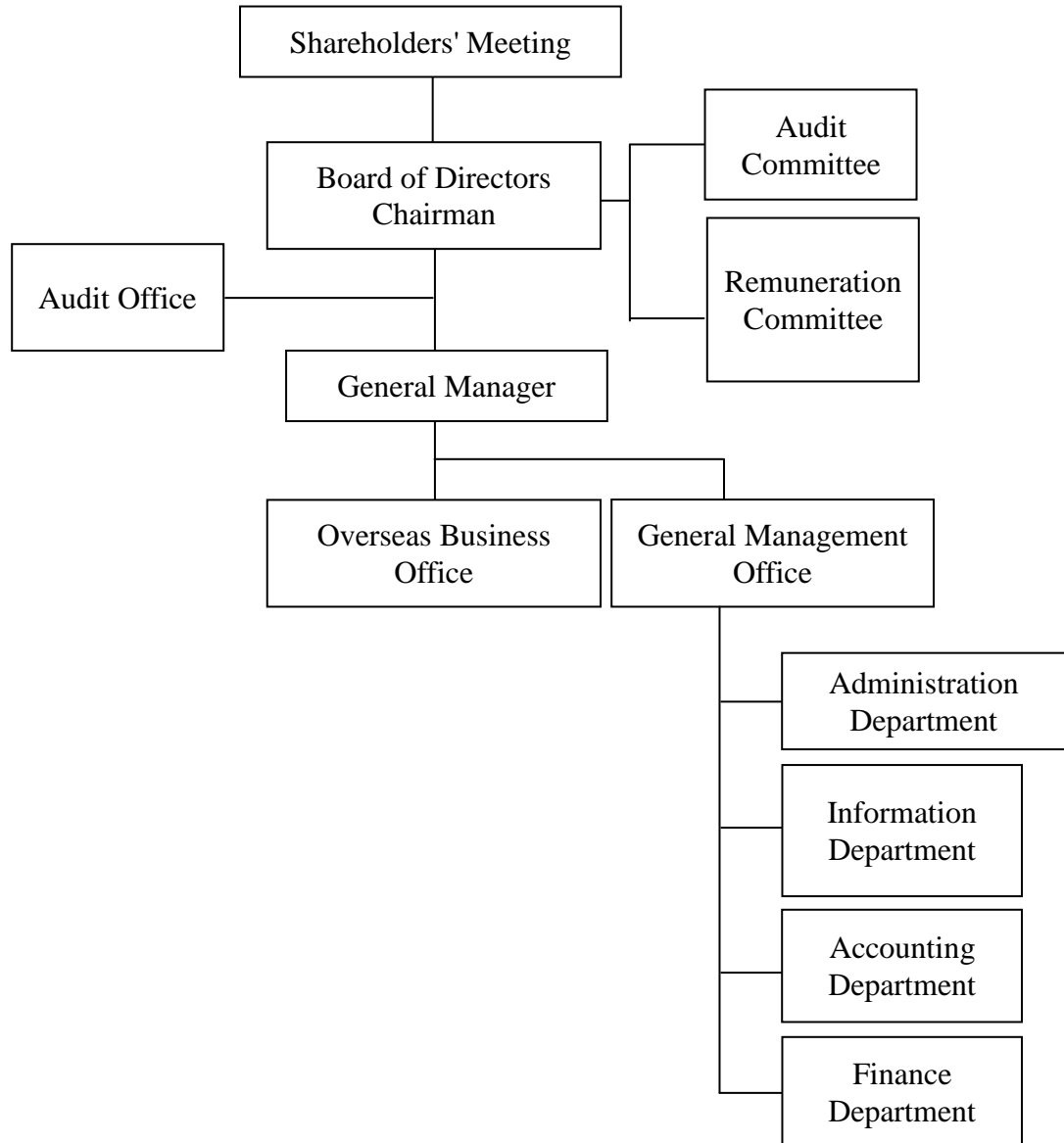
	Rated and paid-up capital increased to NT\$395 million dollars and turnover increased to NT\$914,083 thousand dollars.
1997	The first phase of the plant in Zhudong was completed and opened at the end of December 1997.
	Invested in a Singapore holding company and set up a subsidiary of Space Shuttle (HK) Hi-Fi Wire & Cable Industry CO., Limited to expand overseas marketing and production sites.
	The amount of paid-up capital increased to NT\$580 million dollars and turnover increased to NT\$1,494,101 thousand dollars.
1998	The amount of paid-up capital increased to NT\$800 million dollars and turnover increased to NT\$1,767,688 thousand dollars.
	First to develop UHF LVDS cable and high flame resistant, sulfur resistant, non-toxic PVC material.
	From Europe, America, Japan and other countries to introduce fully automated, high-precision, high-efficiency machines and equipment, and mass production of 3C products such as information, communication and consumer electronics.
	The head office moved into Hsinchu's new plant, so that the plant was integrated and improved operational efficiency.
1999	Leading new products such as FFC, TFC, Category 5 Enhanced 350MHz, USB1.1 and LCD MONITOR cable to enhance market competitiveness.
	Rated capital increased to NT\$1250 million dollars, and the amount of paid-up capital increased to NT\$925 million dollars.
2000	The Company name was changed to Space Shuttle Hi-Tech Co., Ltd.
	The amount of paid up capital increased to NT\$1072 million dollars and was listed on the Taiwan Stock Exchange Corporation on 1 November.
	From Europe, the United States and other countries to introduce the production of fiber optic communication equipment, and produce high quality optical fiber products.
2001	The amount of paid-up capital increased to NT\$1500 million dollars.
	Introduced passive optical device production equipment and technology from United States, and developed new products on its own.
2002	The amount of paid-up capital increased to NT\$1577.58 million dollars.
	Issued the first domestic unsecured conversion corporate bonds of NT\$750 million dollars.
	Space Shuttle (Suzhou) Electric Line Material Co., Ltd. and Dongguan City Nan Zhuo Industry Co., Ltd. are set up in China through the third region, specializing in production and sales for China domestic market.
2003	The amount of paid-up capital increased to NT\$1968.07 million dollars.
	Invested in optical active component production domestic.
	Optic Shuttle (Suzhou) Limited was established indirectly in China through the third region, specializing in the production and sales of optical communication products, supplying the domestic market in China and overseas market.
	Production and sales of high-precision multimedia interface (HDMI) cables.
2005	Dispose of plant in Shulin.
	The amount of paid-up capital increased by NT\$1 billion dollars.
2006	Recovered all unconverted corporate bonds from the first unsecured convertible corporate bonds.
	The amount of paid-up capital increased NT\$920,909,090 dollars.

	Reduced capital compensation loss decreased paid-up capital amount of NT\$1,818,659,080 dollars.
	Resolved to liquidate Optic Shuttle (Suzhou) Limited.
	Removed passive light and optical cable business office on December.
2007	Sale of inventory and fixed assets of the light active sector and deferred fees on March. Reduced capital to make up loss decreased paid up capital amount of NT\$770,522,830 dollars.
2008	For surplus transfer capital NT\$54,303,130 dollars. Cash capital increased by NT\$200 million dollars. Write-off treasury shares of NT\$88,390,000 dollars.
2009	Reduced capital to make up loss decreased paid up capital amount of NT\$ 453,511,380 dollars.
2010	Resolved to liquidate Space Shuttle (Singapore) Hi-Fi Wire & Cable Industry CO., Limited.
2011	Resolved to liquidate Dongguan Zhao Xun Hi-Tech Co., Ltd., the transfer investment company of the Company. Resolved to liquidate S.Shi-Tech Co., Ltd., the transfer investment company of the Company.
2012	Dong Guan Hou Jie Xi Tou Space Shuttle Hi-Fi Wire & Cable Co., Ltd.. was established indirectly in China through the third region, mainly engaged in the production and sale of electric wires, telephone lines and new plastic pellets. Dong Guan Fei Tai Electronic Co., LTD. was established indirectly in China through the third region, mainly engaged in computer peripheral wire connector products production and sales. Dongguan Lucky Fly Conductor Co., Ltd. was established indirectly in China through the third region. The main business is the production and processing of copper wire cores.
2013	Dispose of the 20% equity of Dongguan City Nan Zhuo Industry Co., Ltd., the second-tier subsidiary of the transfer investment, and indirectly hold 30% of the equity of the affiliated company after the disposal. Resolved to liquidate Space Shuttle (Suzhou) Electric Line Material Co., Ltd.
2015	Change of investment structure, originally a 100% owned subsidiary of Space Shuttle (HK) Hi-Fi Wire & Cable Industry Co., Limited, Dong Guan Fei Tai Electronic Co., LTD., to invest in Space Shuttle Hi-Tech Co., LTD. (Seychelles), and reiterates Space Shuttle Hi-Tech Co. , LTD. (Seychelles) 81% shareholding reduced from 100% to 19% after disposal.
2016	Did not participate in the capital increase investment of the second-tier subsidiary Dongguan City Nan Zhuo Industry Co., Ltd., the indirect shareholding in the affiliated enterprise decreased from 30% to 19.15%.
2018	Obtained T16949 automotive quality management system certification.
2020	Dispose of the plan at Qionglin in Hsinchu, and relocate the business office to a newly purchased location in Zhubei City, Hsinchu County. Obtained ISO13485 medical device quality control system certification.
2021	Did not participate in the capital increase investment of the second-tier subsidiary Dongguan City Nan Zhuo Industry Co., Ltd., the indirect shareholding in the affiliated enterprise decreased from 19.15% to 17.53%.

## Chapter 3 Corporate Governance Report

### I. Organizational System

#### (I) Organizational Chart



(II) Major Corporate Functions

Sectors	Duties
Board of Directors Chairman	Decision of business policy, approval of statutory rules, budget review, and other rights conferred by law and shareholders. Convened the board of directors and supervise the general manager's executive board resolutions.
General Manager	Executive Board of Directors policy decisions and operational strategies, responsible for integrating the business department heads of the enterprise and setting up internal management systems.
Audit Office	Check and review the implementation of the internal control system of each unit and measure the effectiveness and efficiency of operations.
General Management Office	<ol style="list-style-type: none"> <li>1. According to the Group's operation strategy, assist the operating body to formulate unit strategy, annual budget preparation, and review the strategy and budget implementation regularly, analyze the Company's unmet performance indicators and budget execution, cause analysis and make suggestions for improvement measures.</li> <li>2. To build an efficient and high-quality financial accounting platform, strict risk management and integrity principles, provide transparent and credibility financial information, operational analysis and improvement solutions to protect the interests of the Company and shareholders.</li> <li>3. Establish an evaluation mechanism and platform for long-term investment and financing related financial decisions, as well as appropriate tax planning and credit risk control to reduce the risk of the Company.</li> <li>4. Assist in setting investment strategies, evaluating investment projects, executing investment plans, and managing and dispose of investment business.</li> <li>5. Plan and develop various human resources development, personnel management, remuneration and training systems of the Company's human resources management system, so that the organization and human resources can fully operate well.</li> <li>6. To co-ordinate the strategy, planning and construction of company information system, develop computerized operation processes and systems required for the Company's business, maintain company information equipment and ensure information system security, and provide quick and effective operation management information for decision managers.</li> </ol>
Overseas Business Office	<ol style="list-style-type: none"> <li>1. Undertake the business strategy of the head office, set goals and implement the implementation plan.</li> <li>2. Lead the goal management of various business units to achieve management commitments.</li> <li>3. Budget execution and control.</li> <li>4. Project improvement planning and execution.</li> <li>5. Annual education and training are prepared and implemented.</li> <li>6. Audit the implementation and implementation of the system.</li> <li>7. Internal and external market development, marketing and after-sales service.</li> <li>8. Management system standards are regularly reviewed and maintained.</li> <li>9. Management of accounts receivable and payable by the business office.</li> <li>10. Technology and R&amp;D management of products and production of the business office.</li> <li>11. Rational management of production cost &amp; capacity allocation.</li> <li>12. Procurement of raw materials and equipment required for manufacturing.</li> <li>13. Talent introduction and cultivation.</li> </ol>

II. Information on the Company's Directors, Supervisors, General Manager, Deputy General Managers, Associate Managers, and the Supervisors of All the Company's Divisions and Branch Units

(I) Directors' Information

April 23, 2023

Title	Nationality/Place of Incorporation	Name	Gender ages	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company Or Other Companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director and General Manager	R.O.C.	Wang, Hsuan-hui	Male 41~50	2020.06.30	3 years	2014.06.27	11,579,000	8.32%	6,896,000	4.96%	0	0.00%	0	0.00%	Department of Mold and Die Engineering, Taipei Municipal Muzha Vocational High School	Chairman, SPACE SHUTTLE HI-TECH CO., LTD. Chairman, Space Shuttle (HK) Wire & Cable Industry Co. Ltd. Chairman, Dongguan Lucky Fly Conductor Co.LTD Chairman, Dongguan Hou Jie Xi Tou Space Shuttle Hi-Fi Wire & Cable Co., LTD. Director, Xinyang Hoperise Conductor (Kunshan) Co., Ltd. Director, Hoperise Conductor (Dongguan) Company Limited	None	None	None	Note 2:
Directors and more than 10% shareholders	R.O.C.	Wang, Kun-Tien	Male 61~70	2020.06.30	3 years	2005.11.30	33,207,685	23.87%	33,207,685	23.87%	11,100,801	7.98%	0	0.00%	Department of Electrical Engineering, Chinese Culture University	Chairman, Hong Shuay Industrial Co., Ltd. Chairman, Hoperise Industrial Limited Chairman, Xinyang Hoperise Conductor (Kunshan) Co., Ltd. Chairman, Hoperise Conductor (Dongguan) Company Limited Chairman Supervisor, Dongguan Lucky Fly Conductor Co.LTD	Director	Lo, Chiu- Hsian	couples	None
Director	R.O.C.	Lo, Chiu-Hsian	Female 61~70	2020.06.30	3 years	2005.11.30	11,100,801	7.98%	11,100,801	7.98%	33,207,685	23.87%	0	0.00%	Department of Business Administration, Yu Da High School	Supervisor, Hoperise Conductor (Dongguan) Company Limited	Director	Wang, Kun-Tien	couples	None

Title	Nationality/Place of Incorporation	Name	Gender ages	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company Or Other Companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Lee, Tung-Hsing	Male 51-60	2020.06.30	3 years	2011.06.22	31,651	0.02%	22,651	0.02%	0	0.00%	0	0.00%	Mechanical Engineering, Taipei Kainan High School	Chairman, Suzhou Chaolong Machinery Co., Ltd. Chairman, Dongguan Chaolong Machinery Co., Ltd. Chairman, Yingtan Chaolong Intelligent Technology Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Wu, Cheng-Te	Male 51-60	2020.06.30	3 years	2017.06.26	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Business Administration, National Taiwan University Director of Ching Yang Certified Public Accountants Office	Director of Ching Yang Certified Public Accountants Office	None	None	None	None
Independent Director	R.O.C.	Chu, Hsiao-Kang	Male 61-70	2020.06.30	3 years	2017.06.26	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of University of New Haven Computer & Information, USA Lecturer, National Taipei University of Technology	Head of Lipa Trading LLC, USA	None	None	None	None
Independent Director	R.O.C.	Chin Chih-Yung	Male 51-60	2020.06.30	3 years	2020.06.30	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Accounting, Case Western Reserve University, USA	Director of Leading Change International CPA Firm Independent Director, Lumosa Therapeutics Co., LTD. Independent Director, Patec Precision Industry Co., Ltd.	None	None	None	None

Note 1: On June 30, 2020, the shareholders' meeting was fully elected, director Ms. Wang Shu-min, director, Mr. Chiu, Chiu-Lin, supervisor Wang, Ching-Chung, the term of office is resigned; Supervisor Mr. Lee, Tung-Hsing term is resigned, and changed to the director of the Company.

Note 2: The chairman of the Company and the general manager or equivalent person (top manager) is the same person, spouse or relative, shall state the reason, rationality, necessity and workarounds (such as increasing the number of independent directors, and should have more than half of the directors who are not employees or managers) News:

The Company's chairman and general manager, in order to improve operational efficiency, decision-making execution and the independence of the board, the Company plans to increase the number of independent directors in the future to enhance the functions of the board and strengthen supervision functions. At present, the Company has the following specific measures:

1. The current three independent directors are specialized in financial accounting and academic industry, and can effectively play their supervisory functions.
2. Independent directors can fully discuss and make recommendations on functional committees for the Board's reference to implement corporate governance.
3. More than half of the board members are not employees and managers.

1. Major Institutional Shareholders: None
2. Major Shareholders of Institutional Shareholders: None
3. Disclosure of Director's Professional Qualification and Independence of Independent Directors:

Criteria Name	Professional Qualifications and Experience (Note 1 & Note 3)	Independence Criteria (Note 2)	Adjunct other public releases Number of independent directors
Wang, Hsuan-hui	More than 5 years as the chairman and general manager of the Company, with the required working experience of the Company's business.	—	None
Wang, Kun-Tien	With more than 20 years of business experience, he served as chairman of Hong Shuay Industrial Limited, and as supervisor of Hoperise Industrial Limited, Xingyang Hoperise Conductor (Kunshan) Co., Ltd., and Hoperise Conductor (Dongguan) Company Limited.	—	None
Lo, Chiu- Hsiang	Has more than 5 years of working experience required by the Company's business, served as a supervisor of Hoperise Conductor (Dongguan) Company Limited and successively served as a director of the Company.	—	None
Lee, Tung- Hsing	With more than 5 years of working experience required by the Company's business, has served as the legal representative of Suzhou Chaolong Machinery Co., Ltd. and Chaolong Machinery Ltd. and has served as the supervisor of the Company.	—	None
Wu, Cheng-Te	As a member of the audit committee and has the professional area of accounting expertise, served as the director of Ching Yang Certified Public Accountants Office for more than 20 years.	Independent directors of the Company, in accordance with the independence situation. Independent director himself, his spouse, relatives within the second level are not directors, supervisors or employees of the Company or other affiliated companies; do not hold shares of the Company; not be a director, supervisor or employee of the Company with a specific relationship with the Company; not provided the Company or its affiliates in the last 2 years In case of obtaining remuneration for business, legal, financial, accounting and other services.	None
	As a member of the Audit Committee, has been a lecturer at National Taipei	Independent directors of the Company, in accordance with the independence situation.	None

Criteria Name	Professional Qualifications and Experience (Note 1 & Note 3)	Independence Criteria (Note 2)	Adjunct other public releases Number of independent directors
Chu, Hsiao-Kang	University of Technology for more than 20 years, and is the head of Lipa Trading LLC.	Independent director himself, his spouse, relatives within the second level are not directors, supervisors or employees of the Company or other affiliated companies; do not hold shares of the Company; not be a director, supervisor or employee of the Company with a specific relationship with the Company; not provided the Company or its affiliates in the last 2 years In case of obtaining remuneration for business, legal, financial, accounting and other services.	
Chin Chih-Yung	A member of the Audit Committee with professional expertise in the field of accountants, served as project head of Pan Asia International & Co., CPAS and a director of Leading Change International CPA Firm for more than 5 years.	Independent directors of the Company, in accordance with the independence situation. Independent director himself, his spouse, relatives within the second level are not directors, supervisors or employees of the Company or other affiliated companies; do not hold shares of the Company; not be a director, supervisor or employee of the Company with a specific relationship with the Company; not provided the Company or its affiliates in the last 2 years In case of obtaining remuneration for business, legal, financial, accounting and other services.	2

Note 1: Professional Qualifications and Experience: Describe the professional qualifications and experience of individual directors and supervisors. Those who are members of the Audit Committee with accounting or financial expertise should state their accounting or financial background and work experience, and whether they do not have any articles in Article 30 of the Company Law.

Note 2: Independent directors shall state that it is independent, including but not limited to whether my, spouse or relatives within the second level are directors, supervisors or employees of the Company or its affiliates; myself, spouse, relatives (or other persons) holding the Company's shares and proportion; whether Director, supervisor or employee of the Company with a specific related company (refer to the provisions of paragraph 5 to 8 of Article 3, paragraph 1, paragraph 1 to 8 of the public company); remuneration obtained in the last 2 years for providing the Company or its affiliates business, legal, financial, accounting, etc. Amount.

Note 3: none of the above directors have any matters in Article 30 of the Company Act.

#### 4. Board Diversity and Independence:

##### (1) Board Diversity:

##### Board Diversity Policy:

The composition of the board of directors of the Company is diversified, except that the directors who are also corporate managers should not exceed one-third of the directors, and to formulate appropriate diversity approach to its own operation, operation type and development needs, including but not limited to the following two standards:

- I. Basic criteria and values: gender, age, nationality, culture, etc.
- II. Expertise and Skills: Professional background (legal, accounting, industry, finance, marketing, or technology), professional skills, industry experience, etc.



Members of the board of directors should generally have the knowledge, skills and accomplishments necessary to perform their duties. To achieve the ideal goal of corporate governance, the overall board of directors should have the following capabilities:

- I. Operational judgment.
- II. Accounting and financial analysis capabilities.
- III. Operation and management ability.
- IV. Crisis handling capability.
- V. Industry knowledge.
- VI. International market view.
- VII. Leadership.
- VIII. Decision-making ability.

#### Implementation of Board Diversity Policy:

Criteria Name	Nationality	Gender	Adjunct employees of the Company	Ages			Independent directors' term of office			Industry experience and professional competence							
				41 to 50	51 to 60	61 to 70	Under 3 years	3 to 9 years	9 years or more	Operational judgment	Accounting & Finance	Business management	Crisis handling	Industry Knowledge	International Market View	Leadership	Decision-making
WANG, Hsuan-hui	R.O.C.	Male	V	V						V		V	V	V	V	V	V
Wang, Kun-Tien	R.O.C.	Male				V				V		V	V	V	V	V	V
Lo, Chiu- Hsiang	R.O.C.	Female				V				V	V	V	V	V	V	V	V
Lee, Tung- Hsing	R.O.C.	Male			V					V		V	V	V	V	V	V
Wu, Cheng-Te	R.O.C.	Male			V			V		V	V	V	V	V	V	V	V
Chu, Hsiao-Kan	R.O.C.	Male				V		V		V		V	V	V	V	V	V
Chin, Chih-Yung	R.O.C.	Male			V		V			V	V	V	V	V	V	V	V

The current board of directors of the Company consists of 7 directors, the specific management objectives and the diversification policy of the Board achievement are as follows:

Management Objectives	Achievement
Independent directors exceed one-third of directors	The current independent directors are three seats (43% share), reached.
Directors who are also corporate managers should not exceed one-third of the number of directors	The director who is also the manager of the Company was 1 seat (14% share), reached.
Appoint at least one female director	The current female director is 1 seat (14% share), reached.
Diverse professional knowledge and skills	Achieved.

Board members of the Company have met diversification requirements. In order to meet future development needs, we will continue to review the diversity of directors and strengthen the goal of diversification of board members.

(2) Independence of the Board:

The election procedure of all directors of the company is open and fair, in compliance with the Company's "Articles of Association" and "Director Election Procedures", "Code of Practice on Corporate Governance", " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies ", "Article 14-2 of Securities and Exchange Act.", etc. The current board of directors is composed of seven directors, including three independent directors. The number of independent directors accounted for 43% of all directors, and no more than two directors a relationship within the spouse or second degree of relatives, and no items 3 and 4 as stipulated in Article 26 of Article 26 of the Securities and Exchange Act.

(II) General Manager, Deputy General Managers, Associate Managers, and Supervisors of All the Company's Divisions and Branch Units

April 23, 2023

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managers Who are Spouses or Within the Second Degree of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	R.O.C.	Wang, Hsuan-hui	Male	2020.06.30	6,896,000	4.96%	0	0.00%	0	0.00%	Department of Mold and Die Engineering, Taipei Municipal Muzha Vocational High School	Chairman, SPACE SHUTTLE HI-TECH CO., LTD. Chairman, Space Shuttle (HK) Wire & Cable Industry Co. Ltd. Chairman, Dongguan Lucky Fly Conductor Co.LTD Chairman, Dongguan Hou Jie Xi Tou Space Shuttle Hi-Fi Wire & Cable Co., LTD. Director, Xinyang Hoperise Conductor (Kunshan) Co., Ltd. Director, Hoperise Conductor (Dongguan) Company Limited	None	None	None	Note 1:
Deputy General Manager	R.O.C.	Wang, Chien-Chen	Male	2021.01.01	0	0.00%	0	0.00%	0	0.00%	Sanji Industrial Vocational High School Department of Electrical Manager, Xinyang Hoperise Conductor (Kunshan) Co., Ltd.	Director, Hoperise Industrial Limited Director, Dong Guan Hou Jie Xi Tou Space Shuttle Hi-Fi Wire & Cable Co., LTD.	None	None	None	None
Chief Accounting Officer	R.O.C.	Chen, Yi-Hung	Male	2018.05.11	1,000	0.00%	0	0.00%	0	0.00%	National Kaohsiung First University of Science and Technology Department of Financial Operations Tableball Taiwan United Accounting Firm	-	None	None	None	None
Head of Finance	R.O.C.	Lin, Tzu-Hsin	Female	2018.05.11	1,000	0.00%	0	0.00%	0	0.00%	Department of Accounting, China Institute of Technology	Director, Lightel Technologies Inc. Supervisor, Dong Guan Hou Jie Xi Tou Space Shuttle Hi-Fi Wire & Cable Co., LTD.	None	None	None	None

Note 1: When the general manager or equivalent officer (the top manager) and the chairman are the same person, spouse or relative, shall disclose the reasons, rationality, necessity and workarounds (such as increasing the number of independent directors and having more than half of the directors not serving as employees or managers):

In order to improve operational efficiency, decision-making execution and the independence of the board of directors, the Company plans to increase the number of independent directors to enhance the functions of the board and strengthen supervision functions. At present, the Company has the following specific measures:

1. The current three independent directors are specialized in financial accounting and academic industry, and can effectively play their supervisory functions.
2. Independent directors can fully discuss and make recommendations on functional committees for the Board's reference to implement corporate governance.
3. More than half of the board members are not employees and managers.

### (III) Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, General Manager, and Deputy General Managers

#### 1. Remuneration to Directors and Independent Directors

2022 Unit: NT\$ thousands; %

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received By Directors Who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation from Ventures Other Than Subsidiaries or from the Parent Company						
		Base Compensation (A)		Severance Pay and Pension (B)		Director Remuneration (C)		Business Execution Expenses (D)				Salary, Bonuses, and Allowances (E)		Severance Pay and Pension (F)		Employee Compensation (G)										
		The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company			Companies in the Consolidated Financial Statements		The Company	Companies in the Consolidated Financial Statements		
																		Cash	Stock		Cash	Stock				
Director	Wang, Hsuan-hui	0	0	0	0	0	0	30	30	30	30	-0.13%	-0.13%	2,568	3,985	0	0	0	0	0	0	2,598	4,015	-11.12%	-17.19%	0
Director	Wang, Kun-Tien	0	0	0	0	0	0	30	1,843	30	1,843	-0.13%	-7.89%	0	0	0	0	0	0	0	0	30	1,843	-0.13%	-7.89%	0
Director	Lo, Chiu- Hsiang	0	0	0	0	0	0	25	25	25	25	-0.11%	-0.11%	0	0	0	0	0	0	0	0	25	25	-0.11%	-0.11%	0
Director	Lee, Tung- Hsing	0	0	0	0	0	0	25	25	25	25	-0.11%	-0.11%	0	0	0	0	0	0	0	0	25	25	-0.11%	-0.11%	0
Independent Director	Wu, Cheng-Te	240	240	0	0	0	0	85	85	325	325	-1.39%	-1.39%	0	0	0	0	0	0	0	0	325	325	-1.39%	-1.39%	0
Independent Director	Chu, Hsiao-Kan	240	240	0	0	0	0	80	80	320	320	-1.37%	-1.37%	0	0	0	0	0	0	0	0	320	320	-1.37%	-1.37%	0
Independent Director	Chin, Chih-Yung	240	240	0	0	0	0	50	50	290	290	-1.24%	-1.24%	0	0	0	0	0	0	0	0	290	290	-1.24%	-1.24%	0

- Please specify the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the factors, such as their job responsibilities, risks, and time contributed.
  - According to the law 15th term since 30 June 2020, 7 directors set up three [independent directors], due to the inconsistent functionality of independent directors, directors and supervisors, the remuneration given to independent directors in line with the market, and respect their professionalism, according to the above considerations to give independent directors a monthly remuneration of NT\$20,000 dollars. Attending the board of directors, shareholders' meeting and supervisors to give traveling expenses.
  - The members of the remuneration committee are regulated by more than half of the independent directors according to the competent authorities, and subsidies each time they attend.
  - The audit committee is set up according to the regulations of the securities trading law, and the 15th term of the Board of Directors has been appointed as supervisors by all independent directors since 30 June 2020.
  - In 2022, the company's net loss after tax was NT\$23,364 thousand dollars, so there was no employee remuneration and directors' remuneration.
- Other than disclosures in the table above, remuneration paid to directors for providing services (such as consulting services as a non-employee) for all companies in the consolidated financial statements in the most recent year: None this year.

#### 2. Remuneration of Supervisors: The Company has set up an audit committee, not applicable.

### 3. Remuneration of the General Manager and Deputy General Managers

Unit: NT\$ thousands; %

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonuses and Special payment fee, etc. (C)		Employee Compensation				Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Compensation from Ventures Other Than Subsidiaries or from the Parent Company
		The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company		Companies in the Consolidated Financial Statements		The Company	Companies in the Consolidated Financial Statements	
								cash Amount	stocks Amount	cash Amount	stocks Amount			
General Manager	Wang, Hsuan-hui	2,220	3,439	0	0	348	546	0	0	0	0	2,568 -10.99%	3,985. -17.06%	0
Deputy General Manager	Wang, Chien-Chen	968	1,922	0	0	496	496	0	0	0	0	1,463 -6.26%	2,418 -10.35%	0

### 4. Remuneration of the top five highest remuneration supervisors of the Company (individual disclosure of names and methods of honorarium) (Note 1)

Unit: NT\$ thousands; %

Title	Name	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonuses and Allowances		Employee Compensation				Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Compensation from Ventures Other Than Subsidiaries or from the Parent Company (Note 7)
		The Company	Companies in the Consolidated Financial Statements (E)	The Company	Companies in the Consolidated Financial Statements (E)	The Company	Companies in the Consolidated Financial Statements (E)	The Company		Companies in the Consolidated Financial Statements (Note 5)		The Company	Companies in the Consolidated Financial Statements	
								cash Amount	stocks Amount	cash Amount	stocks Amount			
General Manager	Wang Hsuan-hui	2,220	3,439	0	0	348	546	0	0	0	0	2,568 -10.99%	3,985. -17.06%	0
Deputy General Manager	Wang, Chien-Chen	968	1,922	0	0	496	496	0	0	0	0	1,463 -6.26%	2,418 -10.35%	0
Chief Accounting Officer	Chen, Yi-Hung	1,015	1,015	0	0	136	136	0	0	0	0	1,151 -4.93%	1,151 -4.93%	0
Head of Finance	Lin, Tzu-Hsin	990	990	0	0	136	136	0	0	0	0	1,126 -4.82%	1,126 -4.82%	0

Note 1: The so-called “top five honorarium supervisors” refers to the criteria of the Company manager and the relevant manager, according to the former Securities and Futures Commission of the Ministry of Finance Order No. 0920001301 of 27 March 2003, Taiwan Finance Securities and Futures Commission No. For the calculation principle of “top five highest remuneration”, the total number of salaries, retirement pensions, bonuses and special expenses, etc. from all companies in the consolidated financial report, as well as the total amount of employee remuneration (i.e. four total A+B+C+D) is sorted by the Company manager. The highest honorarium is determined. If the director is the former supervisor, please fill out this form and table (1-1) above.

Note 2: A list of the top five remuneration supervisors of the most recent year's salary, job addition, and departure payment.

Note 3: A list of various bonuses, incentives, traveling expenses, special expenses, various allowances, dormitories, vehicles, and other compensation amounts for the top five honorarium supervisors of the most recent year. When providing housing, motor vehicles and other means of transport or exclusive personal expenses, disclose the nature and cost of the assets provided, actual or fair market price rents, oil and other payments. If you have a driver, please note that the Company pays the driver's remuneration, but does not count towards the remuneration. Salary expenses recognized according to IFRS 2 “Pay on Share Basis”, including acquisition of employee stock warrants, restriction of new shares and participation in cash increase subscription shares, etc., should also be credited as remuneration.

Note 4: A list of the employee remuneration amounts (including stocks and cash) of the top five supervisors passed by the Board in the most recent year. If it cannot be estimated, the proposed distribution amount for this year will be calculated as a proportion of the actual distribution amount last year.

Note 5: The total remuneration paid to the Company's top five highest remuneration executives by all companies (including the Company) in the consolidated report shall be disclosed.

Note 6: Net tax refers to the net tax benefit of the most recent annual individual or individual financial report.

Note 7:

a. This column should clearly indicate the amount of remuneration from the Company's top five top executives for reinvestment business or parent company (if none, please enter “None”).

b. Remuneration refers to remuneration, remuneration (including employees, directors, supervisors and managers) and business execution expenses for the identity of directors, supervisors or managers other than subsidiaries of the Company or the parent company.

\* The content of remuneration disclosed in this table is different from the income concept of the Income Tax Act. Therefore, the purpose of this table is for information disclosure and is not for taxation purposes.

## 5. Remuneration to Managerial Officers and Their Names and Distribution Status

Unit: NT\$ thousands; %

	Title (Note 1)	Name (Note 1)	Stock	Cash Amount	Total	Ratio of Total Amount to Net Income (%)
Managerial Officer	General Manager	Wang, Hsuan-hui	0	0	0	0.00%
	Deputy General Manager	Wang, Chien-Chen				
	Chief Accounting Officer	Chen, Yi-Hung				
	Head of Finance	Lin, Tzu-Hsin				

Note 1: Individual names and titles should be disclosed, but profit distribution may be disclosed in aggregate.

Note 2: The amount of employee remuneration (including stocks and cash) passed through the Board of Directors for the most recent year. If it cannot be estimated, the proposed distribution amount for this year is calculated as a proportion of the actual distribution amount last year. Profit after tax refers to the most recent year's after-tax profit, which has adopted IFRS means the after-tax profit of the most recent annual individual or individual financial reporting.

Note 3: The scope of application of managers, according to the Taiwan Finance and Securities Order No. 0920001301 of 27 March 2003, the scope of application is as follows:

- (1) General Manager and equivalent
- (2) Deputy General Manager and equivalent
- (3) Associates and equivalent
- (4) Head of Finance
- (5) Head of Accounting Department
- (6) Other persons who have the right to manage and sign

### (IV) Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-Only Financial Reports or Individual Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, Supervisors, the General Manager, and Deputy General Managers, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Linkage of Operating Performance and Future Risk Exposure

1. Analysis of the total remuneration paid to directors (including independent directors), supervisors, general managers and deputy general managers of the Company in the last two years

Title	2022		2021	
	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements
Directors(Independent Directors)	-4.47%	-12.23%	2.71%	4.47%
Supervisor (Note)	-	-	-	-
General Manager and Deputy General Managers	-17.25%	-27.40%	5.66%	7.78%

Note: The audit committee is set up according to the regulations of the securities trading law. Since 30 June 2020, the audit committee is formed by all independent directors to replace the supervisory authority, so it does not apply.

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance
  - (1) The Company's independent directors are authorized by the Board meeting based on their duties, performing business and participating in corporate governance, paying directors' remuneration, and at industry level.
  - (2) The Company's remuneration policy is set at the Articles of Association and shall be retained after retaining the accumulated losses with benefits before the allocation of employees' remuneration and directors' remuneration for the current year, if there is still a balance: 5% (inclusive) to 10% (inclusive) of employees' remuneration and 5% (inclusive) of directors' remuneration. The employee remuneration and director's remuneration distribution ratio should be sent to the Remuneration Committee before the Board to decide.
  - (3) Senior executives of the Company's deputy general managers or above the overall salary compensation program includes basic salary, bonus and employee remuneration, etc., the basic salary is based on the employee's rank assessment and taking the market industry salary level. Its bonus and employee compensation are subject to the Company's business performance and assessment. The above salary increase or issuance will be submitted to the Board of Directors after the completion of the status and special contribution of personal work goals.
  - (4) The Company will review the remuneration system at any time depending on the actual operating conditions and related laws and regulations, in order to balance the Company's sustainability and risk control.

### III. Implementation of Corporate Governance

#### (I) Board of Directors

In the recent year (2022), the Board meeting (A) has been held five times. The attendance of the directors is as follows:

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remark
Chairman	Wang, Hsuan-hui	5	0	100.00%	
Director	Wang, Kun-Tien	5	0	100.00%	
Director	Lo, Chiu- Hsiang	5	0	100.00%	
Director	Lo, Chiu- Hsiang	5	0	100.00%	
Independent Director	Wu, Cheng-Te	5	0	100.00%	
Independent Director	Chu, Hsiao-Kan	5	0	100.00%	
Independent Director	Chin, Chih-Yung	5	0	100.00%	

Note 1: On 30 June 2020, the directors were fully elected. Since the 15th Board of Directors, the Audit Committee has been formed by all independent directors as supervisors.

Other matters:

I. With regard to the operations of the Board of Directors, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all independent directors' opinions, and the Company's response shall be specified:

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



Date of Board	Term	Contents of Motions	Independent Directors' Opinions	The Company's Handling of Opinions of Independent Directors
2022.01.14	9th meeting of the 15th term	The Company's general manager's compensation case.	All Independent Directors Passed unanimously as proposed	N/A
		General manager's 2021 year-end bonus and performance bonus case.		
2022.03.23	10th meeting of the 15th term	The Company's 2021 employee remuneration and directors' remuneration distribution case.	All Independent Directors Passed unanimously as proposed	N/A
		The Company's earnings distribution in 2021.		
		The Company intends to apply for an addition to the operating financing line with CTBC Bank.		
		Assessment of the effectiveness of the internal control system and the internal control system statement.		
2022.05.12	11th meeting of the 15th term	2021 Directors' remuneration distribution.	All Independent Directors Passed unanimously as proposed	N/A
		General Manager Wang, Hsuan-hui is also the general manager of Dongguan Lucky Fly Conductor Co., Ltd. in 2021 employee compensation.		
		The Company intends to apply for the working capital financing quota to Taiwan SME Bank.		
		Proposed to engage in capital lending and US\$4 million dollars for the reinvestment business of Space Shuttle (HK) Hi-Fi Wire & Cable Industry Co., Limited		
		Amendments to the Company's "Procedures for Acquisition or Disposal of Assets".		
2022.08.11	12th meeting of the 15th term	It intends to invest in Dongguan Lucky Fly Conductor Co., LTD. to engage in the loan of funds and US\$10 million dollars.	All Independent Directors Passed unanimously as proposed	N/A
		Dongguan Lucky Fly Conductor Co., LTD. is proposed to provide an endorsement guarantee for the Company's reinvestment business.		
		The Company intends to apply for the financing amount to Changhua Commercial Bank.		
2022.11.14	13th meeting of the 15th term	2023 Audit Plan	All Independent Directors Passed unanimously as proposed	N/A
		The investment firm Lightel Technologies, INC. requested a statement that at least 80% of Lightel's shareholders agreed to exchange Lightel-Cayman for its restructuring case.		
		The Company intends to apply for the working capital financing quota with CTBC Bank.		
		The Company intends to provide an endorsement for the financing quota of Dongguan Lucky Fly Conductor Co., LTD. (hereinafter referred to as Dongguan		

		Hongxiang) in financial institutions. The Company intends to endorse the guarantee for financing quota in a financial institution in Dong Guan Hou Jie Xi Tou Space Shuttle Hi-Fi Wire & Cable Co., LTD. (hereinafter referred to as Dongguan Space Shuttle).		
<p>(II) Any recorded or written Board resolutions to which independent directors have dissenting or qualified opinions to be noted in addition to the above: None.</p> <p>II. Regarding recusals of directors due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of voting shall be specified:</p> <p>(I) The first case of discussion of the 15th term 9th Board of Directors meeting - the remuneration of the general manager of the Company, because Wang, Hsuan-hui chairman and general manager's stakeholder's motion, will be avoided in accordance with law during the discussion and voting.</p> <p>(II) The second case of discussion of the 15th term of the 9th Board of Director's meeting-the general manager's 2021 year-end bonus and performance bonus case, because of Wang, Hsuan-hui chairman and general manager's stakeholder's motion, to be circumvented by law during discussion and voting.</p> <p>(III) Item 4 of the 15th term 11th Board of Directors meeting- to consider the 2021 Remuneration Distribution of Directors, because the director's stakeholder's motion, is independently discussed and voted separately in accordance with law.</p> <p>(IV) The 5th case of discussion of the 15th term 11th Board of Directors meeting- Wang, Hsuan-hui, general manager of Hongxiang Business Office in 2021, is the motion of the Company's chairman and general manager stakeholders, to be avoided in the discussion and voting by law.</p> <p>III. Listed companies should disclose the assessment cycle and period of the Board's self- (or peer-to-peer) evaluation, assessment scope, method, and content of assessment: The Company has a board performance evaluation method adopted by the Board of Directors, the internal board performance evaluation is carried out every three years by an independent external professional body or a team of external experts and scholars. The evaluation period should be conducted at the end of each year, according to the evaluation procedure and evaluation indicators for the year Degree of performance evaluation, the results should be reported to the Board of Directors in the first quarter of the next year. The performance of the evaluation of the Board of Directors of the Company, please see note 1.</p> <p>IV. Measures taken to strengthen the function of the Board (including establishing the Audit Committee and enhancing information transparency) and results:</p> <p>(I) The Company has elected three independent directors at the general meeting on 30 June 2020. According to the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies", the Company's "Board of Directors Meeting Rules" was set up to comply with the relevant regulations to conduct the functions of the board.</p> <p>(II) In order to enhance information transparency, the Company's major board resolutions and directors present on the board of directors are published in the Market Observation Post System according to regulations.</p> <p>(III) The Company fully discloses financial information in annual reports, company websites and Market Observation Post System.</p> <p>(IV) The Company set up "Audit Committee" and "Remuneration Committee" to assist the Board to perform its supervisory duties respectively.</p>				

Note 1: The performance of the Company's Board of Directors evaluation:

A. Internal assessment of the performance of the board of directors

Evaluation Cycle	Evaluation Period	Scope of assessment	Evaluate Method	Evaluation Content
Once a year	1 January 2022 to 31 December 2022	Overall Board of Directors	Internal self-evaluation of the board	Participation in the operation of the Company, improving the quality of board decisions, composition and structure of the board, election and continuous development of directors, and internal control.
	1 January 2022 to 31 December 2022	Member of individual directors	Self-evaluation of Directors	Mastery of the Company's goals and tasks, awareness of directors' responsibilities, participation in the Company's operations, internal relationship management and communication, professional and continuous development of directors, internal control.

1. The overall results of the 2022 Board Performance Evaluation were excellent and reported to the Board on 29 March, 2023.
2. To improve the continuous training for Directors. The Company intends to provide the director's training information on a regular basis in accordance with industrial characteristics, legal changes and overall development direction, so that directors can continue to develop.

B. External assessment of Board of Directors performance

The Company commissioned the “Taiwan Investor Relations Association” to perform the external assessment of the Company's 2022 Board performance and evaluate the effectiveness and performance of the Board of Directors. The organization and executive experts and the Company have no business dealings and independence. The Board's performance evaluation report was issued on 2 March 2023.

Evaluation Cycle	Evaluation Period	Scope of assessment	External Professional Independent Institution	Evaluate Method	Assessment aspects
Executed every three years	1 January 2022 to 31 December 2022	Overall Board of Directors	Taiwan Investor Relations Association	Written review of relevant documents, directors' self-assessment questionnaires and online interviews	Composition and professional development of the board, quality of board decisions, effectiveness of board operations, internal control and risk management, and the degree of board involvement in CSR.

1. The external evaluation results of the Board of Directors performance were reported on 29 March 2023 and disclosed on the Company's website.

(II) Operations of the Audit Committee:

1. Audit Committee

The most recent annual (2022) Audit Committee meetings (A), the attendance of independent directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note 1, Note 2)	Remark
Independent Director	Wu, Cheng-Te	5	0	100.00%	
Independent Director	Chu, Hsiao-Kan	5	0	100.00%	
Independent Director	Chin, Chih-Yung	5	0	100.00%	

To strengthen corporate governance, the Company approved the establishment of an audit committee and three new independent directors at the General Meeting of Shareholders on 30 June 2020. The Audit Committee is responsible for the audit of the Company's financial statements, the choice of the CPA and independence, the effective implementation of the Company's internal control system and compliance with relevant laws and regulations.

Note 1: For those who leave an independent director before the end of the year, the date of departure should be stated in the remark's column. The actual attendance rate (%) is calculated based on the number of meetings of the Audit Committee and the number of actual attendances.

Note 2: Before the end of the year, the new and old independent directors should be filled in, and indicate in the remarks column that the independent director is old, new or re-elected and the date of re-election. The actual attendance rate (%) is calculated based on the number of meetings of the Audit Committee and the actual number of attendances.

Other matters:

1. If the operation of the Audit Committee is one of the following circumstances, it should state the date, period, content of the motion, independent director's objection, retention or material proposal content, the result of the audit committee resolution and the Company's handling of the opinion of the audit committee.

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

Audit Committee	Contents of Motions	Resolution Results	The Company's Handling of the Opinions of the Audit Committee
9th meeting of the 15th term 2022.03.23	1. The Company's “Financial Statement Preparation Process Management Measures” amendments. 2. The Company's 2021 business report and financial statements has been compiled.	All members present agreed to do this.	N/A

	<p>3. The company's 2021 financial statements have been verified and approved by Honesty CPA Firm.</p> <p>4. The Company's 2021 earnings distribution.</p> <p>5. Assessment of the effectiveness of the internal control system and the internal control system statement.</p>		
<p>10th meeting of the 15th term 2022.05.12</p>	<p>1. The Company's consolidated financial statements for the first quarter of 2022.</p> <p>2. The Company's first quarter of 2022 consolidated financial statements have been reviewed and completed by Honesty CPA Firm.</p> <p>3. Proposed funding loan and US\$4 million dollars to reinvest business of Space Shuttle (HK) Hi-Fi Wire &amp; Cable Industry Co., Limited.</p> <p>4. Amendment to the Operational Procedures for Acquisition and Disposal of Assets. Propose to discuss.</p>	All members present agreed to do this.	N/A
<p>11th meeting of the 15th term 2022.08.11</p>	<p>1. The Company's consolidated financial statements for the second quarter of 2022.</p> <p>2. The Company's second quarter of 2022 consolidated financial statements accountants reviewed the draft submissions.</p> <p>3. Investment business Dongguan Lucky Fly Conductor Co., LTD., accounts receivable overdue fund transfer plan.</p> <p>4. To invest in Dongguan Lucky Fly Conductor Co., LTD., to engage in funds lending US\$10 million dollars case, propose to discuss.</p> <p>5. Proposal to provide endorsement guarantee for Dongguan Lucky Fly Conductor Co., LTD., the company's reinvested business, propose to discuss.</p>	All members present agreed to do this.	N/A
<p>12th meeting of the 15th term 2022.11.14</p>	<p>1. 2023 Audit Plan</p> <p>2. The Company's consolidated financial statements for the third quarter of 2022.</p> <p>3. The Company's third quarter of 2022 consolidated financial statements accountants reviewed the draft submissions.</p> <p>4. The independence and suitability assessment of the Company's financial report by certification accountants</p> <p>5. The case of audit fee of the Company appointed accounting firm Honesty CPA Firm to audit 2022 financial statement.</p> <p>6. The reinvestment company Lightel Technologies, INC. requested a statement that at least 80% of Lightel's shareholders agreed to exchange shares of Lightel-Cayman, and carried out its restructuring and exchange.</p> <p>7. The Company intends to provide an endorsement for the financing quota of Dongguan Lucky Fly Conductor Co., LTD. (hereinafter referred to as Dongguan Lucky Fly) in financial institutions.</p> <p>7. The Company intends to endorse the guarantee for financing quota in a financial institution in Dong Guan Hou Jie Xi Tou Space Shuttle Hi-Fi Wire &amp; Cable Co., LTD. (hereinafter referred to as Dongguan Space Shuttle).</p>	All members present agreed to do this.	N/A

(II) Other matters that were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

II. The execution of independent directors on the avoidance of interest relations motions should state the name of the independent director, the contents of the motion, the reason for the avoidance of interest, and the voting situation: none.

III. Communication between independent directors, internal audit managers and accountants:

(I) Communication between independent directors (audit committee) and accountants: No such situation in 2022.

(II) Communication between independent directors and audit supervisors:

<u>Date</u>	<u>Matters Communicated</u>	<u>Independent Directors' Advice</u>
2022/03/23	Assessment of the effectiveness of the internal control system and the internal control system statement.	No Comments
2022/11/14	2023 Audit Plan	No Comments

IV. Annual work priorities and operation:

(I) The terms of authority of the Audit Committee are as follows and the focus of the annual work:

1. Set or amend the internal control system according to Article 14 of Securities and Exchange Act.
2. Evaluation of the effectiveness of the internal control system
3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
4. Matters involving the directors' own interest.
5. Transactions in substantial assets or derivatives.

6. Loan, endorsement or guarantee of substantial funds.
7. The offering, issuance, or private placement of any equity-type securities.
8. Appointment, decommission or remuneration of the CPA.
9. The appointment or discharge of a financial, accounting, or internal audit officer.
10. Annual financial report signed or stamped by the chairman, manager and accounting supervisor.
11. XI. Major matters stipulated by other companies or competent authorities.

(II) Operation in 2022: The Audit Committee motions have been reviewed or approved by the Audit Committee and there is no objection from independent directors.

2. The supervisor participates in the operation of the board of directors: the company sets up an audit committee, so it is not applicable.

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Operation (Note 1)		Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons	
	Yes	No		
I. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has adopted the “Corporate Governance Code of Practice” and placed on the “Corporate Governance” section of the Company’s website. Corporate Governance Zone url: <a href="http://www.spaces.com.tw/zh-tw/factory-6253/重要規章.html">http://www.spaces.com.tw/zh-tw/factory-6253/重要規章.html</a>	None
II. Shareholding structure & shareholders' rights (I) Does the Company establish internal operating procedures to deal with shareholders’ suggestions, doubts, disputes, and litigations, and implement based on the procedures?	V		(I) To protect shareholders' rights, the Company has a spokesperson, a deputy spokesperson and shareholder office to handle shareholders' related matters, and an “Investor Area” on the Company's website, providing shareholder information and shareholder contact window and investor contact email. Shareholders can call or send email to the relevant parties and shareholders' suggestions or disputes will be handled. For Investor Relations enquiries, please visit: <a href="http://www.spaces.com.tw/zh-tw/factory.html">http://www.spaces.com.tw/zh-tw/factory.html</a>	None
(II) Does the Company possess a list	V		(II) According to the register of shareholders	

Evaluation Item	Operation (Note 1)		Description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
<p>of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?</p> <p>(III) Has the Company established, and does it execute, a risk management and firewall system within its affiliated companies?</p> <p>(IV) Has the Company established internal rules against insiders trading with undisclosed information?</p>	V	V	<p>applied to the TDCC and insiders to report monthly share movement information to the Company after the cessation of stock transfer, to grasp the shareholders' shareholdings of the Company.</p> <p>(III) The business, finance and accounting of each affiliated enterprise are independently operated and controlled and audited by the parent company. The Company has developed the transfer investment matter, "control operation method for subsidiaries", "internal control system", "internal audit system" and related laws and regulations.</p> <p>(IV) Directors, managers and employees of the Company shall comply with the provisions of the Securities and Exchange Act., the Company has "Ethics Code", "Operation Procedures for Preventing Insider Trading", etc. Relevant personnel shall not use known undisclosed information to engage in insider trading, and shall not disclose, to prevent others from using the undisclosed information to engage in insider trading. Executing according to the specifications, and make corrections from time to time for better functionality.</p>	
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Does the Board have diversified policies, specific management objectives and implementation?</p>	V		<p>(I) The Board of Directors has a diversified composition and has generally possesses the knowledge, skills and literacy necessary to perform their duties, and is set out in the Company's Corporate Governance Code of Practice.</p> <p>The Company has 7 current board members; including 3 independent directors (43% of all board members), the Company focuses on gender equality of the board members. At</p>	None

Evaluation Item	Operation (Note 1)		Description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
(II) Apart from setting up remuneration committee and audit committee according to law, does the Company set up other types of functional committees voluntarily?	V		<p>present, there is one female director. All members are with management, leadership decision-making, industry knowledge, international outlook and financial analysis professional background and operating experience, in line with the Board Diversity Policy of the Company.</p> <p>Board members implement diversified disclosures on the Company's website and Market Observation Post System.</p> <p>(II) The Company has set up a remuneration committee and audit committees required. There are no other functional committees. Other functional committees will be set up in accordance with the legal schedule.</p>	None
(III) Has the Company established standards to measure the performance of the Board, and does the Company implement such annually, and report the results of evaluations to the Board, and use them as a reference for individual directors' remuneration and nomination and renewal?	V		<p>(III) On 17 January 172020, the Board of Directors resolved to pass the "Board Performance Evaluation Measures". Board Performance Assessments perform internal assessments once a year and external assessments every three years.</p> <p>Internal and external assessment results of the 2022 Board Performance were reported to the Board on 29 March 292023.</p> <p>The performance evaluation results of the Board of Directors will be used as a reference for selecting or nominating directors, and the performance evaluation results of individual directors as the basis for determining their individual remuneration. The conduct of the evaluation of the Board of Directors is disclosed on the Company's website and Market Observation Post System.</p>	
(IV) Does the Company regularly evaluate the independence of the CPAs?	V		<p>(IV) The independence and suitability of the CPA are assessed regularly every year, in addition to the "transcendental independence</p>	

Evaluation Item	Operation (Note 1)		Description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
			statement” provided by the CPAs and conducted according to the criteria set out in Note 2. The latest annual assessment results were passed by the audit committee on 14 November 2022 and reported on 14 November 2022 Board of Directors Resolution have passed the independent assessment of the accountant.	
IV. Whether the listed company allocates appropriate and appropriate number of corporate governance personnel and designates the corporate governance supervisor to be responsible for corporate governance related matters (including but not limited to providing directors, supervisors to perform business information, assist directors, supervisors to comply with law, conduct board meetings and shareholders' meetings according to law (Meeting related matters, production of board of directors and shareholders' meeting minutes, etc.)?)	V		On 16 January 2023, the Board of Directors appointed manager Lin, Tzu-Hsin the head of corporate governance to co-ordinate the planning and execution, assist directors in the execution of their duties and enhance the effectiveness of the Board of Directors, to provide information needed to perform the business, assist directors to comply with the law, conduct the Board of Directors and shareholders' meetings according to law meeting related matters, production of board of directors and shareholders' meeting minutes, To assist directors in taking office and continuing further development, report to the Board the results of their inspection on the eligibility of independent directors in nomination, election and period of office in compliance with relevant laws and regulations, dealing with matters related to director's changes, and other matters determined by the articles of association or contract, etc.	None
V. Has the Company established communication channels and built a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	V		The Company has a spokesperson and a deputy spokesperson to handle the company's information and communication related matters, and set up a stakeholder area on the Company website to properly respond to the issues of stakeholders, and the Company website also provides employee complaint window and mailbox for smooth communication channels. <a href="http://www.spaces.com.tw/zh-tw/factory.html">http://www.spaces.com.tw/zh-tw/factory.html</a>	None
VI. Has the Company appointed a	V		The Company appointed the Transfer Agent	None



Evaluation Item	Operation (Note 1)		Description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
professional shareholder service agency to deal with shareholder affairs?			Department of CTBC Bank Co., Ltd as the stock transfer agent of the Company and handle the shareholders' meeting.	
<b>VII.Information disclosure</b>				
(I) Does the Company have a corporate website to disclose both the Company's financial standings and corporate governance status?	V		(I) The Company's website <a href="http://www.spaces.com.tw">http://www.spaces.com.tw</a> has disclosed financial, business and corporate governance information and is linked to the Market Observation Post System. <a href="http://mops.twse.com.tw">http://mops.twse.com.tw</a>	None
(II) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)?	V		(II) The Company's financial department is responsible for consolidating the disclosure of corporate information in the Market Observation Post System, and has implemented a spokesperson system. Information about the process of the legal person's explanation meeting has been placed on the Company's website.	
(III) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report the financial statements of the first three quarters, as well as monthly operation results, before the prescribed time limit?	V		(III) The Company currently reports financial reports and monthly operating conditions according to the prescribed date of "Listed Securities Issuers"; we have not announced and reported annual financial reports within two months after the end of the fiscal year, and announced in advance by the prescribed deadline.	
<b>VIII.Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records,</b>	V		(1)Employee rights and employee care: Set up employee welfare committees, generate welfare committees through employee elections, handle various welfare operations, and provide employees with group accident insurance and health check according to the Labor Standards Act and the Labor Pension Act. (2)Investor Relations: The Company convenes shareholders' meetings every year in	None

Evaluation Item	Operation (Note 1)		Description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?			<p>accordance with the Company Law and related laws, and also gives shareholders the opportunity to ask questions and proposals, and has a spokesperson to handle shareholders' suggestions, doubts and disputes. The Company also handles related information announcements and declarations according to the regulations of the competent authorities, providing timely information that may affect investors' decisions.</p> <p>(3)Supplier relationship: pay attention to the rationality of purchase price and determine the product price, payment terms, delivery, service quality and other relevant information; the Company engaged in establishing long-term close relationship with suppliers, cooperation, mutual trust and mutual benefit, the pursuit of sustainable win-win growth.</p> <p>(4)Stakeholder Rights: The Company maintains smooth communication channels with shareholders, investors, authorities, banks, employees, customers, suppliers, etc., and respects and safeguards their legitimate rights and interests, and has a spokesperson communication channel to provide investors and stakeholders with high transparency business information.</p> <p>(5)Directors' education situation: The Company from time to time provides directors with appropriate education course information.</p> <p>(6)The implementation of risk management policy and risk measurement standards: the Company has management procedures such as “acquisition or disposal of assets”, “endorsement guarantee operating procedures” and “funds lending and others operating procedures” as the Company's executive unit and audit unit to carry out the</p>	

Evaluation Item	Operation (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>risk control when the Company conducts business the basis of management and risk measurement.</p> <p>(7)Protection of consumer or customer policy implementation: for the full range of services and protection for customers, the Company communicates with customers in real time, understands customer needs, in order to promote the interaction between the Company and customers, and irregularly review and improve in the production and sales meeting.</p> <p>(8)Directors' liability insurance: The Company has insured liability insurance for directors.</p>	
<p>IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved.</p> <p>The results of the Corporate Governance Assessment show improvements:</p> <p>2.21 Set up a corporate governance head, responsible for corporate governance related matters, and explain the scope of reference and progress on the Company website and annual report.</p> <p>Improvement Measures: The Company has set up the Corporate Governance Supervisor in January 2023.</p> <p>The results of corporate governance evaluation propose priority improvement enhancements and measures:</p> <p>3.2 The Company also published important messages in English.</p> <p>Improvement measures: The Company will publish important messages in English in accordance with the regulations.</p>				

Note 1: Operation regardless of whether Yes or No is checked, it should be described in the Summary Description field.

Note 2: Accountant's Independence Assessment

No.	Assessment Content	Yes	No	Whether it meets independence
01	The accountant himself or his spouse or minor children have no investment or financial interest sharing relationship with the Company.	✓		Yes
02	The accountant himself or his spouse or minor child does not have funds borrowing with the Company. However, the client is a financial institution and is a normal dealer, is not limited.	✓		Yes
03	The CPA firm does not issue reports on the services designed or assists in the effective operation of the financial information system.	✓		Yes
04	Accountants or members of the audit services team have not held directors/managers of the Company or have significant implications on audit cases at present or within the last two years.	✓		Yes
05	The non-audit services provided to the Company do not directly affect the important items of audit cases.	✓		Yes
06	Accountants or members of the audit services team do not advertise or intermediate the shares or other securities issued by the Company.	✓		Yes

07	The accountant or member of the audit service team does not defend the Company and the third-party legal cases or other disputes except for the business permitted by law.	✓		Yes
08	The accountant or member of the audit service team has no relationship with spouse, immediate blood relative, lineal affinity or second relative within the company's directors, managers or those who have significant impact on the audit case.	✓		Yes
09	The co-practicing accountant has not served as a director, manager or has significant impact on the audit case of the Company.	✓		Yes
10	Accountants or members of the audit services team do not receive substantial gifts or special offers of value from the Company or directors, managers or major shareholders.	✓		Yes
11	The accountant has no current appointee or investigator hired to work regularly, paying a fixed salary or acting as a director or supervisor.	✓		Yes
12	The accountant has not provided audit services of the Company for seven consecutive years.	✓		Yes

(IV) Composition, Duties, and Operation of the Remuneration Committee

In order to continue to strengthen corporate governance, the Company established a remuneration committee in 2011 and selected three independent members. The committee will uphold the independent, professional and impartial assessment of the Company's overall remuneration system, the remuneration of directors and managers, and according to the Company's Remuneration Committee. "Organizational Regulations" convene meetings at least twice a year.

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Identity (Note 1)	Criteria Name	Professional Qualifications and Experience (Note 2)	Independence (Note 3)	Number of Other Public Companies Where the Individual Concurrently Serves as a Remuneration Committee Member
Independent Director Convener	Wu, Cheng-Te	<ul style="list-style-type: none"> <li>• Has Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company</li> <li>1. Certified professional who passed the national examination of the accountant.</li> <li>2. Currently the director of Ching Yang Certified Public Accountants Office, has 24 years of experience.</li> <li>• None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</li> </ul>	<ul style="list-style-type: none"> <li>• The independent director himself, his spouse, second-class relatives are not directors, supervisors (audit committee) or employed persons of the Company or other affiliates.</li> <li>• Number of shares not held in the Company.</li> <li>• Not a director, supervisor (audit committee) or employed person of a company with a particular relationship with the Company. Doesn't have any remuneration for services such as commercial, legal, financial, accounting, etc. of the Company or other affiliated companies in the last 2 years.</li> </ul>	None
Independent Director	Chu, Hsiao-Kang	<ul style="list-style-type: none"> <li>• An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College,</li> </ul>	<ul style="list-style-type: none"> <li>• The independent director himself, his spouse, second-class relatives are not directors, supervisors (audit committee) or employed persons of the Company or other affiliates.</li> <li>• Number of shares not</li> </ul>	None

Identity (Note 1)		Criteria		Number of Other Public Companies Where the Individual Concurrently Serves as a Remuneration Committee Member	
		Name	Professional Qualifications and Experience (Note 2)		Independence (Note 3)
			<p>College or University</p> <ol style="list-style-type: none"> <li>1. Master's degree from the University of New Haven Computer &amp; Information.</li> <li>2. Current U.S. Lipa Trading LLC - Head.</li> <li>3. Lecturer at National Taipei University of Technology for 25 years.</li> </ol> <ul style="list-style-type: none"> <li>• None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</li> </ul>	<p>held in the Company.</p> <ul style="list-style-type: none"> <li>• Not a director, supervisor (audit committee) or employed person of a company with a particular relationship with the Company. Doesn't have any remuneration for services such as commercial, legal, financial, accounting, etc. of the Company or other affiliated companies in the last 2 years.</li> </ul>	
Others	Tseng, Wei-Ting	<ul style="list-style-type: none"> <li>• Has Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company</li> </ul> <ol style="list-style-type: none"> <li>1. Certified professional who passed the national examination of the accountant.</li> <li>2. Currently a practicing accountant of Weiquan CPA Firm, has 16 years of experience.</li> </ol> <ul style="list-style-type: none"> <li>• None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</li> </ul>	<ul style="list-style-type: none"> <li>• The members himself, his spouses, second-class relatives are not directors, supervisors (audit committee) or employed persons of the Company or other affiliates.</li> <li>• Number of shares not held in the Company.</li> <li>• Not a director, supervisor (audit committee) or employed person of a company with a particular relationship with the Company. Doesn't have any remuneration for services such as commercial, legal, financial, accounting, etc. of the Company or other affiliated companies in the last 2 years.</li> </ul>	None	

Note 1: Please specify the relevant years of work, professional qualifications and experience and independence of each member of the remuneration committee in the form. For independent directors, please refer to page OO Schedule 1 of Directors and Supervisors Information (1). Please indicate the identity as an independent director or other (if

convenor, please note).

Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of members of individual remuneration committee.

Note 3: Compliance with independence: stating that the members of the Remuneration Committee are independent, including but not limited to whether I, my spouse, relatives within the second level are directors, supervisors or employees of the Company or its affiliates; I, spouse, relatives within the second level (or use another person's name) Number of shares and proportion of the company; whether to act as a director, supervisor or employee of a company that has a specific relationship with the Company (by reference to the setting and exercise of power of the Company's Compensation Committee by reference to listing or trading on the securities firm's premises) The amount of remuneration received in the last 2 years for the provision of business, legal, financial, accounting and other services of the Company or its affiliates.

2. Operation Status of the Remuneration Committee:

(1) The Company's Remuneration Committee has 3 members.

(2) The current term of appointment: From 12 August 2020 to 29 June 2023, the most recent year (2022) of the Remuneration Committee meetings (A) are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remark
Convener	Wu, Cheng-Te	3	0	100.00%	Convener
Committee Member	Tseng, Wei-Ting	3	0	100.00%	Committee Member
Committee Member	Chu, Hsiao-Kang	3	0	100.00%	Committee Member

[Authority and Duties of Remuneration Committee]

The Committee shall faithfully perform the following functions with the attention of a good administrator and submit the recommendations to the Board for discussion.

1. Regularly review the Code and propose amendments.
2. To formulate and regularly review the policies, systems, standards and structure of the Company's performance and salary remuneration for directors and managers.
3. Regularly evaluate the achievement of the performance goals of directors and managers, and determine the content and amount of individual remuneration based on the evaluation results obtained from the performance evaluation criteria.

Other matters:

I. If the Board of Directors refuses to adopt or amend a recommendation from the Remuneration Committee, the date of the meeting, session, contents of the motions, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., the circumstances and cause for the difference if the remuneration passed by the Board of Directors exceeds the recommended amount by the Remuneration Committee shall be specified): None.

II. If there were resolutions by the Remuneration Committee to which members have dissenting or qualified opinions, and for which there is a record or declaration in writing, the date of the meeting, session, contents of the motions, all members' opinions, and the response to members' opinions shall be specified: None.

3. The latest year meeting date of the Remuneration Committee, the content of the motion, the resolution results and the company's opinion on the remuneration committee:

Date/Date	Contents of Motions	Resolution Results	The Company's Handling of Opinions on the Compensation Committee
2022/01/04 【4th meeting of the 4th term】	General Manager's 2021 year-end bonus and performance bonus case.	No objection was passed by all members presented.	N/A
	The 2021 year-end bonus and performance bonus was posted to the head of the overseas East Tai Electric Wire Business Office Vice President Wang, Chien-Chen.		
	The 2021 year-end performance discussion of Manager Chen, Yi-Hung, Head of Accounting.		
	The 2021 year-end performance discussion of Manager Lin, Tzu-Hsin, Head of Finance, .		
2022/03/21 【5th meeting of the 4th term】	The company's 2021 employee remuneration and directors' remuneration distribution case.	No objection was passed by all members presented.	N/A
2022/05/03 【6th meeting of the 4th term】	A method for calculating directors' remuneration distribution.	No objection was passed by all members presented.	N/A
	Wu, Cheng-Te Independent Director's 2021 Remuneration Distribution Case.		
	Chu, Hsiao-Kang Independent Director's 2021 remuneration distribution case.		
	The 2021 remuneration distribution case, including Wang, Hsuan-Hui, Lo, Chiu-Hsiang, Wang, Kun-Tien, Lee, Tung-Hsing and Independent Director Chin Chih-Yung.		
	General Manager Wang, Hsuan-Hui is also served as the general manager of Dongguan Lucky Fly Conductor Co., Ltd. 2021 employee dividend case.		
	Wang, Chien-Chen. Vice President of Overseas Dongtai Business Office in 2021 employee dividend case.		
	Manager Chen, Yi-Hung, Head of Accounting, 2021 employee dividend case.		
	Manager Lin, Tzu-Hsin, financial director, 2021 employee dividend case.		



(V) Promotion of sustainability implementation and differences from listed OTPEs Code of Practice:

Promotion Project	Execution situation (Note1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
I. Does the company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, and is authorized by the Board of Directors to senior management, and the supervision of the board?		V	In order to implement corporate social responsibility and promote economic, environmental and social progress to achieve the goal of sustainable development, the Company revised the [Sustainability Code of Practice] in May 2022 and take reference to the regulatory guidelines on the “Sustainable Development Roadmap for Listed Companies” to develop appropriate organizational development according to the Company's organizational development promote the plan, set special (part-time) units according to the schedule. In addition to the preparation of the authorities and job functions, and will promote the detailed procedures, continue to control the stage goals, and report the execution progress to the Board on a quarterly basis.	Not yet set up a dedicated unit for sustainable development, the relevant information is subject to the schedule of the “Listed Companies Sustainability Roadmap” and reported to the Board of Directors on a quarterly basis.
II. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish relevant risk management policies or strategies? (Note 2)	V		<p>The Company conducts risk assessment on the principle of CSR importance, environmental, social and corporate governance issues related to the operation of the Company, and has taken preventive measures.</p> <p>Environment: In response to climate change, the Company deeply recognizes the importance of environmental sustainability, long-term promotion of energy saving and carbon reduction plan to strengthen employees' environmental awareness.</p> <p>Social: information security, the Company strictly abides by trade secrets and shall not consult or collect non-duties related suppliers or customer trade secrets.</p> <p>Emails sent or received through our email servers are sent or received after automatic scanning is sent</p>	None

Promotion Project	Execution situation (Note1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			or received, strengthening and adapting defenses when appropriate. Corporate Governance: Compliance with regulations, the Company follows Taiwan region and regional trade regulations.	
III. Environmental issues (I) Has the Company established environmental management systems based on its industry's characteristics?	V		(I) The Company is located in Hsinchu County, "Chang Yi Technology Development Park, 9th Floor, Building B" commercial office, according to operational needs characteristics and environmental policy, all refer to the "Environmental Protection Regulations" norms, and is committed to implementing pollution prevention, continuous improvement of the environment, and pursuing sustainable development of the enterprise.	None
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have low impacts on the environment?	V		(II) Our business direction is committed to eliminate waste of resources: 1. Adopting smart communication technology, energy-saving products, the Company continues to promote the importance and regulations of resource recycling to improve energy utilization. • Air-conditioning set up "Centralized Controller" with monitor display. • Computer room to build "monitoring management platform" to effectively monitor temperature and humidity. 2. Cooperated with "Changyi Technology Production and Development Park" to recycle according to categories.	None
(III) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take	V		(III) In response to the impact of global warming caused by climate change, we assessed the potential risks and opportunities of climate change to enterprises now and	None

Promotion Project	Execution situation (Note1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
appropriate action to counter climate change issues?			in the future, and incorporate risk management to actively promote energy saving and carbon reduction, and strengthen our colleagues to promote green energy and environmental awareness to reduce greenhouse gas emissions.	
(IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and formulate policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		<p>(IV) The Company continues and actively conducts energy saving and carbon reduction programs, and the relevant greenhouse gas emission statistics need to establish coverage;</p> <ul style="list-style-type: none"> <li>• Directly from sources of emissions owned or controlled by the Company.</li> <li>• Emissions caused by input electricity or heat.</li> <li>• Emissions generated from the Company activities.</li> </ul> <p>Aggressive coverage as a description:</p> <p>(1) Office is located in “Changyi Technology Development Park”, built computer room real-time planning environmental monitoring management platform, air conditioning, power, UPS temperature and humidity environment monitoring, the system control temperature is 24 °C, through the monitoring platform, effectively control the operation of each module, man-made management factors disappear, can reduce unnecessary power consumption.</p> <p>(2) Office air conditioning divided office, supervisor office, conference room three main area host operation, each area can carry out “individual control switch”, can save the power consumption of public area operation; reduce the power required by the fan, the load change is good, and the overall air conditioning environment comfort</p>	However, carbon emissions are not actually calculated.

Promotion Project	Execution situation (Note1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>is improved. In addition, “Centralized Controller”, through the display screen, clearly grasp the air conditioning operation status in each area, “Centralized Controller” can be all switched on and off or individually controlled, multi-functional design, high efficiency, in addition to improving office quality, effectively achieve energy saving and carbon reduction.</p> <p>(3) Office built full heat exchanger, with energy heat recovery forced ventilation, brings fresh air into the indoor, and dirty air outside, timely start, improve indoor air quality, energy exchange before two airflow discharge, maintain the original air conditioning state as far as possible without changing the indoor temperature efficiency Reduce the burden of air conditioning equipment caused by the introduction of outdoor air and achieve energy saving.</p> <p>(4) At the beginning of the office decoration and light design, full lighting is using energy-saving, LED lighting, in line with environmental protection requirements, low heat, no flashing, to achieve energy saving efficiency.</p> <p>(5) Consolidate electricity consumption on the electricity bill every two months since 2021, and then use data to analyze the electricity usage status, as a future adjustment of electricity consumption and practice a low-carbon environment.</p> <p>(6) The office is located in Changyi Technology Development Park, and a rainwater recycling</p>	

Promotion Project	Execution situation (Note1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			system is set up for the park's greenery watering, cleaning roads and ditches, and the whole area is a sustainable green park. The whole park has no individual factory water meters, water costs are included in the management costs, and continue to promote water conservation.	
IV. Social Issues (I) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(I) The Company follows the principles disclosed in the International Human Rights Convention, such as “Labor Standards Act”, “Convention on the Elimination of All Forms of Discrimination against Women” and “Enforceability of the Convention on the Rights of the Child”, and “Code of Practice for Sustainable Development”, [Working Rules], [Measures for Personnel Management (covering Gender Equality Work Law)], [[Prevention of Sexual Harassment in the Workplace], to protect the basic human rights of customers, stakeholders and colleagues, and maintain social welfare, ensure the safety of working environment, environmental protection and ethical practices, gender equality, work rights, ban child labor and no illegal discrimination. regulations.	None
(II) Does the Company formulate and implement reasonable employee benefit measures (including remuneration, leave, and other benefits) and appropriately employee compensation based on operating performance or results?	V		(II) In terms of employees' compensation and welfare measures, the Company plans a complete personnel management and performance reward system to promote diversified welfare projects and attract and retain outstanding talents. In addition, the Company pays attention to gender equality and equal pay, promotion opportunities, female employees accounted for 23.58% of the total employees in 2022, female executives accounted for	None

Promotion Project	Execution situation (Note1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>22.58% of the overall executives.</p> <p>(1) The Company also set up “employee shareholding trust plan”, every month employees withhold a fixed amount from their salary income according to their salary, the company according to the employee self-funding in the monthly salary of the equivalent bonus, regularly invest in the company's stock, retain good talent, and then motivate employees to work together with the company, share business fruit.</p> <p>(2) Group insurance: In order to take care of the health of employees, the Company plans “group insurance”, such as life insurance, major illness, accident insurance, accident medical, accidental injury, hospital medical insurance, etc., employees join insurance on the job, so that employees would have better medical quality.</p> <p>(3) [Performance Appraisal Method] Through performance appraisal, improve the work performance of colleagues, depending on the Company's business goals in the first and second half of the year, announced after the approval of the chairman, as a fair and reasonable reward and punishment.</p> <p>(4) [Salary payment method] Set up “three bonuses” with reference to the external overall economic environment and the Company's overall operating performance verification.</p> <p>(5) [Employee Bonus Management Measures] According to Article 21 of the Company's Articles: The Company shall retain the amount</p>	

Promotion Project	Execution situation (Note1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			of accumulated losses in the current year (net of the benefits before the allocation of employees' remuneration and directors' remuneration), if there is any balance, to reward employees.	
(III) Does the Company provide a healthy and safe work environment, and does it organize health and safety training for its employees on a regular basis?	V		<p>(III) The Company pays much attention to employee safety and healthy working environment, so always pay attention to the environment and equipment safety.</p> <p>(1) According to the relevant occupational safety and health law, disaster prevention, annual fire safety equipment inspection and declaration committee professional inspection institutions handle.</p> <ul style="list-style-type: none"> <li>• 2022 fire safety equipment maintenance declaration as scheduled on 30 June to complete the declaration to the fire department of Hsinchu County Government.</li> <li>• Irregular safety and health promotion and occupational safety education and training, so that employees can work safely.</li> <li>• Cooperate with the “Changyi Technology Development Park” to implement fire drills and emergency response drills, and revise the relevant contingency for potential accidents.</li> </ul> <p>(2) With health management, it regularly conducts health check-ups and health lectures to enhance employee physical and mental health.</p> <p>(3) The number of employee disasters in 2022 was 0.</p>	None
(IV) Has the Company established effective career development and training plans for its employees?	V		(IV) The Company analyses the salary level of various internal grades through the external “salary and benefits survey report”, and to encourage employees	None

Promotion Project	Execution situation (Note1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			to learn effectively, regular job rotation. Except to enhance professional knowledge and legal knowledge through professional training institutes, the management department will arrange reading clubs irregularly, and take turns teach lectures by various supervisors. It is expected that the Company and employees will grow and function together.	
(V) Does the Company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures?	V		(V) We comply with relevant regulations and international guidelines for marketing and labeling products and services, and regularly track and amend them. To ensure and maintain the health and safety of customers, hold regular quality production and sales meetings to effectively solve customer problems, get full internal communication and respond to customer messages. The Company uphold the principle of integrity and openness, set up a stakeholder area on the company's website. If there is a customer complaint at any time by letter, e-mail, etc., the Company's responsible person will be in charge contact to deal with related issues and protect consumer rights.	None
(VI) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues, such as environmental protection, occupational safety and health, or labor rights? If so, describe the results.	V		(VI) The Company has signed a contract with major suppliers to comply with the obligations, and will visit the factory from time to time to evaluate, communicate with suppliers, the Company uphold the management policies such as environmental protection, occupational safety and health management system and human rights protection, if found that the supplier violates the Company's policy, or has adverse effects on the environmental and society, the contract will be terminated or lifted depending on the plot. Through supply chain	None



Promotion Project	Execution situation (Note1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			management, we communicate our business philosophy and work closely with suppliers to achieve customer satisfaction. Fulfill the corporate sustainability commitment of the supply chain and achieve the responsibility of environmental and social maintenance.	
V. Does the Company refer to internationally accepted standards or guidelines for the preparation of reports and prepare reports that disclose non-financial information of the Company, such as corporate social responsibility reports? Are the reports certified or assured by a third-party accreditation body?		V	The Company has not yet prepared a sustainability report, but the Company has set up [Sustainability Code of Practice] to achieve the goals of sustainability, and implement it according to the policies and regulations of the competent authorities. The Company has set up “Stakeholder Area “on the website to disclose the relevant information to the Company's website according to the actual operation situation and Market Observation Post System, etc.	The Company has not yet prepared a sustainability report, and will be prepared according to the Company's development needs and regulations in the future.
<p>VI. If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe the implementation and any deviations from the Principles: The Company has formulated [Sustainability Code of Practice] in order to implement corporate responsibility, and its operation is consistent with the spirit and principles of regulation.</p>				
<p>VII. Other important information to help you learn about driving sustainability execution:</p> <p>(I) The Company implements corporate social responsibility according to the following principles:</p> <ul style="list-style-type: none"> <li>• Implement corporate governance.</li> <li>• Developing a sustainable environment.</li> <li>• Maintaining social welfare.</li> <li>• Enhance the disclosure of corporate social responsibility information.</li> </ul> <p>(II) The Company regularly handles safety and health education and disaster prevention training to ensure the safety of the working environment.</p> <p>(III) The Company values the interests of stakeholders, the Company website set up [Stakeholder Area] to provide a good communication platform to understand the reasonable expectations and needs of stakeholders, whether it is economic and environmental issues, the Company will properly handle issues such as questions, complaints or suggestions, and uphold the principles of integrity or propose a plan for improvement.</p>				

Note 1: Please specify the important policies, strategies, measures and implementation if you check “Yes”. If you check “No”, please explain the differences and reasons for the differences in the field “Code of Practice for Differences with Listed Companies” and explain the relevant policies in the future planning of policies, strategies and measures.

Note 2: A principle of importance refers to a significant influence on corporate investors and other stakeholders about environmental, social and corporate governance issues.

(VI) Implementation of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
<p>I. Establishment of ethical corporate management policies and programs</p> <p>(I) Does the Company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and senior management towards implementation of such policy?</p> <p>(II) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risks of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct accordingly and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(III) Does the Company define the operating procedures, code of conduct, disciplinary actions, and appeal procedures in</p>	V		<p>(I) In order to establish a good corporate governance system, the Company formulated the [Operating Integrity Code] and passed by the Board on 12 November 2014. In response to the publication of the new corporate governance blueprint by the competent authorities in 2020, revised on 29 March 2021. The Board and management comply with and disclose the above specifications on the Company's website as a clear and committed to fulfilling the integrity of operating policies, and the goal of continuing to protect shareholder rights and pursue corporate sustainability.</p> <p>(II) The Company prohibits directors, managers and employees from directly or indirectly offering to accept, undertake or demand any improper benefits in the course of doing business, or engage in other violations of integrity, illegal or contrary to fiduciary obligations In order to, and have adopted preventive measures and advocate the violation of the punishment and appeal system to enable all personnel to comply and implement. The Company's audit unit will also check its implementation regularly or irregularly to prevent illegal things.</p> <p>(III) The Company has established [Personnel Management Practices], [Operating Integrity Code], and regularly</p>	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
the programs against unethical conduct? Does the Company enforce the programs effectively and perform regular reviews and amendments?			review the rules before amendment. For those who may have conflicts of interest in business dealings, the Company has signed the Self-Legal Convention and Confidentiality and Prohibition Agreement to prevent conflicts of interest on the job. In addition, “regular performance appraisal “combined with human resources policy to prevent dishonest behavior, towards the goal of sustainable development.	
<p>II. Fulfillment of ethical corporate management</p> <p>(I) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in the business contracts?</p> <p>(II) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors that reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p> <p>(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels,</p>	V		<p>(I) Purchasing between the Company and suppliers, in the ISO script, the evaluation terms, evaluate whether the supplier has a record of dishonest behavior with its customers, suppliers or other parties before business dealings, and suppliers must not have improper relationship with the Company, factory, and in a fair and transparent manner conducting commercial activities.</p> <p>(II) The Company allocates resources and personnel for the management of integrity and management. The General Management Office is responsible for assisting the board and management to formulate and enforce integrity operating policies and conduct guidelines, and report to the Board of Directors regularly (at least once a year) or as necessary. The above responsible units and functions are stated in the “Code of Integrity” measures.</p> <p>(III) The Company has established [Operating Integrity Code], the directors and managers [Code of Ethics] have set out</p>	None

Evaluation Item	Implementation Status		Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
and implement them accordingly?			<p>the policy on preventing conflicts of interest. Members present on the Board have conflicts of interest with their own interests on the motions set out on the board, and do not participate in the discussion on the principle of avoidance of interests of directors and absent from voting.</p> <p>[Personnel Management Measures] For those who have conflicts of interest in the business, have signed a self-disciplinary convention to prevent conflicts of interest in their duties.</p>	
(IV) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Do the internal audit unit devise audit plans based on the results of unethical conduct risk assessments and audit the systems accordingly to prevent unethical conduct, or hire external CPAs to perform the audits?	V		(IV) The Company's accounting system is based on the Securities and Exchange Act., Company Act., Commercial Accounting Act, Public Issuance of Financial Reporting Standards, International Financial Reporting Standards approved by the Financial Supervisory Commission, International Accounting Standards, Interpretation and Announcement, and the Company's actual business facts. Formulation; annual accounting firm conducts site audit/inspection to ensure the continuous design and implementation of the system. The internal control system is formulated with reference to the "Rules for Handling the Establishment of Internal Control Systems by Public Companies" and are implemented. The audit department also regularly checks the compliance of the accounting system and internal control system, and conducts audit reports to the Board of Directors on a quarterly basis.	None
(V) Does the Company regularly hold internal and external	V		(V) The Company [Operating Code of Integrity] revealed in	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
educational trainings on ethical corporate management?			the corporate governance area of the official website, and regularly send staff to participate in the integrity management training, or through the Board of Directors meeting to fully understand the Company's integrity management determination, policy and prevention plan.	
<p>III. Operation of the whistle-blowing system</p> <p>(I) Has the Company established both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party for the follow-up?</p> <p>(II) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?</p>	V		<p>(I) If there are knowledge of ethical concerns or conflicts of interest, the Company's [Business Integrity Code], the directors and managers [Code of Ethics] and [Personnel Management Measures] all set out the relevant rules and procedures of the reporting system.</p> <ul style="list-style-type: none"> <li>• Create and advertise internal independent reporting mailboxes on the Company's website and internal websites, or commission other external independent agencies to provide reporting mailboxes, special lines for internal and external use by our staff.</li> <li>• The Company sets up a dedicated unit and formulate the authority and procedures for handling according to the personnel involved in the report.</li> <li>• The Company encourages internal and external personnel to report dishonest behavior or misconduct, according to the report of the plot to reward, internal staff should be disciplined if false report or malicious allegations, the major plot should be discharged.</li> </ul> <p>(II) Report acceptance, investigation process, investigation results shall be kept written documents, and kept for five years, and kept electronically, where the relevant personnel in the verification process are kept confidential.</p>	None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
(III) Does the Company provide proper whistleblower protection?	V		After the completion of the verification process and report the responsibility supervisor, relevant data will be kept properly by the personnel unit. (III) The Company has a confidential mechanism on the reporting process to let employees know that the Company will endeavor to protect the reporter's safety from mishandling due to the report.	
IV. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	V		The Company announced in its annual report and Market Observation Post System to disclose the Company profile, business policy and financial information. In addition to the Company's official website updates the above information irregularly, the website "Investor Area" also reveals corporate governance compliance with relevant regulations and emphasizes integrity principles. The official website information is maintained and updated by each responsible unit, and important messages are published by the spokesperson.	None
V. If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe the implementation and any deviations from the Principles: The Company has a "operating code of integrity", the Company's operation abide by the rules of operation, no significant differences.				
VI. Other important information to facilitate a better understanding of the Company's ethical corporate management (e.g., review of and amendments to ethical corporate management policies): None. The Company will always pay attention to the development of the Group's integrity management regulations, and encourage directors, managers and employees to make suggestions to review and improve the company's integrity operating policy and push Move measures to enhance the company's integrity management effectiveness. And set up a corporate governance area on the website, which will be disclosed on the Company's website and Market Observation Post System based on the actual operating conditions and related information Stations, etc.				

Note 1: Operation regardless of whether "Yes" or "No" is checked, it should be described in the Summary Description field.

(VII)Corporate Governance Guidelines and Regulations and the Inquiry Method:

1. “Rules and Regulations Related to Corporate Governance” under “Corporate Governance” section of the Market Observation Post System (<http://mops.twse.com.tw>) can be downloaded.
2. “Important Regulations” of “Investor Area” under “Corporate Governance” section of the Company official website (<http://www.spaces.com.tw>)can be downloaded.

(VIII)Other Important Information Regarding Corporate Governance: None.

(IX) Implementation status of internal control system

1. Statement on Internal Control

Space Shuttle Hi-Tech Co., Ltd.  
Statement on Internal Control

Date: March 29, 2023

The Company hereby states the results of the self-evaluation of the internal control system for 2022 as follows:

The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managerial officers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

The internal control system has innate limitations. No matter how robust and effective the internal control system is, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. The internal control system judgment items used in the "processing criteria" are divided into five components according to the management control process: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Supervise operations. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.

The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.

Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, are effective and can reasonably assure the achievement of the foregoing goals.

This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

This statement was approved by the Board of Directors on April 20, 2023, and out of the seven directors in attendance, none had dissenting opinions of it and all approved the content expressed in this statement.

Space Shuttle Hi-Tech Co., Ltd.

Chairman: Wang, Hsuan-Hui

General Manager: Wang, Hsuan-Hui



2. If a CPA Has Been Hired to Carry Out a Special Audit of the Internal Control System, the CPA Audit Report Shall Be Disclosed: None.

(X) For Penalties Imposed Upon the Company and Its Employees in Accordance with the Law or Penalties Imposed by the Company Upon Its Employees for the Violation of the Internal Control System Policy During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report, if the Result of Such Penalties May Have a Significant Impact on the Shareholders' Equity or the Price of Securities, the Contents of the Penalties, Principal Deficiencies, and Improvements Shall Be Specified: None.

(XI) Major Resolutions of Shareholders' Meeting and Board Meetings During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report:

Shareholders' Meeting/Board of Directors	Date	Major Resolutions
Shareholders' Meeting		
2022 Shareholders' Meeting	Jun 24, 2022	<p>Acknowledgement:</p> <p>1. Passed the Company's 2021 business report and financial statements. Execution status: has been declared and disclosed on the Company's website in accordance with the relevant regulations.</p> <p>2. Passed the Company's 2021 earnings distribution case. Execution: Shareholders' dividends will not be distributed outside the surplus projects listed in accordance with the law.</p> <p>Discussions</p> <p>1. Passed amendments to part of the provisions of the Company's Articles of Association. Implementation: Registration of Changes approved by the competent authority was completed on November 18, 2022.</p> <p>2. Passed amendments to the Company's "Procedures for Acquisition or Disposal of Assets". Implementation status: the announcement has been reported and disclosed on the Company's website in accordance with the relevant regulations, and the related operations are handled according to the revised procedures.</p> <p>3. Proposal for partial amendment to the Rules of Procedure for Shareholders' Meetings Implementation status: the announcement has been reported and disclosed on the Company's website in accordance with the relevant regulations, and the related operations are handled according to the revised procedures.</p>
Board Discussion Items:		
9 <sup>th</sup> meeting of the 15 <sup>th</sup> term	January 14, 2022	<p>1. Passed the Company's general manager's compensation case.</p> <p>2. Passed the general manager's 2021 year-end bonus and performance bonus case.</p> <p>3. Passed the deputy general manager of the Company's salary adjustment.</p> <p>4. Passed the 2020 year-end performance of Chen Yi Hung, manager and head of accounting.</p>

Shareholders' Meeting/Board of Directors	Date	Major Resolutions
		<ol style="list-style-type: none"> <li>5. Passed the 2021 year-end bonus and performance bonus case of Wang Chien-Chen, vice president of DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE &amp; CABLE CO., LTD.</li> <li>6. Passed the salary adjustment of, Lin, Tzu-Hsin, manager and head of finance.</li> <li>7. Passed 2021 year-end performance of Lin, Tzu-Hsin, manager and head of finance.</li> <li>8. Passed the salary adjustment of Chen, Yi-Hung, Manager and Head of Accounting.</li> <li>9. Passed the 2021 year-end performance of Chen, Yi-Hung, Manager and Head of Accounting.</li> <li>10. Passed the 2022 operating budget of the Space Shuttle Group.</li> </ol>
10 <sup>th</sup> meeting of the 15 <sup>th</sup> term	23 March 2022	<ol style="list-style-type: none"> <li>1. Passed the Company's 2019 employee remuneration and directors' remuneration distribution.</li> <li>2. Passed the Company's 2019 business report and consolidated financial statement which have been compiled and completed.</li> <li>3. Passed the company's 2019 consolidated financial statement which has been verified by Honesty CPA Firm.</li> <li>4. Passed the Company's 2021 earnings distribution.</li> <li>5. Passed the Company's proposed application to CTBC for an additional operating financing line.</li> <li>6. Passed the assessment of the effectiveness of the internal control system and the internal control system statement.</li> <li>7. Passed amendments to part of the provisions of the Company's Articles of Association.</li> <li>8. Passed the amendments to the Company's "Financial Statement Preparation Process Management Measures".</li> <li>9. Passed amendments to part of the Company's Corporate Governance Code of Practice.</li> <li>10. Passed the formulation of the date, location, method, agenda, shareholder proposal rights and related matters for the 2022 General Shareholders' Meeting of the Company.</li> </ol>
11 <sup>th</sup> meeting the 15 <sup>th</sup> term	May 12, 2022	<ol style="list-style-type: none"> <li>1. Passed the Company's consolidated financial statements for the first quarter of 2022.</li> <li>2. Passed the Company's first quarter of 2022 consolidated financial statements verified by Honesty CPA Firm.</li> <li>3. Passed the calculation method of directors' remuneration distribution.</li> <li>4. Passed the 2021 directors' remuneration distribution.</li> <li>5. Passed the 2021 employee remuneration of general manager WANG, HSUAN-HUI as the general manager of Dongguan Lucky Fly Conductor Co., Ltd.</li> <li>6. Passed the 2019 employee remuneration of Wang Chien-Chen, vice president of Dongguan Hou Jie Xi Tou Space Shuttle Hi-Fi Wire &amp; Cable Co., Ltd..</li> <li>7. Passed the 2019 employee remuneration of manager Chen, Yi-Hung, manager and head of accounting.</li> <li>8. Passed the 2019 employee remuneration Tzu-Hsin, manager and</li> </ol>

Shareholders' Meeting/Board of Directors	Date	Major Resolutions
		<p>head of finance.</p> <ol style="list-style-type: none"> <li>9. Passed the Company's proposed application for working capital financing amount to Taiwan SME Bank.</li> <li>10. Passed the proposed reinvestment business of Space Shuttle (HK) Hi-Fi Wire&amp; Cable Industry Co., Ltd., engaged in capital lending and lending of US\$4 million.</li> <li>11. Passed amendments to the Company's "Procedures for Acquisition or Disposal of Assets".</li> <li>12. Passed the proposal for partial amendment to the Rules of Procedure for Shareholders' Meetings.</li> <li>13. Passed amendments to part of the "Code of Practice on Corporate Social Responsibility" and renamed as "Code of Practice for Sustainable Development".</li> <li>14. Passed the revision of the reasons for the convening of the Company's shareholders' meeting in 2022 and related matters.</li> </ol>
12 <sup>th</sup> meeting of the 15 <sup>th</sup> term	August 11, 2022	<ol style="list-style-type: none"> <li>1. Passed the Company's consolidated financial statements in the second quarter of 2022.</li> <li>2. Passed the Company's second quarter of 2022 consolidated financial statements verified by Honest CPA Firm.</li> <li>3. Passed the investment business of Dongguan Lucky Fly Conductor Co., Ltd., the overdue accounts receivable was transferred to capital loans.</li> <li>4. Passed the proposed investment of Dongguan Lucky Fly Conductor Co., Ltd. , engaged in the capital loan of \$10 million.</li> <li>5. Passed the proposed endorsement of the Company's reinvestment business in Dongguan Lucky Fly Conductor Co., Ltd.</li> <li>6. Passed the Company's proposed application for the financing amount to Changhua Commercial Bank.</li> </ol>
13 <sup>th</sup> meeting of the 15 <sup>th</sup> term	November 14, 2022	<ol style="list-style-type: none"> <li>1. Passed the Company's 2023 annual audit plan.</li> <li>2. Passed the Company's consolidated financial statements in the third quarter of 2022.</li> <li>3. Passed the Company's third quarter of 2022 consolidated financial statements verified by Honest CPA Firm.</li> <li>4. Passed the Company's financial reporting CPA's accountant's independence and suitability assessment.</li> <li>5. Passed the appointment of Honest CPA Firm to audit public fees for the 2022 financial report.</li> <li>6. Passed the amendment of the Company's "Board Meeting Rules".</li> <li>7. Passed amendments to the Company's "Procedures for Handling Major Internal Information".</li> <li>8. Passed the request statement of investment firm Lightel Technologies, INC. that at least 80% of Lightel's shareholders agreed to exchange Lightel-Cayman for its restructure.</li> <li>9. Passed the Company's proposed application for working capital financing to CTBC Bank.</li> <li>10. Passed the Company's proposed application for financing quota guarantee for Dongguan Lucky Fly Conductor Co., Ltd. (hereinafter referred to as Dongguan Lucky Fly) in a financial institution.</li> </ol>

Shareholders' Meeting/Board of Directors	Date	Major Resolutions
		11. Passed the Company's proposed application for financing quota guarantee for Dongguan Hou Jie Xi Tou Space Shuttle Hi-Fi Wire& Cable. Co., Ltd. (hereinafter referred to as Dongguan Space Shuttle).
14 <sup>th</sup> meeting of the 15 <sup>th</sup> term	January 16, 2023	<ol style="list-style-type: none"> <li>1. Passed the general manager's 2022 year-end bonus and performance bonus .</li> <li>2. Passed the 2022 year-end bonus and performance bonus of Wang Chien-Chen, vice president of Dongguan Hou Jie Xi Tou Space Shuttle Hi-Fi Wire&amp; Cable. Co., Ltd.</li> <li>3. Passed the 2022 year-end performance of Chen, Yi-Hung manager and head of accounting.</li> <li>4. Passed 2022 year-end performance of Lin, Tzu-Hsin, manager and head of finance.</li> <li>5. Passed Lin, Tzu-Hsin, manager and head of finance concurrently assumed the position of "Corporate Governance Supervisor"</li> <li>6. Passed the change of the Company to Dongguan Hou Jie Xi Tou Space Shuttle Wire Co., Ltd. in the application for financing quota guarantee in financial institutions.</li> <li>7. Passed the Company's proposed application for the financing amount to Taichung Commercial Bank.</li> <li>8. Passed the Space Shuttle Group's 2022 operating budget.</li> </ol>
15 <sup>th</sup> meeting of the 15 <sup>th</sup> term	29 March, 2023	<ol style="list-style-type: none"> <li>1. Passed the Company's 2022 business report and consolidated financial statements which have been compiled and completed.</li> <li>2. Passed the Company's 2022 consolidated financial statements verified by Honesty CPA Firm.</li> <li>3. Passed the Company's profit and loss grant in 2022.</li> <li>4. Passed the effectiveness of the internal control system and the internal control statement.</li> <li>5. Passed amendments to part of the Company's Corporate Governance Code of Practice.</li> <li>6. Passed the Sixteenth Election of Directors and Independent Directors of the Company.</li> <li>7. Passed the list of candidates for directors (including independent directors) nominated by the Board of Directors by drawing.</li> <li>8. Passed the lift of the prohibition on competition for new directors.</li> <li>9. Passed the proposed date, location, method, agenda, shareholders' proposal rights and nomination of directors related matters in 2023.</li> </ol>

(XII) Any Dissenting Opinion Expressed by a Director or Supervisor with Respect to a Major Resolution Passed by the Board of Directors During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report, Where Said Dissenting Opinion Has Been Recorded or Prepared as a Written Declaration, and Its Main Content: None.

(XIII) A Summary of Resignations and Dismissals of the Company's Chairman, General Manager, Chief Accounting Officer, Financial Manager, Chief Internal Auditor, Corporate Governance Officer, or Research and Development Officer During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report: None.

#### IV. Information on CPA Professional Fees

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee (Note 1)	Total	Remark
Honesty CPA Firm	Lin Shu-Ling	2022	2,900	250	3,150	
	Cheng Han					

Note 1: Non-audited public service items: Transfer pricing report of \$250 thousand.

- (I) The non-audited public fees paid to CPAs, CPAs and their affiliates accountants s accounted for more than a quarter of the audit public fees: None.
- (II) The audit fee paid for the change of the accounting firm and the change of the annual audit fee is less than the change of audit public fee in the previous year: None.
- (III) Audit fees reduced by more than 10% from the previous year should disclose the proportion and reason for the reduction in public fees: None

#### V. Information on Replacement of CPAs

##### (I) About Former CPAs

Change Date	The Board of Directors passed on March 29, 2021 and replaced since the first quarter of 2021.		
Reason and Description	The Company's original financial statements accountants are Wu Tang-Ming and Cheng Han from Honesty CPA Firm. To cooperate with the internal rotation mechanism of the firm, it was proposed to change the financial statement CPAs to Lin Shu-Ling and Cheng Han from the first quarter of 2021.		
Termination or refusal of appointment by the appointor or accountant	Counterparty	accountants	Appointed Person
	Proactive Termination	N/A	
	Ceased to accept (continue) appointments	N/A	
Comments and reasons for checking reports other than non-reserved comments within the latest two years	None		
Disagreement with the issuer	having		Accounting Principles or Practice
			Disclosure of Financial Reports
			Check scope or step
			Others
	None	V	
	Explanation:		
Other Disclosures (Article 10, paragraph 6, subject 4 to 7, shall be disclosed)	Not Applicable		

## (II) About Succession CPAs

Accounting Firm	Honesty CPA Firm
Name of CPA	Lin, Shu-Ling, Cheng Han
Date of Appointment	March 29, 2021
Consultation on accounting practices or accounting principles for specific transactions and possible issuance of financial reporting before appointment and results	None
Written opinion of succession accountant on matters of different opinions from former accountants	None

Note: In 2023, the original accountants of were reappointed.

(III) Reply letter from former accountant to item 3 of paragraph 1 and 2 of paragraph 6 of Article 10 of this Code: None.

VI. Chairman, General Manager, or Manager Responsible for Finance or Accounting affairs of the Company, Worked in the Firm of CPA or its Affiliates in the Most Recent Fiscal Year.

VII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10 Percent:

1. Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders:

Job title (Note 1)	Name	2022		As of April 23, 2023	
		Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)
Director and General Manager	Wang Hsuan-Hui	0	0	(4,683,000)	0
Director and shareholder with more than 10% shareholding	Wang, Kun-Tien (Major Shareholder)	0	0	0	0
Director	Lo, Chiu-Hsiang	0	0	0	0
Director	Lee, Tung-Hsing	0	0	0	0
Independent Director	Wu, Cheng-Te	0	0	0	0
Independent Director	Chu, Hsiao-Kangpiety	0	0	0	0
Independent Director	Chin, Chih-Yung	0	0	0	0
Deputy General Manager	Wang, Chien-Cheng	0	0	0	0
Head of Finance	Lin, Tze-Hsing	0	0	0	0
Head of Accounting Department	Chen, Yi-Hong	0	0	0	0

Note 1: Shareholders who have more than 10 percent of the total shares of the Company should be identified as substantial shareholders and shown separately.

2. Equity transfer information: relative non-parties, no need to disclose.
3. Information on Share Pledges: None.

VIII. Relationship among the Company's 10 Largest Shareholders who are Related to, Spouse of, or a Relative Within the Second Degree of Kinship of Another

Name (Note 1)	Current Shareholding Note 2:		Spouse & Minor Shareholding Note 2:		Shareholding by Nominee Arrangement Note 2:		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within the Second Degree of Kinship Note 3:		Remark
	Shares	%	Shares	%	Shares	%	Name	Relation	
Wang, Kun- Tien	33,207,685	23.87%	11,100,801	7.98%	0	0.00%	Lo Chiu-Hsiang	couples	None
Lo, Chiu-Hsiang	11,100,801	7.98%	33,207,685	23.87%	0	0.00%	Wang, Kun- Tien	couples	None
Wang, Hsuan-Hui	6,896,000	4.96%	0	0.00%	0	0.00%	None	None	None
Unixtar Technology Inc.	5,855,541	4.21%	0	0.00%	0	0.00%	Chiu, Chiu-Lin	Representative of Institutional Director	None
Chiu, Chiu-Lin	1,048,461	0.75%	0	0.00%	0	0.00%	Unixtar Technology Inc.	Representative of Institutional Director	None
Shao, Chiu-Chieh	5,185,000	3.73%	0	0.00%	0	0.00%	None	None	None
First Venture Capital Co., Ltd. (Note 4)	3,094,709	2.22%	0	0.00%	0	0.00%	None	None	None
Ho, Yu- Cheng	2,663,785	1.91%	0	0.00%	0	0.00%	None	None	None
Lin, Hsin-Yu	2,628,876	1.89%	0	0.00%	0	0.00%	None	None	None
Lo, Hui-Long	2,214,643	1.59%	0	0.00%	0	0.00%	None	None	None
Huang, Kuo-Chieh	2,129,645	1.53%	0	0.00%	0	0.00%	None	None	None

Note 1: All the top ten shareholders should be listed. Legal shareholders should list the names of the legal shareholders and the names of representatives respectively.

Note 2: The calculation of shareholding ratio refers to the calculation of the shareholding ratio on their own name, spouse, minor children or others respectively.

Note 3: The shareholders listed before disclosure, including legal persons and natural persons, shall disclose their relationships in accordance with the issuer's financial reporting guidelines.

Note 4: The legal representative of First Venture Capital Co., Ltd.

IX. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

Consolidated shareholding ratio

Unit: Thousand Shares: %

Investee business	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding
SPACE SHUTTLE HI-TECH CO., LTD.	8,000	100.00%	—	—	8,000	100.00%
SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	130,221	100.00%	—	—	130,221	100.00%
DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	—	—	—	100.00%	—	100.00%
DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	—	—	—	100.00%	—	100.00%
SPACE SHUTTLE HI-TECH CO., LTD.(Seychelles)	—	—	—	19.00% (Note 1)	—	19.00%
DONGGUAN CITY NAN ZHUO INDUSTRY CO., LTD	—	—	—	17.53% (Note 2)	—	17.53%

Note 1: The merged company has sold 81% of its holding company SPACE SHUTTLE HI-TECH CO., LTD. (Seychelles) in November 2015, and the shareholding ratio has been reduced from 100% to 19%, the disposal price of US\$552 thousand (equivalent to NT\$18,004 thousand) was fully recovered in 2015. Recurrence has lost its influence on the Company, so the evaluation is changed to cost.

Note 2: The merged company sold 20% equity interest in December 2013, reducing its shareholding from 50% to 30%; shareholding reduced from 30% to 19.15% due to non-participation in cash capital increase of US\$2,460 thousand in March 2016; and the proportion of shareholding reduced from 19.15% to 17.53% due to non-participation in the capital increase of US\$628 thousand in 2021.



## Chapter 4 Capital Overview

### I. Capital and Shares

#### (I) Sources of Capital

31 March, 2023

Month/ Year	Par Value (NT\$) (\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares (Thousand shares)	Amount (Thousand dollars)	Shares (thousand shares)	Amount (Thousand dollars)	Sources of Capital	Assets other than cash offset against share capital than Cash	Others
1985.10	10	200	2,000	200	2,000	Set up a share capital	None	—
1988.04	10	1,000	10,000	1,000	10,000	Cash increase of NT\$8,000,000	None	—
1989.04	10	4,000	40,000	4,000	40,000	Cash increase of NT\$30,000,000	None	—
1994.07	10	9,500	95,000	9,500	95,000	Cash increase of NT\$55,000,000	None	—
1995.07	10	19,500	195,000	19,500	195,000	Cash Increase of NT\$100,000,000	None	—
1996.07	10	39,500	395,000	39,500	395,000	Cash increase of NT\$200,000,000	None	—
1997.07	10	90,000	900,000	58,000	580,000	Cash increase of \$185,000,000	None	—
1998.07	10	90,000	900,000	80,000	800,000	Surplus converted into capital increase of NT\$72,500,000 Capital reserve converted into capital increase of NT\$43,500,000 Cash increase of NT\$104,000,000	None	1998.07.10.Taiwan-Finance (1) Letter No. 58924
1999.07	10	125,000	1,250,000	92,500	925,000	Surplus converted into capital increase of NT\$120,000,000 Employee bonus converted into capital increase of NT\$5,000,000	None	T1999.06.22. Taiwan Finance (1) Letter No. 57169
2000.07	10	150,000	1,500,000	107,000	1,072,000	Surplus converted into NT\$138,750,000 Employee bonus converted into capital increase of NT\$8,250,000	None	2000.06.27. Taiwan-Finance (1) Letter No. 55191
2001.09	10	250,000	2,500,000	150,000	1,500,000	Surplus converted into capital increase of NT\$160,800,000 Employee bonus converted into capital increase of NT\$8,000,000 Cash increase of NT\$259,200,000	None	2001.06.08. Taiwan Finance (1) Letter No. 133886
2002.09	10	250,000	2,500,000	157,758	1,577,580	Surplus converted into capital increase of NT\$75,000,000 Employee bonus converted into capital increase of NT\$2,580,000	None	2002.07.05. Taiwan Finance (1) Letter No. 0910136867.
2003.08	10	250,000	2,500,000	196,807	1,968,072	Surplus converted into capital increase of NT\$80,561,540 Convertible corporate bonds converted into 30,993 thousand shares	None	2003.07.01. Taiwan Finance (1) Letter No. 0920129115.
2004.03	10	250,000	2,500,000	231,405	2,314,050	Convertible corporate bonds converted into 34,598 thousand shares	None	—
2004.08	10	350,000	3,500,000	232,024	2,320,240	Approved capital increase of 100,000 thousand shares Convertible corporate bonds converted into 619 thousand shares	None	—
2005.11	10	350,000	3,500,000	234,704	2,347,044	Convertible corporate bonds converted into 2,680,842 shares	None	2005.11.10. Letter No. 09401217970

Month/ Year	Par Value (NT\$) (\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares (Thousand shares)	Amount (Thousand dollars)	Shares (thousand shares)	Amount (Thousand dollars)	Sources of Capital	Assets other than cash offset against share capital than Cash	Others
2005.11	10	350,000	3,500,000	334,704	3,347,044	Private equity cash increase of NT\$1,000,000,000	None	2004.11.15. Letter No. 09401218990
2006.01	10	420,000	4,200,000	363,795	3,637,953	Private equity cash increase of NT\$ 290,909,090	None	2006.01.26. Letter No. 09501004720
2006.04	10	420,000	4,200,000	328,840	3,288,403	Private equity cash increase of NT\$350,000,000 Reduced capital of NT\$699,549,800	None	2006.04.11 Letter No. 09501064410
2006.09	10	420,000	4,200,000	216,929	2,169,293	Reduced capital of NT\$1,119,109,540	None	2006.09.08 Letter No. 09501203150
2006.12	10	420,000	4,200,000	244,929	2,449,293	Private equity cash increase of NT\$280,000,000	None	2006.12.12 Letter No. 09501276330
2007.09	10	420,000	4,200,000	167,877	1,678,771	Reduced capital of NT\$770,522,830	None	2007.09.04 Letter No. 09601214300
2008.07	10	420,000	4,200,000	173,307	1,733,074	Surplus converted into capital increase of NT\$54,303,130	None	2008.07.21 Letter No. 09701175490
2008.08	10	420,000	4,200,000	193,307	1,933,074	Cash increase of NT\$200,000,000	None	2008.08.07 Letter No. 09701197960
2009.01	10	420,000	4,200,000	184,468	1,844,684	NT\$88,390,000 cash reduction for write-off treasury shares	None	2009.01.19 Letter No. 09701331570
2009.08	10	420,000	4,200,000	139,117	1,391,173	Reduced capital of NT\$453,511,380	None	2009.08.05 Letter No.09801174990

## (II) Types of share capital

March 31, 2021; Unit: Share; %

Share Type	Authorized Capital			Un-issued Shares	Total	Remark
	Issued Shares (Note)					
Nomenary ordinary shares	Listed	Not listed (Note 1)	Subtotal			
	103,664,333	35,452,938	139,117,271	280,882,729	420,000,000	Listing

Note 1: Refers to private equity shares.

## (III) Structure

April 23, 2023

Structure Item	Government Agencies	Financial Institutions	Other Institutional Shareholders	Foreign Institutions & Natural Persons	Domestic Natural Persons	Total
Number of Shareholders	0	1	15	17	11,441	11,474
Shareholding (Shares)	0	519,437	11,019,890	653,507	126,924,437	139,117,271
Shareholding	0.00%	0.37%	7.92%	0.47%	91.24%	100.00%

(IV) Shareholding Distribution Status

1. Common stock

April 23, 2023

Range of Shareholding	Number of Shareholders	Shareholding (Shares)	Shareholding
1 to 999	3,837	897,451	0.65%
1,000 to 5,000	5,762	12,526,665	9.00%
5,001 to 10,000	989	7,983,552	5.74%
10,001 to 15,000	253	3,298,762	2.37%
15,001 to 20,000	218	4,080,412	2.93%
20,001 to 30,000	161	4,149,193	2.98%
30,001 to 40,000	74	2,711,678	1.95%
40,001 to 50,000	41	1,943,861	1.40%
50,001 to 100,000	76	5,388,008	3.87%
100,001 to 200,000	29	4,012,546	2.88%
200,001 to 400,000	8	2,217,070	1.59%
400,001 to 600,000	4	2,123,848	1.53%
600,001 to 800,000	4	2,613,000	1.88%
800,001 to 1,000,000	0	0	0.00%
1,000,001 or more based on the actual situation	18	85,171,225	61.23%
Total	11,474	139,117,271	100.00%

2. Special Shares: The Company does not issue special shares.

(V) List of major shareholders: (shareholders with more than 5 percent shareholdings or the names of the top 10 shareholders, amount and proportion of shareholdings)

Shareholder's Name	Shareholding (Shares)	Shareholding
Wang, Kun-Tien	33,207,685	23.87%
Lo, Chiu-Hsiang	11,100,801	7.98%
Wang, Hsuan-Hui	6,896,000	4.96%
Unixtar Technology Inc.	5,855,541	4.21%
Shao, Chiu-Chieh	5,185,000	3.73%
First Venture Capital Co., Ltd.	3,094,709	2.22%
Ho, Yu-Cheng	2,663,785	1.91%
Lin, Hsin-Yu	2,628,876	1.89%
Lo, Hui-Long	2,214,643	1.59%
Huang, Kuo-Chieh	2,129,645	1.53%

(VI) Market Price, Net Worth, Earnings, and Dividends, and Related Information per Share for the Past Two Fiscal Years

Item		Year	2021	2022	Year as of 31 March, 2023 (Note 8)
Market Price per Share Note 1:	Highest		30.60	20.10	12.40
	Lowest		11.90	10.25	11.10
	Average		17.09	13.78	11.72
Net value per share (Note 2)	Before Distribution		10.11	10.03	9.82
	After Distribution		-	-	-
Earnings per Share	Weighted average number of shares		139,117	139,117	139,117
	Earnings per share (Note 3)		0.75	(0.17)	(0.16)
Dividends per Share	Cash Dividends		-	-	-
		-	-	-	-
	Stock Dividends	-	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price-to-Earnings Ratio (Note 5)		-	-	-
	Price to Dividend Ratio (Note 6)		-	-	-
	Cash Dividend Yield Rate		-	-	-

\* If there is a surplus or capital accumulation, the market price and cash dividend information of the retroactive adjustment based on the number of shares issued should be disclosed.

Note 1: Lists the highest and lowest common stock prices for each year, and calculates the annual average market prices by annual turnover value and volume.

Note 2: Please refer to the number of shares issued at the end of the year and according to the distribution of the Board of Directors or the next annual shareholders' meeting.

Note 3: If retrospective adjustment is required due to unpaid allotment, the before and after adjusted earnings per share should be shown.

Note 4: Conditions of issue of equity securities that require unpaid dividends for the year to accumulate to a surplus annual issuer, the unpaid dividends accumulated for the year to the current year should be disclosed separately.

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

Note 6: Price to Dividend Ratio = average closing price per share/cash dividend per share for the year.

Note 7: Cash dividend yield = cash dividend per share/average closing price per share for the year.

Note 8: Net value per share and EPS shall be filled in the latest quarter as at the date of publication of the Annual Report; remaining fields should include information for the year ending the publication of the Annual Report.

(VII) Dividend policy and execution status (this proposed dividend distribution should be disclosed)

1. Dividends policy under the Articles of Association:

(1) The Company shall retain the pretax benefits for the current year (net of the benefits before the allocation of employee remuneration and director's remuneration)

After replenishing the accumulated loss, if there is any remaining balance should be provided:

A. Five percent (inclusive) to ten (inclusive) of employee remuneration.

B. Five percent or lower of directors' remuneration

The employees' remuneration and director's remuneration distribution ratio should be sent to the Remuneration Committee before the Board for resolution.

The first two items of employees' remuneration are based on stock or cash. More than two-thirds of the directors are required to attend and attend resolutions agreed by more than half of the directors and reported at shareholders' meetings. Employee remuneration is issued to shares or cash to an employee of a controlled or subordinate company that entities the Board of Directors.

- (2) If there is a surplus of the Company's annual finals, tax should be paid, make up for the accumulated losses over the years, then raise 10% to the statutory surplus, and in accordance with the regulations or regulatory authorities, if there is a surplus, the remaining balance plus the accumulated undistributed surplus in the previous year proposed by the Board Distribution of a motion, after drawing a resolution of the shareholders' meeting.

The distribution ratio of cash dividends and stock dividends will take into account the future development of capital demand and profit adjustment, in order to achieve the Company's sustainable and stable operating development, the distribution of the surplus can be distributed by way of cash dividends or stock dividends. However, if the dividend is distributed by stock, the ratio should not exceed 50% of the total dividend.

2. Distribution of Dividends Proposed in the Shareholders' Meeting  
2022 shareholder dividends are not distributed by the Company.

(VIII) Impact on Business Performance and Earnings per Share of Any Stock Dividend, Distribution Proposed or Adopted at the Most Recent Shareholders' Meeting: None.

(IX) Compensation of Employees, Directors, and Supervisors

1. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the company's Articles of Association.  
Please refer to the description of (7) for the proportion set out in Articles 21 and 22 of the Articles of Association.
2. The Basis for Estimating the Amount of Employee, Director, and Supervisor Compensation, for Calculating the Number of Shares to Be Distributed as Employee Compensation, and the Accounting Treatment of the Discrepancy, if Any, Between the Actual Distributed Amount and the Estimated Figure, for the Current Period:
  - (1) The Company did not distribute employee remuneration by shares in 2022.
  - (2) If the Company is based on the calculation of the number of shares of employee remuneration distributed by shares, and if the actual allocation amount is different from the estimated number of rows: the calculation basis for the number of employee remuneration distributed by stock is based on the closing price of the day before the date the issue of the new shares is determined by the Board of Directors and consider the effect of ex-entitlement dividend. If there is a discrepancy between the estimated number of rows and the actual distribution amount, the change is processed by the accounting estimate and the adjustment is accounted for in the year of issue.
3. Distribution of Compensation of Employees, Directors, and Supervisors Approved in the Board of Directors Meeting
  - (1) The amount of employee compensation and compensation for directors and supervisors is distributed in cash or stock.. If there is any discrepancy between that amount and the estimated figure of the recognized expense f, the discrepancy, its cause, and the status of treatment shall be disclosed:  
The Company was passed by the resolutions of Board of Directors o on March 29, 2022, and its accumulated losses remain to be compensated for the subsequent year.
  - (2) The amount of employee remuneration distributed by shares and the proportion

of total gross profit after tax and total employee dividends for the current period or individual financial reports: Not applicable.

4. Information on Distribution of Compensation of Employees, Directors, and Supervisors (With an Indication of the Number of Distributed Shares, Monetary Amount, and Stock Price) And, If There Is Any Discrepancy Between the Actual Distribution and the Recognized Employee, Director, or Supervisor Compensation, Additionally the Discrepancy, Cause, and the Treatment Status:

Unit: NT\$ thousands

Distribution Items	Board of Directors to Resolve Allotment Amount	Recognized Expense Annual Estimated Amount	Variance Amount	Causes and handling of differences
Employee Compensation - Cash	3,541	3,541	-	-
Director Remuneration (C)	1,770	1,770	-	-

(X) Share Repurchases: None.

II. Corporate Bonds: None.

III. Preferred Shares: None.

IV. Global Depository Shares: None.

V. Employee Stock Options: None.

VI. New Restricted Employee Shares: None.

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

VIII. Implementation of the Company's Capital Allocation Plans: None.

## Chapter 5 Operational Highlights

### I. Business Activities

#### (I) Business Scope

##### 1. Principal Business Activities

- (1) Electronic Components Manufacturing
- (2) Data storage and processing equipment manufacturing
- (3) Wired communication machinery and equipment manufacturing industry
- (4) Wire and cable manufacturing
- (5) Machinery and equipment manufacturing
- (6) Business Machine Manufacturing
- (7) Copper secondary processing industry
- (8) Electric Appliance Wholesale
- (9) Precision Instrument Wholesale
- (10) Information Software Wholesale
- (11) Electronic Materials Wholesale
- (12) Electrical Appliances Retail
- (13) Precision Instrument Retail
- (14) Information Software Retail
- (15) Retail of Electronic Materials
- (16) Manufacturing & Export
- (17) Information Software Services
- (18) Electronic Information Supply Services
- (19) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

##### 2. Main products and business proportion:

The Company's main product revenue amount and sales proportion in 2022 are as follows:

Unit: NT\$ thousands

	Revenue Amount	Proportion of Business
3C Product Line	569,900	18.18%
3C connection assembly products	1,999	0.06%
Stranded Copper Wires	2,563,794	81.76%
Total	3,135,693	100.00%

##### 3. Our current products (services) items:

Since its establishment, the Company manufactures and sells data transmission cable and 3C connection assembly products. After integration, the Company also entered the manufacturing and sales of upstream stranded copper wire. The products include USB 2.0 USB3.0, USB3.1, HDMI 1.4, HDMI 2.1, Lancable, Thunderbolt high-frequency cable, LSzhtvCameraable, Display Port Cable 1.4, Mini SAS, SFP, USB3.1, USB4.0 car harness and chassis control cable, some medical equipment cables (non-human contact), spring curves and various uses of high-frequency wire and stranded copper wire, etc., the main sales area is in Asia.

##### 4. Production and planning to develop new products and services

In addition to continuing the production and sales of computer communication cable and cable assembly, we also develop special products with high added value, such as HDMI version 2.0 & 2.1 HD video cable for high definition digital interface,

DisplayPort 1.4, USB3.1, TYPE C personal peripheral product application and certification, Synchronous real-time transmission lines for consumer electronics and mobile devices, VDSL cable (30MH) communication cable, Teflon cable and halogen-free or low smoke halogen-free computer peripheral wire, GPS navigation cable, wires for consumer machine tools and gaming machines, wearable device line and VR product line, automotive line, medical line, cloud server line SOP. SFP 20G 100G or even 200G high frequency cable, industrial wire and marine aviation line and other products.

In the face of market changes in 3C products and fierce competition among the industry, in response to the decline in existing product profits, the Company actively cooperates with customers to develop other niche products, and adjust equipment to cut into the automotive and medical markets, virtual reality and wearable products outside the 3C information industry, and enlarge with niche high-speed, high-frequency and other related cable development, actively cooperate with customers in the product to expand the development and application of wire, and also actively to do the layout of the robot line.

## (II) Industry Overview

### 1. Current Status and Development

The Company's business is mainly engaged in the production, assembly and sales of electronic signal transmission cables and cables between computers, communications and consumer electronics and peripheral equipment. It is widely used in the connection between electronic products and machines.

Computer cables are mainly divided into desktop PC and NB series cables, including monitor cable, RF high frequency copper axis, high temperature electronic cable, keyboard cable, printer cable, mouse cable, network cable, drive cable, monitor cable, home theater and cloud server connection wiring, etc. The cables for communication and consumer electronic products include speakerphone cord sets, chargers, cable sets for mobile phones and cars, home video game consoles, digital home theater, etc. The cable has a wide range of applications, including automotive, computer, communications, industrial, military aerospace, transportation, medical and other industries. The thin cable requires not only high-speed data transmission, but also a high-frequency stable structure to meet the demands of the thickness and performance of the next generation of electronic devices. With the launch of 3C high-frequency products, cable specifications toward the development of high transmission speed, the latest USB 3.1 transmission standard and Type-C port standard into the product specifications, the above technologies are also supported by Apple, Intel, Qualcomm, Microsoft, Google and other manufacturers, gradually imported into its newly launched products. Under the strong dominated by Apple, HP, DELL and other 3C product manufacturers, USB 3.1 Type-C is expected to leap to the mainstream specifications. At present, relevant domestic manufacturers have introduced USB 3.1 Type C products, and actively layout the industry chain, and it is expected to become a key technology to promote the growth of domestic manufacturers in the future.

With the advent of wireless transmission technology and the environment, the signal transmission line and transmission cable assembly for information and communication used in the 3C information industry has bottlenecked. With the advent of big data and the popularization of smart phones, users demand for high-speed transmission equipment is growing relatively, and the multimedia era relies on high transmission. In the development trend, the data transmission needs have been extended from the 3C information industry to IoT, Internet of vehicles, wearable device applications, such as server DDR4 high frequency cable, high



power/high frequency I/O cable, automatic storage robot harness, RF cable, etc. With the advantages of lower price than wireless transmission, stable and fast transmission quality, the signal cable and cable assembly are expected to still have some demand for signal cables and cable assemblies in the future.

2. Relationship Amongst Upstream, Midstream, and Downstream Sections of the Industry

The IT industry is a capital-intensive industry with a high level of expertise compared to other industries, so the division and professionalism of the industry is the highest among all industries. The upstream, midstream and downstream of Taiwan's information industry have a fairly complete division. The Company is a professional manufacturer of wire and cable. It is located in the midstream position of domestic electronics industry. Relevant industry associations are as follows:

Upstream	Midstream	Downstream
Metal, electroplating, plastic materials	Connector design, assembly and manufacturing	All kinds of electronic products

3. Various development trends and competition of the product

(1) Product Development Trends

A. Tailor-made order-based production

Although the signal transmission line for information and communication has a standard international electrical specification, the related twisted, winding, collection, braiding and other process and connector manufacturers are different due to the needs of each customer. With the emergence of various transmission specifications, customer-oriented, tailor-made and order-based production, is the main direction of this industry in the future.

B. Development of wiring for automobiles

Due to the rapid development of the global automotive industry, the automotive wiring harness processing industry has also grown significantly. In recent years, due to the increased level of automotive electronics, the increase in hybrids, the upgrading of electric vehicle technology, and the addition of many manufacturers, coupled with the unmanned vehicle technology behind, has made the industry more optimistic.

C. With the high-frequency independent production line set up, the Company will mainly focus on high-frequency USB 3.1, USD 4.0 and medical high-end products' research and development.

(2) Product competition

As electronic product lifecycles become shorter and more competitive between existing and new industry sectors, product price pressure is increasing. Under fierce market competition pressure, in addition to continuous cost reduction, the Company still needs to maintain products' quality. In addition to actively adjust the operation strategy and adjust the configuration of information to cope with market changes, we continue to focus and grasp the core technology and material control of cable development, and provide customers with a total solution to grasp the market trends and the know-how of various products to maintain the high quality and efficiency of our signal transmission lines and cables for information and communication.

(III) Technology and R&D Overview

1. Research and development expenses for the most recent year and up to the publication date of the annual report:

Unit: NT\$ thousands

Item	2022	2023 January~March
R&D Expense	8,447	1,577

2. The successfully developed technology or product in the most recent year and up to the date of publication of the annual report:

Summary of R&D results	Use of R & D results
DP2.1	DP2.1 series products, current customers are coaxial cable, pair cable two specifications. DP2.1 Association has 4 specifications, what we do is the most high-end DP80, currently in small volume production.
USB4 GEN3 GEN4	USB4 GEN4 has been developed successfully.
Drone Cable	End customers, specifications for copper foil wire braided net, PET braided net.
Electric Vehicle Charging Pile	This specification is the maximum we achieve 8AWG (10mm <sup>2</sup> ).
VR	End customer, for PS VR2, coaxial version, smooth mass production.
Coaxial Medical Line	42AWG ultra-fine coaxial medical line of 198C.

(IV) Long- and Short-Term Business Development Plans

1. Short-Term Business Development Plan

- (1) Product market differentiation and positioning: formulate OEM, Omnichannel market positioning and competitive strategies for HDMI version 1.4, 2.0, 2.1 and USB series (2.0, 3.0, 3.1, 4.0) products.
- (2) Increase the capacity of Display Port 1.3, Version 1.4 & USB 3.0, deepen the technology and process improvement of USB4.0 products, and jointly research and design with specific customers, and strive to create a professional high frequency cable corporate image.
- (3) Consolidate long-term customer relations and obtain domestic and foreign manufacturers (terminal) customer wire applications.
- (4) Development server Mini SAS 6G&12G SOP SFP 20G 100G or even 200G cable market increases sales range and profit.
- (5) Take advantage of the benefits of obtaining IATF16949 certification and strive for cooperation with automotive line customers.
- (6) Accelerate rectification of high-frequency, medical-dedicated plants and production lines, driving revenue growth for high-frequency (8 coax 4.0 and Thunderbolt products) and medical lines, while increasing the profitability of the Company's products.
- (7) In 2020, the Company introduced the medical equipment line certification ISO13485, and actively completed the established medical line customers to increase the proportion of medical line revenue.

2. Long-term Business Development Plan

- (1) Developed new applications or special markets such as medical lines, marine aviation lines, high temperature lines and underwater equipment lines to reduce the impact of low-price and micro-profit in the current computer industry and expand the market scope of products.

- (2) The establishment of the national union committee qualified organization, and implement the functions of union organization; reduce employee turnover rate and cultivate high-tech talents to meet the Company's future diversified business goals.
- (3) Strengthen marketing and promotion capabilities and strategic alliances with related industries to enhance market share.
- (4) Continuously save energy and reduce consumption, simplify the process and improve efficiency.

## II. Analysis of the Market as well as Production and Marketing Situation

### (I) Market Analysis

#### 1. Main product sales region, market share:

The Company's products are mainly in the Asia market, accounting for more than 99% of sales in 2022, including stranded copper wire as the main sale of products.

#### 2. Future supply and demand and growth of major product markets:

High frequency cable, automotive line, medical equipment wire is the main development direction of the Company. With the continuous upgrade of terminal product specifications, the demand for high-frequency and high-speed transmission wire also continues to grow. Under the development opportunities of new products, it also shows growth in future demand.

#### 3. Competitive Niches

The connection cable of computers and peripherals is changing in the global information industry. The future product development not only focuses on improving technology, but also to consider the needs of users as its development trend. In the future, the Company will continue to uphold the basic spirit of the enterprise as a competitive niche:

- (1) A full range of professional and high-quality technical consulting services.
- (2) Research and development and efficient delivery system.
- (3) Product diversification.
- (4) Continuously improve, reduce costs, and enhance quality.
- (5) With perfect product process quality control and good laboratory test system to guarantee the quality.

#### 4. Favorable and Unfavorable Factors of Development Prospects and Countermeasures

##### (1) Favorable factors

- A. Specialize in product categories, and make every effort to shape a professional brand manufacturer.
- B. The widespread use of the Internet remains a global trend.
- C. The industry changes rapidly, but the demand for technology spread has increased relatively. With the development and application of multiple areas of end products, the future prospects of high-frequency and high-speed transmission cables continue to be optimistic.

##### (2) Unfavorable factors and countermeasures:

- A. The global terminal market is weak, and the manufacturing industry is de-inventoried.
- B. US-China tech war, industrial supply chain bottlenecks, and geopolitical impacts resulting inflation to dampen demand.
- C. The cost structure is mainly copper and plasticized raw materials. And raw material costs are not easy to control with international market price changes.

In response to the unfavorable factors, the Company will pay more attention to

the changing trend of raw materials, and balance the purchase and sale of goods in a timely manner, adopt stable material supply sources and purchase prices, and actively cooperate with customers to develop and sell products with high added value.

5. Global economic environmental impact:

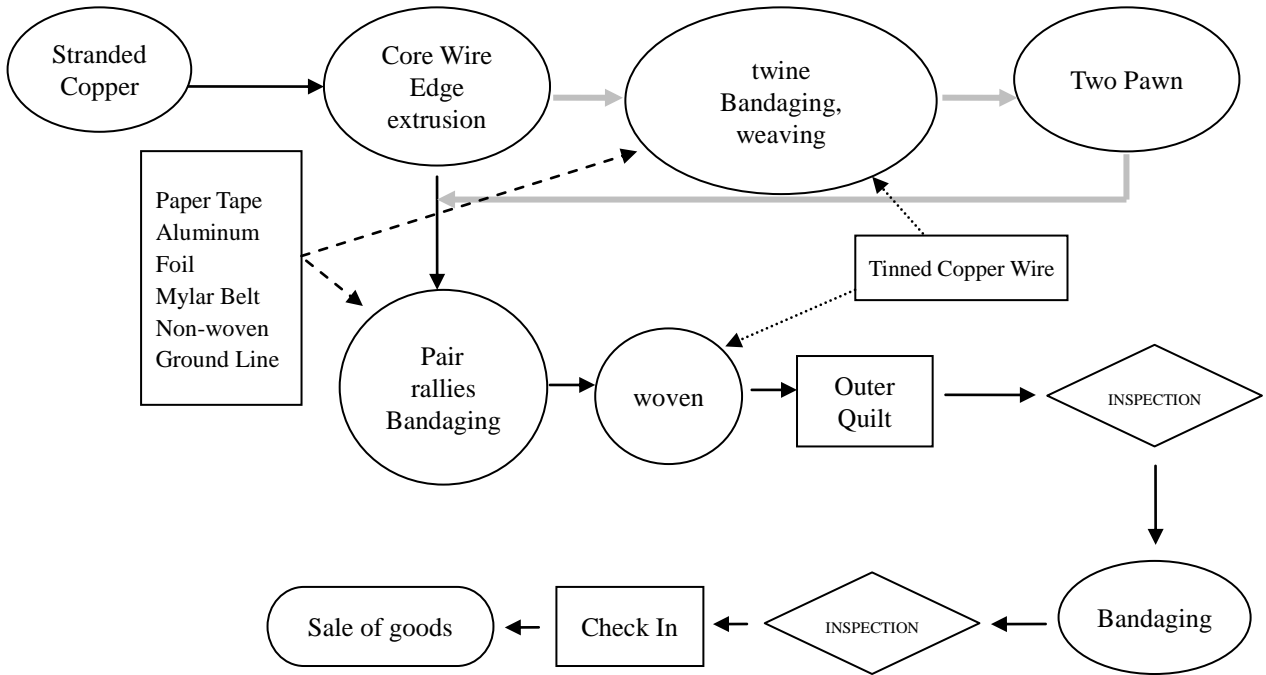
In the post-epidemic era, the global economy is facing a rapid decline of epidemic dividends, the end market is weak, the economy is not optimistic, and the impact of the global long-term implementation of easing monetary policy and geopolitical events led to inflation cannot cool down and then impact on economic recovery. Inflation problems, US-China technology war barriers and geopolitical issues continue to affect the global economic landscape in 2023.

(II) Functions and Manufacturing Processes for Main Products

1. Important uses:

Product Category	Main purpose of the product
Lan cable	Used for digital signal transmission between computer-to-computer or computer-to-central processing unit.
HDMI1.4 & 2.0	The high frequency transmission interface is used in digital TVs, DVD players, set-top boxes, and other digital audio-visual products.
HDMI 2.1	The upgraded version of HDMI2.0 is used for screens above 4K.
UL multi-core wire	General electronic, electrical equipment, internal wiring.
USB 2.0 cable	Simplifies the common cables from the computer to the wires of each peripheral system.
USB 3.0 cable	Large capacity video, data storage, image and other transmission.
USB 3.1&USB4.0 & TYPE-C CABLE	3.0 upgrade version, large capacity video, data storage, image and other transmission.
VR Coaxial Cable	For VR video transmission.
Thunderbolt3 & 4	Large capacity video, data storage, image and other transmission.
DP1.2 & 1.4	DisplayPort can be easily applied to panel timing controllers, graphics processors, media processors, and display controllers by defining electronic protocol specifications.
DP2.0	An upgraded version of DisplayPort 1.4 requires more bandwidth and features.
DP2.1	An upgraded version of DisplayPort 2.0 requires more bandwidth and features.
Coaxial Medical Line	42AWG ultra-fine coaxial medical line.
SFP & QSFP	Used for servers.
Mini SAS	Used for servers, base stations, etc.
Automotive Wire	Used for internal signal transmission of cars.
Medical Line	Used in medical equipment, biocompatibility level can be achieved.
Braided Net	Used for drones, copper foil wire braided net and PET braided net..

2. Wire production process:



(III) Supply of Major Raw Materials

Copper is the main raw material of the Company. The main suppliers are Dongguan Walsin Wire & Cable Co., Ltd., Walsin Lihwa Corp, Cedar Copper (Guangzhou) Co., Ltd., and Jianxi Copper (Shen Zhen) International Investment Holding Co., Ltd. The main raw material supply fluctuates with international market fluctuations, so the Company uses the main raw materials with timely, appropriate amount and appropriate operating principle, to grasp the most stable suppliers as the source of supply.

(IV) Major Clients Who Have Accounted for at Least 10% of the Total Purchases (Sales) in Any of the Last Two Years and Explain the Reasons for the Increase or Decrease. However, due to the contractual agreement, if the name of the customer or the trading party is an individual and not a -related party, the code name may be used.

1. The information of manufacturers who had accounted for more than 10% of the total purchase amount in any of the last two years

Unit: NT\$ thousands

Item	2021				2022				2023 up to the previous quarter			
	Company Name	Amount	Proportion to Annual Net Purchases (%)	Relationship with Issuer	Company Name	Amount	Proportion to Annual Net Purchases (%)	Relationship with Issuer	Company Name	Amount	Ratio of net imports for the year ended the previous quarter [%]	Relationship with Issuer
1	Dongguan Walsin	1,367,101	36.59%	None	Jiangxi Copper	911,047	35.27%	None	Jiangxi Copper	245,879	42.71%	None
2	Jiangxi Copper	1,201,827	32.16%	None	Dongguan Huaxin	831,905	32.21%	None	Kaneda	191,030	33.19%	None
3	Cedar Copper	527,122	14.11%	None	Kaneda	372,793	14.43%	None	Dongguan Huaxin	84,963	14.76%	None
4	Walsin Lihwa	348,052	9.31%	None	Kecheng Fine Copper	212,146	8.22%	None	Walsin Lihwa	27,842	4.84%	None
	Others	292,371	7.83%	—	Others	255,0002	9.87%	—	Others	25,920	4.50%	—
	Net Purchase	3,736,473	100.00%	—	Net Purchase	2,582,893	100.00%	—	Net Purchase	575,634	100.00%	—

The reasons for increasing or decreasing variance are explained below:

- (1) KechengCopper: formerly known as Cedar Copper in 2021, the company changed its name to Kecheng Fine Copper in 2022. The Company reduces the amount of copper purchased from it in 2022 than in 2021 due to its quality and price considerations.
- (2) Jintian (formerly Guangdong Jintian Copper Co., Ltd.) mainly manufactures and sells copper wires and becomes the third place for the Company's purchase volume in 2022. The Company cooperates with it as a stable supplier according to the timely, appropriate and price-appropriate operating principles.

2. Sales customers who have accounted for more than 10% of the total sales in either year in the last two years: None.

## (V) Production in the Last Two Years

Unit: KM, KPCS, TON; NT\$ thousands

Year Output Major Product (or by Department)	2022			2021		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
3C Product Line	53,196	48,803	559,733	96,794	88,802	725,597
Twisted wire	6,812	6,131	1,894,749	9,295	8,365	2,634,858
Total	60,008	54,934	2,454,482	106,089	97,167	3,360,455

## (VI) Shipments and Sales in the Last Two Years

Unit: KM, KPCS, TON; NT\$ thousands

Year Shipments & Sales Major Product (or by Department)	2022				2021			
	Domestic		Overseas		Domestic		Overseas	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
3C Product Line	41	1,301	49,883	568,599	110	2,308	88,550	727,019
3C connection assembly	47	1,999	0	0	105	2,887	0	0
Twisted wire	0	0	9,422	2,563,794	0	0	13,519	3,470,746
Total	88	3,300	59,305	3,132,393	215	5,195	102,069	4,197,765

Remarks: Domestic sales refers to sales to Taiwan.

## III. Number of Employees for the Last Two Fiscal Years, and During the Current Fiscal Year Up to the Date of Publication of the Annual Report

Year		2021	2022	As of March 31, 2023
Number of Employees	Supervisor level or above	29	31	31
	General Staff	202	198	193
	Production Line Staff	239	229	221
	Total	470	458	445
Average Age		45.85	47.89	47.96
Average Years of Service		12.05	13.74	13.78
Education	Ph.D.	0.00%	0.00%	0.00%
	Master's	0.21%	0.22%	0.22%
	University	7.45%	7.86%	7.87%
	Senior High school	24.26%	23.80%	24.49%
	Below Senior High School	68.08%	68.12%	67.42%

## IV. Environmental Protection Expenditure

The Company's production operations have been moved to mainland China. The office is located on the 9th floor of Building B, "Chang Yih Science and Industrial Park", Hsinchu County, Hsinchu County. Because there is no production operation, the factory registration certificate was deregistered with the Hsinchu County Government in March 2021, so the Hsinchu headquarter does not relate to environmental protection work such as sludge, wastewater, industrial waste, etc. However, the company still upholds the principle of caring

for the earth, implementing energy conservation, carbon reduction and garbage classification, and cooperates with the "Chang Yih Science and Industrial Park" household garbage clearance declaration. Therefore, as of March 31, 2012, the company has not suffered any loss or punishment due to environmental pollution.

[Measures to Promote Carbon and Energy Saving]:

1. To build a computer room in the new office is to plan an environmental monitoring and management platform to monitor air-conditioning, electricity, UPS, temperature and humidity, etc. Through the monitoring platform, the operation of each module can be effectively controlled and power consumption can be greatly reduced.
2. The Office air conditioner is divided into three areas: the office, the supervisor's office, and the conference room. Each area can be individually controlled, which can save power consumption during operation. The power required for the fan is small, so the load change is good, and the comfort of overall environment is improved. The central controller is also planned, through the display screen, it can be clearly grasped the operation status of the air conditioners in each area. The centralized controller can be switched on and off or individually controlled by a single button. The multi-function design is ultra-high in efficiency and improves the quality of the office.
3. The office is equipped with a full heat exchanger and a forced ventilation with energy heat recovery, which introduces fresh air into the indoor and discharges indoor dirty air to the outdoor, and timely start to improve the indoor air quality. Energy exchange is carried out before the two airflows are discharged, the effect of maintaining the original air-conditioning as much as possible without changing the indoor temperature, and reducing the burden on the air-conditioning equipment caused by the introduction of outdoor air and achieve energy saving.
4. Promote the need to turn off the power after work, and promote energy saving is people's responsibility, so each department promoted the autonomy penalty of not turning off the lights, in order to effectively enhance the energy saving effect.
5. The multi-functional copier combined with the function of fax machine can effectively improve energy saving and carbon reduction, reduce paper consumption, and promote environmental protection. .
6. In the initial stage of the decoration, lighting design of the office, it is considered that the lightning is energy-saving and LED lighting, which is in line with environmental protection requirements, low heat, no flicker, and achieves energy-saving and power-saving efficiency.

## V. Labor Relations

(I) The Company's employee welfare measures, education, training, retirement system and its implementation, as well as agreements between labor and labor and employee rights maintenance measures: are implemented in accordance with each method.

### 1. Employee Welfare

- (1) "Employee Welfare Committee" provides monthly funding for staff travel, birthday gifts, gifts for the Mid-Autumn Festival and various welfare subsidies, such as marriage, childbirth, injury, funeral subsidies, etc.
- (2) Insurance benefits: in order to take care of the health of employees, the Company wants to carry out [group insurance] planning for risk management. Group insurance can be divided into life insurance, major illness, accident insurance, hospital medical insurance.
- (3) Activity handling:
  - We hold the monthly birthday party to enhance the Company's cultural atmosphere and create a positive working environment.
  - We hold annual staff travel activities and year-end dinner party and invite



- family members to join together to enhance interpersonal relationship among employees and increase interaction between employees and family members.
- (4) To Formulate “performance appraisal method”. Through the performance appraisal system, the employees’ performance can be improved. It can also stimulate morale as a basis for fair and reasonable rewards and job promotion.
  - (5) There are three sections of bonus and dividend distribution, according to the “salary payment method”, “performance appraisal method” and “employee dividend method” distribution standards.
  - (6) In order to enhance employee welfare, improve employees' focus on the Company, and share business results, the “employee shareholding trust” method was set up that employees have a monthly fixed self-drawn fund according to their job level, and the company allocates a matching incentive fund based on the employee's self-drawn fund and monthly salary
  - (7) Retirement system: according to the Labor Code and the Labor Pension Ordinance respectively, the “employee retirement method” is formulated to protect labor rights and strengthen labor relations.
    - Every year, an actuary is regularly appointed to calculate the pension payable according to the service experience and age of the Company's retired employees, and according to the law, 2% of the monthly salary is allocated to the "labor retirement reserve account". The Company checks the current year's qualified retirees every month, and withdraw the full amount of retirement payable for the current year to the "labor retirement reserve account" at the end of March.
    - Set up the Commission on Labor Retirement Reserve, which consists of six members from both employers and employees, who are re-elected every four years to review the amount of labor pension reserve allocation, storage, expenditure and payment.
  - (8) Training system:
    - Pre-employment training: to enable employees to understand the organization type, business policy, enterprise spirit and general management regulations of the Company.
    - Internal training: irregular staff and department colleagues’ education and training, providing staff skills, knowledge, management and other related training.
    - External training: provide employees with the opportunity and subsidy to participate in training, so that each employee can contribute what he/she has learned, improve the quality and level of work, enhance his/her skills, and create the Company's overall profit.
2. Health management: regular health checks and irregular health forum are held to take care of and microphysical and mental health of employees .
  3. Provide a safe and comfortable working environment:
    - Environmental cleaning management:
      - (1) According to the occupational safety and health law, “Chang Yih Science and Industrial Park” management center considered more new manufacturers in the early days, and implemented quarterly cleaning and disinfection projects to keep the environment from bacteria and protect the health of office staff or visitors.
      - (2) The office is equipped with heat exchangers and a forced ventilation with energy heat recovery, which introduce the fresh air into the indoor air and discharge indoor air to the outside, which can be activated in a timely manner to improve indoor air quality.

- (3) In addition to regular replacement of water dispenser filter and test water quality to ensure staff drinking water quality.
- (4) The main unit of the office air conditioner is regularly maintained and cleaned every year to keep the air fresh in the office.
- (5) The water tower in the park entrusts professional cleaning manufacturers for water tower cleaning every six months.
  - Regular inspection of equipment; refer to the relevant occupational safety and health law to prevent disasters. Once a year, the fire safety equipment inspection is handled by a professional inspection agency, and the improvement report is completed within the period specified by the competent authority to ensure the safety of employees.

4. The Company's relevant employee rights system is designed according to the labor laws and regulations, which specifies the reporting and punishment regulations, and detailed in the [Personnel Management Measures]. In addition to announcing to all colleagues and clicking to browse at any time in the Company's public management system, so that everyone can understand the rights and obligations, and both labor and management should be committed to the establishment of professional ethics.

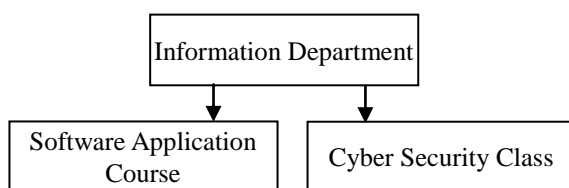
(II) The most recent year and up to the date of publication of the annual report, the Company's loss due to labor disputes, and disclose the estimated amounts and measures that may occur at present and future. If no reasonable estimation is possible, it should explain the facts that cannot be reasonably estimated:

In the most recent year and up to the date of publication of the annual report, the Company has not experienced any loss due to labor disputes . The Company has always focused on employees' rights and harmonious labor relations. It is estimated that the future of both parties can maintain good communication and hold, regular labor meetings. The two parties negotiated in good faith and reached a consensus to work towards a common goal and prevent various labor issues.

## VI. Information and Cyber Security Management

(I) Describe information security risk management structure, information security policy, specific management plan and resources invested in security management.

### 1. Information and Cyber Security Risk Management Framework



### 2. Information and Cyber Security Policy

In order to enhance the safety and stability of the Company's information and cyber operations, we provide reliable cyber services to comply with the regulations of the Information Security Management Law. The Company collects and analyzes the latest information security regulations at any time, so as to formulate or amend relevant management methods, and regularly reviews information security related operations to ensure compliance with security policies. The Company established computer network security protection system, in information security protection measures and emergency backup, including computer room access control, uninterruptible power supply equipment, data backup, , disaster recovery plan and network security management. Access to programs, files and documents is controlled by password permissions. The Company continuously improves the security capabilities of network and information systems through technical and managerial

control measures. To effectively protect the network, mitigate threats caused by viruses, paralyzed network and other network attacks, firewall network security technology is performed regularly to ensure the stability and security of information systems.

3. Specific management plan
  - (1) Segregate employees according to their job responsibilities, and grant only the permissions and information necessary to complete the job.
  - (2) Regularly upgrade and update PC operating systems to improve reliable security and prevent vulnerabilities.
  - (3) Personnel are recruited and signed the relevant operating specifications to understand that maintaining and ensuring information security is the obligation of each personnel.
  - (4) Daily check the service status of information equipment to ensure system stability and immediate abnormal handling.
  - (5) Ensuring the protection and preservation of internal data is accurate and secure to prevent human intentions and unlawful situations.
  - (6) The Company's information security measures are subject to the mechanism of information security management system.
  - (7) Check system applications daily to ensure safe and proper operation.
  - (8) Continuing education and training.
4. Invest in communication security management resources
  - (1) Build firewall protection, antivirus systems, and mail filtering systems to mitigate the threat of external attacks.
  - (2) Build an environmental control system to grasp the situation of the computer room environment in real time.
  - (3) Build access control and monitoring systems to enhance management and protection.
  - (4) Build a virtualized environment for a secure and fast management environment.

(II) Set out the most recent year and up to the date of publication of the annual report, the loss, possible impact and countermeasures due to major information security incidents. It should state the facts if it cannot be reasonably estimated.

The Company has no major information security incident occurred.

## VII. Important Contracts

April 30, 2022

Type of Contract	Counterparty	Period	Major Contents	Restrictions
Borrowing contract	CHANGHUA BANK	2022.09~2023.09	The combined amount of NT\$300,000 thousand.	Contract
Borrowing contract	Chinatrust Commercial Bank	2022.11~2023.11	The combined amount of NT\$150,000 thousand.	Contract
Borrowing contract	Taichung Commercial Bank	2022.03~2023.03	The combined amount of NT\$120,000 thousand.	Contract
Borrowing contract	Taiwan Business Bank	2022.02~2023.02	The combined amount of NT\$120,000 thousand.	Contract
Endorsement Guarantee	Chinatrust Commercial Bank	2022.11~2023.11	The financing amount of US\$18,000 thousand.	Note 1:
Endorsement Guarantee	Chinatrust Commercial Bank	2022.11~2023.11	The financing amount of RMB 15,000 thousand.	Note 2:
Endorsement Guarantee	CHANGHUA BANK	2022.08~2023.08	The financing amount of US\$10,000 thousand.	Note 3:

Goods purchase contract	Walsin Lihua Co., Ltd.	2023.03~2023.12	Purchased SCR copper wire.	Contract
Goods purchase contract	Jiangxi Copper (Shenzhen) International Investment Holding Co., Ltd	2023.01~2023.12	Buy copper wire.	Contract
Goods purchase contract	Guangdong Jintian Copper Co., Ltd	2023.01~2023.12	Buy copper wire.	Contract

Limitation: The Company's commitments are as follows:

Note 1: 100% indirect investment in the subsidiary (Dongguan Lucky Fly Conductor Co., Ltd.)

Note 2: Guarantee object 100% indirect investment in subsidiary (Dongguan Hou Jie Xi Tou Space Shuttle Hi-Fi Wire and Cable Co., Ltd.)

Note 3: 100% indirect investment in the subsidiary (Dongguan Lucky Fly Conductor Co., Ltd)

## Chapter 6 Financial Information

### I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years

#### (I) Simplified Balance Sheet and Consolidated Income Statement Information - International Financial Reporting Standards (IFRSS)

##### 1. Simplified Balance Sheet - Consolidated - International Financial Reporting Standards (IFRSS)

Unit: NT\$ thousands

Item	Year	Financial summary for the last five years (Note 1)					Financial information for as of March 31, 2023 (Note2)
		2018	2019	2020	2021	2022	
Current assets		1,773,154	1,487,024	1,814,432	2,109,843	1,608,853	1,602,261
Property, plant and equipment		321,521	301,774	218,933	223,888	240,320	235,193
Intangible assets		0	0	0	0	0	0
Other assets		558,177	552,674	151,049	175,401	272,455	258,711
Total assets		2,652,852	2,341,472	2,184,414	2,509,132	2,121,628	2,096,165
Current liabilities	Before Distribution	1,467,925	1,242,429	896,430	1,094,580	599,322	606,464
	After Distribution	1,467,925	1,242,429	896,430	1,094,580	(Note 3)	-
Non-current liabilities		8,570	52,628	30,197	8,305	127,011	123,584
Total liabilities	Before Distribution	1,476,495	1,295,057	926,627	1,102,885	726,333	730,048
	After Distribution	1,476,495	1,295,057	926,627	1,102,885	(Note 3)	-
Equity attributable to shareholders of the parent company		1,176,357	1,046,415	1,257,787	1,406,247	1,395,295	1,366,117
Capital stock		1,391,173	1,391,173	1,391,173	1,391,173	1,391,173	1,391,173
Capital surplus		5,109	5,109	5,109	5,109	5,109	5,109
Retained earnings	Before Distribution	(255,692)	(298,452)	(78,811)	25,595	2,986	(19,373)
	After Distribution	(255,692)	(298,452)	(78,811)	25,595	(Note 3)	-
Other equity interest		35,767	(51,415)	(59,684)	(15,630)	(3,973)	(10,792)
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Total equity	Before Distribution	1,176,357	1,046,415	1,257,787	1,406,247	1,395,295	1,366,117
	After Distribution	1,176,357	1,046,415	1,257,787	1,406,247	(Note 3)	-

Note 1: The financial information is verified by the CPA.

Note 2: Financial information is verified by the CPA.

Note 3: Has not been resolved by the shareholders' meeting in 2022.

2. Condensed Consolidated Income Statement - Consolidated - International Financial Reporting Standards (IFRSS)

Unit: NT\$1,000 in addition to earnings per share

Item	Year	Financial summary for the last five years (Note 1)					Financial information as of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Operating revenue		3,385,891	2,766,521	2,990,077	4,202,960	3,135,693	630,829
Gross Profit		189,101	170,728	268,862	308,713	187,314	16,263
Operating Gain/Loss		12,418	10,610	126,665	157,531	33,144	(17,941)
Non-operating income and expenses		(58,752)	(44,862)	155,835	(7,054)	(24,564)	(1,764)
Net Profit Before Tax		(46,334)	(34,252)	282,500	150,477	8,580	(19,705)
Net income (loss) from continuing operations		(57,959)	(36,875)	219,766	104,692	(23,364)	(22,359)
Loss from discontinued operations		-	-	-	-	-	-
Net income (loss)		(57,959)	(36,875)	219,766	104,692	(23,364)	(22,359)
Other comprehensive income (net, after tax)		22,262	(87,493)	(8,394)	43,768	12,412	(6,819)
Total comprehensive income		(35,697)	(124,368)	211,372	148,460	(10,952)	(29,178)
Net income (loss) attributable to shareholders of the parent company		(57,959)	(36,875)	219,766	104,692	(23,364)	(22,359)
Net income (loss) attributable to non-controlling interests		-	-	-	-	-	-
Comprehensive income attributable to shareholders of the parent company		(35,697)	(124,368)	211,372	148,460	(10,952)	(29,178)
Comprehensive income attributable to non-controlling interest		-	-	-	-	-	-
Earnings per Share		(0.42)	(0.27)	1.58	0.75	(0.17)	(0.16)

Note 1: The financial information is verified by the CPA.

Note 2: The financial information is verified by the CPA.

3. Concise Balance Sheet - Individual - International Financial Reporting Standards (IFRSS)

Unit: NT\$ thousands

Item	Year	Financial summary for the last five years (Note 1)					Financial information as of March 31, 2023 (Note2)
		2018	2019	2020	2021	2022	
Current assets		703,713	519,886	627,379	656,606	399,668	416,654
Property, plant and equipment		172,210	170,140	98,999	108,725	104,709	103,787
Intangible assets		0	0	0	0	0	0
Other assets		1,207,763	1,105,814	895,393	1,070,311	1,065,690	1,043,051
Total assets		2,083,686	1,795,840	1,621,771	1,835,642	1,570,067	1,563,492
Current liabilities	Before Distribution	898,797	739,860	354,343	421,443	173,584	195,364
	After Distribution	898,797	739,860	354,343	421,443	(Note 3)	-
Non-current liabilities		8,532	9,565	9,641	7,952	1,188	2,011
Total liabilities	Before Distribution	907,329	749,425	363,984	429,395	174,772	197,375
	After Distribution	907,329	749,425	363,984	429,395	(Note 3)	-
Equity attributable to shareholders of the parent		1,176,357	1,046,415	1,257,787	1,406,247	1,395,295	1,366,117
Capital stock		1,391,173	1,391,173	1,391,173	1,391,173	1,391,173	1,391,173
Capital surplus		5,109	5,109	5,109	5,109	5,109	5,109
Retained earnings	Before Distribution	(255,692)	(298,452)	(78,811)	25,595	(15,204)	(19,373)
	After Distribution	(255,692)	(298,452)	(78,811)	25,595	(Note 3)	-
Other equity interest		35,767	(51,415)	(59,684)	(15,630)	(3,973)	(10,792)
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Total equity	Before Distribution	1,176,357	1,046,415	1,257,787	1,406,247	1,395,295	1,366,117
	After Distribution	1,176,357	1,046,415	1,257,787	1,406,247	(Note 3)	-

Note 1: The financial information is verified by the CPA.

Note 2: The financial information has not been verified by the CPA.

Note 3: Has not been resolved by the shareholders' meeting in 2022.

4. Condensed Consolidated Income Statement - Individual - International Financial Reporting Standards (IFRSS)

Unit: NT\$1,000 in addition to earnings per share

Item \ Year	Financial summary for the last five years (Note 1)					Financial information as of March 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
Operating revenue	877,528	651,283	456,774	392,625	102,429	44,676
Gross Profit	38,365	24,041	13,330	15,078	5,662	2,104
Operating Gain/Loss	(15,616)	(24,225)	(29,281)	(30,500)	(31,910)	(8,903)
Non-operating income and expenses	(39,697)	(14,734)	293,717	139,405	13,684	(12,956)
Net Profit Before Tax	(55,313)	(38,959)	264,436	108,905	(18,226)	(21,858)
Net income (loss) from continuing operations	(57,959)	(36,875)	219,766	104,692	(23,364)	(22,359)
Loss from discontinued operations	-	-	-	-	-	-
Net income (loss)	(57,959)	(36,875)	219,766	104,692	(23,364)	(22,359)
Other comprehensive income (net, after tax)	22,262	(87,493)	(8,394)	43,768	12,412	(6,819)
Total comprehensive income	(35,697)	(124,368)	211,372	148,460	(10,952)	(29,178)
Earnings per Share	(0.42)	(0.27)	1.58	0.75	(0.17)	(0.16)

Note 1: The financial information is verified by the CPA.

Note 2: The financial information has not been verified by the CPA.

(II) The last five years CPAs' names and comments - International Financial Reporting Standards (IFRSS)

Year	Accounting Firm	CPA	Audit Opinion
2018	Honesty CPA Firm	Lin, Shu-Ling , Chen, Chao-Li	Unqualified opinion
2019	Honesty CPA Firm	Chen, Chao-Li , Cheng Han	Unqualified opinion
2020	Honesty CPA Firm	Wu, Tang-Ming , Cheng Han	Unqualified opinion
2021	Honesty CPA Firm	Lin, Shu-Ling , Cheng Han	Unqualified opinion
2022	Honesty CPA Firm	Lin, Shu-Ling , Cheng Han	Unqualified opinion



## II. Five Year Financial Analysis

### (I) Financial Analysis - Consolidated - International Financial Reporting Standard (IFRSS)

Analysis item (Note 3)		Year	Financial analysis for the last five years (Note 1)					As of March 31, 2023 Note 2:
			2018	2019	2020	2021	2022	
Financial structure (%)	Debt ratio	55.66	55.31	42.42	43.95	34.23	34.83	
	Ratio of long-term capital to property, plant and equipment	368.54	364.19	588.30	631.81	633.45	580.85	
Solvency	Current ratio (%)	120.79	119.69	202.41	192.75	268.45	264.20	
	Quick ratio (%)	95.65	104.06	178.12	160.96	226.78	221.26	
	Interest earned ratio (times)	(28.01)	10.90	1486.16	845.12	139.73	(218.70)	
Operating performance	Accounts receivable turnover (times)	3.38	2.98	3.09	3.69	3.10	2.62	
	Average collection period	107.90	122.68	118.29	98.79	117.74	139.36	
	Inventory turnover (times)	8.82	8.84	12.79	13.40	9.55	7.48	
	Payables turnover (times)	18.27	16.55	24.17	32.79	26.88	21.93	
	Average days in sales	41.40	41.30	28.53	27.24	38.21	48.81	
	Property, plant and equipment turnover (times)	10.53	9.17	13.66	18.77	13.05	10.73	
	Total asset turnover (times)	1.28	1.18	1.37	1.68	1.48	1.20	
Profitability	Return on total assets (%)	(1.11)	(0.25)	10.43	5.15	(0.26)	(0.73)	
	Return on shareholders' equity (%)	(4.88)	(3.32)	19.08	7.86	(1.67)	(1.59)	
	Pre-tax income to paid-in capital (%)	(3.33)	(2.46)	20.31	10.82	0.62	(1.42)	
	Profit ratio (%)	(1.71)	(1.33)	7.35	2.49	(0.75)	(0.89)	
	Earnings Per Share (NT\$)	(0.42)	(0.27)	1.58	0.75	(0.17)	(0.16)	
Cash Flow	Cash flow ratio (%)	(4.14)	17.03	(7.44)	(9.47)	78.83	(2.30)	
	Cash flow adequacy ratio (%)	(201.33)	(57.03)	(23.22)	(40.96)	59.77	(7.34)	
	Cash reinvestment ratio (%)	(7.57)	28.89	(5.19)	(7.35)	32.68	(0.91)	
Leverage	Operating leverage	15.23	16.09	2.12	1.96	5.65	(0.91)	
	Financial leverage	(0.52)	(0.38)	1.19	1.15	2.87	0.74	

Please indicate the reason for the change in financial ratios in the last two years. (Analysis will be waived if the increase or decrease is less than 20%)

1. A decline in liabilities to assets ratio, current ratio and dynamic ratio increased over the previous year, due to a significant decrease in short-term borrowings in 2022 compared to 2021.
2. Interest protection multiplier, return on assets, return on equity, pre-tax net to capital paid ratio, net profit ratio and EPS all decreased from previous year, mainly due to earnings and losses in 2022.
3. The decrease in inventory turnover compared with the previous year and the average number of days of sales was due to a decrease in operating costs in 2022 but unproportionately adjusted inventory.
4. The turnover rate of real estate, plant and equipment decreased from the previous year, due to the decline in equipment use efficiency in 2022.
5. The cash flow ratio, cash flow permissible ratio, and cash reinvestment ratio increased over the previous year, mainly due to good cash inflow in receivable withdrawals in 2022.
6. Operating leverage increased from the previous year, due to good control of fixed costs in 2022.
7. Financial leverage increased from the previous year, mainly due to a decrease in interest expense in 2022 as compared to 2021.

Note 1: Calculated according to the financial statements verified by the CPA.

Note 2: The financial information is verified by the CPA.

## (II) Financial Analysis - Individual - International Financial Reporting Standard (IFRSS)

Analysis item (Note 3)		Financial analysis for the last five years (Note 1)					As of March 31, 2023 Note 2:
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt ratio	43.54	41.73	22.44	23.39	11.25	12.62
	Ratio of long-term capital to real estate, plant and equipment	683.09	615.03	1270.49	1293.40	1323.61	1316.27
Solvency	Current ratio (%)	78.29	70.28	177.34	155.80	230.11	213.28
	Quick ratio (%)	77.28	69.02	177.07	155.31	228.78	211.48
	Interest earned ratio (times)	(211.27)	(126.89)	3620.65	2251.42	(339.60)	(3442.63)
Operating performance	Accounts receivable turnover (times)	22.19	18.98	23.31	45.06	4.00	16.21
	Average collection period	16.45	19.23	15.66	8.10	91.35	22.51
	Inventory turnover (times)	39.55	2720.99	2460.91	0	0	0
	Payables turnover (times)	32.24	19.87	44.51	287.87	48.58	9.54
	Average days in sales	9.23	0.13	0.15	0	0	0
	Property, plant and equipment turnover (times)	5.10	3.83	4.61	3.61	0.98	1.72
	Total asset turnover (times)	0.42	0.36	0.28	0.21	0.07	0.11
Profitability	Return on total assets (%)	(2.13)	(1.19)	13.21	6.29	(1.18)	(1.30)
	Return on shareholders' equity (%)	(4.88)	(3.32)	19.08	7.86	(1.67)	(1.59)
	Pre-tax income to paid-in capital (%)	(3.98)	(2.80)	19.01	7.83	(1.31)	(1.57)
	Profit ratio (%)	(6.60)	(5.66)	48.11	26.66	(22.81)	(12.51)
	Earnings Per Share (NT\$)	(0.42)	(0.27)	1.58	0.75	(0.17)	(0.16)
Cash Flow	Cash flow ratio (%)	(8.54)	17.54	(25.19)	(1.10)	171.76	152.76
	Cash flow adequacy ratio (%)	(210.8)	(162.58)	(54.34)	(81.65)	53.93	53.93
	Cash reinvestment ratio (%)	(6.18)	11.62	(7.04)	(0.33)	21.37	78.28
Leverage	Operating leverage	(2.46)	(0.99)	(0.47)	(0.49)	(0.18)	(0.24)
	Financial leverage	0.47	0.59	0.80	0.86	0.89	0.94

Please indicate the reason for the change in financial ratios in the last two years. (Analysis will be waived if the increase or decrease is less than 20%)

1. A decline in liabilities to assets ratio, current ratio and dynamic ratio increased over the previous year, due to a significant decrease in short-term borrowings in 2022 compared to 2021.
2. Interest protection multiplier, return on assets, return on equity, pre-tax net to capital paid ratio, net profit ratio and EPS all decreased from previous year, mainly due to earnings and losses in 2022.
3. The decrease in receivables turnover and the number of days receivable received were the result of an increase in receivables from 2021 in 2022.
4. Decreased accounts payable turnover and a decrease in total asset turnover compared to the previous year were the result of decline in operating revenue and cost of goods sold in 2022.
5. The turnover rate of real estate, plant and equipment decreased from the previous year, due to the decline in equipment use efficiency in 2022.
6. The cash flow ratio, cash flow permissible ratio, and cash reinvestment ratio increased over the previous year, mainly due to good cash inflow in receivable withdrawals in 2022.
7. Operating leverage increased from the previous year, due to good control of fixed costs in 2022.

Note 1: Calculated based on the financial statements verified by the CPA.

Note 2: The financial information has not been verified by the CPA.

Note 3: The formula for the calculation is as follows:

1. Financial structure

(1) Debt ratio = Total liabilities/Total assets

(2) Ratio of long-term funds to property, plant, and equipment = (Total equity + non-current liabilities)/Net property, plant, and equipment

2. Solvency
  - (1) Current ratio = Current assets/Current liabilities
  - (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities
  - (3) Interest earned ratio = Earnings before interest and taxes/Interest expenses
3. Operating performance
  - (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities)
  - (2) Average collection period = 365/Accounts receivable turnover
  - (3) Inventory turnover rate = Cost of sales/Average inventory
  - (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and bills payable from business activities)
  - (5) Average days in sales = 365/Inventory turnover
  - (6) Property, plant and equipment turnover rate = Net sales/Average net property, plant, and equipment
  - (7) Total asset turnover rate = Net sales/Average total assets
4. Profitability
  - (1) Asset return ratio = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets
  - (2) Return on shareholders' equity = Profit or loss after tax/Average total equity
  - (3) Profit ratio = Profit or loss after tax/Net sales
  - (4) Earnings per share = (Income attributable to shareholders of parent company - Preferred shares dividends)/Weighted average number of shares issued (Note 4)
5. Cash Flow
  - (1) Cash flow ratio = Net cash flows from operations/Current liabilities
  - (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/ (Capital expenditures + Inventory increment + Cash dividends) for the most recent five years
  - (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/ (Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital) (Note 5)
6. Leverage
  - (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income
  - (2) Financial leverage = Operating income/ (Operating income - Interest expenses)

Note 4: The calculation formula for the calculation of earnings per share should pay special attention to the following when measuring:

1. Weighted average number of common shares, not based on the number of shares issued at the end of the year.
2. Traders with cash capital increase or treasury stock should consider their circulation period to calculate the weighted average number of shares.
3. Those who have surplus capital transfer or capital accumulation should adjust retrospectively according to the proportion of capital increase when calculating the earnings per share in the previous years and half years, regardless of the issue period of capital increase.
4. If the special stock is a non-convertible accumulated special stock, its dividend for the year (whether issued or not) shall be deducted from net tax or increased net loss after tax. For special shares that are non-cumulative, the special dividend is deductible from the net tax if there is a net profit after tax; no adjustment is necessary for a loss.

Note 5: When measuring cash flow analysis, we should pay special attention to the following:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the number of cash outflows from capital investments per year.
3. Inventory increases are only counted if the ending balance is greater than the opening balance, or zero if end-of-year inventory decreases.
4. Cash dividends include cash dividends for common and special stocks.
5. Gross real estate, plant and equipment refers to the total amount of real estate, plant and equipment before deducting accumulated depreciation.

Note 6: Issuers should divide operating costs and operating expenses into fixed and variable by nature. If there is an estimate or subjective judgment, it should be reasonable and consistent.

Note 7: The Company's shares are no denominations or denominations per share other than NT\$10. The calculation is calculated using the balance sheet attributable to the equity ratio attributable to the owner of the parent company before the calculation.

III. Audit Committee Report for the Most Recent Fiscal Year's Financial Statement

**Space Shuttle Hi-Tech Co., Ltd.**

**Audit Committee's Report**

The Board of Directors submitted the Company's individual and consolidated financial statements for 2022, including balance sheet, comprehensive income statement, statement of equity changes and cash flow statements, etc., which have been reviewed by Honesty CPA Firm and considered to be sufficient to express the Company's financial status, operating results and cash flow situation. Together with the business report, profit and loss supplementary table, the audit committee has reviewed and found that there is no discrepancy, and this report is prepared with Article 14-4 of the Securities and Exchange Act and Article 29 of the Company Act.

Sincerely,

The 2021 Annual Shareholders' Meeting of the Company

Convener of the Audit Committee: Wu, Cheng-Te

March 29, 2023

#### IV. The Company's Individual Financial Statements Verified by the CPA for the Most Recent Year:

## Independent Auditors' Report

To SPACE SHUTTLE HI-TECH CO., LTD.,

### Opinion

We have audited the accompanying financial statements of SPACE SHUTTLE HI-TECH CO., LTD. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021 and the parent company only financial 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.

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 auditing standards generally accepted in 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.

Key audit matters identified in the audit of the Company's financial statements as of and for the year ended December 31, 2022 are stated as follows:

#### Revenue Recognition

The Company derives revenue primarily from the sales of various copper materials, wires, cables and related products. For information on revenue recognition, see Notes 4 and 6 (13) and schedules of important accounting times to the accompanying financial statements. In 2022, the Company reported a operating income of NT\$102,429,000, down 73.91% compared to the previous year. As revenue recognition is a matter of concern to users of the financial statements, it is identified as a key audit matter.

Our audit procedures performed in respect of the key audit matter include the following, among others:

1. We understood the internal control related to the Company's revenue recognition and evaluated the design of key control. We determined whether the key control has been implemented effectively.
2. We analyzed the Company's revenue from sales to top 10 customers, conducted substantive tests, sample tested transactions to verify the transaction vouchers and collection of receivables, and confirmed authenticity.
3. We examined the Company's delivery terms with customers, and tested the sales samples for a period of time before and after the year-end date to assess the adequacy of the revenue recognition period.

#### Valuation of investments using the equity method

The Company holds 100% shares in subsidiaries (SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED and SPACE SHUTTLE HI-TECH CO., LTD) invested using the equity method. For the accounting policy on valuation of investments using the equity method, see Note 4 to the accompanying financial statements; for information on investments using the equity method, see Note 6 (5)

and schedules of important accounting times to the accompanying financial statements. Given the significant amounts of investments in subsidiaries, we identified valuation of investments using the equity method as a key audit matter.

Our audit procedures performed in respect of the key audit matter include the following, among others:

1. We understood the internal control related to the Company's investments using the equity method and evaluated the design of key control. We determined whether the key control has been implemented effectively.
2. We discussed with management and understood its valuation of important matters related to subsidiaries, so as to understand the reasonableness of subsidiaries' revenue recognition, impairment of accounts receivable, and impairment of property, plant and equipment.
3. We obtained and calculated the share in the profit or loss of subsidiaries recognized using the equity method and the fairness of other comprehensive income calculations.

### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 of the Company 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.

Honesty CPA Firm

Auditor: LIN, SHU-LING

Auditor: CHENG, HAN

SFB Approval No.:

Tai Cai Zheng (1) No. 0800051636

FSC Approval No.:

Jin Guan Zheng Shen Zi No. 1080310188

March 29, 2023

**SPACE SHUTTLE HI-TECH CO., LTD.**

**Parent Company Only Balance Sheets**

For the Years Ended December 31, 2022 and 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars

Code	Asset	Note	December 31, 2022		December 31, 2021		Code	Liabilities and Equity	Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%				Amount	%	Amount	%
	<b>Current assets</b>												
1100	Cash and cash equivalents	4, 6 (1)	\$ 96,822	6.17	\$ 39,376	2.15	2100	Current liability					
								Short-term borrowings	6 (7)	\$ 125,000	7.96	\$ 356,792	19.45
1170	Accounts receivable, net	4, 5, 6 (2)	41,069	2.62	10,126	0.55	2150	Notes payable		460	0.03	25	-
1180	Net accounts receivable - related parties	4, 5, 6 (2), 7	-	-	312,925	17.04	2170	Accounts payable		1,411	0.09	2,089	0.11
							2180	Accounts payable - related parties	7	36,799	2.34	7,750	0.42
1200	Other receivables	4, 9	414	0.03	36,326	1.98	2200	Other payables	9	9,526	0.61	54,203	2.95
1210	Other receivables - related parties	4, 7	223,733	14.25	160,449	8.74	2300	Other current liabilities		388	0.02	584	0.03
1220	Income tax assets for the year	4, 5, 6 (18)	68	-	-	-	21xx	Total current liabilities		173,584	11.05	421,443	22.96
1476	Other financial assets - current	4, 8	35,710	2.27	95,646	5.21							
1479	Other current assets - others	9	1,852	0.12	1,758	0.10							
11xx	Total current assets		399,668	25.46	656,606	35.77							
							2570	Non-current liabilities					
								Deferred income tax liabilities	4, 5, 6 (18)	800	0.06	471	0.03
							2600	Other non-current liabilities	4, 5, 6 (8)	388	0.02	7,481	0.40
							25xx	Total non-current liabilities		1,188	0.08	7,952	0.43
							2xxx	Total liabilities		174,772	11.13	429,395	23.39
								Equity					
1517	Financial assets at fair value through other comprehensive income - non-current	4, 5, 6 (4), 12 (2)	50,620	3.22	62,079	3.38	3110	Ordinary share capital	6 (9)	1,391,173	88.60	1,391,173	75.79
							3200	Capital surplus	6 (10)	5,109	0.33	5,109	0.28
							3300	Retained earnings					
							3310	Legal reserve		2,560	0.16	-	-
1550	Investments using the equity method	4, 6 (5)	1,007,555	64.17	995,962	54.26	3320	Special reserve		15,630	1.00	-	-
1600	Property, plant and equipment	4, 6 (6), 8	104,709	6.67	108,725	5.92	3350	(Accumulated deficit)	6 (11)	(15,204)	(0.97)	25,595	1.39
1840	Deferred income tax assets	4, 5, 6 (18)	7,331	0.47	12,053	0.66		Unappropriated earnings					
1900	Other non-current assets		184	0.01	217	0.01	3400	Other equity	6 (12)	(3,973)	(0.25)	(15,630)	(0.85)
15xx	Total non-current assets		1,170,399	74.54	1,179,036	64.23	3xxx	Total equity		1,395,295	88.87	1,406,247	76.61
1xxx	Total assets		\$ 1,570,067	100.00	\$ 1,835,642	100.00		Total liabilities and equity		\$ 1,570,067	100.00	\$ 1,835,642	100.00

(See Notes to Parent Company Only Financial Statements)

Chairman: WANG, HSUAN-HUI

Manager: WANG, HSUAN-HUI

Accounting Supervisor: CHEN YI-HUNG



**SPACE SHUTTLE HI-TECH CO., LTD.**  
**Parent Company Only Statements of Comprehensive Income**

For the Years Ended December 31, 2022 and 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars,  
except for NT\$ for earnings (losses) per share.

Code	Item	Note	2022		2021	
			Amount	%	Amount	%
4000	Operating income	4, 6 (13), 7	\$ 102,429	100.00	\$ 392,625	100.00
5000	OPERATING COSTS	6 (3), 4, 6 (15), 7	(96,767)	(94.47)	(377,547)	(96.16)
5900	Gross profit		5,662	5.53	15,078	3.84
5910	Unrealized profit from sales		-	-	(4,904)	(1.25)
5920	Realized profit from sales		2,275	2.22	4,123	1.05
5950	Net profit		7,937	7.75	14,297	3.64
	Operating expenses	6 (15)				
6100	Selling expenses		(1,800)	(1.76)	(1,986)	(0.51)
6200	G&A expenses		(38,048)	(37.14)	(43,074)	(10.97)
6450	Gains on reversal of expected credit impairment losses	4, 6 (2)	1	-	263	0.07
6000	Total operating expenses		(39,847)	(38.90)	(44,797)	(11.41)
6900	Operating loss		(31,910)	(31.15)	(30,500)	(7.77)
	Non-operating income and expenses	4, 6 (14), 7				
7100	Interest income		6,808	6.65	3,139	0.80
7010	Other income		891	0.87	2,622	0.67
7630	Net foreign exchange gain (loss)		21,654	21.14	(6,895)	(1.76)
7050	Finance costs		(4,146)	(4.05)	(5,062)	(1.29)
7070	Share of the profit or loss of subsidiaries, associates and joint ventures recognized using the equity method	6 (5)	(11,523)	(11.25)	145,601	37.09
7000	Total non-operating income and expenses		13,684	13.36	139,405	35.51
7900	Net (loss) profit before tax		(18,226)	(17.79)	108,905	27.74
7950	Income tax expense	4, 6 (18)	(5,138)	(5.02)	(4,213)	(1.07)
8200	Net (loss) profit for the year		(23,364)	(22.81)	104,692	26.67
	Other comprehensive income (loss)					
8310	Items that will not be reclassified subsequently to profit or loss:					
8311	Re-measurement of defined benefit plans		755	0.74	(286)	(0.07)
8316	Unrealized gain or loss on valuation of investments in equity instruments at fair value through other comprehensive income	6 (12)	(11,459)	(11.19)	15,628	3.98
8336	Unrealized gain or loss on valuation of investments in equity instruments of subsidiaries, associates and joint ventures at fair value through other comprehensive income	6 (12)	(9,654)	(9.43)	37,280	9.50
8360	Items that may be reclassified subsequently to profit or loss:					
8361	Exchange differences on translation of foreign operations	6 (12)	32,770	32.00	(8,854)	(2.26)
8300	Other comprehensive income (loss), net		12,412	12.12	43,768	11.15
8500	Total comprehensive income (loss) for the year		\$ (10,952)	(10.69)	\$ 148,460	37.82
	Earnings (loss) per share					
9750	Basic earnings (loss) per share	6 (19)	\$ (0.17)		\$ 0.75	
9850	Diluted earnings (loss) per share		\$ (0.17)		\$ 0.75	

(See Notes to Parent Company Only Financial Statements)

Chairman: WANG, HSUAN-HUI

Manager: WANG, HSUAN-HUI

Accounting Supervisor: CHEN YI-HUNG

**SPACE SHUTTLE HI-TECH CO., LTD.**  
**Parent Company Only Statement of Changes in Equity**

For the Years Ended December 31, 2022 and 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Retained earnings				Other items of equity			Total equity
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings (Accumulated deficit)	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	
Balance at January 1, 2021	\$ 1,391,173	\$ 5,109	\$ -	\$ -	\$ (78,811)	\$ (53,603)	\$ (6,081)	\$ 1,257,787
Net profit for 2021	-	-	-	-	104,692	-	-	104,692
Other comprehensive income or loss for 2021	-	-	-	-	(286)	(8,854)	52,908	43,768
Balance at December 31, 2021	\$ 1,391,173	\$ 5,109	\$ -	\$ -	\$ 25,595	\$ (62,457)	\$ 46,827	\$ 1,406,247
Appropriation of earnings								
Appropriation of legal reserve	-	-	2,560	-	(2,560)	-	-	-
Appropriation of special reserve	-	-	-	15,630	(15,630)	-	-	-
Net loss for 2022	-	-	-	-	(23,364)	-	-	(23,364)
Other comprehensive income or loss for 2022	-	-	-	-	755	32,770	(21,113)	12,412
Balance at December 31, 2022	<u>\$ 1,391,173</u>	<u>\$ 5,109</u>	<u>\$ 2,560</u>	<u>\$ 15,630</u>	<u>\$ (15,204)</u>	<u>\$ (29,687)</u>	<u>\$ 25,714</u>	<u>\$ 1,395,295</u>

(See Notes to Parent Company Only Financial Statements)

Chairman: WANG, HSUAN-HUI

Manager: WANG, HSUAN-HUI

Accounting Supervisor: CHEN YI-HUNG

**SPACE SHUTTLE HI-TECH CO., LTD.**  
**Parent Company Only Statements of Cash Flows**  
For the Years Ended December 31, 2022 and 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars

	2022	2021
Cash flows from operating activities		
Net income (loss) before tax for the year	\$ (18,226)	\$ 108,905
Adjustments for		
Income and expense items that do not affect cash flows		
Depreciation expense	4,016	3,746
Amortization expense	33	22
Gains on reversal of expected credit impairment losses	(1)	(263)
Interest expense	4,146	5,062
Interest income	(6,808)	(3,139)
Share of the profit or loss of subsidiaries, associates and joint ventures recognized using the equity method	11,523	(145,601)
Realized (unrealized) profit from sales	(2,275)	781
Changes in operating assets and liabilities		
Accounts receivable	281,983	15,277
Other receivables	3,004	1,898
Other current assets	(94)	(1,236)
Notes payable	435	(126)
Accounts payable	28,371	7,426
Other payables	(7,921)	5,846
Other current liabilities	(196)	(1,211)
Cash inflow (outflow) generated from operations	297,990	(2,613)
Interest received	5,208	3,144
Interest paid	(4,597)	(5,167)
Income tax paid	(155)	-
Net cash inflow (outflow) from operating activities	298,446	(4,636)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	-	(2,117)
Refundable deposits	-	213
Other receivables	33,229	(27,230)
Other receivables - related parties	(62,005)	(129,803)
Other financial assets	59,936	55,208
Other non-current assets	-	(1,396)
Net cash inflow (outflow) from investing activities	31,160	(105,125)
Cash flows from financing activities		
Repayments of long-term borrowings	(231,792)	25,912
Other payables	(36,305)	29,358
Other non-current liabilities	(4,063)	(2,426)
Net cash inflow (outflow) from financing activities	(272,160)	52,844
Increase (decrease) in cash and cash equivalents for the year	57,446	(56,917)
Cash and cash equivalents at the beginning of the year	39,376	96,293
Cash and cash equivalents at the end of the year	\$ 96,822	\$ 39,376

(See Notes to Parent Company Only Financial Statements)

Chairman: WANG, HSUAN-HUI

Manager: WANG, HSUAN-HUI

Accounting Supervisor: CHEN YI-HUNG

Space Shuttle Hi-Tech co., Ltd  
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

(Unless Otherwise Stated in the Notes, Amounts Are Expressed in Thousands of New Taiwan Dollars)

I. GENERAL INFORMATION

Space Shuttle Hi-Tech co., Ltd (hereinafter referred to as the "Company"), incorporated in October 1985 in accordance with the Company Act of the Republic of China, is principally engaged in the re-processing of copper and the manufacture and sales of wires, cables, and optical fiber patch cords. In November 2000, the Company listed its stock on the Taiwan Stock Exchange.

II. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements were approved and authorized for issue by the Board of Directors on March 29, 2023.

III. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

The application of the IFRSs endorsed and issued into effect by the FSC will not result in significant changes in the accounting policies of the Company.

- (II) IFRSs endorsed and issued into effect in 2023 by the FSC

New/Amended/Revised Standards and Interpretations	Effective Date Issued by the 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 are applicable to the annual reporting period beginning after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies occurring in the annual period beginning after January 1, 2023.

Note 3: The amendments are applicable to transactions occurring after January 1, 2022, except for deferred tax recognized on January 1, 2022 for temporary differences in lease and decommissioning obligations.

As of the date of approval of the financial statements, the Company has assessed that the said amendments to standards and interpretations will not have a significant impact on its financial position and financial performance.

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

New/Amended/Revised Standards and Interpretations	Effective Date Issued by the IASB (Note 1)	
Amendments to IFRS 10 and IAS 28	“Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	TBD
Amendments to IAS 16	"Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17	"Insurance Contracts"	January 01, 2023
IFRS 17	"Insurance Contracts"	January 01, 2023
IFRS 17	"Initial Application of IFRS 17 and IFRS 9 — Comparative Information"	January 01, 2023
Amendments to IAS 1	"Classification of Liabilities as Current or Non-current"	January 01, 2024
Amendments to IAS 1	"Non-current Liabilities with Covenants"	January 01, 2024

Note 1: Unless otherwise stated, the said new/amended/revised standards and interpretations are effective for annual periods beginning on or after their respective effective dates.

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

As of the date of approval of the financial statements, the Company has been continuously assessing the impact of the said amendments to standards and interpretations on its financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I) Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of Preparation

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of plan assets. The historical cost is usually determined at the fair value of the consideration paid to acquire an asset.

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

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date;
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 the asset or liability.

### (III) Foreign Currencies

The functional currency of the Company and presentation currency of the financial statements is New Taiwan Dollars (NT\$).

When preparing the Company's financial statements, transactions denominated in currencies other than the Company's functional currency are converted and recognized at the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rate prevailing at that date; non-monetary items denominated in foreign currencies and carried at fair value are translated at the rate prevailing at the date when the fair values were determined; non-monetary items denominated in foreign currencies and carried at historical cost are not retranslated. Exchange differences arising on the re-translation of non-monetary items are included in profit or loss for the year, except that exchange differences arising on the re-translation of non-monetary items in respect of changes in fair value recognized in other comprehensive income are also recognized in other comprehensive income.

For the purpose of preparing financial statements, the assets and liabilities of the Company's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year or, if exchange rates fluctuate sharply during the year, at the average exchange rates prevailing at the dates of the transactions. The resulting exchange differences are recognized in other comprehensive income and accumulated in equity (attributed to the owners of the Company).

### (IV) Classification of Assets and Liabilities as Current or Non-current

Current assets include assets held primarily for the purpose of trading, assets expected to be realized or intended to be sold or consumed in the Company's normal operating cycle, assets expected to be realized within twelve months after the reporting period, and cash and cash equivalents, except that such assets are restricted from being exchanged or used to settle liabilities for at least twelve months after the reporting period. Other assets that are not current assets are non-current assets.

Current liabilities include liabilities held primarily for the purpose of trading, liabilities expected to be settled in the Company's normal cycle, liabilities due to be settled within twelve months after the reporting period, and liabilities for which the Company does not have the right at the end of the reporting period to defer settlement beyond 12 months. Other liabilities that are not current liabilities are non-current liabilities. However, terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the Company's own equity instruments do not affect its classification as current or non-current.

### (V) Cash and Cash Equivalents

Cash equivalents are investments that can readily be converted into fixed cash at any time and that are about to mature (due within three months from the date of investment) and whose value is rarely affected by changes in interest rates.

### (VI) Financial Instruments

Financial assets and financial liabilities are recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability. Transaction costs directly attributable to the acquisition or issue of a financial asset or a financial liability at fair value through profit or loss are recognized immediately in profit or loss.

#### 1. Classification and measurement of financial assets

All regular way transactions of financial assets are recognized and de-recognized using settlement date accounting. A regular way transaction is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets held by the Company are divided into investments in equity instruments at FVTOCI and financial assets at amortized cost.

##### (1) Investments in equity instruments at FVTOCI

At initial recognition, the Company may make an irrevocable election to designate investments in equity instruments that are not held for trading as at FVTOCI.

Subsequent changes in the fair value of investments in equity instruments at FVTOCI are recognized in other comprehensive income and accumulated in separate components of equity. The cumulative gains or losses on disposed of investments are directly transferred to retained earnings and not reclassified to profit or loss.

Dividends on investments in equity instruments at FVTOCI are recognized in profit or loss when the Company has a right to payment, unless the right to payment clearly represents a recovery of part of the cost of the investment.

##### (2) Measured at amortized cost

Cash and cash equivalents, notes and accounts receivable (including related parties), other receivables and other financial assets and refundable deposits are measured at amortized cost.

Investments in debt instruments are classified as financial assets at amortized cost if (a) their contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, and (b) they are held in order to collect contractual cash flows.

Subsequent to initial recognition, all financial assets measured at amortized cost are measured at amortized cost, which is equal to the carrying amount calculated with the effective interest method less any loss allowance.

#### 2. Impairment of Financial Assets

Financial assets (including trade receivables) at amortized cost are assessed at the end of the reporting period for expected credit losses.

The loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses. For a financial asset at amortized cost, if its credit risk has not increased significantly since initial recognition, then a loss allowance is recognized at an amount equal to expected credit losses resulting from possible default events within 12 months after the reporting date; if its credit risk has increased significantly since initial recognition, then a loss allowance is recognized at an amount equal to expected credit losses resulting from all possible default events over the expected life of the financial instrument.

Impairment losses on all financial assets are allocated to reduce their carrying amounts through an allowance account.

### 3. De-recognition of financial assets

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity, or when the control over the asset has been transferred.

On de-recognition of a financial asset in its entirety, the difference between its carrying amount and the sum of any cumulative gains or losses recognized in other comprehensive income plus the received consideration is recognized in profit or loss.

### 4. Measurement and de-recognition of financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method. The Company discharged a financial liability when the obligation is discharged, canceled or expires. The difference between the carrying amount of a financial liability extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## (VII) Investments in Subsidiaries

The Company accounts for investments in subsidiaries using the equity method. A subsidiary is an entity controlled by the Company.

Under the equity method, on initial recognition the investment in a subsidiary is recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. The Company's share of changes in the subsidiary's other comprehensive income is recognized for its proportionate interest in the subsidiary.

The Company's changes in ownership interest of the subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

The Company assesses impairment by considering cash-generating units as a whole based on the financial statements and comparing the recoverable amount with the carrying amount. If the recoverable amount of the asset is increased, a gain will be recognized for the reversal of the impairment loss. However, the increased carrying amount attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of



amortization) had no impairment loss been recognized for the asset in prior years. An impairment loss recognized for goodwill shall not be reversed in a subsequent period.

After loss of control over a subsidiary, the Company measures the remaining portion of its investment in the former subsidiary at fair value on the day when control is lost, and the difference between the fair value of the remaining portion of the investment, plus and any disposal price, and the carrying amount of the investment on the day when control is lost is included in profit or loss. In addition, all amounts relating to the subsidiary recognized in other comprehensive income are accounted for on the same basis as the Company must follow in directly disposing of related assets or liabilities.

Unrealized gains or losses resulting from downstream transactions between the Company and its subsidiaries are removed from the financial statements. Any gains or losses arising from the upstream and sidestream transactions between the Company and its subsidiaries are recognized in the financial statements only to the extent that they are not related to the Company's interests in the subsidiaries.

#### (VIII) Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one period. The cost of an item of property, plant and equipment is recognized as an asset if, and only if: (a) it is probable that future economic benefits associated with the item will flow to the Company; and (b) the cost of the item can be measured reliably. After recognition as an asset, an item of property, plant and equipment is measured at its cost less any accumulated depreciation and any accumulated impairment losses. The said cost includes the cost of dismantling, removing and restoring items of property, plant and equipment and necessary interest expenses incurred from construction in progress.

The Group allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The Company recognizes depreciation on a straight-line basis by evenly allocating the balance the cost of an asset over the estimated useful life of the asset less the residual value and reviewing the estimated useful life of the asset, the residual value and the depreciation method at least at the end of each year. In addition, for any fixed asset fully depreciated by law that is still in use, after its useful life is assessed, its residual value will be further depreciated, and the unusable value will be transferred to other losses.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of an item of property, plant and equipment because it most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Unless it can be reasonably certain that the Company will obtain ownership at the end of the lease term, the leased asset is depreciated over the shorter of the lease term and its useful life. Land is not amortized or depreciated. The depreciable life is 6 to 50 years for buildings and structures, 5 years for transportation equipment, and 2 to 10 years for other equipment.

The gain or loss on arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset, and recognized in profit or loss. Any major inspection or overhaul costs recognized are regarded as replacement costs and reported as part of the carrying amount of property, plant and equipment, while other repair and maintenance expenses are recognized in profit or loss.

(IX) Impairment of Non-financial Assets

At the balance sheet date, the Company assesses the recoverable amount of an asset with any indication of impairment, and recognizes an impairment loss when the recoverable amount is lower than its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. An impairment loss recognized in prior periods for an asset other than goodwill will be reversed up to the amount of such loss if the impairment loss recognized for such asset no longer exists.

(X) Employee Benefits

1. Short-term employee benefits

Liabilities related to short-term employee benefits are measured at undiscounted amounts expected to be paid in exchange for employee services.

2. Post-employment benefits

The Company's retirement policy is applicable to all formally hired employees. The employee retirement reserve fund is fully provided under the management of the supervisory committee of workers' retirement reserve fund and deposited in a special retirement reserve fund account. As the said retirement reserve fund is deposited in the name of the supervisory committee, completely separated from the Company, it is not included in the said financial statements.

Pensions under defined contribution plans are recognized in current expenses when employees serve the Company.

Pensions under defined benefit plans are measured at the cost of providing benefits actuarially calculated using the projected unit credit method. All actuarial gains and losses arising from defined benefit obligations are immediately recognized in other comprehensive income in the period in which they arise. Past service cost is immediately recognized for vested benefits, and non-vested benefits are amortized on a straight-line basis over the average period before the benefits become vested. When defined benefit plans are curtailed or settled, a gain or loss on curtailment or settlement is recognized.

(XI) Leases

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

1. The Company as the lessor

A lease is classified as a finance lease if its terms and conditions transfer to the lessee substantially all the risks and rewards incidental to ownership of an asset. Otherwise, a lease is an operating lease.

Under a finance lease, the lease payments comprise fixed payments and variable lease payments that depend on an index or a rate. The net investment is measured as the sum of the present value of the lease payments receivable and any unguaranteed residual value plus the initial direct costs and presented as a finance lease receivable. Finance income is allocated to each accounting period during the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment at maturity available in each period.

Under an operating lease, the lease payments less any lease incentives are recognized as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease is added to the carrying amount of the underlying asset and recognized as an expense on a straight-line basis over the lease term.

## 2. The Company as the lessee

Lease payments are recognized as right-of-use assets and lease liabilities at the inception date, except that in the case of leases of low-value underlying assets and short-term leases to which recognition exemption applies, the lease payments are recognized as expenses on a straight-line basis over the lease term.

A right-of-use asset is initially measured at cost (comprising including the amount of the initial measurement of the lease liability, any lease payments made before the commencement date less any lease incentives received, any initial direct costs, and any estimated costs incurred in restoring the underlying asset), and subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for any re-measurement of the lease liability.

The right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of its useful life or the end of its lease term.

At the commencement date, a lease liability is measured at the present value of the lease payments (comprising fixed payments (including in-substance fixed payments) less any lease incentives received, variable lease payments that depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantee, the exercise price of a purchase option that the lessee is reasonably certain to exercise, and payments of penalties for terminating the lease that have been reflected in the lease term). The lease payments will be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee will use its incremental borrowing rate.

Subsequently, the lease liability is measured on an amortized cost basis using the effective interest method, and the interest expense is amortized over the lease term. If there is a change in the future lease payments resulting from a change in the lease term, the amount expected to be payable under a residual value guarantee, the assessment of an option to purchase the underlying asset, or the index or rate used to determine the lease payments, the Company will re-measure the lease liability and adjust the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the re-measurement will be recognized in profit or loss. Lease liabilities is presented separately in the balance sheet.

Variable lease payments that do not depend on an index or a rate are recognized as an expense when they occur.

(XII) Revenue

After identifying the performance obligations in the contract with a customer, the Company allocates the transaction price to each performance obligation, and recognizes revenue when each performance obligation is satisfied.

1. Revenue from the sale of goods

Revenue from the sale of goods is derived from the sale of various wires, cables and copper materials. Products sold by the Company are recognized as revenue and accounts receivable at the time of shipment.

(XIII) Income Taxes

Tax expense is the aggregate amount in respect of current tax and deferred tax.

1. Current tax

Income taxes are assessed on an annual basis, and tax expenses are calculated on pre-tax benefits using tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

An income tax on unappropriated earnings calculated in accordance with tax laws is recognized as a tax expense for the year of resolution of the shareholders' meeting.

An adjustment to the income taxes payable in the previous year is included in current tax.

2. Deferred tax

A deferred tax is recognized based on the temporary differences between the carrying amount of an asset and liability recorded in the financial statements and the tax basis for calculating taxable income. A deferred tax liability is generally recognized for all taxable temporary differences, while a deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that tax profit will be available against which the temporary differences and tax losses can be utilized. A deferred tax asset or liability will not be recognized if temporary differences arise from the initial recognition of goodwill or the initial recognition of other assets or liabilities in a transaction is not a business combination and which, at the time of the transaction, affects neither accounting profit or taxable profit.

A deferred tax liability is recognized for taxable temporary differences associated with investments in subsidiaries, except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. A deferred tax asset for all deductible temporary differences associated with such investments and interests is recognized only to the extent that taxable profit will be available against which the temporary difference can be utilized and the temporary difference will reverse in the foreseeable future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and will be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that asset to be utilized. The carrying amount of those temporary differences not recognized as a deferred tax asset is also reviewed at the end of

each reporting period and will be increased to the extent that it is probable that taxable profit will be available to allow the benefit of part or all of that asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, 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 deferred tax 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.

## V. CRITICAL ACCOUNTING JUDGMENTS, ASSUMPTIONS, AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When the accounting policies described in Note 4 are adopted, the Company's management is required to make judgments, estimates and assumptions at the end of the reporting period that will affect the disclosure of the reported amounts of revenue, expenses, assets, liabilities and contingent liabilities. 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Information about other key sources of uncertainty about the estimates and assumptions made about the future has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. More description will be presented below.

### 1. Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Company's assumptions about the default rate and expected loss rate. The Company considers historical experience, current market conditions and forward-looking information to make assumptions and select inputs for impairment assessments. See Note 6.2 for important assumptions and inputs adopted. If actual future cash flows are less than expected, significant impairment losses may arise.

### 2. Estimated Impairment of Financial Assets

In assessing the impairment of assets, the Company needs to determine the independent cash flows of specific asset groups, the useful life of assets, and possible future income, expenses and losses based on subjective judgments and the pattern of using assets and industry characteristics. Any changes in assessment due to changes in economic conditions or the Company's strategy may cause material impairment in the future.

### 3. Realizability of deferred tax assets

Deferred tax assets are recognized only when it is probable that sufficient taxable profit will be available against which deductible temporary differences can be utilized. In the assessment of the realizability of deferred tax assets, management's significant accounting judgments and estimates, including assumptions about expected future growth in revenue from the sale of goods and profit margin, tax holidays, unused tax credits, and tax planning are

involved. Any changes in the global economic environment, industrial environment and laws and regulations may cause significant adjustments to deferred tax assets.

Deferred tax liabilities are arising from taxable temporary differences associated with the profit of subsidiaries. The Company has decided to recognize deferred tax liabilities when such profit is distributed in the foreseeable future.

#### 4. Calculation of accrued pension liabilities

When calculating the present value of defined benefit obligations, the Company is required to use judgments and estimation to determine relevant actuarial assumptions at the balance sheet date, including the discount rate and the expected rate of return on plan assets. Any changes in actuarial assumptions may significantly affect the amount of the Company's defined benefit obligations.

#### 5. Fair value measurement and valuation process

When there are no quoted prices for assets and liabilities measured at fair value in active markets, the Company has decided to outsource valuation and determine appropriate fair value valuation techniques in accordance with applicable laws or judgments.

The fair value of shares of unlisted companies held by the Company is mainly estimated with reference to the analysis of the financial position and operating results of the investees, recent financing activities, valuation of similar companies, market conditions and other economic indicators. Any changes in judgments and estimates may affect the measurement of its fair value.

## VI. SUMMARY OF IMPORTANT ACCOUNTING ITEMS

### (I) Cash and Cash Equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and petty cash	\$ 147	\$ 146
Check deposits and demand deposits	62,403	34,174
Time deposits	34,272	5,056
Total	<u>\$ 96,822</u>	<u>\$ 39,376</u>

1. The Company trades with a number of financial institutions proven to have solid credit ratings to spread credit risk. The possibility of default is expected to be very low. The amount of credit risk exposure at the balance sheet date is limited to the carrying amount of cash and cash equivalents.

2. The range of market rates for time deposits above at the end of the reporting period is presented as follows:

<u>December 31, 2022</u>	<u>December 31, 2021</u>
4.10%-4.62%	0.12%-0.12%

3. Cash and cash equivalents have not been pledged as collateral.

### (II) Accounts Receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Gross carrying amount at amortized cost	\$ 41,105	\$ 10,163
Less: Loss allowance	(36)	(37)
Total	<u>\$ 41,069</u>	<u>\$ 10,126</u>
Accounts receivable - related parties	\$ -	\$ 312,925
Less: Loss allowance	-	-

Total	\$	-	\$	312,925
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The Company sells goods for payment on a monthly basis with an average credit period of 30 to 150 days. Accounts receivable are not interest-bearing. To mitigate credit risk, the Company's management assigns a special team for determining credit limits, credit approval and other monitoring procedures, to ensure that proper measures are taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of receivables one by one at the end of the reporting period, to ensure that unrecoverable receivables have been appropriately derogated.

The Company recognizes a loss allowance for accounts receivable at an amount equal to lifetime expected credit losses, using the simplified approach in IFRS 9. Lifetime expected credit losses are calculated using a provision matrix, taking into account the customer's default history and current financial position. According to the Company's historical credit loss experience, the Company's customers in different industries have different credit losses, so the provision matrix will set different expected credit loss rates for customers in different industries and the number of days that a trade receivable is past due.

If there is evidence that a counterparty is suffering serious financial difficulty and the Company cannot reasonably expect to recover the recoverable amount, then the Company will directly recognize a loss allowance in full for accounts receivable at an amount equal to expected credit losses, but will continue to recover the recoverable amount.

1. Loss allowances for accounts and notes receivable (including related parties) measured at expected credit loss rates

<b><u>December 31, 2022</u></b>	Gross carrying amount	Less: Loss allowance	Amortized cost	Expected credit loss rate
Not past due	\$ 41,070	\$ (1)	\$ 41,069	0.00%
Past due				
270 days or more past due	35	(35)	-	100%
Total	<u>\$ 41,105</u>	<u>\$ (36)</u>	<u>\$ 41,069</u>	

<b><u>December 31, 2021</u></b>	Gross carrying amount	Less: Loss allowance	Amortized cost	Expected credit loss rate
Not past due	\$ 323,053	\$ (2)	\$ 323,051	0.02%
Past due				
270 days or more past due	35	(35)	-	100%
Total	<u>\$ 323,088</u>	<u>\$ (37)</u>	<u>\$ 323,051</u>	

2. Changes in loss allowance

	2022	2021
Opening balance	\$ (37)	\$ (300)
Gains on reversal of expected credit losses	1	263
Closing balance	<u>\$ (36)</u>	<u>\$ (37)</u>

### (III) Inventories

1. The operating costs related to inventories for 2022 and 2021 are presented as follows:

	2022	2021
Inventories transferred to operating costs	\$ 96,767	\$ 377,547

2. The Company's inventories have not been pledged as collateral.

(IV) Financial Assets at FVTOCI

Item	December 31, 2022	December 31, 2021
Investments in foreign unlisted shares	\$ 34,600	\$ 34,600
Financial assets at FVTOCI	16,020	27,479
Total	\$ 50,620	\$ 62,079

1. The Company has invested in the shares of foreign non-listed companies for a medium and long-term strategy and expects to make profit through long-term investments. In the opinion of the Company's management, including short-term fair value fluctuations of such investments in profit or loss it is inconsistent with the said long-term investment plan, so such investments are designated as at FVTOCI. See Note 12.2.4 for fair value and current valuation adjustments.
2. The Company's financial assets at FVTOCI have not been pledged as collateral.

(V) Equity Method Investments

1. The Company's equity method investments are presented as follows:

Subsidiary	Business scope	Place of incorporation and operation	December 31, 2022		December 31, 2021	
			Amount	Percentage of ownership	Amount	Percentage of ownership
SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	General investment and sales	Hong Kong	\$ 477,067	100%	\$ 450,572	100%
SPACE SHUTTLE HI-TECH CO., LTD	General investment	Samoa	530,488	100%	545,390	100%
Total			\$ 1,007,555		\$ 995,962	

2. The Company's share of the (profit) loss of subsidiaries recognized using the equity method is the profit or loss of such subsidiaries on investments recognized in the financial statements audited by the Company's CPAs for the same period. The Company's share of the profit or less of subsidiaries for 2022 and 2021 is presented as follows:

Subsidiary	2022	2021
SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	\$ 11,939	\$ 96,285
SPACE SHUTTLE HI-TECH CO., LTD	(23,462)	49,316
Total	\$ (11,523)	\$ 145,601

3. The Company has otherwise prepared the consolidated financial statements of the parent and subsidiaries for 2022 and 2021.

(VI) Property, Plant and Equipment



	Land	Buildings and structures	Transportation equipment	Miscellaneous equipment	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 50,540	\$ 55,806	\$ 3,670	\$ 3,098	\$ 113,114
Addition	-	-	-	-	-
Disposal	-	-	-	(78)	(78)
Balance at December 31, 2022	<u>50,540</u>	<u>55,806</u>	<u>3,670</u>	<u>3,020</u>	<u>113,036</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2022	-	2,412	979	998	4,389
Depreciation expense	-	2,350	734	932	4,016
Disposal	-	-	-	(78)	(78)
Balance at December 31, 2022	-	<u>4,762</u>	<u>1,713</u>	<u>1,852</u>	<u>8,327</u>
Net amount at December 31, 2022	<u>\$ 50,540</u>	<u>\$ 51,044</u>	<u>\$ 1,957</u>	<u>\$ 1,168</u>	<u>\$ 104,709</u>

	Land	Buildings and structures	Transportation equipment	Miscellaneous equipment	Total
<u>Cost</u>					
Balance at January 1, 2021	\$ 50,540	\$ 44,429	\$ 3,670	\$ 1,223	\$ 99,862
Addition	-	855	-	1,262	2,117
Disposal	-	-	-	(220)	(220)
Reclassification	-	10,522	-	833	11,355
Balance at December 31, 2021	<u>50,540</u>	<u>55,806</u>	<u>3,670</u>	<u>3,098</u>	<u>113,114</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2021	-	293	245	325	863
Depreciation expense	-	2,119	734	893	3,746
Disposal	-	-	-	(220)	(220)
Balance at December 31, 2021	-	<u>2,412</u>	<u>979</u>	<u>998</u>	<u>4,389</u>
Net amount at December 31, 2021	<u>\$ 50,540</u>	<u>\$ 53,394</u>	<u>\$ 2,691</u>	<u>\$ 2,100</u>	<u>\$ 108,725</u>

1. See Note 8 for the said property, plant and equipment pledged as collateral.

(VII) Short-term Borrowings

Nature of loan	December 31, 2022	Interest rate range
Bank loan		
Secured loan	<u>\$ 125,000</u>	1.73%-1.88%
Nature of loan	December 31, 2021	Interest rate range
Bank loan		
Loan for material purchase	\$ 121,792	1.22%-1.32%
Secured loan	235,000	1.02%-4.20%
Total	<u>\$ 356,792</u>	

See Note 8 for guarantees for the said short-term borrowings.

(VIII) Post-employment Benefit Plans

1. Defined contribution plans

Pursuant to the Labor Pension Act, for employees that have participated in any defined contribution plan managed by the government, the Company should make monthly contributions equal to at least 6% of each employee's monthly salary to each of their pension accounts. As per the employee retirement measures in the Act, the Company has allocated 6% of each employee's

salary to the individual pension account managed by the Bureau of Labor Insurance, Ministry of Labor. The total amount that should be contributed by the Company at the percentage specified in the definite contribution plan and has been recognized in the Statements of Comprehensive Income for 2022 and 2021 was NT\$813 thousand and NT\$714 thousand, respectively.

## 2. Defined benefit plans

The pension system adopted by the Company under the Labor Standards Act is a defined benefit plan managed by the government. Based on an employee's length of service and average monthly salary for the last six months prior to retirement, the Company should every month allocate 2% of the employee's total monthly salary to a special account of the Bank of Taiwan under the administration of and in the name of the Labor Pension Fund Supervisory Committee. Before the end of each year, if, upon assessment by the Company, the balance of the special account is not enough for the Company to pay retirement benefits to employees expected to retire in the next year, the Company will allocate the difference in one appropriation before the end of next March. This special account is managed by the Bureau Of Labor Funds, Ministry Of Labor as authorized by the Company, free from any intervention of the Company in the investment management strategy. Pension costs recognized by the Company for 2022 and 2021 were NT\$117 thousand and NT\$126 thousand, respectively.

- (1) Amounts included in the balance sheets in respect of the Company's obligations arising from the defined benefit plan are presented as follows:

	December 31, 2022	December 31, 2021
Present value of allocated defined benefit obligations	\$ (5,337)	\$ (11,066)
Fair value of plan assets	4,949	5,861
Net liability recognized in the balance sheet	<u>\$ (388)</u>	<u>\$ (5,205)</u>

- (2) Movements in the present value of defined benefit obligations are presented as follows:

	2022	2021
Opening balance	\$ (11,066)	\$ (10,588)
Current service cost	(97)	(96)
Interest cost	(52)	(53)
Actuarial loss	349	(329)
Benefit paid from plan assets	4,015	-
Benefit directly paid by the Company	1,514	-
Closing balance	<u>\$ (5,337)</u>	<u>\$ (11,066)</u>

- (3) Movements in the fair value of plan assets are presented as follows:

	2022	2021
Opening balance	\$ 5,861	\$ 3,240
Interest income	32	23
Expected return on plan assets	406	43
Contributions from the employer	2,665	2,555
Benefit paid from plan assets	(4,015)	-
Closing balance	<u>\$ 4,949</u>	<u>\$ 5,861</u>

- (4) The Company's actuarial gains (losses) recognized in the Statements of Comprehensive Income for 2022 and 2021 was NT\$755 thousand and NT\$286 thousand, respectively.

- (5) As of December 31, 2022 and December 31, 2021, the Company's cumulative actuarial losses recognized in other comprehensive income were NT\$9,606 thousand and NT\$10,361 thousand, respectively.
- (6) The Company is exposed to the following risks due to the pension system under the Labor Standards Act:
- Investment risk: The Bureau Of Labor Funds, Ministry Of Labor has invested labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits by itself or through a third party. However, the return on the Company's plan assets is calculated at no lower than the local bank's 2-year time deposit rate.
  - Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on plan assets from debt investments.
  - Salary risk: The present value of defined benefit obligations is calculated by reference to the future salary of plan participants. As such, an increase in the salary of the plan participant will therefore increase the present value of defined benefit obligations.
- (7) The present value of the Company's defined benefits is calculated by qualified actuaries. The major assumptions about actuarial valuation on the measurement date are presented as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.5000%	0.6250%
Expected salary increase rate	1.5000%	1.5000%

If each of the major actuarial assumptions is subject to reasonably possible changes, and all other assumptions remain unchanged, the present value of defined benefit obligations will increase (decrease) by the following amounts:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
0.25% increase	<u>\$ (120)</u>	<u>\$ (247)</u>
0.25% decrease	<u>\$ 124</u>	<u>\$ 256</u>
Expected salary increase rate		
0.25% increase	<u>\$ 122</u>	<u>\$ 248</u>
0.25% decrease	<u>\$ (119)</u>	<u>\$ (241)</u>

As actuarial assumptions may be correlated, it is unlikely that only a single assumption would occur in isolation of one another. The sensitivity analysis above may not reflect the actual changes in the present value of defined benefit obligations. The Company expects to allocate NT\$5 thousand to the defined benefit plan within one year after December 31, 2022. The average duration of defined benefit obligations is 9.2 years.

(IX) Share Capital

As of December 31, 2022 and 2021, the Company's authorized capital and total paid-in capital was NT\$4,200,000 thousand and NT\$1,391,173 thousand respectively. The paid-in capital was divided into 139,117 thousand shares, with a face value of NT\$10 per share, all of which were ordinary shares.

(X) Capital Surplus

1. Capital surplus arising from the issuance of ordinary shares in excess of their par value, conversion of corporate bonds and treasury share transactions as well as donations may be used to offset a deficit or, when the Company incurs no deficit, to distribute cash dividends, or be allocated to share capital (limited to a certain percentage of the Company's paid-in share capital once a year). Capital surplus in respect of equity method investments, employee stock options and stock options shall not be used for any purpose.
2. The components of capital surplus are presented as follows:

	December 31, 2022	December 31, 2021
Capital surplus - long-term investments	\$ 5,109	\$ 5,109

(XI) Retained Earnings

1. Legal reserve

A legal reserve shall be appropriated until its balance equals the Company's total paid-in share capital. The legal reserve can be used to offset a deficit. When the Company incurs no deficit, the legal reserve may be allocated to share capital and distributed in cash for the portion in excess of 25% of the total paid-in capital.

2. Special reserve

In appropriation of earnings, the Company shall first set aside a special reserve for the debit balance of other equity items by law at the balance sheet date. When the debit balance of other equity items is reversed later, the reversed amount may be included in appropriable earnings.

3. Appropriation of earnings

According to Article 20 of the Company's Articles of Incorporation, the annual appropriation of earnings shall be carried out in the order and with restrictions as follows:

- (1) Paying income tax.
- (2) Covering losses for previous years.
- (3) Setting aside legal reserve at 10% of the earnings.
- (4) Setting aside special reserve by law.
- (5) Any earnings left and unappropriated earnings at the beginning of the same period may be distributed in the form of cash dividends or stock dividends subject to proposal by the board of directors and resolution by the shareholders' meeting. However, the portion of unappropriated earnings distributed in the form of stock dividends shall not exceed 50% of the dividend tax payable.

On June 24, 2022, the Company held a shareholders' meeting to resolve the appropriation of 2021 earnings as follows:

Item	Appropriation of earnings
Legal reserve	\$ 2,560
Special reserve	15,630
Total	\$ 18,190

(XII) Other Equity Items

1. Exchange differences on translation of foreign operations

	2022	2021
Opening balance	\$ (62,457)	\$ (53,603)
Exchange differences on translation of foreign operations	32,770	(8,854)
Closing balance	<u>\$ (29,687)</u>	<u>\$ (62,457)</u>

Exchange differences on translation of the net assets of a foreign operation from its functional currency to the Company's presentation currency (i.e. NTD) are directly recognized as exchange differences on translation of that foreign operation under other comprehensive income. The cumulative amount of exchange differences on translation of that foreign operation are reclassified to profit or loss on disposal of that foreign operation.

2. Unrealized gains or losses on financial assets at FVTOCI

	2022	2021
Opening balance	\$ 46,827	\$ (6,081)
Unrealized gains or losses on valuation of investments in equity instruments at FVTOCI	(11,459)	15,628
Share of the other comprehensive income of subsidiaries recognized using the equity method	(9,654)	37,280
Closing balance	<u>\$ 25,714</u>	<u>\$ 46,827</u>

(XIII) Revenue

1. Contracts with customers

The Company mainly derives its revenue from the sale of wires and copper materials for 3C products. Goods are sold under fixed-price contracts.

2. Breakdown of revenue from contracts with customers

For the analysis of revenue from the sale of major products, see the SCHEDULES OF IMPORTANT ACCOUNTING ITEMS.

(XIV) Other Revenue, Other Gains and Losses and Finance Costs

1. Other revenue

	2022	2021
Revenue arising from the use of royalties	\$ 548	\$ 2,170
Other revenue	343	452
Total	<u>\$ 891</u>	<u>\$ 2,622</u>

2. Finance costs

	2022	2021
Interest expense	<u>\$ 4,146</u>	<u>\$ 5,062</u>

(XV) Summary of Employee Benefits, Depreciation and Amortization by Function

Nature Function	2022			2021		
	Part of operating costs	Part of operating expenses	Total	Part of operating costs	Part of operating expenses	Total
Employee benefits						
Salaries	\$ -	\$ 18,314	\$ 18,314	\$ -	\$ 22,990	\$ 22,990
Labor health insurance premiums	-	1,984	1,984	-	1,811	1,811
Pension costs	-	930	930	-	840	840
Directors' remuneration	-	1,045	1,045	-	2,835	2,835
Other employee benefits	-	855	855	-	1,031	1,031
Depreciation expense	\$ -	\$ 4,016	\$ 4,016	\$ -	\$ 3,746	\$ 3,746
Amortization expense	\$ -	\$ 33	\$ 33	\$ -	\$ 22	\$ 22

1. As of December 31, 2022 and 2021, the Company had 25 and 26 employees, respectively; 6 directors were not employees of the Company.
2. The Company's average employee benefit expenses for 2022 and 2021 amounted to NT\$1,162 thousand and NT\$1,333 thousand, respectively.
3. The Company's average employee salary for 2022 and 2021 amounted to NT\$964 thousand and NT\$1,150 thousand, respectively, representing a change of 16.17%.

(XVI) Employees' and Directors' Remuneration

1. According to the current Articles of Incorporation, the Company shall allocate remuneration to employees at no less than 5% and no more than 10%, and to directors at no more than 5%, of its net income before tax for the year (before allocation of remuneration to employees and directors) and after covering accumulated losses with a balance. Distribution of employees' remuneration in stock or cash shall be subject to review by more than two-thirds of all directors and approval by majority of the attending directors and reporting to the shareholders' meeting. In the event of any significant change in the distribution amount resolved by the board of directors, annual remuneration shall be adjusted accordingly.
2. Estimated employees' cash remuneration and director's remuneration for 2022 and 2021 are presented as follows:

	2022	2021
Employees' cash remuneration	\$ -	\$ 3,541
Director's remuneration	-	1,770
Total	<u>\$ -</u>	<u>\$ 5,311</u>

The distribution amounts resolved for 2022 and 2021 were not different from the amounts recognized in the consolidated financial statements for 2022 and 2021.

3. Visit TWSE MOPS for more information about proposals passed by the board of directors and resolutions of the shareholders' meeting on employees' remuneration and directors' remuneration.

(XVII) Managers and Employees

1. The Company provides competitive overall remuneration and diverse career development opportunities. In addition to basic salary (including base pay and food allowance), employees' remuneration also includes various allowances and bonuses according to the job nature and reward purposes, such as duty allowance, job bonus, performance bonus, incentive bonus, and appropriation of earnings.
2. The Company adjusts remuneration based on the market level for each position and individual performance to ensure market competitiveness. Under the premise of improving overall operation, team and individual performance, the Company sharing the Company's profit and earnings with employees by flexibly designing various short-term or long-term reward incentive plans for different positions, in order to attract, motivate and plan to cultivate high-quality talents.
3. Employees' remuneration is determined based on factors such as the employee's educational background, expertise and know-all, seniority and experience.

(XVIII)Income Taxes

1. Income tax recognized in profit or loss

(1) Tax (income) expenses recognized in profit or loss comprise the following:

	<u>2022</u>	<u>2021</u>
Current tax:		
for the year	\$ 87	\$ -
Deferred tax:		
arising from and reversal of temporary differences	5,051	4,213
Tax expenses	<u>\$ 5,138</u>	<u>\$ 4,213</u>

(2) Accounting profit for the year and current tax liabilities are adjusted as follows:

	<u>2022</u>	<u>2021</u>
Net (loss) profit before tax	<u>\$ (18,226)</u>	<u>\$ 108,905</u>
Tax calculated at the statutory tax rate	(3,645)	21,781
Tax effects of adjustments		
Taxable and deductible amounts in determining taxable profit	3,645	(21,781)
Withholdings at source	87	-
arising from and reversal of temporary differences	5,051	4,213
Tax expenses recognized in profit or loss	<u>\$ 5,138</u>	<u>\$ 4,213</u>

2. Current tax assets and liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current tax assets		
Tax refund receivable	\$ 68	\$ -

3. Deferred tax assets and liabilities

(1) Deferred tax assets

	December 31, 2022	December 31, 2021
Pension costs	-	359
Exchange losses	401	1,044
Tax losses	6,930	10,195
Others	-	455
	<u>\$ 7,331</u>	<u>\$ 12,053</u>

(2) Deferred tax liabilities

	December 31, 2022	December 31, 2021
Exchange gains	\$ 649	\$ 471
Pension costs	151	-
	<u>\$ 800</u>	<u>\$ 471</u>

4. Deferred tax assets and liabilities not recognized in the balance sheet

(1) Information on unrecognized deferred tax assets associated with investments and tax losses

	December 31, 2022	December 31, 2021
arising from the recognition of the share of the investee's losses	\$ 6,806	\$ 9,194
arising from tax losses	44,983	41,815
Unrecognized deferred tax assets	<u>\$ 51,789</u>	<u>\$ 51,009</u>
Carryforward of unused tax losses	<u>\$ 259,565</u>	<u>\$ 260,051</u>
Expiry year	<u>2032</u>	<u>2031</u>

(2) Information on unrecognized deferred tax assets associated with investments

As of December 31, 2022 and 2021, the aggregate amount of taxable temporary differences associated with investments in subsidiaries and not recognized as deferred tax liabilities was NT\$322,137 thousand and NT\$345,599 thousand, respectively.

5. The Company's profit-seeking enterprise income tax has been approved by the taxing authority until 2020.

(XIX) Earnings (Loss) per Share

	Unit: NT\$ per share	
	2022	2021
Basic earnings (loss) per share	\$ (0.17)	\$ 0.75
Diluted earnings (loss) per share	<u>\$ (0.17)</u>	<u>\$ 0.75</u>

Earnings and weighted average number of ordinary shares used to calculate earnings per share are presented as follows:

Net (loss) profit for the year

	2022	2021
attributable to owners of the Company	<u>\$ (23,364)</u>	<u>\$ 104,692</u>

Number of shares

	Unit: Thousands of shares	
	2022	2021
Weighted average number of ordinary shares used to calculate earnings per share	139,117	139,117
Potential effects of dilution:		
Employees' remuneration	-	184
Weighted average number of ordinary shares		



used to calculate earnings per share

139,117

139,301

**VII. RELATED-PARTY TRANSACTIONS**

In addition to those disclosed in other notes, significant transactions between the Company and related parties are disclosed as follows:

(I) Name and Association of Related Parties

Related party	Relationship with the Company
SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED (hereinafter referred to as SPACE SHUTTLE (HK))	Subsidiary
SPACE SHUTTLE HI-TECH CO., LTD (hereinafter referred to as SPACE SHUTTLE)	Subsidiary
DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD (hereinafter referred to as SPACE SHUTTLE (DONG GUAN))	Sub-subsiary
DONGGUAN LUCKY FLY CONDUCTOR CO.LTD (hereinafter referred to as LUCKY FLY)	Sub-subsiary

(II) Significant Transactions with Related Parties

1. Sales

	2022	2021
LUCKY FLY	\$ -	\$ 361,604

Payments for goods are usually due net 270 days. The trade terms are not significantly different from general sales.

2. Purchases

	2022	2021
SPACE SHUTTLE (HK)	\$ 93,187	\$ 26,140

Payments for goods are usually due net 90 days. The trade terms are not significantly different from general purchases.

(III) Claims and Debts with Related Parties

1. Accounts receivable - related parties

	December 31, 2022	December 31, 2021
LUCKY FLY	\$ -	\$ 312,925

2. Accounts payable - related parties

	December 31, 2022	December 31, 2021
SPACE SHUTTLE (HK)	\$ 36,799	\$ 7,750

(IV) Financing

December 31, 2022					
	Maximum amount	Closing balance	Interest rate range	Interest income	Interest receivable
SPACE SHUTTLE	\$ 66,492 <u>(RMB15,000)</u>	\$ - <u>(RMB -)</u>	3%	\$ 496	\$ -
LUCKY FLY	\$ 253,900 <u>(RMB7,000)</u>	\$ 220,470 <u>(RMB50,000)</u>	3%	\$ 3,846	\$ 3,263
SPACE SHUTTLE (HK)	\$ 65,383 <u>(RMB14,500)</u>	\$ - <u>(RMB -)</u>	3%	\$ 1,162	\$ -

December 31, 2021					
	Maximum amount	Closing balance	Interest rate range	Total interest	Interest receivable
SPACE SHUTTLE	\$ 65,367 <u>(RMB15,000)</u>	\$ 65,123 <u>(RMB15,000)</u>	3%	\$ 1,416	\$ 1,421
LUCKY FLY	\$ 30,505 <u>(RMB7,000)</u>	\$ 30,391 <u>(RMB7,000)</u>	3%	\$ 349	\$ 349
SPACE SHUTTLE (HK)	\$ 73,334 <u>(RMB17,000)</u>	\$ 62,952 <u>(RMB14,500)</u>	3%	\$ 1,220	\$ 213

(V) Actual Amount Drawn from Endorsements/Guarantees

	December 31, 2022	December 31, 2021
SPACE SHUTTLE (DONG GUAN)	\$ -	\$ 13,840
LUCKY FLY	241,944	221,440
Total	\$ 241,944	\$ 235,280

The amount of the said endorsements/guarantees secured by deposits and other property was NT\$18,426 thousand and NT\$27,680 thousand as of December 31, 2022 and 2021, respectively.

(VI) Information on Management's Remuneration

	2022	2021
Salaries and other short-term employee benefits	\$ 9,924	\$ 14,450

VIII. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Company's assets pledged as collateral or for security are presented as follows:

Item	December 31, 2022	December 31, 2021
Other financial assets - time deposits	\$ 18,284	\$ 66,144
Other financial assets - reserve account deposits	17,426	29,502
Property, plant and equipment	97,231	99,540
Total	\$ 132,941	\$ 195,186

IX. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- (I) As of December 31, 2022 and 2021, the Company had applied to financial institutions for L/Cs, and there was no opened but unused balance.

- (II) For endorsements to associates and guarantees to subsidiaries for their loans with time deposits provided by the Company as of December 31, 2022 and 2021, see Note 7.5.
- (III) In November 2015, the Company entered into an agreement with Dongguan Feitai Electronic Co., Ltd. (hereinafter referred to as "Feitai") and Great China, whereby to authorize Feitai and Great China to use the Company's trademarks for pro rata charges and costs. Upon receipt of a PO from any former customer of Feitai, the Company will immediately transfer the order to Great China and Feitai. The Company recognizes sales revenue and costs at net amount under other revenue. Such revenue for 2022 and 2021 was NT\$548 thousand and NT\$2,170 thousand, respectively. As of December 31, 2022 and 2021, the Company's receivables from the said transactions were NT\$19 thousand and NT\$33,248 thousand respectively, and payables were NT\$748 thousand and NT\$37,053, respectively. Receivables and payables are reported under other receivables and other payables respectively.

X. SIGNIFICANT DISASTER LOSSES: None.

XI. SIGNIFICANT SUBSEQUENT EVENTS: None.

XII. OTHER RELEVANT INFORMATION

(I) Capital Risk Management

The Company's strategy in 2022 remained the same as that in 2021, which was to keep the debt-to-capital ratio below 40%. The Company's debt-to-capital ratios as of December 31, 2022 and 2021 are presented as follows:

Item	December 31, 2022	December 31, 2021
Total borrowings	\$ 125,000	\$ 356,792
Less: Cash and cash equivalents	(96,822)	(39,376)
Net debt	28,178	317,416
Total equity	1,395,295	1,406,247
Total capital	<u>\$ 1,423,473</u>	<u>\$ 1,723,663</u>
Debt-to-capital ratio	<u>1.98%</u>	<u>18.42%</u>

(II) Information About Financial Products

1. Financial Instruments

The carrying amounts of financial products held by the Company as of December 31, 2022 and 2021 in the balance sheet were equivalent to the estimated fair value of these financial products.

2. Financial risk management policy

- (1) The Company's daily operations are subject to various financial risks, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management policy places an emphasis on unpredictable events in financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.
- (2) Risk management is carried out by the Finance Department of the Company in accordance with policies approved by the board of directors. The Finance Department is responsible for identifying, assessing and avoiding financial risks through close cooperation with the Company's operations. The board of directors has written principles for overall risk management, and provides written policies for specific areas and matters, such as exchange

rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus liquidity.

### 3. Financial risks

#### (1) Market risk

##### Exchange rate risk:

Due to cross-border operations, the Company is subject to exchange rate risk arising from various currencies, mainly USD and RMB. Exchange rate risk relates to future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

The Company's management has established a policy requiring all operations within the Company to manage exchange rate risk relative to its functional currency. The Company should hedge its overall exchange rate risk through its Finance Department. To manage any exchange rate risk associated with future commercial transactions and recognized assets and liabilities, the Company adopts appropriate foreign exchange instruments through its Finance Department. Exchange rate risk arises when future commercial transactions, or recognized assets or liabilities are denominated in a foreign currency that is not the entity's functional currency.

As the Company has investments in some foreign operations, their net assets are subject to foreign currency translation risk. Exchange rate risk associated with the net assets of these foreign operations is mainly managed through borrowings denominated in relevant foreign currencies. See (III) for the sensitivity analysis.

##### Price risk

Given that the Company's investments are dominated by financial assets at FVTOCI classified in the balance sheet, the Company is exposed to price risk associated with equity instruments. The Company is not subject to commodity price risk. To manage price risk associated with investments in equity instruments, the Company diversifies its investment portfolio, based on limits set by the Company.

##### Interest rate risk

The Company's interest rate risk arises from borrowings. Borrowings issued at floating rates expose the Company to cash flow interest rate risk, part of which is offset by cash and cash equivalents held at floating rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company simulates multiple plans and analyzes interest rate risk, including consideration of refinancing, renewal of existing positions, other available financing and hedging, to calculate the impact of changes in specific interest rates on profit or loss. For each simulation scenario, the same rate movement is used for all currencies. These simulation plans are applied to the positions of significant interest-bearing liabilities only.

#### (2) Credit risk

- A. Credit risk is the risk of a financial loss incurred by the Company from failure to fulfill any obligations contained in the contract on the part of any customer or counterparty. According to the internally defined credit policy, the Company must conduct

management and credit risk analysis for each of its new customers before determining the terms and conditions for payment and delivery. Internal risk control aims to evaluate the credit quality of customers by considering their financial positions, past experience and other factors. The board of directors determines individual risk limits based on internal or external ratings, and regularly monitors the use of credit limits. Credit risk is derived mainly from cash and cash equivalents and deposits with banks and financial institutions, and also from wholesale and retail customers, as well as accounts receivable and committed transactions. For banks and financial institutions, only institutions with an independent rating of A or above will be accepted as counterparties.

- B. In 2022 and 2021, no credit limits were exceeded, and management did not expect any significant losses due to the counterparty's non-performance.
- C. For the analysis of aging of the Company's financial assets, see Note 6.2 Accounts Receivable.
- D. For the analysis of the Company's impaired financial assets, see Note 6 for different types of financial assets.

(3) Liquidity risk

- A. Cash flow forecasting is performed by each operation within the Company and summarized by the Company's Finance Department. The Company's Finance Department monitors the forecasting of the Company's liquidity needs to ensure that it has sufficient funds to meet operating needs.
- B. The following table shows the Company's non-derivative financial liabilities, and derivative financial liabilities delivered on a net or gross basis, which are grouped according to their maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the maturity date. Derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date. Contractual cash flow amounts disclosed in the table below are undiscounted amounts.

<u>Non-derivative financial liabilities</u>				
<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>5 years or more</u>
Short-term borrowings	\$ 125,000	\$ -	\$ -	\$ -
Notes payable	460	-	-	-
Accounts payable	1,411	-	-	-
Accounts payable - related parties	36,799	-	-	-
Other payables	9,526	-	-	-
<u>Non-derivative financial liabilities</u>				
<u>December 31, 2021</u>	<u>Less than 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>5 years or more</u>
Short-term borrowings	\$ 356,792	\$ -	\$ -	\$ -
Notes payable	25	-	-	-
Accounts payable	2,089	-	-	-
Accounts payable - related parties	7,750	-	-	-
Other payables	54,203	-	-	-

#### 4. Fair value hierarchy

The table below presents the valuation techniques used to analyze financial instruments measured at fair value. Different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3: Unobservable inputs for the asset or liability.

The Company's financial assets and liabilities measured at fair value as of December 31, 2022 and 2021 are presented as follows:

	<u>December 31, 2022</u>	<u>Level 3</u>
Financial assets:		
Financial assets at FVTOCI - equity securities	\$	50,620
	<u>December 31, 2021</u>	<u>Level 3</u>
Financial assets:		
Financial assets at FVTOCI - equity securities	\$	62,079

If there are significant parameters not obtained from observable market data, then such financial instrument falls under Level 3.

Specific valuation techniques used to measure financial instruments include:

- (1) Quoted prices or dealer prices for similar instruments.
- (2) The fair value of an interest rate exchange transaction is the present value of estimated future cash flows discounted according to an observable yield curve.
- (3) Other valuation techniques to determine the fair value of the remaining financial instruments.

Quantitative information on fair value measurement of significant unobservable inputs:

Valuation techniques and inputs for Level 3 fair value measurement

Equity instruments at FVTOCI have multiple significant unobservable inputs. As the significant unobservable inputs of investments are independent of each other, there is no mutual correlation.

The quantitative information on significant unobservable inputs as of December 31, 2022 is presented as follows:

Item measured at fair value based on a repeatability basis	Fair value as of December 31, 2022 (in thousands)	Valuation technique	Significant unobservable input	Interval (weighted average)	Relationship between input and fair value
<u>Financial assets at FVTOCI - LIGHTEL</u>	\$50,620	Comparable companies method	EBIT multiplier	6.31~29.56 (6.31)	The higher EBIT multiplier, income multiplier, and equity ratio, the higher the fair value.
			Income multiplier	0.78~2.09 (0.78)	
			Equity multiplier	1.23~2.79 (1.23)	
		Option model	Illiquidity discount	30%	The higher the minority discount and illiquidity discount, the lower the fair value.
			Annualized volatility	41.32%	The higher the annualized volatility, the higher the fair value.
			Risk discount rate	11.12%	The higher the risk discount rate, the lower the fair value.

Changes in financial assets at FVTOCI for 2022 and 2021 are presented as follows:

	2022		2021	
Opening balance	\$	62,079	\$	46,451
Loss (profit) recognized in other comprehensive income		(11,459)		15,628
Closing balance	\$	50,620	\$	62,079

(III) Foreign Currency Assets and Liabilities with Significant Effects

The following information is summarized and expressed in foreign currencies other than the Company's functional currency. Disclosed exchange rates are the exchange rates from these foreign currencies to the functional currency. Foreign currency assets and liabilities with significant effects are presented as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Foreign currency monetary assets</u>						
<u>USD</u>	\$ 4,063	30.71	\$ 124,775	\$ 14,780	27.68	\$ 409,110
<u>HKD</u>	159	3.938	626	296	3.549	1,051
<u>RMB</u>	52,445	4.4094	231,251	37,262	4.3415	161,773
<u>Foreign currency non-monetary assets</u>						
<u>USD</u>	1,648	30.71	50,610	2,243	27.68	62,086
<u>Foreign currency monetary liabilities</u>						
<u>USD</u>	1,227	30.71	37,681	6,084	27.68	168,405
<u>Exchange gains and losses on monetary assets and liabilities</u>						
			<u>111年度</u>			<u>110年度</u>
<u>USD</u>			\$ 17,595			\$ (8,897)
<u>HKD</u>			128			(21)
<u>RMB</u>			3,929			2,028
<u>JPY</u>			2			(5)
<u>Total</u>			<u>\$ 21,654</u>			<u>\$ (6,895)</u>

	2022		2021	
	Range of changes	Profit or loss affected	Range of changes	Profit or loss affected
<u>Financial assets - monetary items</u>				
<u>USD</u>	1%	\$ 1,248	1%	\$ 4,091
<u>Financial liabilities - monetary items</u>				
<u>USD</u>	1%	377	1%	1,684



### XIII. ADDITIONAL DISCLOSURES

#### (I) INFORMATION ON SIGNIFICANT TRANSACTIONS

No.	Item	Table
1	LOANS TO OTHERS	Table 1
2	ENDORSEMENTS/GUARRANTEES PROVIDED	Table 2
3	MARKETABLE SECURITIES HELD (excluding investments in subsidiaries, associates and joint ventures)	Table 3
4	Cumulative purchase or sale of the same security amounting to NT\$300 million or more than 20% of the paid-in capital	No
5	Property acquired amounting to NT\$300 million or more than 20% of the paid-in capital	No
6	Property disposed of amounting to NT\$300 million or more than 20% of the paid-in capital	No
7	TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL	No
8	Receivables from related parties amounting to NT\$100 million or more than 20% of the paid-in capital	No
9	INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS	Table 5
10	INFORMATION ON INVESTEES (excluding investees in mainland China)	Table 6
11	INFORMATION ON INVESTMENTS IN MAINLAND CHINA	Table 7
12	Information on major shareholders	Table 8

#### (II) INFORMATION ON INVESTEES

No.	Item	Table
1	LOANS TO OTHERS	Table 1
2	ENDORSEMENTS/GUARRANTEES PROVIDED	No
3	MARKETABLE SECURITIES HELD (excluding investments in subsidiaries, associates and joint ventures)	Table 3
4	Cumulative purchase or sale of the same security amounting to NT\$300 million or more than 20% of the paid-in capital	No
5	Property acquired amounting to NT\$300 million or more than 20% of the paid-in capital	No
6	Property disposed of amounting to NT\$300 million or more than 20% of the paid-in capital	No
7	TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL	Table 4
8	Receivables from related parties amounting to NT\$100 million or more than 20% of the paid-in capital	No
9	INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS	Table 5
11	INFORMATION ON INVESTEES (excluding investees in mainland China)	No
12	Information on major shareholders	No

#### (III) INFORMATION ON INVESTMENTS IN MAINLAND CHINA: see Table 7.

##### 1. Limits on investments in mainland China

Cumulative investment amount remitted from Taiwan to mainland China as of the end of the year (Note 1)	Investment amount approved by the Investment Commission, MOEA (Note 2)	Limits on investments in mainland China set by the Investment Commission, MOEA (Note 3)
\$ 443,977	\$ 533,065	\$ 837,177

Note 1: Investment amounts remitted to mainland China over the years are summarized as follows:

- (1) The Company indirectly invested US\$5,000 thousand to establish DONGGUAN LUCKY FLY CONDUCTOR CO.LTD as share capital through its subsidiary SPACE SHUTTLE HI-TECH CO., LTD., as approved by the Investment Commission, MOEA through Jing Shen Er Zi No. 10100447460 on November 19, 2012. In October 2014, the board of directors resolved to increase investment in DONGGUAN LUCKY FLY CONDUCTOR CO.LTD by US\$3,000 thousand through an overseas subsidiary, as approved by the Investment Commission, MOEA through Jing Shen Er Zi No. 10300250240 on October 8, 2014. As of December 31, 2022, the said investments totaling US\$8,000 thousand had been fully remitted.
- (2) The Company indirectly invested HK\$7,000 thousand, and HK\$3,372 thousand purchased through XDM with its own funding, to establish Dongguan Feitai Electronic Co., Ltd. as share capital through its subsidiary SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED, as approved by the Investment Commission, MOEA through Jing Shen Er Zi No. 10000384740 on September 6, 2011. On September 28, 2015, the Company changed the investment structure by reinvesting in SPACE SHUTTLE HI-TECH CO., LTD. (Seychelles) with the total price of its 100% shares in Dongguan Feitai Electronic Co., Ltd., as approved by the Investment Commission, MOEA through Jing Shen Er Zi No. 10400286960 on November 4, 2015.  
As decided by the board of directors, the Company sold 81% shares and some fixed assets in its subsidiary SPACE SHUTTLE HI-TECH CO., LTD.(Seychelles) to GREAT CHINA HI-TECH CO., LTD. on November 30, 2015 as the base date., as approved by the Investment Commission, MOEA through Jing Shen Er Zi No. 10500010820 on January 25, 2016 to cancel US\$552 thousand investment. As of December 31, 2022, the total balance of the said investment funds was approximately HK\$6,094 thousand.
- (3) The Company indirectly invested HK\$20,000 thousand and, and HK\$15,385 thousand purchased through XDM with its own funding, to establish DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD as share capital through its subsidiary SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED, as approved by the Investment Commission, MOEA through Jing Shen Er Zi No. 10000384730 on September 6, 2011. As of December 31, 2022, the said investments totaling HK\$35,385 thousand had been fully remitted.
- (4) In 2002, the Company indirectly invested in Zhong Ju Hi-Tech Co., Ltd. through SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED, a subsidiary of the Company's subsidiary SPACE SHUTTLE (SINGAPORE) HI-FI WIRE & CABLE INDUSTRY PTE LTD., as approved by the Investment Commission, MOEA through Jing Shen Er Zi No. 091034423 on November 1, 2002. In December 2013, the Company sold 20% shares in Zhong Ju Hi-Tech Co., Ltd. by reducing its shareholding from 50% to 30% for CN¥6,518 thousand, which was recovered on May 4, 2015. In March 2016, as the Company did not participate in a US\$2,460 thousand cash capital increase, its shareholding in Zhong Ju was reduced from 30% to 19.15%. In June 2021, as the

Company did not participate in a US\$628 thousand cash capital increase, its shareholding was further reduced from 19.15% to 17.53%.

Note 2: The Investment amount approved by the Investment Commission, MOEA included US\$11,489 thousand and HK\$45,769 thousand.

Note 3: The amount of limits set by the MOEA through Jing Shen Zi No. 09704604680 on August 29, 2008 was 60% of the net worth.

## 2. Significant transactions

For direct or indirect significant transactions between the Company and its subsidiaries and investees in mainland China for 2022 (which had been written off in preparing the consolidated statements), see INFORMATION ON SIGNIFICANT TRANSACTIONS.

## (IV) INFORMATION ON MAJOR SHAREHOLDERS

See Table 8 for shareholders holding 5% or more shares, their shareholdings and shareholding ratios.

## XIV. INFORMATION ON OPERATING SEGMENTS

The Company has prepared the audited consolidated financial statements for 2022 and 2021, and disclosed the information on segments in accordance with SFAS No. 41 Disclosure of the Information on Operating Segments.

**Space Shuttle Hi-Tech co., Ltd**  
**LOANS TO OTHERS**  
For the Year Ended December 31, 2022

Table 1 (In Thousands of NT\$)

No.	Lender	Borrower	Item	Related party or not	Maximum amount for the year	Closing balance	Actual amount drawn	Interest rate range	Nature of loan	Amount of business dealings	Cause for the need for short-term financing	Provision for bad debts	Collateral		Limits to a borrower	Total limits
													Name	Value		
0	Space Shuttle Hi-Tech co., Ltd	SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	Other receivables	Y	\$ 128,860	\$ 122,840	\$ -	0	Need for short-term financing	\$ -	working capital	\$ -	No	\$ -	\$ 139,530	\$ 558,118
0	Space Shuttle Hi-Tech co., Ltd	SPACE SHUTTLE HI-TECH CO., LTD	Other receivables	Y	123,795	-	-	0	Need for short-term financing	-	working capital	-	No	-	139,530	558,118
0	Space Shuttle Hi-Tech co., Ltd	DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	Other receivables	Y	322,150	307,100	220,470	3%	Need for short-term financing	-	working capital	-	No	-	139,530	558,118
1	SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	Other receivables	Y	161,075	153,550	-	0	Need for short-term financing	-	working capital	-	No	-	139,530	558,118
2	SPACE SHUTTLE HI-TECH CO., LTD	DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	Other receivables	Y	70,740	-	-	0	Need for short-term financing	-	working capital	-	No	-	139,530	558,118

Note 1: Numbers given in column No. are defined as follows:

1. Fill in 0 for the Issuer
2. Investees are numbered sequentially starting from 1 by the Company.

Note 2: Items such as accounts receivable from associates, accounts receivable from related parties, shareholder transactions, advance payments and temporary payments, must be filled in this column if they are loans by nature.

Note 3: The maximum balance for the year and the closing balance are limits, not actual amounts drawn.

Note 4: The nature of loan is defined as follows:

1. Fill in 1 if there are business dealings.
2. Fill in 2 if there is a need for short-term financing.

Note 5: If the nature of loan is in the case of 1, the amount of transactions should be provided. The amount of business dealings is the total amount of business dealings between the lender and the borrower in the most recent year.

Note 6: If the nature of loan is in the case of 2, the cause for the need for a loan and the use of the loan, such as repayment of an existing loan, purchase of equipment and working capital, should be specified.

Note 7: The calculation and amount of limits on loans should be stated.

1. For companies or firms the Company needs to trade with, the amount of a loan shall be limited to 10% of the net worth contained in the Company's financial statements, and the total amount of loans to others shall be limited to 40% of the net worth contained in the Company's financial statements.
2. For companies or firms that need short-term financing, the amount of a loan shall be limited to 10% of the net worth contained in the parent company's financial statements, and the total amount of loans to others shall be limited to 40% of the net worth contained in the parent company's financial statements.

**Space Shuttle Hi-Tech co., Ltd**  
**ENDORSEMENTS/GUARANTEES PROVIDED**  
For the Year Ended December 31, 2022

Table 2

(In Thousands of NT\$)

No.	Guarantor	Principal		Limits to a company	Maximum balance for the year	Closing balance	Actual amount drawn	Amount of endorsement/guarantee secured by property	Cumulative amount of endorsements/guarantees as a percentage of the net worth contained the latest financial statements	Maximum limits	Parent company's endorsement/guarantee for a subsidiary	A subsidiary's endorsement/guarantee for the parent company	Endorsement/guarantee for a company in mainland China	Remarks
		Name	Relationship											
0	Space Shuttle Hi-Tech co., Ltd	SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	A subsidiary in which the Company directly holds more than 50% ordinary shares	\$ 1,395,295	\$ 48,323	\$ -	\$ -	\$ -	66.37%	\$ 1,395,295	Y	N	N	
		DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	A subsidiary in which the Company directly holds more than 50% ordinary shares	1,395,295	67,638	66,141	-	-	66.37%	1,395,295	Y	N	Y	
		DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	A subsidiary in which the Company directly holds more than 50% ordinary shares	1,395,295	943,200	859,880	241,944	18,426	66.37%	1,395,295	Y	N	Y	

Note 1: Numbers given in column No. are defined as follows:

1. Fill in 0 for the Issuer
2. Investees are numbered sequentially starting from 1 by the Company.

Note 2: The relationship between the Guarantor and the Principal may be one of the following 7 types:

1. A company with business dealings.
2. A company in which the Company directly or indirectly holds more than 50% voting shares.
3. A company which directly or indirectly holds more than 50% voting shares in the Company.
4. A company in which the Company directly or indirectly holds 90% or more voting shares.
5. A company and the Company should provide a guarantee to each other as per any contract between peers or co-builders as necessary for contracting projects.
6. A company guaranteed by all shareholders according to their shareholding ratios based on joint investment relations.
7. Peers should be jointly liable for performance bond under a house pre-sale contract in accordance with the Consumer Protection Act.

Note 3: The total amount of endorsements/guarantees shall be limited to 100% of the net worth contained in the Company's financial statements, and the amount of limits on endorsements/guarantees to a company shall be limited to 100% of the net worth contained in the Company's financial statements.

**Space Shuttle Hi-Tech co., Ltd**  
**MARKETABLE SECURITIES HELD (excluding investments in subsidiaries, associates and joint ventures)**  
December 31, 2022

Table 3 (In Thousands of NT\$)

Holder	Type and name of securities	Relationship with the issuer	Account	Closing				Remarks
				Number of shares	Carrying amount	Percentage of ownership	Fair value	
Space Shuttle Hi-Tech co., Ltd	Stock LIGHTEL-TECHNOLOGIES, INC.		Investments in equity instruments at FVTOCI - current	1,250	\$ 50,620	-	\$ 50,620	Note 2
SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	Stock SPACE SHUTTLE HI-TECH CO., LTD. (Seychelles)		Investments in equity instruments at FVTOCI - current	1,971	-	19.00%	-	Notes 3, 4
	Stock Zhong Ju Hi-Tech Co., Ltd.		Investments in equity instruments at FVTOCI - current	-	62,833	17.53%	62,833	Notes 2, 5

Note 1: Marketable securities stated here are defined as shares, bonds, and beneficiary certificates in the scope of IAS 39 "Financial Instruments: Recognition and Measurement" and marketable securities derived from the same.

Note 2: The fair value is the market value calculated according to the valuation model.

Note 3: On September 28, 2015, SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED changed its investment structure by reinvesting in SPACE SHUTTLE HI-TECH CO., LTD. (Seychelles) with the total price of its 100% shares in Dongguan Feitai Electronic Co., Ltd., as approved by the Investment Commission, MOEA through Jing Shen Er Zi No. 10400286960 on November 4, 2015. On November 30, 2015, SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED sold its 81.00% stake in SPACE SHUTTLE HI-TECH CO., LTD.(Seychelles) to GREATCHINACOM HI-YECH CO., LTD., as approved by the Investment Commission, MOEA through Jing Shen Er Zi No. 10500010820 on January 25, 2016.

Note 4: SPACE SHUTTLE HI-TECH CO., LTD. (Seychelles) is a holding company of 100% investment in Dongguan Feitai Electronic Co., Ltd., which has not improved from sustained loss and has reported accumulated losses in excess of paid-in capital. In this sense, the fair value of Dongguan Feitai Electronic Co., Ltd. is estimated to be 0.

Note 5: Zhong Ju increased capital by US\$628 thousand to US\$7,428 thousand. However, as the Group did not participate, its shareholding was reduced from 19.15% to 17.53%.

**Space Shuttle Hi-Tech co., Ltd**  
**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
For the Year Ended December 31, 2022

Table 4 (In Thousands of NT\$)

Company	Counterparty	Relationship	Transactions				Unusual terms and why		Notes and accounts receivable (payable)		Remarks
			Purchases/ Sales	Amount	% to Total	Payment terms	Unit price	Payment terms	Balance	% to Total	
DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	Same ultimate parent company	Sales	\$ (192,248)	6.98%	Net 90 days from the invoice date	-	-	\$ 40,514	5.92%	Note 1

Note 1: The purchases and sales above between the Company and related parties have been written off in the consolidated financial statements.

**Space Shuttle Hi-Tech co., Ltd**  
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
For the Year Ended December 31, 2022

Table 5 (In Thousands of NT\$)

No.	Company	Counterparty	Nature of relationship	Intercompany transactions					
				Account	Amount	Terms	As a percentage of consolidated net revenue or total assets		
0	Space Shuttle Hi-Tech co., Ltd	SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	1	Purchases	\$ 93,187	on general terms	2.97%		
		SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	1	Accounts payable	36,799	on general terms	1.73%		
		SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	1	Interest income	1,162	on general terms	0.04%		
		SPACE SHUTTLE HI-TECH CO., LTD	1	Interest income	496	on general terms	0.02%		
		DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	1	Other receivables	220,470	on general terms	10.39%		
		DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	1	Accrued revenue	3,263	on general terms	0.15%		
		DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	1	Interest income	3,846	on general terms	0.12%		
		1	SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	DONG GUAN HOU JIE XI TOU	3	Purchases	91,225	on general terms	2.91%
				SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	3	Accounts payable	35,668	on general terms	1.68%
SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	3			Other payables	441	on general terms	0.02%		
SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	3			Interest income	2,289	on general terms	0.07%		
SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	3			Rental income	6,386	on general terms	0.20%		
SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	3			Interest income	518	on general terms	0.02%		
2	SPACE SHUTTLE HI-TECH CO., LTD	DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	3	Interest income	518	on general terms	0.02%		
3	DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	DONG GUAN HOU JIE XI TOU	3	Accounts receivable	40,514	on general terms	1.91%		
		SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD							

(carried over)



(brought forward)

**Space Shuttle Hi-Tech co., Ltd**  
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
For the Year Ended December 31, 2022

Table 5 (In Thousands of NT\$)

No.	Company	Counterparty	Nature of relationship	Intercompany transactions			
				Account	Amount	Terms	As a percentage of consolidated net revenue or total assets
	DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	3	Sales	\$ 192,248	on general terms	6.13%

Note 1: Intercompany transactions should be indicated in column No. respectively. Numbers given are defined as follows:

1. 0 represents the parent company.
2. Subsidiaries are numbered sequentially starting from 1 by the Company.

Note 2: The nature of relationship may be one of the following 3 types:

1. From the parent company to a subsidiary.
2. From a subsidiary to the parent company.
3. From a subsidiary to another subsidiary.

Note 3: When calculating transactions as a percentage of consolidated net revenue or total assets, for asset or liability items, calculate the closing balance as a percentage of consolidated total assets; for profit or loss items, calculate cumulative amount for the year as a percentage of consolidated net revenue.

Note 4: The transaction amount has been written off in the consolidated financial statements.

**Space Shuttle Hi-Tech co., Ltd**  
**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES (excluding investees in mainland China)**  
December 31, 2022

Table 6

Unit: In Thousands of NT\$; Number of shares: shares

Investor	Investee	Location	Business scope	Original investment amount		Held at the end of the year			Share of the profit or loss of the investee	Recognized share of the profit or loss of the investee	Remarks
				End of the year	End of last year	Number of shares	Percentage of ownership (%)	Carrying amount			
Space Shuttle Hi-Tech co., Ltd	SPACE SHUTTLE HI-TECH CO., LTD	Samoa	General investment	\$ 244,987	\$ 244,987	8,000	100.00%	\$ 530,488	\$ (23,462)	\$ (23,462)	Subsidiary
	SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	Hong Kong	General investment and sales	546,243	546,243	130,221	100.00%	477,067	11,939	11,939	Subsidiary
	Total			\$ 791,230	\$ 791,230			\$ 1,007,555	\$ (11,523)	\$ (11,523)	

Note 1: If a public offering company has a foreign holding company and should mainly use consolidated statements as required by local laws, then information about foreign investees to be disclosed may be disclosed to information related to the holding company only.

Note 2: Other than 1, the following requirements should be followed:

- (1) Columns such as "Investee", "Location", "Business scope", "original investment amount" and "Held at the end of the year" should be filled in order from investment by the (public offering) company to investment by each directly or indirectly controlled investee, and the relationship between each investee and the (public offering) company should be indicated in column Remarks (a subsidiary or sub-subsidiary).
- (2) In column B of "Share of the profit or loss of the investee", the profit or loss of each investee should be filled in.
- (3) In column B of "Recognized share of the profit or loss of the investee", only the profit or loss of each subsidiary directly invested and of each investee valued using the equity method as recognized by the (public offering) company is required. As to the profit or loss of each subsidiary directly invested as recognized, it should be confirmed that the profit or loss of each subsidiary has included its share of the profit or loss of any investee invested by such subsidiary.

Note 3: Any difference between the recognized gains and the profit or loss of the investee is the result of any unrealized profit or loss on internal transactions.

Note 4: The said investees have been included the consolidated financial statements.

**Space Shuttle Hi-Tech co., Ltd**  
**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**  
For the Year Ended December 31, 2022

Table 7

(In Thousands of NT\$)

Investee in mainland China	Business scope	Paid-in capital	Form of investment	Cumulative investment amount remitted from Taiwan as of the beginning of the year	Investment amount remitted or recovered for the year		Cumulative investment amount remitted from Taiwan as of the end of the year	Share of the profit or loss of the investee	The Company's direct or indirect shareholding ratio	Recognized share of the profit or loss of the investee	Carrying amount of investment at the end of the year	Share of the profit of the investee repatriated as of the end of the year	Remarks
					Remitted	Recovered							
DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	Production and sales of copper wires.	\$ 244,987	2	\$ 244,987	\$ -	\$ -	\$ 244,987	\$ (24,279)	100.00%	\$ (23,135)	\$ 530,162	\$ -	Note 4
DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	Production and sales of information transmission wires.	135,502	2	135,502	-	-	135,502	21,228	100.00%	21,228	288,419	-	
Cumulative investment amount remitted from Taiwan to mainland China as of the end of the year		\$ 443,977		\$ 533,065	Limits on investments in mainland China set by the Investment Commission, MOEA		\$ 837,177						

Note 1: The forms of investments include the following three forms. Please indicate which form was adopted:

- (1) Direct investment in Chinese
- (2) Investment in mainland China through a third-region company (please specify the investment company in the third region).
- (3) Otherwise.

Note 2: In column Recognized share of the profit or loss of the investee:

- (1) If there is no share of the profit or loss of the investee under preparation, please indicate.
- (2) The basis of recognizing share of the profit or loss of the investee includes the following three types. Please indicate which one is applicable.
  - A. Financial statements audited and verified by an international accounting firm in cooperation with an accounting firm in the Republic of China
  - B. Financial statements audited and verified by CPAs of the parent company in Taiwan
  - C. Others.

Note 3: Figures in this table should be reported in NTD.

Note 4: Any difference between the profit or loss of the investee and the recognized share of the profit or loss of the investee is the result of any unrealized gross profit on internal transactions.

**Space Shuttle Hi-Tech co., Ltd**  
**INFORMATION ON MAJOR SHAREHOLDERS**

December 31, 2022

Table 8

Number of shares:  
Thousands of shares

Name of major shareholder	Shares	
	Number of shares held	Percentage of ownership
Wang, Kun-Tian	33,207,685	23.87%
Wang, Hsuan-Hui	11,579,000	8.32%
Luo, Chiu-Hsiang	11,100,801	7.97%

Note: The information on major shareholders here covers those shareholders holding at least 5% of the Company's ordinary shares and preferred shares (including treasury shares) delivered without physical registration in aggregate on the last business day at the end of each quarter, as calculated by TDCC. The Company's actual number of shares delivered without physical registration presented in the Company's financial statements may deviate due to a different basis for preparation and calculation. As for any insider share application for holding at least 10% of the Company's shares filed by any shareholder in accordance with the Securities and Exchange Act, then its shareholding includes the shares held by the shareholder and the shares managed by a trust, in which the shareholder had the right to exercise decision-making power over the trust property. For insider share application documents, visit the MOPS.

V. Parent Company's Financial Statements Verified by the CPA for the Most Recent Fiscal Year:

STATEMENT

It is hereby stated that companies to be included by the Company in its consolidated financial statements for the year 2022 (from January 1, 2022 to December 31, 2022) as per the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are identical to those to be included in the consolidated financial statements of the parent company and its subsidiaries as per the IFRS 10 and that all information to be disclosed in the Company's consolidated financial statements has been disclosed in the said consolidated financial statements of the parent company and its subsidiaries, requiring no additional consolidated financial statements to be otherwise prepared.

SPACE SHUTTLE HI-TECH CO., LTD.

Manager: WANG, HSUAN-HUI

March 29, 2023

# Independent Auditors' Report

To SPACE SHUTTLE HI-TECH CO., LTD.,

## Opinion

We have audited the accompanying consolidated financial statements of SPACE SHUTTLE HI-TECH CO., LTD. and its subsidiaries (collectively, 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.

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 for the year ended December 31, 2022 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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.

Key audit matters identified in the audit of the Group's consolidated financial statements as of and for the year ended December 31, 2022 are stated as follows:

### Revenue Recognition

The Group derives revenue primarily from the re-processing and re-manufacturing of various copper materials and the manufacturing and sales of wires, cables and related products. For information on revenue recognition, see Notes 4 and 6 (13) and 14 to the accompanying consolidated financial statements. In 2022, the Group reported a operating income of NT\$3,135,693,000, down 25.39% compared to the previous year. As revenue recognition is a matter of concern to users of the consolidated financial statements, it is identified as a key audit matter.

Our audit procedures performed in respect of the key audit matter include the following, among others:

1. We understood the internal control related to the Group's revenue recognition and evaluated the design of key control. We determined whether the key control has been implemented effectively.
2. We analyzed the Group's revenue from sales to top 10 customers, conducted substantive tests, sample tested transactions to verify the transaction vouchers and collection of receivables, and confirmed authenticity.
3. We examined the Group's delivery terms with customers, and tested the sales samples for a period of time before and after the year-end date to assess the adequacy of the revenue recognition period.

### Impairment of Receivables

We analyzed the Group's receivables from credit risk and customers' current financial positions to estimate the unrecoverable amount. For the accounting policy on receivables, see Note 4 to the accompanying consolidated financial statements; for the accounting judgments, estimates and assumptions for impairment of receivables, see Note 5 to the accompanying consolidated financial statements; for the description of impairment, see Note 6 (2) to the accompanying consolidated financial statements.

Given different loss patterns in different customers, management classifies them into credit groups by customers' default history, current financial positions and reasonable forecast of their future financial positions, and estimates the expected credit loss rate for each credit group. As the assumption of an expected credit loss rate involves subjective judgment and the estimation of the expected credit loss rate for receivables requires important estimates from management, impairment of receivables for the year ended December 31, 2022 is identified as one of the key audit matters.

Our audit procedures performed in respect of the key audit matter include the following, among others:

1. We evaluated whether the basis for classification of customer credit groups by the Group' management and the appropriateness of the relevant estimation process.
2. We obtained information related to management's estimation of expected credit loss rates, including historical experience, current market conditions, and management's reasonable forecast of future financial positions, and evaluated the reasonableness of the said information and forecast.
3. We re-calculated and evaluated the reasonableness of management's allowance for losses on receivables based on the balance of receivables, the classification of credit groups and expected credit loss rates provided by management.
4. We obtained the Group's receipt of receivables and other available information, and examined whether there were significant amounts and overdue receivables, so as to learn whether management has provided sufficient allowance for expected credit losses on receivables.

#### **Other Matters - Financial Statements**

We have also audited the financial statements of the Company as of and for the year 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 IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. 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 of the Group 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.

Honesty CPA Firm

Auditor: LIN, SHU-LING

Auditor: CHENG, HAN

SFB Approval No.:

SFB Approval No.:

Tai Cai Zheng (1) No. 0800051636

Jin Guan Zheng Shen Zi No. 1080310188

March 29, 2023



**SPACE SHUTTLE HI-TECH CO., LTD. and Its Subsidiaries**

**Consolidated Balance Sheets**

For the Years Ended December 31, 2022 and 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars

Code	Asset	Note	December 31, 2022		December 31, 2021		Code	Liabilities and Equity	Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%				Amount	%	Amount	%
	Current assets							Current liability					
1100	Cash and cash equivalents	4, 6 (1)	\$ 423,517	19.96	\$ 336,241	13.40	2100	Short-term borrowings	6 (7), 8	\$ 366,945	17.29	\$ 791,191	31.53
1170	Accounts receivable, net	4, 5, 6 (2), 8	811,576	38.25	1,190,465	47.44	2150	Notes payable		460	0.02	25	-
							2170	Accounts payable		89,021	4.20	129,883	5.18
1200	Other receivables	4, 9 (2)	34,086	1.61	37,557	1.50	2200	Other payables	9 (2)	84,961	4.00	113,783	4.53
1220	Income tax assets for the year	4, 5, 6 (17)	68	-	-	-	2220	Other payables - related parties	7	22,622	1.07	28,043	1.12
130x	Inventories	4, 5, 6 (3)	249,733	11.77	347,959	13.87	2230	Income tax liabilities for the year	4, 6 (17)	15,541	0.73	10,880	0.43
1476	Other financial assets - current	4, 8	73,850	3.48	166,060	6.62	2280	Lease liabilities - current	4, 5, 6 (6)	13,955	0.66	19,069	0.76
1479	Other current assets - others		16,023	0.76	31,561	1.26			, 7, 12 (4)				
11xx	Total current assets		<u>1,608,853</u>	<u>75.83</u>	<u>2,109,843</u>	<u>84.09</u>	2399	Other current liabilities - others		5,817	0.27	1,706	0.07
							21xx	Total current liabilities		<u>599,322</u>	<u>28.24</u>	<u>1,094,580</u>	<u>43.62</u>
							2570	Non-current liabilities					
								Deferred income tax liabilities	4, 5, 6 (17)	800	0.04	471	0.02
							2580	Lease liabilities - non-current	4, 5, 6 (6)	124,620	5.88	1,444	0.06
									, 7, 12 (4)				
							2600	Other non-current liabilities	4, 6 (8), 7	1,591	0.07	6,390	0.25
							25xx	Total non-current liabilities		<u>127,011</u>	<u>5.99</u>	<u>8,305</u>	<u>0.33</u>
							2xxx	Total liabilities		<u>726,333</u>	<u>34.23</u>	<u>1,102,885</u>	<u>43.95</u>
							3110	Equity					
							3200	Ordinary share capital	6 (9)	1,391,173	65.58	1,391,173	55.45
1517	Financial assets at fair value through other comprehensive income - non-current	4, 5, 6 (4), 12 (2)	113,453	5.35	127,406	5.08	3310	Capital surplus	6 (10)	5,109	0.24	5,109	0.20
							3320	Retained earnings	6 (11)				
1600	Property, plant and equipment	4, 5, 6 (5)	240,320	11.32	223,888	8.92	3350	Legal reserve		2,560	0.12	-	-
1755	Right-of-use assets	4, 5, 6 (6)	146,524	6.91	24,911	0.99	3320	Special reserve		15,630	0.74	-	-
1840	Deferred income tax assets	4, 5, 6 (17)	7,331	0.35	12,053	0.48	3300	Unappropriated earnings (Accumulated deficit)		(15,204)	(0.72)	25,595	1.02
1900	Other non-current assets	4	5,147	0.24	11,031	0.44	3400	Earnings					
15xx	Total non-current assets		<u>512,775</u>	<u>24.17</u>	<u>399,289</u>	<u>15.91</u>	3xxx	Total retained earnings		<u>2,986</u>	<u>0.14</u>	<u>25,595</u>	<u>1.02</u>
								Other equity	6 (12)	<u>(3,973)</u>	<u>(0.19)</u>	<u>(15,630)</u>	<u>(0.62)</u>
1xxx	Total assets		<u>\$ 2,121,628</u>	<u>100.00</u>	<u>\$ 2,509,132</u>	<u>100.00</u>		Total equity		<u>1,395,295</u>	<u>65.77</u>	<u>1,406,247</u>	<u>56.05</u>
								Total liabilities and equity		<u>\$ 2,121,628</u>	<u>100.00</u>	<u>\$ 2,509,132</u>	<u>100.00</u>

(See Notes to Consolidated Financial Statements)

Chairman: WANG, HSUAN-HUI

Manager: WANG, HSUAN-HUI

Accounting Supervisor: CHEN YI-HUNG

## SPACE SHUTTLE HI-TECH CO., LTD. and Its Subsidiaries

### Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars,  
except for NT\$ for earnings (losses) per share

Code	Item	Note	2022		2021	
			Amount	%	Amount	%
4000	Operating income	4, 6 (13), 14	\$ 3,135,693	100.00	\$ 4,202,960	100.00
5000	Operating costs	4, 6 (3), 6 (15), 7	(2,948,379)	(94.03)	(3,894,247)	(92.65)
5900	Gross profit		187,314	5.97	308,713	7.35
	Operating expenses	4, 6 (15)				
6100	Selling expenses		(29,465)	(0.94)	(32,741)	(0.78)
6200	G&A expenses		(118,395)	(3.78)	(107,499)	(2.56)
6300	R&D expenses		(8,447)	(0.27)	(7,621)	(0.18)
6450	Gain (loss) on expected credit impairment	6 (2)	2,137	0.07	(3,321)	(0.08)
6000	Total operating expenses		(154,170)	(4.92)	(151,182)	(3.60)
6900	Operating income		33,144	1.05	157,531	3.75
	Non-operating income and expenses					
7100	Interest income		4,075	0.13	2,240	0.05
7010	Other income	6 (14), 9	5,051	0.16	4,269	0.10
7230	Net foreign exchange gain (loss)		(12,096)	(0.39)	6,632	0.16
7050	Finance costs	6 (14)	(21,594)	(0.68)	(20,195)	(0.48)
7000	Total non-operating income and expenses		(24,564)	(0.78)	(7,054)	(0.17)
7900	Net income before ta		8,580	0.27	150,477	3.58
7950	Income tax expense	4, 6 (17)	(31,944)	(1.02)	(45,785)	(1.09)
8200	Net (loss) profit for the year		(23,364)	(0.75)	104,692	2.49
	Other comprehensive income (loss)	4, 6 (4), 6 (12)				
8310	Items that will not be reclassified subsequently to profit or loss:					
8311	Re-measurement of defined benefit plans		755	0.02	(286)	(0.01)
8316	Unrealized gain or loss on valuation of investments in equity instruments at fair value through other comprehensive income		(21,113)	(0.67)	52,908	1.26
8360	Items that may be reclassified subsequently to profit or loss:					
8361	Exchange differences on translation of foreign operations		32,770	1.05	(8,854)	(0.21)
8300	Other comprehensive income (loss), net		12,412	0.40	43,768	1.04
8500	Total comprehensive income (loss) for the year		\$ (10,952)	(0.35)	\$ 148,460	3.53
8600	Net (loss) profit attributable to:					
8610	Comprehensive net (loss) profit of owners the parent company		\$ (23,364)	(0.75)	\$ 104,692	2.49
8700	Total comprehensive income (loss) attributable to:					
8710	Comprehensive profit and loss of owners of the parent company		\$ (10,952)	(0.35)	\$ 148,460	3.53
	Earnings (loss) per share					
9750	Basic earnings (loss) per share	6 (18)	\$ (0.17)		\$ 0.75	
9850	Diluted earnings (loss) per share	6 (18)	\$ (0.17)		\$ 0.75	

(See Notes to Consolidated Financial Statements)

Chairman: WANG, HSUAN-HUI

Manager: WANG, HSUAN-HUI

Accounting Supervisor: CHEN YI-HUNG

**SPACE SHUTTLE HI-TECH CO., LTD. and Its Subsidiaries**  
**Consolidated Statement of Changes in Equity**

For the Years Ended December 31, 2022 and 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars

	Equity attributable to shareholders of the parent								
	Retained earnings					Other items of equity			
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings (Accumulated deficit)	Exchange differences on translation of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total equity attributable to shareholders of the parent	Total equity
Balance at January 1, 2021	\$ 1,391,173	\$ 5,109	\$ -	\$ -	\$ (78,811)	\$ (53,603)	\$ (6,081)	\$ 1,257,787	\$ 1,257,787
Net profit for 2021	-	-	-	-	104,692	-	-	104,692	104,692
Other comprehensive income or loss for 2021	-	-	-	-	(286)	(8,854)	52,908	43,768	43,768
Balance at December 31, 2021	\$ 1,391,173	\$ 5,109	\$ -	\$ -	\$ 25,595	\$ (62,457)	\$ 46,827	\$ 1,406,247	\$ 1,406,247
Appropriation of earnings									
Appropriation of legal reserve	-	-	2,560	-	(2,560)	-	-	-	-
Appropriation of special reserve	-	-	-	15,630	(15,630)	-	-	-	-
Net loss for 2022	-	-	-	-	(23,364)	-	-	(23,364)	(23,364)
Other comprehensive income or loss for 2022	-	-	-	-	755	32,770	(21,113)	12,412	12,412
Balance at December 31, 2022	\$ 1,391,173	\$ 5,109	\$ 2,560	\$ 15,630	\$ (15,204)	\$ (29,687)	\$ 25,714	\$ 1,395,295	\$ 1,395,295

(See Notes to Consolidated Financial Statements)

Chairman: WANG, HSUAN-HUI

Manager: WANG, HSUAN-HUI

Accounting Supervisor: CHEN YI-HUNG

## SPACE SHUTTLE HI-TECH CO., LTD. and Its Subsidiaries

### Consolidated Statements of the cash flows

For the Years Ended December 31, 2022 and 2021

Unit: Amounts expressed in thousands of New Taiwan Dollars

	2022	2021
Cash flows from operating activities		
Net income before tax for the year	\$ 8,580	\$ 150,477
Income and expense items		
Depreciation expense	37,536	37,654
Amortization expense	32	22
(Gains on reversal of) expected credit impairment losses	(2,137)	3,321
Interest expense	21,594	20,195
Interest income	(4,075)	(2,240)
Gains on reversal of losses on non-financial assets	-	(78)
Changes in operating assets/liabilities		
Accounts receivable	403,600	(138,895)
Other receivables	(29,525)	977
Inventories	104,351	(131,411)
Other current assets	16,158	(7,368)
Other financial assets	7,785	(6,733)
Notes payable	435	(126)
Accounts payable	(51,462)	25,200
Other payables	(4,983)	(8,445)
Other payables - related parties	-	15,405
Other current liabilities	4,102	(2,516)
Cash inflow (outflow) generated from operations	511,991	(44,561)
Interest received	3,591	2,228
Interest paid	(20,898)	(18,632)
Income tax paid	(22,232)	(42,736)
Net cash inflow (outflow) from operating activities	472,452	(103,701)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(19,896)	(15,687)
Refundable deposits	-	213
Other receivables	33,229	(27,230)
Other financial assets	85,718	19,073
Other non-current assets	(4,483)	(7,792)
Net cash inflow (outflow) from investing activities	94,568	(31,423)
Cash flows from financing activities		
Repayments of long-term borrowings	(432,185)	148,710
Other payables	(36,305)	29,358
Repayments of the principal portion of lease liabilities	(19,582)	(19,914)
Other non-current liabilities	(4,106)	(2,186)
Interest paid	(798)	(1,494)
Net cash inflow (outflow) from financing activities	(492,976)	154,474
Effect of changes in exchange rates on cash and cash equivalents	13,232	(4,612)
Increase in cash and cash equivalents for the year	87,276	14,738
Cash and cash equivalents at the beginning of the year	336,241	321,503
Cash and cash equivalents at the end of the year	\$ 423,517	\$ 336,241

(See Notes to Consolidated Financial Statements)

Chairman: WANG, HSUAN-HUI

Manager: WANG, HSUAN-HUI

Accounting Supervisor: CHEN YI-HUNG

Space Shuttle Hi-Tech co., Ltd and Its Subsidiaries  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

(Unless Otherwise Stated in the Notes, Amounts Are Expressed in Thousands of New Taiwan Dollars)

I. GENERAL INFORMATION

Space Shuttle Hi-Tech co., Ltd (hereinafter referred to as the "Company"), incorporated in October 1985 in accordance with the Company Act of the Republic of China, is principally engaged in the re-processing of copper and the manufacture and sales of wires, cables, and optical fiber patch cords. In November 2000, the Company listed its stock on the Taiwan Stock Exchange.

II. APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 29, 2023.

III. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

The application of the IFRSs endorsed and issued into effect by the FSC will not result in significant changes in the accounting policies of the Company and its subsidiaries (the "Group").

- (II) IFRSs endorsed and issued into effect in 2023 by the FSC

New/Amended/Revised Standards and Interpretations	Effective Date Issued by the 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 are applicable to the annual reporting period beginning after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies occurring in the annual period beginning after January 1, 2023.

Note 3: The amendments are applicable to transactions occurring after January 1, 2022, except for deferred tax recognized on January 1, 2022 for temporary differences in lease and decommissioning obligations.

As of the date of approval of the consolidated financial statements, the Group has assessed that the said amendments to standards and interpretations will not have a significant impact on its financial position and financial performance.

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

New/Amended/Revised Standards and Interpretations		Effective Date Issued by the IASB (Note 1)
Amendments to IFRS 10 and IAS 28	“Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	TBD
Amendments to IAS 16	"Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17	"Insurance Contracts"	January 01, 2023
IFRS 17	"Insurance Contracts"	January 01, 2023
IFRS 17	"Initial Application of IFRS 17 and IFRS 9 — Comparative Information"	January 01, 2023
Amendments to IAS 1	"Classification of Liabilities as Current or Non-current"	January 01, 2024
Amendments to IAS 1	"Non-current Liabilities with Covenants"	January 01, 2024

Note 1: Unless otherwise stated, the said new/amended/revised standards and interpretations are effective for annual periods beginning on or after their respective effective dates.

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

As of the date of approval of the consolidated financial statements, the Group has been continuously assessing the impact of the said amendments to standards and interpretations on its financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

#### IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (I) Statement of Compliance

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

##### (II) Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of plan assets. The historical cost is usually determined at the fair value of the consideration paid to acquire an asset.

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

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date;
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 the asset or liability.

##### (III) Basis of Consolidation

1. Principles for the preparation of consolidated financial statements

- (1) The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is the power of the Company to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
  - (2) The Consolidated Statement of Comprehensive Income has properly included the operating profit or loss of subsidiaries acquired or disposed of for the year from the effective date of acquisition or to the effective date of disposal. The Company also attributes total comprehensive income 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.
  - (3) The financial statements of subsidiaries have been properly adjusted so that their accounting policies are consistent with the Company's accounting policies. Significant transactions, balances, gains and losses between entities within the Group have all been eliminated at the time of consolidation.
  - (4) Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The carrying amounts have been adjusted to reflect changes in the relative interests of the Company and non-controlling interest in the subsidiary. Any difference between any adjustment of the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity and attributable to the owners of the Company.
  - (5) When the Company loses control over a subsidiary, a gain or loss on disposal is the difference between: (1) the total fair value of the consideration received and of the remaining investment in the former subsidiary at the date of loss of control, and (2) the total carrying amount of assets (including goodwill) and liabilities and non-controlling interest of the former subsidiary at the date of loss of control. In addition, all amounts relating to the subsidiary recognized in other comprehensive income are accounted for on the same basis as the Company must follow in directly disposing of related assets or liabilities. The remaining investment in the former subsidiary is recognized as the cost of initially recognized investment in an associate at fair value at the date of loss of control.
2. Subsidiaries included in the consolidated financial statements

Investor	Subsidiary	Nature of Business	Percentage of ownership	
			December 31, 2022	December 31, 2021
The Company	SPACE SHUTTLE HI-TECH CO., LTD.(SAMOA)	General investment	100%	100%
The Company	SPACE SHUTTLE (HK) WIRE & CABLE CO., LIMITED (“SPACE SHUTTLE (HK)”)	General investment and sales	100%	100%
SPACE SHUTTLE HI-TECH LTD.(SAMOA)	SHUTTLEDONGGUAN LUCKY CO.,CONDUCTOR CO.LTD	Production and sales of copper wires	100%	100%
SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY LIMITED	DONG GUAN HOU JIE SPACE SHUTTLE HI-FI CO., WIRE & CABLE CO., LTD	Production and sales of information transmission wires	100%	100%

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

#### (IV) Foreign Currencies

The functional currency of the Company and presentation currency of the consolidated financial statements is New Taiwan Dollars (NT\$).

When preparing each entity's financial statements, transactions denominated in currencies other than the entity's functional currency are converted and recognized at the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rate prevailing at that date; non-monetary items denominated in foreign currencies and carried at fair value are translated at the rate prevailing at the date when the fair values were determined; non-monetary items denominated in foreign currencies and carried at historical cost are not retranslated. Exchange differences arising on the re-translation of non-monetary items are included in profit or loss for the year, except that exchange differences arising on the re-translation of non-monetary items in respect of changes in fair value recognized in other comprehensive income are also recognized in other comprehensive income.

For the purpose of preparing consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year or, if exchange rates fluctuate sharply during the year, at the average exchange rates prevailing at the dates of the transactions. The resulting exchange differences are recognized in other comprehensive income and accumulated in equity (attributed to the owners of the Company).

#### (V) Classification of Assets and Liabilities as Current or Non-current

Current assets include assets held primarily for the purpose of trading, assets expected to be realized or intended to be sold or consumed in the Company's normal operating cycle, assets expected to be realized within twelve months after the reporting period, and cash and cash equivalents, except that such assets are restricted from being exchanged or used to settle liabilities



for at least twelve months after the reporting period. Other assets that are not current assets are non-current assets.

Current liabilities include liabilities held primarily for the purpose of trading, liabilities expected to be settled in the Company's normal cycle, liabilities due to be settled within twelve months after the reporting period, and liabilities for which the Company does not have the right at the end of the reporting period to defer settlement beyond 12 months. Other liabilities that are not current liabilities are non-current liabilities. However, terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the Company's own equity instruments do not affect its classification as current or non-current.

#### (VI) Cash and Cash Equivalents

Cash equivalents are investments that can readily be converted into fixed cash at any time and that are about to mature (due within three months from the date of investment) and whose value is rarely affected by changes in interest rates.

#### (VII) Financial Instruments

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

At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability. Transaction costs directly attributable to the acquisition or issue of a financial asset or a financial liability at fair value through profit or loss are recognized immediately in profit or loss.

##### 1. Classification and measurement of financial assets

All regular way transactions of financial assets are recognized and de-recognized using settlement date accounting. A regular way transaction is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets held by the Group are divided into investments in equity instruments at FVTOCI and financial assets at amortized cost.

##### (1) Investments in equity instruments at FVTOCI

At initial recognition, the Group may make an irrevocable election to designate investments in equity instruments that are not held for trading as at FVTOCI.

Subsequent changes in the fair value of investments in equity instruments at FVTOCI are recognized in other comprehensive income and accumulated in separate components of equity. The cumulative gains or losses on disposed of investments are directly transferred to retained earnings and not reclassified to profit or loss.

Dividends on investments in equity instruments at FVTOCI are recognized in profit or loss when the Company has a right to payment, unless the right to payment clearly represents a recovery of part of the cost of the investment.

##### (2) Financial assets at amortized cost

Cash and cash equivalents, notes and accounts receivable (including related parties), other receivables and other financial assets and refundable deposits are measured at amortized cost.

Investments in debt instruments are classified as financial assets at amortized cost if (a) their contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, and (b) they are held in order to collect contractual cash flows.

Subsequent to initial recognition, all financial assets measured at amortized cost are measured at amortized cost, which is equal to the carrying amount calculated with the effective interest method less any loss allowance.

## 2. Impairment of financial assets

Financial assets (including trade receivables) at amortized cost are assessed at the end of the reporting period for expected credit losses.

The loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses. For a financial asset at amortized cost, if its credit risk has not increased significantly since initial recognition, then a loss allowance is recognized at an amount equal to expected credit losses resulting from possible default events within 12 months after the reporting date; if its credit risk has increased significantly since initial recognition, then a loss allowance is recognized at an amount equal to expected credit losses resulting from all possible default events over the expected life of the financial instrument.

Impairment losses on all financial assets are allocated to reduce their carrying amounts through an allowance account.

## 3. De-recognition of financial assets

The Group de-recognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity, or when the control over the asset has been transferred.

On de-recognition of a financial asset in its entirety, the difference between its carrying amount and the sum of any cumulative gains or losses recognized in other comprehensive income plus the received consideration is recognized in profit or loss.

## 4. Measurement and de-recognition of financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method. The Group discharged a financial liability when the obligation is discharged, canceled or expires. The difference between the carrying amount of a financial liability extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## (VIII) Inventories

Inventories are recognized at cost at the date of acquisition. A perpetual inventory system is adopted. Inventories are calculated using the weighted average method. Inventories are measured at the lower of cost and net realizable value. The Company compares cost and net realizable value

item by item except for inventories of the same category. Any defective, damaged or obsolete inventories with reduced value are measured at net realizable value.

#### (IX) Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one period. The cost of an item of property, plant and equipment is recognized as an asset if, and only if: (a) it is probable that future economic benefits associated with the item will flow to the Group; and (b) the cost of the item can be measured reliably. After recognition as an asset, an item of property, plant and equipment is measured at its cost less any accumulated depreciation and any accumulated impairment losses. The said cost includes the cost of dismantling, removing and restoring items of property, plant and equipment and necessary interest expenses incurred from construction in progress.

The Group allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The Group recognizes depreciation on a straight-line basis by evenly allocating the balance the cost of an asset over the estimated useful life of the asset less the residual value and reviewing the estimated useful life of the asset, the residual value and the depreciation method at least at the end of each year. In addition, for any fixed asset fully depreciated by law that is still in use, after its useful life is assessed, its residual value will be further depreciated, and the unusable value will be transferred to other losses.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of an item of property, plant and equipment because it most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Unless it can be reasonably certain that the Group will obtain ownership at the end of the lease term, the leased asset is depreciated over the shorter of the lease term and its useful life. Land is not amortized or depreciated. The depreciable life is 6 to 50 years for buildings and structures, 2 to 10 years for machinery and equipment, and 2 to 10 years for other equipment.

The gain or loss on arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset, and recognized in profit or loss. Any major inspection or overhaul costs recognized are regarded as replacement costs and reported as part of the carrying amount of property, plant and equipment, while other repair and maintenance expenses are recognized in profit or loss.

#### (X) Impairment of Non-financial Assets

At the balance sheet date, the Group assesses the recoverable amount of an asset with any indication of impairment, and recognizes an impairment loss when the recoverable amount is lower than its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. An impairment loss recognized in prior periods for an asset other than goodwill will be reversed up to the amount of such loss if the impairment loss recognized for such asset no longer exists.

## (XI) Employee Benefits

### 1. Short-term employee benefits

Liabilities related to short-term employee benefits are measured at undiscounted amounts expected to be paid in exchange for employee services.

### 2. Post-employment benefits

The Group's retirement policy is applicable to all formally hired employees. The employee retirement reserve fund is fully provided under the management of the supervisory committee of workers' retirement reserve fund and deposited in a special retirement reserve fund account. As the said retirement reserve fund is deposited in the name of the supervisory committee, completely separated from the Group, it is not included in the said financial statements. The retirement policy of foreign subsidiaries is made in accordance with applicable local laws and regulations.

Pensions under defined contribution plans are recognized in current expenses when employees serve the Company.

Pensions under defined benefit plans are measured at the cost of providing benefits actuarially calculated using the projected unit credit method. All actuarial gains and losses arising from defined benefit obligations are immediately recognized in other comprehensive income in the period in which they arise. Past service cost is immediately recognized for vested benefits, and non-vested benefits are amortized on a straight-line basis over the average period before the benefits become vested. When defined benefit plans are curtailed or settled, a gain or loss on curtailment or settlement is recognized.

## (XII) Leases

The Group assesses whether a contract is (or contains) a lease at the date of the contract.

### 1. The Group as the lessor

A lease is classified as a finance lease if its terms and conditions transfer to the lessee substantially all the risks and rewards incidental to ownership of an asset. Otherwise, a lease is an operating lease.

Under a finance lease, the lease payments comprise fixed payments and variable lease payments that depend on an index or a rate. The net investment is measured as the sum of the present value of the lease payments receivable and any unguaranteed residual value plus the initial direct costs and presented as a finance lease receivable. Finance income is allocated to each accounting period during the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment at maturity available in each period.

Under an operating lease, the lease payments less any lease incentives are recognized as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease is added to the carrying amount of the underlying asset and recognized as an expense on a straight-line basis over the lease term.

### 2. The Group as the lessee

Lease payments are recognized as right-of-use assets and lease liabilities at the inception date, except that in the case of leases of low-value underlying assets and short-term leases to

which recognition exemption applies, the lease payments are recognized as expenses on a straight-line basis over the lease term.

A right-of-use asset is initially measured at cost (comprising including the amount of the initial measurement of the lease liability, any lease payments made before the commencement date less any lease incentives received, any initial direct costs, and any estimated costs incurred in restoring the underlying asset), and subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for any re-measurement of the lease liability.

The right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of its useful life or the end of its lease term.

At the commencement date, a lease liability is measured at the present value of the lease payments (comprising fixed payments (including in-substance fixed payments) less any lease incentives received, variable lease payments that depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantee, the exercise price of a purchase option that the lessee is reasonably certain to exercise, and payments of penalties for terminating the lease that have been reflected in the lease term). The lease payments will be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee will use its incremental borrowing rate.

Subsequently, the lease liability is measured on an amortized cost basis using the effective interest method, and the interest expense is amortized over the lease term. If there is a change in the future lease payments resulting from a change in the lease term, the amount expected to be payable under a residual value guarantee, the assessment of an option to purchase the underlying asset, or the index or rate used to determine the lease payments, the Group will re-measure the lease liability and adjust the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the re-measurement will be recognized in profit or loss. Lease liabilities is presented separately in the consolidated balance sheet.

Variable lease payments that do not depend on an index or a rate are recognized as an expense when they occur.

### (XIII) Revenue

After identifying the performance obligations in the contract with a customer, the Group allocates the transaction price to each performance obligation, and recognizes revenue when each performance obligation is satisfied.

#### Revenue from the sale of goods

Revenue from the sale of goods is derived from the sale of various wires, cables and copper materials. Products sold by the Group are recognized as revenue and accounts receivable at the time of shipment.

### (XIV) Income Taxes

Tax expense is the aggregate amount in respect of current tax and deferred tax.

#### 1. Current tax

Income taxes are assessed on an annual basis, and tax expenses are calculated on pre-tax benefits using tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

An income tax on unappropriated earnings calculated in accordance with tax laws is recognized as a tax expense for the year of resolution of the shareholders' meeting.

An adjustment to the income taxes payable in the previous year is included in current tax.

## 2. Deferred tax

A deferred tax is recognized based on the temporary differences between the carrying amount of an asset and liability recorded in the financial statements and the tax basis for calculating taxable income. A deferred tax liability is generally recognized for all taxable temporary differences, while a deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that tax profit will be available against which the temporary differences and tax losses can be utilized. A deferred tax asset or liability will not be recognized if temporary differences arise from the initial recognition of goodwill or the initial recognition of other assets or liabilities in a transaction is not a business combination and which, at the time of the transaction, affects neither accounting profit or taxable profit.

A deferred tax liability is recognized for taxable temporary differences associated with investments in subsidiaries, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. A deferred tax asset for all deductible temporary differences associated with such investments and interests is recognized only to the extent that taxable profit will be available against which the temporary difference can be utilized and the temporary difference will reverse in the foreseeable future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and will be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that asset to be utilized. The carrying amount of those temporary differences not recognized as a deferred tax asset is also reviewed at the end of each reporting period and will be increased to the extent that it is probable that taxable profit will be available to allow the benefit of part or all of that asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, 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 deferred tax 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.

## V. CRITICAL ACCOUNTING JUDGMENTS, ASSUMPTIONS, AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When the accounting policies described in Note 4 are adopted, the Group's management is required to make judgments, estimates and assumptions at the end of the reporting period that will affect the disclosure of the reported amounts of revenue, expenses, assets, liabilities and contingent liabilities.

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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Information about other key sources of uncertainty about the estimates and assumptions made about the future has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. More description will be presented below.

1. Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Group's assumptions about the default rate and expected loss rate. The Group considers historical experience, current market conditions and forward-looking information to make assumptions and select inputs for impairment assessments. See Note 6.2 for important assumptions and inputs adopted. If actual future cash flows are less than expected, significant impairment losses may arise.

2. Assessment of inventory losses

As inventories are prized at the lower of cost and net realizable value, the Group must use judgments and estimates to determine the net realizable value of inventories at the balance sheet date. Given rapid changes in technology, the Group assesses the amount of inventories due to normal wear, obsolescence or no market value at the balance sheet date, and writes down the cost of inventories to their net realizable value. Inventories are assessed mainly based on the estimated demand for products for a specific period in the future, so there may be significant changes.

3. Estimated impairment of financial assets

In assessing the impairment of assets, the Group needs to determine the independent cash flows of specific asset groups, the useful life of assets, and possible future income, expenses and losses based on subjective judgments and the pattern of using assets and industry characteristics. Any changes in assessment due to changes in economic conditions or the Company's strategy may cause material impairment in the future.

4. Lease term

When determining the lease term of a leased asset, the Company considers all relevant facts and conditions that create an economic incentive for it to exercise (or not exercise) an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Key factors considered include the terms and conditions of the contract for the period covered by the option, significant leasehold improvements undertaken during the contract term, and the importance of the underlying asset to the lessee's operations. The lease term is reassessed upon the occurrence of a significant event or a significant change in circumstances that is within the control of the Company.

5. Realizability of deferred tax assets

Deferred tax assets are recognized only when it is probable that sufficient taxable profit will be available against which deductible temporary differences can be utilized. In the assessment of the realizability of deferred tax assets, management's significant accounting judgments and estimates, including assumptions about expected future growth in revenue from the sale of goods and profit margin, tax holidays, unused tax credits, and tax planning are involved. Any changes in the global economic environment, industrial environment and laws and regulations may cause significant adjustments to deferred tax assets.

Deferred tax liabilities are arising from taxable temporary differences associated with the profit of subsidiaries. The Group has decided to recognize deferred tax liabilities when such profit is distributed in the foreseeable future.

#### 6. Calculation of accrued pension liabilities

When calculating the present value of defined benefit obligations, the Group is required to use judgments and estimation to determine relevant actuarial assumptions at the balance sheet date, including the discount rate and the expected rate of return on plan assets. Any changes in actuarial assumptions may significantly affect the amount of the Group's defined benefit obligations.

#### 7. Fair value measurement and valuation process

When there are no quoted prices for assets and liabilities measured at fair value in active markets, the Group has decided to outsource valuation and determine appropriate fair value valuation techniques in accordance with applicable laws or judgments.

The fair value of shares of unlisted companies held by the Group is mainly estimated with reference to the analysis of the financial position and operating results of the investees, recent financing activities, valuation of similar companies, market conditions and other economic indicators. Any changes in judgments and estimates may affect the measurement of its fair value.

### VI. SUMMARY OF IMPORTANT ACCOUNTING ITEMS

#### (I) Cash and Cash Equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and petty cash	\$ 22,902	\$ 20,428
Check deposits and demand deposits	295,793	310,757
Time deposits	104,822	5,056
Total	<u>\$ 423,517</u>	<u>\$ 336,241</u>

- The Group trades with a number of financial institutions proven to have solid credit ratings to spread credit risk. The possibility of default is expected to be very low. The amount of credit risk exposure at the balance sheet date is limited to the carrying amount of cash and cash equivalents.
- The range of market rates for time deposits above is presented as follows:

<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>1.80%-4.62%</u>	<u>0.12%</u>

- Cash and cash equivalents have not been pledged as collateral.



## (II) Accounts Receivable and Overdue Receivables

### 1. Accounts receivable

	December 31, 2022	December 31, 2021
Gross carrying amount at amortized cost	\$ 818,571	\$ 1,203,737
Less: Loss allowance	(6,995)	(13,272)
Total	\$ 811,576	\$ 1,190,465

The Group sells goods for payment on a monthly basis with an average credit period of 30 to 150 days. Accounts receivable are not interest-bearing. To mitigate credit risk, the Group's management assigns a special team for determining credit limits, credit approval and other monitoring procedures, to ensure that proper measures are taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of receivables one by one at the end of the reporting period, to ensure that unrecoverable receivables have been appropriately derogated.

The Group recognizes a loss allowance for accounts receivable at an amount equal to lifetime expected credit losses, using the simplified approach in IFRS 9. Lifetime expected credit losses are calculated using a provision matrix, taking into account the customer's default history and current financial position. According to the Group's historical credit loss experience, the Group's customers in different industries have different credit losses, so the provision matrix will set different expected credit loss rates for customers in different industries and the number of days that a trade receivable is past due.

If there is evidence that a counterparty is suffering serious financial difficulty and the Group cannot reasonably expect to recover the recoverable amount, then the Group will directly recognize a loss allowance in full for accounts receivable at an amount equal to expected credit losses, but will continue to recover the recoverable amount.

### 2. Loss allowances for accounts and notes receivable measured at expected credit loss rates

<b><u>December 31, 2022</u></b>	Gross carrying amount	Less: Loss allowance	Amortized cost	Expected credit loss rate
Not past due	\$ 717,697	\$ (1,594)	\$ 716,103	0.00%-1.40%
Past due				
30 days or less past due	85,936	(1,540)	84,396	0.01%-4.47%
31 days to 60 days past due	6,773	(535)	6,238	0.25%-13.60%
61 days to 90 days past due	482	(48)	434	0.75%-16.67%
91 days to 180 days past due	5,286	(881)	4,405	6.00%-100%
180 days or more past due	2,397	(2,397)	-	100%
Total	\$ 818,571	\$ (6,995)	\$ 811,576	

<b><u>December 31, 2021</u></b>	Gross carrying amount	Less: Loss allowance	Amortized cost	Expected credit loss rate
Not past due	\$ 1,052,007	\$ (3,646)	\$ 1,048,361	0.00%-1.83%
Past due				
30 days or less past due	122,231	(4,023)	118,208	0.02%-6.34%
31 days to 60 days past due	20,016	(892)	19,124	0.04%-8.67%
61 days to 90 days past due	4,621	(13)	4,608	0.15%-17.09%
91 days to 180 days past due	534	(370)	164	6.00%-70.80%
180 days or more past due	4,328	(4,328)	-	100%
Total	\$ 1,203,737	\$ (13,272)	\$ 1,190,465	

### 3. Changes in loss allowance

	<u>2022</u>		<u>2021</u>	
Opening balance	\$	13,272	\$	10,317
Gains on reversal of expected credit losses		(2,137)		3,450
Impairment losses				
Bad debts write-off for the year		(4,385)		(441)
Effects of exchange rates		245		(54)
Closing balance	\$	<u>6,995</u>	\$	<u>13,272</u>

4. Overdue receivables

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
Overdue receivables	\$	2,255	\$	2,312
Less: Loss allowance		(2,255)		(2,312)
Total	\$	<u>-</u>	\$	<u>-</u>

5. Overdue receivables - changes in loss allowance

	<u>2022</u>		<u>2021</u>	
Opening balance	\$	2,220	\$	2,312
Gains on reversal of expected credit losses		-		(129)
Effects of exchange rates		35		37
Closing balance	\$	<u>2,255</u>	\$	<u>2,220</u>

6. See Note 8 for guarantees for the said receivables pledged as collateral.

### (III) Inventories

	December 31, 2022		December 31, 2021	
Raw materials	\$	45,566	\$	96,928
Work-in-process		92,459		129,321
Finished goods		111,708		121,710
Total	\$	249,733	\$	347,959

1. The allowance for obsolescence of the said inventories as of December 31, 2022 and 2021 were NT\$10,769 thousand and NT\$8,963 thousand, respectively.
2. The operating costs related to inventories for 2022 and 2021 are presented as follows:

	2022		2021	
Inventories transferred to operating costs	\$	2,949,961	\$	3,891,468
Losses on obsolete stocks		1,136		2,900
Losses on obsolete stocks		1,675		2,405
Inventory gains		(4,393)		(2,448)
Others		-		(78)
Total	\$	2,948,379	\$	3,894,247

3. The Group's inventories have not been pledged as collateral.

### (IV) Financial Assets at FVTOCI - Equity instruments

Item	December 31, 2022		December 31, 2021	
Investments in foreign unlisted shares	\$	113,453	\$	127,406

1. The Group has invested in the shares of foreign non-listed companies for a medium and long-term strategy and expects to make profit through long-term investments. In the opinion of the Group's management, including short-term fair value fluctuations of such investments in profit or loss it is inconsistent with the said long-term investment plan, so such investments are designated as at FVTOCI. See Note 12.2.4 for fair value and current valuation adjustments.
2. The Group's financial assets at FVTOCI have not been pledged as collateral.

### (V) Property, Plant and Equipment

	Land	Buildings and structures	Machinery and equipment	Miscellaneous equipment	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 50,540	\$ 55,806	\$ 119,486	\$ 159,269	\$ 385,101
Addition	-	-	19,581	315	19,896
Disposal	-	-	-	(78)	(78)
Reclassification	-	-	10,582	-	10,582
Effects of exchange rates	-	-	2,649	12,712	15,361
Balance at December 31, 2022	50,540	55,806	152,298	172,218	430,862
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2022	-	2,412	68,048	90,753	161,213
Depreciation expense	-	2,350	9,364	9,036	20,750
Disposal	-	-	-	(78)	(78)
Effects of exchange rates	-	-	1,960	6,697	8,657
Balance at December 31, 2022	-	4,762	79,372	106,408	190,542
Net amount at December 31, 2022	\$ 50,540	\$ 51,044	\$ 72,926	\$ 65,810	\$ 240,320

	Land	Buildings and structures	Machinery and equipment	Miscellaneous equipment	Total
<u>Cost</u>					
Balance at January 1, 2021	\$ 50,540	\$ 44,429	\$ 109,235	\$ 159,158	\$ 363,362
Addition	-	855	11,135	3,697	15,687
Disposal	-	-	-	(361)	(361)
Reclassification	-	10,522	-	833	11,355
Effects of exchange rates	-	-	(884)	(4,058)	(4,942)
Balance at December 31, 2021	50,540	55,806	119,486	159,269	385,101
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2021	-	293	60,987	83,149	144,429
Depreciation expense	-	2,119	7,686	10,017	19,822
Disposal	-	-	-	(361)	(361)
Effects of exchange rates	-	-	(625)	(2,052)	(2,677)
Balance at December 31, 2021	-	2,412	68,048	90,753	161,213
Net amount at December 31, 2021	\$ 50,540	\$ 53,394	\$ 51,438	\$ 68,516	\$ 223,888

1. See Note 8 for the said property, plant and equipment pledged as collateral.

## (VI) Lease Agreements

### 1. Right-of-use assets

	Land use rights	Buildings and structures	Machinery and equipment	Miscellaneous equipment	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 15,194	\$ 76,107	\$ 31,962	\$ 2,810	\$ 126,073
Increase	-	126,541	12,554	-	139,095
Decrease	-	(78,058)	(32,649)	-	(110,707)
Effects of exchange rates	1,665	1,475	615	44	3,799
Balance at December 31, 2022	16,859	126,065	12,482	2,854	158,260
<u>Accumulated depreciation</u>					
Balance at January 1, 2022	\$ 7,546	\$ 64,095	\$ 28,631	\$ 890	\$ 101,162
Depreciation expense	330	13,764	2,118	574	16,786
Decrease	-	(78,058)	(31,363)	-	(109,421)
Effects of exchange rates	838	1,746	614	11	3,209
Balance at December 31, 2022	8,714	1,547	-	1,475	11,736
Net amount at December 31, 2022	\$ 8,145	\$ 124,518	\$ 12,482	\$ 1,379	\$ 146,524

	Land use rights	Buildings and structures	Machinery and equipment	Miscellaneous equipment	Total
<u>Cost</u>					
Balance at January 1, 2021	\$ 15,724	\$ 76,701	\$ 33,017	\$ 2,826	\$ 128,268
Decrease	-	-	(878)	-	(878)
Effects of exchange rates	(530)	(594)	(177)	(16)	(1,317)
Balance at December 31, 2021	15,194	76,107	31,962	2,810	126,073
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2021	7,490	50,903	25,436	330	84,159
Depreciation expense	313	13,626	3,331	562	17,832
Effects of exchange rates	(257)	(434)	(136)	(2)	(829)
Balance at December 31, 2021	7,546	64,095	28,631	890	101,162
Net amount at December 31, 2021	\$ 7,648	\$ 12,012	\$ 3,331	\$ 1,920	\$ 24,911

In 2022, property, plant and equipment were increased or disposed of mainly due to the renewal of expiring lease agreements. In 2021, property, plant and equipment were increased or disposed of in that the price originally expected in the renewed lease

agreement differed from the price actually signed, the lease liabilities were increased or decreased upon re-measurement, but the increase or decrease did not cause the leased asset to be changed or the lease term to be extended; the cost of right-of-use assets was therefore adjusted.

## 2. Lease liabilities

Item	Lease term	Discount rate	December 31, 2022	
Buildings and structures	From 1/2020 to 12/2032	4.75%	\$	124,626
Machinery and equipment	From 1/2023 to 12/2027	4.75%		12,482
Miscellaneous equipment	From 6/2020 to 5/2025	4.75%		1,467
Total				138,575
Less: lease liabilities - current				(13,955)
Lease liabilities - non-current			\$	124,620

Item	Lease term	Discount rate	December 31, 2021	
Buildings and structures	From 8/2017 to 12/2022	4.75%	\$	14,475
Machinery and equipment	From 5/2014 to 12/2022	4.75%		4,045
Miscellaneous equipment	From 6/2020 to 5/2025	4.75%		1,993
Total				20,513
Less: lease liabilities - current				(19,069)
Lease liabilities - non-current			\$	1,444

## 3. Total minimum payments in the future and discounted value as of December 31, 2022 and 2021

<u>December 31, 2022</u>	Less than 1 year	1 to 5 years	5 years or more
Total payments	\$ 20,238	\$ 151,299	\$ -
Discounted value	\$ 13,955	\$ 124,620	\$ -

<u>December 31, 2021</u>	Less than 1 year	1 to 5 years	5 years or more
Total payments	\$ 19,635	\$ 1,534	\$ -
Discounted value	\$ 19,069	\$ 1,444	\$ -

## 4. Interest expense on lease liabilities

	2022	2021
	\$ 798	\$ 1,494

## 5. Other information relating to leases

	2022	2021
Expenses relating to short-term leases	\$ 128	\$ 95
Total cash outflows relating to leases	\$ 20,508	\$ 21,503

The Group elects to apply recognition exemptions for leases of photocopiers that qualify for short-term leases, and does not recognize right-of-use assets and lease liabilities for these leases.

## 6. See Note 7.4 for the related parties of right-of-use assets.

(VII) Short-term Borrowings

Nature of loan	December 31, 2022	Interest rate range
Bank loan		
Secured loan	331,945	1.73%-6.55%
Mortgage loan	35,000	1.88%
Total	<u>\$ 366,945</u>	

Nature of loan	110年12月31日	利率區間
Bank loan		
Loan for material purchase	\$ 121,792	1.22-1.32%
Secured loan	669,399	1.02%-4.20%
Total	<u>\$ 791,191</u>	

See Note 8 for guarantees for the said short-term borrowings.

(VIII) Post-employment Benefit Plans

1. Defined contribution plans

Pursuant to the Labor Pension Act, for employees that have participated in any defined contribution plan managed by the government, the Group should make monthly contributions equal to at least 6% of each employee's monthly salary to each of their pension accounts. As per the employee retirement measures in the Act, the Company has allocated 6% of each employee's salary to the individual pension account managed by the Bureau of Labor Insurance, Ministry of Labor. The total amount that should be contributed by the Company at the percentage specified in the definite contribution plan and has been recognized in the Statements of Comprehensive Income for 2022 and 2021 was NT\$813 thousand and NT\$714 thousand, respectively.

Subsidiaries in mainland China, in accordance with local government laws and regulations, should allocate pensions to the pension management administration at a certain percentage of the total salary of employees, pay them to the competent government authority, and deposit them in separate accounts for each employee.

2. Defined benefit plans

The pension system adopted by the Company under the Labor Standards Act is a defined benefit plan managed by the government. Based on an employee's length of service and average monthly salary for the last six months prior to retirement, the Company should every month allocate 2% of the employee's total monthly salary to a special account of the Bank of Taiwan under the administration of and in the name of the Labor Pension Fund Supervisory Committee. Before the end of each year, if, upon assessment by the Company, the balance of the special account is not enough for the Company to pay retirement benefits to employees expected to retire in the next year, the Company will allocate the difference in one appropriation before the end of next March. This special account is managed by the Bureau Of Labor Funds, Ministry Of Labor as authorized by the Company, free from any intervention of the Company in the investment management strategy. Pension costs recognized by the Company for 2022 and 2021 were NT\$117 thousand and NT\$126 thousand, respectively.

- (1) Amounts included in the consolidated balance sheets in respect of the Company's obligations arising from the defined benefit plan are presented as follows:

	December 31, 2022	December 31, 2021
Present value of allocated defined benefit obligations	\$ (5,337)	\$ (11,066)
Fair value of plan assets	4,949	5,861
Contributions	(388)	(5,205)
Net liability recognized in the balance sheet	\$ (388)	\$ (5,205)

- (2) Movements in the present value of defined benefit obligations are presented as follows:

	2022	2021
Opening balance	\$ (11,066)	\$ (10,588)
Current service cost	(97)	(96)
Interest expense	(52)	(53)
Actuarial gain (loss)	349	(329)
Benefit paid from plan assets	4,015	-
Benefit directly paid by the Company	1,514	-
Closing balance	\$ (5,337)	\$ (11,066)

- (3) Movements in the fair value of plan assets are presented as follows:

	2022	2021
Opening balance	\$ 5,861	\$ 3,240
Interest income	32	23
Expected return on plan assets	406	43
Employer contributions	2,665	2,555
Benefit paid from plan assets	(4,015)	-
Fair value of plan assets at the end of the year	\$ 4,949	\$ 5,861

- (4) The Company's actuarial gains (losses) recognized in the Statements of Comprehensive Income for 2022 and 2021 was NT\$755 thousand and NT\$286 thousand, respectively.
- (5) As of December 31, 2022 and December 31, 2021, the Company's cumulative actuarial losses recognized in other comprehensive income were NT\$9,606 thousand and NT\$10,361 thousand, respectively.
- (6) The Group is exposed to the following risks due to the pension system under the Labor Standards Act:
- a. Investment risk: The Bureau Of Labor Funds, Ministry Of Labor has invested labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits by itself or through a third party. However, the return on the Group's plan assets is calculated at no lower than the local bank's 2-year time deposit rate.
  - b. Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on plan assets from debt investments.

- c. Salary risk: The present value of defined benefit obligations is calculated by reference to the future salary of plan participants. As such, an increase in the salary of the plan participant will therefore increase the present value of defined benefit obligations.
- (7) The present value of the Company's defined benefits is calculated by qualified actuaries. The major assumptions about actuarial valuation on the measurement date are presented as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.500%	0.625%
Expected salary increase rate	1.500%	1.500%

If each of the major actuarial assumptions is subject to reasonably possible changes, and all other assumptions remain unchanged, the present value of defined benefit obligations will increase (decrease) by the following amounts:

	December 31, 2022	December 31, 2021
Discount rate		
0.25% increase	(\$ 120 )	(\$ 247)
0.25% decrease	\$ 124	\$ 256
Expected salary increase rate		
0.25% increase	\$ 122	\$ 248
0.25% decrease	(\$ 119)	(\$ 241)

As actuarial assumptions may be correlated, it is unlikely that only a single assumption would occur in isolation of one another. The sensitivity analysis above may not reflect the actual changes in the present value of defined benefit obligations. The Company expects to allocate NT\$5 thousand to the defined benefit plan within one year after December 31, 2022. The average duration of defined benefit obligations is 9.2 years.

(IX) Share Capital

As of December 31, 2022 and 2021, the Company's authorized capital and total paid-in capital was NT\$4,200,000 thousand and NT\$1,391,173 thousand respectively. The paid-in capital was divided into 139,117 thousand shares, with a face value of NT\$10 per share, all of which were ordinary shares.

(X) Capital Surplus

- Capital surplus arising from the issuance of ordinary shares in excess of their par value, conversion of corporate bonds and treasury share transactions as well as donations may be used to offset a deficit or, when the Company incurs no deficit, to distribute cash dividends, or be allocated to share capital (limited to a certain percentage of the Company's paid-in share capital once a year). Capital surplus in respect of equity method investments, employee stock options and stock options shall not be used for any purpose.
- The components of capital surplus are presented as follows:

	December 31, 2022	December 31, 2021
Capital surplus - long-term investments	\$ 5,109	\$ 5,109

(XI) Retained Earnings

- Legal reserve



A legal reserve shall be appropriated until its balance equals the Company's total paid-in share capital. The legal reserve can be used to offset a deficit. When the Company incurs no deficit, the legal reserve may be allocated to share capital and distributed in cash for the portion in excess of 25% of the total paid-in capital.

## 2. Special reserve

In appropriation of earnings, the Company shall first set aside a special reserve for the debit balance of other equity items by law at the balance sheet date. When the debit balance of other equity items is reversed later, the reversed amount may be included in appropriable earnings.

## 3. Appropriation of earnings

According to Article 20 of the Company's Articles of Incorporation, the annual appropriation of earnings shall be carried out in the order and with restrictions as follows:

- (1) Paying income tax.
- (2) Covering losses for previous years.
- (3) Setting aside legal reserve at 10% of the earnings.
- (4) Setting aside special reserve by law.
- (5) Any earnings left and unappropriated earnings at the beginning of the same period may be distributed in the form of cash dividends or stock dividends subject to proposal by the board of directors and resolution by the shareholders' meeting. However, the portion of unappropriated earnings distributed in the form of stock dividends shall not exceed 50% of the dividend tax payable.

On June 24, 2022, the Company held a shareholders' meeting to resolve the appropriation of 2021 earnings as follows:

Item	Appropriation of earnings	
Legal reserve	\$	2,560
Special reserve		15,630
Total	\$	18,190

## (XII) Other Equity Items

### 1. Exchange differences on translation of foreign operations

	2022		2021	
Opening balance	\$	(62,457)	\$	(53,603)
Exchange differences on translation of foreign operations		32,770		(8,854)
Closing balance	\$	(29,687)	\$	(62,457)

Exchange differences on translation of the net assets of a foreign operation from its functional currency to the Company's presentation currency (i.e. NTD) are directly recognized as exchange differences on translation of that foreign operation under other comprehensive income. The cumulative amount of exchange differences on translation of that foreign operation are reclassified to profit or loss on disposal of that foreign operation.

### 2. Unrealized gains or losses on financial assets at FVTOCI

	2022	2021
Opening balance	\$ 46,827	\$ (6,081)
Unrealized gains or losses on valuation of investments in equity instruments at FVTOCI	(21,113)	52,908
Closing balance	<u>\$ 25,714</u>	<u>\$ 46,827</u>

(XIII) Revenue

1. Contracts with customers

Revenue from the sale of goods

The Group mainly derives its revenue from the sale of wires and copper materials for 3C products. Goods are sold under fixed-price contracts.

2. Breakdown of revenue from contracts with customers

For the analysis of each major product, see Note 14.

(XIV) Other Revenue, Other Gains and Losses and Finance Costs

1. Other revenue

	2022	2021
Revenue arising from the use of royalties	\$ 548	\$ 2,170
Other revenue	4,503	2,099
Total	<u>\$ 5,051</u>	<u>\$ 4,269</u>

2. Finance costs

	2022	2021
Interest on bank loans	\$ 20,796	\$ 18,701
Interest on lease liabilities	798	1,494
Total	<u>\$ 21,594</u>	<u>\$ 20,195</u>

(XV) Summary of Employee Benefits, Depreciation and Amortization by Function

Nature  Function	2022			2021		
	Part of operating costs	Part of operating expenses	Total	Part of operating costs	Part of operating expenses	Total
Employee benefits						
Salaries	\$ 68,828	\$ 53,058	\$ 121,886	\$ 71,841	\$ 56,437	\$ 128,278
Labor health insurance premiums	13,508	13,945	27,453	12,013	4,795	16,808
Pension costs	-	930	930	-	840	840
Directors' remuneration	-	2,862	2,862	-	4,827	4,827
Other employee benefits	50,558	18,227	68,785	59,776	11,431	71,207
Depreciation expense	\$ 27,950	\$ 9,586	\$ 37,536	\$ 27,414	\$ 10,240	\$ 37,654
Amortization expense	\$ -	\$ 32	\$ 32	\$ -	\$ 22	\$ 22

As of December 31, 2022 and 2021, the Group had 464 and 476 employees, respectively.

(XVI) Employees' and Directors' Remuneration

- According to the current Articles of Incorporation, the Company shall allocate remuneration to employees at no less than 5% and no more than 10%, and to directors at no more than 5%, of its net income before tax for the year (before allocation of remuneration to employees and directors)

and after covering accumulated losses with a balance. Distribution of employees' remuneration in stock or cash shall be subject to review by more than two-thirds of all directors and approval by majority of the attending directors and reporting to the shareholders' meeting. In the event of any significant change in the distribution amount resolved by the board of directors, annual remuneration shall be adjusted accordingly.

2. Estimated employees' cash remuneration and director's remuneration for 2022 and 2021 are presented as follows:

	2022	2021
Employees' cash remuneration	\$ -	\$ 3,541
Director's remuneration	-	1,770
Total	<u>\$ -</u>	<u>\$ 5,311</u>

The distribution amounts resolved for 2022 and 2021 were not different from the amounts recognized in the consolidated financial statements for 2022 and 2021.

3. Visit TWSE MOPS for more information about proposals passed by the board of directors and resolutions of the shareholders' meeting on employees' remuneration and directors' remuneration.

(XVII) Income Taxes

1. Income tax recognized in profit or loss

- (1) Tax expenses recognized in profit or loss comprise the following:

	2022	2021
Current tax:		
for the year	\$ 26,736	\$ 40,947
Adjustment of current tax for the previous year	157	625
	<u>26,893</u>	<u>41,572</u>
Deferred tax:		
arising from and reversal of temporary differences	5,051	4,213
	<u>5,051</u>	<u>4,213</u>
Tax expenses	<u>\$ 31,944</u>	<u>\$ 45,785</u>

- (2) Accounting profit for the year and current tax liabilities are adjusted as follows:

	2022	2021
Net profit before tax	\$ 8,580	\$ 150,477
Net profit before tax calculated at the statutory tax rate	\$ 3,559	\$ 40,249
Tax effects of adjustments:		
Items to be increased in determining taxable profit	22,572	512
Withholdings at source	605	186
arising from and reversal of temporary differences	5,051	4,213
	<u>31,787</u>	<u>45,160</u>
Adjustment of current tax for the previous year	157	625
Tax expenses recognized in profit or loss	<u>\$ 31,944</u>	<u>\$ 45,785</u>

The applicable tax rate is 20% for the Company and 5% for unappropriated earnings. The applicable tax rate is 25% for subsidiaries in China. Tax payments incurred in other jurisdictions are calculated at the applicable tax rate in each jurisdiction.

## 2. Current tax assets and liabilities

	December 31, 2022	December 31, 2021
Current tax assets		
Tax refund receivable	\$ 68	\$ -
	<u>68</u>	<u>-</u>
Current tax liabilities		
Current tax payable	15,541	\$ 10,880
	<u>15,541</u>	<u>10,880</u>

## 3. Deferred tax assets and liabilities

### (1) Deferred tax assets

	December 31, 2022	December 31, 2021
Tax losses	\$ 6,930	\$ 10,195
Pension costs	-	359
Exchange losses	401	1,044
Others	-	455
	<u>\$ 7,331</u>	<u>\$ 12,053</u>

### (2) Deferred tax liabilities

	December 31, 2022	December 31, 2021
Pension costs	\$ 151	\$ -
Exchange gains	649	471
	<u>\$ 800</u>	<u>\$ 471</u>

## 4. Deferred tax assets and liabilities not recognized in the consolidated balance sheet

### (1) Information on unrecognized deferred tax assets associated with investments and tax losses

	December 31, 2022	December 31, 2021
Share of the investee's losses	\$ 6,806	\$ 9,194
Tax losses	44,983	41,815
Unrecognized deferred tax assets	\$ 51,789	\$ 51,009
Carryforward of unused tax losses	\$ 259,565	\$ 260,051
Expiry year	2032	2031

(2) Information on unrecognized deferred tax assets associated with investments

As of December 31, 2022 and 2021, the aggregate amount of taxable temporary differences associated with investments in subsidiaries and not recognized as deferred tax liabilities was NT\$322,137 thousand and NT\$345,599 thousand, respectively.

5. Verification of tax returns:

- (1) The Company's tax returns have been approved by the taxing authority until 2020.
- (2) Overseas subsidiaries have not been involved in material pending tax cases.

(XVIII) Earnings (Loss) per Share

	Unit: NT\$ per share	
	2022	2021
Basic earnings (loss) per share	\$ (0.17)	\$ 0.75
Diluted earnings (loss) per share	\$ (0.17)	\$ 0.75

Earnings and weighted average number of ordinary shares used to calculate earnings per share are presented as follows:

Net (loss) profit for the year

	2022	2021
attributable to owners of the Company	\$ (23,364)	\$ 104,692

Number of shares

	Unit: Thousands of shares	
	2022	2021
Weighted average number of ordinary shares used to calculate earnings per share	139,117	139,117
Potential effects of dilution:		
Employees' remuneration	-	184
Weighted average number of ordinary shares used to calculate earnings per share	139,117	139,301

**VII. RELATED-PARTY TRANSACTIONS**

(I) Name and Association of Related Parties

<u>Related party</u>	<u>Relationship with the Company</u>
Hoperise Conductor (Dongguan) Company Limited (hereinafter referred to as Hoperise Dongguan)	Material related party
HOPERISE INDUSTRIAL (HK) LIMITED (hereinafter referred to as HOPERISE HK)	Material related party
Hoperise Conductor (Kunshan) Company Limited (hereinafter referred to as Hoperise Kunshan)	Material related party

(II) Significant Transactions with Related Parties

1. Operating costs - processing charges

	2022	2021
Hoperise Dongguan	\$ 43,971	\$ 54,593

(III) Claims and Debts with Related Parties

1. Other payables - related parties

	2022	2021
Hoperise Dongguan	\$ 22,622	\$ 28,043

Accounts payable for outsourced processing with trade terms not significantly different from those for general outsourced processing.

2. Borrowings from related parties (other accounts payables - related parties)

2022					
	Maximum balance	Closing balance	Interest rate range	Interest expense	Interest payable
Hoperise Kunshan	\$ 88,693	\$ -	3%	\$ 2,125	\$ -
2021					
	Maximum balance	Closing balance	Interest rate range	Interest expense	Interest payable
Hoperise Kunshan	\$ 147,924	\$ -	3%	\$ 3,374	\$ -

The Group's short-term borrowings from related parties at a rate equivalent to the market interest rate and all unsecured loans.

(IV) The Group's contracts for the lease of factory buildings and machinery equipment from HOPERISE HK and Hoperise Dongguan qualify for finance leases, so right-of-use assets and lease liabilities were recognized. Payments of lease liabilities and depreciation of right-of-use assets are presented as follows:

	2022	2021
Principal portion of lease liabilities	\$ 17,632	\$ 17,663
Interest expense	457	1,337
Total payments	\$ 18,089	\$ 19,000
Depreciation expense	\$ 14,387	\$ 15,343

In addition, when the lease contracts expired on December 31, 2022, the Group renewed the contract with HOPERISE HK for the lease of factory buildings for additional 10 years, for which right-of-use assets and lease liabilities were recognized at RMB 27,187 thousand; the contract with Hoperise Dongguan for the lease of machinery and equipment for additional 5 years, for which right-of-use assets and lease liabilities were recognized at RMB 2,831 thousand.

(V) Information on Management's Remuneration

	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 14,108	\$ 18,744

### VIII. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Group's assets pledged as collateral or for security are presented as follows:

Item	December 31, 2022	December 31, 2021
Accounts receivable	\$ -	\$ 27,768
Other financial assets - time deposits	35,963	108,790
Other financial assets - reserve account deposits	17,426	29,502
Property, plant and equipment	97,231	99,540
Total	<u>\$ 150,620</u>	<u>\$ 265,600</u>

The collateral provided for a loan from a financial institution is expressed by the net carrying amount of the pledged assets.

### IX. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

#### (I) Contingencies

As of December 31, 2022 and 2021, the Group had applied to financial institutions for L/Cs, and there was no opened but unused balance.

#### (II) Commitments

After the transfer of shares, the Group entered into an agreement with Dongguan Feitai Electronic Co., Ltd. (hereinafter referred to as "Feitai") and Great China, whereby to authorize Feitai and Great China to use the Group's trademarks for pro rata charges and costs. Upon receipt of a PO from any former customer of Feitai, the Group will immediately transfer the order to Great China and Feitai. The Company recognizes sales revenue and costs at net amount under other revenue. Such revenue for 2022 and 2021 was NT\$548 thousand and NT\$2,170 thousand, respectively. As of December 31, 2022 and 2021, the Group's receivables from the said transactions were NT\$19 thousand and NT\$33,248 thousand respectively, and payables were NT\$748 thousand and NT\$37,053, respectively. Receivables and payables are reported under other receivables and other payables respectively.

X. SIGNIFICANT DISASTER LOSSES: None.

XI. SIGNIFICANT SUBSEQUENT EVENTS: None.

### XII. OTHER RELEVANT INFORMATION

#### (I) Capital Risk Management

The Group's strategy in 2022 remained the same as that in 2021, which was to keep the debt-to-capital ratio below 40%. The Group's debt-to-capital ratios as of December 31, 2022 and 2021 are presented as follows:

Item	December 31, 2022	December 31, 2021
Total borrowings	\$ 366,945	\$ 791,191
Less: Cash and cash equivalents	(423,517)	(336,241)
Net debt	(56,572)	454,950
Total equity	1,395,295	1,406,247
Total capital	\$ 1,338,723	\$ 1,861,197
Debt-to-capital ratio	(4.23%)	24.44%

## (II) Information About Financial Products

### 1. Financial Instruments

The carrying amounts of financial products held by the Group as of December 31, 2022 and 2021 in the balance sheet were equivalent to the estimated fair value of these financial products.

### 2. Financial risk management policy

(1) The Group's daily operations are subject to various financial risks, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management policy places an emphasis on unpredictable events in financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance. The Group avoids specific risks through a number of derivative financial instruments.

(2) Risk management is carried out by the Finance Department of the Group in accordance with policies approved by the board of directors. The Finance Department is responsible for identifying, assessing and avoiding financial risks through close cooperation with the Group's operations. The board of directors has written principles for overall risk management, and provides written policies for specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus liquidity.

### 3. Financial risks

#### (1) Market risk

##### Exchange rate risk:

Due to cross-border operations, the Group is subject to exchange rate risk arising from various currencies, mainly USD and RMB. Exchange rate risk relates to future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

The Group's management has established a policy requiring all operations within the Group to manage exchange rate risk relative to its functional currency. The Group should hedge its overall exchange rate risk through its Finance Department. To manage any exchange rate risk associated with future commercial transactions and recognized assets and liabilities, the Group adopts appropriate foreign exchange instruments through its Finance Department. Exchange rate risk arises when future commercial transactions, or recognized assets or liabilities are denominated in a foreign currency that is not the entity's functional currency.

As the Group has investments in some foreign operations, their net assets are subject to foreign currency translation risk. Exchange rate risk associated with the net assets of these



foreign operations is mainly managed through borrowings denominated in relevant foreign currencies. See (III) for the sensitivity analysis.

#### Price risk

Given that the Group's investments are dominated by financial assets at FVTOCI classified in the consolidated balance sheet, the Group is exposed to price risk associated with equity instruments. The Group is not subject to commodity price risk. To manage price risk associated with investments in equity instruments, the Group diversifies its investment portfolio, based on limits set by the Group.

#### Interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk, part of which is offset by cash and cash equivalents held at floating rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group simulates multiple plans and analyzes interest rate risk, including consideration of refinancing, renewal of existing positions, other available financing and hedging, to calculate the impact of changes in specific interest rates on profit or loss. For each simulation scenario, the same rate movement is used for all currencies. These simulation plans are applied to the positions of significant interest-bearing liabilities only.

### (2) Credit risk

- A. Credit risk is the risk of a financial loss incurred by the Group from failure to fulfill any obligations contained in the contract on the part of any customer or counterparty. According to the internally defined credit policy, the Group must conduct management and credit risk analysis for each of its new customers before determining the terms and conditions for payment and delivery. Internal risk control aims to evaluate the credit quality of customers by considering their financial positions, past experience and other factors. The board of directors determines individual risk limits based on internal or external ratings, and regularly monitors the use of credit limits. Credit risk is derived mainly from cash and cash equivalents and deposits with banks and financial institutions, and also from customers, as well as accounts receivable and committed transactions. For banks and financial institutions, only institutions with an independent rating of A or above will be accepted as counterparties.
- B. In 2022 and 2021, no credit limits were exceeded, and management did not expect any significant losses due to the counterparty's non-performance.
- C. For the analysis of aging of the Group's financial assets, see Note 6.2 Accounts Receivable.
- D. For the analysis of the Group's impaired financial assets, see Note 6 for different types of financial assets.

### (3) Liquidity risk

- A. Cash flow forecasting is performed by each operation within the Company and summarized by the Company's Finance Department. The Company's Finance

Department monitors the forecasting of the Group's liquidity needs to ensure that it has sufficient funds to meet operating needs.

B. The following table shows the Group's non-derivative financial liabilities, and derivative financial liabilities delivered on a net or gross basis, which are grouped according to their maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the maturity date. Derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date. Contractual cash flow amounts disclosed in the table below are undiscounted amounts.

Non-derivative financial liabilities				
December 31, 2022	Less than 1 year	1 to 5 years	5 years or more	
Short-term borrowings	\$ 366,945	\$ -	\$ -	-
Notes payable	460	-	-	-
Accounts payable	89,021	-	-	-
Other payables	84,961	-	-	-
Other payables - related parties	22,622	-	-	-
Current tax liabilities	15,541	-	-	-
Lease liabilities	13,955	124,620	-	-
Non-derivative financial liabilities				
December 31, 2021	Less than 1 year	1 to 5 years	5 years or more	
Short-term borrowings	\$ 791,191	\$ -	\$ -	-
Notes payable	25	-	-	-
Accounts payable	129,883	-	-	-
Other payables	113,783	-	-	-
Other payables - related parties	28,043	-	-	-
Current tax liabilities	10,880	-	-	-
Lease liabilities	19,069	1,444	-	-

#### 4. Fair value hierarchy

The table below presents the valuation techniques used to analyze financial instruments measured at fair value. Different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3: Unobservable inputs for the asset or liability.

The Group's financial assets and liabilities at fair value as of December 31, 2022 and 2021 are presented as follows:

December 31, 2022	Level 3
Financial assets:	
Financial assets at FVTOCI - equity securities	\$ 113,453
December 31, 2021	Level 3
Financial assets:	
Financial assets at FVTOCI - equity securities	\$ 127,406

If there are significant parameters not obtained from observable market data, then such financial instrument falls under Level 3.

Specific valuation techniques used to measure financial instruments include:

(1) Quoted prices or dealer prices for similar instruments.

(2) The fair value of an interest rate exchange transaction is the present value of estimated future cash flows discounted according to an observable yield curve.

(3) Other valuation techniques to determine the fair value of the remaining financial instruments.

Quantitative information on fair value measurement of significant unobservable inputs:

Valuation techniques and inputs for Level 3 fair value measurement

Equity instruments at FVTOCI have multiple significant unobservable inputs. As the significant unobservable inputs of investments are independent of each other, there is no mutual correlation. The quantitative information on significant unobservable inputs as of December 31, 2022 is presented as follows:

Item measured at fair value based on a repeatability basis	Fair value as of December 31, 2022 (in thousands)	Valuation technique	Significant unobservable input	Interval (weighted average)	Relationship between input and fair value
<u>Financial assets at FVTOCI - LIGHTEL</u>	\$50,620	Comparable companies method	EBIT multiplier	6.31~29.56 (6.31)	The higher EBIT multiplier, income multiplier, and equity ratio, the higher the fair value.
			Income multiplier	0.78~2.09 (0.78)	
		Option model	Equity multiplier	1.23~2.79 (1.23)	The higher the minority discount and illiquidity discount, the lower the fair value.
			Illiquidity discount	30%	
			Annualized volatility	41.32%	
Risk discount rate	11.12%	The higher the risk discount rate, the lower the fair value.			
Item measured at fair value based on a repeatability basis	Fair value as of December 31, 2022 (in thousands)	Valuation technique	Significant unobservable input	Interval (weighted average)	Relationship between input and fair value
<u>Financial assets at FVTOCI - ZJ Optical</u>	\$62,833	Comparable companies method	EBITDA multiplier	18.69~464.21 (25.07)	The higher EBITDA multiplier, income multiplier, and equity ratio, the higher the fair value.
			Income multiplier	0.41~2.18 (0.47)	
			Equity multiplier	0.62~2.14 (1.08)	

Changes in financial assets at FVTOCI for 2022 and 2021 are presented as follows:

	2022	2021
Opening balance	\$ 127,406	\$ 75,478
Loss (profit) recognized in other comprehensive income	(21,113)	52,908
Foreign currency translation differences	7,160	(980)
Closing balance	<u>\$ 113,453</u>	<u>\$ 127,406</u>

### (III) Foreign Currency Assets and Liabilities with Significant Effects

The following information is summarized and expressed in foreign currencies other than the Group's functional currency. Disclosed exchange rates are the exchange rates from these foreign

currencies to the functional currency. Foreign currency assets and liabilities with significant effects are presented as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Foreign currency assets - monetary items</u>						
<u>USD</u>	\$ 4,540	30.71	\$ 139,425	\$ 3,627	27.68	\$ 100,388
<u>HKD</u>	2,439	3.938	9,603	917	3.549	3,256
<u>RMB</u>	261,582	4.4094	1,153,426	355,583	4.3415	1,543,757
<u>Foreign currency assets - non-monetary items</u>						
<u>USD</u>	1,648	30.71	50,620	2,243	27.68	62,079
<u>RMB</u>	14,250	4.4094	62,833	15,047	4.3415	65,326
<u>Foreign currency liabilities - monetary items</u>						
<u>USD</u>	5,059	30.71	155,366	14,336	27.68	396,820
<u>HKD</u>	1,653	3.938	6,509	533	3.549	1,891
<u>RMB</u>	94,826	4.4094	418,128	102,012	4.3415	442,886
<u>Exchange gains and losses on monetary assets and liabilities</u>						
			<u>2022</u>			<u>2021</u>
<u>USD</u>		\$	(10,424)		\$	(8,801)
<u>HKD</u>			128			(20)
<u>RMB</u>			(1,802)			15,458
<u>JPY</u>			2			(5)
<u>Total</u>		\$	<u>(12,096)</u>		\$	<u>6,632</u>

<u>Financial assets - monetary items</u>	2022		2021	
	Range of changes	Profit or loss affected	Range of changes	Profit or loss affected
<u>USD</u>	1%	\$ 1,395	1%	\$ 1,004
<u>RMB</u>	1%	11,534	1%	15,438
<u>Financial liabilities - monetary items</u>				
<u>USD</u>	1%	1,554	1%	3,968
<u>RMB</u>	1%	4,181	1%	4,429

#### (IV) Financing from Non-cash Transactions

1. For right-of-use assets acquired through leases, see Note 6.6 for details.
2. The Company's liabilities (with non-cash changes) in financing activities are presented as follows:

	January 1, 2022	Cash flows	Non-cash changes	December 31, 2022
Lease liabilities (current and non-current)	\$ 20,513	(19,582)	137,644	138,575
	January 1, 2021	Cash flow	Non-cash changes	December 31, 2021
Lease liabilities (current and non-current)	\$ 41,550	(19,914)	1,123	20,513

### XIII. ADDITIONAL DISCLOSURES

#### (I) INFORMATION ON SIGNIFICANT TRANSACTIONS

No.	Item	Table
1	LOANS TO OTHERS	Table 1
2	ENDORSEMENTS/GUARRANTEES PROVIDED	Table 2
3	MARKETABLE SECURITIES HELD (excluding investments in subsidiaries, associates and joint ventures)	Table 3
4	Cumulative purchase or sale of the same security amounting to NT\$300 million or more than 20% of the paid-in capital	No
5	Property acquired amounting to NT\$300 million or more than 20% of the paid-in capital	No
6	Property disposed of amounting to NT\$300 million or more than 20% of the paid-in capital	No
7	TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL	No
8	Receivables from related parties amounting to NT\$100 million or more than 20% of the paid-in capital	No
9	INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS	Table 5
10	INFORMATION ON INVESTEEES (excluding investees in mainland China)	Table 6
11	INFORMATION ON INVESTMENTS IN MAINLAND CHINA	Table 7
12	Information on major shareholders	Table 8

(II) INFORMATION ON INVESTEEES

No.	Item	Table
1	LOANS TO OTHERS	Table 1
2	ENDORSEMENTS/GUARRANTEES PROVIDED	No
3	MARKETABLE SECURITIES HELD (excluding investments in subsidiaries, associates and joint ventures)	Table 3
4	Cumulative purchase or sale of the same security amounting to NT\$300 million or more than 20% of the paid-in capital	No
5	Property acquired amounting to NT\$300 million or more than 20% of the paid-in capital	No
6	Property disposed of amounting to NT\$300 million or more than 20% of the paid-in capital	No
7	TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL	Table 4
8	Receivables from related parties amounting to NT\$100 million or more than 20% of the paid-in capital	No
9	INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS	Table 5
10	INFORMATION ON INVESTEEES (excluding investees in mainland China)	No
11	Information on major shareholders	No

(III) INFORMATION ON INVESTMENTS IN MAINLAND CHINA: see Table 7.

1. Limits on investments in mainland China

Cumulative investment amount remitted from Taiwan to mainland China as of the end of the year (Note 1)	Investment amount approved by the Investment Commission, MOEA (Note 2)	Limits on investments in mainland China set by the Investment Commission, MOEA (Note 3)
\$ 443,977	\$ 533,065	\$ 837,177

Note 1: Investment amounts remitted to mainland China over the years are summarized as follows:

- (1) The Company indirectly invested US\$5,000 thousand to establish DONGGUAN LUCKY FLY CONDUCTOR CO.LTD as share capital through its subsidiary SPACE SHUTTLE HI-TECH CO., LTD., as approved by the Investment Commission, MOEA through Jing

Shen Er Zi No. 10100447460 on November 19, 2012. In October 2014, the board of directors resolved to increase investment in DONGGUAN LUCKY FLY CONDUCTOR CO.LTD by US\$3,000 thousand through an overseas subsidiary, as approved by the Investment Commission, MOEA through Jing Shen Er Zi No. 10300250240 on October 8, 2014. As of December 31, 2022, the said investments totaling US\$8,000 thousand had been fully remitted.

- (2) The Company indirectly invested HK\$7,000 thousand, and HK\$3,372 thousand purchased through XDM with its own funding, to establish Dongguan Feitai Electronic Co., Ltd. as share capital through its subsidiary SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED, as approved by the Investment Commission, MOEA through Jing Shen Er Zi No. 10000384740 on September 6, 2011. On September 28, 2015, the Company changed the investment structure by reinvesting in SPACE SHUTTLE HI-TECH CO., LTD. (Seychelles) with the total price of its 100% shares in Dongguan Feitai Electronic Co., Ltd., as approved by the Investment Commission, MOEA through Jing Shen Er Zi No. 10400286960 on November 4, 2015.

As decided by the board of directors, the Group sold 81% shares and some fixed assets in its subsidiary SPACE SHUTTLE HI-TECH CO., LTD.(Seychelles) to GREAT CHINA HI-TECH CO., LTD. on November 30, 2015 as the base date., as approved by the Investment Commission, MOEA through Jing Shen Er Zi No. 10500010820 on January 25, 2016 to cancel US\$552 thousand investment. As of December 31, 2022, the total balance of the said investment funds was approximately HK\$6,094 thousand.

- (3) The Company indirectly invested HK\$20,000 thousand and, and HK\$15,385 thousand purchased through XDM with its own funding, to establish DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD as share capital through its subsidiary SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED, as approved by the Investment Commission, MOEA through Jing Shen Er Zi No. 10000384730 on September 6, 2011. As of December 31, 2022, the said investments totaling HK\$35,385 thousand had been fully remitted.
- (4) In 2002, the Company indirectly invested in Zhong Ju Hi-Tech Co., Ltd. through SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED, a subsidiary of the Company's subsidiary SPACE SHUTTLE (SINGAPORE) HI-FIWIRE&CABLE INDUSTRY PTE LTD., as approved by the Investment Commission, MOEA through Jing Shen Er Zi No. 091034423 on November 1, 2002. In 2011, SPACE SHUTTLE (SINGAPORE) HI-FIWIRE&CABLE INDUSTRY PTE LTD. was liquidated and its subsidiary SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED directly invested in Zhong Ju Hi-Tech Co., Ltd. In December 2013, the Company sold 20% shares in Zhong Ju Hi-Tech Co., Ltd. by reducing its shareholding from 50% to 30% for CN¥6,518 thousand, which was recovered on May 4, 2015. In March 2016, as the Company did not participate in a US\$2,460 thousand cash capital increase, its shareholding in Zhong Ju was reduced from 30% to 19.15%. In June 2021, as the

Company did not participate in a US\$628 thousand cash capital increase, its shareholding was further reduced from 19.15% to 17.53%.

Note 2: The Investment amount approved by the Investment Commission, MOEA included US\$11,489 thousand and HK\$45,769 thousand.

Note 3: The amount of limits set by the MOEA through Jing Shen Zi No. 09704604680 on August 29, 2008 was 60% of the consolidated net worth.

## 2. Significant transactions

For direct or indirect significant transactions between the Group and investees in mainland China for 2022 (which had been written off in preparing the consolidated statements), see INFORMATION ON SIGNIFICANT TRANSACTIONS.

## (IV) INFORMATION ON MAJOR SHAREHOLDERS:

See Table 8 for shareholders holding 5% or more shares, their shareholdings and shareholding ratios.

## XIV. INFORMATION ON OPERATING SEGMENTS

The Group is mainly engaged in the manufacture of copper materials and 3C cables. The operating decision-maker is the board of directors, which deems the Group on the whole as a single performance management entity, reviews the financial data from the Group's financial statements as a basis for appraising performance, making decisions and allocating resources, and identifies the Group as a reportable segment. The board of directors of the Group mainly appraises the performance of operating segments based on monthly financial statements.

### (I) Revenue from Products Sold and Services Rendered

The Group's revenue from products sold and services rendered is analyzed as follows:

	<u>2022</u>	<u>2021</u>
Copper	\$ 2,563,794	\$ 3,470,746
3C wires	569,900	729,327
3C assembly products	1,999	2,887
Total	<u>\$ 3,135,693</u>	<u>\$ 4,202,960</u>

### (II) Information About Geographical Areas

The Group mainly operates in Asia.

The Group's revenue from the continuing operations of external customers and non-current assets are presented according to their locations as follows:

	<u>Revenues from external customers:</u>		<u>Non-current assets</u>	
	<u>2022</u>	<u>2021</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Asia	<u>\$ 3,135,693</u>	<u>\$ 4,202,960</u>	<u>\$ 391,991</u>	<u>\$ 259,830</u>

Non-current assets exclude financial assets at FVTOCI and deferred tax assets.

### (III) Information About Major Customers:

The Group earns no more than 10% of its total revenue from a single customer.

**Space Shuttle Hi-Tech co., Ltd and Its Subsidiaries**  
**LOANS TO OTHERS**  
For the Year Ended December 31, 2022

Table 1 (In Thousands of NT\$)

No.	Lender	Borrower	Item	Related party or not	Maximum amount for the year	Closing balance	Actual amount drawn	Interest rate range	Nature of loan	Amount of business dealings	Cause for the need for short-term financing	Provision for bad debts	Collateral		Limits to a borrower	Total limits
													Name	Value		
0	Space Shuttle Hi-Tech co., Ltd	SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	Other receivables	Y	\$ 128,860	\$ 122,840	\$ -	-	Need for short-term financing	\$ -	- working capital	\$ -	No	\$ -	\$ 139,530	\$ 558,118
0	Space Shuttle Hi-Tech co., Ltd	SPACE SHUTTLE HI-TECH CO., LTD	Other receivables	Y	123,795	-	-	-	Need for short-term financing	-	- working capital	-	No	-	139,530	558,118
0	Space Shuttle Hi-Tech co., Ltd	DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	Other receivables	Y	322,150	307,100	220,470	3%	Need for short-term financing	-	- working capital	-	No	-	139,530	558,118
1	SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	Other receivables	Y	161,075	153,550	-	-	Need for short-term financing	-	- working capital	-	No	-	139,530	558,118
2	SPACE SHUTTLE HI-TECH CO., LTD	DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	Other receivables	Y	70,740	-	-	-	Need for short-term financing	-	- working capital	-	No	-	139,530	558,118

Note 1: Numbers given in column No. are defined as follows:

1. Fill in 0 for the Issuer
2. Investees are numbered sequentially starting from 1 by the Company.

Note 2: Items such as accounts receivable from associates, accounts receivable from related parties, shareholder transactions, advance payments and temporary payments, must be filled in this column if they are loans by nature.

Note 3: The maximum balance for the year and the closing balance are limits, not actual amounts drawn.

Note 4: The nature of loan is defined as follows:

1. Fill in 1 if there are business dealings.
2. Fill in 2 if there is a need for short-term financing.

Note 5: If the nature of loan is in the case of 1, the amount of transactions should be provided. The amount of business dealings is the total amount of business dealings between the lender and the borrower in the most recent year.

Note 6: If the nature of loan is in the case of 2, the cause for the need for a loan and the use of the loan, such as repayment of an existing loan, purchase of equipment and working capital, should be specified.

Note 7: The calculation and amount of limits on loans should be stated.

1. For companies or firms the Company needs to trade with, the amount of a loan shall be limited to 10% of the net worth contained in the Company's financial statements, and the total amount of loans to others shall be limited to 40% of the net worth contained in the Company's financial statements.
2. For companies or firms that need short-term financing, the amount of a loan shall be limited to 10% of the net worth contained in the parent company's financial statements, and the total amount of loans to others shall be limited to 40% of the net worth contained in the parent company's financial statements.



**Space Shuttle Hi-Tech co., Ltd and Its Subsidiaries**  
**ENDORSEMENTS/GUARANTEES PROVIDED**  
For the Year Ended December 31, 2022

Table 2 (In Thousands of NT\$)

No.	Guarantor	Principal		Limits to a company	Maximum balance for the year	Closing balance	Actual amount drawn	Amount of endorsement/guarantee secured by property	Cumulative amount of endorsements/ guarantees as a percentage of the net worth contained the latest financial statements	Maximum limits	Parent company's endorsement/guarantee for a subsidiary	A subsidiary's endorsement/guarantee for the parent company	Endorsement/guarantee for a company in mainland China	Remarks
		Name	Relationship											
0	Space Shuttle Hi-Tech co., Ltd	SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	A subsidiary in which the Company directly holds more than 50% ordinary shares	\$ 1,395,295	\$ 48,323	\$ -	\$ -	\$ -	66.37%	\$ 1,395,295	Y	N	N	
		DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	A subsidiary in which the Company indirectly holds more than 50% ordinary shares	1,395,295	67,638	66,141	-	-	66.37%	1,395,295	Y	N	Y	
		DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	A subsidiary in which the Company indirectly holds more than 50% ordinary shares	1,395,295	943,200	859,880	241,944	18,426	66.37%	1,395,295	Y	N	Y	

Note 1: Numbers given in column No. are defined as follows:

1. Fill in 0 for the Issuer
2. Investees are numbered sequentially starting from 1 by the Company.

Note 2: The relationship between the Guarantor and the Principal may be one of the following 7 types:

1. A company with business dealings.
2. A company in which the Company directly or indirectly holds more than 50% voting shares.
3. A company which directly or indirectly holds more than 50% voting shares in the Company.
4. A company in which the Company directly or indirectly holds 90% or more voting shares.
5. A company and the Company should provide a guarantee to each other as per any contract between peers or co-builders as necessary for contracting projects.
6. A company guaranteed by all shareholders according to their shareholding ratios based on joint investment relations.
7. Peers should be jointly liable for performance bond under a house pre-sale contract in accordance with the Consumer Protection Act.

Note 3: The total amount of endorsements/guarantees shall be limited to 100% of the net worth contained in the Company's financial statements, and the amount of limits on endorsements/guarantees to a company shall be limited to 100% of the net worth contained in the Company's financial statements.

**Space Shuttle Hi-Tech co., Ltd and Its Subsidiaries**  
**MARKETABLE SECURITIES HELD (excluding investments in subsidiaries, associates and joint ventures)**  
December 31, 2022

Table 3 (In Thousands of NT\$)

Holder	Type and name of securities	Relationship with the issuer	Account	Closing			Fair value	Remarks
				Number of shares	Carrying amount	Percentage of ownership		
Space Shuttle Hi-Tech co., Ltd	Stock LIGHTELTECHNOLOGIES, INC.	—	Investments in equity instruments at FVTOCI - current	1,250	\$ 50,620	-	\$ 50,620	註2
SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	Stock SPACE SHUTTLE HI-TECH CO., LTD. (Seychelles)	—	Investments in equity instruments at FVTOCI - current	1,971	-	19.00%	-	註3、4
	Stock Zhong Ju Hi-Tech Co., Ltd.	—	Investments in equity instruments at FVTOCI - current	-	62,833	17.53%	62,833	註2、5

Note 1: Marketable securities stated here are defined as shares, bonds, and beneficiary certificates in the scope of IAS 39 "Financial Instruments: Recognition and Measurement" and marketable securities derived from the same.

Note 2: The fair value is the market value calculated according to the valuation model.

Note 3: On September 28, 2015, SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED changed its investment structure by reinvesting in SPACE SHUTTLE HI-TECH CO., LTD. (Seychelles) with the total price of its 100% shares in Dongguan Feitai Electronic Co., Ltd., as approved by the Investment Commission, MOEA through Jing Shen Er Zi No. 10400286960 on November 4, 2015. On November 30, 2015, SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED sold its 81.00% stake in SPACE SHUTTLE HI-TECH CO., LTD.(Seychelles) to GREATCHINACOM HI-YECH CO., LTD., as approved by the Investment Commission, MOEA through Jing Shen Er Zi No. 10500010820 on January 25, 2016.

Note 4: SPACE SHUTTLE HI-TECH CO., LTD. (Seychelles) is a holding company 100% investment in Dongguan Feitai Electronic Co., Ltd., which has not improved from sustained loss and has reported accumulated losses in excess of paid-in capital. As SPACE SHUTTLE HI-TECH CO., LTD.(Seychelles) is liable only for the amount of investment, the fair value of Dongguan Feitai Electronic Co., Ltd. is estimated to be 0.

Note 5: Zhong Ju increased capital by US\$628 thousand to US\$7,428 thousand. However, as the Group did not participate, its shareholding was reduced from 19.15% to 17.53%.

**Space Shuttle Hi-Tech co., Ltd and Its Subsidiaries**  
**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
For the Year Ended December 31, 2022

Table 4 (In Thousands of NT\$)

Company	Counterparty	Relationship	Transactions				Unusual terms and why		Notes and accounts receivable (payable)		Remarks
			Purchases/ Sales	Amount	% to Total	Payment terms	Unit price	Payment terms	Balance	% to Total	
DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	Same ultimate parent company	Sales	\$ (192,248)	6.98%	Net 90 days from the invoice date	-	-	\$ 40,514	5.92%	Note 1

Note 1: The purchases and sales above between the Company and related parties have been written off in the consolidated financial statements.

**Space Shuttle Hi-Tech co., Ltd and Its Subsidiaries**  
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
For the Year Ended December 31, 2022

Table 5 (In Thousands of NT\$)

No.	Company	Counterparty	Nature of relationship	Intercompany transactions			As a percentage of consolidated net revenue or total assets		
				Account	Amount	Terms			
0	Space Shuttle Hi-Tech co., Ltd	SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	1	Purchases	\$ 93,187	on general terms	2.97%		
		SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	1	Accounts payable	36,799	on general terms	1.73%		
		SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	1	Interest income	1,162	on general terms	0.04%		
		SPACE SHUTTLE HI-TECH CO., LTD	1	Interest income	496	on general terms	0.02%		
		DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	1	Other receivables	220,470	on general terms	10.39%		
		DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	1	Accrued revenue	3,263	on general terms	0.15%		
		DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	1	Interest income	3,846	on general terms	0.12%		
		1	SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	3	Purchases	91,225	on general terms	2.91%
				DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	3	Accounts payable	35,668	on general terms	1.68%
DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	3			Other payables	441	on general terms	0.02%		
DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	3			Interest income	2,289	on general terms	0.07%		
DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	3			Rental income	6,386	on general terms	0.20%		
DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	3			Interest income	518	on general terms	0.02%		
2	SPACE SHUTTLE HI-TECH CO., LTD	DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	3	Interest income	518	on general terms	0.02%		
3	DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	3	Accounts receivable	40,514	on general terms	1.91%		

(carried over)

(brought forward)

**Space Shuttle Hi-Tech co., Ltd and Its Subsidiaries**  
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
For the Year Ended December 31, 2022

Table 5 (In Thousands of NT\$)

No.	Company	Counterparty	Nature of relationship	Intercompany transactions			
				Account	Amount	Terms	As a percentage of consolidated net revenue or total assets
		DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	3	Sales	\$ 192,248	on general terms	6.13%

Note 1: Intercompany transactions should be indicated in column No. respectively. Numbers given are defined as follows:

1. 0 represents the parent company.
2. Subsidiaries are numbered sequentially starting from 1 by the Company.

Note 2: The nature of relationship may be one of the following 3 types:

1. From the parent company to a subsidiary.
2. From a subsidiary to the parent company.
3. From a subsidiary to another subsidiary.

Note 3: When calculating transactions as a percentage of consolidated net revenue or total assets, for asset or liability items, calculate the closing balance as a percentage of consolidated total assets; for profit or loss items, calculate cumulative amount for the year as a percentage of consolidated net revenue.

Note 4: The transaction amount has been written off in the consolidated financial statements.

**Space Shuttle Hi-Tech co., Ltd and Its Subsidiaries**  
**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES (excluding investees in mainland China)**  
December 31, 2022

Table 6

Unit: Thousands of NT\$; Number of shares:  
shares

Investor	Investee	Location	Business scope	Original investment amount		Held at the end of the year			Share of the profit or loss of the investee	Recognized share of the profit or loss of the investee	Remarks
				End of the year	End of last year	Number of shares	Percentage of ownership (%)	Carrying amount			
Space Shuttle Hi-Tech co., Ltd	SPACE SHUTTLE HI-TECH CO., LTD	Samoa	General investment	\$ 244,987	\$ 244,987	8,000	100.00%	\$ 530,488	\$ (23,462)	\$ (23,462)	Subsidiary
	SPACE SHUTTLE (HK) HI-FI WIRE & CABLE INDUSTRY CO., LIMITED	Hong Kong	General investment and sales	546,243	546,243	130,221	100.00%	477,067	11,939	11,939	Subsidiary
	Total			\$ 791,230	\$ 791,230			\$ 1,007,555	\$ (11,523)	\$ (11,523)	

Note 1: If a public offering company has a foreign holding company and should mainly use consolidated statements as required by local laws, then information about foreign investees to be disclosed may be disclosed to information related to the holding company only.

Note 2: Other than 1, the following requirements should be followed:

- (1) Columns such as "Investee", "Location", "Business scope", "original investment amount" and "Held at the end of the year" should be filled in order from investment by the (public offering) company to investment by each directly or indirectly controlled investee, and the relationship between each investee and the (public offering) company should be indicated in column Remarks (a subsidiary or sub-subsidiary).
- (2) In column B of "Share of the profit or loss of the investee", the profit or loss of each investee should be filled in.
- (3) In column B of "Recognized share of the profit or loss of the investee", only the profit or loss of each subsidiary directly invested and of each investee valued using the equity method as recognized by the (public offering) company is required. As to the profit or loss of each subsidiary directly invested as recognized, it should be confirmed that the profit or loss of each subsidiary has included its share of the profit or loss of any investee invested by such subsidiary.

Note 3: The said investees have been included the consolidated financial statements.

**Space Shuttle Hi-Tech co., Ltd and Its Subsidiaries**  
**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**

For the Year Ended December 31, 2022

Table 7

(In Thousands of NT\$)

Investee in mainland China	Business scope	Paid-in capital	Form of investment	Cumulative investment amount remitted from Taiwan as of the beginning of the year	Investment amount remitted or recovered for the year		Cumulative investment amount remitted from Taiwan as of the end of the year	Share of the profit or loss of the investee	The Company's direct or indirect shareholding ratio	Recognized share of the profit or loss of the investee	Carrying amount of investment at the end of the year	Share of the profit of the investee repatriated as of the end of the year	Remarks
					Remitted	Recovered							
DONGGUAN LUCKY FLY CONDUCTOR CO.LTD	Production and sales of copper wires.	\$ 244,987	2	\$ 244,987	-	-	\$ 244,987	\$ (24,279)	100.00%	\$ (23,135)	\$ 530,162	-	Note 4
DONG GUAN HOU JIE XI TOU SPACE SHUTTLE HI-FI WIRE & CABLE CO., LTD	Production and sales of information transmission wires.	135,502	2	135,502	-	-	135,502	21,228	100.00%	21,228	288,419	-	
Cumulative investment amount remitted from Taiwan to mainland China as of the end of the year		\$ 443,977		\$ 533,065	Limits on investments in mainland China set by the Investment Commission, MOEA		\$ 837,177						

Note 1: The forms of investments include the following three forms. Please indicate which form was adopted:

- (1) Direct investment in Chinese
- (2) Investment in mainland China through a third-region company (please specify the investment company in the third region).
- (3) Otherwise.

Note 2: In column Recognized share of the profit or loss of the investee:

- (1) If there is no share of the profit or loss of the investee under preparation, please indicate.
- (2) The basis of recognizing share of the profit or loss of the investee includes the following three types. Please indicate which one is applicable.
  - A. Financial statements audited and verified by an international accounting firm in cooperation with an accounting firm in the Republic of China
  - B. Financial statements audited and verified by CPAs of the parent company in Taiwan
  - C. Others.

Note 3: Figures in this table should be reported in NTD.

Note 4: Any difference between the profit or loss of the investee and the recognized share of the profit or loss of the investee is the result of any unrealized gross profit on internal transactions.

**Space Shuttle Hi-Tech co., Ltd and Its Subsidiaries**  
**INFORMATION ON MAJOR SHAREHOLDERS**

December 31, 2022

Table 8

Number of shares:  
shares

Name of major shareholder	Shares	
	Number of shares held	Percentage of ownership
Wang, Kun-Tian	33,207,685	23.87%
Wang, Hsuan-Hui	11,579,000	8.32%
Luo, Chiu-Hsiang	11,100,801	7.97%

Note: The information on major shareholders here covers those shareholders holding at least 5% of the Company's ordinary shares and preferred shares (including treasury shares) delivered without physical registration in aggregate on the last business day at the end of each quarter, as calculated by TDCC. The Company's actual number of shares delivered without physical registration presented in the Company's financial statements may deviate due to a different basis for preparation and calculation. As for any insider share application for holding at least 10% of the Company's shares filed by any shareholder in accordance with the Securities and Exchange Act, then its shareholding includes the shares held by the shareholder and the shares managed by a trust, in which the shareholder had the right to exercise decision-making power over the trust property. For insider share application documents, visit the MOPS.



VI. In the Most Recent Fiscal Year and Up to the Date of Publication of the Annual Report, Any Financial Difficulties Experienced by the Company or Its Affiliates and How Said Difficulties Will Affect the Company's Financial Situation

## Chapter 7 Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks

### I. Analysis of Financial Status

Analysis benchmark: increase and decrease ratio of 20% and change amount of more than \$10,000 thousand

Unit: NT\$ thousands

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	1,608,853	2,109,843	500,990	(23.75%)
Current assets	512,775	399,289	113,486	28.42%
Total assets	2,121,628	2,509,132	(387,504)	(15.44%)
Current liabilities	599,322	1,094,580	(495,258)	(45.25%)
Non-current liabilities	127,011	8,305	118,702	1,429.33%
Total liabilities	726,333	1,102,885	(376,552)	(34.14%)
Capital stock	1,391,173	1,391,173	0	0.00%
Capital surplus	5,109	5,109	0	0.00%
Retained earnings	2,986	25,595	(22,609)	(88.33%)
Other equity items	(3,973)	(15,630)	11,657	74.58%
Parent company's total shareholders' equity	1,395,295	1,406,247	10,952	0.78%
Non-controlling interest	0	0	0	0.00%
Total Equity	1,395,295	1,406,247	10,952	0.78%
Total liabilities and equity	2,121,628	2,509,132	387,504	15.44%

Description of the main causes of the change and its impact and future response plan:

1. Decrease in current assets was a decrease in operations in 2022, resulting in a relative decrease in accounts receivable and inventory.
2. The increase in total non-current assets and non-current liabilities was due to the signing of new lease contracts in early 2022.
3. Decrease in total current liabilities and liabilities were the result of decreased operations in 2022, reduced capital requirements and lower accounts payable.
4. Retained earnings reduced was mainly due to loss after tax in 2022.
5. Increase in other equity was mainly due to the decrease in exchange losses from the translation of the financial statements of foreign operating institutions of reinvested enterprises

## II. Financial Performance

### (I) Financial performance analysis for the last two years

Analysis benchmark: increase and decrease ratio of 20% and change amount of more than \$10,000 thousand

Unit: NT\$ thousands

Item	2022	2021	Increase (Decrease) Amount	Change Ratio (%)	No.
Operating revenue	3,135,693	4,202,960	(1,067,267)	(40.56%)	1
Operating costs	2,948,379	3,894,247	(945,868)	(24.29%)	1
Gross Profit	187,314	308,713	(121,399)	(39.32%)	
Operating expenses	154,170	151,182	2,980	1.98%	
Operating Profit	33,144	157,531	(124,387)	(78.96%)	1
Non-operating income and expenses	(24,564)	(7,054)	(17,510)	(248.23%)	2
Net income (loss) before tax	8,580	150,477	(141,897)	(94.30%)	2
Income tax (expenses) benefits	(31,944)	(45,785)	13,841	30.23%	2
Net income (loss)	(23,364)	104,692	(128,056)	(122.32%)	2
Other comprehensive income (net, after tax)	12,412	43,768	(31,356)	(71.64%)	3
Total comprehensive income	(10,952)	148,460	(159,412)	(107.38%)	2

Increase and decrease change analysis description:

1. The decrease in operating revenues, operating costs, operating profit and operating profit in 2022 was the main result of the decline in poor operating conditions.
2. The increase in operating expenses in 2022 was mainly due to the substantial growth in the Company's profit in 2021, and the increase in operating expenses in 2022 due to employee salary adjustments s
3. The increase in operating expenses in 2022 is due to the large exchange rate fluctuations, resulting in exchange losses.
4. In 2022, the decrease of income tax expenses, pre-tax net profit, current period net profit and loss of the current period was due to the poor economic situation and the decline operations.
5. In 2022, the increase of other comprehensive profit and loss was due to the reversal of the exchange loss from the translation of the financial statements of the foreign operating institutions of the reinvested enterprises.

### (II) Expected sales quantity and its basis

Unit: KM, KPCS, TOM

Major Product	Annual Budget Sales
3C Product Line	34,332
Stranded Copper Wires	11,409

- (III) The possible impact on the Company's future financial business and response measures: no significant impact.

### III. Cash Flow

#### (I) Liquidity analysis in the last two years (increase or decrease ratio of more than 20%)

Item \ Year	2022	2021	Increase or decrease%
Cash flow ratio (%)	78.83	(9.47)	932.07%
Cash flow adequacy ratio (%)	59.77	(40.96)	246.71%
Cash reinvestment ratio (%)	32.68	(7.35)	544.83%
Increase and decrease change analysis description: The cash flow ratio, cash flow permissible ratio, and cash reinvestment ratio increased over the previous year was mainly due to good cash inflow in receivable withdrawals in 2022.			

(II) Insufficient liquidity improvement plan: Not applicable.

#### (III) Cash Flow Analysis for the Coming Year:

Cash balance, beginning of year	Estimated annual net cash flows from operating activities	Expected annual cash inflow (output)	Estimated cash surplus (deficit) amount	Estimated remedial measures for cash deficit	
				Investment Plan	Financial Planning
423,517	(183,701)	(23,701)	399,816	-	-
<p>1. Analysis of cash flow changes for the upcoming year:</p> <p>a. Business Activities: expect cash outflows from business activities.</p> <p>b. Investment Activities: expect cash outflows from investment activities, subject to the increase in other financial assets (current).</p> <p>c. Financing Activities: expect cash inflows from financing activities, subject to bank borrowings.</p> <p>2. Remedial measures and liquidity analysis for expected shortcomings: Not applicable.</p>					

IV. Impact on Financial Operations of Any Major Capital Expenditures in the Most Recent Fiscal Year: None.

V. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability, and Investment Plans for Coming Year:

#### (I) Reinvestment Policy:

The Company's re-investment policy continues to lay out in the Greater China region, cut into high value-added wire and cable assemblies, closely observe copper market price fluctuations, batch sourcing risks to maintain a good relationship with suppliers and customers, and pay attention to the significant impact of exchange rate risks on the Company.

## (II) Main reasons for profit or loss

Unit: NT\$ thousands

Investment Companies	Major Business Activities	Annual recognized investment gains and losses	Main reasons for profit or loss
SPACE SHUTTLE HI-TECH CO., LTD.	General investment	(23,462)	The main system recognizes losses of investment companies.
Space Shuttle (HK) Hi-Fi Wire & Cable Industry Co Ltd.	General investment and trading .	11,939	The main system recognizes the interests of investment companies.
Dongguan Hou Jie Xi Tou Space Shuttle Hi-Fi Wire&Cable Co., Ltd.	Production and sales of information transmission cable	21,228	The main system continues to adjust the product portfolio to improve business margin.
Dongguan Lucky Fly Conductor Co., Ltd.	Copper wire production and sales	(23,135)	The main exchange rate is caused by large fluctuations.

## (III) Remedial plan

The Company continues to establish a low total cost competitive strategy to improve staff quality, improve process efficiency, reduce quality anomalies and improve Company quality and enhance the Company's value and image in the value chain.

The Company continues to expand the existing supply chain of world-class manufacturers, and tap into the supply chain of other world-class manufacturers to improve their product quality and Company awareness.

The Company actively develops automotive, industrial automation, medical and other related cables and wire assemblies, and continues to develop high value-added wire and cable assemblies to meet customer's new product design needs.

In line with global trends, increase the proportion of R&D green products, focus on resource reuse and strive to reduce carbon emissions.

Pay close attention to exchange rate fluctuations, grasp the trend of exchange rates in a timely manner, according to the global economy, exchange rate prices and future capital needs, to avoid the risk of exchange rate changes and reduce the impact of exchange rate changes on the profit and loss of the Company and subsidiaries.

## (IV) Investment Plan for the Coming Year: None.

## VI. Risk Situation

### (I) Impact on Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

The Company's interest rate risk mainly comes from the US dollar liabilities arising from the supporting operating activities. In recent years, the US dollar currency lending benchmark rate TERM SOFR/TAIFX has affected a sharp fluctuation due to the US Federal Federation interest rate hike. The financial unit manages interest rate risk based on changes in interest rates combined with market conditions, and timely adjusts currency, loan cycle, and interest calculation methods to effectively control interest expenses.

The Company's exchange rate risk is mainly from the difference between transaction currency and functional currency of business and operating financing activities. Due to market exchange rate fluctuations, the exchange rate risk generated by the Company should adopt the principle of natural risk avoidance for risk response, t that

is, through the purchase and sale of goods and financing of the same currency, resulting in foreign currency assets and liabilities are intertied, to achieve the effect of natural hedging.

Foreign currency assets and liabilities can be offset against each other and foreign currency risk positions cannot be balanced. The Company's financial units carefully examine the trend of exchange rate changes depending on the development of the international economy. If necessary, the financial units use appropriate financial instruments to adjust the effect of reducing exchange rate changes.

In terms of inflation, due to the complex impact of inflation on business operations, geopolitical risks form a surge in energy prices and supply chain bottlenecks, the world is under great pressure on inflation. The Company keeps an eye on material market price fluctuations and maintains good interaction with suppliers and customers to avoid significant impact on the Company due to inflation.

Overall, the Company adopts a conservative approach to risk management, which assesses interest rates, exchange rates and inflation in real time and takes appropriate response.

(II) The Company's Policy Regarding High-Risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements, Guarantees, and Derivatives Transactions; The Main Reasons for the Profits/Losses Generated Thereby; And Response Measures to Be Taken in the Future:

Based on a solid and pragmatic business philosophy, the Company does not engage in high-risk, high-leverage investments.

As to loan funds with others and endorsement guarantee, the Company has "capital loan and others operating procedures" and "endorsement guarantee operating procedures" as the control basis.

The Company's maximum limit for money lending and others in 2022 is NT\$558,118 thousand, and the actual balance of others is NT\$220,470 thousand and \$221,560 thousand in 2022 and up to the publication of the annual report, and the target of its funds are subsidiaries.

The Company endorsed guarantee maximum limit of \$1,395,295 thousand in 2022 and up to the date of publication of the annual report is \$926,021 thousand and \$919,068 thousand, the Company endorses the guarantee mainly for subsidiaries.

Derivatives trading by the Company pursuant to the Derivatives Trading Procedures for Derivatives Trading. Trading in derivative financial products is mainly forward foreign exchange safe-haven, while the Company has not engaged in derivative financial products up to the date of the publication of the Annual Report.

(III) Research and Development Work to Be Carried Out in the Future, and Further Expenditures Expected for Research and Development Work:

1. Process optimization for high-frequency products such as USB4, DP2.1, HDMI2.1, Thunderbolt3 &4.
2. Machine equipment update.
3. The Company's system continues to improve and upgrade to accelerate the development of automotive wires, medical wires and special wires.
4. Other special line categories (such as: braided net, ultra-fine coaxial medical line, robot line, server line, VR coaxial line, etc.) cooperate with business continuous development.
5. Expected R&D expenses for future investment:

Unit: NT\$ thousands

Item	2022	2023 (Estimated)
R&D expense	8,447	8,016
Net operating revenue	3,135,693	3,197,395
Ratio of net operating income	0.27%	0.25%

(IV) Impact and Response to Changes in Policies and Regulations at Domestic and Abroad Relating to Corporate Finance and Sales:

The Company's daily operations are in accordance with relevant laws and regulations at domestic and abroad. The Company always pays attention to domestic and foreign policy development trends and regulations and collects relevant information to provide business level decision reference to adjust the relevant operation strategy. Up to date, the Company has not has any impact on the Company's financial business due to important domestic and foreign policy and legal changes.

(V) Impact and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

The Company is mainly engaged in the R&D, manufacturing and sales of computer peripheral data transmission cable and downstream cable assembly. It is widely used in the market of wireless network technology and optical transmission technology, including the market size of assembly products for information products, consumer electronics cables and related peripheral connectors. In recent years, the Company increased revenue and profit margins by continuously increasing the proportion of products of high-frequency lines. However, in response to technological changes and industry changes, the Company actively enters niche products such as automotive lines, medical lines, ship lines, high temperature lines, aviation lines, underwater equipment lines, etc. other than information products and consumer electronics to reduce the impact of technological and industrial changes.

In terms of information security risks, the Company has established relevant network security and computer protection measures, a firewall blocking mechanism in the information security section to mitigate external malicious attacks, and adopted mail filtering protection measures to block spam attacks. The Company has regularly corrected security loopholes and carry out system-wide backups for server hosts and other equipment, internally strengthen personnel information security management and education and training, and continuously review the effectiveness and appropriateness of information security policies, and strive to maintain the normal operation of the Company and implement information security risk management

(VI) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: None.

(VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

(VIII) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None.

(IX) Risks faced by the purchase or concentration of goods:

1. Concentration of sales:

In the past two years, the Company has no sales proportion accounted for more than 10% of customers, so there is no risk of concentration of sales.

2. Concentration of purchase:

Suppliers with more than 10% of the purchase amount are copper materials (the

main material of information transmission wire) suppliers. The main suppliers are Jiangxi copper, Dongguan Walsin and Jintian. At present, the mainland copper market is a widespread market. Its copper prices fluctuate with international market changes, so in addition to focusing on the quality of the supply and closely observe the international copper market price fluctuations, establish copper inventory at low price and maintain a stable supply. However, as a dispersed material source, the Company purchases original copper into fine copper and continues to develop other sources to enhance the control and added-value of production.

(X) Impact, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: and Response Measures:

1. Shareholding ratio of directors:

Year	Capital stock	Increase (Decrease) Ratio	Number of shares held by directors	Share capital
2021	139,117,271	-0.15%	55,910,137	40.19%
2022	139,117,271	0.00%	55,910,137	40.19%

2. Equity has not been transferred in large quantities, so there is no risk to the Company.

(XI) Impact, Risks Relating to and Response to the Changes in Management Rights: None.

(XII) Disclosure of issues in dispute, the monetary amount of claims, filing date, counterparties, and status of any litigation or other legal proceedings in the most recent fiscal year and during the current fiscal year up to the publication date of the annual report where the Company and/or any of its directors, supervisors, general manager, de facto person in charge, shareholders with 10% or more share ownership, or affiliated companies are involved in pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the shareholders' equity or price of securities: None.

(XIII) Other Important Risks and Response Measures:

Information security risk assessment analysis:

The Company has established a computer network security protection system to maintain Company confidentiality and other important operational-related information functions in an efficient and safe management and control mode to support the Company's information security management control requirements. Information security protection measures and emergency backup include computer room access control, uninterruptible power supply equipment in the computer room, regular data backup, data off-site backup, disaster recovery plan and network security management.

For the access and use of programs and files, it is controlled by password permissions. In addition, through technical and managerial control measures, we will continue to improve network and information system security capabilities to ensure that the Company's network protection is up to date. In order to effectively protect the network, mitigate threats caused by viruses, paralyzed network and other network attacks, firewall network security technology is performed regularly to ensure the stability and security of information systems.

VII. Other Important Matters: None.



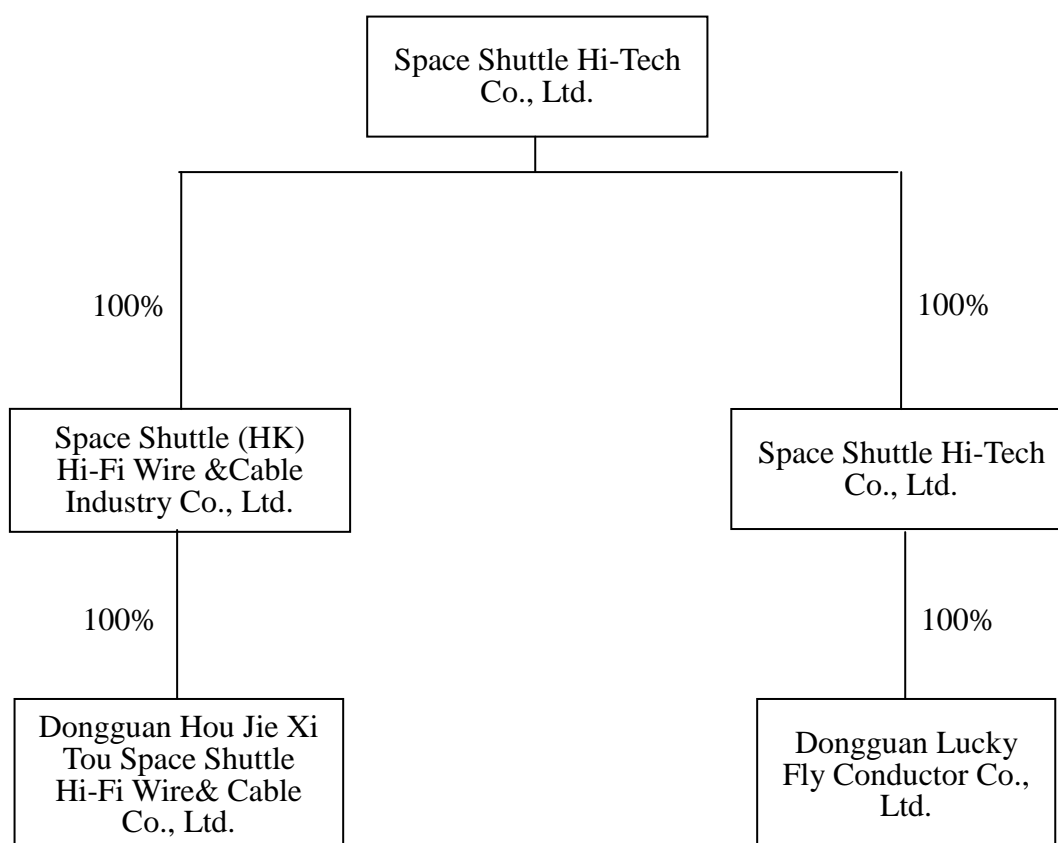
## Chapter 8 Special Disclosure

### I. Information on the Company Affiliates

#### (I) Subsidiaries included in the consolidated financial statements of the affiliated companies

Name of Investment Company	Name of Company	Major Business Activities	Direct/Indirect Shareholding Ratio
Space Shuttle Hi-Tech Co., Ltd.	Space Shuttle Hi-Tech Co., Ltd. CO., LTD.	General investment	100.00%
Space Shuttle Hi-Tech Co., Ltd.	Space Shuttle (HK) Hi-Fi Wire & Cable Industry Co., Ltd.	General investment and trading	100.00%
Space Shuttle (HK) Hi-Fi Wire & Cable Industry Co., Ltd.	Dongguan Hou Jie Xi Tou Space Shuttle Hi-Fi Wire & Cable Co., Ltd.	Production and sales of information transmission cable	100.00%
Space Shuttle Hi-Tech Co., Ltd.	Dongguan Lucky Fly Conductor Co., Ltd.	Copper wire production and sales	100.00%

#### Affiliate Company Structure



## (II) Basic Information on Affiliates

Unit: NT\$ thousands

Name of Affiliate	Set up date	Address	Amount of paid capital	Main business or production
<b>Control Company:</b>				
Space Shuttle Hi-Tech Co., Ltd.	1985.10.16	9th Floor-2, No. 23, Huanke 1st Road, Zhubei City, Hsinchu County, Taiwan	\$1,391,173	Copper conductor wire for information and communication production and sales of signal transmission wire
<b>Subordinate Company:</b>				
Space Shuttle Hi-tech Co., Ltd.	2000.10.24	TrustNetChambers, P.O. BOX217ApiaSamoa	\$244,987	General investment
Space Shuttle (HK) Hi-Fi Wire & Cable Industry Co., Ltd.	1997.07.14	Unit E, 31/F, Monterey Plaza, 15 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong	\$546,243	General investment and trading
Dongguan Hou Jie Xi Tou Space Shuttle Hi-Fi Wire & Cable Co., Ltd.	2011.09.06	West Village Xi-Tou Control District, Hou Jie Town, Dongguan City, Guangdong Province P.R.C.	\$135,502	Production and sales of information transmission cable
Dongguan Lucky Fly Conductor Co., Ltd.	2012.11.21	No. 55 Qiaozi Road, Changping Town, Dongguan City, Guangdong Province, China, P.R.C.	\$244,987	Copper wire production and sales

## (III) Information of Directors, Supervisors, and General Managers of Affiliates and Their Shareholdings

Unit: Share

Control Company:				
Name of Affiliate	Title	Name or Representative	Shareholding	
			Shares	Shareholding
Space Shuttle Hi-Tech Co., Ltd.	Director and General Manager	Wang, Hsuan-Hui	6,896	4.96%
	Director	Wang, Kun-Tien	33,208	23.87%
	Director	Lo, Chiu-Hsiang	11,101	7.98%
	Director	Lee, Tung-Hsing	23	0.02%
	Independent Director	Wu, Cheng-Te	0	0.00%
	Independent Director	Chu, Hsiao-Kang	0	0.00%
	Independent Director	Chin, Chih-Yung	0	0.00%

Subordinate Company:			Unit: NT\$ thousands	
Name of Affiliate	Title	Name or Representative	Amount of capital	Proportion of capital
Space Shuttle Hi-Tech Co., Ltd.	Chairman	Wang, Hsuan-Hui	—	—
	Major Shareholder	Space Shuttle Hi-Tech Co., Ltd.	244,987	100.00%
Space Shuttle (HK) Hi-Fi Wire & Cable Industry Co., Ltd.	Chairman	Wang, Hsuan-Hui	—	—
	Major Shareholder	Space Shuttle Hi-Tech Co., Ltd.	546,243	100.00%
Dongguan Hou Jie Xi Tou Space Shuttle Hi-Fi Wire & Cable Co., Ltd.	Chairman	Wang, Hsuan-Hui	—	—
	Major Shareholder	Space Shuttle (HK) Hi-Fi Wire & Cable Industry Co., Ltd.	135,502	100.00%
Dongguan Lucky Fly Conductor Co., Ltd.	Chairman	Wang, Hsuan-Hui	—	—
	Major Shareholder	Space Shuttle Hi-Tech Co., Ltd.	244,987	100.00%

(IV) Operation overview of affiliates

Unit: NT\$1,000, except EPS NT\$

Name of Affiliate	Amount of capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating Profit	The current net profits (after tax)	Earnings per Share (after tax)
Control Company:								
Space Shuttle Hi-Tech Co., Ltd.	1,391,173	1,570,067	174,772	1,395,295	102,429	(31,910)	(23,364)	(0.17)
Subordinate Company:								
Space Shuttle Hi-Tech Co., Ltd.	244,987	530,489	0	530,489	-	(150)	(23,462)	-
Space Shuttle (HK) Hi-Fi Wire & Cable Industry Co., Ltd.	546,243	519,708	42,641	477,067	93,187	(10,604)	11,939	-
Dongguan Hou Jie Xi Tou Space Shuttle Hi-Fi Wire & Cable Co., Ltd.	135,502	406,731	118,312	288,419	560,671	42,721	21,228	-
Dongguan Lucky Fly Conductor Co., Ltd.	244,987	1,259,048	727,757	531,291	2,756,042	25,022	(24,279)	-

- II. Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal 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 Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.
- IV. Other Supplementary Information: None.
- V. Situations Listed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

Space Shuttle Hi-Tech Co., Ltd.

Responsible person: Wang, Hsuan-Hui