Stock Code:3033

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors’ Review Report
For the Three Months Ended March 31, 2023 and 2022

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Independent Auditors' Review Report

To the Board of Directors of Weikeng Industrial Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Weikeng Industrial Co., Ltd. and its subsidiaries as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Weikeng Industrial Co., Ltd. and its subsidiaries as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditors' review report are Yiu-Kwan Au and Kuan-Ying Kuo.

KPMG

Taipei, Taiwan (Republic of China)
May 12, 2023

Notes to Readers

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

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2023, December 31, and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	March 31, 2023 Amount	%	December 31, 2022 Amount	%	March 31, 2022 Amount	%
	Current assets:						
1100	Cash and cash equivalents (note (6)(a))	$ 2,226,723	7	2,839,507	9	2,889,524	10
1110	Current financial assets at fair value through profit or loss (note (6)(b))	785	-	644	-	570	-
1170	Notes and accounts receivable, net (notes (6)(d) and (7))	12,151,923	39	12,844,427	39	13,166,158	44
1200	Other receivables (note (6)(d))	355,501	1	366,331	1	311,264	1
1300	Inventories, net (note (6)(e))	14,940,647	48	16,266,457	49	12,022,931	41
1470	Prepaid expenses and other current assets	492,942	2	142,755	-	252,870	1
		30,168,521	97	32,460,121	98	28,643,317	97
	Non-current assets:						
1510	Non-current financial assets at fair value through profit or loss (note (6)(b))	-	-	-	-	110	-
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	90,169	-	81,089	-	40,030	-
1600	Property, plant and equipment (note (6)(f))	129,414	-	129,766	-	133,122	1
1755	Right-of-use assets (note (6)(g))	346,628	1	284,249	1	287,666	1
1780	Intangible assets	12,935	-	10,602	-	29,144	-
1840	Deferred tax assets	205,441	1	196,650	1	225,652	1
1900	Other non-current assets	232,919	1	78,376	-	76,736	-
		1,017,506	3	780,732	2	792,460	3
	Total assets	**$ 31,186,027**	**100**	**33,240,853**	**100**	**29,435,777**	**100**

	Liabilities and Equity	March 31, 2023 Amount	%	December 31, 2022 Amount	%	March 31, 2022 Amount	%
	Current liabilities:						
2100	Short-term borrowings (note (6)(h))	$ 12,617,138	41	14,647,898	44	10,536,508	36
2120	Current financial liabilities at fair value through profit or loss (note (6)(b))	-	-	784	-	-	-
2130	Current contract liabilities (note (6)(q))	1,123,126	4	898,765	3	468,240	2
2170	Accounts payable	3,424,482	11	3,560,734	11	6,916,358	24
2200	Other payables (notes (6)(i) and (7))	740,615	2	1,046,936	3	721,201	2
2216	Dividends payable	-	-	-	-	1,270,232	4
2230	Current tax liabilities	340,256	1	333,254	1	529,736	2
2280	Current lease liabilities (note (6)(k))	138,112	-	121,746	-	124,691	-
2300	Other current liabilities	415,643	1	423,496	1	346,345	1
		18,799,372	60	21,033,613	63	20,913,311	71
	Non-current liabilities:						
2500	Non-current financial liabilities at fair value through profit or loss (note (6)(b))	21,182	-	31,173	-	-	-
2530	Bonds payable (note (6)(j))	1,877,311	6	1,870,309	5	41,862	-
2570	Deferred tax liabilities	874,322	3	874,328	3	697,511	3
2580	Non-current lease liabilities (note (6)(k))	217,197	1	171,675	1	171,662	1
2640	Non-current net defined benefit liabilities	78,222	-	79,956	-	116,431	-
2670	Other non-current liabilities	181	-	181	-	181	-
		3,068,415	10	3,027,622	9	1,027,647	4
	Total liabilities	21,867,787	70	24,061,235	72	21,940,958	75
	Equity (note (6)(o)):						
3100	Common shares	4,235,432	13	4,235,432	13	4,209,425	14
3200	Capital surplus	1,440,646	5	1,440,646	4	1,310,433	4
	Retained earnings:						
3310	Legal reserve	1,132,248	4	1,132,248	4	960,709	4
3320	Special reserve	454,583	1	454,583	1	365,705	1
3350	Unappropriated earnings	2,078,614	7	1,908,636	6	951,049	3
		3,665,445	12	3,495,467	11	2,277,463	8
	Other equity interest:						
3410	Exchange differences on translation of foreign financial statements	58,040	-	89,420	-	(221,289)	(1)
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(81,323)	-	(81,347)	-	(81,213)	-
		(23,283)	-	8,073	-	(302,502)	(1)
	Total equity	9,318,240	30	9,179,618	28	7,494,819	25
	Total liabilities and equity	**$ 31,186,027**	**100**	**33,240,853**	**100**	**29,435,777**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with Standards on Auditing

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the three months ended March 31			
		2023		2022	
		Amount	%	Amount	%
4100	**Net sales revenue (notes (6)(q) and (7))**	$ 16,524,492	100	16,924,545	100
5000	**Cost of sales (note (6)(e))**	15,471,377	94	15,621,413	92
	Gross profit	1,053,115	6	1,303,132	8
	Operating expenses (notes (6)(k), (6)(l), (6)(m), (7) and (12)):				
6100	Selling expenses	514,179	3	491,030	3
6200	Administrative expenses	119,504	1	145,647	1
6450	Expected credit losses (reversal gains) (note (6)(d))	8,916	-	(4,939)	-
		642,599	4	631,738	4
	Net operating income	410,516	2	671,394	4
	Non-operating income and expenses:				
7100	Interest income	2,144	-	610	-
7010	Other income (note (7))	2,163	-	2,437	-
7230	Foreign currency exchange gains, net (note (6)(s))	16,891	-	73,261	-
7235	Gains (losses) on financial assets (liabilities) at fair value through profit or loss, net (note (6)(j))	10,001	-	(51)	-
7050	Finance costs (notes (6)(j) and (6)(k))	(215,569)	(1)	(45,928)	-
7590	Miscellaneous disbursements	(328)	-	(150)	-
		(184,698)	(1)	30,179	-
7900	**Profit before tax**	225,818	1	701,573	4
7950	Income tax expenses (note (6)(n))	55,840	-	195,680	1
8200	**Profit**	169,978	1	505,893	3
	Other comprehensive income:				
8310	**Items that will not be reclassified to profit or loss**				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	24	-	(35)	-
8349	Less: Income tax related to items that will not be reclassified to profit or loss	-	-	-	-
		24	-	(35)	-
8360	**Items that may be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(39,225)	-	190,145	1
8399	Less: Income tax related to items that will be reclassified to profit or loss (note (6)(n))	(7,845)	-	38,029	-
		(31,380)	-	152,116	1
	Other comprehensive income, net	(31,356)	-	152,081	1
8500	**Comprehensive income**	**$ 138,622**	**1**	**657,974**	**4**
	Earnings per ordinary share (expressed in New Taiwan dollars) (note (6)(p))				
9750	**Basic earnings per share**	**$**	**0.40**		**1.21**
9850	**Diluted earnings per share**	**$**	**0.34**		**1.18**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with Standards on Auditing

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Other equity interest		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Balance at January 1, 2022	$ 4,159,342	1,275,927	960,709	365,705	1,715,388	(373,405)	(81,178)	8,022,488
Appropriation and distribution of retained earnings:								
Cash dividends	-	-	-	-	(1,270,232)	-	-	(1,270,232)
Profit for the three months ended March 31, 2022	-	-	-	-	505,893	-	-	505,893
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	152,116	(35)	152,081
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	505,893	152,116	(35)	657,974
Conversion of convertible bonds	50,083	34,506	-	-	-	-	-	84,589
Balance at March 31, 2022	**$ 4,209,425**	**1,310,433**	**960,709**	**365,705**	**951,049**	**(221,289)**	**(81,213)**	**7,494,819**
Balance at January 1,2023	$ 4,235,432	1,440,646	1,132,248	454,583	1,908,636	89,420	(81,347)	9,179,618
Profit for the three months ended March 31, 2023	-	-	-	-	169,978	-	-	169,978
Other comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	(31,380)	24	(31,356)
Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	169,978	(31,380)	24	138,622
Balance at March 31, 2023	**$ 4,235,432**	**1,440,646**	**1,132,248**	**454,583**	**2,078,614**	**58,040**	**(81,323)**	**9,318,240**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with Standards on Auditing

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31, 2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	$ 225,818	701,573
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	42,309	40,213
Amortization expenses	3,173	6,734
Expected credit losses (reversal gains)	8,916	(4,939)
Net (gains) losses on financial assets and liabilities at fair value through profit or loss	(10,001)	51
Interest expenses	215,569	45,928
Interest income	(2,144)	(611)
Others	57	(1)
	257,879	87,375
Changes in operating assets and liabilities:		
Decrease in notes and accounts receivable	683,588	387,762
Decrease in other receivables	10,830	65,083
Decrease (increase) in inventories	1,325,810	(1,736,063)
Increase in prepaid expenses and other current assets	(350,161)	(55,723)
	1,670,067	(1,338,941)
Decrease in financial liabilities at fair value profit or loss	(915)	-
(Decrease) increase in accounts payable	(136,252)	1,608,210
Decrease in other payable	(244,705)	(234,961)
Increase in contract liabilities and other current liabilities	216,508	190,037
Decrease in net defined benefit liabilities	(1,734)	(5,791)
	(167,098)	1,557,495
Total changes in operating assets and liabilities	1,502,969	218,554
Total adjustments	1,760,848	305,929
Cash flows from operations	1,986,666	1,007,502
Interest received	2,085	611
Interest paid	(270,093)	(42,240)
Income taxes paid	(48,091)	(36,038)
Net cash flows from operating activities	1,670,567	929,835
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(9,056)	-
Acquisition of property, plant and equipment	(2,434)	(1,978)
Increase in refundable deposits	(152,650)	(1,798)
Acquisition of intangible assets	(5,397)	(4,745)
Increase in other prepayments	(1,834)	(60)
Net cash flows used in investing activities	(171,371)	(8,581)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(2,030,760)	(459,540)
Payments of lease liabilities	(39,338)	(34,991)
Net cash flows used in financing activities	(2,070,098)	(494,531)
Effect of exchange rate changes on cash and cash equivalents	(41,882)	196,194
Net (decrease) increase in cash and cash equivalents	(612,784)	622,917
Cash and cash equivalents at the beginning of period	2,839,507	2,266,607
Cash and cash equivalents at the end of period	**$ 2,226,723**	**2,889,524**

See accompanying notes to consolidated financial statements.

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2023 and 2022

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

(1) Company history

Weikeng Industrial Co., Ltd. (the Company) was incorporated in Taiwan as a company limited by shares in January 1977 and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 11F, No.308 Sec. 1, Neihu Rd., Neihu Dist., Taipei City. The major activities of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") are the purchase and sale of electronic components and computer peripherals, technical service, and the import-export trade business. Please refer to note (4)(b) for related information. The Company's common shares were listed on the Taiwan Stock Exchange (TSE).

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on May 12, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’ s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

(Continued)

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IFRS 16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by the FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note (4) of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of Consolidation

(i) List of subsidiaries in the consolidated financial statements:

			Shareholding		
Name of Investor	**Name of Subsidiary**	**Nature of operation**	**March 31, 2023**	**December 31, 2022**	**March 31, 2022**
The Company	Weikeng International Co., Ltd. (WKI)	Electronic components computer peripherals products distribution and technical support	100 %	100 %	100 %
〃	Weikeng Technology Co., Ltd. (WKZ)	Electronic components and technical support	100 %	100 %	100 %
〃	Weikeng Technology Pte. Ltd. (WTP)	〃	100 %	100 %	100 %
WKI	Weikeng International (Shanghai) Co., Ltd. (WKS)	Electronic components computer peripherals products distribution and technical support	100 %	100 %	100 %
〃	Weitech International Co., Ltd. (Weitech)	Import and export trade of electronic components	100 %	100 %	100 %

(Continued)

			Shareholding		
Name of Investor	**Name of Subsidiary**	**Nature of operation**	**March 31, 2023**	**December 31, 2022**	**March 31, 2022**
WKS	Weikeng Electronic Technology (Shanghai) Co., Ltd. (WKE)	Electronic technology development and technical advisory	100 %	100 %	100 %

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying the pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2022.

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2022 consolidated financial statements. Please refer to note (6) of the 2022 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	$ 465	460	502
Checking accounts and demand deposits	2,226,258	2,839,047	2,889,022
	$ 2,226,723	**2,839,507**	**2,889,524**

Please refer to note (6)(s) for the exchange rate, interest rate risk and sensitivity analysis of the financial assets of the Group.

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

(i) The details of the financial assets and liabilities at fair value through profit or loss were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Current financial assets at fair value through profit or loss:			
Non-derivative financial assets			
Stock listed on domestic markets	**$ 785**	**644**	**570**
Non-current financial assets at fair value through profit or loss:			
Convertible bonds – embedded derivatives	**$ -**	**-**	**110**
Current financial liabilities at fair value through profit or loss:			
Derivative instruments not used for hedging			
Forward exchange contracts	**$ -**	**784**	**-**
Non-current financial liabilities at fair value through profit or loss:			
Convertible bonds – embedded derivatives	**$ 21,182**	**31,173**	**-**

As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide any financial assets at fair value through profit or loss as collateral for its loans.

Please refer to note (6)(s) for credit risk and currency risk of financial assets of the Group.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Non-hedging derivative financial instruments

The Group holds derivative financial instruments to hedge certain foreign exchange risk exposures arising from its operating and financing activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss financial assets:

Forward exchange contracts：

	December 31, 2022			
	Amount (in thousands)		Currency	Maturity dates
Forward exchange purchased	USD	1,000	USD to TWD	2023.03.27

(c) Non-current financial assets at fair value through other comprehensive income

		March 31, 2023	December 31, 2022	March 31, 2022
Debt investments at fair value through other comprehensive income:				
Overseas unlisted convertible promissory note	$	9,056	-	-
Equity investments at fair value through other comprehensive income:				
Domestic emerging market stocks		371	347	481
Domestic unlisted stocks		58,134	58,134	16,941
Overseas unlisted stocks		22,608	22,608	22,608
	$	90,169	81,089	40,030

(i) Debt investments at fair value through other comprehensive income

The Group has assessed that the following securities were held within a business model whose objective was achieved by both collecting contractual cash flows and selling securities. Therefore, they have been classified as debt investments at fair value through other comprehensive income.

(ii) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

There were no disposals of strategic investments, nor were there any transfers of any cumulative gain or loss within equity relating to these investments in the three months ended March 31, 2023 and 2022.

(iii) For credit risk and market risk, please refer to note (6)(s).

(iv) As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide any financial assets at fair value through other comprehensive income as collateral for its loans.

(d) Notes and accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	$ 199,401	181,378	180,612
Accounts receivable-measured as amortized cost	10,716,810	10,590,071	11,078,690
Accounts receivable-fair value through other comprehensive income	1,339,780	2,167,677	1,994,853
	12,255,991	12,939,126	13,254,155
Less: Loss allowance	(104,068)	(94,699)	(87,997)
	$ 12,151,923	12,844,427	13,166,158

The Group has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by selling financial assets; therefore, such accounts receivable was measured at fair value through other comprehensive income.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics of the customer's ability to pay all due amounts in accordance with contract terms, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

(i) The Company

	March 31, 2023			
Credit rating	Carrying amount	Expected credit loss rate	Loss allowance provision	Credit impaired
Listed company (assessed by group)				
Level A	$ 2,947,378	0.55%	16,328	No
Level B	1,618,334	1.27%	20,627	No
Unlisted company	1,479,606	1.18%	17,477	No
	$ 6,045,318		54,432	

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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Credit rating	December 31, 2022 Carrying amount	Expected credit loss rate	Loss allowance provision	Credit impaired
Listed company (assessed by group)				
Level A	$ 3,308,146	0.53%	17,592	No
Level B	1,890,769	1.30%	24,658	No
Unlisted company	1,330,528	0.96%	12,770	No
	$ 6,529,443		**55,020**	

Credit rating	March 31, 2022 Carrying amount	Expected credit loss rate	loss allowance provision	Credit impaired
Listed company (assessed by group)				
Level A	$ 3,314,991	0.50%	16,721	No
Level B	1,635,254	1.21%	19,786	No
Unlisted company	1,475,971	1.25%	18,482	No
	$ 6,426,216		**54,989**	

The aging analysis of the Company's notes and accounts receivable was determined as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Not past due	$ 5,836,668	6,477,584	6,324,041
Overdue 90 days or less	208,650	51,859	102,175
	$ 6,045,318	**6,529,443**	**6,426,216**

(ii) Subsidiaries

	March 31, 2023 Carrying amount	Expected credit loss rate	Loss allowance provision
Not past due	$ 5,829,256	0.06%	3,233
Overdue 90 days or less	365,316	8.69%	31,737
Overdue 91 to 180 days	4,809	70.16%	3,374
Overdue 181 days or more	11,292	100%	11,292
	$ 6,210,673		**49,636**

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022		
	Carrying amount	Expected credit loss rate	Loss allowance provision
Not past due	$ 5,785,783	0.03%	1,742
Overdue 90 days or less	609,535	4.82%	29,388
Overdue 91 to 180 days	14,008	58.48%	8,192
Overdue 181 days or more	357	100%	357
	$ 6,409,683		39,679

	March 31, 2022		
	Carrying amount	Expected credit loss rate	Loss allowance provision
Not past due	$ 6,468,395	0.05%	3,401
Overdue 90 days or less	357,865	7.82%	27,991
Overdue 91 to 180 days	323	80.50%	260
Overdue 181 days or more	1,356	100%	1,356
	$ 6,827,939		33,008

For the three months ended March 31, 2023 and 2022, the movements in the allowance for notes and accounts receivable of the Group were as follows:

	For the three months ended March 31,	
	2023	2022
Balance at January 1	$ 94,699	91,751
Impairment losses recognized (reversed)	8,916	(4,939)
Effect of changes in foreign exchange rates	453	1,185
Balance at March 31	$ 104,068	87,997

The Group entered into accounts receivable factoring agreements with banks. According to the factoring agreement, the Group does not bear the loss if the account debtor does not have the ability to make payments upon the transfer of the accounts receivable factoring. The Group has not provided other guarantees except for the promissory notes, which have the same amount with the factoring, used as the guarantee for the sales return and discount. The Group received the proceeds from the discounted accounts receivable determined by agreements on the selling date. Interest is calculated and paid based on the duration and interest rate of the agreement, and the remaining amounts are received when the accounts receivable are paid by the customers. In addition, the Group has to pay a service charge based on a certain rate.

The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement by them. The amounts receivable from the financial institutions were recognized as “other receivables” upon the derecognition of those accounts receivable.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of March 31, 2023, December 31 and March 31, 2022, the information of accounts receivable sold without recourse was as follows:

March 31, 2023

Purchaser	Amount Derecognized	Amount Paid	Advanced Unpaid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial institutions	$ 3,203,878	2,892,209	-	311,669	4.85%~6.35%	None

December 31, 2022

Purchaser	Amount Derecognized	Amount Paid	Advanced Unpaid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial institutions	$ 3,202,845	2,884,268	-	318,577	3.34%~6.35%	None

March 31, 2022

Purchaser	Amount Derecognized	Amount Paid	Advanced Unpaid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial institutions	$ 2,746,606	2,479,342	-	267,264	0.63~2.06%	None

As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide any receivables as collaterals for its loans.

Please refer to note (6)(s) for further credit risk information.

(e) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Merchandise inventories	$ 13,606,167	14,859,181	11,163,087
Goods in transit	1,334,480	1,407,276	859,844
	$ 14,940,647	16,266,457	12,022,931

The details of the cost of sales were as follows:

	For the three months ended March 31, 2023	2022
Inventory that has been sold	$ 15,357,379	15,605,067
Write-down of inventories	113,624	16,231
Loss on disposal of inventory	374	115
	$ 15,471,377	15,621,413

As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide any inventories as collaterals for its loans.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(f) Property, plant and equipment

		Land	Buildings and construction	Transportation equipment	Machinery equipment	Office and other facilities equipment	Total
Carrying amounts:							
Balance on January 1, 2023	$	77,377	28,339	3,613	8,288	12,149	129,766
Balance on March 31, 2023	$	77,377	28,122	4,875	8,101	10,939	129,414
Balance on January 1, 2022	$	77,377	29,202	4,316	8,581	13,983	133,459
Balance on March 31, 2022	$	77,377	28,987	4,189	8,510	14,059	133,122

The Group's property, plant and equipment have no significant additions, disposals, impairments or reversals during for the three months ended March 31, 2023 and 2022. Information on depreciation for the period is disclosed in note (12)(a). For other related information, please refer to note (6)(g) of the 2022 annual consolidated financial statements.

(g) Right-of-use assets

		Buildings	Transportation equipment	Total
Carrying amount:				
Balance on January 1, 2023	$	277,665	6,584	284,249
Balance on March 31, 2023	$	340,691	5,937	346,628
Balance on January 1, 2022	$	314,404	2,971	317,375
Balance on March 31, 2022	$	285,110	2,556	287,666

There were no significant additions, disposal, or recognition and reversal of impairment losses of buildings and transportation equipments that are held as right-of-use assets for the three months ended March 31, 2023 and 2022. Please refer to note (6)(h) of the 2022 annual consolidated financial statements for other related information.

(h) Short-term borrowings

		March 31, 2023	December 31, 2022	March 31, 2022
Unsecured loans	$	12,018,464	13,889,812	9,618,043
Short-term notes and bills payable, net		598,674	758,086	918,465
	$	12,617,138	14,647,898	10,536,508
Unused short-term credit lines	$	6,730,929	4,752,709	5,696,978
Range of interest rates		1.60%~6.08%	1.53%~6.09%	0.52%~3.85%

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(i) Issuance and repayment of borrowings

The Group's incremental amounts in loans for the three months ended March 31, 2023 and 2022 were $43,206,719 and $8,402,740, respectively, with maturities from April to November, 2023 and from April to November, 2022, respectively; and the repayments were $45,237,479 and $8,862,280, respectively.

(ii) For information on the Group's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(s).

(i) Other payables

		March 31, 2023	December 31, 2022	March 31, 2022
Accrued expenses	$	274,295	269,476	273,900
Bonus payable		136,640	378,218	106,851
Remuneration to employees and directors		265,281	273,223	323,061
Interest payable		64,399	126,019	17,389
	$	**740,615**	**1,046,936**	**721,201**

The accrued expenses include import and export fees, processing expense, professional services fees, pension, insurance, and payable for unused vacation time, etc.

(j) Convertible bonds payable

(i) Non-guaranteed convertible bonds:

		March 31, 2023	December 31, 2022	March 31, 2022
Aggregate principal amount	$	2,000,000	2,000,000	1,000,000
Bond discount		(120,989)	(127,991)	(2,338)
Cumulative repurchased amount		(1,700)	(1,700)	-
Cumulative converted amount		-	-	(955,800)
Bonds payable at end of period	**$**	**1,877,311**	**1,870,309**	**41,862**
Embedded derivative – put and call options				
Included in non-current financial liabilities at fair value through profit or loss	**$**	**21,182**	**31,173**	**-**
Included in non-current financial assets at fair value through profit or loss	**$**	**-**	**-**	**110**
Equity component – conversion options (included in capital surplus – conversion options)	**$**	**114,216**	**114,216**	**2,520**

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(ii) The effective interest rate of the fifth convertible bonds was 1.56%. The interest expenses on convertible bonds was $366 for the three months ended March 31, 2022. The above fifth convertible bonds had been converted into the ordinary shares in September 2022.

(iii) The effective interest rate of the sixth convertible bonds was 1.51%. The interest expenses on convertible bonds was $7,002 for the three months ended March 31, 2023.

(iv) The net gain or loss on the recognition of financial assets and liabilities for the three months ended March 31, 2023 and 2022, amounted to a gain of $9,991 and a loss of $13, respectively.

(v) There were no issuances, repurchases and repayments of bonds payable for the three months ended March 31, 2023 and 2022. Please refer to note (6)(k) to the 2022 annual consolidated financial statements for the related information.

(k) Lease liabilities

The details of Group's lease liabilities were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Current	$ 138,112	121,746	124,691
Non-current	$ 217,197	171,675	171,662

For the maturity analysis, please refer to note (6)(s) of financial instruments.

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2023	2022
Interest expenses on lease liabilities	$ 2,372	1,849
Expenses relating to short-term leases	$ 1,478	1,508

The amounts recognized in the consolidated statements of cash flows were as follows:

	For the three months ended March 31,	
	2023	2022
Total cash outflow for leases	$ 43,188	38,348

(i) Real estate leases

The Group leases buildings for its office space, warehouses and dormitories. The leases of office space typically run for a period of 1 to 6 years, of warehouses for 1 to 4 years, and of dormitories for 3 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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Some leases of office buildings contain extension or cancellation options exercisable by the Group before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. When the lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period will not be included within lease liabilities.

(ii) Other leases

The Group leases transportation equipment typically run for a period of 3 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Group leases transportation equipment and parking space with lease terms of one year. These leases are short-term. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(l) Operating lease — as lessor

There were no significant leases contracts for the three months ended March 31, 2023 and 2022. Please refer to note (6)(m) of the 2022 annual consolidated financial statements for other related information.

(m) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material onetime events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

The Company makes defined benefit plan contributions to the pension fund account at the Bank of Taiwan that provides pensions for employees upon retirement. The plans entitle a retired employee to receive a payment based on years of service and average salary for the six months prior to retirement.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended March 31,	
	2023	**2022**
Operating expenses	$ 425	279

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(ii) Defined contribution plans

The Company and WKZ allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company and WKZ allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company and WKZ recognized the pension costs under the defined contribution method amounting to \$6,259 and \$5,967 for the three months ended March 31, 2023 and 2022, respectively. Payment was made to the Bureau of Labor Insurance.

Other subsidiaries recognized the pension expense, basic endowment insurance expense, and social welfare expenses amounting to \$20,975 and \$18,876 for the three months ended March 31, 2023 and 2022, respectively.

(n) Income taxes

(i) Income tax expenses

The amounts of income tax for the three months ended March 31, 2023 and 2022 were as follows:

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Current tax expenses	$ 55,840	195,680

The amounts of income tax recognized in other comprehensive income for the three months ended March 31, 2023 and 2022 were as follows:

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	$ (7,845)	38,029

(ii) Income tax assessment

The Company's and WKZ's income tax returns through 2020 and 2021 have been examined and approved by the R.O.C. tax authorities, respectively.

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(iii) The Group is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax. The International Accounting Standards Board issued amendments to IAS 12 that provide a temporary mandatory exception from deferred tax accounting for the top-up tax and require new disclosures in the annual financial statements. However, since none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to the top-up tax at the date when the consolidated financial statements for the three months ended March 31, 2023 were authorized for issue, there is no impact on the consolidated financial statements in the said period.

In light of the exception from deferred tax accounting, the Group is focusing its assessment on the potential current tax impacts of the top-up tax. Once changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted, the Group may be potentially subject to the top-up tax due to the operations of its subsidiary in Hong Kong which are taxed only based on income from domestic sources. As of March 31, 2023, the Group did not have sufficient information to determine the potential quantitative impact of the top-up tax on its financial report.

(o) Capital and other equities

A resolution was passed at the shareholders' meeting held on June 16, 2022, to increase the Company's registered capital to $6,000,000. The registration procedure has been completed.

As of March 31, 2023, December 31 and March 31, 2022, the total number of authorized ordinary shares were 600,000 thousand shares, 600,000 thousand shares and 550,000 thousand shares, respectively, with par value of TWD 10 per share. The total value of authorized ordinary shares amounted to $6,000,000, $6,000,000 and $5,500,000, respectively. As of that date, 423,543 thousand shares, 423,543 thousand shares and 420,943 thousand shares of ordinary shares were issued. All issued shares were paid up upon issuance.

(i) Common stock

The Company issued 5,008 thousand new ordinary shares, with a par value of $10 per share, amounting to $50,083, due to the conversion of convertible bonds for the three months ended March 31, 2022. The relevant statutory registration procedures have been completed.

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(ii) Capital surplus

Balances on capital surplus of the Company were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Additional paid in capital	$ 1,287,803	1,287,803	1,269,331
Treasury share transactions	37,662	37,662	37,617
Donation from shareholders	712	712	712
Convertible bonds – conversion options	114,216	114,216	2,520
Others	253	253	253
	$ 1,440,646	**1,440,646**	**1,310,433**

For the three months ended March 31, 2023, the capital surplus deriving from those convertible bonds, which were converted to common stock, amounted to $34,506 (including the capital surplus-conversion options transferred to the capital surplus additional paid-in capital of $5,114).

In accordance with the Company Act, realized capital surplus can be utilized for issuing new shares or be distributed as cash dividends only after offsetting losses. The aforementioned capital surplus include share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to be utilized for issuing new shares shall not exceed 10 percent of paid-in capital every year. Capital surplus increased by transferring from paid-in capital in excess of par value shall not be capitalized until the next fiscal year after the competent authority for company registrations approves registration of the capital increase.

(iii) Retained earnings

The Company's Article of Incorporation stipulates that Company's earnings should first be used to pay any taxes, offset the prior years' deficits, be set aside as legal reserve, and then set aside or reverse special reserve, any remaining profit, together with any undistributed retained earnings at the beginning, be distributed according to the distribution plan proposed and submitted by the Board of Directors and afterwards approved by the stockholders' meeting. Before the distribution of dividends, the Board of Directors shall first take into consideration its profitability, plan of capital expenditure, business expansion and capital, requirements for cash flow, regulations, and degree of dilution of earnings per share to determine the proportion of stock and cash dividends to be paid. After the above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the Board of Directors, and a meeting of shareholders will be held to adopt this resolution. The total distribution shall not be less than 50% of the current distributable earnings, and the cash dividends shall not be less than 20% of the total dividends.

The Company authorize dividends, bonus and the legal reserve and capital surplus in whole or in part be paid in cash based on the resolution of the Board of Directors with over two-thirds directors present and approved by a majority vote of the present directors, then shall be reported to shareholders meeting.

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Notes to the Consolidated Financial Statements

1) Earnings distribution

The amounts for cash dividends of the Company's earnings distribution for 2022 and 2021 were decided by the Board meetings held on April 28, 2023 and March 25, 2022.

	2022		2021	
	Amount per share (in dollars)	Total amount	Amount per share (in dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash dividends	$ 3.10000000	1,312,988	3.00725918	1,270,232

(p) Earnings per share

The Company's basic earnings per share and diluted earnings per share are calculated as follows:

(i) Basic earnings per share

1) Profit attributable to ordinary shareholders of the Company

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Profit attributable to ordinary shareholders of the Company	$ 169,978	505,893

2) Weighted-average number of ordinary shares (thousands)

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Weighted-average number of ordinary shares	423,543	417,718

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
3) Basic earnings per share (TWD)	$ 0.40	1.21

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(ii) Diluted earnings per share

1) Profit attributable to ordinary shareholders of the Company (diluted)

	For the three months ended March 31, 2023	2022
Profit attributable shareholders of the Company (basic)	169,978	505,893
Convertible bonds payable	(3,035)	379
Profit attributable to ordinary shareholders of the Company (diluted)	$ 166,943	506,272

2) Weighted-average number of ordinary shares (thousands, diluted)

	For the three months ended March 31, 2023	2022
Weighted-average number of ordinary shares (basic)	423,543	417,718
Effect of convertible bonds	65,907	5,693
Effect of employee stock remuneration	5,944	6,905
Weighted-average number of ordinary shares (diluted) on March 31	495,394	430,316

	For the three months ended March 31, 2023	2022
3) Diluted earnings per share (TWD)	$ 0.34	1.18

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31, 2023	2022
Primary geographical markets:		
Taiwan	$ 1,861,292	1,864,119
China	13,504,724	13,776,155
Others	1,158,476	1,284,271
	$ 16,524,492	16,924,545

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Major products/services lines		
Chipset/memory components	$ 7,389,728	6,023,483
Mixed and other components	9,134,609	10,898,515
Others	155	2,547
	$ 16,524,492	**16,924,545**

(ii) Contract balance

	March 31, 2023	December 31, 2022	March 31, 2022
Notes and accounts receivable (included related parties)	$ 12,255,991	12,939,126	13,254,155
Less: allowance for impairment	(104,068)	(94,699)	(87,997)
	$ 12,151,923	**12,844,427**	**13,166,158**
Contract liabilities	**$ 1,123,126**	**898,765**	**468,240**

For the details on accounts receivable and allowance for impairment, please refer to note (6)(d).

The amounts of revenue recognized for the three months ended March 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the periods were $313,139 and $200,630, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(r) Remuneration to employees and directors

The Company’s Articles of Incorporation require that earning shall first be offset against any deficit, then, 6% to 10% of profit before tax (before deducting remuneration to employees and directors) will be distributed as employee remuneration and a maximum of 2.5% will be allocated as directors’ remuneration. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements. Actual distribution should be determined in the Board of Directors’ meeting, with no less than two-thirds of directors present, and approved by more than half of the directors attending the meeting, then shall be report to the meeting of shareholders.

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For the three months ended March 31, 2023 and 2022, the accrued remuneration of the Company's employees were $18,919 and $56,322, as well as directors were $4,730 and $14,081, respectively. These amounts were calculated by using the Company's profit before tax for the period before deducting the amount of the remuneration to employees and directors, multiplied by the distribution ratio of remuneration to employees and directors under the Company's Articles of Incorporation, and expensed under operating expenses. If the Board of Directors resolved to distribute employees' remuneration in the form of shares, the numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of the Board of Directors.

The accrued remuneration of the Company's employees was $189,923 and $191,512, as well as remuneration of directors was $47,481 and $47,878 for the years ended December 31, 2022 and 2021, respectively. There were no differences between the distributed amounts and the accrued amounts in the consolidated financial statements. Related information would be available at the Market Observation Post System website.

(s) Financial Instruments

Except for those mentioned below, there were no significant changes in the fair value of the Group's financial instruments and degree of exposure to credit risk. Please refer to the note (6)(t) of the consolidated financial statements for the year ended December 31, 2022.

(i) Credit risk

For credit risk exposure of notes and accounts receivable, please refer to note (6)(d).

The amount of other financial assets at amortized cost includes other receivables which had been impaired.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying Amount	Contractual cash flows	Within a year	Over 1 year
March 31, 2023				
Non-derivative financial liabilities				
Unsecured loans	$ 12,018,464	(12,170,566)	(12,170,566)	-
Short-term bills payable	598,674	(600,000)	(600,000)	-
Lease liabilities	355,309	(369,623)	(144,938)	(224,685)
Accounts payable	3,424,482	(3,424,482)	(3,424,482)	-
Other payables	740,615	(740,615)	(740,615)	-
Bonds payable	1,877,311	(1,998,300)	-	(1,998,300)
Derivative financial liabilities				
Convertible bonds payable – embedded derivatives	21,182	-	-	-
	$ 19,036,037	**(19,303,586)**	**(17,080,601)**	**(2,222,985)**

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Carrying Amount	Contractual cash flows	Within a year	Over 1 year
December 31, 2022				
Non-derivative financial liabilities				
Unsecured loans	$ 13,889,812	(14,012,044)	(14,012,044)	-
Short-term bills payable	758,086	(760,000)	(760,000)	-
Lease liabilities	293,421	(306,607)	(128,063)	(178,544)
Accounts payable	3,560,734	(3,560,734)	(3,560,734)	-
Other payables	1,046,936	(1,046,936)	(1,046,936)	-
Bonds payable	1,870,309	(1,998,300)	-	(1,998,300)
Derivative financial liabilities				
Convertible bonds payable – embedded derivatives	31,173	-	-	-
Forward exchange contracts:	784			
Outflow	-	(31,251)	(31,251)	-
Inflow	-	30,467	30,467	-
	$ 21,451,255	**(21,685,405)**	**(19,508,561)**	**(2,176,844)**
March 31, 2022				
Non-derivative financial liabilities				
Unsecured loans	$ 9,618,043	(9,634,594)	(9,634,594)	-
Short-term bills payable	918,465	(920,000)	(920,000)	-
Lease liabilities	296,353	(309,559)	(129,753)	(179,806)
Accounts payable	6,919,358	(6,916,358)	(6,916,358)	-
Other payables and dividends payable	1,991,433	(1,991,433)	(1,991,433)	-
Bonds payable	41,862	(44,200)	-	(44,200)
	$ 19,785,514	**(19,816,144)**	**(19,592,138)**	**(224,006)**

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amount.

(iii) Market risk

1) Currency risk

The Group's significant financial assets and liabilities exposure to foreign currency risk was as follows:

	March 31, 2023			**December 31, 2022**			**March 31, 2022**		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets									
Monetary items									
USD	$ 248,157	USD/TWD 30.455	7,557,621	254,627	USD/TWD 30.71	7,891,595	280,980	USD/TWD 28.56	8,024,789
USD	4,529	USD/CNY 6.8183	137,931	6,286	USD/CNY 7.0363	193,043	473	USD/CNY 6.3463	13,509

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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	March 31, 2023			December 31, 2022			March 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial liabilities									
Monetary items									
USD	132,731	USD/TWD 30.455	4,042,323	176,601	USD/TWD 30.71	5,423,417	183,010	USD/TWD 28.56	5,226,766
USD	7,058	USD/CNY 6.8183	214,951	16,494	USD/CNY 7.0363	506,531	25,192	USD/CNY 6.3463	719,493

2) Currency risk sensitivity analysis

The Group's monetary items exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A change of 5% in the exchange rate of TWD or CNY against foreign currency for the three months ended March 31, 2023 and 2022 would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	For the three months ended March 31,	
	2023	2022
USD (against the TWD)		
Appreciating 5%	$ 175,765	139,902
Depreciating 5%	(175,765)	(139,902)
USD (against the CNY)		
Appreciating 5%	(3,851)	(35,299)
Depreciating 5%	3,851	35,299

3) Exchange gains and losses of monetary items

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended March 31, 2023 and 2022, the foreign exchange gain, including both realized and unrealized, amounted to $16,891 and $73,261, respectively.

4) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	Carrying amount	
	March 31, 2023	March 31, 2022
Variable rate instruments:		
Financial assets	$ 1,616,449	2,199,058
Financial liabilities	(12,018,464)	(9,618,043)

(Continued)

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is based on the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25% when reporting to management internally, which also represents the Group's management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, the Group's net profit before tax would have decreased or increased by $6,501 and $4,637 for the three months ended March 31, 2023 and 2022, respectively, which would be mainly resulting from demand deposits, and unsecured loans with variable interest rates.

(iv) Fair value

1) Categories and the fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	March 31, 2023				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
Stocks listed on domestic markets	$ 785	785	-	-	785
Financial assets at fair value through other comprehensive income					
Notes and accounts receivable, net	1,339,780	-	-	-	-
Emerging market stocks	371	371	-	-	371
Domestic and overseas unlisted stocks	80,742	-	-	80,742	80,742
Overseas unlisted convertible promissory note	9,056	-	-	9,056	9,056
Subtotal	1,429,949				

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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	March 31, 2023				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	2,226,723	-	-	-	-
Notes and accounts receivable, net	10,812,143	-	-	-	-
Other receivables	325,592	-	-	-	-
Guarantee deposits	230,535	-	-	-	-
Subtotal	13,594,993				
	$ 15,025,727				
Financial liabilities at fair value through profit or loss					
Convertible bonds – embedded derivatives	$ 21,182	-	21,182	-	21,182
Financial liabilities measured at amortized cost					
Short term borrowings	12,617,138	-	-	-	-
Lease liabilities	355,309	-	-	-	-
Accounts payable	3,424,482	-	-	-	-
Other payables	740,615	-	-	-	-
Bonds payable	1,877,311	-	-	-	-
Subtotal	19,014,855				
	$ 19,036,037				

	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
Stocks listed on domestic markets	$ 644	644	-	-	644
Financial assets at fair value through other comprehensive income					
Notes and accounts receivable, net	2,167,677	-	-	-	-
Emerging market stocks	347	347	-	-	347
Domestic and overseas unlisted stocks	80,742	-	-	80,742	80,742
Subtotal	2,248,766				

(Continued)

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	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	2,839,507	-	-	-	-
Notes and accounts receivable, net	10,676,750	-	-	-	-
Other receivables	326,377	-	-	-	-
Guarantee deposits	77,885	-	-	-	-
Subtotal	13,920,519				
	$ 16,169,929				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 784	-	784	-	784
Convertible bonds – embedded derivatives	31,173	-	31,173	-	31,173
Subtotal	31,957				
Financial liabilities measured at amortized cost					
Short term borrowings	14,647,898	-	-	-	-
Lease liabilities	293,421	-	-	-	-
Accounts payable	3,560,734	-	-	-	-
Other payables	1,046,936	-	-	-	-
Bonds payable	1,870,309	-	-	-	-
Subtotal	21,419,298				
	$ 21,451,255				

	March 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
Stocks listed on domestic markets	$ 570	570	-	-	570
Convertible bonds – embedded derivatives	110	-	110	-	110
Subtotal	680				

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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	March 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Notes and accounts receivable, net	1,994,853	-	-	-	-
Emerging market stocks	481	481	-	-	481
Domestic and overseas unlisted stocks	39,549	-	-	39,549	39,549
Subtotal	2,034,883				
Financial assets measured at amortized cost					
Cash and cash equivalents	2,889,524	-	-	-	-
Notes and accounts receivable, net	11,171,305	-	-	-	-
Other receivables	277,024	-	-	-	-
Guarantee deposits	76,018	-	-	-	-
Subtotal	14,413,871				
	$ 16,449,434				
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 10,536,508	-	-	-	-
Lease liabilities	296,353	-	-	-	-
Accounts payable	6,916,358	-	-	-	-
Other payables and dividends payable	1,991,433	-	-	-	-
Bonds payable	41,862	-	-	-	-
Subtotal	19,782,514				
	$ 19,782,514				

There were no transfers of financial instruments between any levels for the three months ended March 31, 2023 and 2022.

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(Continued)

3) Valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

If the financial instrument has a public quoted price in an active market, the public quoted price will be determined as the fair value. The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its counterparts. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the consolidated balance sheet date.

The Group holds the unquoted equity investments and bond investments of its financial instruments without an active market. The measurement of fair value of the equity instruments is based on the Guideline Public Company method, which mainly assumes the evaluation by the price to sales and the price to book value ratio of similar public company and by the discount for lack of marketability. The estimation has been adjusted by the effect resulting from the discount for lack of marketability of the securities. In addition, the fair values of bond investments are based on prior transaction prices.

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

4) Reconciliation of Level 3 fair values

		Fair value through other comprehensive income		
		Unquoted equity instruments	**Unquoted bond investments**	**Total**
Opening balance, January 1, 2023	$	80,742	-	80,742
Purchased		-	9,056	9,056
Ending balance, March 31, 2023	**$**	**80,742**	**9,056**	**89,798**
Opening balance, January 1, 2022 (the same as the ending balance at March 31, 2022)	**$**	**39,549**	**-**	**39,549**

5) Quantified information of significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through other comprehensive income - equity investments".

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income	Guideline Public Company method	· Enterprise value to sale ratio as of March 31, 2022 was 1.37	· The higher the price-book ratio, and the enterprise value to sale ratio, the higher the fair value
		· Price-book ratio as of March 31, 2023, December 31 and March 31, 2022 were 0.82~2.83, 0.82~2.22 and 0.81, respectively.	〃
		· Market liquidity discount rate as of March 31, 2023, December 31 and March 31, 2022 were 15.80%, 15.80% and 17.45%, respectively.	· The higher the market liquidity discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income	Net Asset Value Method	· Net asset value	· Not applicable

(t) Financial risk management

There was no significant changes in the Group’s financial risk management and policies as disclosed in the note (6)(u) of the consolidated financial statements for the year ended December 31, 2022.

(u) Capital management

The Group’s objectives, policies and processes of capital management are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2022. In addition, there were no significant differences between the summary quantitative data of the items of capital management in the consolidated financial statements and those disclosed in the consolidated financial statements for the year ended December 31, 2022. Please refer to note (6)(v) of the consolidated financial statements for the year ended December 31, 2022 for further details.

(v) Investing and financing activities not affecting current cash flow

The Group’s investing and financing activities which did not affect the current cash flow for the three months ended March 31, 2023 and 2022, were as follows:

(i) For the acquisition of right-of-use assets from leases, please refer to note (6)(g).

The reconciliations of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2023	**Cash flows**	**Acquisition**	**Reduction**	**Foreign exchange movement**	**March 31, 2023**
Short-term borrowings	$ 14,647,898	(2,030,760)	-	-	-	12,617,138
Lease liabilities	293,421	(39,338)	99,357	-	1,869	355,309
Bonds payable	1,870,309	-	7,002	-	-	1,877,311
Total liabilities from financing activities	**$ 16,811,628**	**(2,070,098)**	**106,359**	**-**	**1,869**	**14,849,758**

			Non-cash changes			
	January 1, 2022	**Cash flows**	**Acquisition**	**Reduction**	**Foreign exchange movement**	**March 31, 2022**
Short-term borrowings	$ 10,996,048	(459,540)	-	-	-	10,536,508
Lease liabilities	323,726	(34,991)	146	(427)	7,899	296,353
Bonds payable	126,336	-	-	(84,474)	-	41,862
Total liabilities from financing activities	**$ 11,446,110**	**(494,531)**	**146**	**(84,901)**	**7,899**	**10,874,723**

(7) Related-party transactions

(a) Name and relationships with related parties

The following are entities that have had transactions with the Group during the period covered in the consolidated financial statements:

Related-party	**Relationship**
Weiji Investment Co., Ltd.	The same chairman
Genlog Industrial Co., Ltd.	Substantive related-party

(b) Significant transactions with related party

(i) Processing fee and consultancy fees from related Parties

Other related parties were commissioned to provide processing services and consulting services to the Group. The amounts were as follows:

	For the three months ended March 31,	
	2023	**2022**
Other related parties	**$ 1,014**	**1,692**

(Continued)

(ii) Lease

The Group leased a portion of its building to its subsidiaries and related parties for office use purpose. The rentals collected monthly. The details were as follows:

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Other related parties	$ **229**	**229**

(iii) Payable to related parties

Account	Related party categories	March 31, 2023	December 31, 2022	March 31, 2022
Other payables	Other related parties	$ **240**	**245**	**587**

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Short-term employee benefits	$ 49,053	72,617
Post-employment benefits	212	210
	$ **49,265**	**72,827**

(8) Assets pledged as security: None.

(9) Commitments and contingencies:

The balances of L/Cs for deferred payment of import value added tax and the purchase of merchandise were as follows:

March 31, 2023	December 31, 2022	March 31, 2022
$ **365,005**	**367,810**	**162,088**

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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(12) Other:

(a) A summary of employee benefits, depreciation and amortization by function, is as follows:

By function / By item	For the three months ended March 31, 2023 Operating expenses	2022 Operating expenses
Employee benefits		
Salary	347,578	376,755
Labor and health insurance	31,973	29,375
Pension	27,659	25,122
Remuneration of directors	5,005	25,618
Others	18,831	12,398
Depreciation	42,309	40,213
Amortization	3,173	6,734

(b) Seasonality of operations:

The Group's operation were not affected by seasonality or cyclically factors.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2023:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

(In thousands of new Taiwan dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary (note 2)	Subsidiary endorsements/ guarantees to third parties on behalf of parent company (note 2)	Endorsements/ guarantees to third parties on behalf of companies in Mainland China (note 2)
0	The Company	WKI	100% owned subsidiary	13,977,360	8,776,464	8,107,512	7,129,878	-	87.01 %	27,954,720	Y	N	N
〃	〃	WTP	100% owned subsidiary	13,977,360	1,082,040	1,020,242	615,241	-	10.95 %	27,954,720	Y	N	N
〃	〃	WKS	100% owned subsidiary	13,977,360	1,409,474	1,409,474	1,088,695	-	15.13 %	27,954,720	Y	N	Y

Note 1：The total amount of the guarantee provided by the Company shall not exceed three hundred percent (300%) of the higher amount between the Company's capital amount and net worth. However, for any individual entity whose voting shares are 50% or more owned, directly or indirectly, by the Company shall not exceed fifty percent (50%) of the maximum amount for guarantee on recent audited or reviewed financial statements.

Note 2：For those entities as the guarantor to the subsidiary, subsidiary as the guarantor to the company, or the guarantor that located in China, please fill in "Y".

(Continued)

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(iii) Securities held as of March 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(Shares/units (thousands))

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance Shares/Units (thousands)	Carrying amount	Percentage of ownership (%)	Fair value	Note
The Company	EBM Technologies Inc.	-	Financial assets mandatorily measured at fair value through profit or loss-current	34	785	- %	785	
〃	Clientron Corp.	-	Financial assets at fair value through other comprehensive income-non-current	15	371	0.02 %	371	
〃	Paradigm I Venture Capital Company (Paradigm I)	-	〃	750	7,458	6.79 %	7,458	
〃	Paradigm Venture Capital Corporation (PVC Corp.)	-	〃	230	2,301	10.49 %	2,301	
〃	InnoBridge Venture Fund ILP. (InnoBridge)	-	〃	-	15,150	9.90 %	15,150	
〃	Shin Kong Global Venture Capital Corp. (SKGVC)	-	〃	960	4,800	12.00 %	4,800	
〃	Vision Wide Technology Co., Ltd. (VTEC)	-	〃	800	9,033	1.61 %	9,033	
〃	Winsheng Material Technology Co., Ltd. (Winsheng Material)	-	〃	1,400	42,000	4.37 %	42,000	
〃	SiTune Corporation Convertible Promissory Note (SiTune)	-	〃	-	9,056	- %	9,056	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In thousands)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchases/ (Sales)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	WKI	100% owned subsidiary	Purchases	105,051 (USD3,438)	1.72 %	OA30	No significant difference with other suppliers	No significant difference with other suppliers	(5,120) (USD(168))	(0.23) %	
WKI	The Company	Parent company	(Sales)	(105,051) (USD(3,438))	(1.32)%	〃	No significant difference with other customers	No significant difference with other customers	5,120 (USD168)	0.12 %	

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases/ (Sales)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
WKI	WKS	Subsidiary	(Sales)	(1,075,368) (USD(35,356))	(13.57)%	OA60	〃	〃	212,212 (USD6,968)	4.84 %	
WKS	WKI	Parent company	Purchases	1,075,368 (USD35,356)	77.01 %	〃	No significant difference with other suppliers	No significant difference with other suppliers	(212,212) (USD(6,968))	(95.78) %	

Note: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In thousands)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note)	Allowance for bad debts	Note
					Amount	Action taken			
The Company	WKI	100% owned subsidiary	Other receivable 197,702 (USD6,492)	-	-	-	USD2,278	-	The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.
WKI	WKS	Subsidiary	Accounts receivable 212,212 (USD6,968)	12.72	-	-	USD4,354	-	〃

Note: Information as of May 5, 2023.

(ix) Trading in derivative instruments: Please refer to note (6)(b).

(x) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	WKI	1	Other Receivables	197,702	The price is set by percentage of the contract and the receivable is received quarterly.	0.63%
1	WKI	The Company	2	Sales Revenue	105,051	The price is marked up based on operating cost, and the receivables depend on OA30 after offsetting the accounts payable.	0.64%
〃	〃	WKS	3	Sales Revenue	1,075,368	The price is marked up based on operating cost, and the receivables depend on funding demand and OA60.	6.51%
〃	〃	〃	〃	Accounts Receivable	212,212	〃	0.68%

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Note 1: The numbers filled in as follows:
1. 0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:
1 represents the transactions from the parent company to its subsidiaries.
2 represents the transactions from the subsidiaries to the parent company.
3 represents the transactions between subsidiaries.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2023 (excluding information on investees in Mainland China):

(In thousands)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount: March 31, 2023	Original investment amount: December 31, 2022	Highest: Shares (In Thousands)	Highest: Percentage of Ownership	Highest: Carrying amount	Net income (losses) of investee	Investment income (losses) of investor	Note
The Company	WKI	Hong Kong	Electronic components computer peripherals products distribution and technical support	$ 1,620,445	1,620,445	552,450	100%	$ 6,843,965	(17,890)	$ (17,890)	Subsidiary
〃	WKZ	Taiwan	Electronic components and technical support	12,983	12,983	1,589	100%	25,644	(206)	(206)	〃
〃	WTP	Singapore	〃	293,327	293,327	12,413	100%	506,286	11,500	11,500	〃
	Total			$ 1,926,755	1,926,755			$ 7,375,895		$ (6,596)	
WKI	Weitech	Hong Kong	Import and export trade of electronic components	0.41 (HKD0.1)	0.41 (HKD0.1)	-	100%	2,561 (USD84)	60 (USD2)	60 (USD2)	〃

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In thousands)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows: Outflow (Note 3)	Investment flows: Inflow	Accumulated outflow of investment from Taiwan as of March 31, 2023	Net income (losses) of the investee (Note 2)	Percentage of ownership	Investment income (losses) of investor (Note 2)	Book value (Note 3)	Accumulated remittance of earnings in current period
WKS	Electronic components computer peripherals products distribution and technical support	786,647 (USD25,000)	Note 1, 4	304,594 (USD9,800)	-	-	304,594 (USD9,800)	(36,177) (USD(1,189))	100%	(36,177) (USD(1,189))	685,998 (USD22,525)	-
WKE	Electronic technology development and technical advisory	5,067 (CNY1,000)	Note 1, 5	-	-	-	-	(934) (USD(31))	100%	(934) (USD(31))	5,619 (USD185)	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA (note 3)	Upper Limit on Investment
304,594 (USD9,800)	761,375 (USD25,000)	5,590,944

Note 1: Investment in Mainland China was through a company in the third area.

Note 2: The investment gains and losses of the current period are recognized according to the financial statements, which have been reviewed by the Company's independent auditors, and were translated into New Taiwan Dollars at the average exchange rates.

(Continued)

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Note 3: The currency was translated into New Taiwan Dollars at the exchange rate of USD 1 to TWD 30.455 at the end of reporting period.

Note 4: The difference was due to Weikeng International Co. Ltd.'s investment of USD15,200 thousand on Weikeng International (Shanghai) Co. Ltd. using its own funds.

Note 5: The difference was due to Weikeng International (Shanghai) Co. Ltd.'s investment of CNY1,000 thousand on Weikeng Electronic Technology (Shanghai) Co. Ltd. using its own funds.

(iii) Significant transactions:

Please refer to Information on significant transactions for the information on significant direct or indirect transactions, which were eliminated in the preparation of consolidated financial statements, between the Group and the investee companies in Mainland China in 2023.

(d) Major shareholders:

Shareholding / Shareholder’s Name	Shares	Percentage
Weiji Investment Co., Ltd.	30,426,876	7.18 %

Note (i): The information of major shareholders is based on the last business day of the end of each quarter set by Taiwan Depository & Clearing Corporation, wherein the shareholders hold more than 5% of the Company's ordinary shares, which have been completely registered non-physically (including treasury shares). There may be differences between the share capital recorded in the Company's financial statements and the actual number of the delivered shares, which have been completely registered non-physically due to the different methods used in their calculation.

Note (ii): In the case of the above information, if the shareholder delivers the shares to the trust, the shares will be disclosed as a personal account under the trust account of the principal opened by the trustee. As for the shareholders’ declaration of more than 10% of the insider’s shareholdings under the Securities and Exchange Act, the shareholders’ stocks should be include in their own shareholdings, plus, the shares delivered to the trust, wherein the shareholders have the right of decision on using the trust property. For information on insider’s equity declaration, please refer to market observation post system.

(14) Segment information:

The Group has only one operating segment, which is the electronic components segment, of which, the major activities are the purchase and sales of electronic components and computer peripherals, technical service, as well as the import/export trade business. The Group’s details and reconciliations of operating segment are consistent with the consolidated financial statements. Please refer to the consolidated statements of comprehensive income and the consolidated balance sheets for the segment profit and assets, respectively.