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WAH LEE INDUSTRIAL CORP.

Annual Report 2023

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Taiwan Stock Exchange: <https://www.twse.com.tw>

Market Observation Post System: <https://mops.twse.com.tw>

Corporate Website: <https://www.wahlee.com>

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V. Exchange of Securities Traded Overseas and Access to the Securities Information: None.

VI. Corporate Website: <https://www.wahlee.com>

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Chapter 1. Letter to Shareholders

Dear shareholders,

The 2023 economy experienced a downturn characterized by ongoing customer destocking, which impacted various sectors. Wah Lee's total consolidated revenue in 2023 was NT\$ 66.7 billion, a slight decline of approximately 9.2% from the previous year. The net operating profit is NT\$ 2.5 billion, a slight decrease of 5.4% from the previous year. Compared to the Electronic material distributor industry's net operating profit decline of 10% to 30%, Wah Lee's profit performance remained relatively stable. In 2023, the Company achieved earnings per share (EPS) of NT\$ 8.96, Wah Lee is optimistic about the future, expecting revenue to rebound and grow in the upcoming year. The following is a summary of the 2023 operational results and the business plans for 2024.

In terms of its financial performance in 2023, Wah Lee's consolidated debt ratio stood at 59%, and the consolidated current and quick ratios were 151% and 122%, respectively. Its tangible net worth was NT\$20.08 billion, and the return on stockholders' equity was 11.89%, indicating satisfactory profitability. The cash flow turnover were 82 days, the net cash inflow from consolidated operating activities was NT\$3.17 billion. These metrics collectively demonstrated Wah Lee's overall financial structure and debt servicing ability to remain stable and healthy.

The following is a summary of the 2023 operational results, business plans for 2024, the Company's future development, and the impact of external competition, the regulatory environment, and the general economic environment.

I. 2023 Business Report

(I) Business Plan Implementation Results

Unit: NTD thousands

Item	2023	2022	Difference	
			Amount	%
Net operating revenue	66,782,410	73,570,296	(6,787,886)	(9.2%)
Operating cost	61,256,065	68,003,687	(6,747,622)	(9.9%)
Gross Profit	5,526,345	5,566,609	(40,264)	(0.7%)
Operating expenses	3,024,790	2,923,174	101,616	3.5%
Net operating profit	2,501,555	2,643,435	(141,880)	(5.4%)
Non-operating income and expenses	577,057	892,154	(315,097)	(35.3%)
Net profit before tax	3,078,612	3,535,589	(456,977)	(12.9%)
Income Tax Expense	762,437	809,317	(46,880)	(5.8%)
Net profit for the year	2,316,175	2,726,272	(410,097)	(15.0%)

(II) Budget Execution Performance: The Company has no announced financial forecasts for 2023.

(III) Profitability Analysis:

Analysis items \ Year		Financial Information for Most Recent 5 Years				
		2019	2020	2021	2022	2023
Profitability	Return on assets (%)	5.35	6.01	7.66	6.29	5.35
	Return on Equity (%)	12.14	14.52	19.06	15.04	11.89
	Income before tax as a percentage of paid-in capital (%)	84.97	113.90	170.16	149.80	130.32
	Net profit rate (%)	2.85	3.46	4.41	3.71	3.47
	Earnings per share (\$)	6.12	7.88	12.05	10.53	8.96

(IV) Income and Expenditures

For the year 2023, the Company's operating revenues was NT\$ 66,782,410 thousand, gross profit was NT\$ 5,526,345 thousand, operating expenses were NT\$ 3,024,790 thousand, net operating profit was NT\$ 2,501,555 thousand, non-operating revenue and expenses were NT\$ 577,057 thousand, net profit before tax was NT\$ 3,078,612 thousand, and net income after tax was NT\$ 2,316,175 thousand.

(V) Research and Development

(1) 2023 Research and Development Expenditure

As the Company primarily operates as a sales channel distributor, research and development activities predominantly occur on the supplier side. Consequently, the Company does not incur research and development expenses as per accounting principles.

(2) Future Product Development

With the ongoing advancements in social civilization and technology and the increasing importance of environmental protection, Wah Lee remains committed to its founding principle of being a "Material Pioneer, Technology Navigator." The Company consistently endeavors to develop next-generation materials and equipment, ensuring a steady output each year. Moreover, Wah Lee continuously strives to meet evolving customer demands while further enhancing its leadership in research and development capabilities through collaborations with suppliers. Moving forward, Wah Lee remains dedicated to advancing and meeting the evolving needs of our customers across various industries. Our commitment lies in providing high-end materials, equipment, and comprehensive solutions to cater to the demands of these mainstream sectors, including, but not limited to, 5G communications, AI servers and high-performance computing, high-end semiconductors, carrier boards, displays, new energy and electric vehicles, low-orbit satellite communications, the green economy, biotechnology, and healthcare.

II. 2024 Business Plans

(I) Impact of the External Competitive Landscape, the Regulatory Environment, and the General Economic Environment

(1) The External Competitive Landscape

Wah Lee distributes and sells a wide range of products. There are no direct competitors in the market, but there are competitors in specific sectors. Looking ahead to 2024, Wah Lee

will not only continue to expand its existing products into various emerging applications and emerging regional markets, but will also continue to develop new suppliers and new product sectors. In response to external competition, Wah Lee will persist in developing high-threshold, next-generation products to raise the entry barriers of competitors, develop more value-added services, and build strong synergies by reaching out to various industries and geographies.

(2) The Regulatory Environment

Adherence to the RE100 requirement is becoming increasingly prominent across mainstream markets worldwide in today's rapidly evolving global trade landscape. To address concerns related to refrigerants, plastics usage, and the imperative for energy conservation and carbon reduction, Wah Lee has introduced a comprehensive range of products designed to align with these requirements. Furthermore, as globalization trends shift towards regionalization, potentially evolving into two major trade hubs within the G2 framework, Wah Lee has strategically positioned itself with a comprehensive presence in China. With established local supply chains and exports in China and deep cultivation and expansion efforts in the Southeast Asian market, Wah Lee has also ventured into markets in India, Japan, America, and Europe in recent years. These endeavors aim to sustain Wah Lee's competitive edge amidst increasingly stringent regulations and rules on a global scale.

(3) The General Economic Environment.

Wah Lee is strategically positioned in markets experiencing rapid recovery and growth. China, for instance, has seen a GDP growth rate of 5.2% in 2023, which is projected to increase to 5.3% in 2024, according to the National Bureau of Statistics. Similarly, Southeast Asian market (ASEAN) anticipates an overall GDP growth rate of 4.9% in 2024, while the Indian market is poised for a remarkable 7% growth rate during the same period. Large markets such as the United States, Japan, Mexico, and Europe are also expected to witness robust growth rates. Wah Lee aims to capitalize on these opportunities by aggressively expanding its sales share in these lucrative markets.

(II) Expected Sales Volume and Important Production and Marketing Policies

(1) Expected Sales Volume

Given the variability across product units, the Company does not have published financial forecasts and cannot provide precise sales volume estimates for each business unit. While specific sales volume estimates are unavailable, we can outline the growth direction of several key industry segments: smartphone sales are projected to increase by 3% in 2024, the NB and PC markets are expected to grow by 3-5%, and global AI server shipments are anticipated to grow at an average rate of 45% from 2022 to 2026.

(2) Important Production and Marketing Policies

Wah Lee's suppliers primarily focus on research, development, and production activities. Wah Lee conducts regular production and sales coordination meetings with its suppliers to foster innovation and growth. These collaborative efforts aim to identify breakthrough applications in specific markets, expanding sales opportunities for Wah Lee and its suppliers.

(III) Specific Business Objectives and Development Strategies

As previously mentioned, the annual growth rate of AI servers is projected to exceed 45% in recent years. This surge in demand for these advanced server platforms is expected to fuel substantial growth in high-end PCBs and IC carrier boards. The application of high-performance computing (HPC), data centers, and 5G communication requires high-end servers, routers,

switches, antenna modules, communication equipment, and other cutting-edge equipment. This infrastructure segment is expected to experience significant growth. Wah Lee's sales of materials and equipment, including 5G high-frequency copper-clad substrates with low dielectric value, direct imaging DI high-resolution electroplated dry film for high-end processes, and PCB equipment, are anticipated to maintain steady growth. As numerous PCB manufacturers shift their production bases to Southeast Asian market, Wah Lee has already established a comprehensive marketing and logistics infrastructure across various Southeast Asian countries to supply the high-end materials and equipment to nearby PCB customers. Wah Lee is also involved in low-orbit satellite communications, and positioning itself to capitalize this very potential terminal application market. The automotive market is poised for significant growth in the future, presenting a key opportunity for Wah Lee. The Company has already made strides in supplying high-end engineering plastics automotive parts, including ECU connectors, navigation systems, speedometers, camera connectors, transmission components, and charging stations. With the electric vehicle market projected to grow at a CAGR of 17.3% until 2030, Wah Lee anticipates a surge in the sales of related materials. Furthermore, Wah Lee has successfully introduced the third-generation compound semiconductor components, such as GaN and SiC, which possess high voltage endurance, into crucial next-generation semiconductor materials. In 2023, the revenue from the third-generation semiconductor-related products surged by 46% compared to the previous year. High-voltage components inside electric vehicles and fast-charging facilities are in great demand and will certainly have a place in the future era when electric vehicles and alternative energy generators will become ever more popular.

In recent years, the world's top plastic manufacturers have started to supply PCR (Post-Consumer Recycled) plastics in response to increased environmental awareness. Wah Lee has secured the privilege of providing PCR to several companies, and the escalating demand is set to accelerate and broaden. This initiative aligns with the Company's commitment to contributing to the planet's sustainability. In 2023, Wah Lee sold 66 tons of PCR plastics, generating approximately NT\$ 5 million in revenue. This marks a remarkable 3.53-fold increase from the previous year.

Amidst the globalization trend and expansion of the semiconductor industry, Wah Lee is positioned ahead of its competitors in terms of the breadth and pace of globalization. The Company has established operations in the United States, Japan, Korea, Mainland China, and Southeast Asia. Furthermore, Wah Lee is also expanding its presence into the European and Indian markets, positioning itself as a frontrunner in these markets. The semiconductor industry's key customers are experiencing rapid advancements in their processes, leading to increased demand for raw materials for various advanced processes. Forecasts suggest that revenue growth for major customers in 2024 is expected to range between 20% and 25%, while the foundry industry is expected to grow around 20%. As the largest supplier of consumables to major semiconductor customers, including electronic grade chemicals, photoresists, strippers, CMP grinding fluids, special gases, equipment component consumables, and wafers, Wah Lee is well-positioned to sustain its growth trajectory. This is fueled by the steady growth in long-term global demand for wafers and ongoing technological advancements. In recent years, as the supply chain trend moves towards regionalization, Wah Lee has secured semiconductor orders from Japan and the U.S. Additionally, Coupled with the recent explosion in demand for AI applications, sales of related semiconductor materials are bound to be booming.

Wah Lee's early-stage development and extensive expertise in green power have been recognized by receiving the Top Solar Award for high-quality solar power from the President in person. As the demand for green power and green power certificates surges, Wah Lee's solar power capacity will accelerate from 65MW (at the end of 2023), and to provide customers with a full range of solutions, including green power certificates, carbon trading, and material and service production. These offerings will assist customers to comply with the international carbon neutrality requirements.

The logistics services of Taiwan's technology industry will continue to be in short supply in the next five years. Based on Wah Lee's comprehensive solution provider business philosophy, the Company is establishing Taiwan's largest high-tech professional logistics center to solve some of the significant shortfall in logistics services in Taiwan. The Company continues to strengthen its core competitive advantages by investing in the establishment of the Southern Logistics Center. This move will further consolidate Wah Lee's leading position in the logistics operation center and increase Wah Lee's added value to customer services. Wah Lee has expanded its revenue scale in Logistics services across China, and expanding to all over the world along with its customers.

The report above outlines Wah Lee's 2023 business performance and future development strategy. Looking forward to the future, the Company will commit to sound corporate governance, complying with laws and regulations, fulfilling social responsibilities, implementing environmental protection and taking into account the goals of profitable growth to ensure the Company's innovation, sustainable development and enhance shareholder value. We sincerely thank all our shareholders for their enduring trust and support in Wah Lee.

CEO: Chang, Tsuen-Hsien

Chapter 2. Company Profile

I. **Date of Establishment:** October 1, 1968.

II. **Company History:**

- 1968 : Founded in Kaohsiung, Taiwan, with a registered capital of NT\$500,000, and engaged in the sale of chemicals.
- 1970 : Established Composite Materials Department to sell glass fiber of Asahi Fiber Glass and polyester resins of Nippon Shokubai.
- 1972 : Established Industrial Materials Department to sell printed circuit boards of Toray Polyester Film and Sumitomo Bakelite.
- 1973 : Established Plastic Materials Department to sell GE engineering plastics and Asahi Kasei products.
- 1975 : Established Taipei Branch.
- 1976 : Established Machinery Department to sell injection molding machines and exposure machines for PCB manufacturing process of Japan Steel Works.
- 1978 : Established Taichung Branch.
- 1981 : Established Development Department to sell materials for semiconductor manufacturing process.
- 1987 : Purchased 11F-1 office of the Taipei Pao Fu Building and moved to the new location to expand business.
- 1988 : Renamed Development Department as Electronic Materials Department.
- 1989 : Established Chang Wah Electromaterials Inc. with Nagase & Co., Ltd. as a joint venture.
- 1990 : Established Nagase Wahlee Plastics Corp. with Nagase & Co., Ltd. as a joint venture.
Purchased the office at 10F, No. 235, Chung Cheng 4th Rd., Kaohsiung City, as the head office.
- 1997 : Established Asahi Kasei Wah Lee Hi-tech Corp. with Asahi Kasei Corporation (Japan) as a joint venture.
- 1999 : Renamed the Sales Division to Semiconductor Materials Division, Electronic Machinery Division, Engineering Plastics Division, New Materials Division, Composite Materials Division, and Optoelectronics Division.
- 2000 : The stock was listed on OTC on September 19, 2000 after being approved by the securities authority.
- 2001 : Acquired a majority shareholding in Raycong Industrial Products (Hong Kong) Co., Ltd.
Established Wah Lee (Japan) Co., Ltd.
- 2002 : Established Wah Fu International Trading (Shenzhen) Co., Ltd.
The stock was listed on stock exchange on July 22, 2002 after being approved by the securities authority.
Purchased the 12F office of the Taipei Pao Fu Building.

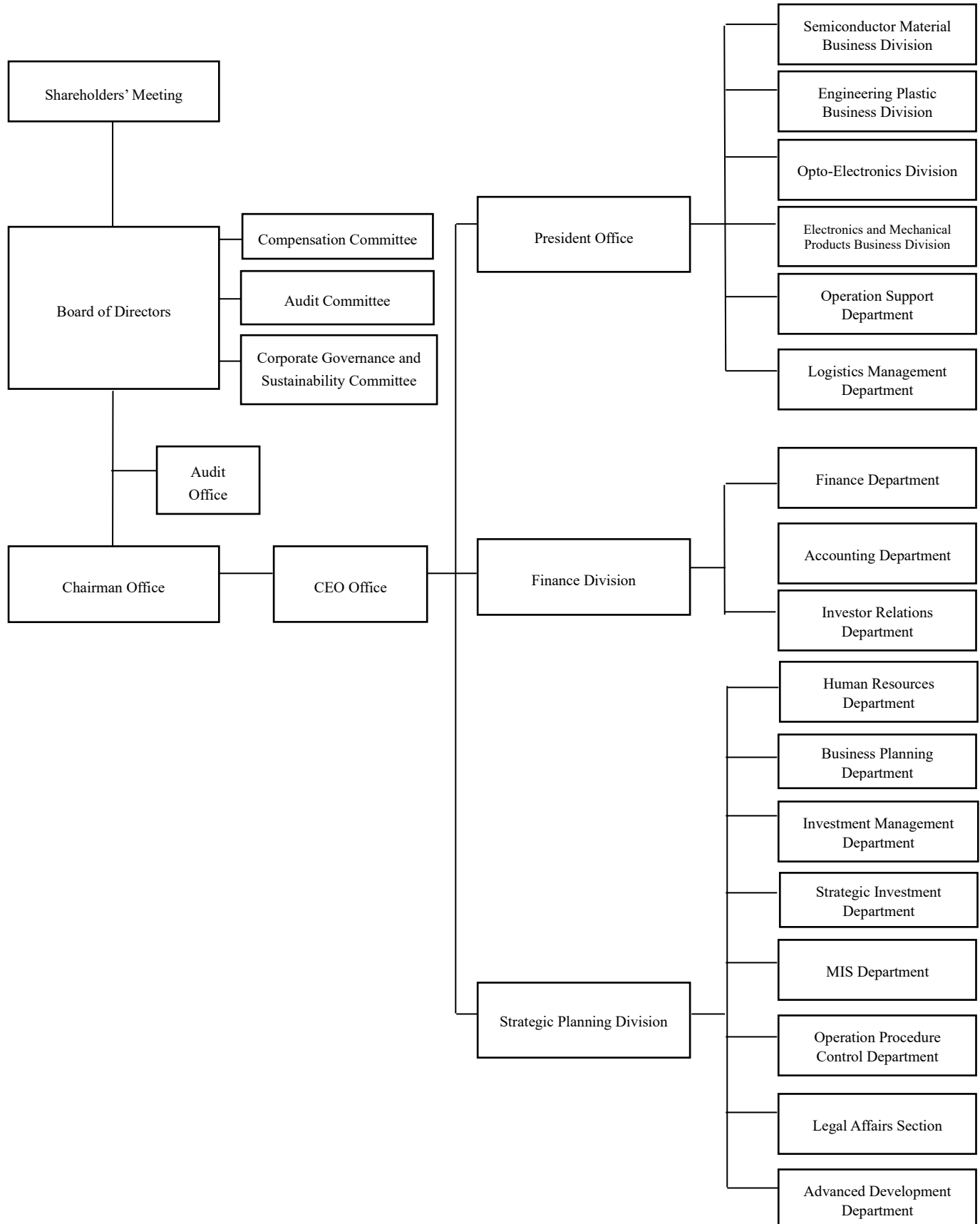
- 2003 : Chang Wah Electromaterials Inc., an investee company, was listed on the OTC on October 30, 2003.
Hsinchu office and warehouse obtained ISO9001 and ISO14001 certification.
Invested in Shanghai Hua Chang Trading Co., Ltd. with Nagase & Co., Ltd.
- 2004 : Acquired majority shareholding in Shanghai Yikang Chemicals and Industries Co., Ltd.
Integrated the former New Materials Division and PCB Division under the Electronic Machinery Division into the Printed Circuit Board Division.
Kaohsiung and Tainan offices obtained ISO9001 and 14001 certification.
- 2005 : Wah Hong Industrial Corp., an investee company, was listed on the OTC on June 23, 2005.
The Composite Materials Division was renamed Composite Industrial Materials Division.
Taipei and Taichung offices obtained ISO9001 and 14001 certification.
- 2006 : Acquired majority shareholding in Wah Lee Tech (Singapore) Ptd, Ltd.
Shanghai Yikang established the Suzhou Branch.
- 2007 : Established Dongguan Hua Gang International Trading Co., Ltd.
Introduced SAP ERP operating system.
Dongguan Hua Gang established Xiamen Branch.
- 2008 : Purchased the office at ZIHCANG S. RD, Jhubei City, Hsinchu County.
- 2009 : Established Green Energy Optoelectronics Division.
- 2010 : Wah Fu International Trading (Shenzhen) Co., Ltd. was liquidated and the related business was merged into Dongguan Hua Gang International Trading Co., Ltd.
Dongguan Hua Gang established Guangdong Zhongshan Branch.
- 2011 : Adjusted the investment structure in China and transferred the stock equity of Shanghai Yikang Chemicals and Industries Co., Ltd. to Raycong Industrial (H.K.) Ltd.
Renamed the Printed Circuit Board Division as the Electronic Assembly Division.
Dongguan Hua Gang established Chongqing Branch.
Shanghai Yikang established the Tianjin Branch.
- 2012 : Established Skypower Ltd. to invest in a solar power plant in Japan.
Shanghai Yikang established the Wuhan Branch.
- 2013 : Integrated Industrial Materials Division and Green Energy Optoelectronics Division, and renamed as Green Energy and Industrial Materials Division; renamed former Green Energy Optoelectronics Division as Optoelectronics Division.
- 2014 : Established Okayama, Sakuragawa, and Miyazaki limited companies to invest in solar power plants in Japan.
- 2015 : Established subsidiaries Huaying Supply Chain Management (Shenzhen) Co., Ltd., PT. Wah Lee Indonesia and Wah Lee (Vietnam) Co., Ltd.

- 2016 : Mr. Chang, Tsuen-Hsien held CEO and President.
- 2017 : Established Audit Committee in response to the corporate governance regulations of the competent authorities.
Sold Skypower Ltd. and the solar power plant held by Skypower.
Acquired majority shareholding in Tranceed Logistics Co., Ltd.
- 2018 : Acquired majority shareholding in Wah Tech Industrial Co., Ltd. in Thailand to strengthen its presence in Southeast Asia.
Sold the solar power plant held by Okayama Ltd. in Japan and liquidated the Company.
Held the 50th anniversary party for the founding of the Company.
- 2019 : Acquired majority shareholding in Kingstone Energy Technology Corporation to run business of solar power plants.
Established the Subsidiaries Wah Lee Philippines Inc. and Wah Lee Philippines International Corp.
Established Guangzhou Xingxian Medical Management Consulting Co., Ltd. to run business in biotech medical industry.
Acquired majority shareholding in Cyuan Cheng Logistics Co., Ltd. to expand the business in logistics industry.
- 2021 : Exclusively sponsored the National Junior College Cup “Wah Lee Innovative Materials Competition” held by the China Society for Materials Science.
Kingstone Energy Technology Corporation won the Top Solar Awards, the highest national PV (solar photovoltaic system) award.
Issued the third domestic unsecured convertible bond of NT\$2.05 billion.
- 2022 : Established the Sustainable Development Committee and issued the first sustainability report.
Acquired the land for the Southern Logistics Center.
Acquired majority shareholding in Hightech Polymer Sdn Bhd in Malaysia to strengthen the presence in Southeast Asia.
Adjusted the investment structure in Singapore and transferred the stock equity of Wah Lee Tech (Singapore) Ptd, Ltd. to the parent company.
Completed the Company’s first sustainable linked syndicated loan of NT\$5 billion.
- 2023 : Mr. Chang, Tsuen-Hsien was elected as the Chairman.
Established subsidiary in India, Wahlee Innovation Materials Private Limited.
Established subsidiary in the United States, Advance Hightech Solutions Inc.
Established Raycong (Vietnam) Company Limited, to increase market share in Vietnam.

Chapter 3. Corporate Governance Report

I. Organizational System:

(I) Organization Chart



(II) Functions and Responsibility of Each division

Department	Primary Responsibilities
Chairman Office	<ol style="list-style-type: none"> 1. Develop, plan, and execute the Company's medium and long-term operational strategies 2. Manage corporate image and business relationships
CEO Office	<ol style="list-style-type: none"> 1. Develop, plan, and execute the Company's short, medium and long-term operational strategies 2. Lead various units to implement operational strategies to achieve the Company's annual budget and financial forecast targets 3. Decision-making of major investment projects and develop new business territory
Audit Office	<ol style="list-style-type: none"> 1. Develop and execute internal audit plans 2. Submit the audit report to the board of directors and track the effectiveness of improvements 3. Establish/manage relationships with Audit Committee and relevant personnel
President Office	<ol style="list-style-type: none"> 1. Develop, plan, and execute short, medium, and long-term operational plans for the Company's business units 2. Achieve the annual budget and financial forecast targets of the business units 3. Manage and supervise the operational performance of business units 4. Manage relationships with suppliers and customers and assist in the development of new product agencies for business units
Finance Division	<ol style="list-style-type: none"> 1. Plan and establish the Company's short, medium, and long-term financial and investment strategies 2. Establish and manage the mechanism for public statements and investor relations, and plan and execute the Company's external fundraising plans 3. Provide high management with financial consulting and financial risk assessment for investment plans 4. Manage and supervise the operational effectiveness of the financial and accounting system
Strategic Planning Division	<ol style="list-style-type: none"> 1. Assist in formulating the management and development strategies, human resources strategies, and investment planning for the Company and group, and plan and construct the overall information technology architecture of the Company 2. Manage and supervise the operations of units such as 'Human Resources,' 'Information Technology,' 'Legal,' 'Business Planning,' 'Investment Management,' 'Operational Management,' and 'New Business Development'
Various Business Divisions	<ol style="list-style-type: none"> 1. Market Development and Sales 2. Business Commodity Procurement 3. Various Customer Services and Consulting 4. Business Resource Planning, Management, and Utilization 5. International Market Expansion and Economic and Trade Affairs

Department	Primary Responsibilities
Operations Support Department	1. Environmental, Safety and Health Standards Compliance and Management, Asset Management, and General Administrative Matters
Logistics Management Department	1. Storage and transportation distribution of raw materials and goods 2. Warehouse management and control and review of storage and transportation costs and efficiency
Finance Department	1. Financial Policy Promotion 2. Stock Affairs Execution 3. Cash Management 4. Execution of corporate fundraising assessment and planning 5. Customer credit investigation, inquiry, and control
Accounting Department	1. Accounting and financial budget operation planning and execution 2. Tax operation planning and execution
Investor Relations Department	1. Establish a clear communication channel with investors to enhance their comprehensive understanding of the Company and identification with its future development 2. Establish and invest in media and public relations management to enhance corporate image 3. Lead the compilation of the sustainability report and support the Sustainable Development Committee in implementing ESG-related policies.
Human Resources Department	1. Develop and implement a comprehensive talent management strategy to effectively oversee the selection, utilization, development, and retention of employees. 2. Plan and promote integrated talent asset management and development programs 3. Plan and execute organizational diagnosis and development 4. Human resource planning and execution
Investment Management Department	1. Management of investment companies in domestic and international regions 2. Assist various invested companies in implementing the Company's various systems and regulations
Strategic Investment Department	1. Formulate and plan various investment strategies and assess future development 2. Formulate and execute the Company's investment strategy projects
Business Planning Department	1. Formulate and promote the implementation of the Company's operational strategies and new business development plans 2. Analyze industry environments and development trends 3. Management of operational performance and budget preparation 4. Implement and promote various projects related to company strategy

Department	Primary Responsibilities
MIS Department	<ol style="list-style-type: none"> 1. Planning and designing the Company's comprehensive information management system, managing computer resources and equipment, and promoting computerization. 2. Supervise the implementation of the Company's internal control cycles and the audit of internal security 3. Manage the risks associated with information and communication security, and establish related policies and objectives
New Business Development Department	<ol style="list-style-type: none"> 1. Formulate and execute strategic development plans for the Company's new businesses 2. Establish market research mechanisms for the latest industry development trends and collaboration plans with high-quality suppliers in new industries 3. Seek appropriate strategic alliance partners and formulate strategic alliance plans
Operation Procedure Control Department	<ol style="list-style-type: none"> 1. Coordinate and manage operational standards for business transactions 2. Optimize and integrate transaction system workflows
Legal Affairs Section	<ol style="list-style-type: none"> 1. Legal consulting and handling of legal matters 2. Review, plan, handle, and execute all legal matters related to company contracts, litigation, and other legal affairs

II. Information on board of directors, presidents, vice presidents, directors, department heads, and branch managers:

(I) Directors Information

Directors (1)

March 31, 2024

Title	Nationality or Registration	Name	Gender Age	Appointment Date	Term of office	Commence ment date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the Company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							No. of Shares	Shares Ratio	No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relationship	
Chairman	Republic of China	Kang Tai Investment Co., Ltd.	—	2023.05.30	3 years	2005.06.07	19,868,338	8.42%	20,011,338	7.98%	0	0.00%	0	0.00%	None	None	None	None	None	None
	R.O.C.	Kang Tai Investment Co., Ltd. Representative: Chang, Tsuen-Hsien	Male 51 - 60 Years Old	2023.05.30	3 years	2017.05.26	1,011,200	0.43%	1,284,200	0.51%	0	0.00%	0	0.00%	University of Southern California Department of Electrical Engineering Department of Biomedical Engineering	CEO and President of Wah Lee Industrial Corp. Chairman of Raycong Industrial (Hong Kong) Limited Chairman of Dong Guan Hua Gang International Trading Co., Ltd. Chairman of Shanghai Yi Kang Chemicals & Industries Co., Ltd. Chairman of Wah Lee Tech (Singapore) Pte.Ltd. Chairman of Wah Tech Industrial Co., Ltd. Chairman of Wah Lee Holding Limited (BVI) Chairman of Wah Hong Industrial Corp. Director of CWE Inc. Director of Shanghai Hua Chang Trading Co., Ltd. Director of ORC Technology Corp. Director of Huaying Supply Chain Management (SZ) Co., Ltd. Director of ORC Electrical Machinery Corp. (ORC Corp.) Director of Nagase Wahlee Plastics Corp. Director of Regent King International Limited Director of Advance Hightech Solutions Inc.	Director Director	Chang, Ray-Ching Lin, Shu-Chen	Father and Son Mother and Son	Note 2
Director	R.O.C.	Kang Tai Investment Co., Ltd.	—	2023.05.30	3 years	2005.06.07	19,868,338	8.42%	20,011,338	7.98%	0	0.00%	0	0.00%	None	None	None	None	None	None

Title	Nationality or Registration	Name	Gender Age	Appointment Date	Term of office	Commence ment date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the Company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							No. of Shares	Shares Ratio	No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relationship	
	R.O.C.	Kang Tai Investment Co., Ltd. Representative: Chang, Ray-Ching	Male 81 - 90 Years Old	2023.05.30	3 years	1971.05.26	6,137,364	2.60%	5,762,364	2.30%	455,569	0.18%	8,314,320	3.32%	Honorary Doctor of Engineering, Sun Yat-sen University Honorary Doctor of Engineering, National Cheng Kung University Wah Lee Industrial Corporation CEO	Chairman of Nagase Wahlee Plastics Corp. Chairman of Wah Hong Holding Ltd. Chairman of Wah Hong Technology Ltd. Chairman of Wah Hong International Ltd. Chairman of Wah Hong Development Ltd. Chairman of SHC Holding Ltd. Chairman of Fu Wang Hong Limited Company Chairman of Ting Bao Co., Ltd. Chairman of Fenghuang V Innovative Venture Investment Co., Ltd. Director of Fenghuang II Innovative Venture Investment Co., Ltd.	Director Director Chairman	Chen, Chun-Yin Lin, Shu-Chen Chang, Tsuen-Hsien	By Marriage Spouse Father and Son	Note 2
Director (Note 1)	R.O.C.	Chen, Chun-Yin	Male 81 - 90 Years Old	2023.05.30	3 years	1990.09.07	3,417,934	1.45%	2,529,934	1.01%	25,170	0.01%	0	0.00%	Waseda University Graduate School, specializing in the Department of Metals Vice CEO of Wah Lee Industrial Corp.	Director of Nagase Wahlee Plastics Corp. Director of ORC Technology Corp. Director of ORC Electrical Machinery Corp. (ORC Corp.) Director of Huaxu Technology Co., Ltd. Director of Sin Hao Co., Ltd.	Director Director	Chang, Ray-Ching Lin, Shu-Chen	By Marriage By Marriage	None
Director	R.O.C.	Lin, Yu-Chin	Male 61 - 70 Years Old	2023.05.30	3 years	2023.05.30	2,118,625	0.90%	2,118,625	0.84%	0	0.00%	0	0.00%	New Jersey Institute of Technology Master of Science / Environmental Science President of TOA Resin Corp. Ltd.	Director and President of TOA Resin Corp. Ltd. Director of the Industrial Association	None	None	None	None
Director	R.O.C.	Yeh, Ching-Pin	Male 71 - 80 Years Old	2023.05.30	3 years	1990.09.07	3,423,388	1.45%	3,423,388	1.37%	921,397	0.37%	0	0.00%	EMBA at Sun Yat-sen University Senior vice president of Wah Lee Industrial Corp.	Director and President of Hah Hong Industrial. Corp. Director of Jintai Shun Company Director of Wah Ma Technology Sdn, Bhd Director of Jun Hong Optronics Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Wang, Yea-Kang	Male 71 - 80 Years Old	2023.05.30	3 years	2008.06.18	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Laws in Urban Planning Research Institute at Chung Hsing University Director of the Administration of Commerce, Ministry of Economic Affairs Director of the Bureau of Industry, Ministry of Economic Affairs Head of Division of Small and Medium Enterprises Division, Ministry of Economic Affairs Secretary General of the	Evaluation expert of the Executive Yuan Public Works Committee Consultant of Textile Industry Research Institute Director of Hsing Tsai Industrial Co., Ltd. Independent Director of Wei Chuan Industrial Co., Ltd. Independent Director of Ru Hong Enterprises Co., Ltd. Independent Director of Feng Hsin Iron & Steel Co., Ltd.	None	None	None	None

Title	Nationality or Registration	Name	Gender Age	Appointment Date	Term of office	Commence ment date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the Company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							No. of Shares	Shares Ratio	No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relationship	
															Chinese National Federation of Industries Chairman of Textile Industry Research Institute					
Independent Director	R.O.C.	Shyu, So-De	Male 61 - 70 Years Old	2023.05.30	3 years	2017.05.26	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D. in Finance and Banking from the University of Alabama, USA Professor of Financial Management Department at Sun Yat-sen University Professor and President of Takming University of Science and Technology	Independent Director of Jia Wei Lifestyle, Inc. Independent Director of Soft-World International Corporation Independent Director of Myson Century, Inc.	None	None	None	None
Independent Director	R.O.C.	Guu, Yuan-Kuang	Male 61 - 70 Years Old	2023.05.30	3 years	2023.05.30	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D. in Food Engineering from Cornell University President and Professor of National Pingtung University of Science and Technology President of National Pingtung University	President of I-Shou University	None	None	None	None
Independent Director	R.O.C.	Chang, Chi-Nan	Male 51 - 60 Years Old	2023.05.30	3 years	2023.05.30	102,030	0.04%	102,030	0.04%	0	0.00%	0	0.00%	EMBA from National Yang Ming Chiao Tung University Ph.D. Candidate in Oral Science at Chung Shan Medical University Master of Environmental Engineering Management/Engineering Management Institute at West Coast University, California, USA Chairman and President of Gshine Welltech Corp.	Chairman and President of Gshine Welltech Corp. Chairman and President of S-Zion Tech. Corp. Chairman and President of Jili Investment Co., Ltd. Chairman and President of Landes Medical Devices Co., Ltd. Chairman of Yu Jie Technology Co., Ltd.	None	None	None	None

Note:1 Resigned on September 1, 2023 due to personal career planning.

Note:2 Where the chairman and the president or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, rationality, necessity, and corresponding measures:

Although the chairman and CEO of the Company are the same person, they still need to allocate responsibilities for business decision-making according to the internal control 'Authorization and Decision-Making Authority Regulations.' When exceeding authority, approval from the board of directors is required. The chairman regularly communicates with each director to fully understand the Company's operational status. In order to implement corporate governance, the Company has formulated the 'Performance Evaluation Method for the Board of Directors and Functional Committees' to enhance the operational efficiency goals of the board of directors and functional committees.

At present, the Company has implemented the following specific measures:

1. The current four independent directors specialize in finance, law, and industry development, respectively, and are proficient in their fields. They can effectively fulfill their supervisory functions and account for 44% of all director seats.
2. Each year, the Company provides and arranges for directors to participate in training courses offered by external organizations, such as the Securities Foundation, to enhance the effectiveness of the board of directors.
3. Independent directors can fully discuss and provide recommendations in each functional committee for the board of directors' reference, in order to implement corporate governance.
4. More than half of the board members are not employees or managers.

Major Corporate Shareholders		March 31, 2024
Name of corporate shareholder	Major shareholders of the corporate shareholder	
Kang Tai Investment Co., Ltd.	Fortune Investment Co., Ltd. (94.28%), Dragon Investment Co., Ltd. (5.72%)	
Bao Guang Investment Co., Ltd.	Fortune Investment Co., Ltd. (100%)	

Major Shareholders of Major Corporate Shareholders		March 31, 2024
Legal entity name	Major shareholders of the corporate/juristic person	
Fortune Investment Co., Ltd.	Raycong Investment Co., Ltd. (98.90%), and Crystal Investment Co., Ltd. (1.10%)	
Dragon Investment Co., Ltd.	Totino Investments (BVI) Limited (100%) in the British Virgin Islands	

Directors Information (2)

1. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors:

Qualifications Name	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Chairman Chang, Tsuen-Hsien	Graduated from the Electrical Engineering Department and the Biomedical Engineering Department of the University of Southern California, USA, currently serving as the chairman of the Company and the legal director representative of multiple listed companies, including CWE Inc. Possessing over five years of experience in business, finance, and corporate operations, effectively managing and supervising business units and operational support units, achieving annual budget and financial forecast targets for business units, and managing relationships with suppliers and customers while assisting in the development of new product agencies for business units. Demonstrating expertise in global market competition assessment, business decision-making, and innovative leadership, leading the Company to higher levels and towards sustainable operation.	None of the circumstances listed in Article 30 of the Company Act	None

<div>Qualifications</div> <div>Name</div>	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Director Chang, Ray-Ching	Graduated from the Department of Chemical Engineering at National Cheng Kung University, awarded an honorary doctoral degree in engineering from Sun Yat-sen University in 2005 and an honorary doctoral degree in engineering from National Cheng Kung University in 2006. The founder of the Company, currently serving as a director of the Company and the legal director representative of multiple companies, including Wah Hong Industrial Corp. Possessing over five years of experience in business, finance, and corporate operations, dedicated to the high-tech materials and equipment industry for over 50 years. Demonstrating capabilities in professional leadership, operational management, strategic planning, and maintaining corporate image and enhancing public relations. Leading the Company to become a pioneer in the industry.	None of the circumstances listed in Article 30 of the Company Act	None
Director Chen, Chun-Yin (Note 1)	Graduated from the Graduate School of Waseda University in Japan, specializing in the Department of Metallurgy. Formerly served as Vice Chairman of the Company and the legal director representative of multiple corporate directors, including Nagase Wahlee Plastics Corp. Possessing over five years of experience in business, finance, and corporate operations. Led various units to implement operational strategies, demonstrating an international perspective, expertise in global market competition assessment, and leadership capabilities.	None of the circumstances listed in Article 30 of the Company Act	None
Director Lin, Yu-Chin	Graduated from the Department of Environmental Science at Tunghai University and the New Jersey Institute of Technology. Master of Science in Environmental Science. Currently serving as a director and resident of TOA Resin Corp., Ltd. With over five years of experience in business, finance, and corporate operations, dedicated to the chemical and environmental industries. Possesses extensive experience and industry connections.	None of the circumstances listed in Article 30 of the Company Act	None

<div>Qualifications</div> <div>Name</div>	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Director Yeh, Ching-Pin	Graduated from the EMBA program at Sun Yat-sen University. Currently serving as a director and president of Wah Hong Industrial Corp. With over five years of experience in business, finance, and corporate operations. Dedicated to the optoelectronics industry for nearly 30 years, possessing extensive experience and industry connections.	None of the circumstances listed in Article 30 of the Company Act	None
Independent Director Wang, Yea-Kang	Graduated from the Master of Laws program in Urban Planning Research Institute at National Chung Hsing University. Serves as the convener of the Compensation Committee, a member of the Audit Committee, and a member of the Sustainable Development Committee of the Company. Also holds positions as an expert reviewer at the Public Construction Commission of the Executive Yuan and as a consultant at the Textile Industry Research Institute. With over five years of experience in business, legal affairs, and corporate operations, specializing in the fields of law and business management.	During the two years prior to appointment and throughout the term of office, all of the following independence assessment criteria have been met: (1) Non-employees of the Company or its affiliates. (2) Not a director or supervisor of the Company or its affiliates (however, if serving as an independent director of a company and its parent company, subsidiary, or subsidiary of the same parent company established according to securities laws or local laws and regulations, there is no restriction). (3) Not held, either individually or jointly with the spouse, minor children, or through others, more than 1% of the total issued shares of the Company, or be one of the top ten individual shareholders. (4) Not a manager listed in (1), or a spouse, second-degree relatives, or third-degree blood relatives	3
Independent director Shyu, So-De	Graduated from the University of Alabama with a Doctorate in Finance. Serves as the convener of the Audit Committee, a member of the Compensation Committee, and a member of the Sustainable Development Committee of the Company. Formerly served as a professor in the Department of Financial Management at Sun Yat-sen University and as the President and Professor at Takming University of Science and Technology. With over five years of experience in business, finance, and corporate operations, specializing in financial management and accounting.		3

<div>Qualifications</div> <div>Name</div>	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Independent Director Guu, Yuan-Kuang	Graduated from the Department of Chemical Engineering at National Taiwan University with a bachelor's degree and obtained a Ph.D. in Food Engineering from Cornell University in the United States. Currently serves as a member of the Audit Committee and the Compensation Committee of the Company. Also holds the position of President at I-Shou University. With over five years of experience in business, finance, and corporate operations, specializing in professional fields such as chemical engineering and food engineering.	(5) of the individuals listed in (2) and (3). Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the Company, is one of the top five shareholders, or is appointed as a representative by the Company Act Article 27, paragraph 1 or paragraph 2.	None

<p>Independent Director Chang, Chi-Nan</p>	<p>Graduated from the Executive Master of Business Administration program at National Yang Ming Chiao Tung University. Also pursued a Ph.D. candidacy in Oral Science at Chung Shan Medical University and obtained a master's degree in environmental engineering management/engineering management from West Coast University in California. Currently serves as a member of the Audit Committee of the Company. Also holds positions as chairman and president of multiple companies, including Gshine Welltech Corp. with over five years of experience in business, finance, and corporate operations, specializing in professional fields such as enterprise management, environmental engineering, and medical science.</p>	<p>(However, if serving as an independent director of a company and its parent company, subsidiary, or subsidiary of the same parent company established according to securities laws or local laws and regulations, there is no restriction).</p> <p>(6) Not a director, supervisor, or employee of another company where more than half of the directorships or voting rights are controlled by the same person who controls the directorships or voting rights in the Company. (However, if serving as an independent director of a company and its parent company, subsidiary, or subsidiary of the same parent company established according to securities laws or local laws and regulations, there is no restriction).</p> <p>(7) Not a director, supervisor, or employee of another company or organization where the chairman, president, or equivalent position of the Company is the same person as or spouse of the chairman, president, or equivalent position of the other company or organization. (However, if serving as an independent director of a company and its parent company, subsidiary, or subsidiary of the same parent company established according to securities laws or local laws and regulations, there is no restriction).</p> <p>(8) Directors, supervisors, managers, or shareholders owning 5% or more of the shares of specific companies or institutions that do not have financial or business dealings with the Company (However, for independent directors who concurrently serve in companies where specific companies or institutions hold more than 20% but less than 50% of the total issued</p>	<p>None</p>
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<div>Qualifications</div> <div>Name</div>	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
		<p>shares of the Company, and are subsidiaries of the Company, its parent company, or subsidiaries under the same parent company, as stipulated by the Securities and Exchange Act or local regulations, there is no restriction).</p> <p>(9) Not a professional, sole proprietor, partner, director, supervisor, manager, or spouse who has provided audit or related services to the Company or its related enterprises and has not received cumulative remuneration exceeding NT\$500,000 in the most recent two years for business, legal, financial, accounting, or other related services. However, members of the Compensation Committee, Public Offering Review Committee, or Merger and Acquisition Special Committee who perform duties in accordance with the Securities and Exchange Act or related laws on corporate mergers and acquisitions are not subject to this restriction.</p> <p>(10) Not related to any other director by marriage or within second-degree relatives.</p> <p>(11) None of the circumstances listed in Article 30 of the Company Act</p> <p>(12) Not elected under Article 27 of the Company Act as a representative of the government, legal person, or its representative.</p>	

Note:1 Resigned on September 1, 2023 due to personal career planning.

2. Diversity and Independence of the Board of Directors:

According to the Company's 'Corporate Governance Best Practices' section 5.1, items 5.1.3 and 5.1.4, the composition of the board of directors should consider diversification and the overall abilities the board should possess as follows:

5.1 The structure of the board of directors

5.1.3 The composition of the board of directors should consider diversification. In addition to not exceeding one-third of the board seats held by directors who also serve as company managers, appropriate diversification policies should be developed based on the board's operations, operational patterns, and development needs. These policies should include but are not limited to the following two major aspects of standards:

5.1.3.1 Basic Conditions and Values: Gender, Age, Nationality, and Culture, etc.

5.1.3.2 Professional Knowledge and Skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience, etc.

5.1.4 Board of directors should generally possess the knowledge, skills, and qualities necessary to carry out their duties. To achieve the ideal goal of corporate governance, the board of directors should possess the following capabilities:

5.1.4.1 Operational judgment capability.

5.1.4.2 Accounting and financial analysis ability.

5.1.4.3 Operation and management capabilities.

5.1.4.4 Crisis handling capabilities.

5.1.4.5 Industry knowledge.

5.1.4.6 International market perspective.

5.1.4.7 Leadership capabilities.

5.1.4.8 Decision-making capabilities.

Our board of directors consists of 9 members, including 4 independent directors. The ratio of directors with employee status is 22%, and the ratio of independent directors is 44%. We also pay attention to the diversity of board members, with members possessing rich experience and expertise in fields such as finance, information technology, marketing, chemistry, environmental science, food engineering, and management.

The implementation situation is as follows:

Diversified core projects Names of Directors	Basic composition								Part-time employees	Diversified core competencies							
	Title	Gender	Age				Independent directors Tenure			Bank/Finances	Management	Business Marketing	R&D	Accounting and financial analysis	Information technology	Risk Management	
			51 to 60 Years Old	61 to 70 Years Old	71 to 80 Years Old	Above 81 Years Old	Less than 3 years	3 to 9 years									More than 9 years
Chang, Tsuen-Hsien	Chairman	Male	✓							✓		✓	✓	✓	✓	✓	✓
Chang, Ray-Ching	Director	Male					✓			✓		✓	✓	✓	✓	✓	✓
Chen, Chun-Yin (Note 1)	Director	Male					✓					✓	✓	✓	✓	✓	✓
Lin, Yu-Chin	Director	Male		✓								✓	✓	✓	✓	✓	✓
Yeh, Ching-Pin	Director	Male			✓							✓	✓	✓	✓	✓	✓
Wang, Yea-Kang	Independent Director	Male			✓				✓			✓	✓		✓	✓	✓
Shyu, So-De	Independent Director	Male		✓					✓		✓	✓		✓	✓	✓	✓
Guu, Yuan-Kuang	Independent Director	Male		✓				✓				✓	✓		✓	✓	✓
Chang, Chi-Nan	Independent Director	Male	✓					✓				✓	✓	✓	✓	✓	✓

Note:1 Resigned on September 1, 2023 due to personal career planning.

3. The board's diversification policy, specific management goals, and achievement status are as follows:

Management objectives	Achievement Status
Directors who concurrently serve as company managers shall not exceed one-third of the total board seats.	Directors who concurrently serve as company managers accounted for 11% of the total board seats.
Independent directors, comprising more than half of the board, shall serve a maximum of three consecutive terms.	In the 2023 shareholders' meeting, the board of directors was completely re-elected, appointing 4 independent directors, of which 3 have served consecutive terms not exceeding three times.

(II) The president, vice president, director, heads of departments, and branch managers' information.

March 31, 2024

Title	Nationality	Name	Gender	Date of appointment to position	Shareholding		Spouse and minor children Shareholding		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					No. of Shares	Shares Ratio	No. of Shares	Shares Ratio	No. of Shares	Shares Ratio			Title	Name	Relationship	
CEO and President	R.O.C.	Chang, Tsuen-Hsien	Male	2016.09.01	1,284,200	0.51%	0	0.00%	0	0.00%	University of Southern California Department of Electrical Engineering Department of Biomedical Engineering	CEO and President of Wah Lee Industrial Corp. Chairman of Raycong Industrial (Hong Kong) Limited Chairman of Dong Guan Hua Gang International Trading Co., Ltd. Chairman of Shanghai Yi Kang Chemicals & Industries Co., Ltd. Chairman of Wah Lee Tech (Singapore) Pte. Ltd. Chairman of Wah Tech Industrial Co., Ltd. Chairman of Wah Lee Holding Limited (BVI) Chairman of Wah Hong Industrial Corp. Director of CWE Inc. Director of Shanghai Hua Chang Trading Co., Ltd. Director of ORC Technology Corp. Director of Huaying Supply Chain Management (SZ) Co., Ltd. Director of ORC Electrical Machinery Corp. (ORC Corp.) Director of Nagase Wahlee Plastics Corp. Director of Regent King International Limited Director of Advance Hightech Solutions Inc.	None	None	None	(Note 1)
CEO's Office Vice President	R.O.C.	Lu, Jui-Ming	Male	2017.03.01	0	0.00%	0	0.00%	0	0.00%	Graduate School of Business Administration, National Chengchi University Executive Vice President of New Sunlight (Wanneng) Business Vice President of Greater China Consumer Electronics Division, GE International, Inc.	Vice Chairman of Raycong Industrial (Hong Kong) Limited Director and President of Dong Guan Hua Gang International Trading Co., Ltd. Director and President of Huaying Supply Chain Management (SZ) Co., Ltd. Chairman of Guangzhou Xingxian Medical Management Consulting Company Director of Nagase Wahlee Plastics Corp.	None	None	None	None
CEO's Office Vice President	R.O.C.	Yeh, Ching-Wen	Male	2018.07.01	0	0.00%	0	0.00%	0	0.00%	Department of Mechanical Engineering, National Taipei Institute of Technology Senior Manager of Nagase Wahlee Plastics Co., Ltd.	Director of Wah Tech Industrial Co. Director of Wah Lee Vietnam Co., Ltd. Chairman of Wah Lee Philippines International Corp. Chairman of Wah Lee Philippines Inc. Chairman of Hightech Polymer Sdn.Bhd. Director of Wahlee Innovation Materials Private Limited	None	None	None	None

Title	Nationality	Name	Gender	Date of appointment to position	Shareholding		Spouse and minor children Shareholding		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					No. of Shares	Shares Ratio	No. of Shares	Shares Ratio	No. of Shares	Shares Ratio			Title	Name	Relationship	
Opto-Electronic Business Division Vice President	R.O.C.	Liu, Feng-Jung	Male	2018.07.01	4,555	0.00%	0	0.00%	0	0.00%	Department of Electronic Engineering, Feng Chia University OEM Department Manager, Development Department, Cheng Chau Electronics Director of Marketing Planning and Business Division, Asia Full Technology	None	None	None	None	None
Senior Director of Engineering Plastics Business Division Head of Taichung Branch	R.O.C.	Chang, Jui-Yu	Male	1996.07.01	964,820	0.38%	178,036	0.07%	0	0.00%	Department of Business Administration, Tunghai University Officer of Taiwan Cooperative Bank, Nantou Branch	None	None	None	None	None
CEO's Office Senior Director	R.O.C.	Yu, Ching-Tien	Male	2019.04.09	0	0.00%	0	0.00%	0	0.00%	Textile Engineering Department, Taipei Technical College Research Assistant at Textile Institute	Director and President of Shanghai Yi Kang Chemicals & Industries Co., Ltd.	None	None	None	None
Senior Director of Engineering Plastics Business Division	R.O.C.	Yang, Chen-Ming	Male	2014.07.01	32,684	0.01%	0	0.00%	0	0.00%	Department of Chemical Engineering, Tamkang University Changchun Synthetic Resin Company Research Engineer	None	None	None	None	None
Senior Director of Engineering Plastics Business Division	R.O.C.	Chen, I-Jen	Male	2021.07.01	133	0.00%	0	0.00%	0	0.00%	Department of Business Administration, Nihon Koso University	None	None	None	None	None
Senior Director of Semiconductor Business Division	R.O.C.	Yang, Cheng-Ju	Male	2021.07.03	0	0.00%	0	0.00%	0	0.00%	Department of Chemical Engineering, National Cheng Kung University Assistant Researcher at the Institute of Chemical Engineering, Industrial Technology Research Institute	None	None	None	None	None
Director of Semiconductor Business Division Director	R.O.C.	Chang, Chih-An	Male	2016.07.01	0	0.00%	0	0.00%	0	0.00%	Department of Mechanical Engineering, Feng Chia University Research and Development Engineer at Taiwan Sakura Corporation	Director of Wah Lee Tech (Singapore) Pte Ltd.	None	None	None	None
Director of Semiconductor Sales Division	R.O.C.	Chen, Mao-Hua	Male	2019.07.01	563	0.00%	0	0.00%	0	0.00%	Department of Chemical Engineering, National Taiwan University of Science and Technology Engineer at Wintek Technology Corporation	None	None	None	None	None
Senior Director of Electronic Assembly Business Division	R.O.C.	Shang, Chih-Hao	Male	2022.02.14	0	0.00%	0	0.00%	0	0.00%	The George Washington University Institute for Systems Engineering Vice President of Sales at American Power Conversion Corporation	None	None	None	None	None

Title	Nationality	Name	Gender	Date of appointment to position	Shareholding		Spouse and minor children Shareholding		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					No. of Shares	Shares Ratio	No. of Shares	Shares Ratio	No. of Shares	Shares Ratio			Title	Name	Relationship	
Director of Electronic Assembly Business Division	R.O.C.	Tsai, Ken-Tang	Male	2014.07.01	0	0.00%	1,096	0.00%	0	0.00%	Department of Chemical Engineering, Chinese Culture University Material Development Engineer at Kao Corporation	Supervisor of ORC Technology Corp.	None	None	None	None
Director of Electronic Assembly Business Division	R.O.C.	Lee, Chi-Shang	Male	2021.07.01	6,573	0.00%	0	0.00%	0	0.00%	Kao-yuan Industrial and Commercial Vocational High School Department of Applied Foreign Languages Deputy Manager of Business Development at Xiongfeng Enterprise Co., Ltd.	None	None	None	None	None
Director of Semiconductor Business Division	R.O.C.	Lin, Wei-Chih	Male	2023.07.01	0	0.00%	0	0.00%	0	0.00%	Department of Civil and Construction Engineering, National Taiwan University of Science and Technology Purchasing Department of Macronix International Co., Ltd.	None	None	None	None	None
Senior Director of Strategic Planning Division	R.O.C.	Chiang, Kuo-Jui	Male	2021.03.10	0	0.00%	0	0.00%	0	0.00%	Department of Chemical Engineering, Chinese Culture University Head of Division of Foxconn Precision Industry Co., Ltd.	Chairman of Hengyuan Renewable Energy Co., Ltd. Chairman of Wing Hengxin Energy Co., Ltd. Chairman of Hengsheng Energy Co., Ltd. KSA Energy Corporation Chairman of Wah Heng Energy Technology Corp.	None	None	None	None
Director of Strategic Planning Division	R.O.C.	Yang, Yu-Kuang	Male	2021.07.01	0	0.00%	0	0.00%	0	0.00%	Director of Operations Management Department at Hongzhun Precision Co., Ltd., Graduate School of Business Administration, Centenary College	None	None	None	None	None
Director of IT Department	R.O.C.	Shih, Ching-Hsien	Male	2014.07.01	0	0.00%	0	0.00%	0	0.00%	Graduate Institute of Information Management at Yuan Ze University Senior Manager of Information Department at Yijia Technology Co., Ltd.	None	None	None	None	None
Senior Director of Finance Department	R.O.C.	Lin, Jen-Chih	Male	2018.07.01	0	0.00%	0	0.00%	0	0.00%	Institute of Industrial Economics at National Central University Project Manager of Jianhong Securities Co., Ltd.	Supervisor at Changhua Plastics Co., Ltd. Director of Shanghai Yi Kang Chemicals & Industries Co., Ltd. Director of Shanghai Hua Chang Trading Co., Ltd. Director of High Tech Gas Company Ltd. (High Tech Gas)	None	None	None	None
Director of Financial Division	R.O.C.	Tsai, Shu-Fen	Female	2019.07.01	102,285	0.04%	0	0.00%	0	0.00%	Accounting Department, National Cheng Kung University Aeronautical Commercial Vocational School CPA at Chengxin Accounting Firm	Chairman of Kang Tai Investment Co., Ltd.	None	None	None	None
Senior Director of Accounting Department	R.O.C.	Lee, Kuo-Ping	Male	2021.07.01	26,382	0.01%	0	0.00%	0	0.00%	Department of Accounting, Chung Yuan Christian University Finance Manager of WUS Printed Circuit Co., Ltd.	Director of Dong Guan Hua Gang International Trading Co., Ltd. Director of Raycong Industrial (Hong Kong) Limited Director of High Tech Gas Company Ltd. (High Tech Gas) Director of Raycong (Vietnam) Company Ltd.	None	None	None	None

Title	Nationality	Name	Gender	Date of appointment to position	Shareholding		Spouse and minor children Shareholding		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					No. of Shares	Shares Ratio	No. of Shares	Shares Ratio	No. of Shares	Shares Ratio			Title	Name	Relationship	
Director of Logistics Management Department	R.O.C.	Shih, Chia-Sheng	Male	2021.07.01	0	0.00%	1,020	0.00%	0	0.00%	Department of Information Management, Tamkang University Deputy Manager of the Manufacturing Department at AHEAD Optoelectronics, Inc.	Chairman of Quan Shun Logistics Co., Ltd. Chairman of Xiamen Huashengda Logistics Co., Ltd.	None	None	None	None

Note:1 Where the chairman and the president or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, rationality, necessity, and corresponding measures:

Although the chairman and CEO of the Company are the same person, they still need to allocate responsibilities for business decision-making according to the internal control 'Authorization and Decision-Making Authority Regulations.' When exceeding authority, approval from the board of directors is required. The chairman regularly communicates with each director to fully understand the Company's operational status. In order to implement corporate governance, the Company has formulated the 'Performance Evaluation Method for the Board of Directors and Functional Committees' to enhance the operational efficiency goals of the board of directors and functional committees.

At present, the Company has implemented the following specific measures:

1. The current four independent directors specialize in finance, law, and industry development, respectively, and are proficient in their fields. They can effectively fulfill their supervisory functions and account for 44% of all director seats.
2. Each year, the Company provides and arranges for directors to participate in training courses offered by external organizations, such as the Securities Foundation, to enhance the effectiveness of the board of directors.
3. Independent directors can fully discuss and provide recommendations in each functional committee for the board of directors' reference, in order to implement corporate governance effectively.
4. More than half of the board members are not employees or managers.

III. Compensation paid to directors, presidents, and vice presidents in the most recent fiscal year:

(I) Compensation of ordinary directors and independent directors

December 31, 2023, Unit: NT\$ thousand

Title	Name	Compensation to directors								Sum of A+B+C+D and ratio to net income (Note 6)		Compensation received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income (Note 6)		Compensation received from investee enterprises other than subsidiaries or from the parent company (Note 8)
		Base compensation (A) (Note 1)		Retirement pay and pension (B)		Director profit- sharing compensation (C) (Note 2)		Expenses and perquisites (D) (Note 3)				Salary, rewards, and special disbursements (E) (Note 4)		Retirement pay and pension (F)		Employee profit-sharing compensation (G) (Note 5)						
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
																Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Directors	Kang Tai Investment Co., Ltd. Representative: Chang, Tsuen-Hsien	0	0	0	0	23,731	23,731	290	290	24,021 1.14%	24,021 1.14%	17,768	17,768	40,573	40,573	15,859	0	15,859	0	98,221 4.65%	98,221 4.65%	15,420
	Kang Tai Investment Co., Ltd. Representative: Chang, Ray-Ching																					
	Chen, Chun-Yin (Note 10)																					
	Lin, Yu-Chin																					
	Yeh, Ching-Pin																					
	Bao Guang Investment Co., Ltd. Representative: Lin, Shu-Chen (Note 9)																					
Lin, Chih-Hai (Note 9)																						
Independent directors	Wang, Yea-Kang	0	0	0	0	8,000	8,000	390	390	8,390 0.40%	8,390 0.40%	0	0	0	0	0	0	0	0	8,390 0.40%	8,390 0.40%	0
	Shyu, So-De																					
	Guu, Yuan-Kuang																					
	Chang, Chi-Nan																					
<div>1. Please describe the policy, system, standards and structure in place for paying compensation to independent directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of compensation paid. The compensation for independent directors of the Company is handled in accordance with Article 19 of our company's articles of incorporation. The Compensation Committee regularly reviews the compensation system based on each director's contributions to the board and the Company's operations. If the Company is profitable, additional compensation is distributed in accordance with the provisions of Article 20.</div> <div>2. In addition to what is disclosed in the above table, please specify the amount of compensation received by directors in the last years for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None.</div>																						

Compensation Range Table

The compensation ranges for each director of our company.	Names of Directors			
	Total amount of the first four compensations(A+B+C+D)		Total amount of the first seven compensations(A+B+C+D+E+F+G)	
	The Company	All consolidated entities	The Company	Parent company and all investment businesses (I)
Less than NT\$1,000,000	Directors: Chen, Chun-Yin, Lin, Chih-Hai, Bao Guang Investment Co., Ltd. representative: Lin, Shu-Chen	Directors: Chen, Chun-Yin, Lin, Chih-Hai, Bao Guang Investment Co., Ltd. representative: Lin, Shu-Chen	Directors: Lin, Chih-Hai	Directors Lin Chih-Hai
NT\$1,000,000 (incl.) ~ NT\$2,000,000 (excl.)	—	—	—	—
NT\$2,000,000 (incl.) ~ NT\$3,500,000 (excl.)	Directors: Lin, Yu-Chin, Yeh, Ching-Pin Independent directors Wang, Yea-Kang, Shyu, So-De, Ku, Yuan-Kuang, Chang, Chi- Nan	Directors: Lin Yu-Chin, Yeh, Ching-Pin Independent directors Wang, Yea-Kang, Shyu, So-De, Guu, Yuan-Kuang, Chang, Chi-Nan	Directors: Lin, Yu-Chin, Bao Guang Investment Co., Ltd. representative: Lin, Shu-Chen, Yeh, Ching-Pin Independent directors Wang, Yea-Kang, Shyu, So-De, Guu, Yuan-Kuang, Chang, Chi-Nan	General Directors Lin, Yu-Chin, Bao Guang Investment Co., Ltd. representative: Lin, Shu-Chen Independent directors Wang, Yea-Kang, Shyu, So-De, Guu, Yuan- Kuang, Chang Chi-Nan
NT\$3,500,000 (incl.) ~ NT\$5,000,000 (excl.)	—	—	—	—
NT\$5,000,000 (incl.) ~ NT\$10,000,000 (excl.)	Directors: Kang Tai Investment Co., Ltd. representative: Chang, Tsuen- Hsien Kang Tai Investment Co., Ltd. representative: Chang, Ray-Ching	Directors: Kang Tai Investment Co., Ltd. representative: Chang, Tsuen-Hsien Kang Tai Investment Co., Ltd. representative: Chang, Ray-Ching		—
NT\$10,000,000 (incl.) ~ NT\$15,000,000 (excl.)			—	Directors: Yeh, Ching-Pin
NT\$15,000,000 (incl.) ~ NT\$30,000,000 (excl.)	—	—	Directors: Kang Tai Investment Co., Ltd. representative: Chang, Tsuen-Hsien Kang Tai Investment Co., Ltd. representative: Chang, Ray-Ching	Directors: Kang Tai Investment Co., Ltd. representative: Chang, Tsuen-Hsien Kang Tai Investment Co., Ltd. representative: Chang, Ray-Ching
NT\$30,000,000 (incl.) ~ NT\$50,000,000 (excl.)	—	—	Directors: Chen, Chun-Yin	Directors: Chen, Chun-Yin
NT\$50,000,000 (incl.) ~ NT\$100,000,000 (excl.)	—	—	—	—
NT\$100,000,000 or above	—	—	—	—
Total	11	11	11	11

Note:1 It includes director salaries, job allowances, severance pay, various bonuses, incentive bonuses, etc.

Note:2 It is the director compensation amount for 2023, approved by the board of directors.

Note:3 It refers to the business execution expenses of the directors for the 2023, including transportation expenses and compensation for serving on the Compensation Committee.

Note:4 It refers to the total compensation received by directors who also serve as employees (including positions such as Presidents, Vice Presidents, other managers, and employees) for 2023. This includes salary, position allowances, severance pay, various bonuses, incentive payments, transportation expenses, special expenses, various allowances, dormitory accommodations, company car provisions, and other material benefits.

Note:5 The term refers to the employees (including directors, presidents, vice presidents, other managers, and employees) who received cash compensation in fiscal year 2023. The board of directors approved the allocation of employee compensation based on the proportion of the actual allocation amount in the previous year to calculate the proposed allocation amount for this year.

Note:6 Net profit after tax refers to the net profit after tax of the Company for 2023.

Note:7 This refers to the amount allocated for retirement pension expenses for 2023.

Note:8

- (1) If directors of the Company have received compensation from investee enterprises other than subsidiaries or from the parent company, that compensation shall be added into the amount in Column I of the Compensation Range Table, and the name of that column shall be changed to “Parent company and all investee enterprises.”
- (2) Compensation means compensation received by directors of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

Note:9 Re-elected and dismissed on May 30 of 2023.

Note:10 Resigned on September 1 of 2023.

(II) Compensation for supervisors: Following the establishment of the Audit Committee on May 26, 2017, at the shareholders' meeting, the Audit Committee replaced the functions of the supervisors.

(III) Compensation of presidents and vice presidents

December 31, 2023, Unit: NT\$ thousand														
Title	Name	Salary (A) (Note 1)		Retirement pay and pension (B) (Note 5)		Rewards and special disbursements(C) (Note 2)		Employee profit-sharing compensation (D) (Note 3)				Sum of A+B+C+D and ratio to net income (%) (Note 4)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 6)
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
CEO and President	Chang, Tsuen-Hsien	10,500	13,345	183	183	6,454	8,878	16,248	0	16,248	0	33,386 1. 58%	38,655 1.83%	2,418
Vice President	Lu, Jui-Ming													
Vice President	Liu, Feng-Jung													
Vice President	Yeh, Ching-Wen													

Compensation Range Table

Compensation ranges for each president and vice president of the Company	Names of president(s) and vice president(s)	
	The Company	Parent company and all investment businesses (E)
Less than NT\$1,000,000	—	—
NT\$1,000,000 (incl.) ~ NT\$2,000,000 (excl.)	—	—
NT\$2,000,000 (incl.) ~ NT\$3,500,000 (excl.)	—	—
NT\$3,500,000 (incl.) ~ NT\$5,000,000 (excl.)	—	—
NT\$5,000,000 (incl.) ~ NT\$10,000,000 (excl.)	Lu, Jui-Ming, Liu, Feng-Jung, Yeh, Ching-Wen	Liu, Feng-Jung, Yeh, Ching-Wen
NT\$10,000,000 (incl.) ~ NT\$15,000,000 (excl.)	Chang, Tsuen-Hsien	Chang, Tsuen-Hsien, Lu, Jui-Ming
NT\$15,000,000 (incl.) ~ NT\$30,000,000 (excl.)	—	—
NT\$30,000,000 (incl.) ~ NT\$50,000,000 (excl.)	—	—
NT\$50,000,000 (incl.) ~ NT\$100,000,000 (excl.)	—	—
NT\$100,000,000 or above	—	—
Total	4	4

Note:1 This includes salary, duty allowances, and severance pay to the president(s) and vice president(s) in 2023.

Note:2 The various bonuses and incentive payments for the president and vice president in 2023.

Note:3 The amount of employee compensation for 2023, as approved by the Board of Directors, is calculated based on the proportion of the actual distribution amount from the previous year to propose this year's distribution amount.

Note:4 Net profit after tax refers to the net profit after tax of the Company for 2023.

Note:5 This refers to the amount allocated for retirement pension expenses for 2023.

Note:6

- (1) If president(s) or vice president(s) of the Company have received compensation from investee enterprises other than subsidiaries or from the parent company, that compensation shall be added into the amount in Column E of the Compensation Range Table, and the name of that column shall be changed to "Parent company and all investee enterprises."
- (2) Compensation means compensation received by the president(s) and vice president(s) of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

(IV) The analysis of the total compensation paid to the directors, presidents, and vice presidents of the Company and all consolidated companies in the most recent two years as a percentage of the net profit after tax in the individual financial statements, and the policies, standards, and composition of remuneration payments, the procedures for setting remuneration, and the relationship between such remuneration, operational performance, and future risks:

1. The total compensation of the Company's directors, presidents, and vice presidents as a percentage of the net profit after tax in the individual financial statements:

Title	The ratio of total compensation to net profit after tax				Increase (decrease) ratio	
	2022		2023			
	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities
Director	3.32%	3.32%	5.05%	5.05%	1.73%	1.73%
President and Vice President	1.79%	2.06%	1.58%	1.83%	(0.21%)	(0.23%)

Note: The data for 2023 includes profit distribution items. The profit distribution proposal is proposed by the board of directors and has not yet been resolved by the shareholders' meeting. It is estimated based on the data from the previous year.

2. The policy, standards, and composition of compensation payments:

- (1) Compensation to directors

- A. Director Compensation: According to Article 20 of the Company's charter, if the Company is profitable in a given year, up to 2% of the profits may be allocated as director compensation.
- B. Director Travel Allowance: Issued based on the number of times a director attends meetings of the Board of Directors, Compensation Committee, and Audit Committee, among other functional committees.
- C. Additionally, directors who also hold managerial positions in the Company receive salaries, bonuses, and employee compensations.

- (2) Compensation of presidents and vice presidents

- A. The Company's management compensation is regularly assessed and reviewed annually by the Compensation Committee and the Board of Directors. It is designed to align with the Company's business strategy, and there is a significant correlation between compensation and company growth indicators, productivity metrics, and shareholder profit metrics. This approach ensures that the interests of the managers are closely aligned with those of the shareholders and that their compensation motivates them to drive the Company towards achieving its strategic goals and enhancing shareholder value. To achieve the goal of competitiveness in the external market, the overall compensation is divided into fixed compensation, incentive compensation, and benefits/indirect remuneration. Fixed compensation consists of monthly salaries and year-end bonuses, incentive compensation includes performance bonuses and employee rewards, and benefits/indirect compensation cover employee stock trusts, group insurance, health examinations, etc.
- B. Article 20 of the Company's bylaws stipulates that if the Company is profitable in a fiscal year, 9% to 13% of the profit should be allocated as employee compensation.

3. Procedure for Determining Compensation:

- (1) The fixed compensation of the Company's managers is determined based on their educational background, professional abilities, management scope, and industry standards, with compensation set according to their job grade.

- (2) The incentive compensation for the Company's managers is proposed by the CEO, considering various performance evaluation criteria, including financial indicators (such as revenue and profit achievement rates) and non-financial indicators (such as innovation and integration, risk management, etc.). The Compensation Committee then takes into account the positions held by the managers, their scope of authority and responsibilities, and their contributions to the Company's operational goals. The committee also refers to the Company's annual operational performance when reviewing these proposals, which are then submitted to the board of directors for resolution.
- 4. The association with operational performance and future risks:
 - (1) An annual performance evaluation for directors is conducted in accordance with the regulations of the Company's Rules for Performance Evaluations of the Board of Directors. The results of these evaluations are reported to the next year's board meeting. They serve as a reference for review and improvement and are used as the basis for the selection or nomination of directors and for compensation decisions.
 - (2) The compensation for directors, presidents, and vice presidents is carefully considered based on their professional capabilities and the operational and financial status of the Company. Continuous education and the evaluation of other special contributions are also taken into account. The compensation standards are linked to both company performance and individual performance, serving as the basis for the calculation of remuneration.
 - (3) The Company continuously reviews potential operational risks, environmental protection, and corporate social responsibility to ensure the compensation system is periodically reassessed. This approach aims to balance sustainable business practices with risk management.
 - (4) Variability analysis in the most recent two years:
 - 1. The ratio of director and employee compensation for the year 2023 has slightly increased compared to the year 2022. This increase is primarily attributed to the payment of retirement benefits to directors who also hold employee positions. No unreasonable circumstances were identified.
 - 2. For 2023, the compensation ratio for the presidents and vice presidents decreased compared to 2022. The primary reason for this decrease was a reduction in pre-tax net profit for 2023 compared to 2022. Additionally, the reduction of two senior executives in 2023 was not due to any unreasonable circumstances.

(V) Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

December 31, 2023, Unit: NT\$ thousand

	Title	Name	Amount in stock	Amount in cash (Note 1)	Total	As a % of net profit
Managerial officers	CEO and President	Chang, Tsuen-Hsien	0	59,211	59,211	2.81%
	Vice President	Lu, Jui-Ming				
	Vice President	Liu, Feng-Jung				
	Vice President	Yeh, Ching-Wen				
	Director	Chang, Jui-Yu				
	Director	Liu, Tsung-Ming				
	Director (Note 2)	Chang, Yu-Wen				
	Director	Yang, Chen-Ming				
	Director	Yu, Ching-Tien				
	Director	Shih, Ching-Hsien				
	Director	Tsai, Ken-Tang				
	Director	Chen, I-Jen				
	Director	Yang, Cheng-Ju				
	Director (Note 2)	Shao, Kuang-Wei				
	Director	Chang, Chih-An				
	Director	Tsai, Shu-Fen				
	Director	Chen, Mao-Hua				
	Director (Note 2)	Chang, Tzu-Cheng				
	Director	Chiang, Kuo-Jui				
	Director	Lee, Chi-Shang				
	Director	Shih, Chia-Sheng				
	Director	Yang, Yu-Kuang				
	Director	Lin, Jen-Chih				
	Director	Lee, Kuo-Ping				
	Director	Shang, Chih-Hao				
	Director (Note 3)	Lin, Wei-Chih				

Note:1 The amount of employee compensation for 2023, as approved by the Board of Directors, is calculated based on the proportion of the actual distribution amount from the previous year to propose this year's distribution amount.

Note:2 Dismissed in 2023

Note:3 Newly appointed in 2023

IV. Operation of Corporate Governance:

(I) Operation of the Board of Directors:

1. Board meetings in 2023 were held 6 times (A), and the attendance of directors was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】 (Note 1)	Remarks
Chairman	Kang Tai Investment Co., Ltd. Representative: Chang, Tsun-Hsien	6	0	100%	
Director	Kang Tai Investment Co., Ltd. Representative: Chang, Ray-Ching	4	2	67%	
Vice Chairman	Chen, Chun-Yin	4	1	80%	Note 2
Director	Lin, Chih-Hai	3	0	100%	Note 3
Director	Bao Guang Investment Co., Ltd. Representative: Lin, Shu-Chen	3	0	100%	Note 3
Director	Yeh, Ching-Pin	6	0	100%	
Director	Lin, Yu-Chin	3	0	100%	Note 4
Independent Director	Wang, Yea-Kang	5	1	83.33%	
Independent Director	Shyu, So-Deh	6	0	100%	
Independent Director	Guu, Yuan-Kuang	3	0	100%	Note 4
Independent Director	Chang, Chi-Nan	3	0	100%	Note 4

Note:1 The actual attendance rate (%) of the directors is calculated based on the number of board meetings held during their tenure and the actual number of meetings they attended.

Note:2 Resigned on September 1, 2023, due to personal career planning.

Note:3 Dismissed after the annual shareholders' meeting on May 30 of 2023 due to re-election.

Note:4 Appointed after the annual shareholders' meeting on May 30 of 2023 due to re-election.

Other information required to be disclosed:

I. If the board of directors encounters any of the following situations, it should specify the date of the board meeting, term, subject of the resolution, opinions of all independent directors, and the Company's response to the opinions of the independent directors.

(1) Any matter under Article 14-3 of the Securities and Exchange Act.

For details, please refer to the table below 'Operation of the Company's Board of Directors in 2023.'

(2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: None.

II. Implementation status of directors' recusal from conflict of interest matters:

Board meeting date	Term	Motion content	Interest avoidance and voting situations
2023.05.30	First Interim	Discussion Item No. 2: Discussion on the Appointment of Members for the 5th Term Compensation Committee.	After consulting all the directors present (excluding the directors Wang, Yea-Kang, Shyu, So-De, and Guu, Yuan-Kuang, who were required to recuse themselves due to conflicts of interest), the chairman announced that the proposal was approved unanimously as per the agenda.
		Discussion Item 3: Consideration for the Appointment of Members to the Second Sustainable Development Committee.	The chairman consulted all the attending directors (excluding those who should abstain due to conflicts of interest, directors Wang, Yea-Kang and Shyu, So-De) and the proposal was unanimously approved as presented.

III.	For information on the evaluation cycle and period, scope, method, and content of the board of directors' self-evaluation or peer evaluation, please refer to the detailed table "Implementation of Board Evaluation."
IV.	Assessment of the goals and implementation status for enhancing the board of directors' functions in the current and recent fiscal years: <ul style="list-style-type: none"> (1) Audit report: In order to help the board members understand the operation of the Company's systems, the supervisor of auditing reports on the implementation of internal auditing activities at each board meeting. (2) Improve information transparency: The Company upholds operational transparency and focuses on shareholders' interests. After each board meeting, major board resolutions are promptly announced. This practice will be maintained continuously to ensure information transparency. (3) To enhance the overall practice of corporate sustainability, the Company established a "Sustainability Development Committee" directly under the board of directors, as approved in the board meeting on November 9, 2022. This committee is responsible for establishing sustainability-related procedures and integrating corporate sustainability efforts into the Company's operational and developmental directions. It formulates policies, systems, or related management guidelines for corporate sustainability development and other related operations. (4) The Company periodically provides information on training courses for directors and regularly arranges for lecturers to conduct classes at the Company to enhance the capabilities of board members. (5) The Company conducts performance evaluations of the board of directors and its functional committees in accordance with the "Board Performance Evaluation Procedure" established. These evaluations are carried out annually, and the results for 2023 were reported to the board meeting on January 31, 2024.

2. Attendance of independent directors at each board meeting in 2023:

◎: Attended in person; ★: Attended by proxy; ✕: Did not attend; N/A: Not applicable

2023	First	Second	Third	First Interim	Fourth	Fifth
Wang, Yea-Kang	◎	◎	★	◎	◎	◎
Shyu, So-De	◎	◎	◎	◎	◎	◎
Guu, Yuan-Kuang	N/A	N/A	N/A	◎	◎	◎
Chang, Chi-Nan	N/A	N/A	N/A	◎	◎	◎

3. The operational status of the board of directors for the Company in 2023.

Board meeting date	Term	Motion content	Opinions of Independent Directors	Opinion processing
2023.01.05	First	1. Approved the authorization discussion for the Company's 2023 banking facilities with banks.	Passed without objection	N/A
		2. Discussion on the application for a mid-term working capital loan from the bank.	Passed without objection	N/A
		3. The proposed amendment to certain articles of the Company's 'Rules of Procedure for Board Meetings' was approved.	Passed without objection	N/A
		4. Discussion on the comprehensive re-election of Board of directors.	Passed without objection	N/A
		5. Approved the discussion on the date and location of the 2023 Annual General Meeting of Shareholders.	Passed without objection	N/A
2023.03.16	Second	1. The operating plan for 2023 of the Company has been approved.	Passed without objection	N/A
		2. Approved the discussion regarding whether the overdue receivables for the fourth quarter of 2022 should be classified as a loan.	Passed without objection	N/A
		3. Approved the discussion on the annual business report, parent company only financial statements, and consolidated financial statements for 2022.	Passed without objection	N/A
		4. Approved the discussion on the profit distribution for 2022. (NT\$6.1 cash dividend per share)	Passed without objection	N/A
		5. Passed the proposal for distributing the director's remuneration and employee compensation for 2022.	Passed without objection	N/A
		6. Passed the proposal for distributing the director's remuneration and employee compensation for 2023.	Passed without objection	N/A
		7. Passed the proposal to continue providing procurement performance guarantees for subsidiaries Raycong Industrial (Hong Kong) Limited, Dong Guan Hua Gang International Trading Co., Ltd., and Shanghai Yi Kang Chemicals &	Passed without objection	N/A

Board meeting date	Term	Motion content	Opinions of Independent Directors	Opinion processing
		Industries Co., Ltd. when purchasing from Shin Kong Synthetic Fiber Corporation & New Fiber Application Materials (Jiangsu) Co., Ltd. (NT\$150,000 thousand)		
		8. Approved the proposal for continuing to provide endorsement guarantees for the investee company, Asahi Kasei Wah Lee Hi-tech Corp. (NT\$75,582 thousand)	Passed without objection	N/A
		9. Approved the continuation of endorsement guarantees for the invested company Nagase Wahlee Plastics Co., Ltd. (NT\$640 million and purchase guarantees of NT\$150 million)	Passed without objection	N/A
		10. Approved the continuation of endorsement guarantees for the invested company Shanghai Hua Chang Trading Co., Ltd. (USD\$26.7 million and purchase guarantees of USD\$10 million)	Passed without objection	N/A
		11. Approval of the continuation of endorsement guarantee for subsidiary Wah Lee (Vietnam) Co., Ltd. (USD\$16.4 million)	Passed without objection	N/A
		12. Approval of the continuation of endorsement guarantee for subsidiary Wah Lee Tech (Singapore) Pte., Ltd. (USD\$10.5 million)	Passed without objection	N/A
		13. Approved the continuation of providing guarantees for the subsidiary, Hightech Polymer Sdn Bhd. (USD\$11 million)	Passed without objection	N/A
		14. Approval of the continuation of endorsement guarantee for subsidiary Wah Tech Industrial Co., Ltd. (NTD\$4,000,000)	Passed without objection	N/A
		15. The proposed amendment to certain articles of the Company's 'Rules of Procedure for Board Meetings' was approved.	Passed without objection	N/A
		16. Approved the revision of certain articles of the Company's 'Procedures for Acquisition or Disposal of Assets.'	Passed without objection	N/A
		17. The discussion regarding the issuance of the Company's 2022 Annual Internal Control System Statement has been approved.	Passed without objection	N/A
		18. Approved the discussion on the nomination and review of candidates for board of directors and independent directors of the Company.	Passed without objection	N/A
		19. The motion to discuss the lifting of restrictions on competition for newly appointed board of directors and their representatives.	Passed without objection	N/A
2023.05.08	Third	20. Approved the amendment to the discussion for the 2022 annual shareholders' meeting.	Passed without objection	N/A
		1. Approved the discussion of the consolidated financial statements for the first quarter of 2023.	Passed without objection	N/A
		2. Approved the discussion on whether the overdue receivables for the first quarter of the Company should be classified as a loan.	Passed without objection	N/A
		3. Approved the discussion on the financial statements and tax statements for 2023, and the compensation of the appointed auditing accountant.	Passed without objection	N/A
		4. Approved the discussion on purchasing liability insurance for the Company's directors and managers.	Passed without objection	N/A
		5. (Insurance coverage of USD\$5 million) (From June 18, 2023 to June 18, 2024)	Passed without objection	N/A
2023.05.30	First Interim	6. Approval of providing a support letter for subsidiary Kingstone Energy Technology Corporation and its subsidiary KSB Energy Co., Ltd. to apply for a mid-term loan from Sinopac Bank, and to release the pledge on shares held by Wah Lee in Kingstone and shares held by Kingstone in its subsidiaries.	Passed without objection	N/A
		1. Approval of the election of the Chairman.	All attending directors unanimously approved Director Chang, Tsuen-Hsien to serve as the chairman of the Company	N/A

Board meeting date	Term	Motion content	Opinions of Independent Directors	Opinion processing
		2. Approval of discussion on the Appointment of Members for the 5th Term Compensation Committee.	Passed without objection	N/A
		3. Approval of consideration for the Appointment of Members to the Second Sustainable Development Committee.	Passed without objection	N/A
		4. Approved the proposal related to the distribution of cash dividends for 2022.	Passed without objection	N/A
2023.08.09	Fourth	1. Approved the discussion of the consolidated financial statements for the second quarter of 2023.	Passed without objection	N/A
		2. Approved the proposal of the managers' compensation reviewed by the Company's Compensation Committee.	Passed without objection	N/A
		3. Approved the discussion on whether the overdue receivables for the second quarter of the Company should be classified as a loan.	Passed without objection	N/A
		4. Approved the change of Taipei branch representative.	Passed without objection	N/A
		5. Approved the endorsement guarantee for the subsidiary Wahlee Innovation Materials Private Limited. (USD\$2,000 thousand)	Passed without objection	N/A
		6. Approved the amendment of certain provisions in the "Procedures for Handling Cases of Illegal, Unethical, or Dishonest Conduct."	Passed without objection	N/A
		7. Approved the proposed amendment to certain articles of the Company's 'Rules of Procedure for Board Meetings.'	Passed without objection	N/A
		8. 8.Approved the amendment of certain provisions in the Company's "Compensation Committee Charter."	Passed without objection	N/A
		9. Approved the capital expenditure budget for the Company's southern logistics center.	Passed without objection	N/A
		10. Approved the new construction project of the Company's southern logistics center warehouse.	Passed without objection	N/A
		11. Approved the proposal to apply for a NT\$840 million project loan from the Land Bank for the southern logistics center.	Passed without objection	N/A
2023.11.10	Fifth	1. Approved the discussion of the consolidated financial statements for the third quarter of 2023.	Passed without objection	N/A
		2. Approved the discussion on whether the overdue receivables for the third quarter of the Company should be classified as a loan.	Passed without objection	N/A
		3. Approved the proposal to continue endorsing and guaranteeing for the subsidiary Regent King International Limited. (USD\$1 million)	Passed without objection	N/A
		4. Approval of the continuation of endorsement guarantee for subsidiary Wah Lee Philippines Inc. (USD\$1 million)	Passed without objection	N/A
		5. Approval of the continuation of endorsement guarantee for subsidiary Wah Lee Philippines International Corp. (USD\$1 million)	Passed without objection	N/A
		6. Approved of the continuation of endorsement guarantee for subsidiary PT. Wah Lee Indonesia. (USD\$2 million)	Passed without objection	N/A
		7. Approval of opening bank accounts in HSBC and Mizuho Bank in Singapore.	Passed without objection	N/A
		8. The proposed amendment to certain articles of the Company's 'Rules of Procedure for Board Meetings' was approved.	Passed without objection	N/A
		9. Approval of setting the Company's base date for the issuance of new shares for the third domestic unsecured convertible corporate bonds conversion into ordinary shares.	Passed without objection	N/A
		10. Approval of the amendments to the "Information Circulation" section of the internal control system.	Passed without objection	N/A
		11. The 2024 auditing plan for the Company has been approved.	Passed without objection	N/A

4. Implementation of Evaluations of the Board of Directors:

According to the Company's "Board of Directors and Functional Committees Performance Evaluation Procedure," at the end of each year, each executive unit collects information related to the activities of the Board of Directors and its members. They distribute and fill out various self-assessment questionnaires, including Appendix 1 "Board Performance Assessment Self-Evaluation

Questionnaire," Appendix 2 "Board Member (Self or Peer) Assessment Self-Evaluation Questionnaire," Appendix 3 "Compensation Committee Self-Evaluation Questionnaire," and Appendix 4 "Audit Committee Self-Evaluation Questionnaire." The coordinating executive unit then compiles this data and formulates scoring based on the assessment indicators in Article 8. The compiled evaluation results are reported to the Board of Directors for review and improvement.

The Company hereby presents the results of the performance evaluation of the Board of Directors as follows:

Serial number	Scope of evaluation	Method of evaluation	Evaluation period	Evaluation content	Evaluation result	Remarks
1	<input checked="" type="checkbox"/> Overall board of directors <input type="checkbox"/> Individual board members <input type="checkbox"/> Each Functional Committee	<input checked="" type="checkbox"/> Internal self-evaluation of the board of directors <input type="checkbox"/> Self-evaluation of the board of directors <input type="checkbox"/> Peer evaluation <input type="checkbox"/> External evaluation	From: January 1, 2023 As of: December 31, 2023	1. Degree of participation in company operations 2. Enhancing the quality of board decision-making 3. Board composition and structure 4. Selection and continuing education of directors 5. Internal control	All met the assessment project specifications. The overall board performance evaluation results were 95% excellent.	
2	<input type="checkbox"/> Overall board of directors <input checked="" type="checkbox"/> Individual board members <input type="checkbox"/> Each Functional Committee	<input type="checkbox"/> Internal self-evaluation of the board of directors <input checked="" type="checkbox"/> Self-evaluation of the board of directors <input type="checkbox"/> Peer evaluation <input type="checkbox"/> External evaluation	From: January 1, 2023 As of: December 31, 2023	1. Mastery of company goals and tasks 2. Awareness of Directors' Responsibilities 3. Degree of participation in company operations 4. Internal relationship management and communication 5. Professional and continuing education for directors 6. Internal control	All of the assessment items meet the requirements. The performance evaluation results of individual director members accounted for 81% of excellent results.	
3	<input type="checkbox"/> Overall board of directors <input type="checkbox"/> Individual board members <input checked="" type="checkbox"/> Each Functional Committee	<input type="checkbox"/> Internal self-evaluation of the board of directors <input type="checkbox"/> Self-evaluation of the board of directors <input checked="" type="checkbox"/> Peer evaluation <input type="checkbox"/> External evaluation	From: January 1, 2023 As of: December 31, 2023	1. Degree of participation in company operations 2. Awareness of Functional Committee Responsibilities 3. Improving the Decision Quality of the Functional Committee 4. Functional committee composition and member selection 5. Internal control	All of the assessment items meet the requirements. • Appendix 3: The results of the performance appraisal self-evaluation questionnaire of the three members of the Compensation Committee were 82% excellent. • Appendix 4: The results of the performance appraisal self-evaluation questionnaire of the two members of the Audit Committee were 87% excellent.	

(II) Operation of the Audit Committee:

1. In accordance with the provisions of Article 14-4 of the Securities and Exchange Act, the Company has established an Audit Committee, composed entirely of independent directors. Please refer to the appendix on page 14 for their professional qualifications and experience.

2. Key responsibilities

The responsibilities of the Audit Committee are as follows:

1. Establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. According to Article 36-1 of the Securities and Exchange Act, establishing or amending procedures for handling major financial operation and business activities such as acquiring or disposing of assets, engaging in derivatives transactions, lending funds to others, and endorsing or providing guarantees for others.
4. Matters involving the self-interest of the directors.
5. Significant asset or derivatives transactions.
6. Significant capital loans, endorsements, or guarantees.
7. Raising, issuing or privately placing securities of an equity nature.
8. Appointment, dismissal or compensation of CPAs.
9. Appointment and removal of finance, accounting or internal audit directors.
10. Annual financial report.
11. Business reports and proposals for profit distribution or loss appropriation.
12. Other major matters stipulated by the Company or the competent authority.

Audit Committee meetings in 2023 were held 6 times (A), and the attendance of independent directors was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】 (Note 1)	Remarks
Independent Director	Shyu, So-Deh	6	0	100%	
Independent Director	Wang, Yea-Kang	5	1	83.33%	
Independent Director	Guu, Yuan-Kuang	3	0	100%	Note 2
Independent Director	Chang, Chi-Nan	3	0	100%	Note 2

Note:1 The actual attendance rate (%) of the independent directors is calculated based on the number of board meetings held during their tenure and the actual number of meetings they attended.

Note:2 Appointed after the annual shareholders' meeting on May 30 of 2023 due to re-election.

Other information required to be disclosed:

I. Operation of the Audit Committee

- (1) Any matter under Article 14-5 of the Securities and Exchange Act.
For details, please refer to the table below 'Operation of the Company's Board of Directors in 2023.'
- (2) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors: None.

II. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted: None.

III. Communication between the independent directors, the internal audit director, and the CPA in 2023:

(1) Communication situation between the independent directors and the CPA:

Date	Communication focus	Result
2023.03.16	【Audit Committee Report】Communication between the accountant and the corporate governance unit in the 2022 Financial Statements Key Audit Report	Good
2023.11.10	【Audit Committee Report】Communication between the accountant and the corporate governance unit in the 2023 Financial Statements Audit Plan	Good

(2) Communication situation between the independent directors and the internal audit supervisor:

Date	Communication focus	Result
2023.01.05	【Audit Committee Report】: Summary of Audit and Follow-up Reports from November 2022 to December 2022	Good
2023.03.16	【Audit Committee Report】: Summary of Audit and Follow-up Reports from January to March 2022	Good
2023.05.08	【Audit Committee Report】: Summary of Audit and Follow-up Reports in April 2023	Good
2023.08.08	【Audit Committee Report】: Summary of Audit and Follow-up Reports from May to July 2023	Good
2023.11.10	【Audit Committee Report】: Summary of Audit and Follow-up Reports from August to October 2023	Good
2023.11.10	<p>【Key excerpts from the symposium】</p> <ol style="list-style-type: none"> Follow up of early instructions. 2023 audit plan implementation and audit findings statistics. 2024 Annual Audit Plan Preparation Instructions. 2023 Results of the stock exchange review. 2023 Internal control self-evaluation and optimization. Matters suggested by independent directors: <ol style="list-style-type: none"> The progress in corporate governance evaluation is recognized, and efforts should be made to further enhance the corporate governance score. It is recommended to schedule another discussion meeting. Encouraging colleagues to contribute their own topics for self-evaluation can enhance their sense of participation. The accountability and reward systems should have clear and established guidelines in the Company regulations. Regarding the operational improvement measures of the subsidiary in China, it is important to consider the ongoing validity of its medical qualifications. Improvement measures for the delayed posting of sales by the subsidiary in China suggest that operational procedures should be revised simultaneously. 	Good

3. The operation of the Audit Committee for the Company in 2023:

Date of Audit Committee	Term	Motion content	Audit Committee Opinion	Opinion processing
2023.01.05	First	1. Approved the authorization discussion for the Company's 2023 banking facilities with banks.	Passed without objection	N/A
		2. Discussion on the application for a mid-term working capital loan from the bank.	Passed without objection	N/A
		3. The proposed amendment to certain articles of our company's 'Rules of Procedure for Board Meetings' was approved.	Passed without objection	N/A
		4. Discussion on the comprehensive re-election of board of directors.	Passed without objection	N/A
		5. Approved the discussion on the date and location of the 2023 Annual General Meeting of Shareholders.	Passed without objection	N/A
2023.03.16	Second	1. The operating plan for 2023 of the Company has been approved.	Passed without objection	N/A
		2. Approved the discussion regarding whether the overdue receivables for the fourth quarter of 2022 should be classified as a loan.	Passed without objection	N/A
		3. Approved the discussion on the annual business report, parent company only financial statements, and consolidated financial statements for 2022.	Passed without objection	N/A
		4. Approved the discussion on the profit distribution for 2022. (NT\$6.1 cash dividend per share)	Passed without objection	N/A
		5. Approved the continuation of providing procurement performance guarantees for subsidiaries Raycong Industrial (Hong Kong) Limited, Dong Guan Hua Gang International Trading Co., Ltd., and Shanghai Yi Kang Chemicals & Industries Co., Ltd. when purchasing from Shin Kong Synthetic Fiber Corporation & New Fiber Application Materials (Jiangsu) Co., Ltd. (NT\$150,000 thousand)	Passed without objection	N/A
		6. Approved the continuation of endorsement guarantees for the investee company, Asahi Kasei Wah Lee Hi-tech Corp. (NT\$75,582 thousand)	Passed without objection	N/A
		7. Approved the continuation of endorsement guarantees for the invested company Nagase Wahlee Plastics Co., Ltd. (NT\$640 million and purchase guarantees of NT\$150 million)	Passed without objection	N/A
		8. Approved the continuation of endorsement guarantees for the invested company Shanghai Hua Chang Trading Co., Ltd. (USD\$26.7 million and purchase guarantees of USD\$10 million)	Passed without objection	N/A
		9. Approval of the continuation of endorsement guarantee for subsidiary Wah Lee (Vietnam) Co., Ltd. (USD 16.4 million)	Passed without objection	N/A
		10. Approved the continuation of endorsement guarantee for subsidiary Wah Lee Tech (Singapore) Pte., Ltd. (USD 10.5 million)	Passed without objection	N/A
		11. Approved the continuation of providing guarantees for the subsidiary, Hightech Polymer Sdn Bhd. (USD\$11 million)	Passed without objection	N/A
		12. Approved the continuation of endorsement guarantee for subsidiary Wah Tech Industrial Co., Ltd. (NTD\$4,000,000)	Passed without objection	N/A
		13. The proposed amendment to certain articles of the Company's 'Rules of Procedure for Board Meetings' was approved.	Passed without objection	N/A

Date of Audit Committee	Term	Motion content	Audit Committee Opinion	Opinion processing
		14. Approved the revision of certain articles of the Company's 'Procedures for Acquisition or Disposal of Assets.'	Passed without objection	N/A
		15. The discussion regarding the issuance of the Company's 2022 Annual Internal Control System Statement has been approved.	Passed without objection	N/A
		16. Approved the discussion on the nomination and review of candidates for directors and independent directors of the Company.	Passed without objection	N/A
		17. Approval of the motion to discuss the lifting of restrictions on competition for newly appointed directors and their representatives.	Passed without objection	N/A
2023.05.09	Third	1. Approved the discussion of the consolidated financial statements for the first quarter of 2023.	Passed without objection	N/A
		2. Approved the discussion on whether the overdue receivables for the first quarter of the Company should be classified as a loan.	Passed without objection	N/A
		3. Approved the discussion on the financial statements and tax statements for 2023, and the compensation of the appointed auditing accountant.	Passed without objection	N/A
		4. Approved the discussion on purchasing liability insurance for the Company's directors and managers. (Insurance coverage of USD\$5 million) (From June 18, 2023 to June 18, 2024)	Passed without objection	N/A
		5. Approval of providing a support letter for subsidiary Kingstone Energy Technology Corporation and its subsidiary KSB Energy Co., Ltd. to apply for a mid-term loan from Sinopac Bank, and to release the pledge on shares held by Wah Lee in Kingstone and shares held by Kingstone in its subsidiaries.	Passed without objection	N/A
2023.05.30	First Interim	1. Approval of the case to elect the convener of the Audit Committee.	After a discussion by the Audit Committee, it was unanimously agreed to appoint Commissioner Shyu, So-De as the convener and chairman of this committee.	N/A
2023.08.08	Fourth	1. Approved the discussion of the consolidated financial statements for the second quarter of 2023.	Passed without objection	N/A
		2. Approved the discussion on whether the overdue receivables for the second quarter of the Company should be classified as a loan.	Passed without objection	N/A
		3. Approved the change of Taipei branch representative.	Passed without objection	N/A
		4. Approved the endorsement guarantee for the subsidiary Wahlee Innovation Materials Private Limited. (USD\$2,000 thousand)	Passed without objection	N/A
		5. Approved the amendment of certain provisions in the "Procedures for Handling Cases of Illegal, Unethical, or Dishonest Conduct."	Passed without objection	N/A
		6. Approved the capital expenditure budget for the Company's southern logistics center.	Passed without objection	N/A
		7. Approved the new construction project of the Company's southern logistics center warehouse.	Passed without objection	N/A

Date of Audit Committee	Term	Motion content	Audit Committee Opinion	Opinion processing
		8. Approved the proposal to apply for a NT\$840 million project loan from the Land Bank for the southern logistics center.	Passed without objection	N/A
2023.11.10	Fifth	1. Approved the discussion of the consolidated financial statements for the third quarter of 2023.	Passed without objection	N/A
		2. Approved the discussion on whether the overdue receivables for the third quarter of the Company should be classified as a loan.	Passed without objection	N/A
		3. Approved the proposal to continue endorsing and guaranteeing for the subsidiary Regent King International Limited. (USD\$1 million)	Passed without objection	N/A
		4. Approved the continuation of endorsement guarantee for subsidiary Wah Lee Philippines Inc. (USD\$1 million)	Passed without objection	N/A
		5. Approved the continuation of endorsement guarantee for subsidiary Wah Lee Philippines International Corp. (USD\$1 million)	Passed without objection	N/A
		6. Approved the continuation of endorsement and guarantee discussion for the subsidiary PT. Wah Lee Indonesia. (USD\$2 million)	Passed without objection	N/A
		7. Approval of opening bank accounts in HSBC and Mizuho Bank in Singapore.	Passed without objection	N/A
		8. Approval of setting the Company's base date for the issuance of new shares for the third domestic unsecured convertible corporate bonds conversion into ordinary shares.	Passed without objection	N/A
		9. Approval of the amendments to the "Information Circulation" section of the internal control system.	Passed without objection	N/A
		10. The 2024 auditing plan for the Company has been approved.	Passed without objection	N/A

(III) The situation of corporate governance operations and the differences and reasons compared to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies:

Evaluation Item	Status of Operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
I. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has developed the 'Corporate Governance Practices Guidelines' as the foundation for implementing corporate governance matters. The guidelines, along with their actual implementation, are disclosed in the annual report, the Public Information Observation Station, and the Company's website. Regarding the operation of corporate governance in the Company, please refer to the "Corporate Governance Report" in this annual report and our company's website.	Complies with the regulations of the Corporate Governance Best Practice Principles for listed companies.
II. Shareholding Structure and Shareholders' Rights				
(I) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	✓		(I) To ensure the protection of shareholders' rights, the Company has appointed a spokesperson, a deputy spokesperson, a shareholder services unit, and a dedicated investor relations officer. We provide an investor relations email (IR_Relations@wahlee.com) as a channel for communication. Additionally, we have established internal control procedures to regulate the handling of shareholders' suggestions, queries, disputes, and litigation matters.	Complies with the regulations of the Corporate Governance Best Practice Principles for listed companies.
(II) Does the Company have a list of its main shareholders and the ultimate controllers who actually control the Company?	✓		(II) The Company has obtained the relevant lists and reports monthly on the shareholdings of directors, independent directors, managers, and shareholders who own more than 10% of the shares.	Complies with the regulations of the Corporate Governance Best Practice Principles for listed companies.
(III) Has the Company established and implemented risk management and firewall mechanisms between affiliates?	✓		(III) The Company has implemented appropriate risk control and firewall mechanisms in the management of related party transactions, the preparation of financial reports, the monitoring of subsidiary	Complies with the regulations of the Corporate Governance Best Practice Principles for listed companies.

Evaluation Item	Status of Operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
(IV) Has the Company established internal regulations prohibiting insiders from trading securities based on non-public information available on the market?	✓		<p>operations, and the management of subsidiary authority and reporting. These mechanisms are outlined in the 'Management of Related Party Transactions,' 'Management of Financial Report Preparation,' 'Procedures for Monitoring Subsidiary Operations,' and 'Procedures for Subsidiary Authority and Reporting.' The monitoring of subsidiary operations is part of the annual audit plan for the internal control system, and recommendations and follow-up improvements are made for any abnormal items.</p> <p>(IV) The Company has implemented the 'Code of Ethics for Directors and Managers' and the 'Internal Material Information and Prevention of Insider Trading Management Procedures' to govern all employees, managers, directors, and individuals with access to the Company's information through their professional or control relationships. Any activity that could involve insider trading is strictly forbidden. The Company also provides regular internal training and promotion to ensure compliance with internal regulations:</p> <ol style="list-style-type: none"> 1. Directors When board of directors assume their positions, the Company provides them with a handbook on directorial regulations and regularly updates legal information to keep directors informed. 2. Managers/Employees When managers assume insider positions, the Company provides regulations regarding insider stock ownership changes, insider trading, and 	Complies with the regulations of the Corporate Governance Best Practice Principles for listed companies.

Evaluation Item	Status of Operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
			<p>short-term trading. Additionally, the Company regularly communicates legal information to managers and offers timely education and guidance to new employees.</p> <p>After issuing an important notice, the Company instructed the managers to refrain from engaging in any potential insider trading incidents.</p> <p>On November 9, 2022, the board of directors approved amendments to the "Internal Significant Information Handling and Insider Trading Prevention Procedures." On November 10, 2023, a one-hour session was held to educate the eight current directors about the content of these procedures. This session explained the aforementioned procedures and reminded directors and managers not to trade the Company's publicly traded stocks or other securities with stock-like characteristics during the blackout period, which is thirty days before the annual financial report and fifteen days before the quarterly financial report are announced.</p> <p>On October 16, 2023, the Company conducted a 2-hour training session for the managers and staff, totaling 163 individuals, with a total training duration of 326 hours. During this session, attendees were also reminded not to engage in transactions involving the Company's publicly traded stocks or other securities with stock-like characteristics during the blackout periods, which occur thirty days before the announcement of the annual financial report and fifteen days before the announcement of quarterly financial reports.</p>	

Evaluation Item	Status of Operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
			At the annual kickoff meeting on January 23, 2024, the Company held a 30-minute corporate governance briefing for managers and supervisors. The briefing covered various topics, including the current status of promoting sustainable development, the significance of ethical business practices, reporting illegal, unethical, or dishonest behavior, and the internal handling of important information to prevent insider trading by employees. A total of 54 individuals attended the briefing.	
III. Composition and responsibilities of the board of directors				
(I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓		(I) The Company has established a policy on board member diversity in the 'Corporate Governance Best Practice Principles.' The policy sets specific management goals and ensures their implementation. For more information on the implementation, please see pages 23 to 25 of this annual report in the section titled 'Board Member Diversity and Independence.'	Complies with the regulations of the Corporate Governance Best Practice Principles for listed companies.
(II) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?	✓		(II) The Company has established a Compensation Committee and an Audit Committee in compliance with the law. On November 9, 2022, the Board of Directors approved the formation of a Sustainable Development Committee.	Summary Description
(III) Has the Company established the rules for performance evaluations of the board of directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in	✓		(III) In 2023, the Company conducted performance evaluations of the executive board of directors, focusing on the overall board, individual board members, the Compensation Committee, and the Audit Committee. These evaluations are conducted annually and serve as a reference for review and	Complies with the regulations of the Corporate Governance Best Practice Principles for listed companies.

Evaluation Item	Status of Operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
determining salary/compensation for individual directors and their nomination and additional office terms?			<p>improvement, as well as a basis for selecting or nominating directors. The evaluation process is self-assessed through the use of a questionnaire. The evaluation of the Company's board of directors' performance includes the following five aspects:</p> <ol style="list-style-type: none"> 1. Degree of participation in company operations. 2. Enhancing the quality of board decision-making 3. Board composition and structure 4. Selection and continuing education of directors 5. Internal control. <p>The performance evaluation of individual board members encompasses the following six dimensions:</p> <ol style="list-style-type: none"> 1. Mastery of company goals and tasks. 2. Awareness of Directors' Responsibilities. 3. Degree of participation in company operations. 4. Internal relationship management and communication. 5. Professional and continuing education for directors. 6. Internal control. <p>The performance evaluation of the Compensation Committee and the Audit Committee encompasses the following five dimensions:</p> <ol style="list-style-type: none"> 1. Degree of participation in company operations. 2. Awareness of Functional Committee Responsibilities 3. Improving the Decision Quality of the Functional Committee 4. Functional committee composition and member selection 5. Internal control. <p>The Company has completed the self-assessment of</p>	

Evaluation Item	Status of Operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
(IV) Does the Company regularly evaluate its external auditors' independence?	✓		<p>the board's performance for 2023 and submitted the evaluation results to the board report on January 31, 2024 as the basis for review and improvement. The self-evaluation results of the board of directors' performance show an overall excellence rate of 95%, and the individual members' performance evaluation is also rated as excellent at 81%, indicating the overall great operation of the board. The Compensation Committee self-evaluated an overall excellence of 82%, and the Audit Committee's performance self-evaluation was rated as excellent at 87%. These results demonstrate that both the Compensation and Audit Committees are operating effectively, conforming to corporate governance, and significantly enhancing the functions of the board of directors.</p> <p>(IV) The Company conducts regular evaluations of the independence and suitability reports of the CPAs, at least once a year. The CPAs are required to issue an 'Independence Statement' annually. The independence evaluation report for 2023 was submitted to the Board of Directors on January 31, 2024 for reference. The auditors' independence and suitability were assessed using the Audit Quality Indicators (AQI), and the results of the AQI evaluation are as follows:</p> <p>【AQI Indicator 3-1】 Non-audit Services - The percentage of public expenses allocated to non-audit services is 10.5%, which is below the regulatory standard set by the European Union.</p> <p>【AQI Indicator 3-2】 Customer Familiarity -</p>	Complies with the regulations of the Corporate Governance Best Practice Principles for listed companies.

Evaluation Item	Status of Operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
			Despite Ernst & Young Certified Public Accountants having 25 years of signing experience, the rotation of signing CPAs has slightly reduced the risk of dependence.	
IV. Do listed and OTC companies allocate a suitable and appropriate number of corporate governance officer and appoint a corporate governance officer responsible for handling corporate governance matters (including but not limited to providing the necessary information for directors and supervisors to perform their duties, assisting directors and supervisors in complying with laws, handling the meetings of the board of directors and shareholders' meetings according to law, and preparing the minutes of the board of directors and shareholders' meetings, etc.)?	✓		The Company designated Senior Director Lin, Jen-Chih as the corporate governance officer to safeguard shareholder rights and strengthen the functions of the board of directors, by resolution of the board of directors on August 12, 2020. Senior Director Lin, Jen-Chih has over three years of experience in financial and equity management roles in publicly traded companies. The primary responsibilities of the corporate governance officer include managing issues related to the board of directors and shareholders' meetings in compliance with the law. This involves preparing minutes for these meetings, supporting directors in their appointment and ongoing education, providing necessary information for directors to fulfill their duties, assisting directors in adhering to laws and regulations, and reporting to the board of directors on the examination results of independent directors' qualifications during the nomination, appointment, and tenure. Please refer to pages 1-2 of this annual report for the business performance in 2023.	Complies with the regulations of the Corporate Governance Best Practice Principles for listed companies.
V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		The Company's website includes an 'ESG Zone' and a 'Corporate Governance Zone' as communication channels to effectively address stakeholders' concerns, including those related to corporate social responsibility.	Complies with the regulations of the Corporate Governance Best Practice Principles for listed companies.

Evaluation Item	Status of Operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
VI. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		The Company has entrusted Yuanta Securities Co., Ltd.'s Shareholder Services Department with the responsibility of managing shareholding and shareholder meeting affairs.	Complies with the regulations of the Corporate Governance Best Practice Principles for listed companies.
VII. Information Disclosure				
(I) Has the Company established a corporate website to disclose information regarding its financial operation and business, and corporate governance status?	✓		(I) The Company uses its corporate website (https://www.wahlee.com) to disclose the latest financial, operational, and corporate governance information at any time and link it to the Public Information Observation Station.	Complies with the regulations of the Corporate Governance Best Practice Principles for listed companies.
(II) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	✓		(II) 1. The Company has established an English website and assigned a dedicated individual to handle information disclosure and announcement reporting in compliance with legal regulations. 2. The Company has implemented a spokesperson system, a deputy spokesperson system, and has dedicated personnel responsible for investor relations. 3. The Company has uploaded the corporate briefing materials to its website.	Complies with the regulations of the Corporate Governance Best Practice Principles for listed companies.
(III) Does the Company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?		✓	(III) The Company has not yet announced and filed the annual financial statements within two months after the end of the fiscal year, but has announced and filed the annual financial statements within the deadline. The financial statements for the first, second, and third quarters, after being approved by the board of directors, along with the monthly operational status, have all been announced and filed before the stipulated deadlines. The relevant information is also disclosed on the 'Market	Summary Description

Evaluation Item	Status of Operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
			Observation Post System' and the Company's website.	
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	✓		<ol style="list-style-type: none"> 1. Please refer to the 'Labor-Management Relations' section of our annual report for detailed information about the various benefits, training programs, and safety measures offered by our company. 2. The director's training situation: All directors received a total of 93 hours of training in 2023. Please refer to pages 58 to 60 of this annual report for more information. 3. The attendance of the directors of the Company at the board of directors meeting is as follows: The attendance rate of our company's board of directors in 2023 was 94%, demonstrating a commendable level of attendance and participation by the directors. 4. After the shareholder meeting on May 26, 2017, the Company established an Audit Committee to replace the functions of the supervisors. 5. Participation of Managers in Corporate Governance-related Training and Education in 2023: Please see page 57 of this annual report for information regarding the involvement of managers in corporate governance-related training and education in 2023. 6. In order to promote sustainable business operations and prioritize risk management and environmental impact, the Company regularly conducts employee training on safety, health, and environmental management. Additionally, it ensures compliance with relevant environmental regulations through various operational activities. 7. The Company's directors and managers are insured 	Complies with the regulations of the Corporate Governance Best Practice Principles for listed companies.

Evaluation Item	Status of Operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary Description	
			<p>with liability insurance.</p> <p>8. The Company's Risk Management Policy: Please refer to pages 179 to 180 of this annual report for the explanation of 'Risk Management Analysis and Assessment.'</p> <p>9. The succession planning for the board members and key management personnel of the Company can be found on page 61 of this annual report.</p>	

IX. Please explain the improvements made based on the most recent annual corporate governance evaluation results issued by the Taiwan Stock Exchange Corporation's Corporate Governance Center, and propose priority items and measures for those areas not yet improved.

Item	Evaluation Indicators	Improvement Situation
Improvements Made	2.7	The Company has appointed four independent directors, which constitutes more than one-third of the total number of directors, which is nine.
	2.8	Independent directors, comprising more than half of the board, shall serve a maximum of three consecutive terms.
	2.22	On November 9, 2022, the Company's Board of Directors approved the establishment of the 'Risk Management Policy and Procedures.' This document outlines the scope of risk management, the organizational structure, and the operational status. Beginning in 2023, the Board of Directors will receive regular reports on the execution status.
	3.6	The English version of the Interim financial report has been uploaded by our company since 2023.
	4.1	The Board of Directors approved the establishment of the Sustainable Development Committee on November 9, 2022. The committee provides regular reports on its operational activities to the Board of Directors and discloses them on the Company's website and annual report.
	4.2	The Company has established the 'Code of Conduct' and has made it available on the Company's website and annual report.
Priority Strengthening Matters	4.18	The Company will disclose information pertaining to the governance of climate-related risks and opportunities, strategies, risk management, indicators, and targets in the sustainability report, in compliance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) framework.
	4.2	The Company will establish an Integrity Operations Team and provide a report on the implementation status to the Board of Directors for 2023.

Corporate Governance Officer 2023 Annual Business Execution Report:

The Company designated Senior Director Lin, Jen-Chih as the corporate governance officer to safeguard shareholder rights and strengthen the functions of the board of directors, by resolution of the board of directors on August 12, 2020.

Senior Director Lin, Jen-Chih has over three years of experience in financial and equity management roles in publicly traded companies.

1. Assist independent directors and general directors in carrying out their responsibilities, providing them with necessary information, and organizing director training:
 - (1) To keep the Board of Directors members informed about the latest developments in the Company's business areas and the revisions of relevant laws and regulations on corporate governance, they were provided with information when they assumed their positions and receive regular updates.
 - (2) To review the confidentiality level of the relevant information and provide the necessary company information to the directors. This will ensure smooth communication and exchange between the directors and various business executives.
 - (3) According to the Corporate Governance Best Practice Principles, independent directors meet individually with the internal audit manager or the certified public accountant to gain an understanding of the Company's financial operation and business to facilitate the organization of relevant meetings.
 - (4) Based on the industry characteristics of the Company and the educational and experiential backgrounds of the directors, provide support to the independent directors and general directors in developing annual training plans and organizing courses.
2. Assistance with the procedures and resolution methods of the Board of Directors and Shareholders' Meetings:
 - (1) To report to the Board of Directors and Audit Committee on the Company's corporate governance operations, ensuring compliance with relevant laws and corporate governance guidelines in convening shareholders' meetings and board of directors' meetings.
 - (2) To assist and remind directors to comply with regulations during business operations or when making formal resolutions at board meetings, and provide advice when illegal resolutions are proposed at board meetings.
 - (3) After the meeting, responsible for reviewing the disclosure of significant information regarding important resolutions made by the board of directors, ensuring the legality and accuracy of the material information to protect the equality of trading information for investors.
3. The Board of Directors will prepare the agenda and inform the directors at least 7 days in advance. The meeting will be scheduled and meeting materials will be provided. If any agenda item requires recusal due to conflicts of interest, it will be communicated in advance. The minutes of the Board of Directors meeting will be finalized within 20 days after the meeting.
4. The pre-registration of the shareholders' meeting date must be conducted in accordance with the law and within the statutory deadline. The meeting notice, agenda, and minutes should be prepared. Any changes to the articles of incorporation or director elections must be processed and recorded.
5. Report to the Board of Directors on the examination results of the qualifications of independent directors during the nomination, election, and

tenure period in accordance with relevant laws and regulations.

6. Handle matters related to director changes.

Continuing education status of the corporate governance officer in 2023:

Name	Date of Study	Organizer	Course title	Training hours	Total Hours for the Fiscal Year
Lin, Jen-Chih	2023/5/29	Securities & Futures Institute	How the board of directors oversees the establishment and implementation of a comprehensive risk management system in the Company	3	27
	2023/5/30		The Technological Development and Business Opportunities of the ChatGPT Chatbot	3	
	2023/06/26	Taiwan Corporate Governance Association	How is the board meeting conducted? Commonly Overlooked Practices in Conducting Board Meetings of Listed Companies	3	
	2023/06/26		The Risks and Opportunities of Climate Change Trends for Business Operations	3	
	2023/10/13	Securities & Futures Institute	2023 Annual Insider Trading Prevention Promotion Meeting	3	
	2023/10/26~10/27	Taiwan Corporate Governance Association	Carbon Governance and Sustainable Ecosystem	9	
	2023/11/29	Securities & Futures Institute	2023 Annual Internal Employee Stock Ownership Plan Legal Compliance Promotion Meeting	3	

Continuing education status of the board members in 2023:

Title	Name	Date of Study	Organizer	Course title	Training hours	Total Hours for the Fiscal Year
Chairman	Chang, Tsuen-Hsien	2023/5/29	Securities & Futures Institute	How the board of directors oversees the establishment and implementation of a comprehensive risk management system in the Company	3	9
		2023/5/30	Securities & Futures Institute	The Technological Development and Business Opportunities of the ChatGPT Chatbot	3	
		2023/11/16	Taipei Foundation of Finance	Analysis of Important Tax Strategies and Applications for Wealth Inheritance	3	
Director	Chang, Ray-Ching	2023/5/29	Securities & Futures Institute	How the board of directors oversees the establishment and implementation of a comprehensive risk management system in the Company	3	6
		2023/5/30	Securities & Futures Institute	The Technological Development and Business Opportunities of the ChatGPT Chatbot	3	
Director	Chen, Chun-Yin (Note)	2023/5/29	Securities & Futures Institute	How the board of directors oversees the establishment and implementation of a comprehensive risk management system in the Company	3	3
Director	Yeh, Ching-Pin	2023/5/29	Securities & Futures Institute	How the board of directors oversees the establishment and implementation of a comprehensive risk management system in the Company	3	6
		2023/5/30	Securities & Futures Institute	The Technological Development and Business Opportunities of the ChatGPT Chatbot	3	

Title	Name	Date of Study	Organizer	Course title	Training hours	Total Hours for the Fiscal Year
Director	Lin, Yu-Chin	2023/5/29	Securities & Futures Institute	How the board of directors oversees the establishment and implementation of a comprehensive risk management system in the Company	3	18
		2023/5/30	Securities & Futures Institute	The Technological Development and Business Opportunities of the ChatGPT Chatbot	3	
		2023/6/02	Chinese National Association of Industry and Commerce	2023 Taiwan New Clean Zero Power Summit Forum	3	
		2023/6/09	Securities & Futures Institute	2023 Annual Insider Trading Prevention Promotion Meeting	3	
		2023/7/4	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6	
Independent Director	Wang, Yea-Kang	2023/02/15	Taipei Foundation of Finance	Trends in Sustainable Development and Sustainable Governance	3	14
		2023/03/13	Taipei Foundation of Finance	Climate Change Resilience and Adaptation Path Planning	2	
		2023/04/27	Securities & Futures Institute	How Corporate Leaders Can Lead Low-Carbon ESG Transformation Projects	3	
		2023/05/04	Accounting Research and Development Foundation	Tax Reform and Corporate Tax Governance in the Global and Taiwanese Context: ESG Trends and the Impact of the Pandemic	3	
		2023/05/08	Taipei Foundation of Finance	Sustainable Society: Local Revitalization and Circular Economy	3	
Independent Director	Shyu, So-Deh	2023/02/15	Taipei Foundation of Finance	Trends in Sustainable Development and Sustainable Governance	3	9
		2023/03/27	Taipei Foundation of Finance	Low Carbon Transition Pathway Planning - Carbon Rights and Carbon Pricing	3	
		2023/5/10	Securities & Futures Institute	The Technological Development and Business Opportunities of the ChatGPT Chatbot	3	

Title	Name	Date of Study	Organizer	Course title	Training hours	Total Hours for the Fiscal Year
Independent Director	Chang, Chi-Nan	2023/5/26	Environmental Protection Administration, Executive Yuan	Green Chemistry: Co-creating Sustainability	3	15
		2023/5/29	Securities & Futures Institute	How the board of directors oversees the establishment and implementation of a comprehensive risk management system in the Company.	3	
		2023/5/30	Securities & Futures Institute	The Technological Development and Business Opportunities of the ChatGPT Chatbot	3	
		2023/09/04	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	6	
Independent Director	Guu, Yuan-Kuang	2023/5/29	Securities & Futures Institute	How the board of directors oversees the establishment and implementation of a comprehensive risk management system in the Company	3	13
		2023/5/30	Securities & Futures Institute	The Technological Development and Business Opportunities of the ChatGPT Chatbot	3	
		2023/6/02	Chinese National Association of Industry and Commerce	2023 Taiwan New Clean Zero Power Summit Forum	3	
		2023/7/3	Taipei Foundation of Finance	CDP - Climate Change	2	
		2023/7/10	Taipei Foundation of Finance	CDP Water Disclosure	2	

Note: Director Chen, Chun-Yin was dismissed on September 1, 2023.

Succession planning for board members and key management personnel:

In addition to having professional backgrounds and skills, the directors should also possess expertise in business planning and the industries in which we operate. To further enhance the professionalism and continuous improvement of our board members, we have carefully selected relevant courses that cover finance, operations, legal affairs, risk management, corporate management, and corporate governance, all of which are directly related to our industry. Additionally, we have arranged senior managers within the Company to join the board of directors in May 2017, allowing them to become familiar with the board's operations.

In the Company's succession plan for key management positions, the successor must possess the core functions and management abilities required by the Company. The training for senior management positions is divided into three categories: management capabilities, professional capabilities, and personal development plans. The training content covers areas such as human resources, financial risks, risk management, business development, and strategic planning. It also includes opportunities for communication with senior executives from other companies. Each stage of the training plan lasts for 3 to 5 years, gradually developing the decision-making and judgment abilities of senior management personnel.

On June 17, 2016, the board of directors approved the appointment of Mr. Chang, Tsuen-Hsien as the CEO and President to revitalize the Company. Mr. Chang, Ray-Ching, the former CEO, has been relieved of his duties as CEO and serves as the Chairman. The Company will continue to uphold its core values of integrity, enthusiasm, respect, inheritance, and innovation in its operations.

On May 30, 2023, the Company's board of directors elected Mr. Chang, Tsuen-Hsien as the chairman. He will lead the Company towards sustainable operations.

(IV) Composition, Responsibilities, and Operation of the Compensation Committee:

According to the regulations of the Company's Compensation Committee, the members of the committee are appointed by the Board of Directors. The committee comprises three members, with at least one independent director. The committee selects an independent director as the convener and operates in accordance with the committee's regulations.

I. Information on Compensation Committee Members

Identity	Name	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as Compensation Committee member
Independent Director and Convener	Wang, Yea-Kang	Please refer to Appendix 1 on pages 14 to 16 for Director Information (1).	<p>Two years prior to appointment and throughout the term of office, all of the following independence assessment criteria have been met:</p> <p>(1) Non-employees of the Company or its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates (however, if serving as an independent director of a company and its parent company, subsidiary, or subsidiary of the same parent company established according to securities laws or local laws and regulations, there is no restriction).</p> <p>(3) Not held, either individually or jointly with the spouse, minor children, or through others, more than 1% of the total issued shares of the Company, or be one of the top ten individual shareholders.</p> <p>(4) Not a managerial officer listed in (1), or a spouse, second-degree relatives, or third-degree blood relatives of the individuals listed in (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the Company, is one of the top five shareholders, or is appointed as a representative by the Company Act Article 27, paragraph 1 or paragraph 2. (However, if serving as an independent director of a company and its parent company, subsidiary, or subsidiary of the same parent company established according to securities laws or local laws and regulations, there is no restriction).</p> <p>(6) Not a director, supervisor, or employee of another company where more than half of the directorships or voting rights are controlled by the same person who controls the directorships or voting rights in the Company. (However, if serving as an independent director of a company and its parent company, subsidiary, or subsidiary of the same parent company established according to securities laws or local laws and regulations, there is no restriction).</p> <p>(7) Not a director, supervisor, or employee of another company or organization where the chairman, president, or equivalent position of the Company is the same person as or spouse of the chairman, president, or equivalent position of the other company or organization. (However, if serving as an independent director of a company and its parent company, subsidiary, or subsidiary of the same parent company established according to securities laws or local laws and regulations, there is no restriction).</p>	3
Independent directors	Shyu, So-Deh			3
Independent Director	Guu, Yuan-Kuang			0
Independent Director	Chang, Chi-Nan			0

Identity	Name	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as Compensation Committee member
			<p>(8) Not a director, supervisor, manager, or shareholders owning 5% or more of the shares of specific companies or institutions that do not have financial or business dealings with the Company (However, for independent directors who concurrently serve in companies where specific companies or institutions hold more than 20% but less than 50% of the total issued shares of the Company, and are subsidiaries of the Company, its parent company, or subsidiaries under the same parent company, as stipulated by the Securities and Exchange Act or local regulations, there is no restriction).</p> <p>(9) Not a professional, sole proprietor, partner, director, supervisor, manager, or spouse who has provided audit related services to the Company or its related enterprises and has not received cumulative remuneration exceeding NT\$500,000 in the most recent two years for business, legal, financial, accounting, or other related services. However, members of the Compensation Committee, Public Offering Review Committee, or Merger and Acquisition Special Committee who perform duties in accordance with the Securities and Exchange Act or related laws on corporate mergers and acquisitions are not subject to this restriction.</p> <p>(10) Not related to any other director by marriage or within second-degree relatives.</p> <p>(11) None of the circumstances listed in Article 30 of the Company Act</p> <p>(12) Not elected under Article 27 of the Company Act as a representative of the government, legal person, or its representative.</p>	

II. Operation of the Compensation Committee

1. The Company's Compensation Committee has a total of 3 members.
2. Current term of the committee: May 30, 2023 to May 29, 2026. In 2023, the Compensation Committee held 3 meetings (A). The qualifications of the members and their attendance are as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】 (Note 1)	Remarks
Convenor	Wang, Yea-Kang	3	0	100%	(Note 2)
Member	Shyu, So-Deh	3	0	100%	(Note 2)
Member	Chen, Yi-Ming	1	0	100%	(Note 3)
Member	Guu, Yuan-Kuang	2	0	100%	(Note 4)

Note:1 The actual attendance rate (%) of the Compensation Committee members is calculated based on the number of Compensation Committee meetings held during their term of office and the actual number of meetings they attended.

Note:2 Renewed on May 30 of 2023.

Note:3 Dismissed on May 30 of 2023.

Note:4 Newly appointed on May 30 of 2023.

Other information required to be disclosed:

I. The Board of Directors did not adopt or modify any recommendations made by the Compensation Committee: None.

II. Decisions made by the Compensation Committee: members expressed opposition or reservations that were recorded or declared in writing: None.

III. Main responsibilities of the Compensation Committee:

The role of the Company's Compensation Committee is to diligently carry out the following responsibilities with great care and be accountable to the Board of Directors. Additionally, the committee presents its recommendations to the Board for further discussion.

1. Responsibilities of the Company's Compensation Committee

(1) Develop and regularly review policies, systems, standards, and structures for evaluating the performance and compensation of directors and executives.

(2) Regularly assess and set the compensation for directors and managers.

2. When this committee exercises its powers as mentioned above, it shall do so in accordance with the following principles

(1) The performance evaluation and compensation of directors (members of the audit committee) and managers should be based on industry standards and consider the individual's performance, the Company's operational performance, and the logical connection to future risks.

(2) Directors and managers should not be encouraged to engage in behaviors that exceed the Company's risk tolerance in pursuit of salary compensation.

(3) The allocation of bonuses for directors and senior managers, based on short-term performance, as well as the timing of partial variable salary payments, should be determined by considering the industry characteristics and the nature of the Company's business.

IV. The operation of the Compensation Committee in 2023:

Compensation Committee Date	Term	Motion content	Resolution Result	Handling of the Compensation Committee's Opinions by the Company
2023.03.16	First	Approved the distribution of director's remuneration and employee's compensation for 2022.	Unanimously approved by all members of the committee	Approved by all attending directors of the board and reported to the shareholders' meeting
		Approved the resolution on the ratio of director's remuneration and employee's compensation for 2023.	Unanimously approved by all members of the committee	Approved by all attending directors of the board
2023.05.30	First Interim	Election of the convener of the Compensation Committee.	After a discussion by the Audit Committee, it was unanimously approved to appoint Commissioner Shyu, So-De as the convener and chairman of this committee.	None
2023.08.08	Second	Approved the compensation plan for the Company's managers for 2022.	Unanimously approved by all members of the committee	Approved by all attending directors of the board

(V) Composition, Responsibilities, and Operation of the Sustainable Development Committee:

On November 9, 2022, the Company's board of directors approved the establishment of the Sustainability Development Committee, consisting of no less than three members, and more than half being independent directors, and the Chairman of the Board serving as the convener and chairman of the meeting. The operations will be conducted in accordance with the organizational regulations of the Company's Sustainability Development Committee.

I. Qualifications and Experience of Members of the Sustainable Development Committee:

Member	Professional qualifications and experience
Chairman Chang, Tsuen-Hsien	Graduated from the Electrical Engineering Department and the Biomedical Engineering Department of the University of Southern California, USA, currently serving as the chairman of the Company and the legal director representative of multiple listed companies, including CWE Inc. Possessing over five years of experience in business, finance, and corporate operations, effectively managing and supervising business units and operational support units, achieving annual budget and financial forecast targets for business units, and managing relationships with suppliers and customers while assisting in the development of new product agencies for business units. Demonstrating expertise in global market competition assessment, business decision-making, and innovative leadership, leading the Company to higher levels and towards sustainable operation.
Independent Director Wang, Yea-Kang	Graduated from the Master of Laws program in Urban Planning Research Institute at National Chung Hsing University. Serves as the convener of the Compensation Committee, a member of the Audit Committee, and a member of the Sustainable Development Committee of the Company. Also holds positions as an expert reviewer at the Public Construction Commission of the Executive Yuan and as a consultant at the Textile Industry Research Institute. With over five years of experience in business, legal affairs, and corporate operations, specializing in the fields of law and business management.
Independent Director Shyu, So-Deh	Graduated from the University of Alabama with a Doctorate in Finance. Serves as the convener of the Audit Committee, a member of the Compensation Committee, and a member of the Sustainable Development Committee of the Company. Formerly served as a professor in the Department of Financial Management at Sun Yat-sen University and as the President and Professor at Takming University of Science and Technology. With over five years of experience in business, finance, and corporate operations, specializing in financial management and accounting.

II. Operations of the Sustainable Development Committee:

1. The Sustainable Development Committee of the Company was established on November 9, 2022, consisting of three members.
2. Current term of the committee: May 30, 2023 to May 29, 2026. In 2023, the Compensation Committee held 1 meeting (A).

The qualifications of the members and their attendance are as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】 (Note 1)	Remarks
Convenor	Chang, Ray- Ching	0	0	0%	(Note 2)
Convenor	Chang, Tsuen-Hsien	0	0	0%	(Note 4)
Member	Wang, Yea- Kang	1	0	100%	(Note 3)
Member	Shyu, So- Deh	1	0	100%	(Note 3)

Note:1 The actual attendance rate (%) of the Sustainable Development Committee members is calculated based on the number of Compensation Committee meetings held during their term of office and the actual number of meetings they attended.

Note:2 Dismissed on May 30 of 2023.

Note:3 Renewed on May 30 of 2023.

Note:4 Newly appointed on May 30 of 2023.

Other information required to be disclosed:

I. The Board of Directors did not adopt or modify any recommendations made by the Sustainable Development Committee: None.

II. Decisions made by the Sustainable Development Committee: members expressed opposition or reservations that were recorded or declared in writing: None.

III. Main responsibilities of the Sustainable Development Committee:

1. Promote and strengthen corporate governance and integrity management systems.
2. Promote and develop matters related to corporate sustainability.
3. Review risk management policies, procedures, and frameworks, and regularly assess their appropriateness and effectiveness, making necessary improvement recommendations and reporting to the board of directors.
4. Supervise other sustainability-related tasks as resolved by the board of directors.

IV. Operations of the Sustainable Development Committee in 2023:

Sustainable Development Committee Date	Reporting items
2023.05.08	I. The Company's sustainability development policy, systems, related management guidelines, sustainability objectives, and plans for 2023, along with the sustainability report for 2022 and stakeholder communication report.
	II. The Company and its subsidiaries' report on the greenhouse gas inventory and verification implementation in the second quarter of 2023.
	III. The Company's 2022 annual risk management operation report.

(VI) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons:

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	✓		<p>The Company established a dedicated sustainability unit in November 2022. The chairman and two independent directors serve as members of the sustainable development committee, and the chairman serves as the convener and chairman of the meeting.</p> <p>The committee has functional teams such as the Corporate Governance Team, Environmental Sustainability Team, and Corporate Social Responsibility Team. These teams discuss issues related to the Company's ESG aspects, and depending on the significance of the issues, they schedule reports to the committee or the board of directors. Relevant decisions are recorded in the meeting minutes. The secretariat of the committee follows up and reports to the next committee meeting and subsequently to the board of directors.</p> <p>The Sustainable Development Promotion Team convenes the annual kick-off meeting for compiling the sustainability report in the fourth quarter. Seed staffs and supervisors from various departments are invited to discuss the report's material topics and stakeholders. Meeting minutes are provided to senior management for confirmation of the major issues of the year. Subsequently, data collection and content writing are carried out based on these records, and the report is compiled according to the Company's procedures for preparing and verifying sustainability reports.</p>	Complies with the regulations of the Sustainable Development Practice Guidelines for Listed Companies.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
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			On May 8, 2023, the first meeting of the Sustainable Development Committee was convened. During this meeting, the committee members were briefed on the Company's sustainable development policies, systems, related management guidelines, and sustainability goals for 2023, as well as the sustainability report for 2022 and stakeholder communications. Detailed information was provided for the attending committee members to consider. After receiving the report from the Sustainable Development Committee, it was subsequently submitted to the Board of Directors. Following the submission, the sustainability report was issued.	
II. Does the Company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		<ol style="list-style-type: none"> 1. This disclosure covers the Company's sustainable development performance at the major operating locations in Taiwan from January to December 2023. The risk assessment boundaries are primarily focused on Tranceed Logistics Co., Ltd. and Kingstone Energy Technology Corporation, and the financial data encompasses both domestic and international subsidiaries. 2. The Sustainable Development Committee conducted analysis using the principle of materiality of the sustainability report. They also engaged in communication with internal and external stakeholders and evaluated the material issues based on experts' opinions, while establishing effective risk management 	Complies with the regulations of the Sustainable Development Practice Guidelines for Listed Companies.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons									
	Yes	No	Summary Description										
			<p>policies for effective identification, measurement, evaluation, monitoring, and control and adopting specific action plans, to mitigate the impact of such risks.</p> <p>3. Based on the assessed risks, the following risk management policies or strategies have been established:</p> <table><tr><th>Material topics</th><th>Risk Evaluation Item</th><th>Details</th></tr><tr><td>Environment</td><td>Environmental impact and management</td><td>Effectively reduce emissions and environmental impacts 1. Implemented and enforced the ISO 14001 Environmental Management System. 2. Promoted and obtained BV certification for the ISCC PLUS International Sustainability and Carbon Certification System. 3. Implement the ISO14064-1 greenhouse gas inventory system, using 2023 as the base year.</td></tr><tr><td>Society</td><td>Occupational safety</td><td>1. Regular monthly health newsletters are published, and annual health seminars are conducted, with 229 participants attending the seminars in 2023. 2. Regular employee health examinations are conducted annually, and professional physicians are</td></tr></table>	Material topics	Risk Evaluation Item	Details	Environment	Environmental impact and management	Effectively reduce emissions and environmental impacts 1. Implemented and enforced the ISO 14001 Environmental Management System. 2. Promoted and obtained BV certification for the ISCC PLUS International Sustainability and Carbon Certification System. 3. Implement the ISO14064-1 greenhouse gas inventory system, using 2023 as the base year.	Society	Occupational safety	1. Regular monthly health newsletters are published, and annual health seminars are conducted, with 229 participants attending the seminars in 2023. 2. Regular employee health examinations are conducted annually, and professional physicians are	
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Item	Implementation status					Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description			
					<div>invited to provide consultation reports and conduct safety and health education training.</div> <div>3. According to the law, the Company has hired 'Occupational Medicine Specialist Physicians' and 'Occupational Medicine Specialist Nurses' and regularly conducts four health management programs in accordance with the Labor Health Protection Act. These programs include 'Overwork and Stress Management,' 'Maternal Health Protection for Female Workers,' 'Prevention of Human Factor Hazards,' and 'Prevention of Unlawful Infringements.'</div> <div>4. Taipei and Hsinchu offices have obtained the "Health Promotion Mark" workplace health certification from the Ministry of Health and Welfare.</div> <div>5. Fire drills are conducted regularly every year.</div>	
					Product safety	The Company strictly adheres to relevant government regulations and has established

Item	Implementation status					Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description			
					internal procedures for staff compliance. Management mechanisms are set for products sold through agency, and a "Customer Complaint Handling Procedure" is in place to fulfill the commitment to safety.	
				Legal compliance	By establishing governance structures and implementing internal control mechanisms, the Company ensures that all company personnel and operations comply with relevant legal standards.	
				Strengthen the functions of board of directors	1. Provide board of directors with corporate governance-related training topics, and provide directors with the latest regulations, system developments and policies every year. In 2023, all directors received a total of 93 hours of training. 2. Apply directors' liability insurance to protect directors from lawsuits or claims.	
				Communication with stakeholders	1. In order to avoid misunderstandings and litigation risks caused by stakeholders having different positions than the Company, the Company analyzes	

Item	Implementation status					Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
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					<div>important issues of concern to important stakeholders every year.</div> <div>2. Establish various communication channels, communicate actively, and reduce confrontation and misunderstandings. Set up an investor mailbox, which will be handled and responded to by spokespersons and agents.</div> <div>3. A total of 4 corporate briefing sessions were held in 2023.</div>	
III. Environmental Issues (I) Has the Company set an environmental management system designed to industry characteristics?	✓		In order to promote the sustainable operation of the enterprise and social development, the Company takes environmental protection as its unshakable responsibility, and continues to move forward with the goal of being a green enterprise. In order to thoroughly ensure environmental quality, the Company actively implements the ISO14001 management system and promotes environmental safety and health management to achieve a high degree of environmental greening, pollution prevention, good use of resources, and compliance with relevant environmental protection regulations. We also promise to carry out the following tasks in the spirit of "environmental protection, pollution prevention, and continuous improvement":			Complies with the regulations of the Sustainable Development Practice Guidelines for Listed Companies.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<ol style="list-style-type: none"> 1. Implemented and enforced the ISO 14001 Environmental Management System. (Certificate number:TW03/00393; Validity period:2021/09/25~2024/09/25) 2. Continue to promote energy conservation and resource recycling. 3. Continue to improve the prevention of pollution and minimize the impact of company accidents on the environment. 4. Educate employees, enhance environmental safety awareness and capabilities of all employees, and strive to become a green enterprise. 5. Develop and review environmental goals and objectives in response to environmental needs. 6. Comply with government environmental protection laws and establish a legal and effective environmental management system company. 	
(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		<p>The Company is committed to improving the utilization efficiency of various resources and using recycled materials with low impact on the environment; establishing an appropriate environmental management system and implementing and maintaining it to achieve energy conservation, carbon reduction and greenhouse gas reduction.</p> <p>The Company is committed to energy conservation, carbon reduction, waste reduction and other environmental protection activities in operational operations, such as</p>	Complies with the regulations of the Sustainable Development Practice Guidelines for Listed Companies.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>lighting equipment improvement, resource recycling and reuse, and proactively conducting greenhouse gas emission inventories of internally purchased electricity, and the greenhouse gas emission reduction of purchased electricity is annual environmental goals are continuously promoted and tracked, and the target for reduction of greenhouse gas emission in 2023 is set to be reduced by 0.2% compared with 2022, and used 2023 as the base year for greenhouse gas emission inventory.</p> <p>The Company also commits to actively respond to the international greenhouse gas reduction trend, having invested in the development of plastic recycled materials (PCR, Post Consumer Recycle) in recent years. We have sold approximately 66 metric tons in 2023, an increase of 6.5 times compared with the previous year. We work with customers to create a cleaner and more sustainable business.</p> <p>We import recycled and purified refrigerants from abroad, and over the last four years, we have sold 63 tons of recycled refrigerant. By recycling and purifying, we enable refrigerants to enter the circular economy, reducing greenhouse gas emissions and minimizing the environmental impact.</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons						
	Yes	No	Summary Description							
(III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓		<p>The Company has designated the Sustainable Development Committee as the highest governing body for climate change management, with the chairman of the board serving as its chair. Annually, the committee reviews the Company's climate change strategy and objectives, manages risks and opportunities related to climate change, examines implementation status, discusses future plans, and reports to the board of directors.</p> <p>The potential risks and opportunities of climate change for the business, both current and future, have been assessed, and measures to address climate-related issues have been implemented, as described below:</p> <table><tr><th>Risk (Potential Financial Impact)</th><th>Opportunities (Potential Financial Impact)</th><th>Countermeasures:</th></tr><tr><td>To improve long-term climate resilience, customers are increasingly demanding low-carbon products and services. This may result in a shift towards even lower-carbon services and have an impact on revenue. Operational bases need to comply with the amendments to the</td><td>Taiwan's energy transition is based on the principles of reducing coal usage, increasing gas usage, expanding green energy, and developing non-nuclear clean energy sources to ensure stable electricity supply while simultaneously reducing air pollution and carbon emissions. The "expanding green" initiative refers to the</td><td>In addition to operating solar power stations, Wah Lee group has also adjusted its internal structure to provide integrated green energy solutions for both upstream and downstream processes. Taking the solar energy industry as an example, a vertical integration business model is adopted, encompassing site development,</td></tr></table>	Risk (Potential Financial Impact)	Opportunities (Potential Financial Impact)	Countermeasures:	To improve long-term climate resilience, customers are increasingly demanding low-carbon products and services. This may result in a shift towards even lower-carbon services and have an impact on revenue. Operational bases need to comply with the amendments to the	Taiwan's energy transition is based on the principles of reducing coal usage, increasing gas usage, expanding green energy, and developing non-nuclear clean energy sources to ensure stable electricity supply while simultaneously reducing air pollution and carbon emissions. The "expanding green" initiative refers to the	In addition to operating solar power stations, Wah Lee group has also adjusted its internal structure to provide integrated green energy solutions for both upstream and downstream processes. Taking the solar energy industry as an example, a vertical integration business model is adopted, encompassing site development,	Complies with the regulations of the Sustainable Development Practice Guidelines for Listed Companies.
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Item	Implementation status			Summary Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
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			<p>Renewable Energy Development Act, increasing costs related to the installation capacity of renewable energy devices and the purchase of green electricity certificates.</p> <p>promotion of renewable energy. Taiwan's Ministry of Economic Affairs has set a target for renewable energy to account for 20% of the total power generation by 2025. This is part of the government's strategy to transition to cleaner energy sources and reduce dependency on traditional fossil fuels. Taiwan is actively promoting solar photovoltaic (PV) and wind power generation, aiming to achieve a combined installation capacity of over 25.7 gigawatts (GW) by the year 2025. This ambitious goal is part of the government's broader strategy to increase the share of renewable energy in the national energy mix, aligning with its commitment to reduce carbon emissions and enhance sustainability in the energy sector.</p>	<p>engineering procurement construction (EPC), module and material sales, and operation and maintenance services. It is hoped that through the above layout, it will establish an important role in Taiwan's green energy supply chain and enter the energy storage field.</p>	

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(IV) Did the Company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	✓		<div>1. The Company, guided by the principles of "environmental protection, pollution prevention, and continuous improvement," actively promotes energy conservation, resource recycling, ongoing enhancements, pollution prevention, and minimization of environmental impact. Additionally, it focuses on educating employees to enhance their awareness and capabilities regarding environmental and safety issues through its management policies.</div> <div>(1) Greenhouse gas emissions in the most recent two years: Please refer to pages 96 to 97 of this annual report</div> <div>(2) Water usage in the most recent two years:</div> <table><tr><td>Year</td><td>2022</td><td>2023</td></tr><tr><td>water withdrawal (million liters)</td><td>4.85</td><td>6.78</td></tr><tr><td>organization specific metrics (Unit)</td><td>Revenue (NT\$10 million)</td><td>Revenue (NT\$10 million)</td></tr><tr><td>organization specific metrics</td><td>4,187</td><td>3,817</td></tr><tr><td>water usage density</td><td>0.0012</td><td>0.0018</td></tr></table> <div>Note:<div>1. water withdrawal = water discharge = water consumption.</div><div>2. The organization-specific measure of "revenue" is the sum of Wah Lee, Tranceed, and Kingstone.</div><div>3. The calculation method for water usage density is as follows: divide the water withdrawal (in million liters) by the organization-specific metric value.</div></div>	Year	2022	2023	water withdrawal (million liters)	4.85	6.78	organization specific metrics (Unit)	Revenue (NT\$10 million)	Revenue (NT\$10 million)	organization specific metrics	4,187	3,817	water usage density	0.0012	0.0018	Complies with the regulations of the Sustainable Development Practice Guidelines for Listed Companies.
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			<p>The Company, although not a manufacturing entity with high water usage, primarily utilizes tap water for the daily needs of office employees and certain air conditioning systems. Despite this, comprehensive water resource management is vigorously implemented. This includes infrastructure maintenance and improvements to ensure efficient water use. Furthermore, water-saving devices have been installed, and continuous efforts are made to educate and supervise employees about water conservation. These initiatives demonstrate the Company's commitment to reducing the environmental impact and preserving water resources. Water usage in 2023 increased by 39.8% from the base period for two reasons: first, to align with the Company's implementation of the ISO 14064-1 greenhouse gas inventory system, independent water meters were established last year at the Hsinchu and Tainan office locations; second, the inclusion of the subsidiary Kingstone in the temperature plate statistical scope.</p> <p>(3) Waste output in the most recent two years:</p> <table border="1"> <thead> <tr> <th colspan="5">Domestic waste statistics table</th></tr> <tr> <th rowspan="2">Year</th><th rowspan="2">Waste composition items</th><th rowspan="2">Hazardous/ Non-hazardous</th><th colspan="2">Removal</th></tr> <tr> <th>Waste output (tons)</th><th>Processing method</th></tr> </thead> <tbody> <tr> <td>2022</td><td>Paper</td><td>Non-hazardous</td><td>3</td><td>Incineration (including energy recycling)</td></tr> <tr> <td>2023</td><td>Paper</td><td>Non-hazardous</td><td>1.1</td><td>Incineration (including energy recycling)</td></tr> </tbody> </table>	Domestic waste statistics table					Year	Waste composition items	Hazardous/ Non-hazardous	Removal		Waste output (tons)	Processing method	2022	Paper	Non-hazardous	3	Incineration (including energy recycling)	2023	Paper	Non-hazardous	1.1	Incineration (including energy recycling)	
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			<p>The Company's operating sites are all in office buildings, and the waste generated is all general domestic waste, and no hazardous waste is generated. Domestic waste generated in the office will be recycled and sorted first, and if necessary, external qualified vendors will be entrusted to clean it up; general domestic waste will be entrusted to the building management committee and transported by garbage trucks; IT equipment will be handed over to the IT department for assistance in recycling, so it does not cause any significant impact on the environment.</p> <p>Regarding the removal of paper documents, in addition to incineration, to implement the sustainable goals of the circular economy, a large cutting machine is used to cut the wastepaper into approximately 1 cm² paper blocks. These are then compressed into paper bricks using equipment, and subsequently sent to a paper mill. Through the process of document hydration and pulping using a high-speed turbine, the paper is broken down into pulp and finally made into recycled paper for secondary use. In 2023, this process reduced the output of waste by 63% compared to 2022.</p> <p>2. In 2022, the Company continued to obtain the BV-certified ISCC PLUS International Sustainability and Carbon Certification System (certificate number: ISCC-PLUS-Cert-PL214-21233871; validity period: from February 17, 2024 to February 16, 2025) and implemented the ISO14064-1 greenhouse gas inventory</p>	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
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			<p>system in response to the impacts of climate change. In 2023, the Company, took into account its corporate social responsibility and environmental protection policy, combined with the introduction of the greenhouse gas inventory management system. Based on the principles of relevance, completeness, consistency, accuracy, and transparency, we established a base year for organizational greenhouse gas emission reductions. We plan to undergo verification by a third-party certification company in 2024, and subsequently, the system will be expanded to our subsidiaries to ensure the implementation of the greenhouse gas emission reduction targets.</p>	
<p>IV. Social Issues</p> <p>(I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	✓		<ol style="list-style-type: none"> 1. In accordance with labor laws such as the Labor Standards Act and the Gender Equality in Employment Act, the Company has implemented several management policies and procedures. These include 'the Employee Code of Conduct,' 'the Complaint and Handling Procedures for Workplace Sexual Harassment Cases,' and 'the Written Declaration for Preventing Workplace Violence.' The Company is dedicated to formalizing internal operations and establishing a superior work environment that protects the rights and well-being of its employees. 2. The Company adheres to the principles of the International Covenant on Civil and Political Rights and 	Complies with the regulations of the Sustainable Development Practice Guidelines for Listed Companies.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>the Universal Declaration of Human Rights by explicitly prohibiting the employment of children under the age of fifteen. Our employment policies also ensure non-discriminatory treatment, not discriminating based on race, skin color, age, gender, ethnicity, nationality, disability, pregnancy, beliefs, political views, group background, or marital status. We are committed to creating a dignified, safe, equal, and harassment-free workplace for all employees.</p> <p>3. The Company respects the freedom and rights of its employees to assembly and association under the law. We are committed to facilitating effective communication between labor and management through labor-management meetings and occupational safety and health committee meetings. Our goal is to integrate all resources, collaborate, and work towards shared objectives.</p> <p>4. To address human rights related issues, our new employee training has implemented specific courses such as sexual harassment prevention, gender equality, labor laws, and labor standards. We also provide education on workplace safety, health, and the highest ethical standards to ensure compliance and prevent any illegal infringements or human rights violations.</p> <p>5. In 2023, the Company conducted human rights training involving a total of 450 participants, accumulating 854 hours of training.</p>	

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(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		<ol style="list-style-type: none"> Article 20 of the Company's Articles of Association stipulates that if the Company is profitable in a given fiscal year, 9% to 13% of the profit should be allocated as employee compensation. This ensures that operational performance and results are appropriately reflected in employee compensation. The Company's compensation standards for all employees are not determined by gender, race, nationality, age, or any other factors. When hiring employees in the same position and rank, the basic compensation ratio between women and men is 1:1. We regularly participate and refer to the salary surveys in our industry to establish a fair and competitive salary system, ensuring overall salary competitiveness. Additionally, we have been listed as a component stock in the Taiwan Stock Exchange's 'Taiwan High Salary 100 Index' since its establishment. In terms of employee benefits, in addition to providing leave in accordance with laws and regulations, we also offer annual unpaid leave and sick leave quotas. We provide various diverse and flexible welfare measures, such as government flexible holidays. This allows employees to choose between working or taking unified welfare leave provided by the Company, giving them greater flexibility in balancing their career, family, and personal life. Establish the Employee Benefit Committee to provide 	Complies with the regulations of the Sustainable Development Practice Guidelines for Listed Companies.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>employees with various subsidies, such as marriage, funeral, and celebration subsidies, educational scholarships, etc. The committee will also sponsor employee club activities and provide support for domestic and international travel.</p> <p>5. The Company implements an Employee Stock Ownership Plan (ESOP) to assist colleagues in long-term savings and wealth accumulation, ensuring stability for their future lives and enhancing their sense of participation in the Company.</p>	
(III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		<p>1. The Company provides a good working environment, hosting health seminars annually and issuing a monthly wellness newsletter, allowing employees to easily keep up with wellness trends.</p> <p>2. The Company conducts regular annual health examinations for employees, considering their physical condition to tailor the examination items appropriately based on gender and age. Professional doctors provide report consultations and health and safety training.</p> <p>3. According to the law, the Company has hired 'Occupational Medicine Specialist Physicians' and 'Occupational Medicine Specialist Nurses' and regularly conducts four health management programs in accordance with the Labor Health Protection Act. These programs include 'Overwork and Stress Management,' 'Maternal Health Protection for Female</p>	Complies with the regulations of the Sustainable Development Practice Guidelines for Listed Companies.

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			<p>Workers,' 'Prevention of Human Factor Hazards,' and 'Prevention of Unlawful Infringements.'</p> <p>4. Provided lactation rooms for female colleagues to collect breast milk, specially set up in the Kaohsiung, Hsinchu, and Taipei offices.</p> <p>5. Dedicated to promoting workplace smoking prevention and health promotion, and obtaining the 'Badge of Accredited Healthy Workplace – Smokefree and Health promotion -,' in order to create a happy and high-quality healthy workplace environment.</p> <p>6. No occupational accidents occurred in 2023, and we are actively monitoring any related issues.</p> <p>7. No fire incidents occurred in 2023. The Company prioritizes the safety of its employees' working environment. For more information on the safety measures implemented, please see page 149 of the annual report.</p>	
(IV) Has the Company established effective career development training programs for employees?	✓		<p>The Company conducts employee education and training every year based on the training plan. This includes training for new employees, basic general development, management skills, and professional development. The objective of the training is to provide employees with the necessary knowledge and skills for their roles, improve job performance, and foster continuous growth of talent. (Please refer to Chapter 5, 'Labor-Management Relations,' for more information.)</p>	Complies with the regulations of the Sustainable Development Practice Guidelines for Listed Companies.

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	Yes	No	Summary Description	
			In 2023, the total number of training participants at the Company was 1,777, with a total training duration of 4,018 hours.	
(V) Does the Company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		The Company strictly adheres to relevant government regulations and has established internal procedures for staff compliance. Management mechanisms are set for products sold through agency, and a "Customer Complaint Handling Procedure" is in place to fulfill the commitment to safety. To ensure information security, we have implemented a robust management mechanism and established 'Personal Data Protection Management Measures.' We have dedicated personnel who are responsible for managing and maintaining information security. Ensure the security of customer information and other data by conducting internal and external audits and providing educational training.	Complies with the regulations of the Sustainable Development Practice Guidelines for Listed Companies.
(VI) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		The Company has obtained ISO9001 certification and has established a "Supplier Management Procedure" in accordance with this international standard. Qualified suppliers must pass the evaluation of this management procedure, and qualified suppliers are re-evaluated annually. The assessment focuses on three aspects: quality of delivery (Q), timeliness (D), and service (S). Currently, there have been no incidents of non-compliance. The Company plans to sign the "RBA (Responsible Business Alliance) Code of Conduct" with the top ten suppliers in 2024, using the code to require suppliers to uphold	Complies with the regulations of the Sustainable Development Practice Guidelines for Listed Companies.

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			responsibilities in the areas of environment, labor, management systems, ethical standards, and health and safety. This initiative aims to collaboratively build a sustainable enterprise that aligns with the spirit of ESG (Environmental, Social, and Governance) together with its suppliers.	
V. Does the Company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the Company obtain third party assurance or certification for the reports above?	✓		The Company has prepared a report in compliance with the globally recognized guidelines of the Global Reporting Initiative (GRI) to disclose non-financial information. The report is issued after it has been presented to the board of directors and uploaded to the regulatory authority and official website, thereby providing stakeholders with more comprehensive information. However, the sustainability report for 2023 has not yet received assurance or assurance opinion from a third-party verification entity.	Complies with the regulations of the Sustainable Development Practice Guidelines for Listed Companies.
VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: On November 9, 2022, the board of directors of the Company approved the establishment of the 'Guidelines for Sustainable Development Practices' with the goal of promoting sustainable development within the Company. We strive to be a role model corporate citizen, demonstrating our commitment to employees, shareholders, and customers. In addition to ensuring transparency, all employees, under the leadership of the chairman and CEO, are dedicated to introducing new materials, technologies, and equipment in the high-tech industry, and providing excellent services to contribute to the Company's continuous growth and assist customers in achieving success, while also creating more employment opportunities. The Company regularly reviews its implementation in accordance with this guideline and makes improvements based on it. Up to now, there have been no deviations in the implementation.				

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
VII. Other important information to facilitate better understanding of the Company’s promotion of sustainable development:				
<p>(1) The Wah Lee Innovation Materials Competition closely follows the pulse of technological development. It sponsors a total of NT\$1.88 million annually for three consecutive years in collaboration with the Chinese Materials Science Society and the Materials and Chemical Research Institute. The competition aims to organize a national materials competition for colleges and universities, including master's/Ph.D. students. Top universities and technical colleges, led by professors, are invited to participate to promote the culture of forward-looking material innovation in higher education. The entries in this competition are the best in its history, with a total of 70 innovative works from 19 universities nationwide, jointly researched by professors and students. Through rigorous written review, 10 works and 12 teams have been selected for the finals. The themes of the competition works are in line with the current trends, with last year's gold, silver, and bronze awards spanning the three hottest areas: semiconductors, healthcare, and zero carbon emissions. This injection of technological innovation into the industry is significant.</p>				
<p>(2) Donated NT\$1.2 million to the 'National Cheng Kung University Chemical Engineering Cultural and Educational Foundation' in support of educational activities.</p>				
<p>A. In 2023, four financially disadvantaged students were awarded the 'Scholarships for Cultivating Talent,' while ten students with excellent academic performance received the 'Outstanding Student Scholarships.' The first scholarship was established to support financially disadvantaged students who are eager to learn and pursue their ideals despite their impoverished backgrounds. The second scholarship aims not only to reward outstanding students studying chemical engineering at Cheng Kung University but also to encourage the award recipients to remember their roots and give back to their alma mater when they achieve success in their future careers.</p>				
<p>B. The Wah Lee Lecture Series consisted of three sessions, each featuring a different topic and speaker. Each session had an attendance of 250-300 faculty and students and received enthusiastic responses.</p>				
<p>a. Response: Director Tsai, Ming-Chang of CPC Refining & Petrochemical R&D Institute and 297 participants were responding to the era of zero emissions in the petrochemical industry.</p>				
<p>b. Semiconductor Technology Development and Industry Trends: Deputy Head of Division Chen, Chung-Lang of TSMC, along with 299 attendees.</p>				
<p>c. The 3.5 key decisions that have influenced my career: Research Fellow Lee, Chih-Fu from the National Synchrotron Radiation Research Center, with 253 attendees.</p>				
<p>C. To promote international exchange, it is divided into two main activities: sponsoring international conferences and inviting overseas scholars to visit Taiwan. The details of these activities are as follows:</p>				

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
<p>a. The 2023 Taiwan International Catalysis Symposium was attended by scholars from various countries including Japan, South Korea, Vietnam, India, and Eastern Europe. The purpose of the event was to enhance Taiwan's contributions to carbon reduction, hydrogen energy, and circular economy in the field of catalysis. The symposium had approximately 300 participants.</p> <p>b. The 28th International Symposium and Exhibition on Biotechnology and Bioengineering: Embracing the Zero-Carbon Economy with Innovative Biochemical and Biomedical Technologies was held. The conference aimed to bring together experts and scholars from academia and industry, both domestic and international, to share and discuss relevant topics. The objective was to foster the growth of Taiwan's biotechnology and biomedical industries. The event was attended by 400 participants.</p> <p>c. A study was conducted on the synthesis of nitrogen-containing carbon materials using lignin as an electrode material. The research results were presented at a physical conference in Lithuania and Latvia, which was attended by approximately 20 participants.</p> <p>d. The former Vice President of Research at the University of New Mexico and a professor from the University of Munich in Germany were invited for an international academic exchange. The former delivered a lecture on 'The Extraction of Intrinsic Disordered Proteins in Genetic Engineering' to 31 attendees, while the latter delivered a lecture on 'The Formation and Dissolution Kinetics of Micelles in Thermoresponsive Polymer Solutions after Rapid Pressure Jumps' to an impressive 286 attendees.</p>				
(3) Taiwan His Hands Christian Home - Wah Lee Parent-Child Growth Center Donation Project: Taiwan His Hands Christian Home was established with the mission of helping mothers, and saving babies. Since 2007, it has provided shelter for approximately sixty pregnant women in crisis and helped over one hundred and fifty orphaned children start a new life. The original leased building was old and in 2018, the Building a Home Project was initiated. Wah Lee donated NT\$3 million in 2022 to adopt the Parent-Child Growth Center. After years of effort, the project was finally completed and the inauguration ceremony was held in November 2023. The new building is the first Comprehensive Welfare Building for Women and Infants in southern Taiwan that provides services across national borders. In addition to providing 24 beds for infants and young children aged 0 to 6 who are in need of care, it also offers consultation services for pregnant migrant workers.				
<p>The first floor of the new Taiwan His Hands Christian Home building is adopted by Wah Lee and named the 'Wah Lee Parent-Child Growth Center.' The space is divided into different areas, including the construction area, suspension area, learning area, and functional area. It provides daily rehabilitation for the children in the home and serves as a venue for parenting activities for disadvantaged families. It is expected to serve approximately 1,000 people each year.</p> <p>Wah Lee, in collaboration with partners from the social welfare, business, and government sectors, has united to build the new building for Taiwan His Hands Christian Home in Yanchao Dist., Kaohsiung City. This initiative aims to develop a comprehensive cross-border women</p>				

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>and infant service center. Our collective efforts will focus on nurturing newborns and providing them with an opportunity to experience love and care.</p> <p>(4) For many years, we have been donating to universities to provide scholarships for outstanding students from low-income backgrounds, enabling them to pursue their studies without financial burden. In the 2023 academic year, we donated NT\$1.05 million to the Cheng Kung University Alumni Education Foundation, the College of Engineering at Sun Yat-Sen University, and the Department of Materials and Optoelectronic Science. Our objective is to support education for disadvantaged students, assist them in completing their studies, and recognize their excellence through scholarships. Additionally, we collaborate with these institutions to promote academic development and create an enhanced learning and teaching environment for both students and teachers.</p> <p>(5) Continuously sponsoring charitable foundations and social organizations, we are working with the local community to provide the social welfare. In 2023, we made donations to the Futse Christian Foundation, the Yong-An Children's Home, and the 4th Alumni Social Care Association of Taiwan Private Tsai Hsing Senior High School. Additionally, we organized cultural charity events to foster a culture of compassion in society. And donated to the Coast Guard Friends Association to promote stronger marine environmental protection and ecological conservation between the government and the public.</p> <p>(6) Continuously sponsoring musical orchestras, supporting musicians' performances, and enhancing the local cultural and artistic level: In 2023, we sponsored NT\$100,000 to the Baroque Soloist Orchestra, demonstrating our commitment to artists and fostering a space for a truly enriching life.</p>	

(VII) Climate-Related Information of TWSE/TPEX Listed Company

(1) Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	Under the guidance of the Sustainable Development Committee, the Company has implemented a risk management framework that requires the establishment of a risk management team under the Corporate Governance team. This team, led by the functional group leader and members of the Environmental Health and Safety Management section of Operation Support Department, is responsible for managing and evaluating measures to mitigate and adapt to climate change issues. The outcomes of these discussions will be reported to the Sustainable Development Committee to provide an overview of how climate change-related risks and opportunities are being managed. This will enable the committee to have a comprehensive understanding of the risks our company faces and to oversee them effectively. The key findings will then be presented to the Board of Directors for review.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	<p>I. Transformation Risk:</p> <ul style="list-style-type: none"> (1) Risk of Policies/Regulations: Failure to fully comprehend the carbon tax systems of different countries may lead to the loss of tax relief opportunities or expose the Company to the risk of penalties and legal action. (2) Technical Risk: Companies will need to undergo technological improvements or innovations in response to policies and regulations. This will enable them to gradually transition to a low-carbon, high-performance energy economic model. Mastering the technology of product recycling will enable us to effectively manage operating costs and capitalize on opportunities in the circular economy. (3) Market Risk: During the transition to a low-carbon economy, changes in consumer preferences or waste production can result in higher operating costs and disruptions to the supply chain ecosystem, ultimately impacting revenue. <p>II. Physical Risk:</p> <ul style="list-style-type: none"> (1) Immediacy: <ul style="list-style-type: none"> A. Land and building deterioration: Severe climate change can result in an escalation of land, building, and fixed asset deterioration, necessitating additional funds for maintenance and repairs. B. Temporary Power Interruptions: Temporary power interruptions may occur during peak electricity consumption in the summer, which could disrupt the supply chain and affect product delivery times.

	<p>(2) Long-term:</p> <p>A. Shortened Service Life of Fixed Assets: The extreme weather conditions have caused a decrease in the service life of our fixed assets. As a result, we have incurred additional costs for maintenance and repairs, leading to an increase in operating expenses.</p> <p>B. Disruption of the supply chain or changes in transportation conditions can also lead to increased operating costs, which in turn can reduce profits.</p> <p>III. Opportunity</p> <p>(1) By implementing renewable energy sources and energy-efficient equipment, the operational sites strive to decrease the expenses associated with electricity and water procurement, while also minimizing the emission of greenhouse gases.</p> <p>(2) In order to comply with policies and regulations, we strive to meet customer demands and enhance the Company's image and customer satisfaction through green procurement.</p> <p>(3) By developing and promoting low-carbon, new energy, renewable energy, and sustainable recycling products or services, we can not only meet customer expectations but also increase our business revenue.</p> <p>IV. Countermeasures</p> <p>(1) Short-Term Strategy:</p> <p>The Company is accelerating the installation of energy-saving devices and enabling energy-saving modes on various office equipment such as lighting, air conditioning, water dispensers, coffee machines, and other office machinery, and is gradually replacing old, energy-consuming equipment and greening the office environment to effectively reduce energy costs. The data center is equipped with an uninterruptible power supply (UPS) system to prevent data damage or loss. Furthermore, a remote backup storage system for the data center was finalized in 2023.</p> <p>(2) Mid-to-Long Term Strategy:</p> <p>In line with the government's green energy policy, we have taken proactive measures to implement strategies in the fields of solar energy, offshore wind power, energy storage, and renewable energy. The following objectives have been set.</p> <p>A. Under the zero-carbon trend, renewable energy has become an unstoppable force. In addition to its early involvement in green energy and energy</p>
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	<p>storage, the Company has further enhanced its diversified green energy solutions through internal structural adjustments. This includes the integrated operation of the solar energy industry, which encompasses site development, engineering contracting, module and material sales, and maintenance. The Company is also promoting energy storage systems, aiming to secure an important role in Taiwan's green energy supply chain through the above arrangements.</p> <p>B. The Company also invests in providing services for recycling and regenerating waste wafers, as well as buying and selling second-hand machinery. Their goal is to promote industrial circularity and sustainable environmental development.</p>
3. Describe the financial impact of extreme weather events and transformative actions.	Incorporating extreme weather events into the risk management plan, using strategic assessment models such as vulnerability assessment, helps to understand the areas where extreme weather events have the most significant impact on the Company. Alternatively, scenario analysis can be used to anticipate potential threats to the Company and develop proactive action plans to mitigate the financial impact and overcome obstacles to corporate growth.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), it is important to adhere to the climate change risk management process. In the short term, the primary objective should be to systematically integrate risk management into the internal control system by identifying, measuring, monitoring, responding to, and reporting on risks. In the medium to long term, all departments should consistently anticipate and evaluate the risks associated with both internal and external changes, and formulate appropriate strategies. Every year, risk management policies or response measures are formulated and submitted to the Sustainable Development Committee and the Board of Directors based on the assessed risks.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The Company analyzed and evaluated the risks associated with climate change by referring to reports on industry risk assessment and economic situation analysis issued by reputable domestic and international institutions.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	The Company's product sales service is based on conducting environmental risk assessments, which involve examining the potential risks and opportunities of climate change on sales operations. Additionally, we guide customers in identifying and promoting green products through relevant marketing activities.

	<p>The environmental management system promoted by the Company focuses on environmental protection, pollution prevention, and continuous improvement as core values. It includes dedicated teams and personnel who follow environmental policies to oversee and implement the operations of the environmental management system, ensuring compliance with international standards. Since 2003, the Company has continuously held the ISO 14001 Environmental Management System certification from UKAS, the United Kingdom Accreditation Service.</p> <p>In response to customer requests, we have collaborated with our suppliers to conduct greenhouse gas inventory activities in order to mitigate our environmental impact. At the same time, in order to comply with the operation and requirements of the Company's ISO 14001 environmental management system, the reduction of greenhouse gas emissions from purchased electricity is set as an environmental target of 0.2%. We actively promote, monitor, and implement performance in line with the introduction of greenhouse gas inventory in the water resources department. Additionally, we are actively promoting and monitoring the establishment of a base year as the foundation for future carbon reduction efforts.</p>
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company did not utilize internal carbon pricing as a strategic planning tool during 2023.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	In compliance with government regulations and our internal ESG expectations, we have been implementing the ISO 14064-1 greenhouse gas inventory mechanism since 2023. This mechanism sets the base year and operational standards for greenhouse gas emissions across our group of companies. The internal team has already begun developing a platform for greenhouse gas emissions inventory. The platform is expected to be officially launched in the first quarter of 2024. It will be used to monitor the implementation and completion of operations in different subsidiaries.
9. Greenhouse Gas Inventory Verification and Confidence, Reduction Targets, Strategies, and Specific Action Plans.	The third-party verification company has been hired to conduct a greenhouse gas inventory and verification. The greenhouse gas inventory report is expected to be completed in the second quarter of 2024, and the verification statement will be obtained through third-party confirmation in the third quarter.

1-1 Greenhouse Gas Inventory and Assurance Status in the Most Recent Two Years

1-1-1 Greenhouse Gas Inventory Information

Basic Information of the Company	According to the regulations of the sustainability roadmap for listed companies, at least the following should be disclosed	
<input type="checkbox"/> Companies with a capital of over NT\$ 10 billion, steel industry, cement industry	<input type="checkbox"/> Parent Company Individual Investigation	<input type="checkbox"/> Consolidated Financial Report Subsidiary Investigation
<input type="checkbox"/> Companies with a capital of over NT\$5 billion but less than NT\$10 billion.	<input checked="" type="checkbox"/> Confirmation by the parent company entity	<input type="checkbox"/> Consolidated Financial Report Subsidiary Investigation
<input checked="" type="checkbox"/> Companies with a capitalization of less than NT\$5 billion		

Greenhouse gas emissions in the most recent two years				
Total greenhouse gas emissions in 2022 (Reporting Period: January 1, 2022, to December 31, 2022)	Category 1	Total emission (metric tons of CO2e)	Operating Revenue (Million NTD)	Density (metric tons CO2e/million NTD)
	Wah Lee, Tranceed	1,634.84	44,629	0.0366
	Category 2	Total emission (metric tons of CO2e)	Operating Revenue (Million NTD)	Density (metric tons CO2e/million NTD)
	Wah Lee, Tranceed	1,163.45	44,629	0.0261
Total greenhouse gas emissions in 2023 (Reporting Period: January 1, 2023, to December 31, 2023)	Category 1	Total emission (metric tons of CO2e)	Operating Revenue (Million NTD)	Density (metric tons CO2e/million NTD)
	Wah Lee	49.1818	39,228	0.0013
	Tranceed	2,683.8843	619	4.3358
	Kingstone	53.2910	210	0.2538
	Total	2,786.3571	40,057	0.0696
	Category 2	Total emission (metric tons of CO2e)	Operating Revenue (Million NTD)	Density (metric tons CO2e/million NTD)
	Wah Lee	449.0263	39,228	0.0114
	Tranceed	771.1560	619	1.2458
	Kingstone	28.4650	210	0.1355
	Total	1,248.6473	40,057	0.0312
	Category 3	Total emission (metric tons of CO2e)	Operating Revenue (Million NTD)	Density (metric tons CO2e/million NTD)
	Wah Lee	285.0470	39,228	0.0073
	Tranceed	662.6874	619	1.0706
	Kingstone	25.5467	210	0.1217
	Total	973.2811	40,057	0.0243

Note:1	Direct emissions (Category 1, that is, directly from emission sources owned or controlled by the Company), energy indirect emissions (Category 2, that is, indirect greenhouse gas emissions from the input of electricity, heat or steam) and other indirect emissions Amount (Category 3, that is, emissions generated by company activities, which are not indirect energy emissions, but come from emission sources owned or controlled by other companies).
Note:2	The handling of direct emissions and indirect emissions from energy should be in accordance with Article 4.1.2 of the Operating Procedures for the Preparation and Submission of Sustainable Reports by Listed Companies of the Taiwan Stock Exchange (hereinafter referred to as the Operating Procedures). Other information regarding indirect emissions may be disclosed voluntarily.
Note:3	Greenhouse gas inventory standard: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).
Note:4	The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT\$ 1 million) should be disclosed.
Note:5	Organizational specific measure of "sales revenue": In 2023, Wah Lee (Taiwan)'s revenue is NT\$39.228 billion, Tranceed's revenue is NT\$619 million, and Kingstone's revenue is NT\$210 million, totaling NT\$40.057 billion. In 2022, Wah Lee (Taiwan)'s revenue is NT\$44.038 billion, and Tranceed's revenue is NT\$591 million, totaling NT\$44.629 billion. In 2021, Wah Lee (Taiwan)'s revenue was NT\$42.882 billion, and Tranceed's revenue was NT\$486 million, totaling NT\$43.368 billion.
Note:6	Scope for Three Years: 2023: Wah Lee (Taiwan), Tranceed, Kingstone. 2021, 2022: Wah Lee (Taiwan), Tranceed

1-1-2 Greenhouse Gas Confirmation Information

The Company implemented the ISO 14064-1 greenhouse gas inventory mechanism at the end of 2023. It is expected to complete the inventory of its main operating locations in Taiwan, as well as its two subsidiary companies, Tranceed Logistics and Kingstone Technology, by 2024. Third-party assurance for the parent company in Taiwan will be obtained in the third quarter of 2024. Since the greenhouse gas confirmation time may not be synchronized with the sustainability report, we will make corresponding disclosures on the Company's official website after the confirmation statement is provided.

1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans.

Greenhouse gas reduction strategies and goals	
The Company will formulate short-term, medium- and long-term strategic actions based on the identified risks and opportunities, and hopes to effectively achieve the set carbon reduction goals through these management methods. The following are short-term and mid- to long-term strategies.	
I.	Short-Term Strategy: The Company is accelerating the installation of energy-saving devices and enabling energy-saving modes on various office equipment such as lighting, air conditioning, water dispensers, coffee machines, and other office machinery, and is gradually replacing old, energy-consuming equipment and greening the office environment to effectively reduce energy costs. The data center is equipped with an uninterruptible power supply (UPS) system to prevent data damage or loss. Furthermore, a remote backup storage system for the data center was finalized in 2023.

<p>II. Mid-to-Long Term Strategy:</p> <p>In line with the government's green energy policy, we have taken proactive measures to implement strategies in the fields of solar energy, offshore wind power, energy storage, and renewable energy. The following objectives have been set:</p> <p>(1) Under the zero-carbon trend, renewable energy has become an unstoppable force. In addition to its early involvement in green energy and energy storage, the Company has further enhanced its diversified green energy solutions through internal structural adjustments. This includes the integrated operation of the solar energy industry, which encompasses site development, engineering contracting, module and material sales, and maintenance. The Company is also promoting energy storage systems, aiming to secure an important role in Taiwan's green energy supply chain through the above arrangements.</p> <p>(2) The Company also invests in providing services for recycling and regenerating waste wafers, as well as buying and selling second-hand machinery. Their goal is to promote industrial circularity and sustainable environmental development.</p>	
<p>2023 Emission Reduction Achievements</p>	
<p>Energy and Greenhouse Gas Emission Reductions</p>	<ul style="list-style-type: none"> • The cumulative installed power station capacity in 2023 was 69,554.79 KW (of which 13,962.71 KW has been sold to other companies). • The estimated power generation in 2023 reached 76,733,514 kilowatt-hours, reducing carbon emissions by approximately 32,500 metric tons (compared to saving 19,200 metric tons of fuel; 28,400 metric tons of coal; and 12,700 metric tons of gas). The afforestation benefit will be 3,286 hectares, and it will provide energy for 21,300 hectares. Household electricity consumption per year. • The Company introduced the ISO 14064-1: 2018 greenhouse gas inventory standards in 2023. The inventory scope includes Wah Lee, Kingstone, Tranceed and other operating bases. Since the greenhouse gas confirmation period is in the third quarter of 2024, the data below are currently the results of independent inspections. The confirmed data and statement will be posted on the official website and will be updated and explained in the next year's report. <p>The greenhouse gas independent inventory emissions in 2023 (metric tons of CO₂e) are as follows:</p> <p>Category 1: 2,786.3571 metric tons_{CO2e}</p> <p>Category 2: 1,248.6473 metric tons_{CO2e}</p> <p>Category 3: 973.28115 metric tons_{CO2e}</p> <p>Total emissions = Scope 1 + Scope 2 + Scope 3: 5,008.2855 metric tons_{CO2e}</p>
<p>Note:1</p>	<p>It shall be handled in accordance with the timetable specified in Article 4-1, Item 4 of these operating regulations.</p>
<p>Note:2</p>	<p>The base year should be the year in which the inventory is completed based on the consolidated financial statement boundary, such as according to paragraph 2 of Article 4-1 of these operational procedures, companies with a capital of over 10 billion should complete the inventory of the consolidated financial statement for 2024 by 2025. Thus, the base year is 2024. If a company has already completed the inventory of consolidated financial statements for an earlier year, that earlier year can be used as the base year. Additionally, the data for the base year can be calculated using the average of a single year or multiple years.</p>
<p>Note:3</p>	<p>The disclosure content can be found in the Best Practice Reference Examples on the Taiwan Stock Exchange Corporate Governance Center website.</p>

(VIII) Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Item	Status of Operations		Summary Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
<p>I. Establishment of ethical corporate management policies and programs</p> <p>(I) Does the Company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethic policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p>	✓		<p>(I) The Company's "Code of Integrity Management" specifies that directors, managers, employees, and individuals with substantial control must comply with legal regulations. Integrity is the cornerstone of the Company's culture. We have consistently upheld the principles of commitment, trust, and mutual benefit, and we are dedicated to conducting all business activities with the utmost professionalism and ethics.</p> <p>(II) The 'Integrity Operation Promotion Task Force' of the Company comprises the Corporate Governance team and the Corporate Social Responsibility team. It is responsible for assisting the Board of Directors and management in formulating and supervising the implementation of integrity operation policies and prevention plans, based on the responsibilities and scope of each unit. The CEO serves as the highest executive of the executing unit, ensuring the implementation of the code of conduct for integrity operation.</p>	Complies with the regulations of the Ethical Management Practice for Listed Companies.
<p>(II) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?</p>	✓		<p>(I) To prevent dishonest behavior, the Company not only requires directors, managers, and employees to adopt anti-bribery measures and avoid illicit political donations during the conduct of business activities but also explicitly prohibits the direct or indirect provision or acceptance of any unreasonable gifts, hospitality, or other improper benefits. This policy helps ensure that personal interests do not compromise the rights and interests of the Company. All colleagues and board members of the Company strictly abide by its norms.</p>	Complies with the regulations of the Ethical Management Practice for Listed Companies.

Evaluation Item	Status of Operations		Summary Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
(III) Does the Company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	✓		(I) To promote and advocate for ethical behavior, the Company has established the 'Ethical Management Practice' and the 'Procedures for Reporting Illegal, Unethical, or Dishonest Behavior Cases.' These documents are also accessible on our internal website for reference and compliance. The Company also clearly stipulates that violators will be held accountable in accordance with the law.	Complies with the regulations of the Ethical Management Practice for Listed Companies.
II. Implement Ethical Management Practice (I) Does the Company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	✓		(I) Engaging primarily with well-known companies as customers and suppliers enables the Company to more readily access information regarding their integrity. Additionally, we have progressively strengthened the provisions related to integrity in our commercial contracts. This approach ensures that our business relationships are built on a foundation of trust and ethical conduct, aligning with our commitment to uphold high standards of integrity in all our dealings.	Complies with the regulations of the Ethical Management Practice for Listed Companies.
(II) Has the Company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	✓		The Company's "Integrity Management Task Force" reported to the board of directors on November 8, 2023 on the "Implementation of Ethical Management Practice for 2023," which included the outcomes of integrity management efforts during 2023, the implementation plan for 2024, and the results of the handling of reported incidents during 2023.	Complies with the regulations of the Ethical Management Practice for Listed Companies.
(III) Has the Company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	✓		The Company has implemented relevant regulations and the documents signed by employees explicitly state the avoidance of conflicts of interest and prohibit the disclosure of business-related information. Additionally, we have established channels such as electronic mailboxes to facilitate whistleblowing and filing complaints.	Complies with the regulations of the Ethical Management Practice for Listed Companies.

Evaluation Item	Status of Operations			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																					
	Yes	No	Summary Description																						
(IV)Does the Company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	✓		The Company has established accounting systems and internal control mechanisms, which are revised as needed in response to changes in the environment and relevant legislation to ensure their continued effectiveness. The auditing office reports directly to the board of directors to ensure the independence and objectivity of its operations. Annually, it assesses risks to develop an audit plan and conducts checks according to this plan. Regular reports on audit results are submitted to the board of directors, keeping the management informed about the status of system implementation.	Complies with the regulations of the Ethical Management Practice for Listed Companies.																					
(V) Does the Company provide internal and external ethical corporate management training programs on a regular basis?	✓		In order to implement honest management, the Company conducts internal relevant course promotion and education training for managers and employees. The number of participants and training hours are as follows:	Complies with the regulations of the Ethical Management Practice for Listed Companies.																					
			<table> <tr> <th>Course title</th> <th>Number of participants</th> <th>Total course hours (Number of participants*hours)</th> </tr> <tr> <td>Trade Secret Protection and Contractual Risks Mitigation</td> <td>120</td> <td>180</td> </tr> <tr> <td>Wellness Lecture ~ "Disaster Prevention and Emergency Rescue Education and Training" Hsinchu Venue</td> <td>88</td> <td>132</td> </tr> <tr> <td>Wellness Lecture ~ "Disaster Prevention and Emergency Rescue Education and Training" Taipei Venue</td> <td>115</td> <td>230</td> </tr> <tr> <td>Information Security Education and Training</td> <td>158</td> <td>158</td> </tr> <tr> <td>Sustainable Development and Corporate Governance Training</td> <td>163</td> <td>326</td> </tr> <tr> <td>Training for new employees-Human rights policy</td> <td>34</td> <td>11</td> </tr> </table>		Course title	Number of participants	Total course hours (Number of participants*hours)	Trade Secret Protection and Contractual Risks Mitigation	120	180	Wellness Lecture ~ "Disaster Prevention and Emergency Rescue Education and Training" Hsinchu Venue	88	132	Wellness Lecture ~ "Disaster Prevention and Emergency Rescue Education and Training" Taipei Venue	115	230	Information Security Education and Training	158	158	Sustainable Development and Corporate Governance Training	163	326	Training for new employees-Human rights policy	34	11
			Course title		Number of participants	Total course hours (Number of participants*hours)																			
			Trade Secret Protection and Contractual Risks Mitigation		120	180																			
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			Information Security Education and Training		158	158																			
			Sustainable Development and Corporate Governance Training		163	326																			
			Training for new employees-Human rights policy		34	11																			

Evaluation Item	Status of Operations		Summary Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
III. Implementation of Complaint Procedures				
(I) Has the Company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?	✓		The Company has established and announced an independent reporting mailbox in accordance with the "Measures for Handling Cases of Reporting Illegal, Immoral or Dishonest Conduct" for use by internal and external personnel. Reporting email: suggestion@wahlee.com.	Complies with the regulations of the Ethical Management Practice for Listed Companies.
(II) Has the Company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	✓		The Company's Ethical Management Practice stipulates investigation and handling guidelines. Relevant personnel should keep confidentiality and handle cases accepted in accordance with these regulations.	Complies with the regulations of the Ethical Management Practice for Listed Companies.
(III) Has the Company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	✓		The Company keeps the whistleblower confidential during the reporting process, and does not subject the whistleblower to inappropriate measures due to reporting.	Complies with the regulations of the Ethical Management Practice for Listed Companies.
IV. Strengthening Information Disclosure				
(I) Does the Company disclose the content of its integrity management code and promote results on its website and public information observatory?	✓		The relevant provisions of the Company's code of Ethical Management Practice are disclosed on the Company's website, annual reports and public information observatory, and the relevant promotion results are updated on the Company's website from time to time.	Complies with the regulations of the Ethical Management Practice for Listed Companies.
V. If the Company has adopted its own Ethical Management Practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: In order to establish a corporate culture of integrity and improve operations, the Company has consulted the Financial Supervisory Commission's "Ethical Management Practice for Listed Companies" and formulated the Company's "Code of Ethical Management Practice" and operates in compliance with the code. There is no operation and code. Discrepancies or discrepancies occur.				

Evaluation Item	Status of Operations			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
VI. Other important information that helps to understand the Company's honest business operations: (such as the Company reviewing and revising its code of honest business operations, etc.) Integrity is on top of the core values of the Company's culture. We have consistently upheld the principles of commitment, trust, and mutual benefit, and we are dedicated to conducting all business activities with the utmost professionalism and ethics. In line with the standards of the "Ethical Management Practice for Listed Companies", the Company's board of directors approved the revision and announcement of the "Code of Ethical Management Practice" on August 9, 2017. On August 8, 2023, the Company's board of directors approved the revision of the "Measures for Handling Cases of Reporting Illegal, Immoral or Dishonest Conduct". The revision mainly includes the addition of the acceptance levels of different report objects, the processing procedures for real-name reports and anonymous reports, Data retention mechanism, age limit, and penalties.				

(IX) If a Company has formulated a corporate governance code and related regulations, it should disclose its inquiry methods:

- (1) The Company has established various regulations including " Rules of Procedure for Board Meetings", " Rules of Procedure for Shareholders' Meetings " ,"Board of Director Election Procedure" ," Procedures for Acquisition or Disposal of Assets " , "Endorsement Guarantee Procedures", "Procedures for Lending Funds to Others", "Board of Director Training Regulations", "Code of Ethical Conduct," "Procedures for Handling Insider Information and Preventing Insider Trading" ," Code of Integrity Management " "Practical Code for Corporate Governance", "Audit Committee Organization Regulations", "Compensation Committee Organization Regulations", "Company Articles of Association", "Procedures for Handling Complaints about Illegal, Unethical, or Dishonest Conduct" ,"Board Performance Evaluation Procedures" ,"Practical Code for Sustainable Development", "Sustainable Development Committee Organization Regulations", "Procedures for Compiling and Verifying Sustainability Reports," and "Risk Management Policy and Procedures" and other regulations
- (2) The relevant regulations are disclosed in the annual report and shareholders' meeting manual, and can be accessed on the Public Information Observation Station(<http://mops.tse.com.tw>) and the Company's website(<http://www.wahlee.com>).

(X) Other important information that enhances understanding of the Company's governance operations can be found on pages 46 to 55 of this year's annual report.

(XI) The implementation status of the internal control system should reveal the following matters:

1. Statement of Internal Control System:

Wah Lee Industrial Corp. Statement of Internal Control

Date: March 14, 2024

Based on the findings of a self-assessment, Wah Lee Industrial Corp. states the following with regard to its internal control system during the year 2023:

- I. The Company acknowledges that it is the responsibility of the Board of Directors and managerial officers to establish, implement, and maintain the established internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.
- IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.
- V. In accordance with the aforementioned evaluation, the Company has found that the design and implementation of the internal control system (including the assessment and management of subsidiaries), as of December 31, 2023, including the efficacy of understanding operations, the efficiency of achievement of objectives, reliability in reporting, timeliness, and compliance with the relevant guidelines and laws, are effective and can reasonably provide assurance of the aforesaid goals.
- VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement has been approved on March 14, 2024, by the Board of Directors, and out of the 8 Board members in attendance, none has objected to this statement and all consented to the content expressed herein.

Wah Lee Industrial Corp.
Chairman and CEO : Chang, Tsuen-Hsien

2. When a CPA is commissioned to conduct a special review of the internal control system, the disclosure of the accountant's review report should state: None.

- (XII) In the most recent year and as of the date of publication of the annual report, the Company and its internal personnel were punished in accordance with the law, the Company's punishment of its internal personnel for violating the provisions of the internal control system, major deficiencies and improvements: None.

The Company has established relevant systems and disclosed in detail on the Company website reports of illegal (including corruption) and unethical behavior by internal and external personnel.

- (XIII) Important resolutions of the shareholders' meeting and the board of directors in the most recent year and as of the publication date of the annual report:

1. Important Resolutions and Implementation of Shareholders' Meeting

Meeting name date	Important resolutions	Implementation status
2023 Annual General Meeting of Shareholders (2023.05.30)	I. Approved the 2022 annual business report and financial statements.	The resolution was passed.
	II. Approved the 2022 earnings distribution, cash dividends of NTD\$6.1 per share to shareholders.	After approving the resolution of the board of directors on May 30, 2023, June 29, 2023 was set as the ex-dividend base date, and a cash dividend of NTD\$1,439,709,441 was distributed to shareholders on July 21, 2023.
	III. The proposed amendment to certain articles of the Company's 'Rules of Procedure for Shareholders' Meetings' was approved.	It will be applicable after passing the resolution of the shareholders' meeting on May 30, 2023.
	IV. Approved the revision of certain articles of the Company's 'Procedures for Acquisition or Disposal of Assets.'	It will be applicable after passing the resolution of the shareholders' meeting on May 30, 2023.
	V. Approval of the proposal for the comprehensive re-election of board of directors.	9 directors (including 4 independent directors) were elected and were approved and registered by the Ministry of Economic Affairs in letter No. 11230107110 dated June 20, 2023.
	VI. Approval of the motion to lift restrictions on competition for newly appointed directors and their representatives.	It will be applicable after passing the resolution of the shareholders' meeting on May 30, 2023.

2. Important resolutions of the board of directors

Board meeting date	Term	Motion content	Opinions of Independent Directors
2023.01.05	First	1. Approved the authorization discussion for the Company's 2023 banking facilities with banks.	Passed without objection
		2. Discussion on the application for a mid-term working capital loan from the bank.	Passed without objection
		3. The proposed amendment to certain articles of the Company's 'Rules of Procedure for Board Meetings' was approved.	Passed without objection
		4. Discussion on the comprehensive re-election of board of directors.	Passed without objection
		5. Approved the discussion on the date and location of the 2023 Annual General Meeting of Shareholders.	Passed without objection

Board meeting date	Term	Motion content	Opinions of Independent Directors
2023.03.16	Second	1. The operating plan for 2023 of the Company has been approved.	Passed without objection
		2. Approved the discussion regarding whether the overdue receivables for the fourth quarter of 2022 should be classified as a loan.	Passed without objection
		3. Approved the discussion on the annual business report, parent company only financial statements, and consolidated financial statements for 2022.	Passed without objection
		4. Approved the discussion on the profit distribution for 2022. (NT\$6.1 cash dividend per share)	Passed without objection
		5. Passed the proposal for distributing the director's remuneration and employee compensation for 2022.	Passed without objection
		6. Passed the proposal for distributing the director's remuneration and employee compensation for 2023.	Passed without objection
		7. Passed the proposal to continue providing procurement performance guarantees for subsidiaries Raycong Industrial (Hong Kong) Limited, Dong Guan Hua Gang International Trading Co., Ltd., and Shanghai Yi Kang Chemicals & Industries Co., Ltd. when purchasing from Shin Kong Synthetic Fiber Corporation & New Fiber Application Materials (Jiangsu) Co., Ltd. (NT\$150,000 thousand)	Passed without objection
		8. Approved the continuation of endorsement guarantees for the investee company, Asahi Kasei Wah Lee Hi-tech Corp. (NT\$75,582 thousand)	Passed without objection
		9. Approved the continuation of endorsement guarantees for the invested company Nagase Wahlee Plastics Co., Ltd. (NT\$640 million and purchase guarantees of NT\$150 million)	Passed without objection
		10. Approved the continuation of endorsement guarantees for the invested company Shanghai Hua Chang Trading Co., Ltd. (USD\$26.7 million and purchase guarantees of USD\$10 million)	Passed without objection
		11. Approval of the continuation of endorsement guarantee for subsidiary Wah Lee (Vietnam) Co., Ltd. (USD 16.4 million)	Passed without objection
		12. Approval of the continuation of endorsement guarantee for subsidiary Wah Lee Tech (Singapore) Pte., Ltd. (USD 10.5 million)	Passed without objection
		13. Approved the continuation of providing guarantees for the subsidiary, Hightech Polymer Sdn Bhd. (USD\$11 million)	Passed without objection
		14. Approval of the continuation of endorsement guarantee for subsidiary Wah Tech Industrial Co., Ltd. (NTD\$4,000,000)	Passed without objection
		15. The proposed amendment to certain articles of the Company's 'Rules of Procedure for Board Meetings' was approved.	Passed without objection
		16. Approved the revision of certain articles of the Company's 'Procedures for Acquisition or Disposal of Assets.'	Passed without objection
		17. The discussion regarding the issuance of the Company's 2022 Annual Internal Control System Statement has been approved.	Passed without objection
		18. Approved the discussion on the nomination and review of candidates for board of directors and independent directors of the Company.	Passed without objection
		19. Approved the motion to discuss the lifting of restrictions on competition for newly appointed directors and their representatives.	Passed without objection
		20. Approved the amendment to the discussion for the 2022 annual shareholders' meeting.	Passed without objection

Board meeting date	Term	Motion content	Opinions of Independent Directors
2023.05.09	Third	1. Approved the discussion of the consolidated financial statements for the first quarter of 2023.	Passed without objection
		2. Approved the discussion on whether the overdue receivables for the first quarter of the Company should be classified as a loan.	Passed without objection
		3. Approved the discussion on the financial statements and tax statements for 2023, and the compensation of the appointed auditing accountant.	Passed without objection
		4. Approved the discussion on purchasing liability insurance for the Company's directors and managers. (Insurance coverage of USD\$5 million) (From June 18, 2023 to June 18, 2024)	Passed without objection
		5. Approval of providing a support letter for subsidiary Kingstone Energy Technology Corporation and its subsidiary KSB Energy Co., Ltd. to apply for a mid-term loan from Sinopac Bank, and to release the pledge on shares held by Wah Lee in Kingstone and shares held by Kingstone in its subsidiaries.	Passed without objection
2023.05.30	First Interim	1. Approval of the election of the chairman.	All attending directors unanimously approved Director Chang, Tsuen-Hsien to serve as the chairman of the Company
		2. Approval of discussion on the Appointment of Members for the 5th Term Compensation Committee.	Passed without objection
		3. Approval of consideration for the Appointment of Members to the Second Sustainable Development Committee.	Passed without objection
		4. Approved the proposal related to the distribution of cash dividends for 2022.	Passed without objection
2023.08.08	Fourth	1. Approved the discussion of the consolidated financial statements for the second quarter of 2023.	Passed without objection
		2. Approved the proposal concerning the compensation of managers as reviewed by the Company's Compensation Committee.	Passed without objection
		3. Approved the discussion on whether the overdue receivables for the second quarter of the Company should be classified as a loan.	Passed without objection
		4. Approved the change of Taipei branch representative.	Passed without objection
		5. Approved the endorsement guarantee for the subsidiary Wahlee Innovation Materials Private Limited. (USD\$2,000 thousand)	Passed without objection
		6. Approved the amendment of certain provisions in the "Procedures for Handling Cases of Illegal, Unethical, or Dishonest Conduct."	Passed without objection
		7. Approved the proposed amendment to certain articles of the Company's 'Rules of Procedure for Board Meetings.'	Passed without objection
		8. Approved the amendment of certain provisions in the Company's "Compensation Committee Charter."	Passed without objection
		9. Approved the capital expenditure budget for the Company's southern logistics center.	Passed without objection
		10. Approved the new construction project of the Company's southern logistics center warehouse.	Passed without objection
		11. Approved the proposal to apply for a NT\$840 million project loan from the Land Bank for the southern logistics center.	Passed without objection

Board meeting date	Term	Motion content	Opinions of Independent Directors
2023.11.10	Fifth	1. Approved the discussion of the consolidated financial statements for the third quarter of 2023.	Passed without objection
		2. Approved the discussion on whether the overdue receivables for the third quarter of the Company should be classified as a loan.	Passed without objection
		3. Approved the continuation of endorsement guarantee for the subsidiary Regent King International Limited. (USD\$1 million)	Passed without objection
		4. Approval of the continuation of endorsement guarantee for subsidiary Wah Lee Philippines Inc. (USD\$1 million)	Passed without objection
		5. Approval of the continuation of endorsement guarantee for subsidiary Wah Lee Philippines International Corp. (USD\$1 million)	Passed without objection
		6. Approved the continuation of endorsement guarantee for the subsidiary PT. Wah Lee Indonesia. (USD\$2 million)	Passed without objection
		7. Approval of opening bank accounts in HSBC and Mizuho Bank in Singapore.	Passed without objection
		8. The proposed amendment to certain articles of the Company's 'Rules of Procedure for Board Meetings' was approved.	Passed without objection
		9. Approval of setting the Company's base date for the issuance of new shares for the third domestic unsecured convertible corporate bonds conversion into ordinary shares.	Passed without objection
		10. Approval of the amendments to the "Information Circulation" section of the internal control system.	Passed without objection
		11. Approval of the 2024 auditing plan of the Company.	Passed without objection
2023.01.31	First	1. Approved the discussion regarding whether the overdue receivables for the fourth quarter of 2023 should be classified as a loan.	Passed without objection
		2. Approval of the operating plan for 2024 of the Company.	Passed without objection
		3. Approved the authorization discussion for the Company's 2024 banking facilities with banks.	Passed without objection
		4. Discussion on the application for a mid-term working capital loan from the bank.	Passed without objection
		5. Approval of the continuation of endorsement guarantee for subsidiary Wah Lee (Vietnam) Co., Ltd.	Passed without objection
		6. Approved the discussion on the financial statements and tax statements for 2024, and the compensation of the appointed auditing accountant.	Passed without objection
		7. Approval of setting the Company's base date for the issuance of new shares for the third domestic unsecured convertible corporate bonds conversion into ordinary shares in the fourth quarter 2023.	Passed without objection
		8. Approved the discussion proposal on amending some provisions of the "Regulations on the Administration of Job Authorization".	Passed without objection
		9. Approved the discussion on the date and location of the 2024 Annual General Meeting of Shareholders.	Passed without objection
		10. Approved the Company's internal audit supervisor's personnel change discussion case.	Passed without objection
2023.03.14	Second	1. Approved the discussion on the annual business report, parent company only financial statements, and consolidated financial statements for 2023.	Passed without objection
		2. Approved the discussion on the profit distribution for 2023.	Passed without objection
		3. Approved the proposal for distributing the director's remuneration and employee compensation for 2023.	Passed without objection

Board meeting date	Term	Motion content	Opinions of Independent Directors
		4. Approved the proposal for distributing the director's remuneration and employee compensation for 2024.	Passed without objection
		5. Passed the proposal to continue providing procurement performance guarantees for subsidiaries Raycong Industrial (Hong Kong) Limited, Dong Guan Hua Gang International Trading Co., Ltd., and Shanghai Yi Kang Chemicals & Industries Co., Ltd. when purchasing from Shin Kong Synthetic Fiber Corporation & New Fiber Application Materials (Jiangsu) Co., Ltd. (NT\$150,000 thousand)	Passed without objection
		6. Approved the continuation of endorsement guarantees for the investee company, Asahi Kasei Wah Lee Hi-tech Corp. (NT\$25,194 thousand)	Passed without objection
		7. Approved the continuation of endorsement guarantee for the invested company Nagase Wahlee Plastics Co., Ltd. (NT\$400 million and guaranteed material purchase of NT\$67 million)	Passed without objection
		8. Approved the continuation of endorsement guarantee for the invested company Shanghai Hua Chang Trading Co., Ltd. (USD\$22.8 million and purchase guarantee of USD\$6 million)	Passed without objection
		9. Approved the proposed amendment to certain articles of the Company's 'Articles of Incorporation.'	Passed without objection
		10. Approved the discussion regarding the issuance of the Company's 2023 Annual Internal Control System Statement.	Passed without objection

- (XIV) In the most recent year and as of the publication date of the annual report, directors or supervisors have different opinions on important resolutions passed by the board of directors and have records or written statements: None.
- (XV) In the most recent year and as of the date of publication of the annual report, the resignation and dismissal of the Company's chairman, president, accounting supervisor, financial supervisor, internal audit supervisor and R&D supervisor are as follows:

Title	Name	Date of Termination	Newly Appointed	Details
Chairman	Chang, Ray-Ching	2023.05.30	Chang, Tsuen-Hsien	On May 30, 2023, the board of directors held a thorough election, resulting in the election of Director Chang, Tsuen-Hsien as the Company's chairman.
Internal Audit Supervisor	Yang, Yu-Kuang	2024.02.01	Wei, Li-Chun	Due to the need for internal job reassignment, the position of auditing office supervisor has been taken over by Wei, Li-Jun, Senior Assistant Manager, effective February 1, 2024. The former auditing office supervisor Yang, Yu-Kuang, director, has been reassigned to manage group affairs.

V. CPA public expense information:

Unit: NT\$1,000

Name of CPA Firm	Name of CPA	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
Deloitte & Touche	Wu, Chiu-Yen	2023.01.01-2023.12.31	5,655	220	5,875	The salary declaration for non-supervisory employees is 50,000, and for others, 170,000
	Hsu, Jui-Hsuan					
	Lai, Yung-Fa	2023.01.01-2023.12.31	-	885	885	Tax certification 410,000 and others 475,000
	Chang, Wei-Chu	2023.01.01-2023.12.31	-	97	97	Re-election of directors, changes in person in charge and manager, and registration of changes in conversion of convertible bonds into ordinary shares

- (I) If there is a reduction in the audit fees paid in the year of changing the accounting firm compared to the audit fees of the previous year before the change, the amounts of the audit fees before and after the change and the reasons should be disclosed: None.
- (II) If the audit fees decrease by more than ten percent compared to the previous fiscal year, it is required to disclose the amount of the decrease, the percentage, and the reasons: None.

VI. Information on Replacement of CPAs:

(I) Information regarding the former CPAs

Date of replacement	Resolution of the Board of Directors on March 22, 2022		
Reason for replacement and explanation	The Company's original certifying accountants were Wu, Chiu-Yen and Chen, Chen-Li of Deloitte & Touche. Due to internal organizational changes. Starting from the first quarter of 2022, the financial statements have been certified by Wu, Chiu-Yen and Hsu, Jui-Hsuan of Deloitte & Touche.		
Description of the appointer or CPA terminates or refuse to accept appointment	Party concerned	CPAs	Appointer
	Circumstances	N/A	
	Terminated the engagement		
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the most recent two years, specify the opinion and the reasons	No longer accepted (discontinued) the engagement	N/A	
		N/A	
		N/A	
Disagreement with the Company	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Others
	None		
Other disclosures (Any matters required to be disclosed under matters 4 to 7 of Article 10.6.1)	Details	N/A	
		None	

(II) Information Regarding the Successor CPAs

Name of accounting firm	Deloitte & Touche
Name of CPA	CPA Wu, Chiu-Yen, Hsu, Jui-Hsuan
Date of engagement	Resolution of the Board of Directors on March 22, 2022
Pre-appointment accounting for specific transactions Treatment methods or accounting principles and their opinion on the possible issuance of financial reports consultation matters and results	N/A
Successor accountant to predecessor accountant Written opinions on matters with different opinions	N/A

(III) Reply from the former accountant to matters 1 and 3 of paragraph 6 of Article 10 of these Standards: There is no such issue.

VII. If the Company's chairman, president, or manager responsible for financial or accounting affairs has worked for the certified public accountant's firm or its affiliated companies within the past year, his or her name, professional title, and employment position at the certified public accountant's firm or its affiliated company shall be disclosed. During the period of relationship with the enterprise: no such issue.

VIII. In the most recent year and as of the publication date of the annual report, the equity transfers and equity pledge changes of directors, managers and shareholders holding more than 10% of the shares are as follows:

(I) Directors, managerial officers, and major shareholders' equity transfer and equity pledge changes:

Title	Name	2023		As of March 31, 2024	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Corporate Director	Kang Tai Investment Co., Ltd.	35,000	0	108,000	0
Corporate Director Representative and Chairman and President and CEO	Chang, Tsuen-Hsien	273,000	0	0	0
Corporate Director Representative	Chang, Ray-Ching	(273,000)	0	(102,000)	0
Director	Yeh, Ching-Pin	0	0	0	0
Director	Lin, Yu-Chin	0	0	0	0
Independent Director	Wang, Yea-Kang	0	0	0	0
Independent Director	Shyu, So-De	0	0	0	0
Independent directors	Guu, Yuan-Kuang	0	0	0	0
Independent Director	Chang, Chi-Nan	0	0	0	0
Vice President	Liu, Feng-Jung	0	0	0	0
Vice President	Yeh, Ching-Wen	0	0	0	0
Vice President	Lu, Jui-Ming	0	0	0	0
Director	Chang, Jui-Yu	(22,000)	0	(36,000)	0
Director	Yang, Chen-Ming	0	0	0	0
Director	Yu, Ching-Tien	0	0	0	0
Director	Tsai, Ken-Tang	0	0	0	0
Director	Chen, I-Jen	0	0	0	0
Director	Shih, Ching-Hsien	0	0	0	0
Director	Yang, Cheng-Ju	0	0	0	0
Director	Chang, Chih-An	0	0	0	0
Director	Tsai, Shu-Fen	0	0	0	0
Director	Chen, Mao-Hua	0	0	0	0
Director	Lin, Wei-Chih	0	0	0	0
Director	Chiang, Kuo-Jui	0	0	0	0
Director	Lee, Chi-Shang	0	0	0	0
Director	Shih, Chia-Sheng	0	0	0	0

Title	Name	2023		As of March 31, 2024	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Director	Yang, Yu-Kuang	0	0	0	0
Director	Shang, Chih-Hao	0	0	0	0
Director and Finance Supervisor and Corporate Governance Officer	Lin, Jen-Chih	0	0	0	0
Director and Accounting Supervisor	Lee, Kuo-Ping	0	0	0	0

Note: Those who are in office as of the publication date of the annual report.

(II) Information on Transfers of Shareholding:

Unit: share; NT\$

Name	Reason for transfer	Date of transaction	Counterparty	Relationship between the counterparty and the Company, directors, managerial officers, and major shareholders	Shares	Transaction price
Chang, Ray-Ching	Gifted to	2023.10.17	Chang, Tsuen-Hsien	Father and Son	273,000	91.5
Lin, Shu-Chen	Gifted to	2023.10.17	Chang, Chun-I	Mother and Son	273,000	91.5
Chang, Rui-Yu	Gifted to	2023.12.21	Chang, Chen-Wei	Father and Daughter	22,000	99.3

(III) Information on Pledges of Shareholding: None.

IX. Relationships Among the Top 10 Shareholders

March 31, 2024

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	No. of Shares	%	Shares	%	No. of Shares	Shares Ratio	Name (or Name)	Relationship	
Kang Tai Investment Co., Ltd.	20,011,338	7.98%	0	0.00%	0	0.00%	Fortune Investment	The Company's parent company	
Kang Tai Investment Co., Ltd. Representative: Tsai, Shu-Fen	102,285	0.04%	0	0.00%	0	0.00%	None	None	
Fortune Investment Co., Ltd.	15,996,494	6.38%	0	0.00%	0	0.00%	Kang Tai Investment	The Company's subsidiary	
Fortune Investment Co., Ltd. Representative: Chang, Yu-Jen	0	0.00%	0	0.00%	0	0.00%	None	None	
Dragon Investment Co., Ltd.	12,749,950	5.08%	0	0.00%	0	0.00%	None	None	
Dragon Investment Co., Ltd. Representative: Hsieh, Hsin-Mo	62	0.00%	0	0.00%	0	0.00%	None	None	
Ting Bao Co., Ltd.	8,314,320	3.32%	0	0.00%	0	0.00%	Chang, Ray-Ching	Chairman of Ting Bao Co., Ltd.	
Ting Bao Co., Ltd. Representative: Chang, Ray-Ching	5,762,364	2.30%	455,569	0.18%	8,314,320	3.32%	None	None	
Crystal Investment Co., Ltd.	7,010,579	2.80%	0	0.00%	0	0.00%	None	None	
Crystal Investment Co., Ltd. Representative: Lin, Li-Hsiu	34,560	0.01%	0	0.00%	0	0.00%	None	None	
Wah Hong Industrial Corp.	6,312,559	2.52%	0	0.00%	0	0.00%	None	None	
Wah Hong Industrial Corp. Representative: Chang, Tsun-Hsien	1,284,200	0.51%	0	0.00%	0	0.00%	None	None	
DCC Investment Co., Ltd.	5,804,260	2.31%	0	0.00%	0	0.00%	None	None	
Representative of DCC Investment Co., Ltd.: Chen, Ching-Song	2,486,640	0.99%	0	0.00%	0	0.00%	None	None	
Chang, Ray-Ching	5,762,364	2.30%	455,569	0.18%	8,314,320	3.32%	Ting Bao Co., Ltd.	Ting Bao is held by Chang, Ray-Ching in the name of others	
Special account of Wah Lee Industrial's employee stocks entrusted to CTBC Bank	5,755,151	2.30%	0	0.00%	0	0.00%	None	None	
Investment account with Norges Bank held in trust by Citibank (Taiwan) Limited	3,431,046	1.37%	0	0.00%	0	0.00%	None	None	

X. Comprehensive shareholding ratio:

December 31, 2023; unit: shares

Investee enterprise (Note 1)	Investment by the Company		Investment by the Directors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Comprehensive investment	
	No. of Shares	Shareholding percentage	No. of Shares	Shareholding percentage	No. of Shares	Shareholding percentage
Wah Lee Holding Ltd.	13,070,000	100.00%	0	0.00%	13,070,000	100.00%
Raycong Industrial (Hong Kong) Limited	56,000,000	53.69%	48,296,655	46.31%	104,296,655	100.00%
CWE Inc.	197,902,180	29.17%	8,131,150	1.20%	206,033,330	30.37%
Nagase Wahlee Plastics Corp.	4,000,000	40.00%	0	0.00%	4,000,000	40.00%
Wah Hong Industrial Corp.	26,129,978	26.52%	6,420,780	6.52%	32,550,758	33.04%
ORC Technology Corp.	600,000	35.00%	0	0.00%	600,000	35.00%
ORC Electrical Machinery Corp. (ORC Corp.)	400,000	40.00%	0	0.00%	400,000	40.00%
Tranceed Logistics Corp.	9,500,000	63.33%	0	0.00%	9,500,000	63.33%
Cyuan Cheng Logistic Co., Ltd.	0	0.00%	5,500,000	100.00%	5,500,000	100.00%
Evergreen new energy corporation 100%	13,000,000	100.00%	0	0.00%	13,000,000	100.00%
Fanxin Development Co., Ltd. (Fanxin)	0	0.00%	4,500,000	100.00%	4,500,000	100.00%
Fansheng Development Co., Ltd. (Fansheng)	0	0.00%	3,200,000	100.00%	3,200,000	100.00%
High Tech Gas Company Ltd. (High Tech Gas)	9,000,000	60.00%	0	0.00%	9,000,000	60.00%
Kingstone Energy Technology Corporation	33,346,604	94.68%	0	0.00%	33,346,604	94.68%
KSB Energy Corporation	0	0.00%	5,113,000	100.00%	5,113,000	100.00%
KSC Energy Corporation	0	0.00%	5,400,000	100.00%	5,400,000	100.00%
Wah Lee Japan Corporation	1,500	83.33%	0	0.00%	1,500	83.33%
Hengyuan Renewable Energy Co., Ltd.	2,400,000	12.00%	0	0.00%	2,400,000	12.00%
Wah Lee Korea Ltd.	147,000	100.00%	0	0.00%	147,000	100.00%
Sakuragawa Solar Godogaisha	- (Note 2)	99.99%	- (Note 2)	0.00%	- (Note 2)	99.99%
Miyazaki Solar Godogaisha	- (Note 2)	99.99%	- (Note 2)	0.00%	- (Note 2)	99.99%
Regent King International Limited	-	0.00%	10,000	100.00%	10,000	100.00%
Dong Guan Hua Gang International Trading Limited	- (Note 2)	0.00%	- (Note 2)	100.00%	- (Note 2)	100.00%
Shanghai Yi Kang Chemicals & Industries Co., Ltd.	- (Note 2)	0.00%	- (Note 2)	70.00%	- (Note 2)	70.00%
Huaying Supply Chain Management (SZ) Co., Ltd. LIMITED	- (Note 2)	0.00%	- (Note 2)	100.00%	- (Note 2)	100.00%
SHC Holding Ltd.	0	0.00%	1,290,000	100.00%	1,290,000	100.00%
Shanghai Hua Chang Trading Co., Ltd.	- (Note 2)	0.00%	- (Note 2)	30.00%	- (Note 2)	30.00%
Meditek (Shanghai) Co., Ltd.	- (Note 2)	0.00%	- (Note 2)	49.00% (Note 3)	- (Note 2)	49.00% (Note 3)
Crown Medical Equipment (Shanghai) Co., Ltd.	- (Note 2)	0.00%	- (Note 2)	48.98% (Note 3)	- (Note 2)	48.98% (Note 3)

Investee enterprise (Note 1)	Investment by the Company		Investment by the Directors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Comprehensive investment	
	No. of Shares	Shareholding percentage	No. of Shares	Shareholding percentage	No. of Shares	Shareholding percentage
Guangzhou Xingxian Medical Management Consulting Co., Ltd.	- (Note 2)	0.00%	- (Note 2)	100.00%	- (Note 2)	100.00%
Fenghuang Xingwah Shouzheng Health Management Co., Ltd.	- (Note 2)	0.00%	- (Note 2)	52.50%	- (Note 2)	52.50% (Note 3)
Anhua Huixinkang Hemodialysis Co., Ltd.	- (Note 2)	0.00%	- (Note 2)	100.00%	- (Note 2)	100.00%
Kaiping Huaxinkang Medical Service Co., Ltd.	- (Note 2)	0.00%	- (Note 2)	90.00%	- (Note 2)	90.00%
Xiamen Huashengda Logistics Co., Ltd.	-	0.00%	- (Note 2)	70.00%	- (Note 2)	70.00%
Xiamen JianYuanRung Logistic Co., Ltd.	-	0.00%	- (Note 2)	30.00%	- (Note 2)	30.00%
Xiamen JiaChengYuan Trading and Development Co. Ltd.	-	0.00%	- (Note 2)	30.00%	- (Note 2)	30.00%
Wah Lee Tech (Singapore) Pte. Ltd.	1,600,000	100.00%	-	0.00%	1,600,000	100.00%
PT. Wah Lee Indonesia	1,610,000	70.00%	0	0.00%	1,610,000	70.00%
Wah Lee Vietnam Co., Ltd.	-	100.00%	- (Note 2)	0.00%	-	100.00%
WT Industrial	7,650	51.00%	0	0.00%	7,650	51.00%
WT Indonesia	0	00.00%	18,150	66.00%	18,150	66.00%
Hightech Polymer	7,650,000	51.00%	0	0.00%	7,650,000	51.00%
Wah Lee Philippines International Corp.	127,495	99.99%	1	0.00%	127,496	99.99%
Wah Lee Philippines Inc.	126,997	99.99%	1	0.00%	126,998	99.99%
Wahlee Innovation Materials Private Limited (India)	3,861,000	99.00%	39,000	1.00%	3,900,000	100.00%
Advance Hightech Solutions Inc. (U.S.A.)	1,200,000	100.00%	0	0.00%	1,200,000	100.00%

Note:1 It is a long-term investment made by the Company using the equity method.

Note:2 It is a limited company and has no shares.

Note:3 The Company and its 100%-owned subsidiary - Wah Lee Holding Ltd. collectively hold 100% of Raycong Industrial (Hong Kong) Limited, and Raycong Industrial (Hong Kong) Limited holds 70% of Shanghai Yi Kang Chemicals & Industries Co.,Ltd., Shanghai Yi Kang Chemicals & Industries Co.,Ltd. holds 70% of Meditek (Shanghai) Co.,Ltd., 69.97% of Crown Medical Equipment (Shanghai) Co., Ltd. and 75% of Fenghuang Xinghua Shouzheng Co., Ltd., so the Company's combined shareholdings in Meditek (Shanghai) Co.,Ltd., Crown Medical Equipment (Shanghai) Co., Ltd. and Fenghuang Xinghua Shouzheng Co., Ltd.'s are 49%, 48.98% and 52.5% respectively.

Chapter 4. Capital Overview

I. Capital and shares:

(I) Source of capital

March 31, 2024; Unit: share/NT\$

Month/Year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Assets other than cash contributed as equity capital	Others
February 2006	NT\$ 10	240,000,000	2,400,000,000	196,495,062	1,964,950,620	Corporate bonds of NT\$ 7,667,270 converted to shares	None	February 20, 2006 DOC, MOEA Doc. No. 09501028140
June 2006	NT\$ 10	300,000,000	3,000,000,000	209,354,864	2,093,548,640	Capitalization of retained earnings NT\$ 128,598,020	None	June 6, 2006 JSFB, FSC Doc. No. 0950122737
June 2007	NT\$ 10	300,000,000	3,000,000,000	219,635,510	2,196,355,100	Capitalization of retained earnings NT\$ 102,806,460	None	June 28, 2007 JSFB, FSC Doc. No. 0960032751
August 2008	NT\$ 10	300,000,000	3,000,000,000	230,134,006	2,301,340,060	Capitalization of retained earnings NT\$ 104,984,960	None	August 6, 2008 JSFB, FSC Doc. No. 0970039612
June 2009	NT\$ 10	300,000,000	3,000,000,000	234,409,138	2,344,091,380	Capitalization of retained earnings NT\$ 42,751,320	None	June 23, 2009 CFD, SFB, FSC Doc. No. 0980031087
June 2010	NT\$ 10	300,000,000	3,000,000,000	231,390,138	2,313,901,380	Treasury shares retired NT\$ 30,190,000	None	June 30, 2010 DOC, MOEA Doc. No. 09901134430 Change of Registration
June 2019	NT\$ 10	500,000,000	5,000,000,000	231,390,138	2,313,901,380	—	None	June 21, 2019 DOC, MOEA Doc. No. 10801072090 Change of Registration
October 2021	NT\$ 10	500,000,000	5,000,000,000	236,017,941	2,360,179,410	Capitalization of capital reserves NT\$ 46,278,030	None	October 07, 2021 JSS Zi No. 11001180610 Change of Registration
December 2023	NT\$ 10	500,000,000	5,000,000,000	236,239,248	2,362,392,480	Corporate bonds of NT\$2,213,070 converted to shares	None	March 1, 2024 JSS Zi No. 11330029000 Change of Registration
March 2024	NT\$ 10	500,000,000	5,000,000,000	250,767,117	2,507,671,170	Corporate bonds of NT\$145,278,690 converted to shares	None	Not yet registered for change

March 30, 2024; Unit: share

Types of shares	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common share	250,767,117	249,232,883	500,000,000	Taiwan Stock Exchange listed

2. Information on shelf registration: None.

(II) Shareholder structure

March 30, 2024

Shareholder structure Amount	Government agencies	Financial institution	Other corporate entities	Individual	Foreign entities and individuals	Total
Number of share holders	2	11	295	38,004	184	38,496
Number of shares held	1,060,147	2,369,805	98,707,748	117,156,050	31,473,367	250,767,117
Shareholding percentage	0.42%	0.95%	39.36%	46.72%	12.55%	100.00%

(III) Shareholding distribution

Shareholding range	NT\$10/share		March 30, 2024
	Number of shareholders	Number of shares held	Shareholding percentage
1-999	23,011	1,006,060	0.4%
1,000-5,000	12,164	22,177,987	8.84%
5,001-10,000	1,559	11,193,601	4.46%
10,001-15,000	585	7,039,058	2.81%
15,001-20,000	275	4,922,077	1.96%
20,001-30,000	320	7,816,083	3.12%
30,001-40,000	135	4,685,357	1.87%
40,001-50,000	97	4,376,953	1.75%
50,001-100,000	165	11,850,648	4.73%
100,001-200,000	78	10,754,049	4.29%
200,001-400,000	43	11,822,903	4.71%
400,001-600,000	14	6,722,160	2.68%
600,001-800,000	13	9,134,671	3.64%
800,001-1,000,000	6	5,405,117	2.16%
Over 1,000,001	31	131,860,393	52.58%
Total	38,496	250,767,117	100.00%

Preference share: None.

(IV) Major shareholders

March 30, 2024

Shareholder	No. of shares held	Shares Ratio
Kang Tai Investment Co., Ltd.	20,011,338	7.98%
Fortune Investment Co., Ltd.	15,996,494	6.38%
Dragon Investment Co., Ltd.	12,749,950	5.08%
Ting Bao Co., Ltd.	8,314,320	3.32%
Crystal Investment Co., Ltd.	7,010,579	2.80%
Wah Hong Industrial Corp.	6,312,559	2.52%
DCC Investment Co., Ltd.	5,804,260	2.31%
Chang, Ray-Ching	5,762,364	2.30%
Special account of Wah Lee Industrial's employee stocks entrusted to CTBC Bank	5,755,151	2.30%
Investment account with Norges Bank held in trust by Citibank (Taiwan) Limited	3,431,046	1.37%

(V) Market Price, Net Worth, Earnings, and Dividends Per Common Share

Unit: NT\$/share

Item \ Year		2022	2023	Current year up until March 31, 2024
Market price per share (Note 1)	Highest	115.50	103.00	116.00
	Lowest	76.50	79.40	94.30
	Average	94.45	89.73	104.78
Net worth per share (Note 2)	Before distribution	70.99	78.70	N/A
	After distribution	64.89	73.50 (Note 7)	N/A
Earnings per share	Weighted average shares		236,017,941	236,037,195
	Earnings per share (Note 3)	Before adjustment	10.53	8.96
		After adjustment	10.53	8.96
Dividends per share	Cash dividends		6.1	5.2 (Note 7)
	Stock dividends	From retained earnings	None	None
		From capital surplus	None	None
	Accumulated unpaid dividends		None	None
Return on investment	Price/Earnings ratio (Note 4)		8.97	10.01
	Price/Dividend ratio (Note 5)		15.48	17.26 (Note 7)
	Cash dividend yield (Note 6)		6.46%	5.80% (Note 7)

Note 1: The information is from Taiwan Stock Exchange website.

Note 2: Calculated based on the number of shares issued at year end and distribution as per resolution of the shareholders' meeting in the following year.

Note 3: Retrospective adjustment due to stock dividends, capital increase from employee profit sharing and corporate bonds converted to ordinary share.

Note 4: Price/Earnings ratio = Average market price / Earnings per share

Note 5: Price/Dividend ratio = Average market price / Cash dividend per share

Note 6: Cash dividend yield = Cash dividend per share / Average market price

Note 7: The distribution for 2023 is based on the March 14, 2024 Board of Directors' resolution.

(VI) Dividend Policy and Implementation.

1. Dividend policy:

Where the Company made an earning in a fiscal year, the earning shall be used to pay taxes and offset losses of previous years. 10% of the remaining earning shall be set aside as legal reserve. However, if the legal reserve has reached the amount of the paid-in capital, no appropriation shall be made. The remaining earning shall be appropriated to or subject to reversal of special reserve in accordance with the laws and regulations. Any remaining earning is taken as the accumulated undistributed surplus and distributes to common stock dividend after the special stock dividend is distributed in accordance with Article 5 (1) of the Company's Articles of Association, and the Board of Directors proposes earning distribution bill. When it is distributed by issuing new shares, it shall be distributed after submitting to the shareholders' meeting for a resolution; When it is distributed in cash, it shall be subject to resolution of the Board of Directors.

The Company, according to Articles 240 and 241 of the Company Act, authorizes the Board

of Directors to distribute the whole or part of dividends and bonus, capital reserves or statutory surplus reserves in cash and report to the Shareholders' meeting in the presence of at least two thirds of the directors and by resolution of a majority of the directors present; When it is distributed by issuing new shares, it shall be handled by resolution of the shareholders' meeting in accordance with the provisions.

The dividend policy of the Company is based on the current and future development plans, investment environment, capital requirements and competition in the domestic and foreign markets, as well as the benefits of shareholders, etc. The dividends to shareholders shall be not less than 10% of the distributable earnings each year, but if the distributable earnings are less than 1% of the Company's paid-in capital, the Company should not make appropriation for dividends. The dividends to shareholders can be paid in cash or/and issued shares, but cash dividends shall not be less than 50% of the total dividends.

2. The Board of Directors resolved the dividend distribution:

- (1) On March 14, 2024, the Board of Directors resolved to distribute cash dividends in the amount of NT\$1,284,309,780 (NT\$5.2 per share) in common stock.
- (2) If, as a result of a subsequent change in the number of outstanding shares of the Company, a change in the dividend per share allocation ratio to shareholders occurs and the ratio needs to be revised, the Chairman of the Board of Directors is hereby authorized to adjust the allocation ratio in accordance with the total amount of the distribution based on the actual number of outstanding shares of the Company as of the date of the dividend allocation.

(VII) The impact on the Company's operating performance and EPS of Stock Dividend Distribution proposed by the shareholder's meeting: none.

(VIII) Employee compensation and director remuneration:

1. Employee compensation and director remuneration policies stated in the Articles of Incorporation:

The Company shall set aside 9%~13% and no more than 2%, respectively, from earning as employee compensation, and director remuneration. However, the earning shall be retained when there are accumulated losses yet to be offset.

Employee compensation stated above may be made in cash or stock and shall also be allocated to employees of affiliated companies who have met certain criteria.

The two items above shall be executed according to the board's resolution and reported in the shareholders' meeting.

2. The estimation basis of the employee compensation, and director remuneration for the current period, the computation basis for the number of shares issued as stock dividend serving as employee compensation, and accounting treatments for any discrepancies between the estimation and the actual allotment:

The employee compensation and director remuneration for 2023 are NT\$248,332,000 and NT\$31,731,000 respectively, which are appropriated in accordance with the Articles of Incorporation, Article 20. Any discrepancy between the amount approved by the Board and the estimation recognized shall be treated as a change in accounting estimate in the following year.

3. Employee compensation and director remuneration proposal approved by the Board of Directors:
 - (1) Employee compensation and director remuneration distributed in cash or stock:
The Company's Board of Directors approved the distribution of employee compensation and director remuneration in 2023 in the amounts of NT\$248,332,000 and NT\$31,731,000, respectively, which did not differ from the amounts recognized for employee and director fees in 2023.
 - (2) Percentage of compensation to employees by stock dividends over net income in stand-alone Financial Statements, and over total compensation to employees: Not applicable, as the Company did not distribute stock dividends as employee compensation for the current period.
4. Actual disbursement of employee compensation and director remuneration for the preceding year:
The Company's 2022 earnings were distributed in cash in the amount of NT\$291,956,000 for employee compensation and NT\$37,306,000 for director remuneration as resolved by the Board of Directors' meeting held on March 16, 2023, and there was no difference between the actual amount distributed in 2023 and the amount recognized in 2022.

(IX) Share repurchase by the Company: None.

II. Corporate bonds

(I) Issuance of Corporate Bonds:

Type of corporate bonds:	The Third Domestic Unsecured Convertible Corporate Bonds
Issue date	August 24, 2021
Face value	NT\$100,000 per face value
Place of issue and trading	Taipei Exchange
Issue price	NT\$100.25 (premium issue)
Total	NT\$2,000,000,000
Interest rate	0%
Time limit	3 years, Maturity date: August 24, 2024
Guarantee mechanism	None
Trustee	Trust Department of Hua Nan Commercial Bank, Ltd.
Underwriting agency	Yuanta Securities Co., Ltd.
Licensing lawyer	TaipeiLaw Attorneys-at-Law Lawyers Huang, Pei-Sheng and Chen, Chun-Chih
Certified accountant	Deloitte & Touche Accountants Wu, Chiu-Yen and Chen, Chen-Li
Method of repayment	Except for early conversion or early collection by the Company, it will be repaid in cash in one lump sum at maturity.
Outstanding principal	NT\$740,400,000

Redemption or early redemption clause		Please refer to the corporate bond issuance and conversion procedures
Restriction clause		Please refer to the corporate bond issuance and conversion procedures
Name of credit rating agency, rating date and corporate bond rating results		None
Additional rights	Amount of common stock, overseas depositary receipts or other marketable securities converted (exchanged or subscribed) as at the date of publication of the annual report	As of March 31, 2024, NT\$147,491,760 of common stock has been converted.
	Issuance and conversion (exchange or subscription) method	Please refer to the bond issue information in the credit section of the open information observatory
Issuance and conversion, exchange or subscription, and possible dilution of the issuing conditions to equity and impact on existing shareholders' equity		Convertible bonds does not have a dilutive effect on shareholders' equity until the bond holders have demanded to exercise their conversion rights. Bond holders can choose a more favorable point in time for conversion during the conversion period, which has a delayed and diversifying effect on the dilution of shareholders' equity. If all outstanding bonds are converted at the current conversion price of NT\$85.4, it is estimated that the equity expansion rate will be approximately 3.34%, which will have a limited impact on shareholders' equity.
Name of the institution entrusted to exchange the subject matter		None

(II) Information of conversion corporate bonds:

Type of corporate bonds:		The Third Domestic Unsecured Convertible Corporate Bonds	
Year		2023	Current year up until March 31, 2024
Market price of conversion corporate bonds:	Highest	120.80	134.00
	Lowest	103.35	112.20
	Average	113.11	125.27
Conversion price		85.4	85.4
Date of issue (handling) and conversion price at issue		Issuing date: August 24, 2021 Conversion price at issue: NT\$ 105.30	
Manner of performing the conversion obligation		Issue new shares	

III. Preference share: None.

IV. Overseas depositary receipts: None.

V. Employee stock option certificates and new shares limiting employee rights: None.

VI. Acquisition or transfer of shares of other companies to issue new shares: None.

VII. Fund utilization plan: None.

Chapter 5. Operational Highlights

I. Business Activities:

(I) Scope of Business

1. Main Contents of Business

- (1) International Trade
- (2) Wholesale of Electronic Materials
- (3) Wholesale of Batteries
- (4) Wholesale of Telecommunication Equipment
- (5) Retail Sale of Electrical Appliances
- (6) Wholesale of Medical Devices
- (7) Wholesale of Industrial Catalyst
- (8) Wholesale of Pollution Controlling Equipment
- (9) Wholesale of Refractory Materials
- (10) Wholesale of Other Chemical Products
- (11) Wholesale of Precision Equipment
- (12) Wholesale of Animal Feeds
- (13) Retail Sale of Animal Feeds
- (14) Renewable energy self-use power generation equipment
- (15) Electric Appliance installation
- (16) Energy Technical Services
- (17) Information Software Services
- (18) Data Processing Services
- (19) Waste Treatment
- (20) Wastewater (Sewage) Treatment
- (21) Resource Recycling
- (22) Wholesale of Plumbing Materials
- (23) Wholesale of Furniture, Bedding, Kitchen Appliances and Fixtures
- (24) Wholesale of Ceramic and Glassware
- (25) Wholesale of Chemical Materials
- (26) All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Current Business Composition of the Company's Main Products

Unit: NT\$1,000

Product	Consolidated Operating Revenue for the Year 2023	Composition (%)
Electronic information and communications industry	19,119,118	28.6
Flat panel display industry	19,212,160	28.8
Semiconductor industry	17,148,976	25.7
Printed circuit board/motherboard industry	6,017,479	9.0
Green energy industry	1,480,853	2.2
Others	3,803,824	5.7
Total	66,782,410	100.0

3. Current Products Offered by the Company

The Company's business focus is to introduce cutting-edge materials, components, systems, equipment, gases, technologies, and integrated services in key or trend industries around the world. We then market these products to customers in Greater China, Southeast Asia, and global markets, catering to the needs of high-tech, major, and star industry chain customer's need for one-stop shopping services. Currently, the main scope of business covers (1) information/communication and electronic assembly, (2) semiconductors, (3) optoelectronics, optical communication, and flat panel displays, (4) green energy, energy conservation, and storage, and (5) environmental protection, biomedicine, and others. The table below displays the product categories in different industry sectors within the business scope.

Industry	Main product category
Information, communication, and electronic assembly	High-performance engineering plastics, thermosetting engineering plastics, general-purpose engineering plastics, film and sheet materials, and fiberglass. Dry film, substrates, exposure machines and components, release films, other PCB assembly materials, chemicals, and equipment, high-frequency application materials, appearance inspection machines, secondary battery-related business, active and passive electronic components, as well as wide bandgap power devices, substrates, and epitaxial wafers.
Semiconductors	Photoresist, electronic-grade specialty gases, IC chemicals, removers, silicon wafers, advanced packaging materials, slurry, developer, spare parts, polyimide, targets, and more.
Optoelectronics, optical communications, and flat panel displays	Flat panel display terminal systems, optoelectronic display chips, materials, and equipment, optoelectronic equipment and components, OLED materials and components, optical communication materials, TV motherboards and control chips, and Mini LED application solutions and semi-finished products.

Industry	Main product category
Green energy, energy efficiency, and energy storage	Solar cell materials, solar cells, solar modules, solar systems, and equipment, solar water ground- and roof-mounted power stations, solar system engineering, energy storage devices, energy-saving equipment, wind turbine blade materials, secondary battery materials, and lithium batteries.
Environmental protection, biomedicine, and others	Engines and components for ships, refrigerants and foaming agents, graphite fibers, resins, core materials, functional materials, specialty chemicals, silicon powder, automated equipment and control components, other industrial materials, other biotechnology products, and antibody-related products.

4. New products under development

The Company is committed to promoting and meeting the development and market needs of the Greater China region, Southeast Asia, and the global industry. Therefore, we closely monitor the trends and market demands of related industries and actively engage in collaborative research and development (R&D) with suppliers to introduce the latest products and technologies. Our goal is to provide the manufacturing industry and market customers with high-quality, high-performance, and reasonably priced materials, components, modules, gases, and equipment/consumables. Additionally, we collaborate with relevant partners to develop and offer integrated solutions, serving as a competent industry integrator and total solution provider. Below is a list of new products currently being developed by the Company in the five major industries. Moving forward, we will further expedite the development of high-performance computing, 5G communication, data centers, AIOT, metaverse, Internet of Things (IoT), biomedicine, and electric vehicles, along with other emerging industries, and expand our international operations. The new product categories for 2023 included green/environmentally friendly/circular economy, thermal management, optoelectronic systems, optoelectronic electrochemistry and optical materials, semiconductor front-end materials, passive and magnetic components, wide bandgap compound power devices, batteries and energy storage, optical communication modules, semiconductor advanced packaging, bulk consumer goods, and environmental ship propulsion, etc.

(II) Industry Overview

1. Current Status and Development of the Industry

(1) Overall Industry Development

In 2023, the world entered an era of post-pandemic recovery. However, the Federal Reserve's decision to combat inflation through interest rate hikes caused turmoil in the investment market. Furthermore, the AI chip war between the United States and China, along with the geopolitical tensions and the challenges posed by the collapse of China's real estate companies, have had a butterfly effect, triggering sensitivity worldwide. In February 2022, Russia invaded Ukraine, and the war has been ongoing for more than 22 months. Since the unexpected recapture of the northeastern

and southern territories in Ukraine with the counteroffensive in the autumn of 2022, the conflict has remained deadlocked to this day. The outbreak of the Israeli–Palestinian conflict in October 2023 has added to the uncertainty in the global industrial economy. In 2023, Taiwan's manufacturing industry was experiencing a decline in inventories adjustment due to weak global demand and falling international orders. According to the World Semiconductor Trade Statistics (WSTS), the latest forecast released in November 2023 indicated that the global semiconductor market in 2023 was estimated to be around US\$520 billion, representing a 9.4% decline compared to the previous year. Despite this, the Company strove for revenue stability in 2023 and finally achieved NT\$66.78 billion. This achievement demonstrates our company has always grasped the industrial growth trends and diversified operations to reduce the impact of external environmental fluctuations. Looking ahead to 2024, customers' inventory destocking adjustment will be completed. While global inflation is slowing down and central banks worldwide are gradually approaching the end of their interest rate hike cycles, the global economic recovery still remains somewhat uncertain. However, demand for electronics-related products has recovered. Although the outlook is full of challenges, the Company is confident that with its unique industrial layout and efficient marketing channel capabilities, it can maintain growth and achieve further success.

(2) Development of the information, communication, and electronic assembly industry

The global output of Taiwan's electronic assembly industry declined by approximately 15.8% in 2023. In terms of products, the IC substrates, which were closely linked to the semiconductor industry, experienced a decline of 34.3% during the year. The multi-layer PCB board also declined by 6.8% during the year. As for the flexible printed circuit boards (PCB), despite improved smartphone sales, inventory is still being destocked and is being impacted by underperformance of major laptop customers, leading to a 22.8% decline during the year. In addition to our current operations, the Company's electronic assembly division has been actively pursuing the development of new products and expanding into new business areas, including automated equipment, third-generation semiconductors, and advanced packaging materials for semiconductors. These initiatives have already yielded positive outcomes and are projected to contribute to our revenue in 2024.

Looking ahead to 2024, AI continues to be a significant industry trend. Generative AI will play a major role in the development of the global information and communications and software industry as it has been gradually adopted in a growing number of end devices, and it is anticipated that AI PCs and AI smartphones will emerge as new driving forces in the consumer market by 2024. The rapid advancement of generative AI has also sparked a surge in the demand for AI inference servers. The pursuit of faster transmission speeds and lower losses by AI has led to an industry trend of making changes to PCB materials. With the resurgence of consumer electronics and the growth momentum driven by new applications, like electric vehicles and satellite communications, the global electronic assembly and information and communications industry is anticipated to experience significant growth in 2024. Moreover, with inflation and inventory pressure easing, along with a resurgence in end user demand and rapid expansion in advanced packaging, Taiwan's electronic assembly industry is expected to experience a growth rate of 7.6%. Due to the increasing adoption of high-

power modules in advanced packaging, the continuous growth of electric vehicles, the growing popularity of compound semiconductor substrates and modules, and the surge in demand for high-frequency materials, efficient and high-density power sources, and wireless high-speed connectivity, the electronics assembly division is expected to experience a growth trend once again.

(3) Semiconductor industry

Despite the sluggishness in the end user electronic products market and the global semiconductor market experienced a decline of 10.9% in 2023, our semiconductor division has successfully maintained its revenue level from 2022. As we look ahead to 2024, it is anticipated that the semiconductor industry will experience a resurgence in growth, driven by the easing of inventory adjustments and the recovery of the consumer market. According to the latest research by IDC, the semiconductor industry is expected to experience a new wave of growth due to the explosive increase in global demand for AI and high-performance computing, as well as the stabilization of market demand for smartphones, personal computers (notebook & PC), servers, automobiles, among other products. Semiconductor products cover logic chips, analog chips, micro components, and memories. Memory manufacturers strictly control supply and output to push up prices. The demand for integrating AI into all applications will facilitate the recovery of the overall semiconductor sales market in 2024. The semiconductor supply chain, including designing, manufacturing, packaging, and testing, is about to get out of the downturn in 2023. The Company's semiconductor division's target revenue will increase slightly compared with 2023.

(4) Optoelectronics, optical communications, and flat panel displays industry

Despite the recovery of panel prices from the previous decline in 2023, the demand for electronic products remains weak, leading to a lackluster performance in output. According to IEK, the global display industry is expected to experience a slight decline of 3.6%. Moreover, China's panel manufacturers, with substantial support from the China government, have been actively involved in price wars to capture market share, which has also resulted in operational challenges within the industry as a whole. In the future, the optoelectronics division will develop in four major areas: chips, systems, materials, and equipment. Except chips, the expansion of system product applications, the transformation of expansion equipment products and the stability of material products have all grown up.

Automotive panels exceeded the 200 million pieces mark in 2023, making it the most stable growing market. It is projected to maintain moderate growth in 2024. The size of panels will continue to increase, and panel manufacturers will continuously enhance the value of automotive panels to meet customer demands. LCDs equipped with MiniLED BLU will be significantly accepted in the automotive market, while AMOLED panels target high-end car models, and the penetration rate is expected to rise gradually. Among new display technologies, the MiniLED backlight sector was the first to have formed a relatively complete industrial chain on a scale, covering equipment, materials, chips, devices, modules, panels, etc. Over the years, with the vigorous promotion by brand owners and industry chains, MiniLED backlight products have created a variety of application scenarios, including consumer electronics and IT products, such as TVs, monitors, notebooks, tablets, in-car displays, and VR smart

wearable devices. These are all opportunities for Taiwan's panel manufacturers. Looking ahead of 2024, as panel inventory destocking is coming to an end and brand owners are stepping up promotions and reducing production with four major panel manufacturers in China, it is estimated that the panel industry will recover and the optoelectronics division's target annual revenue will return to a growth trend.

With the rise of the AI wave, data center operators have actively participated in the race to develop generative AI. However, the computational requirements for AI training are estimated to increase by approximately tenfold each year. The high volume of AI models also requires high bandwidth for transmission. Therefore, efficiency is crucial not only to meet commercial operation costs but also to achieve high-speed transmission. Research and survey institutions estimated that the global market for optoelectronic transceiver modules would reach approximately US\$5 billion in 2023. By 2028, the market value is projected to increase to US\$11 billion, and AI accounting for nearly 40% of the market. This indicates that AI will have a much greater impact on pushing up the growth of optoelectronic transceiver modules compared to other application markets. With 5G technology gradually becoming popular, 6G development vision and application scenarios have already been released. The combination of low-orbit satellites, cloud computing, AI, and IoT has nudged the global optical communications industry to move into the next era of rapid development. The global optical communications industry is projected to continue its growth, with an estimated annual growth rate of 7.2% in 2024. The industry's total output value is expected to reach US\$2.49 trillion.

(5) Green energy, energy efficiency, and energy storage industry

As for the global solar power market in 2023, although the price decline in supply chain helped increase demand, it was necessary to pay attention to the inventory problems caused by the large number of purchases in the market last year. Furthermore, while the overall supply chain may experience temporary overcapacity issues in the short term, the global trend of transitioning to renewable energy is already a done deal. As a result, long-term demand is still anticipated to grow in the future.

Taiwan's solar power systems are expected to experience medium to long-term growth momentum. This is due to the constraints imposed by renewable energy regulations for large electricity consumers, the requirements from the international supply chain, the voluntary adoption by international supply chain participants, and the trend of mandating the installation of solar power systems on newly constructed building roofs. The group's completed solar power capacity has reached 58.34MW in 2022 and increased to 65.06MW in 2023.

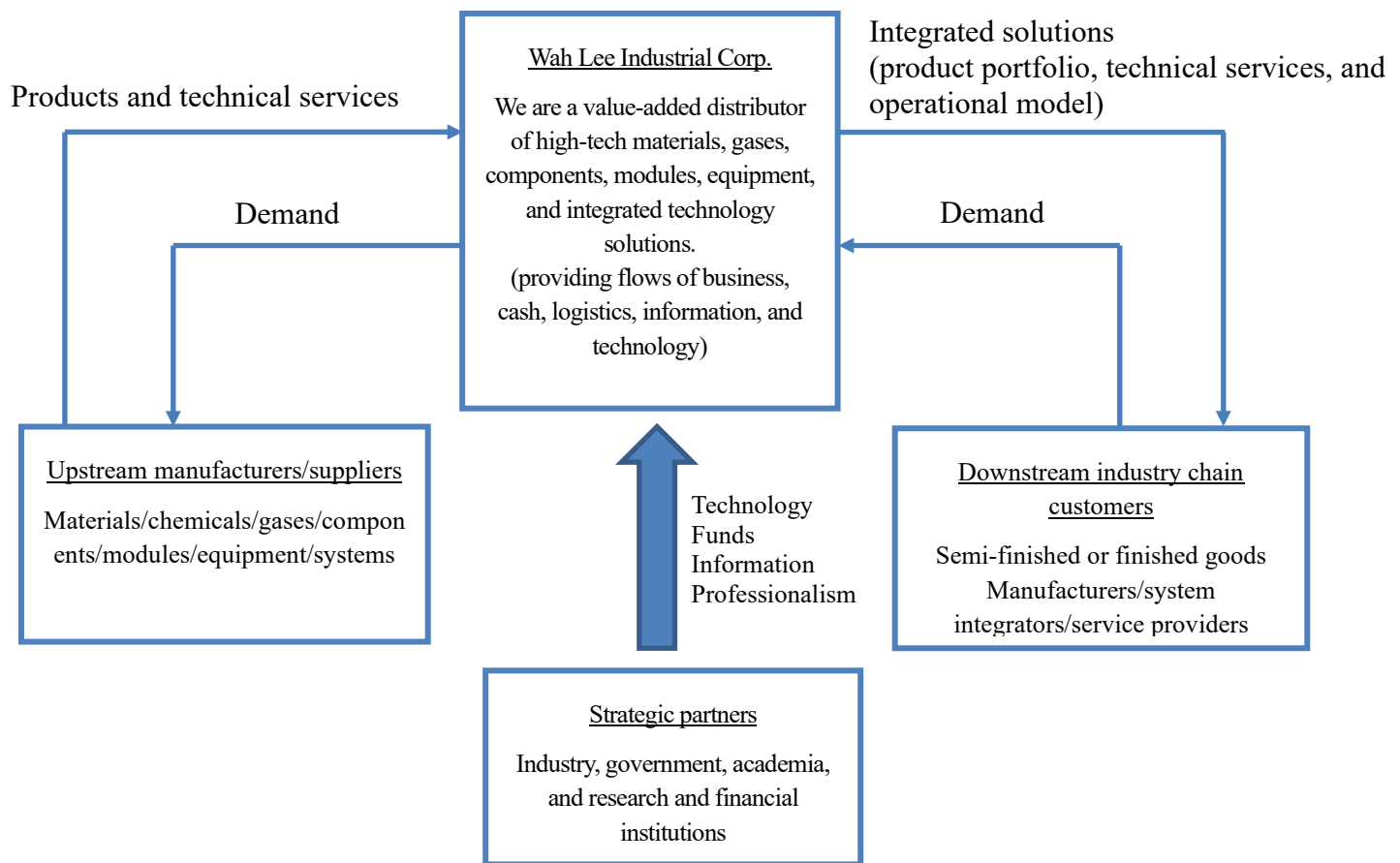
The objective of achieving the net-zero goal in the future is gaining prominence in the energy transition trend. This objective also drives the integration and development of energy storage systems. The Group is also planning to combine solar power, energy storage, and power trading. In the future, the development of the green energy circulation industry will focus on not only the continuous growth of ground-mounted and rooftop solar power systems but also the sales of related materials, components, and modules. Additionally, active evaluation is underway for the development of hydrogen energy and small-scale hydroelectric power.

In line with China's dual-carbon policy, there has been a continuous focus on

environmentally friendly technology solutions. Affordable renewable energy systems, equipped with sufficient energy storage, offer a viable long-term solution for China to attain energy self-sufficiency. China has made significant progress in the past decade to establish the necessary infrastructure. One notable achievement is its global leadership in the value chains of photovoltaics, onshore wind power, and lithium batteries. This has resulted in a significant reduction in the cost of establishing photovoltaics, wind power, and electrochemical energy storage systems. According to InfoLink, the actual installation volume of electrochemical energy storage (ESS) is estimated to be nearly three times the target set by the government by 2025. The main reason for such optimistic estimation is the rapid electrification in China, which will result in a greater dependence on electricity. The significant presence of intermittent renewable energy sources, such as solar and wind power, has disrupted the traditional operation of the power grid and challenges its stability. This necessitates the implementation of energy storage solutions to achieve a balance in the power system and ensure a consistent supply and load. According to the demand of China's power system, it is estimated that by 2030, China's power system will require a total energy storage capacity of 460GW. Of this, 350GW will be sourced from batteries and other electrochemical storage forms, while the remaining 110GW will come from pumped hydro.

2. The association between the upstream, midstream, and downstream sectors of the industry

The Company is a professional provider/distributor of high-tech materials, chemicals, gases, components, modules, equipment, technical support services, and integrated solutions in the midstream and upstream sectors of the industry. We serve customers from various industries, including the information and communications and electronic assembly industry, semiconductor industry, optoelectronics, optical communications, and flat panel display industry, green energy, energy conservation, and storage industry, biotechnology and medical industry, consumer goods/environmental protection industry, and materials and chemical industry. The Company's upstream sector primarily comprises domestic and foreign manufacturers and suppliers in the mentioned industries. The downstream sector, on the other hand, includes manufacturers, system integrators, and service providers of finished or semi-finished products in the same industries. The Company serves as an agent/distributor for upstream manufacturers/suppliers and offers integrated technical services to downstream customers. Additionally, we facilitate connections and collaborations with suppliers, customers, and various institutions from industry, government, academia, and research and financial institutions. This enables us to do R&D jointly, make investments, and develop innovative business models. The relevance between the upstream, midstream, and downstream sectors of the industry is shown in the figure below.



3. Product Development Trends

The Company is a product and total solution supplier of high-tech materials, chemicals, gases, components, modules, and equipment. We represent a wide range of products. The development of each business and product is closely related to the growth process of high-tech industries and the evolution of market demand in Greater China, Southeast Asia, and the world.

The Company has long paid attention to the future demand trends and emerging industries, including people's daily consumption, green energy, environmental safety, medical care, regenerative medicine, preparations, quality of life, industrial localization, AI-based production or production automation, high-performance computing, 5G communications, data centers, AIOT, metaverse, IoT, biomedicine, and electric vehicles, as well as the expansion of international operations, and has stepped up efforts to enhance the development in related product fields with results gradually yielded.

The Company has remained a leader in high-performance engineering plastics required by the information and communications industry and successfully entered the fields of optical lens raw materials, smartphone antenna modules, automotive components that replace metals, autonomous driving lens modules, and medical devices. In recent years, we have included bio-based engineering plastics in our agency business to respond to the issues of environmental protection, energy conservation, carbon reduction, and carbon neutrality, and applied for International Sustainability & Carbon Certification (ISCC+). We continue

to maintain our leadership in high-end manufacturing processes of the semiconductor industry by providing high-end electronic-grade chemicals, components, gases, and other consumables, to continue to increase our revenue of the semiconductor sector. The Company's strengths in the PCB/electronic assembly industry lie in high-end dry films and copper clad laminates (CCL), and other consumables. With the advent of the era of high-end applications, such as 5G communications, cloud computing, high-frequency transmission, smartphones, and automotive electronics, we will provide corresponding raw materials, consumables, and equipment to seize the opportunities from the rapid growth of 5G applications and third-generation semiconductors in the electronic assembly industry. As the industry's demand for chemical consumables, optical boards, and electronic components is gradually increasing, and we succeeded in developing next-generation electronic products and systems in the European, American and Indian markets, our performance in the optoelectronic industry continues to rise. Furthermore, the government has actively promoted the development of the green energy industry in recent years. The Company provides raw materials and equipment and has integrated upstream and downstream systems by acquiring a solar power station EPC company and is actively building solar power stations and investing in wind power-related companies in Taiwan, creating stable income to the Company, while fulfilling our corporate social responsibility and benefiting the public.

We will uphold the tradition of steady business operation and develop the next-generation market with caution and optimism, including the emerging biotech medical industry, clean and environmental protection industry, 5G communication market, AI, IoT, electric vehicles (EV), and self-driving cars, as the foundation for the Company's sustained growth in the future, and we believe it will open up a path of steady growth in an adverse environment.

Looking back on the development history of the Company is like witnessing the history of industrial development in Taiwan and Greater China. In addition to developing our core business in the materials supply chain, we are working on vertical integration and establishment of export destinations. This will ensure the robust development of our well-established products in the domestic market, providing the Company with growing sales momentum each year and driving high-performance growth in our core business. It will also create a continuous stream of new ventures. We will continue to play an important role in leading constant innovation and vibrant development in the Greater China and Southeast Asia regions as well as the global industry.

4. Product competition analysis

The Group sells products in more than 700 categories, there are 103 products each generating annual revenue over NT\$100 million in 2023 and 161 products each generating revenue over NT\$10 million. We have nearly 5,400 customers. Among them, over 650 companies have purchased our products for more than NT\$10 million. This shows that the products and services sold by our company are extremely competitive and accepted in the market.

Furthermore, the Company will also segment the markets for different products based on their unique attributes and market characteristics and then chooses the most competitive target market. The Company focuses on the middle- and high-end markets and customers, and we have successfully gained a significant market share of our target customers. Given the wide range of product categories and diverse customer base across various industries, each with varying market shares, we would list only part of the top three product categories

in terms of market share in our target markets: engineering plastics, materials related to flat panel displays, ICs and equipment, refrigerants, photoresists, photoresist strippers, developers, CVD precursors, bulk chemicals, dry film photoresists, marine engines, etc.. Please find below for details:

The Company has maintained a prominent position in the high-end engineering plastics market for a long period of time. Our products are widely applied in IT/IA products, mobile/wearable devices, automotive components, medical devices, food packaging, etc.. Additionally, we have made successful inroads into the markets for EV charging station components and smart phone wireless charger applications. Our high-end engineering plastics have been experiencing double-digit growth in recent years. The Company has clearly established a strong leadership in the field of high-end engineering plastics.

The Company has actively engaged in the semiconductor industry for many years and is a significant supplier in the semiconductor industry on both sides of the Taiwan Strait. We have consistently achieved remarkable revenue growth in this industry every year. The Company serves as a distributor for leading global manufacturers' advanced semiconductor process chemicals, gases, materials, and equipment. We frequently receive invitations to engage in collaborative R&D with our customers and thus benefit from whenever they achieve advancements in their processes.

The Company has been actively engaged in the PCB/electronic assembly industry for over 40 years. Alongside traditional markets, like telecommunications, servers, and semiconductors, we have embraced the new era of cloud computing, next-generation high-frequency communication/5G, power modules, passive electronic components, wide bandgap power devices/substrates/epitaxial wafers, IoT, and mobile device products and integrated solutions. In recent years, we have proactively pursued development in the related upstream and downstream sectors, leading to consistent revenue growth for our electronic assembly division.

Due to the active promotion of material and equipment localization by both governments on both sides of the Taiwan Strait, local manufacturers/suppliers have emerged and their technology has significantly improved. Consequently, the Company and the original equipment manufacturer are now facing intensified competition from local manufacturers/suppliers who offer lower prices. In order to solve this issue, the Company not only integrates services and enhances technological content to increase added value but also strives to develop next-generation materials, equipment, and total solutions. Moreover, the Company actively collaborates with the localized production trend and the trade and economic policies in countries where our operations are located. We seek local strategic partners to establish plants for manufacturing and R&D, aiming to decrease manufacturing and transportation costs, work with local industry chains, and lead local industry innovation and improvement. This approach gives the Company a competitive edge in terms of technology, quality, service, pricing, and after-sales support.

(III) Overview of technology and R&D

1. R&D expenses

The Company is a distributor in the industry chain and fully handle the industry and market trends and business opportunities through various channels. For example, we have joined paid membership of think tanks in industries, become a strategic partner of industrial innovation centers in colleges and universities, and closely

worked and exchanged information with industry, government, academia, and research and financial institutions. We are on the frontline to stay up-to-date with market and customer needs and supplier R&D blueprints and working closely with customers and suppliers to actively create new industries/products and new operational models. All our employees treat the adoption of new products and new technologies as an important task, and we strengthen the development of new industries and new products by establishing new business development units at the group or division level and engaging marketing/business personnel of each business division. We also continue to invest in companies related to our alliances to accelerate the development of new products and new technologies. In addition, we launched new business development rewards and development funds to help facilitate company-wide development activities, thereby effectively improving the efficiency of new product development projects and accelerating and stabilizing new business development. The Group's revenue (before offsetting) from new business development in 2023 exceeded NT\$10.2 billion, which is a slight decline of approximately 3% compared to 2022. The achievement rate was about 103%. As the Company places great importance to the risk prediction in development projects, we have expected a relatively slow industry performance in 2023 which will increase the difficulty of new business development. However, our effective mechanisms for new business development have allowed us to mitigate risks to the best of our ability and maintain the development revenue level in the past.

Considering the above, when we are preparing R&D expense budget, it has been considered and applied together with existing business promotion in order to produce synergistic effects. In addition, the Company is in the distribution industry, so we do not prepare separate R&D expenses. Based on a rough estimate of the Company's education and training expenses, industry think tank establishment expenses, the new business development department's operating expenses, and new business development rewards, the Company's 2023 R&D expenses are estimated to be about NT\$60 million, but the actual expenses and investments associated with the establishment of new businesses and development of new products greatly surpass this figure. In addition to budgeting approximately the same expenses for 2024, additional resources will be allocated based on demand.

The development achievements in 2023 are as follows (only the main categories of completely new products are listed, excluding new specifications, new applications, and new suppliers).

Industry	Development of new product represented or distributed
Information, communication, and electronic assembly	<ul style="list-style-type: none"> • Products used in the automotive and semiconductor industries, such as mPPE foam and insulation paper • Environmental and recycled materials, including PCR and PBS • Automated equipment and solutions, such as hoists and AGVs • Wide band gap compound semiconductors and power module packaging materials, such as SiC • High-frequency application materials in 5G, such as LCP • Lightweight aluminum-based composite materials

Industry	Development of new product represented or distributed
Semiconductors	<ul style="list-style-type: none"> • New-generation front-end semiconductor materials, such as EUV photoresist and PDMAT • Advanced packaging materials, such as Stripper, Cu, and Ti Etchant • Circular economy products, such as the recycled regenerated wafers • Semiconductor consumables • Photoresist resin
Optoelectronics, optical communications, and flat panel displays	<ul style="list-style-type: none"> • Equipment, such as automated equipment • Chips, such as microcontroller units (MCUs) and application-specific integrated circuits (ASIC) • System products, materials, and components, such as PID, electronic paper, and electronic whiteboard products • Mini LED direct-view application • Electronic chemical and optical materials, such as black photosensitive gap materials and RGB photoresist
Green energy, energy efficiency, and energy storage	<ul style="list-style-type: none"> • Materials and systems related to batteries and energy storage, such as positive and negative electrode materials and electrolytes • Components required for solar power stations, such as components, frames, and inverters • Solar power station design, construction, and operation assessment, electricity sales on behalf of customers, green power procurement and trade services • Energy storage systems/power plants, household small energy storage devices, slow/fast chargers, and low-temperature cracking furnace • High-quality conductive carbon black products • Catalyst carrier for waste gas treatment
Environmental protection, biomedicine, and others	<ul style="list-style-type: none"> • Thermal management materials, such as nanocarbon tubes • Wastewater treatment equipment and sludge dryers • Marine diesel engines, motors, and spare parts, as well as electric boat power and monitoring systems. • Automated equipment and components, such as pneumatic and transmission components • Consumables used in cardiac progenitor cell mass production, antibody development, and 100% biodegradable medical food packaging materials. • Materials for dialysis, hemodialysis equipment and consumables, organoids, and cosmetic additives. • Graphite fiber recycled materials

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

1. Short-term Business Development Plan

(1) Marketing Strategy

- A. We aim to strengthen our relationships with key customers, broaden our product portfolio, improve our integrated solutions, increase our market share in existing markets and existing customers, and offer localized services.
- B. We will actively pursue the distributorship for new products from our existing suppliers to achieve an optimal product portfolio.
- C. We will adjust our product portfolio and pricing strategy as well as explore new applications for our existing products, to reach new customers.
- D. We will focus on popular end user products and strive to integrate and develop other relevant products within the industry chain.
- E. We will work with suppliers to collectively develop key customers.

(2) Product Development Trends

- A. We aim to broaden the application range of engineering plastic products, encompassing household appliances, medical devices, food packaging, containers, consumer goods, EV, lighting, electronic products, solar energy, and communications applications; and we are committed to developing new technologies and applications.
- B. In the optoelectronics and flat panel display industry, we consistently introduce both existing and next-generation materials, ICs, components, modules, and equipment. We work with end-user application providers to jointly develop appropriate solutions and adopt the required materials, components, and systems.
- C. We will continuously develop products and solutions in the areas of green new energy, energy conservation, environmental protection, biotechnology and medical care, mobile devices, cloud computing and IoT, next-generation communications, and other related fields. This allows us to lead the industry forward.
- D. As for the semiconductor industry, we will align with customers' next-generation production lines to conduct joint research and continuously adopt new materials and gases in line with their needs.

2. Medium and Long-term Development Plans

(1) Marketing Strategy

- A. Our objective is to leverage the resources in Greater China to increase our sales volume and market share in China, Southeast Asia, and Northeast Asia. Additionally, we aim to establish a presence in the European and U.S. markets.
- B. We aim to continuously enhance the technological content and integration capabilities of the Group, while consistently delivering high-value-added services and integrated solutions.
- C. We are seeking to acquire additional overseas distributorship, exclusive distributorship, and long-term supply commitments from original equipment manufacturers.
- D. We should actively pursue strategic investments for supply chain synergy to acquire high-quality and prioritized procurement sources and sales channels.
- E. We will actively engage in the development of new industries, applications, and operational models, while strengthening our strategic investments and alliances.

(2) Product Development Trends

- A. We closely monitor and develop materials, gases, components, equipment, and solutions for future mainstream industries.
- B. Focus on developing high-value-added products and high-tech industries that are eligible for government investment incentives.
- C. To achieve a balance between our core performance, innovation and development, and growth, while continuously increasing the revenue from our development efforts.

II. Market and Production Overview:

(I) Market Analysis

1. Main Product Sales Regions

Unit: NT\$1,000

Sales Region \ Year		2021		2022		2023	
		Sales Amount	%	Sales Amount	%	Sales Amount	%
Domestic		18,790,135	26.6	19,519,742	26.5	17,494,320	26.2
Export	Asia	43,209,939	61.3	44,413,608	60.4	40,986,980	61.4
	The Americas	4,475,673	6.3	5,878,156	8.0	4,143,519	6.2
	Europe	3,715,886	5.3	3,628,106	4.9	3,915,379	5.9
	Others	323,670	0.5	130,684	0.2	242,212	0.4
	Total	51,725,168	73.4	54,050,554	73.5	49,288,090	73.8
Total		70,515,303	100.0	73,570,296	100.0	66,782,410	100.0

2. Primary Competitors and Market Share

(1) Primary Competitors

The Company primarily acts as an distributor for the sales of the upstream and midstream materials and equipment. Recently, we have been actively providing integrated services with added technical value and vertically integrating the industry chain. We have also ventured into investing in overseas markets, such as the establishment and operation of solar power stations in Japan and Taiwan, as well as investing in solar power stations and wastewater treatment EPC companies. Therefore, our focus differs from most TWSE-/TPEX-listed information, communication, and IC distribution companies, which mainly specialize in the agency of midstream and downstream products and components. Only companies, like WPG Holdings Limited, EDOM Technology Co., Ltd., Supreme Electronics Co., Ltd., Topco Scientific Co., Ltd., and Tongyi Industry Co., Ltd., have similar business scope to our Optoelectronics, semiconductor, and engineering plastics divisions. However, due to the diverse product portfolio and different target application markets, it is unable to estimate and compare the respective market shares. If we compare the revenue and gross profit growth rates between 2023 and 2022, the Company is in the leading group, second only to Tongyi Industry Co., Ltd. and Topco Scientific Co., Ltd.

The Company operates business in multiple industries and stays ahead of the latest industry trends. This has given us a strong ability to integrate and add value to industry chains. Our importance of facilitating overall industry development is growing every day. As a result, the Company has been acknowledged by the Commonwealth Magazine as a leading company in the 2.5th-generation industry, as well as a representative company of Resource Integration and Technological Innovation in the Ministry of Economic Affairs' 2025 Taiwan Industrial Outlook Research. This core competitiveness has set us apart from regular distributors.

In the future, we will actively use the collective power of industry, government, academia, and research and financial institutions. This will be accomplished through the introduction of new products and strategic investments and alliances. We will

expand our business sectors horizontally, diversify business models, devise operational strategies, and vertically integrate multiple segments of the industry chain. Additionally, we will continuously accumulate technological expertise, which will provide us with a distinct competitive advantage and business model.

(2) The Outlook of Market Supply and Demand and Growth Prospects

Since the future growth of the Company's main markets is closely related to the rise and fall of the downstream industry and end user markets, we strive to keep abreast of the growth potential of the Company's main markets by analyzing the market trends of the products we distribute and represent in key sectors, such as information and communications/electronic assembly, semiconductor, and green energy, as well as the change in market.

A. Information and communications/electronic assembly and semiconductor industry

The global economy is slowly recovering, despite the ongoing impact of geopolitical issues and wars on consumer electronics demand. However, inventory destocking is almost finished, with an increasing demand for AI-related products. This demand was clearly seen at the CES exhibition and has contributed to the growth of the industry. With increasing optimism in 2024 compared to 2023, mainstream applications, like servers, automotive electronics, and 5G (moving toward 6G) and AI technology will further drive the information and communications technology, electronic assembly, and semiconductor industries to move forward.

According to the ASML's Annual Report 2023, the semiconductor application market (as shown below) across various application areas, including consumer electronics, automotive electronics, industrial electronics, and wireless communications, is projected to experience significant market demand in the future. These application markets are also the primary markets for our engineering plastics, semiconductor, and electronic assembly division's products. As the industry technology is advancing the Company is actively embracing corresponding, and even pioneering, materials and technologies.

Smartphone	Personal computing	Consumer electronics	Automotive	Industrial electronics	Wired and wireless infrastructure	Servers, data centers and storage	Total
							
Key driver Continued refresh of all semiconductor content including image sensors and edge AI processors	High-end compute and Memory, fast conversion to solid-state drive (SSD), edge AI processors	Both low-power and high-bandwidth connectivity, sensors	Strong IC content growth: graphics processing unit (GPU), sensors, vehicle-to-everything (V2X) communication sensing	Connectivity, edge processors, sensors	High-bandwidth connectivity, edge processors	High processor and Memory growth, hardware accelerations including GPU for AI applications	
2020 market size (\$bn)							
117	100	50	40	51	38	76	471
2023 market size (\$bn)							
104	89	60	79	74	50	78	534
2025 market opportunity (\$bn)							
146	107	74	104	94	60	136	721
Outlook CAGR 2020-2025 (%)							
5%	2%	8%	21%	14%	10%	12%	9%

Below are the industry trends that are relevant to the Company, many of which we represent and sell:

- a. The chiplet packaging market scale was approximately US\$3.1 billion (approximately NT\$95.9 billion) in 2023 and will expand to US\$107 billion (approximately NT\$3.31 trillion) by 2033. The market demand is huge, with a compound growth rate of 42.5%. The main applications are servers, high-end smartphones, and notebook computers. ABF carrier boards (for packaging) are used in most high-end computing products, which will further drive the use of ABF carrier boards.
 - b. Based on IDC's forecast, the global semiconductor market is projected to experience a recovery starting in 2024, with an annual growth rate of 20%.
 - c. The projected demand for silicon wafers in the global semiconductor industry in 2025 is estimated to be 14,800,000 m². With the advancement of technology transitioning from ArF immersion photoresists to EUV photoresists, the market growth rate is projected to continue rising, leading to an expansion of the market starting from 2022. It is estimated that certain chip production will shift from using KrF photoresist to ArF.
 - d. Because of its high cost, 2.5D Package technology is mainly used for high-performance computing chips in servers and network communication equipment. Among them, the demand for server CPUs is experiencing significant growth and is projected to reach nearly 100 times of 2022 sales volume by 2025.
 - e. The World Fab Forecast report by SEMI predicts an 8% increase in semiconductor wafer fab capacity in 2024, with the investments in fab expansion estimated to reach US\$10.75 billion, a 6.5% rise compared to 2023.
 - f. Consistently improving the performance of Low Dk, Low Df, and Low CTE, while ensuring compatibility between materials in packaging technology, is the ongoing research focus for advanced chip assembly materials. Continuously researching environmentally friendly and high-value materials could be a potential solution for maintaining industry competitiveness.
- B. Zero carbon business opportunities in the information and communications industry
- The demand for information and communications end user products is gradually improving, although not at the anticipated pace. The economic indicator shows only slightly more optimism compared to 2023. According to the Industrial Technology Research Institute, the output value of Taiwan's information and communications industry is projected to increase by around 1.9% in 2024. The semiconductor industry is at the forefront of advanced manufacturing processes, with new production capacity continuously expanding and output value remaining optimistic. Electric vehicles, low-orbit satellites, and metaverse applications have emerged as key driving forces of growth. The applications of 5G and AI have led to a surge in the development of high-specification and high-value electronic products, which are replacing the existing ones. The cross-industry application of AIoT and data empowerment technology is crucial for achieving the net-zero goal by 2050 and driving the next wave of growth in the ICT industry.

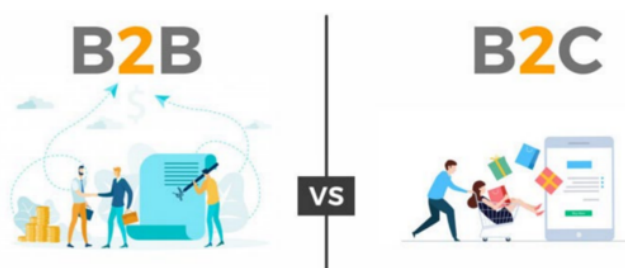
C. Taiwan solar photovoltaic

The current development of the solar photovoltaic industry in Taiwan is outlined as follows:

- Following a period of turmoil from 2018 to 2019, Taiwan's solar energy industry has steadily stabilized. Numerous domestic companies have begun establishing solar power systems in their suppliers' sites or their warehouses to achieve the renewable energy usage targets of the international supply chain under the RE100 initiative. After the net-zero strategies released by various countries, Taiwan government has also promulgated policies on clean energy development and set a short-term target of solar power generated reaching 20GW by 2025. This trend will help drive the growth of demand for solar cells and modules.
- The prices of upstream silicon and silicon wafers, and raw materials, like silver and copper, have been steadily increasing, which is affecting businesses' profitability.
- Exploring potential business opportunities based on foreign solar power companies' localized manufacturing and net-zero demand trend.

D. Battery applications and development of major end products

Based on the analysis report by IEK dated January 3, 2024, the feedback from the battery application market in 2023 indicated that B2C applications, excluding PCs, have predominantly shown negative growth. Only B2B, electric vehicles, and wearable devices have remained stable and positive in growth. As showed in the figure below.



Interview in Q4 of 2023	Projected growth rate for 2024
EV market	+16~25%(↘)
Communications/Servers	+3~6%
Wearable devices	+9~16%
Energy Storage for the Power Grid	+10~14%
Surplus power storage	+2~7%

Interview in Q4 of 2023	Market expectations for 2024
NB/Tablet	Optimistic expectation: +3% to +8%
Cellphone	Return with a 2-5% annual decline
Electric two-wheel vehicles	Inventory issues should be resolved within 24 hours.
Machine tools /Gardening	There is a high level of uncertainty about inventory and inflation issues.
Drone	The prospect of the market for entertainment purposes is pessimistic, while that for specialty purposes continues to see growth.

- a. The global communications industry market is expected to reach US\$2.32 trillion in 2023, with an annual growth rate of 5.08%. The primary factors driving growth included the acceleration of digital transformation due to the pandemic, the migration of corporate data centers from local to cloud-based infrastructure, and the adoption of cloud-native application services by certain companies. Communication equipment products are projected to see a positive growth in 2023. This growth will be driven by various applications, including 5G telecommunications base stations, cloud-based high-speed switching equipment, commercial wide/local area networks, wireless local area networks, DSL, and fiber-optic broadband networks. The global communications industry is projected to grow by 7.2% and reach US\$2.49 trillion by 2024, driven by the emergence of technologies, like low-orbit satellite communications, 5G networks, and cloud applications. Among these technologies, emerging technologies, like 5G, LEO, millimeter wave, and 6G, will significantly expand the markets for household, commercial, school, and infrastructure applications. High-frequency components will become the key to the development of innovative wireless network technologies.
 - b. The global movement toward achieving the net-zero goal and carbon neutrality is fueling the shift toward EVs, energy transition, as well as supply chain transformation. This has become an international objective.
 - c. There is a high demand for long-lasting batteries in power tools and gardening tools.
 - d. It is projected that the number of electric scooters will surpass 4.5 million by 2023, capturing a market share of 7.8%. The primary market for electric scooters is in Asia, accounting for 90%. Several countries have introduced subsidy policy for electric scooters, and Taiwan also offers a subsidy of NT\$11,000 for each electric scooter purchased. It is anticipated that this market will continue to grow in 2024, leading to an increase in the demand for batteries.
3. Analysis of favorable and unfavorable factors and corresponding strategies for competitive niches and development prospects:
- (1) Competitive niches
 - A. For more than fifty years, the Company has fostered a culture of integrity and all-round and forward-thinking leadership, which has shaped our brand image.
 - B. We are a trustworthy and mutually beneficial long-term partner for our customers and suppliers. We specialize in developing highly flexible and customized integrated services based on demand. Our offerings include a complete product line, excellent technical services, comprehensive solutions, and value-added services. We have the ability to integrate the industrial chain and work closely with our suppliers and customers to establish a presence in the international market.
 - C. By staying ahead of the curve, we effectively introduce the latest products, technological information, technologies, and potential business opportunities from countries, such as China, the United States, and Japan. This enables us to gain a competitive edge and be at the forefront of launching cutting-edge materials, equipment, and technologies. We successfully guide supplier and customer needs,

as well as R&D initiatives, while enhancing our technological integration capabilities. We serve as a model for the 2.5th generation industry and global resource integration.

- D. We are actively expanding into the Greater China region, Southeast Asian, Northeast Asian, and the European and American markets, while effectively extending our regional distributorship.
- E. We have developed a comprehensive and diversified industry layout to meet customers' demand for one-stop shopping. This allows us to effectively manage operational and industry cyclical risks.
- F. We have a strong technical team as well as a globally excellent marketing and market development team.

(2) Favorable factors

- A. The economic and industrial development of the Greater China market, along with the global trends in environmental change, align with the direction and pace of the Company's industry and product development.
- B. As the industry expands westward and ASEAN countries continue to rise, the Company has strategically positioned itself in the Chinese and Southeast Asian markets for the long term. We are actively expanding into mainland China, South Korea, and Japan, and our efforts to strengthen customer relationships have yielded positive results. By assisting existing customers in transitioning to new regional markets, we have successfully seized business opportunities.
- C. High-tech companies have a strong demand for suppliers that can offer integrated products and services, in response to the growing trend of diversified operations and business groups' purchasing requirements. This emphasizes the advantages and value of the Company as a comprehensive distributor and global resource integrator.

(3) Unfavorable factors

- A. Like other distributors, we also encounter the potential risks of suppliers engaging in direct sales and establishing direct branches to compete in the market.

Countermeasures:

- (a) Our goal is to establish service stations at customers' sites, to stable partnerships and deliver exceptional sales and service to them nearby.
- (b) We will offer product information and technical support nearby and integrate logistics systems and provide maintenance or repair consultation services. Furthermore, we develop value-added services to establish a competitive advantage and a niche that is hard to replicate.
- (c) By focusing on comprehensive solutions, developing integrated product advantages, and providing bundled services and solutions, we will gain a competitive edge and a unique position compared to separate sales of individual products.
- (d) Strengthen and highlight the added value provided by distributors in terms of cash flows, logistics, and operations.
- (e) We are committed to upholding the principles of integrity and providing considerate services, and become an important strategic partner for our customers and suppliers.
- (f) We will continuously develop markets, industries, and corresponding customers and suppliers who can fully capitalize on the value of distribution businesses.

- B. The rapid replacement of industrial products and technological advancements present a formidable challenge to distributors.

Countermeasures:

- (a) We will improve personnel professional training and build up a culture of all-employee marketing to enhance awareness of market changes and responsiveness.
- (b) To strengthen collaboration with external production and research institutions as well as academic units, it is important to extensively collect industry information and establish a complete industry think tank. This will enhance relevant personnel' industry analysis skills and enable proactive development of potential products and related technologies. Additionally, it is crucial to develop new distribution channels and rapidly innovate new products, technologies, services, and business models through strategic investments and alliances.
- (c) To meet the growing demand in the end user market, develop diverse applications, and establish a sustainable competitive advantage for the materials we represent.
- (d) Introduce new teams in a timely manner that align with our development and industry needs.

- C. The future trend toward the "meager profit era" presents substantial challenges to organizational performance.

Countermeasures:

- (a) To develop value-added services and bundle sales, while continuously creating unique, high-value, and high-tech products that are highly profitable, to enhance the value and profitability of our total solutions.
- (b) To improve control over product procurement, sales, and inventory management to boost inventory turnover and decrease excess inventory.
- (c) To optimize the organization to enhance the suitability and contribution of our employees.
- (d) We will continuously enhance our customer credit risk investigation and control processes and effectively manage our accounts receivable and payable.

- D. The effects of significant environmental changes, such as epidemics, trade wars, and conflicts,

Countermeasures:

- (a) We will ensure close monitoring of customers' payment status and enhance it with thorough and real-time analysis of customer credit to mitigate risks.
- (b) We will minimize expenses and effectively manage operating costs while ensuring appropriate use.
- (c) By leveraging the functions and value as a large international distributor with global connectivity, we can actively grasp and develop market demand and supply sources. This approach not only ensures a reliable supply for our existing customers but also allows us to seize business opportunities that arise from supply-demand imbalances. As a result, we can acquire new customers, expand our product lines, and adopt new business models that provide added value.

(II) Significant functions and production processes of main products

1. Significant functions of main products

Main product category	Main products	Scope of application
Materials, components, and equipment for the information, communications, electronics assembly, and PCB industries	High-performance engineering plastics, thermosetting engineering plastics, general-purpose engineering plastics, plastic film and sheet materials, and fiberglass. Dry film, substrates, exposure machines and components, release films, other PCB assembly materials, chemicals, and equipment, high-frequency application materials, appearance inspection machines, secondary battery-related business, active and passive electronic components, as well as wide bandgap power devices, substrates, and epitaxial wafers.	For the production of electronic products, handheld and wearable devices, computer casings, connectors, antenna base stations, data modems, gaming consoles, PCB, motherboards, electrical product components, various types of film/substrates for the FPD industry, automotive industry, consumer goods, medical devices, and packaging materials .
Materials for the semiconductor industry and chemicals, gases, and equipment for manufacturing processes.	Photoresist, electronic-grade specialty gases, IC chemicals, removers, silicon wafers, advanced packaging materials, slurry, developer, spare parts, polyimide, and targets for manufacturing processes.	The semiconductor wafer manufacturing and advanced packaging and testing industries.
Materials, equipment, components, modules, systems, and solutions for the optoelectronics, optical communications, and flat panel display industries.	Flat panel display terminal systems, optoelectronic display chips, materials, and equipment, optoelectronic equipment and components, OLED materials and components, and thinned glass; optical communication materials, TV motherboards and control chips, and Mini LED application solutions and semi-finished products.	For the manufacturing of liquid crystal displays, touch panels, and OLED panels. The market for flat panel display end applications and the optical communication market.
Materials, equipment, components, modules, systems, and solutions for the green energy, energy conservation, and energy storage industries.	Solar cell materials, solar cells, solar modules, solar systems, and equipment, solar system engineering, energy storage devices, secondary battery materials, and lithium batteries.	For the manufacturing of solar energy systems, energy storage systems, LED, wind power systems, and lithium batteries.

Main product category	Main products	Scope of application
Materials, equipment, components, modules, systems, and solutions for the environmental protection and other industries	<u>Environmental protection business:</u> Equipment and materials for the purification of waste water and air pollution, such as wastewater ammonia nitrogen treatment, water treatment membranes, and sludge dryers. <u>Industrial materials:</u> 1. Composite materials, including fiberglass, core materials, and resin; 2. marine engines: diesel generators designed for yachts; 3. bulletproof fibers, graphite fibers, high-strength fibers, and friction materials; 4. environmentally friendly refrigerants; 5. specialty chemicals, such as silicon powder and antistatic agents; 6. other industrial products, including graphene and nanomaterials. <u>Other businesses include:</u> (1) Biotechnology materials, (2) antibody development and reagents; (3) medical devices; (4) enzyme applications; (5) medical food packaging materials/biomaterials and biodegradable materials, and (6) hemodialysis materials, equipment, and services.	For the manufacturing of plastics, household appliances, refrigeration, painting, heat dissipation, aerospace products, national defense, automotive, sports equipment, fire-resistant materials, household products, precision ceramic components, environmental protection systems, ships, biomedical products, models, packaging materials, environmental industry, and advanced manufacturing.

2. Production processes of main products: N/A

(The Company does not engage in manufacturing, and therefore there is no production process to specify.)

(III) Status of main product supply

Main product category	Primary suppliers (arranged in order of stroke count of the initial character)	Supply status
Information/communications industry materials (engineering plastics)	Sumidurez Singapore Pte., Ltd. MEP Taiwan Limited Sumika Electronic Materials (Shanghai) Corporation Chimei Corporation Wanhua Chemical Group Co., Ltd.	Great
Semiconductor manufacturing, packaging, and testing industry materials and process chemicals, gases, and equipment	JSR Corporation JSR Corporation Taiwan Branch Mitsubishi Chemical Taiwan Co., Ltd. EKC Technology Inc.	Great
Materials, equipment, components, modules, systems, and solutions for the optoelectronics, optical	DB Hitek Co., Ltd LX Semicon Co., Ltd Samsung Sdi (Wuxi) Co., Ltd Chimei Corporation	Great

Main product category	Primary suppliers (arranged in order of stroke count of the initial character)	Supply status
communications, and flat panel display industries.	Shiyuan (HK) Limited Guangzhou Shiyuan Electronic Technology Company Limited	
Materials, components, and equipment for the information, communications, electronics assembly, and PCB industries	ORC Manufacturing Co., Ltd. Panasonic Industrial Devices Materials Taiwan Co., Ltd. Asahi Kasei Electronics Materials (Suzhou) Co., Ltd. Asahi Kasei Wah Lee Hi-Tech Corporation	Great
Materials, equipment, components, modules, systems, and solutions for the green energy, energy conservation, and energy storage industries.	JA Solar Technology Co., Ltd.	Great
Materials, equipment, components, modules, systems, and solutions for the environmental protection and other industries	Yanmar Engine (Shanghai) Co., Ltd. Sumitomo Bakelite Company, Limited Shenzhen Zhicheng Semiconductor Materials Co., Ltd.	Great

(IV) Information on suppliers/customers accounting for more than 10 percent of the total purchases (sales) of goods in any of the most recent two years. Additionally, please explain the factors that have influenced the changes in sales.

1. Information on major suppliers for the most recent two years

Unit: NT\$1,000

	2022				2023			
Item	Name	Amount	Percentage of annual net purchases (%)	Relationship with the Company	Name	Amount	Percentage of annual net purchases (%)	Relationship with the Company
1	Company A	8,502,894	13%	None	Company A	6,968,890	12%	None
2	Company B	8,371,998	12%	None	Company B	3,406,740	6%	None
3	Others	51,001,423	75%		Others	48,543,853	82%	
4	Net purchases	67,876,315	100%		Net purchases	58,919,483	100%	

Due to the overall decrease in customer demand, the amount of purchases from suppliers also decreased.

2. Information on major customers in the most recent two years: The Company did not have any customer who contributed more than 10% to the total sales.

(V) Production volume/value and sales volume/value in the most recent two years:

As the Company is not involved in the manufacturing industry, we do not have any production capacity or output that can be analyzed. Therefore, we will use purchase amounts rather than production output in our analysis. Additionally, due to the wide range of products of the Company and the inconsistent units of measurement, there is a lack of consistent quantity statistics. As a result, we will only present the sales amount by product category.

Main product item \ Year	2022			2023		
	Purchase amount	Sales value		Purchase amount	Sales value	
		Domestic	Export		Domestic	Export
Electronic information and communications industry	20,064,457	1,820,585	19,901,546	16,231,601	1,253,484	17,865,634
Semiconductor industry	18,201,823	1,854,202	18,419,652	14,557,688	9,569,168	7,579,808
Flat panel display industry	19,072,314	10,523,084	8,091,484	19,040,191	2,007,132	17,205,028
Green energy industry	2,181,817	3,403,176	3,562,577	2,674,039	1,005,763	475,090
PCB/motherboard industry	6,249,797	1,020,892	1,553,244	5,270,456	2,776,694	3,240,785
Others	2,106,107	897,803	2,522,051	1,145,509	882,079	2,921,745
Total	67,876,315	19,519,742	54,050,554	58,919,484	17,494,320	49,288,090

III. Employees

Year		2022	2023	Current year up until March 31, 2024
Number of employees	Sales staff	823	824	818
	Administrative staff	276	285	279
	Total	1,099	1109	1,097
Average age		40.39	40.95	41.11
Average years of service		9.10	9.31	9.51
Education distribution (%)	Ph.D.	0.09%	0.09%	0.09%
	Master's degree	9.19%	9.74%	9.57%
	College	77.16%	75.65%	75.75%
	Senior high school	11.56%	12.26%	12.31%
	Below senior high school	2.00%	2.25%	2.28%

IV. Environmental expenditure information:

Information on environmental expenses in the most recent year and up to the publication date of the annual report:

No.	Item	Amount (NTD)
1	Penalty (losses, including compensation) due to environmental pollution	0
2	Operation of the environmental management system	NT\$9 million
2-1	SGS annual verification of the ISO 14001 environmental management system	
2-2	BV A annual verification of ISCC PLUS biomass material international sustainable development and carbon certification	
2-3	Adoption of the ISO14064-1 greenhouse gas inventory management system	
2-4	Sustained efforts in creating a green work environment	
2-5	Maintenance of lighting fixtures (T-5 energy-saving light tubes)	
2-6	Waste classification and recycling	
2-7	Procurement of environmental, energy-efficient appliances	
2-8	Reduction of greenhouse gas emissions from purchased electricity	
2-9	Reduction of greenhouse gas emissions from water consumption	
2-10	Continued advocacy for energy efficiency, carbon emission reduction, and waste minimization	
2-11	Company car replacement	
2-12	Qualified cleaning companies contracted for disposal of waste materials	
2-13	Reporting of sales of goods, including toxic and concerned chemical substances as well as existing and new chemicals and joining industry-related alliances or organizations to ensure compliance with laws and regulations and safety requirements.	
2-14	Participation in climate change adaptation programs launched by suppliers and customers	
2-15	Enhanced internal standard document network system to facilitate the transition toward a paperless environment.	
2-16	Continuation of activities related to E (environment), S (social responsibility), and G (governance)	
2-17	Outsourced indoor air quality testing at each operational site	
2-18	Establishment of an online registration platform for greenhouse gas inventory	

V. Labor-Management Relations:

- (I) The following is a list of the Company's employee benefit measures and training and development programs, pension system, and their current implementation status. It also includes the agreements between labor and management and the measures in place to protect employee rights.

1. Appropriate compensation system:

The compensation standards for all employees of the Company are not determined by gender, race, nationality, age, or any other factors. When hiring employees of both genders for the same position and rank, the base salary ratio of men to women is one to one. Furthermore, annual salary adjustments and promotions are implemented based on job performance, expertise, and other relevant factors.

To maintain our overall salary competitiveness, we actively participate in and refer to industry salary surveys to establish a fair and competitive remuneration system. As a result, we have consistently been listed as a constituent stock in the Taiwan Stock Exchange's Taiwan High Compensation 100 Index.

2. Comprehensive employee benefits:

The Company's Honorary Chairman is a model of self-made success, and he greatly values the personal challenges faced during the entrepreneurial journey as well as the diligent efforts of our employees. Therefore, the Chairman and the management team place great importance on the living and working conditions of employees. They consider providing comprehensive benefit measures and a conducive work environment as their highest guiding principle. In addition to meet the requirements for labor insurance, health insurance, and pension contributions as mandated by law, the Company also offers group insurance and subsidies for employee stock ownership trust. Furthermore, we have established an Employee Welfare Committee to address employee benefit matters.

The Company's main benefit measures are listed below:

- (1) Sponsorship of clubs and recreational activities.
- (2) Group insurance and travel safety insurance.
- (3) Offering of gift vouchers and cash gifts on holidays.
- (4) Recognition and rewards for senior employees
- (5) Holiday and annual year-end lucky draw party.
- (6) Year-end bonuses and profit-sharing bonuses.
- (7) Subsidies for both domestic and international travel.
- (8) Work-related injury or illness condolence money and emergency assistance money.
- (9) Subsidies for marriage, funerals, and childbirth.
- (10) Annual employee health check-up.
- (11) Provision of company notebook computers.
- (12) Employee stock ownership trust incentives.
- (13) Limited paid personal or sick leave.
- (14) Outstanding team recognition.
- (15) Education scholarship.
- (16) Provision of breastfeeding rooms and the necessary facilities
- (17) Employee childcare institutions subsidies.

3. Diverse talent development program:

The Company develops a talent training and development program annually based on job levels or functions. This helps to continuously strengthen the professionalism of employees and enables them to put into practice the Company's customer value proposition. The proposition includes providing customers with comprehensive problem-solving solutions, delivering considerate service, and demonstrating excellent operational efficiency. Talent training and development are primarily divided into the following four areas:

(1) Management competence development:

The unit responsible for training develops annual training projects and related learning activities for first-line, middle, and top-level managers. These projects are based on the governance literacy and various management competencies required by managers at different levels to perform their duties.

(2) Professional development:

We plan and arrange for employees to receive professional training in various areas, including sales, customer service, information services, human resources, financial accounting, legal affairs, credit management, and logistics, based on the knowledge and skills required for each competence.

(3) General education development:

Employees should receive specialized training on essential concepts and skills, including reinforcing the Company's core values, understanding international trade practices, implementing information security measures, ensuring compliance, promoting occupational safety and health, and embracing environmental and social responsibility.

(4) New employee training:

To plan training courses for new employees, the content includes an overview of the Company and an introduction to the management team, personnel administration regulations, employee benefits, human rights policies, and workplace protection. Additionally, explanations on credit management systems and an overview of international trade processes are provided based on different job competencies and requirements. Departmental on-the-job training programs are also offered to assist new employees in quickly demonstrating their performance.

(5-1) Status of employee development and training for 2023:

Number of training courses	Number of trainees	Total number of training hours of all trainees
129	1,777 persons	4,018 hours

(5-2) Managers' participation in company training in 2023:

Total number of training classes	Total number of trainees	Total number of training hours of all trainees
42	133 persons	310 hours

(5-3) Managers' participation in corporate governance-related training in 2023:

Title	Name	Organizer	Course title	Training hours
Vice President	Liu, Feng-Jung	Wah Lee Industrial Corporation	Initiation Meeting: ESG Promotion in 2023	0.5
		Wah Lee Industrial Corporation	Sustainable Development and Corporate Governance Training	2
Vice President	Lu, Jui-Ming	Wah Lee Industrial Corporation	Initiation Meeting: ESG Promotion in 2023	0.5
Senior Director	Lee, Kuo-Ping	Straits Exchange Foundation, Ministry of Economic Affairs, Mainland Affairs Council	The Effect of Mainland China's "Golden Tax Phase IV" on Taiwanese Businesses in China and Their Responses	4
		Straits Exchange Foundation, Ministry of Economic Affairs, Mainland Affairs Council	Factors to Consider when Transferring and Disposing of Taiwanese Business Equity and Real Estate in China	4
		Accounting Research and Development Foundation	Continuing Education Program for Accounting Supervisors	12
		Wah Lee Industrial Corporation	Initiation Meeting: ESG Promotion in 2023	0.5
		Wah Lee Industrial Corporation	Trade Secret Protection and Contractual Risks Mitigation	1.5
		Wah Lee Industrial Corporation	Sustainable Development and Corporate Governance Training	2
		Wah Lee Industrial Corporation	Sustainable Development and Corporate Governance Training	2
Senior Director	Shang, Chih-Hao	Wah Lee Industrial Corporation	Initiation Meeting: ESG Promotion in 2023	0.5
Senior Director	Lin, Jen-Chih	Taiwan Corporate Governance Association and Department of Accountancy, National Cheng Kung University	Corporate Governance Practice Seminar	6
		Taiwan Stock Exchange and Taiwan Corporate Governance Association	Net Zero Sustainability Talent Development Program	9
		Wah Lee Industrial Corporation	Initiation Meeting: ESG Promotion in 2023	0.5
		Wah Lee Industrial Corporation	Trade Secret Protection and Contractual Risks Mitigation	1.5
		Wah Lee Industrial Corporation	Sustainable Development and Corporate Governance Training	2

Title	Name	Organizer	Course title	Training hours
Senior Director	Chiang, Kuo-Jui	Wah Lee Industrial Corporation	Initiation Meeting: ESG Promotion in 2023	0.5
Senior Director	Chang, Jui-Yu	Wah Lee Industrial Corporation	Initiation Meeting: ESG Promotion in 2023	0.5
		Wah Lee Industrial Corporation	Trade Secret Protection and Contractual Risks Mitigation	1.5
		Wah Lee Industrial Corporation	Sustainable Development and Corporate Governance Training	2
Senior Director	Yang, Cheng-Ju	Wah Lee Industrial Corporation	Initiation Meeting: ESG Promotion in 2023	0.5
Senior Director	Yang, Chen-Ming	Wah Lee Industrial Corporation	Initiation Meeting: ESG Promotion in 2023	0.5
Director	Shih, Chia-Sheng	Wah Lee Industrial Corporation	Initiation Meeting: ESG Promotion in 2023	0.5
		Wah Lee Industrial Corporation	Attendance Awareness-Raising Training	1
Director	Lin, Wei-Chih	Wah Lee Industrial Corporation	Initiation Meeting: ESG Promotion in 2023	0.5
Director	Shih, Ching-Hsien	Wah Lee Industrial Corporation	Initiation Meeting: ESG Promotion in 2023	0.5
Director	Chang, Chih-An	Wah Lee Industrial Corporation	Initiation Meeting: ESG Promotion in 2023	0.5
Director	Chen, Mao-Hua	Wah Lee Industrial Corporation	Initiation Meeting: ESG Promotion in 2023	0.5
		Wah Lee Industrial Corporation	Attendance Awareness-Raising Training	1
Director	Yang, Yu-Kuang	The Institute of Internal Auditors, R.O.C.	Prevention and Control of Major Financial Scandals: Embezzlement, Insider Trading, Transfer of Benefits, Stock Price Manipulation, Non-arm's Length Transactions, and False Financial Reports	6
		The Institute of Internal Auditors, R.O.C.	The Latest Trends of Governance Evaluation Indicators for Corporate Governance	6
		Wah Lee Industrial Corporation	Initiation Meeting: ESG Promotion in 2023	0.5
		Wah Lee Industrial Corporation	Trade Secret Protection and Contractual Risks Mitigation	1.5
		Wah Lee Industrial Corporation	Attendance Awareness-Raising Training	1

Title	Name	Organizer	Course title	Training hours
Director	Tsai, Ken-Tang	Wah Lee Industrial Corporation	Initiation Meeting: ESG Promotion in 2023	0.5
Director	Tsai, Shu-Fen	GenPro Group	Tax Issues on Overseas Equity Planning and Asset Inheritance	4
		Accounting Research Monthly	Accounting Research Monthly	14
		Wah Lee Industrial Corporation	Initiation Meeting: ESG Promotion in 2023	0.5
		Wah Lee Industrial Corporation	Information Security Education and Training	1
		Wah Lee Industrial Corporation	Attendance Awareness-Raising Training	1

4. Carefree retirement system:

In compliance with the Labor Standards Act, the Company has formed a Supervisory Committee of Labor Retirement Reserve. Currently, the Company makes a monthly contribution at 8% of the total monthly salary to the retirement reserve fund, which is stored in the Retirement Fund Account at the Department of Trusts, Bank of Taiwan. Since July 1, 2005, as part of the new labor pension scheme, the Company makes a monthly contribution, at no less than 6% of employees' monthly salary to their individual pension account at the Bureau of Labor Insurance. Furthermore, the Company has established an employee stock ownership trust as the third pillar of our employees' retirement. The Company ensures that employees' lives are well taken care of after retirement, providing them with peace of mind throughout their employment.

5. Effective labor-management communication channel:

All measures and regulations concerning labor-management relations in the Company are implemented in accordance with applicable laws and regulations, and the implementation is satisfactory. All measures pertaining to the improvement of labor rights and benefits are decided through the labor-management meetings with thorough communication and agreement with the employees. This approach ensures the prevention of any potential disputes.

6. Additional measures to protect employee benefits:

In recent years and up to the publication date of the annual report, all measures to safeguard employee rights have been properly handled. In addition to maintaining smooth channels of formal communication between labor and management, the Human Resources Department has implemented the account officer (AO) mechanism for many years. This mechanism is for interacting with employees from various departments and providing services to understand organizational issues and to consolidate, track, handle, or improve them, thereby safeguarding employee rights.

7. Measures for protecting the work environment and ensuring employee personal safety:

Item	Content
Access control security	<ol style="list-style-type: none"> Stringent access control and surveillance systems are implemented round the clock. Upon arrival, visitors are obligated to register their information and will be accompanied by an employee inside the Company. We have installed a facial recognition system for employee attendance confirmation and access control. and a security system for both the Company and the building and set up an automatic alarm system with emergency contact numbers connected to the building management office and key personnel in the Company and can enable the locking of the elevators on the entire floor after office hours.
Fire equipment maintenance and inspection	<ol style="list-style-type: none"> Monthly inspection of dry powder/foam fire extinguishers: <ol style="list-style-type: none"> Confirming that there are no missing or damaged safety pins and nozzles. Confirming that the pressure indicator is functioning normally. Confirming the expiration date of the chemicals. Confirming the area surrounding the fire extinguishers for any clutter. The Company has internally installed smoke detection equipment and conducts an annual inspection to ensure the main unit, sensors, and alarms are functioning properly. We coordinate with the building to conduct fire drills at least once a year. To ensure proper functioning, the batteries of emergency evacuation indicator lights should be charged and discharged every three months. The lobby has been equipped with fire doors and smoke exhaust systems.
Healthcare	<ol style="list-style-type: none"> We conduct regular annual health check-ups for our employees and invite professional physicians to provide reports and consultation services as well as safety and health training. Furthermore, the Company has employed occupational medicine specialist physicians and occupational medicine specialist nurses in compliance with the law to deliver regular on-site health management services. The janitorial staff is responsible for cleaning the restrooms, organizing the office environment, and managing waste on a daily basis.

(II) Losses resulting from labor disputes during the most recent year and up to the publication date of the annual report, along with estimated amounts and countermeasures for potential future incidents:

Since the Company was established, there has been effective communication and positive interaction between labor and management. Consequently, the labor-management relationship has consistently remained rational and harmonious. Throughout the most recent fiscal year and up to the publication date of the annual report, there have been no instances of labor disputes or losses. Therefore, the likelihood of future labor disputes is also extremely low. Moreover, the Company will consistently adhere to labor laws, improve employee benefit measures, establish multiple channels for communication and complaints, and assign relevant departments to monitor the implementation and resolution of various issues, all in order to maintain optimal labor-management relations.

VI. Management of cyber security:

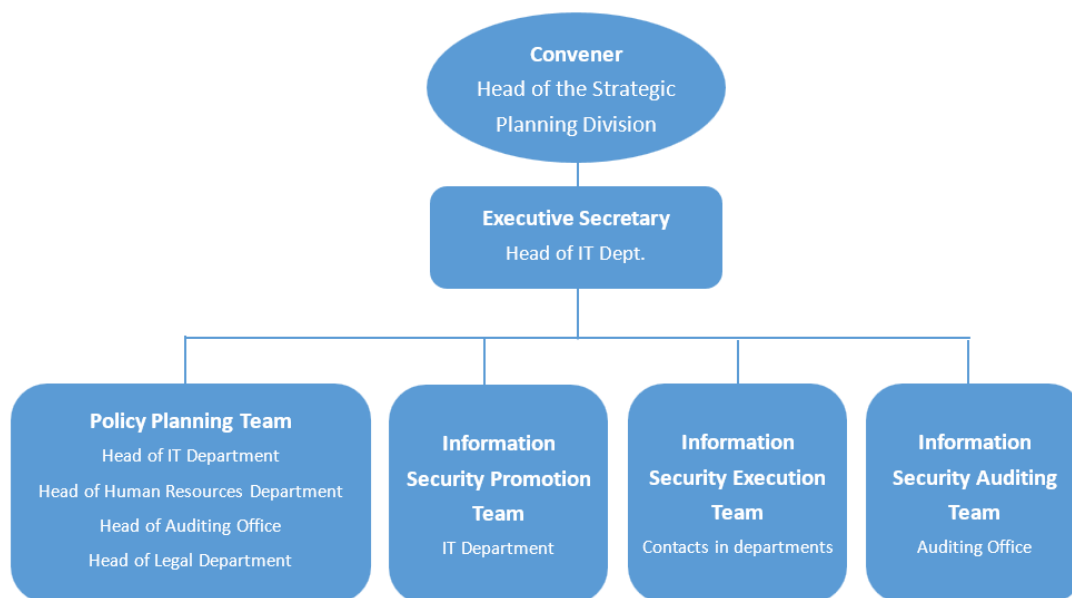
- (I) Please provide a concise description of the framework for managing cyber security risks, the policy for cyber security, the specific management plans, and the allocated resources for cyber security management.

1. Information security risk management framework:

To establish information security and risk management policies that protect the Company's critical intangible assets, as well as suppliers and customers' data. In 2015, the Company planned and established an inter-departmental committee known as the Information Security Management Committee. This committee is responsible for coordinating the formulation, review, and promotion of various information security risk management systems. The committee is chaired by the President, head of the Strategic Planning Division, and the executive secretary is the head of the IT Department.

The Company's Information Security Management Committee has established four teams: the Policy Planning Team, the Information Security Promotion Team, the Information Security Audit Team, and the Information Security Execution Team. These teams have been assigned specific tasks and responsibilities and are responsible for operational principle planning, information security guidance, and information security audits, to assist in handling information security matters. Discussions are held every six months to improve and formulate strategies for the Company's and Group's information security policies, address major information security risk issues, and formulate corresponding strategies and continue to implement them.

Organizational Chart of Wah Lee Information Security Committee

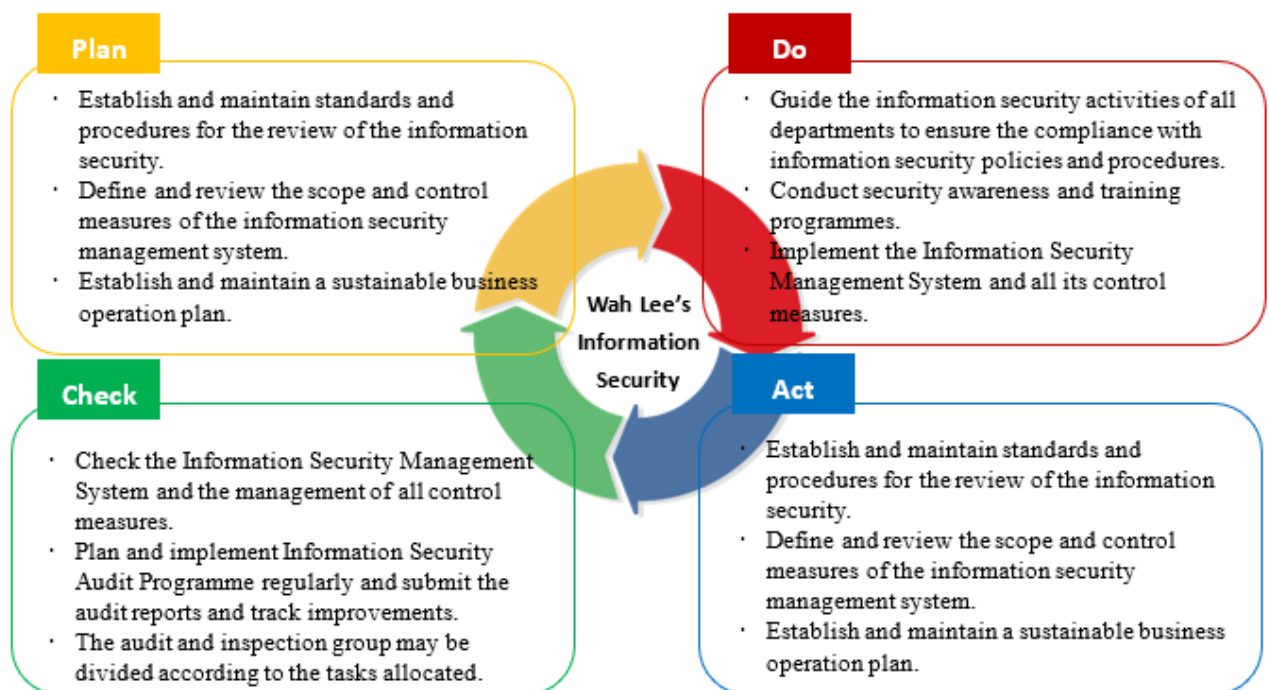


2. Cyber security policy

Wah Lee's cyber security management policy and the teams under the Information Security Management Committee operate in line with the Plan-Do-Check-Act (PDCA) cycle mechanism for planning, promoting, auditing, and executing.

The Policy Planning Team adheres to international cybersecurity standards and regulatory

requirements in order to establish a robust risk management system. This process entails evaluating multiple facets, including systems, technology, procedures, and customers. The Information Security Promotion Team has established a multi-layer control system for cybersecurity, which includes hardware, network, application systems, and data security. This initiative ensures the continuous operation, monitoring, and defense of security to achieve comprehensive protection of confidential data. The Information Security Audit Team is responsible for reviewing the management of information security systems and all control measures. It conducts regular annual security audits, submits audit reports, and monitors progress toward improvement. The Information Security Execution Team ensures compliance with cybersecurity policy guidelines for the internal information security activities of units it governs. It also assists in the implementation of education and training for the above units and supports the frontline response to cybersecurity incidents. (If personnel violate the information security regulations, appropriate actions will be taken based on the severity of the circumstances, including legal measures as necessary)



3. Specific plans and implementation of network information security risk management

- (1) Network security: The Company's offices including in Taiwan, mainland China, and Southeast Asia. Currently, have been installed advanced next-generation firewalls at each location to prevent viruses from attacking and invading into any office, as well as to provide continuous defense against attempted attacks in other regions. In order to prevent computer hacking or malware incidents, deep web detection and defense systems with national defense-level network security have been implemented in strategic overseas locations. This allows for the early detection and warning of both known and newly discovered attack behaviors, preventing viruses from successfully carrying out their attacks or invasions. In addition to the networks, the Company has also implemented systems for host monitoring and email filtering in multiple locations, both domestically and internationally. The systems are equipped with robust protection capabilities against various types of malicious programs, including network trojans, worms, viruses, and phishing emails.

- (2) Device security: To enhance the security of personal computer systems both domestically and internationally, we have installed endpoint antivirus and personal firewalls. We have also strengthened our ability to identify and prevent malicious attack behaviors. Furthermore, we have implemented a mobile phone protection mechanism to prevent the increasing number of channels for hacking into company systems using mobile devices..
- (3) Email security: We have an email protection system in place with preventive measures, including a sandbox mechanism, to combat the latest spam emails, phishing emails, and other malicious emails and monitor and filter viruses.
- (4) Application security: We execute security measures for application development processes, testing, and going-live. Moreover, a specialized firewall has been implemented for web application systems to prevent hackers from exploiting web page code or system vulnerabilities or installing malicious software.

4. Resource allocated for cyber security management

Even with these measures in place, we cannot guarantee that the Company's internal network and computers are fully protected against the latest attacks or ransomware viruses that are still prevalent worldwide. Therefore, the Company continues to review and implement various security systems to enhance overall information security. These systems include an extended detection and response (XDR) system, a multi-factor authentication (MFA) system, a vulnerability scanning system, privileged account management system, web application firewall (WAF) system, etc.. Currently, there are plans to invest additional funds in replacing the office network equipment that has been in use for a long time in various regions of the Company worldwide as the equipment cannot ensure effective security management.

In addition to investing in hardware equipment, the Company is actively hiring information security professionals to strengthen the Company's information security architecture and policy system, and ensure compliance with authorities' regulatory requirements. At present, the Company has hired an information security officer and personnel who possess international professional certifications in information security. These professionals will be responsible for planning, implementing, and overseeing the Company's information security strategies to ensure the proper protection of our information assets. The Company also offers ongoing training for internal IT staff, allowing them to participate in information security training courses. These training courses will enable our team to effectively implement information security standards and operational procedures in line with international standards. This will enhance the Company's overall information security management capabilities. The purpose is to continuously reduce operational risks caused by information security through examination and improvement, in order to maintain a stable position as a supplier of key equipment, materials, and components across industries in the Greater China region. The goal is to protect the best interests of the Company's business partners and stakeholders.

- (II) Please provide details of any losses, potential impacts, and countermeasures resulting from significant cyber security incidents that occurred during the most recent year and up to the publication date of the annual report. If it is not possible to reasonably estimate the amounts, please explain the reasons for the inability to do so:

There was no significant cyber incident in 2023.

VII. Important Contracts:

Nature of contract	Party concerned	Beginning and end dates of contract	Major content	Restrictive covenants
Agency/ Distribution contract	Sabic Innovative Plastics Hong Kong Limited	2021.9.1~2025.12.31	Agency and distribution of Thor film sheets	Region: Taiwan, Hong Kong, and mainland China
Agency/sales contract	KURARAY Trading Co., Ltd.	2002.1.1~2002.12.31 (automatic renewal)	Agency and sales of high-performance nylon plastics	Region: Mainland China, Taiwan, and Hong Kong
Agency/sales contract	Nagase & Co., Ltd.	1998.1.1~2000.12.31 (automatic renewal)	Engineering plastics	Location: Taiwan
Agency/sales contract	Sumidurez Singapore Pte. Ltd.	1999.8.20~2001.8.19 (automatic renewal)	Agency and sales of bakelite plastics	Location: Taiwan
Agency/sales contract	Teijin Dupont Films Japan Ltd.	2000.1.1~2000.12.31 (automatic renewal)	Agency and sales of PET plastics	Region: Mainland China, Taiwan, and Hong Kong
Intermediate sale agreement	CHIMEI Corporation	1999.1.1~2001.12.31 (automatic renewal)	Agency and sales of engineering plastics	Overseas regions (excluding Taiwan)
Distribution contract	Nagase Wahlee Plastics Corp.	2000.1.1~2003.12.31 (automatic renewal)	Distribution of engineering plastic raw materials	
Sales contract	Teijin Kasei Taiwan Co., Ltd.	2007.9.10~2008.9.9 (automatic renewal)	Distribution of engineering plastic raw materials	
Sales basic contract	Sumika Electronic Materials (Shanghai) Corporation	2023.7.1~2024.6.30	LCP, PES, and etc.	
Distribution contract	Victrex Manufacturing Limited.	2020.6.1-2022.5.31 (automatic renewal)	Distribution of PEEK raw materials	Taiwan and Southeast Asia
Agency/sales contract	Fukuoka Cloth Industry Co., Ltd.	1998.1.1~2000.12.31 (automatic renewal)	Agency and sales of water stop for cables	Region: Customers designated in Taiwan
Agency/sales contract	Teijin Shoji	1992.2.28~1993.2.27 (automatic renewal)	Agency and sales of Teijin Conex	Location: Taiwan
Distribution contract	Taiwan Glass Ind. Corp.	2000.1.1~2002.12.31 (automatic renewal)	Agency and sales of fiberglass	Distributors in Taiwan
Distribution contract	Daily Polymer Corp.	1999.1.1~2001.12.31 (automatic renewal)	Agency and sales of unsaturated polyester resin	One of the distributors in Taiwan
Basic transaction contract	Mitsubishi Chemical Taiwan Co., Ltd.	1999.6.1~	Bulk chemical sales	
Distribution contract	JSR Corporation	2024.1.1~2026.12.31	Agency and sales of photoresists, CMP slurries, and PCMP for the semiconductor industry.	
Agency contract	Sumitomo Seika Chemicals Co., Ltd.	2007.11.1~2012.10.31 (automatic renewal)	Sales of gases and PVSA gas generators	
Agency/sales contract	Asahi Kasei Corporation (Asahi Chemical Industry Co., Ltd.)	1997.8.1~1998.7.31 (automatic renewal)	Agency and sales of dry film products	Regions: Taiwan and mainland China
Agency/sales contract	Sumitomo Bakelite Company Ltd.	2000.1.1~2000.12.31 (automatic renewal)	Agency and sales of release film products	Regions: Taiwan and mainland China
Agency contract	Seho Robot Ind. Co., Ltd.	2008.11.1-2010.10.30 (automatic renewal)	Agency and sales of flexible printed circuit automated equipment	Regions: Taiwan and mainland China
Agency/sales contract	Panasonic Corporation	2014.10.1~ (automatic renewal)	Agency and sales of CCL and films	Regions: Taiwan and mainland China
Agency/distributi on contract	Cambridge GaN Devices	2022.8.15~2023.8.14 (automatic renewal)	Agency and sales of high-voltage gallium nitride field-effect power devices	Regions: APAC and Japan

Nature of contract	Party concerned	Beginning and end dates of contract	Major content	Restrictive covenants
Agency/distribution contract	Joint Power eXponent, Ltd.	2022.4.1~2025.3.31 (automatic renewal)	Agency and sales of high-voltage gallium nitride power on package chips	Regions: Greater China, Southeast Asia, and India
Distribution contract	Erised Semiconductor Corp. and its affiliates	2024.2.1~2025.1.31	Agency and sales of display drivers and power supply units	Regions: Taiwan, China, Hong Kong, and Macau
Certificate of authorized agency	Para Light Electronics Co., Ltd.	2023.12.1-2025.11.30	Agency and sales of power semiconductors and various packaging products.	Region: Worldwide
Certificate of authorized agency	Heraeus Materials Technology Shanghai Ltd.	2023.8.19-2025.12.31	Agency and sales of semiconductor discrete devices and protective devices	Region: Asia-Pacific region
Exclusive purchasing agreement	SL Link Co., Ltd.	2022.6.1-2023.5.31 (automatic renewal)	Agency and sales of memory modules	Regions: Taiwan and mainland China
Agency contract	Bwatter Technology Co., Ltd.	2023.8.1~	Agency and sales of gallium nitride components, synchronous rectifiers, PCBA modules, and finished charging plugs with ID.	Region: Worldwide
Agency contract	Jiangsu Jifu Technology Electronics Co., Ltd.	2023.5.3~	Agency and sales of power inductor products	Regions: Taiwan and mainland China
Certificate of agency	LAN Technical Service Ltd.	2002.1.1~ (automatic renewal)	Agency and sales of OLED equipment	Excluding CHIMEI Corporation
Agency contract	Megachips Taiwan Corporation (Kawasaki Microelectronics, Inc.)	2010.6.15~	Agency and sales of sequential control ICs	
Agency contract	Mitsubishi Chemical Corporation	2011.1.1~ (automatic renewal)	Agency and sales of color photoresist products	Regions: Taiwan and parts of mainland China
Distribution contract	Sungrow Power Supply Co., Ltd.	2022.7.1~2025.7.31	Sale of solar photovoltaic products	Location: Taiwan
Distribution contract	Chang Ascending Enterprise Co., Ltd.	2022.1.1~2023.12.31 (automatic renewal)	Chang Ascending's existing standard products and business related to battery energy storage systems (BESS)	
Distribution contract	Euka Power Co., Ltd.	2020.3.13~2023.3.12 (automatic renewal)	Energy storage systems (including commercial and household applications)	Region: Taiwan
Distribution contract	eTreego Co., Ltd.	2022.8.1~2023.7.31 (automatic renewal)	Sales of EV charging stations for the entire product line	Region: Taiwan. For overseas cross-border sales, it is necessary to provide a written notification in advance.
Authorized purchaser agreement	Fuji Bussan Corporation	2022.1.19~2025.1.18	Sales of automotive optical films and recycled plastics	

Nature of contract	Party concerned	Beginning and end dates of contract	Major content	Restrictive covenants
Medium-to-long-term syndicated loan agreement	Mega International Commercial Bank, Land Bank of Taiwan, Hua Nan Bank, Taiwan Cooperative Bank, E. Sun Commercial Bank, Ltd., Bank SinoPac, and First Commercial Bank.	2022.8~2027.8	Repayment of loans to financial institutions and increase of mid-term working capital.	<p>The Company's financial ratios should be in line with the following restrictions:</p> <ol style="list-style-type: none"> 1. Current ratio (Current assets/Current liabilities) \geq 100%. 2. Debt ratio (Total debt /Net worth of tangible assets) \leq 200%. 3. Times interest earned (Income before tax + Interest expense + depreciation + amortization)/Interest expense \geq 6. 4. Total net worth of tangible assets (Equity — Intangible assets) \geq NT\$10 billion.

Chapter 6. Financial Information

I. Five-Year Condensed Balance Sheet, Statement of Comprehensive Income and CPA's Audit Opinion:

(I) Condensed Balance Sheets

1-1. Adoption of International Financial Reporting Standards - Parent Company Only

Unit: NT\$1,000

Year Item		Financial Information for the Most Recent Five Fiscal Years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		10,496,154	11,918,175	16,185,823	14,813,485	14,137,455
Property, Plant, and Equipment		1,165,900	1,147,658	1,318,180	2,808,584	2,932,587
Intangible Assets		24,539	23,619	17,020	11,002	8,899
Other Assets		12,410,025	13,768,174	16,297,402	18,434,525	20,104,643
Total Assets		24,096,618	26,857,626	33,818,425	36,067,596	37,183,584
Current Liabilities	Before distribution	8,036,523	9,707,477	12,215,212	11,854,605	13,499,991
	After distribution	8,800,110	10,725,594	13,820,134	13,294,314	14,784,301 (Note 2)
Non-current Liabilities		4,615,198	4,272,140	5,904,914	7,457,207	5,108,575
Total Liabilities	Before distribution	12,651,721	13,979,617	18,120,126	19,311,812	18,608,566
	After distribution	13,415,308	14,997,734	19,725,048	20,751,521	19,892,876 (Note 2)
Equity Attributable to Owners of the Parent		11,444,897	12,878,009	15,698,299	16,755,784	18,575,018
Advance receipts for common stock		-	-	-	-	2,190
Capital Stock		2,313,901	2,313,901	2,360,179	2,360,179	2,360,203
Capital Surplus		1,318,065	1,331,725	1,690,292	2,036,714	2,092,166
Retained Earnings	Before distribution	8,793,018	9,869,001	11,832,451	12,807,450	13,483,197
	After distribution	8,029,431	8,850,884	10,227,529	11,367,741	12,198,887 (Note 2)
Other Equity		(980,087)	(636,618)	(184,623)	(448,559)	637,262
Treasury Stock		-	-	-	-	-
Non-controlling Interests		-	-	-	-	-
Total Equity	Before distribution	11,444,897	12,878,009	15,698,299	16,755,784	18,575,018
	After distribution	10,681,310	11,859,892	14,093,377	15,316,075	17,290,708 (Note 2)

Note 1: The financial information for the years 2019 to 2023 has been audited by Deloitte & Touche.

Note 2: It is the amount resolved by the Board of Directors on March 14, 2024.

1-2. Adoption of International Financial Reporting Standards - Consolidated

Unit: NT\$1,000

Item \ Year		Financial Information for the Most Recent Five Fiscal Years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		24,422,954	27,941,304	32,846,480	34,342,348	34,731,916
Property, Plant, and Equipment		3,800,494	3,785,578	4,740,804	6,356,350	5,982,073
Intangible Assets		343,275	317,216	319,502	403,880	338,927
Other Assets		5,844,151	6,710,871	7,980,184	8,065,979	9,128,395
Total Assets		34,410,874	38,754,969	45,886,970	49,168,557	50,181,311
Current Liabilities	Before distribution	15,114,050	17,658,921	20,407,008	21,021,741	22,939,213
	After distribution	15,877,637	18,677,038	22,011,930	22,461,450	24,223,523 (Note 2)
Non-current Liabilities		6,012,221	6,187,588	7,763,144	9,606,164	6,818,483
Total Liabilities	Before distribution	21,126,271	23,846,509	28,170,152	30,627,905	29,757,696
	After distribution	21,889,858	24,864,626	29,775,074	32,067,614	31,042,006 (Note 2)
Equity Attributable to Owners of the Parent		11,444,897	12,878,009	15,698,299	16,755,784	18,575,018
Capital Stock		2,313,901	2,313,901	2,360,179	2,360,179	2,360,203
Advance receipts for common stock		-	-	-	-	2,190
Capital Surplus		1,318,065	1,331,725	1,690,292	2,036,714	2,092,166
Retained earnings	Before distribution	8,793,018	9,869,001	11,832,451	12,807,450	13,483,197
	After distribution	8,029,431	8,850,884	10,227,529	11,367,741	12,198,887 (Note 2)
Other Equity		(980,087)	(636,618)	(184,623)	(448,559)	637,262
Treasury Stock		-	-	-	-	-
Non-controlling Interests		1,839,706	2,030,451	2,018,519	1,784,868	1,848,597
Total Equity	Before distribution	13,284,603	14,908,460	17,716,818	18,540,652	20,423,615
	After distribution	12,521,016	13,890,343	16,111,896	17,100,943	19,139,305 (Note 2)

Note 1: The financial information for the years 2019 to 2023 has been audited by Deloitte & Touche.

Note 2: It is the amount resolved by the Board of Directors on March 14, 2024.

(II) Statements of Comprehensive Income

1-1. Statements of Comprehensive Income - Adoption of International Financial Reporting Standards - Parent Company Only

Unit: NT\$1,000

Item \ Year	Financial Information for the Most Recent Five Fiscal Years (Note)				
	2019	2020	2021	2022	2023
Operating Revenue	29,225,800	33,236,491	42,882,108	44,038,316	39,227,864
Gross Profit	1,976,531	2,269,072	2,981,371	2,800,504	2,838,246
Operating Income	479,573	640,341	1,134,683	947,881	992,292
Non-operating Income and Expenses	1,125,665	1,464,128	2,159,352	1,966,816	1,486,889
Income before Tax	1,605,238	2,104,469	3,294,035	2,914,697	2,479,181
Income from Continuing Operations	1,415,822	1,859,120	2,843,277	2,484,800	2,113,717
Loss from Discontinued Operations	-	-	-	-	-
Net Income (Loss)	1,415,822	1,859,120	2,843,277	2,484,800	2,113,717
Other Comprehensive Income (net after tax)	(274,267)	374,301	720,578	(168,815)	1,128,661
Total Comprehensive Income	1,141,555	2,233,421	3,563,855	2,315,985	3,242,378
Net income attributable to owners of the parent company	1,415,822	1,859,120	2,843,277	2,484,800	2,113,717
Net income attributable to non-controlling interests Equity	-	-	-	-	-
Comprehensive Income Attributable to Owners of the Parent	1,141,555	2,233,421	3,563,855	2,315,985	3,242,378
Comprehensive Income Attributable to Non-controlling Interests	-	-	-	-	-
Earnings per share	6.00	7.88	12.05	10.53	8.96

Note: The financial information for the years 2019 to 2023 has been audited by Deloitte & Touche.

Note: The effect the issuance of bonus shares was adjusted retrospectively when calculating the earnings per share for the years 2019 to 2020.

1-2. Adoption of International Financial Reporting Standards - Consolidated

Unit: NT\$1,000

Item \ Year	Financial Information for the Most Recent Five Fiscal Years (Note)				
	2019	2020	2021	2022	2023
Operating Revenue	54,681,829	59,080,920	70,515,303	73,570,296	66,782,410
Gross Profit	4,184,691	4,800,690	5,982,686	5,566,609	5,526,345
Operating Income	1,574,435	2,107,915	3,072,710	2,643,435	2,501,555
Non-operating Income and Expenses	391,729	527,720	943,273	892,154	577,057
Income before Tax	1,966,164	2,635,635	4,015,983	3,535,589	3,078,612
Income from Continuing Operations	1,559,081	2,046,116	3,109,172	2,726,272	2,316,175
Loss from Discontinued Operations	-	-	-	-	-
Net Income (Loss)	1,559,081	2,046,116	3,109,172	2,726,272	2,316,175
Other Comprehensive Income (net after tax)	(310,875)	372,397	690,684	(101,052)	1,090,603
Total Comprehensive Income	1,248,206	2,418,513	3,799,856	2,625,220	3,406,778
Net income attributable to owners of the parent company	1,415,822	1,859,120	2,843,277	2,484,800	2,113,717
Net income attributable to non-controlling interests Equity	143,259	186,996	265,895	241,472	202,458
Comprehensive Income Attributable to Owners of the Parent	1,141,555	2,233,421	3,563,855	2,315,985	3,242,378
Comprehensive Income Attributable to Non-controlling Interests	106,651	185,092	236,001	309,235	164,400
Earnings per share	6.00	7.88	12.05	10.53	8.96

Note: The financial information for the years 2019 to 2023 has been audited by Deloitte & Touche.

Note: The effect the issuance of bonus shares was adjusted retrospectively when calculating the earnings per share for the years 2019 to 2020.

(III) Name of CPAs and Audit Opinions for the Most Recent Five Fiscal Years

Year	Name of CPA Firm	Name of CPA	Audit Opinion
2019	Deloitte & Touche	Wu, Chiu-Yen, Chen, Chen-Li	Unmodified opinion and other matter paragraph
2020	Deloitte & Touche	Wu, Chiu-Yen, Chen, Chen-Li	Unmodified opinion and other matter paragraph
2021	Deloitte & Touche	Wu, Chiu-Yen, Chen, Chen-Li	Unmodified opinion and other matter paragraph
2022	Deloitte & Touche	Wu, Chiu-Yen, Hsu, Jui-Hsuan	Unmodified opinion and other matter paragraph
2023	Deloitte & Touche	Wu, Chiu-Yen, Hsu, Jui-Hsuan	Unmodified opinion and other matter paragraph

II. Financial Analyses for the Most recent Five Fiscal Years:

1-1. Adoption of International Financial Reporting Standards - Parent Company Only

Analysis Item \ Year		Financial Information for the Most recent Five Fiscal Years (Note)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	52.5	52.05	53.58	53.54	50.05
	Ratio of long-term capital to property, plant, and equipment	1,377.48	1,494.36	1,638.87	862.11	807.60
Solvency (%)	Current ratio	130.61	122.77	132.51	124.96	104.72
	Quick ratio	99.05	93.51	100.21	86.27	76.59
	Interest coverage ratio	13.79	28.18	47.72	16.03	7.74
Operating ability	Accounts receivable turnover (times)	4.31	4.68	4.83	4.79	4.77
	Average collection days	84.7	78.0	75.6	76.2	76.51
	Inventory turnover (times)	13.52	15.97	19.14	13.73	11.77
	Accounts payable turnover (times)	6.91	8.40	8.71	8.26	8.28
	Average days for sale of goods	27.0	22.9	19.1	26.6	31.01
	Property, plant, and equipment turnover (times)	25.01	28.73	34.78	21.34	13.67
	Total assets turnover (times)	1.23	1.30	1.41	1.26	1.07
Profitability	Return on total assets (%)	6.41	7.57	9.57	7.58	6.63
	Return on equity (%)	12.58	15.29	19.90	15.31	11.97
	Ratio of income before tax to paid-in capital (%) (Note)	69.37	90.95	139.57	123.49	104.94
	Net profit margin (%)	4.84	5.59	6.63	5.64	5.39
	Earnings Per Share (NT\$)	6.00	7.88	12.05	10.53	8.96
Cash flows	Cash flow ratio (%)	0.82	6.86	(3.61)	20.32	13.62
	Cash flow adequacy ratio (%)	39.83	39.02	1.40	20.73	39.72
	Cash reinvestment ratio (%)	(4.06)	(0.55)	(6.57)	3.23	1.64
Leverage	Operating leverage	1.69	1.57	1.39	1.40	1.43
	Financial leverage	1.35	1.14	1.07	1.26	1.59

Main reasons for major changes (20% or more) in the most recent two years:

1. The profits decreased compared with the previous year, resulting in a decrease in interest coverage ratio and return on equity.
2. To meet operational development needs, we continued to invest in the construction of solar power stations and logistics storage and transportation equipment. However, the continued increase in capital expenditure had resulted in a decrease in the property, plant, and equipment turnover ratio, cash flow adequacy ratio, and cash reinvestment ratio.
3. The profits decreased compared with the previous year, resulting in a decrease in return on equity.
4. The cash flow ratio decreased because convertible corporate bonds were reclassified as current liabilities as they are about to mature within one year.

Note: The effect the issuance of bonus shares was adjusted retrospectively when calculating the earnings per share for the years 2019 to 2020.

1-2. Adoption of International Financial Reporting Standards - Consolidated

Analysis Item		Year	Financial Information for the Most recent Five Fiscal Years (Note)				
			2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio		61.39	61.53	61.39	62.29	59.3
	Ratio of long-term capital to property, plant, and equipment		507.75	557.27	537.46	442.81	455.40
Solvency (%)	Current ratio		161.59	158.23	160.96	163.37	151.41
	Quick ratio		126.85	124.85	123.50	124.04	122.43
	Interest coverage ratio		8.31	14.37	24.70	11.34	7.79
Operating ability	Accounts receivable turnover (times)		3.54	3.52	3.83	4.09	3.74
	Average collection days		103.1	103.7	95.3	89.2	97.6
	Inventory turnover (times)		10.81	12.58	12.91	10.8	10.20
	Accounts payable turnover (times)		7.83	7.88	7.80	7.79	7.1
	Average days for sale of goods		33.8	29.0	28.3	33.8	35.8
	Property, plant, and equipment turnover (times)		18.85	15.58	16.54	13.26	10.83
	Total assets turnover (times)		1.65	1.61	1.67	1.55	1.34
Profitability	Return on total assets (%)		5.35	6.01	7.66	6.29	5.35
	Return on equity (%)		12.14	14.52	19.06	15.04	11.89
	Ratio of income before tax to paid-in capital (%) (Note)		84.97	113.90	170.16	149.80	130.32
	Net profit margin (%)		2.85	3.46	4.41	3.71	3.47
	Earnings Per Share (NT\$)		6.00	7.88	12.05	10.53	8.96
Cash flows	Cash flow ratio (%)		11.90	6.84	11.35	17.98	13.81
	Cash flow adequacy ratio (%)		37.32	38.33	26.10	54.02	92.63
	Cash reinvestment ratio (%)		5.21	2	4.84	7.30	5.95
Leverage	Operating leverage		1.38	1.30	1.21	1.22	1.31
	Financial leverage		1.21	1.10	1.06	1.15	1.22
Main reasons for major changes (20% or more) in the most recent two years:							
<ol style="list-style-type: none"> 1. The profits decreased compared with the previous year, resulting in a decrease in interest coverage ratio and return on equity. 2. The cash flow ratio decreased because convertible corporate bonds were reclassified as current liabilities as they are about to mature within one year. 3. To meet operational development needs, we continued to invest in the construction of solar power stations and logistics storage and transportation equipment. However, the continued increase in capital expenditure had resulted in a decrease in the property, plant, and equipment turnover ratio, cash flow adequacy ratio, and cash reinvestment ratio. 							
Note: The effect the issuance of bonus shares was adjusted retrospectively when calculating the earnings per share for the years 2019 to 2020.							

The calculation formulas of the above table are as follows:

1. Financial structure

- (1) Debt ratio = Total liabilities/Total assets.
- (2) Ratio of long-term capital to fixed assets = (Net equity + Long-term liabilities) / Net fixed assets.

2. Solvency

- (1) Current ratio = Current assets/Current liabilities.
- (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
- (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.

3. Operating ability

- (1) Accounts receivable (including accounts receivable and notes receivable generated from operations) turnover = Net sales/Average balance of accounts receivable (including accounts receivable and notes receivable generated from operations) for each period.
- (2) Average collection days = 365/Accounts receivable turnover.
- (3) Inventory turnover rate = Cost of goods sold/Average inventory.
- (4) Accounts payable (including accounts payable and notes payable generated from operations) turnover = Cost of goods sold/Average balance of accounts payable (including accounts payable and notes payable generated from operations) for each period.
- (5) Average days for sale of goods = 365/Average Inventory turnover.
- (6) Fixed assets turnover rate = Net sales/Net fixed assets.
- (7) Total assets turnover rate = Net sales/Total assets.

4. Profitability

- (1) Return on assets = [Income after tax + Interest expenses x (1 - Tax rate)]/Average total assets.
- (2) Return on equity = Income after tax/Average net equity.
- (3) Net profit margin = Income after tax/Net sales.
- (4) Earnings per share = (Net profit after tax - Preferred stock dividends)/Weighted average number of shares outstanding.

5. Cash flows

- (1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
- (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends).
- (3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of fixed assets + Long term investment + Other assets + Working capital).

6. Leverage:

- (1) Operating leverage = (Net operating revenue - Variable operating costs & expenses)/Operating income.
- (2) Financial leverage = Operating income/(Operating income - Interest expenses).

III. Audit Committee's Audit Report on Financial Statements for the Most Recent Fiscal Year:

Audit Committee's Audit Report

The Board of Directors has prepared, and submitted to the shareholders' meeting, the business report, financial statements, and the proposal for earnings distribution for 2023. The financial statements have been duly audited by Wu, Chiu-Yen and Hsu, Jui-Hsuan, two certified public accountants from Deloitte & Touche, and an independent audit report has been issued. The Audit Committee has audited the above-mentioned business report, financial statements and the proposal for earnings distribution and found no discrepancies. Therefore, the relevant contents are reported as above in accordance with the relevant provisions of the Securities Exchange Law and the Company Law.

Wah Lee Industrial Corporation

Convener of the Audit Committee: Shyu, So-De



March 14, 2024

IV. Financial Statements for the Most Recent Fiscal Year: please refer to pages 204 to 288 of this annual report.

V. Parent Company Only Financial Statements for the Most Recent Fiscal Year, Audited by CPAs: please refer to pages 289 to 373 of this annual report.

VI. Impact on the Financial Position of Any Financial Difficulties (If Any) Experienced by the Company and Its Affiliates in the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

VII. Additional Disclosures:

Relevant certificates and trainings obtained by the personnel of accounting, finance and audit departments:

1. The personnel related to the transparency of financial information have obtained the relevant certificates as specified by the competent authorities:

2 bookkeepers, 3 Class B accountants, 13 Class C accountants,

2. Education and training for the personnel of accounting, finance and audit departments in 2023:

Finance Department	Title/Name	Training Course	Training Hours
	Finance Director - Lin, Jen-Chih	Continuing Education for Heads of Corporate Governance of OTC/Listed Companies	27 hours

Accounting Department	Title/Name	Training Course	Training Hours
	Accounting Director/Lee, Kuo-Ping	Professional Continuing Education Class for Financial and Accounting Managers of OTC/Listed Public Companies	12 hours
	Accounting Personnel	Attend quarterly seminars on the renewal of tax, securities and accounting audit laws	12 hours
		Attend quarterly tax seminar organized by National Tax Administration	12 hours

Audit Office	Title/Name	Training Course	Training Hours
	Audit Director/ Yang, Yu-Kuang	Prevention and Control of Major Financial Scandals: Embezzlement, Insider Trading, Transfer of Benefits, Stock Price Manipulation, Non-arm's Length Transactions, and False Financial Reports	6 hours
		The Latest Trends of Governance Evaluation Indicators for Corporate Governance	6 hours
	Auditor/ Wei, Li-Chun	Risk-Oriented Internal Auditing Methods and Practices	6 hours
		Adjustment to Internal Control Systems to Meet the New ESG Standards	6 hours

		Digital Transformation and Emerging Technology Applications in Internal Auditing	6 hours
		Analyzing Corporate Performance and Risk Prevention with Financial Statements	6 hours
		Analysis of Laws and Regulations on the Board of Directors and Functional Committees (Audit or Remuneration) and Focus in Auditing	6 hours
		Investigation Practices and Case Analysis of Corporate Fraud	6 hours
	Auditor/ Tsai, Kun-Chiao	Unveiling the Key Techniques of Corporate Fraud Cases of Which Auditors Should be Aware	6 hours
		Fraud Audit Practices: A Case Study on Procurement	6 hours
	Auditor/ Lin, Yu-Ta	Common Defects in Financial Statement Review and Analysis of Key Internal Control Regulations in Practice	6 hours
		Fraud Audit Practices: A Case Study on Procurement	6 hours
		Self-Evaluation Practices	6 hours
	Auditor/ Wang, Tzu-Jen	Audit of Information Systems and Communication Transmission	6 hours
		Analysis of Laws and Regulations on Loans, Endorsement/Guarantee, and Asset Acquisition or Disposal and Practices	6 hours
		Fraud Audit Practices: A Case Study on Procurement	6 hours
	Auditor/ Chen, Hsin-Ju	Internal Control Design and Compliance Auditing Skills for Legal Compliance	6 hours
		Subsidiary Audit Practice	6 hours
		Self-Evaluation Practices	6 hours
	Auditor/ Lu, Yi-Ting	Analysis of Laws and Regulations on the Board of Directors and Functional Committees (Audit or Remuneration) and Focus in Auditing	6 hours
		Procurement Process Control and Audit Practices in the Digital Era	6 hours
		How to Audit ESG Risks and Produce Effective Audit Reports	6 hours

Chapter 7. Review and Analysis of Financial Position, Business Results, and Risks

I. Financial position:

Comparison and analysis of changes in assets, liabilities, and shareholders' equity in the most recent two years (Unit: NT\$1,000)

Item \ Year	2022	2023	Differences	
			Amount	%
Current Assets	34,342,348	34,731,916	389,568	1
Property, Plant and Equipment	6,356,350	5,982,073	(374,277)	(6)
Other Assets	8,469,859	9,467,322	997,463	12
Total Assets	49,168,557	50,181,311	1,012,754	2
Current Liabilities	21,021,741	22,939,213	1,917,472	9
Long-term Liabilities	9,606,164	6,818,483	(2,787,681)	(29)
Total Liabilities	30,627,905	29,757,696	(870,209)	(3)
Capital Stock	2,360,179	2,362,393	2,214	-
Capital Surplus	2,036,714	2,092,166	55,452	3
Retained Earnings	12,807,450	13,483,197	675,747	5
Total Shareholders' Equity	18,540,652	20,423,615	1,882,963	10
<p>1. Main reasons for major changes (20% or more) in the last two years:</p> <p>The decrease in long-term liabilities is primarily attributed to the conversion of convertible corporate bonds that will mature within one year, leading to their reclassification as current liabilities.</p> <p>2. Impact of major changes and future response plan in the last two years</p> <p>There have been no major changes in the last two years. The Company will continue to operate and develop business as necessary, making timely adjustments to procurement and sales strategies, and focusing on managing working capital.</p>				

II. Financial performance:

Comparison and analysis of business results in the most recent two years (Unit: NT\$1,000)

Item \ Year	2022	2023	Increase (Decrease) by Amount	Change (%)
Net Operating Revenue	73,570,296	66,782,410	(6,787,886)	(9)
Operating Costs	68,003,687	61,256,065	(6,747,622)	(10)
Gross Profit	5,566,609	5,526,345	(40,264)	(1)
Operating Expenses	2,923,174	3,024,790	101,616	3
Operating Income	2,643,435	2,501,555	(141,880)	(5)
Non-operating Income and Benefits	1,123,548	905,778	(217,770)	(19)
Non-operating Expenses and Losses	231,394	328,721	97,327	42
Income Before Tax from Continuing Operations	3,535,589	3,078,612	(456,977)	(13)
Income Tax Expense	809,317	762,437	(46,880)	(6)
Income After Tax from Continuing Operations	2,726,272	2,316,175	(410,097)	(15)
<p>1. Main reasons for major changes (20% or more) in the last two years: The rise in non-operating expenses and losses is primarily attributed to the increase in interest expenses.</p> <p>2. For the sales forecast quantities and basis, the potential impact on the Company's future financial operation and business, and action plans, please see the overview of operations and the letter to shareholders provided in this annual report.</p>				

III. Cash flows:

(I) Analysis of cash flow changes in the 2023 parent company only financial statements

Unit: NT\$1,000

Opening Balance of Cash	Annual Net Cash Flow from Operating Activities	Annual Cash Flow Inflow (Outflow)	Amount of Cash Surplus or Deficit	Cash Deficit Improvement Plans	
				Investment Plan	Financial Plan
1,713,281	1,839,209	(1,849,481)	1,703,009	-	-

1. Analysis of changes in cash flow:

- (1) The operating activities of the year's parent company only financial statements generated a net cash inflow.
- (2) The main cash outflows primarily resulted from cash dividend payout, construction of solar power station facilities, and increased investments in equity for business promotion.

2. Improvement plan for insufficient cash liquidity: It is not applicable as there is no insufficient liquidity.

3. Cash flow liquidity analysis for the next year: N/A.

(II) Analysis of cash flow changes in the most recent year consolidated financial statements

Unit: NT\$1,000

Opening Balance of Consolidated Cash	Annual Net Consolidated Cash Flow from Operating Activities	Annual Consolidated Cash Flow Inflow (Outflow)	Amount of Consolidated Cash Surplus or Deficit	Consolidated Cash Deficit Improvement Plans	
				Investment Plan	Financial Plan
6,715,280	3,168,869	(3,427,635)	6,456,514	-	-

1. Analysis of changes in cash flow:

(1) The operating activities of the year's consolidated financial statements generated a net cash inflow.

(2) The main cash outflows primarily result from cash dividend payout, construction of solar power station facilities, and purchase of logistics transportation and equipment for business development.

2. Improvement plan for insufficient consolidated cash liquidity: It is not applicable as there is no insufficient liquidity.

3. Consolidated cash flow liquidity analysis for the next year: N/A.

IV. Impact of the most recent year's major capital expenditure on financial operation and business:

As for the major capital expenditure during the most recent year, we made significant investments in the construction of solar power station facilities and acquired logistics transportation and equipment for business development. These investments were primarily funded by cash and bank financing without significant impact on our financial operation and business.

V. The investment policy in the most recent year, the main reasons for its profits or losses, improvement plans, and investment for the next year:

Investee \ Details	Policy	Main Reason for Profit or Loss	Improvement Plan	Investment Plan for the Next Year
Wah Lee Holding (including Shanghai Yi Kang, Shanghai Hua Chang, Raycong Industrial (including Dong Guan Hua Gang), and Regent King International Limited)	To align with the customers' relocation, expand the business operation to mainland China and Hong Kong.	It is a holding company and is recognized the investment income generated from its subsidiaries, primarily responsible for buying and selling materials in China's market. With effective management and control, it ensures stable profitability, including subsidiaries.	None	Further evaluation should be conducted based on the demand for expanding into international markets.
Nagase Wahlee Plastics Corp. ORC Technology Corp. ORC Electrical Machinery Corp. (ORC Corp.)	Enhance collaboration with Japan's suppliers and strive for stock dividends.	It is mainly responsible for buying and selling synthetic esters and exposure machines, and parts. In addition to transferring all business operation to ORC Corp., ORC Technology Corp. will undergo a liquidation procedure.. Due to the proper management and control of the remaining reinvested companies, the Company as a whole continues to maintain stable profits..	None	The evaluation will be conducted according to the operational needs of the Company.
CWE Inc.	Investment for the long term and earn dividends in return.	The Company's main focus is on the trading of semiconductor packaging and testing materials and equipment. Due to the stable semiconductor industry, the Company has consistently remained profitable.	None	The evaluation will be conducted according to the operational needs of the Company.

Investee \ Details	Policy	Main Reason for Profit or Loss	Improvement Plan	Investment Plan for the Next Year
Wah Hong Industrial Corp.	Investment for the long term and earn dividends in return.	The Company's main focus is on the manufacturing and trading of LCD materials. Due to the proper management and control, the Company has consistently remained profitable.	None	The evaluation will be conducted according to the operational needs of the Company.
Sakuragawa Solar Godogaisha and Miyazaki Solar Godogaisha	Continue to invest in solar power stations to establish the connection with the end customer for solar energy materials and further expand solar energy business.	Sakuragawa and Miyazaki's solar power stations have consistently generated electricity and maintained stable profitability.	None	None
Meditek (Shanghai) Co., Ltd. Guangzhou Xingxian Medical Management Consulting Co., Ltd.	Enhance long-term operational momentum by developing the medical care industry.	Its years of development in the healthcare industry has made substantial achievement. Nevertheless, the Company's performance has been negatively impacted by the COVID-19 lockdown measures in mainland China, as well as the uneven allocation of resources in the healthcare industry. As a result, there has been a slight overall loss.	It aims to continuously and actively expand the business while reducing expenses.	The evaluation will be conducted according to the operational needs of the Company.

Investee \ Details	Policy	Main Reason for Profit or Loss	Improvement Plan	Investment Plan for the Next Year
Tranceed Logistics Co., Ltd. Cyuan Cheng Logistic Co., Ltd.	In order to fulfill the logistics requirements of current customers, it aims to expedite the logistics process, minimize logistics expenses, and provide value-added services.	The continuous expansion of its business has significantly boosted the logistics revenue. However, the expansion of its operations has also resulted in higher personnel and administrative costs, leading to a slight decrease in profits compared to the previous year. However, due to the continuous growth in new business development and a significant increase in revenue, profitability has significantly improved. The consolidated operating profit of Tranceed Logistics and Cyuan Cheng Logistics has showed stable profitability.	None	The evaluation will be conducted according to the operational needs of the Company.
Xiamen Huashengda Logistics Co., Ltd. Huaying Supply Chain Management (SZ) Co., Ltd.	As per the Company's strategic plan, it aims to expand the business in China's logistics market.	In 2023, Xiamen Huashengda Logistics incurred a slight loss due to China's economic downturn; the demand for domestic logistics services in China has not stabilized, and the global shortage of shipping containers has impeded revenue growth.	Revenue is anticipated to be stabilized, and it is proactively expanding the logistics services in other sectors, to increase Xiamen Huashengda's revenue. A turnaround from losses to profits in this year is expected.	None

Investee \ Details	Policy	Main Reason for Profit or Loss	Improvement Plan	Investment Plan for the Next Year
Wah Tech Industrial Co. Ltd. (Thailand) Hightech Polymer Sdn Bhd (Malaysia) Wah Lee Vietnam WL Indonesia WLPI and WLPIC (the Philippines) WL Tech (Singapore) WL India	By establishing and operating local businesses in Thailand, Malaysia, Vietnam, Indonesia, the Philippines, Singapore, and India, we can effectively expand our presence in Southeast Asia and South Asia.	The companies primarily engage in the trading of industrial materials in Thailand, Malaysia, Vietnam, India, Indonesia, the Philippines, and Singapore. With effective management and control, except for the businesses in Vietnam, Indonesia, the Philippines, and India, which are still in the developing stage, and profits are not stabilized yet, the remaining investees have consistently maintained overall profitability.	None	Further evaluation should be conducted based on the demand for expanding into overseas markets.
Kingstone Energy Technology Corporation	Investing in domestic solar power stations to enable the generation of stable income from electricity fees and the expansion of solar energy-related businesses.	Upon the completion of the contracted solar power stations, a steady income is generated from electricity fees, ensuring consistent profitability.	It is continuously constructing contracted solar power stations and developing new projects.	It will continue to develop new projects and make appropriate investments.

VI. Risk management analysis and evaluation:

(I) Risk management policy:

Various risks in the risk management policies of the Company and subsidiaries are defined in accordance with the Company's overall operating policy. Our aim is to prevent potential losses within the acceptable risk range, in order to protect the interests of employees, shareholders, partners, and customers, enhance the Company's value, and achieve the optimization of resource allocation.

(II) Risk management organizational structure:

The Board of Directors of the Company plays a crucial role in identifying and managing a wide range of risks, including economic and other risks. The Company's risk management is organized into different management units according to the nature of the tasks. The details are specified below:

1. Board of Directors:

As the top risk management unit of the Company, its objective is to adhere to regulations and supervise the implementation of risk management across the organization. It strives to have a comprehensive understanding of the risks involved in our operations and ensure the efficacy of our risk management.

2. Corporate governance team:

The Sustainable Development Committee is established under the Board of Directors. Under the corporate governance team, a risk management team is established, with the convener served or designated by the CEO. The risk management team is responsible for implementing risk management, coordinating relevant departments to carry out risk identification, assessment, control, and supervision, and regularly reporting the implementation to the corporate governance team. The corporate governance team is responsible for overseeing and ensuring the implementation of risk management in accordance with the policies set by the Board of Directors. They provide an annual report to the Board of Directors on the overall execution of risk management.

3. Audit Office

As an independent department under the Board of Directors, it is responsible for conducting internal audits to assist the board and management in examining and addressing defects in the internal control system, measuring the effectiveness and efficiency of operations, and providing timely improvement suggestions to ensure the continuous and effective implementation of the internal control system as the basis for reviewing and modifying the internal control system.

4. Business execution unit:

Every business execution unit should take on the responsibility of managing frontline risks in their daily operations. The head of each business execution unit is accountable for overseeing and controlling the relevant risks within the unit, ensuring that the Company's risk management system can effectively mitigate these risks.

(III) Risk Management Process:

The risk management process includes risk identification, risk measurement, risk monitoring, risk response, risk reporting and disclosure, etc. .



Risk Category

Information security risks: Refer to the potential risks that a company's information assets may be exposed to, where the confidentiality, integrity, and availability of information cannot be guaranteed. These risks include unauthorized access to information, inability to ensure the accuracy and integrity of information content and processing methods, and authorized users' inability to access information and use related assets in a timely manner, resulting in potential losses.

Hazard risks: Refer to the risks of probability of occurrence of natural or man-made major hazardous events and losses.

Environmental risks: Refer to significant changes in the overall economic, political, or social environment that have negative impacts on various business strategies.

Operational risks: Refer to the risks of uncertain factors that can impact a company's normal operations in the ordinary course of business. This includes, but is not limited to, sales risk, supply chain risk, labor-management relations risk, and the shaping and maintenance of corporate image.

Financial risks: Refer to various types of risks in the financial market, including market risk, exchange rate risk, interest rate risk, credit risk, liquidity risk, and operation risk.

Legal risk: Refer to the potential losses caused by failure to comply with applicable laws and regulations set by the competent authority, as well as the ineffectiveness of signed contracts, unauthorized actions, clause omissions, inadequate regulations, and other factors that may render the contracts invalid.

Other risks: In addition to the risks mentioned above, any other risks should be managed and addressed using appropriate risk control procedures, taking into account their characteristics and the level of impact.

(IV) Status of Operations:

The Sustainable Development Committee conducted analysis using the principle of materiality of the ESG Report. They also engaged in communication with internal and external stakeholders and evaluated the material issues based on experts' opinions, while establishing effective risk management policies for effective identification, measurement, evaluation, monitoring, and control and adopting specific action plans, to mitigate the impact of such risks.

VII. Analysis and evaluation of risks:

(I) The impact of interest rate changes, exchange rate changes, and inflation on the Company's profit and loss, and future countermeasures:

1. Interest rate changes:

The main currencies of the loans borrowing by the entities within the consolidated company are the New Taiwan Dollar (NTD), US Dollar (USD), Japanese Yen (JPY), and Chinese Renminbi (CNY). The continuous increase in USD interest rates has exposed the Company to interest rate risk. The Company will constantly assess the trend of loan interest rates and make necessary adjustments to the currencies of the loans in order to manage interest rate risk.

If the annual interest rate increased or decreased by 1%, while all other variables remain constant, the consolidated company's 2023 and 2022 pre-tax net income would have decreased or increased by NT\$51,386 thousand and NT\$75,602 thousand, respectively.

2. The impact of exchange rate changes on the Company's profit and loss as well as future countermeasures:

The Company recorded exchange gains of NT\$15,948 thousand for 2023, representing 0.52% of the pre-tax net income. As the Company mainly imports goods quoted in USD and JPY and exports goods quoted in the same currencies. One percent is the sensitivity percentage we use when reporting exchange rate risks to the key management. The sensitivity analysis only covers foreign-currency monetary items that are in circulation on the balance sheet date. If the functional currency of the balance sheet date depreciates (or appreciates) by 1% relative to the US dollar, the consolidated company's pre-tax net profit for the years 2023 and 2022 will increase (or decrease) by NT\$43,414 thousand and NT\$16,207 thousand respectively.

In general, the Company has a low level of risk exposure after the import and export position offset. As a result, our currency exchange policy primarily emphasizes natural hedging. If necessary, we manage exchange rate change risk through the use of derivative financial products or by changing the currency quotation. We evaluate and purchase various derivative financial products that can effectively reduce exchange rate risks in accordance with the Company's "Processing Procedures for Acquiring or Disposing of Assets", and have the responsible person in charge strictly control hedging positions to avoid inappropriate transactions to reduce the exchange losses caused by exchange rate risks.

3. The impact of inflation on the Company's profit and loss, as well as future countermeasures:

The Company is a distributor of electronic materials. We strive to maintain strong relationships with our suppliers and customers, while continuously reducing our inventory turnover days to mitigate the potential impacts of inflation.

(II) Policy, primary factors contributing to profit or loss, and future strategies related to engaging in high-risk, highly leveraged investments, loans to others, endorsements/guarantees, and trading derivative products:

1. The Company has adhered to the principles of focusing on our core business and being pragmatic in our operations. We do not engage in high-risk, highly leveraged investments, and all investments are made after careful evaluation.
2. The Company provides loans or endorsements/guarantees to others as per the Operating Procedures for Loaning of Funds to Others and the Operating Procedures for the Provision of Endorsements and Guarantees. We make announcements in accordance with laws and regulations with a reference book established and reviewed regularly to control risks.
3. The Company conducts all derivative commodity transactions in accordance with its 'Asset Acquisition or Disposal Processing Procedure.' These transactions mainly involve foreign currency transactions and requirements that arise from the Company's business operations. They are considered hedging transactions not speculative transactions.

(III) Future R&D plans and estimated R&D expenditure

The Company is a distributor in the industry chain and fully catch the industry and market trends and business opportunities through various channels. For example, we have joined paid membership of Industry think tanks, become a strategic partner of industrial innovation centers in colleges and universities, and closely worked and exchanged information with industry, government, academia, and research and financial institutions. We are on the frontline to stay up-to-date with market and customer needs and supplier R&D blueprints and working closely with customers and suppliers to actively create new industries/products and new operational models. All our employees understand the adoption of new products and new technologies as an important task, and we strengthen the development of new industries and new products by establishing new business development units at the group or division level and engaging marketing/business personnel of each business division. We also continue to invest in companies related to our alliances to accelerate the development of new products and new technologies. In addition, we launched new business development rewards and development funds to facilitate company-wide development activities, thereby effectively improving the efficiency of new product development projects and accelerating and stabilizing new business development. The Group's revenue before offsetting from new business development in 2023 exceeded NT\$10.2 billion, which is a slight decline of approximately 3% compared to 2022. The achievement rate was about 103%. As the Company places great importance on the risk profile for development projects, we foresaw a relatively slow industry performance in 2023. This has made it more challenging to develop new businesses. Nevertheless, our effective mechanisms for new business development have allowed us to mitigate risks to the best of our ability and maintain the level of our development revenue in the past.

Considering the above, when we are preparing a R&D expense budget, we take into account our existing business development to create synergy. In addition, the Company is in the distribution industry, so we do not prepare separate R&D expenses. Based on a rough estimate of the Company's education and training expenses, industry think tank establishment expenses, the new business development department's operating expenses, and new business development rewards, the Company's 2023 R&D expenses are estimated to be about NT\$60 million. Nevertheless, the actual expenses and investments associated with the establishment of new businesses and development of new products greatly surpass this figure. In addition to budgeting approximately the same expenses for 2024, additional resources will be allocated based on demand.

The development achievements in 2023 are as follows (only the main categories of completely new products are listed, excluding new specifications, new applications, and new suppliers).

Industry	Development of new product agency or distributorship
Information, communication, and electronic assembly	<ul style="list-style-type: none"> • Products used in the automotive and semiconductor industries, such as mPPE foam and insulation paper • Environmental and recycled materials, including PCR and PBS • Automated equipment and solutions, such as hoists and AGVs • Wide band gap compound semiconductors and power module packaging materials, such as SiC • High-frequency application materials in 5G, such as LCP • Lightweight aluminum-based composite materials
Semiconductors	<ul style="list-style-type: none"> • New-generation front-end semiconductor materials, such as EUV photoresist and PDMAT • Advanced packaging materials, such as Stripper, Cu, and Ti Etchant • Circular economy products, such as the recycled regenerated wafers • Semiconductor consumables • Photoresist resin
Optoelectronics, optical communications, and flat panel displays	<ul style="list-style-type: none"> • Equipment, such as automated equipment • Chips, such as microcontroller units (MCUs) and application-specific integrated circuits (ASIC) • System products, materials, and components, such as PID, electronic paper, and electronic whiteboard products • Mini LED direct-view application • Electronic chemical and optical materials, such as black photosensitive gap materials and RGB photoresist

Industry	Development of new product agency or distributorship
Green energy, energy efficiency, and energy storage	<ul style="list-style-type: none"> • Materials and systems related to batteries and energy storage, such as positive and negative electrode materials and electrolytes • Components required for solar power plants, such as components, frames, and inverters • Solar power station design, construction, and operation assessment, electricity sales on behalf of customers, green power procurement and trade services • Energy storage systems/solar power stations, household small energy storage devices, slow/fast chargers, and low-temperature cracking furnace • High-quality conductive carbon black products • Catalyst carrier for waste gas treatment
Environmental protection, biomedicine, and others	<ul style="list-style-type: none"> • Thermal management materials, such as nanocarbon tubes • Wastewater treatment equipment and sludge dryers • Marine diesel engines, motors, and spare parts, as well as electric boat power and monitoring systems • Automated equipment and components, such as pneumatic and transmission components • Consumables used in cardiac progenitor cell mass production, antibody development, 100% biodegradable medical food packaging materials, hemodialysis equipment and consumables, organoids, and cosmetic additives. • Graphite fiber recycled materials

(IV) The impact of domestic and international policy and legal changes on the Company's financial operation and business and countermeasures:
Since 2009, we have adopted a rate automatic adjustment mechanism under the Labor Insurance Act as stated in Article 13 of the act, from 7.5% to a maximum of 13%. In 2023, the rate was adjusted from the previous 11.5% to 12%, resulting in an increase of approximately 4.35%, representing about 0.005% of the overall salary.

(V) The Impact of technological changes (including information security risks) and industry transformation on the Company's financial operation and business and countermeasures:

Regarding the Company's business results in 2023 in various major industries and markets, the consolidated revenue before offsetting experienced the following changes compared to 2022: the revenue for information/communications and electronic assembly industry declined by approximately 14.4%; that for the semiconductor industry declined by 7.4%; that for the optoelectronics, optical communications, and flat panel display industry declined by 6.3%; and that for the green energy, energy-saving, and energy storage industry declined by about 41.2%.

Almost all industries are in recession, mainly due to the overall economic environment, excessive inventory in the industry chain, and intense competition and price reductions in the green energy, energy-saving, and energy storage industry. Below is an explanation of the major technological and industry changes, along with the countermeasures taken by the Company as follows:

In 2023, the world entered an era of post-pandemic recovery. However, the Federal Reserve's decision to combat inflation through interest rate hikes caused turmoil in the investment market. Furthermore, the AI chip war between the United States and China, along with the geopolitical tensions and the challenges posed by the collapse of China's real estate companies, have had a butterfly effect, triggering sensitivity worldwide. In February 2022, Russia invaded Ukraine, and the war has been ongoing for more than 22 months. The outbreak of the Israeli–Palestinian conflict in October 2023 has added to the uncertainty in the global industrial economy. Overall, Taiwan's manufacturing industry faced a recession due to inventory adjustments in 2023 because of weak global demand and declining international orders. Looking ahead to 2024, customers' inventory destocking adjustment will be completed. While global inflation is slowing down and central banks worldwide are gradually approaching the end of their interest rate hike cycles, the global economic recovery still remains somewhat uncertain. Nevertheless, there has been a renewed demand for electronic products. In 2024, AI continues to be a significant industry trend. Generative AI will play a major role in the development of the global information and communications and software industry as it has been gradually adopted in a growing number of end devices, and it is anticipated that AI PCs and AI smartphones will emerge as new driving forces in the consumer market by 2024. The rapid advancement of generative AI has also sparked a surge in the demand for AI inference servers. The pursuit of faster transmission speeds and lower losses by AI has led to an industry trend of making changes to PCB materials. With the resurgence of consumer electronics and the growth momentum driven by new applications, like electric vehicles and satellite communications, the semiconductor industry is expected to resume growth. According to the latest research by IDC, the semiconductor industry is expected to experience a new wave of growth due to the explosive increase in global demand for AI and high-performance computing, as well as the stabilization of market demand for smartphones, personal computers (notebook & PC), servers, automobiles, among other products. Nevertheless, the competition between the two dominant forces, China and the United States, will remain. Geopolitical influences are driving the regionalization of global supply chains. The main response strategies of the Company are as follows:

1. To adapt to industry trends, we are actively pursuing the development of new businesses, products, applications, markets, and suppliers.
2. We will facilitate the internal transfer and expansion of successful cases within the Group.
3. Targeting markets with declining competitiveness, we will actively seek support from both existing and new suppliers in order to enhance our market share.
4. We will optimize the management of operating assets, including accounts receivable, accounts payable, procurement, and inventory strategy and management, to effectively minimize inventory losses caused by environmental risks.
5. We aim to accelerate our global expansion in key markets, such as Korea, the United States, Japan, Southeast Asia, India, Central America, and Eastern Europe.

6. We will offer additional value through services, such as gas packaging, purification, and warehousing logistics, as well as integrated solutions.
7. We will allocate additional operational resources to both the upstream and downstream segments of the industrial chain.
8. The Company is actively adjusting the product portfolio by eliminating products that are either too small in scale or low profitability. In the future, we will partner with existing or new suppliers to develop products that are more competitively priced and on a larger scale.
9. We will actively adjust management and selling expenses to maximize the marginal benefits of expenses and manpower utilization.

The Company constantly remains at the forefront of emerging industries and market demands, promptly and proactively adopting relevant materials, components, modules, systems, and equipment. As a result, our revenue has continuously and significantly increased. Through our long-standing diversified and rapidly evolving business strategies, we have successfully mitigated the adverse effects of the up and down in the overall environment and industry and managed to thrive against all odds.

Cybersecurity risks:

As technology continues to advance and information and communication technology are being updated, business operations are increasingly relying on digital technology. Hence, information security has emerged as a significant concern for governments and businesses across the globe. Supply chain attacks on business operations are constantly evolving and can cause significant economic losses and severe damage to a company's reputation if not properly controlled. The main threats include:

1. Confidentiality risk: Unauthorized access to information can result in the disclosure of sensitive information, which can harm a company's reputation and competitive edge.
2. Integrity risk: Data tampering or loss can result in misleading decision-making, which can have a negative impact on business operations and reputation.
3. Availability risk: Business interruptions may occur due to system attacks or failures, which can impact productivity and customer service.
4. Social engineering risk: Acquiring information through fraudulent methods may result in financial losses and legal liabilities.
5. Internal threat risk: Employee misconduct can lead to the leakage of information or damage to the system, which can harm a company.

In order to effectively prevent information security risks, companies can take the following measures:

1. Create a comprehensive information security strategy, including both technology and policies, to effectively mitigate the ever-changing threat environment.
2. Continuously enhance training on information security awareness.
3. Improve security measures for technology protection and monitoring.
4. Implement a robust contingency mechanism to ensure the resilience of corporate information security.

- (VI) Impact of changes in corporate image on corporate crisis management and countermeasures: None.
- (VII) Expected benefits and potential risks of mergers and acquisitions and countermeasures: None.
- (VIII) Expected benefits and potential risks of factory expansion and countermeasures: None.
- (IX) Risks of supplier or customer concentration and countermeasures:
1. The Company evenly distributes sales and purchases among five major industries. In the most recent two years, we have no single customer who has accounted for at least 10% of our consolidated revenue. Additionally, we have been continuing expanding our customer base to reduce the risk of relying too heavily on a single customer. In terms of purchases, we maintain stable partnerships with our main product suppliers, ensuring a stable procurement situation.
In 2023, there was only one supplier we purchased exceeded 10% of the goods, and there is no risk of excessive supplier concentration.
 2. The Company's overall operations and profitability are relatively unaffected by cyclical fluctuations in a single industry. This is because we have diversified operations across multiple industry sectors and do not rely heavily on specific companies for sales and purchases.
- (X) Impact of massive transfer or replacement of shares by the directors, supervisors, or shareholders, each holding more than 10 % of the shares on the Company, the risk thereof, and countermeasures: None.
- (XI) Impact of changes in the management right on the Company, the risk thereof, and countermeasures: None.
- (XII) A court case or a non-contentious case, specify the names of the directors, supervisors, general manager, substantial person in charge, shareholders, each holding more than 10% of company shares, or subsidiaries with final ruling made or still in major legal proceedings, non-contentious matters, or administrative disputes, and where the result thereof may significantly affect shareholders' equity or stock price:
1. Company A has initiated legal proceedings against our subsidiary, Kingstone Energy Technology Corporation, due to the latter's failure to meet its procurement obligations as stipulated in a supply contract. Company A is seeking compensation in the amount of NT\$50,363 thousand. In October 2020, Company A obtained a favorable judgment in the first instance. However, Kingstone Energy Technology Corporation, subsequently filed an appeal in accordance with the law. In 2021, an estimated provision of NT\$50,363 thousand was recognized for related losses and liabilities. As of the date of the approval of the consolidated financial report, this case is still in trial, and the final ruling of the case remains highly uncertain.
 2. In November 2020, Company B sent a letter to our subsidiary, Kingstone Energy Technology Corporation, terminating a lease agreement for a solar power station. Company B demanded a damage of NT\$41,704 thousand and confiscated the performance bond. Kingstone Energy Technology Corporation, based on its attorney's advice, believes that there are force majeure factors that could exempt it from being held liable for the damage. As a result, we have reclassified the performance bond and related unfinished project costs as losses in the 2020 financial report and filed a lawsuit. Thus, we did not recognize related damages in the financial statements. The lawsuit was decided in

favor of Kingstone Energy Technology Corporation in the judgment of the first instance in May 2023. Company B has filed an appeal for a trial in the second instance.

(XIII) Other important risks and countermeasures: None.

VIII. Other Important Matters:

On March 22, 2022, the Board of Directors of the Company approved the formulation of an intellectual property management program, to safeguard the Company's intellectual property rights and ensure sustainable operations. The Company remains committed to promoting intellectual property management.

(I) Protective measures:

1. Patents

(1) Regular maintenance and review:

Assessing the necessity of ongoing maintenance by reviewing the use status of the patents obtained and its relevance to the products.

(2) Promotion of patent concepts:

Implementing a project-based approach. Improve employees' comprehension of patents and foster their respect for patents in order to understand the legal boundaries of product sales.

2. Trademark

(1) Trademark application

After years of hard work, the Company has successfully registered trademarks for several key products in the main sales countries/regions, including Taiwan and mainland China.

(2) Regular maintenance and review:

Assessing the use status of registered trademarks to determine the need for ongoing maintenance. Monitoring the Company's future development plans and filing new trademark registration applications early.

3. Copyrights

(1) Internal management system:

The Company has formed an information team to create a proprietary management system for internal use. This system is specifically tailored to address our specific requirements.

(2) Other application software:

Acquiring valid software licenses.

(3) Regular maintenance and review:

Evaluating the current use status and future use plans of authorized works to determine the need for ongoing licensing.

4. Protection of business secrets

(1) Access security management

The Company has implemented access control systems at multiple locations. Employees are required to use fingerprint or facial recognition for entry and exit. In highly secure areas, only authorized employees have access privileges and must record their purpose each time they enter or exit. Non-employees visiting the premises are required to undergo identity registration and are restricted to specific public areas. They must be accompanied by our employees throughout their visit.

(2) Information security management:

All computer equipment in the Company is accessed and identified using our employees' personal account passwords, which are required to be changed on a regular basis.

(3) Departmental exclusive space:

The Company assigns dedicated physical and virtual storage spaces to each department, enabling them to plan and use the spaces independently. The keys to the physical spaces should be kept properly; in the virtual space, reading and writing permissions are set.

(4) Promotion of confidentiality concept:

Implementing a project-based approach. To effectively promote the development of a legal consciousness, it is important to ensure that all personnel are aware of trade secrets.

(II) Implementation status

The Company regularly provides reports on intellectual property matters to the Board of Directors every fourth quarter. The latest report to the board was submitted on November 10, 2023.

A trademark extension was filed in Taiwan in 2022, to extend the expiration date to June 30, 2033.

A trademark extension was filed in China in 2022, to extend the expiration date to March 13, 2034.

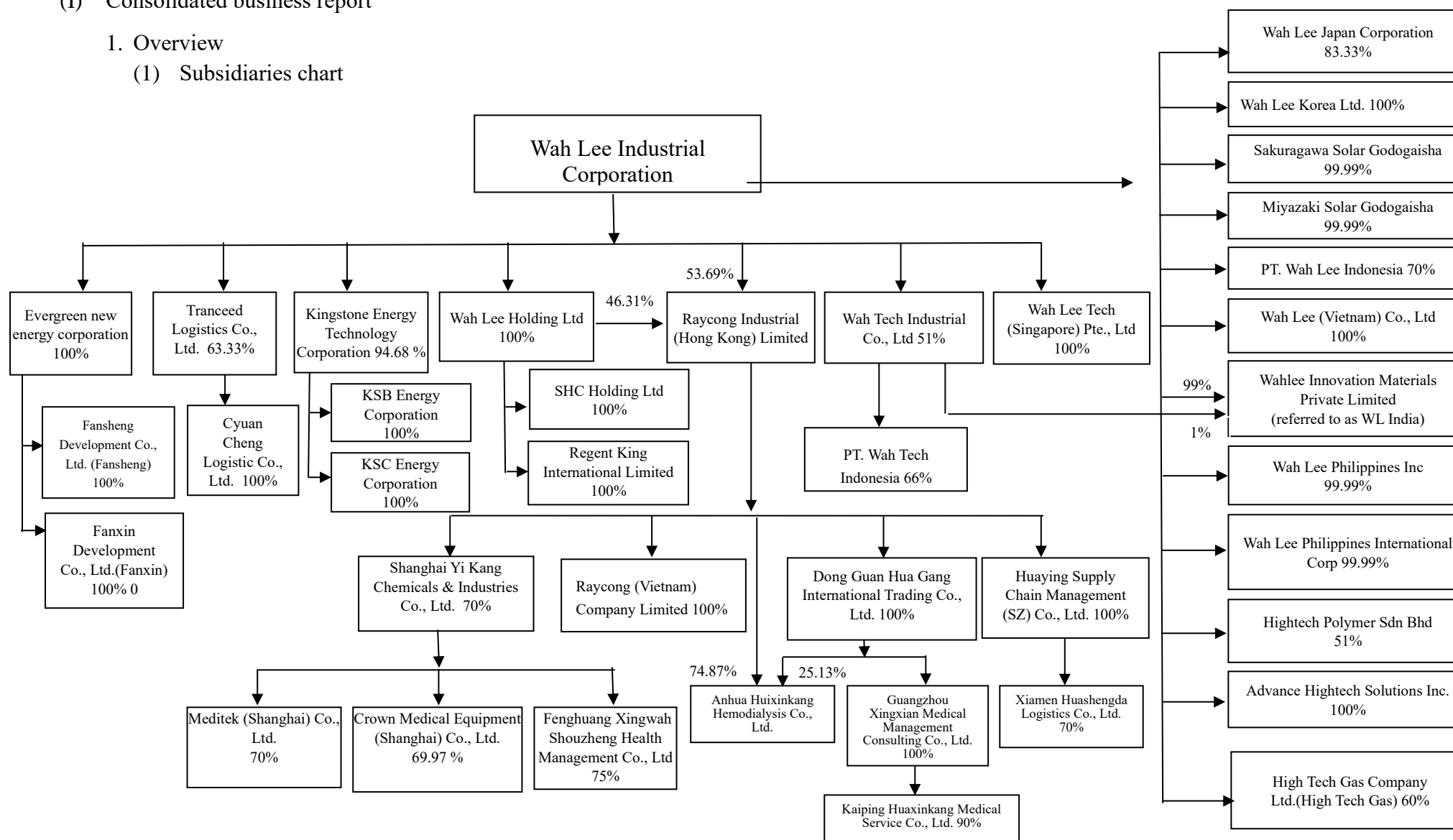
Chapter 8. Special Notes

I. Subsidiary Information:

(I) Consolidated business report

1. Overview

(1) Subsidiaries chart



(2) Subsidiary information

Unit: NT\$

Company	Date of incorporation	Address	Currency	Paid-in capital	Core business or product
Wah Lee Holding Limited	2003.12.05	Jipfa Building, 3 rd Floor, Main Street, Road Town, Tortola, British Virgin Islands.	USD	13,070,000	International investment
Raycong Industrial (Hong Kong) Limited	1990.06.08	Rm.1008-1011, Tower II, Metroplaza, 223 Hing Fong Road, Kwai Chung, N.T. Hong Kong	HKD	104,296,655	Selling and distributing engineering plastics, high-performance composite materials, industrial materials and equipment
Wah Lee Japan Corporation	2001.05.01	4F Kyobashi 3 Chome Bldg.,3-1-3 Kyobashi, Chuo-ku, Tokyo 104-0031, JAPAN	JPY	90,000,000	Importing and exporting synthetic resins, industrial plastics, mold machinery and equipment, and electronic machine parts.
Wah Lee Korea Ltd.	2010.08.26	#208, Hyoseong Intellian, 1594-1, Gwanyang-dong, Dongan-gu, Anyang-si, Gyeonggi-do, 431-060, Kroea.	KRW	735,000,000	Importing and exporting synthetic resins, industrial plastics, mold machinery and equipment, and electronic machine parts.
Sakuragawa Solar Godogaisha	2014.11.7	Kouraiyou4-3-7, Koraibashi, Osaka Shi Chuo Ku, Osaka Fu, 541-0043, Japan	JPY	10,000	Operating solar power station business
Miyazaki Solar Godogaisha	2014.11.7	Kouraiyou4-3-7, Koraibashi, Osaka Shi Chuo Ku, Osaka Fu, 541-0043, Japan	JPY	10,000	Operating solar power station business
Wah Lee Tech (Singapore) Pte., Ltd.	2003.10.04	60 PAYA LEBAR, #07-17, SINGAPORE 409051	SGD	1,600,000	Selling and distributing semiconductor materials and equipment
PT. Wah Lee Indonesia	2015.6.11	Jl. Cakung Industri I No. 12 Kawasan Industri Cakung, Jakarta Utara, 14140	USD	2,300,000	Trading industrial materials
Wah Lee (Vietnam) Co., Ltd	2015.6.24	27th Floor, Worc@Q2 office building, 21 Vo Truong Toan, Thao Dien Ward, Thu Duc City, Ho Chi Minh City, Vietnam	USD	500,000	Trading industrial materials
Wah Tech Industrial Co., Ltd.	1989.8.21	141/21-22 Skulthai Surawongse Tower, 18F, Surawongse Rd., Bangrak, Bangkok 10500	THB	15,000,000	Trading industrial materials

Company	Date of incorporation	Address	Currency	Paid-in capital	Core business or product
Tranceed Logistics Co., Ltd.	2012.2.22	11f.-2, No.235 Chung Cheng 4th Road, Kaohsiung, Taiwan, R.O.C	NTD	150,000,000	Operating freight and leasing business
Kingstone Energy Technology Corporation	2010.11.8	8F.-2, No. 55, Dongguang Rd., East Dist., Hsinchu City	NTD	352,188,000	Operating solar power station business
Evergreen new energy corporation	2021.12.30	8F.-2, No. 55, Dongguang Rd., East Dist., Hsinchu City	NTD	50,000,000	Operating solar power station business
High Tech Gas Company Ltd.	2023.09.20	No. 26, Yumin Street, Daliao District, Kaohsiung City	NTD	150,000,000	Manufacturing chemical materials
WL Philippines International Corp	2019.9.28	122 East Science Drive, Laguna Technopark - SEZ, Binan, Laguna, Philippines	PHP	12,750,000	Trading industrial materials
WL Philippines Inc.	2019.11.8	Unit 1, 21st Floor, IBP Tower, Julia Vargas Ave., Ortigas Center, San Antonio, Pasig City, Philippines	PHP	12,700,000	Trading industrial materials
Hightech Polymer Sdn Bhd	1990.06.23	Lot 2969, Mukim 16, kawasan Perusahaan ACKU, Seberang Perai Utara, 13400 Butterworth, Penang	RM	15,000,000	Trading industrial materials
Wahlee Innovation Materials Private Limited, also known as WL India.	2023.03.28	Plot No. 42, Thirugnana Sambandar Street, Srinivasa Nagar, Madipakkam, Madipakkam, Saidapet, Kanxhipuram-600091, Tami Nadu	INR	39,000,000	Trading industrial materials
Advance Hightech Solutions Inc.	2023.04.26	24301 Southland Drive, #B9 Hayward, CA 94545, USA	USD	1,200,000	Selling and distributing engineering plastics, high-performance composite materials, industrial materials and equipment
Cyuan Cheng Logistic Co., Ltd.	2017.08.31	11F-2, No.235 Chung Cheng 4th Road, Kaohsiung, Taiwan, R.O.C	NTD	55,000,000	Operating freight and leasing business
KSB Energy Corporation	2015.11.17	8F.-2, No. 55, Dongguang Rd., East Dist., Hsinchu City	NTD	51,130,000	Solar power station operation
KSC Energy Corporation	2020.06.30	8F.-2, No. 55, Dongguang Rd., East Dist., Hsinchu City	NTD	54,000,000	Operating solar power station business
Fanxin Development Co., Ltd. (Fanxin)	2019.05.04	11F-3,, No.235 Chung Cheng 4th Road, Kaohsiung, Taiwan, R.O.C	NTD	45,000,000	Operating solar power station business
Fansheng Development Co., Ltd. (Fansheng)	2019.05.03	11F-3,, No.235 Chung Cheng 4th Road, Kaohsiung, Taiwan, R.O.C	NTD	32,000,000	Operating solar power station business
SHC Holding Limited	2003.12.17	Suite 802, St James Court, St Denis Street, Port Louis, Mauritius	USD	1,290,000	Engaging in international investment

Company	Date of incorporation	Address	Currency	Paid-in capital	Core business or product
Regent King International Limited	2013.5.10	Room 803,Tung Hip Commercial Building, 248 Des Voeux Road Central, Hong Kong	HKD	10,000	Selling and distributing engineering plastics, high-performance composite materials, industrial materials and equipment
PT. Wah Tech Indonesia	2015.11.6	Soho @Podomoro City, 36th Floor, Suite 3605 Jl. Letjen S. Parman Kav. 28, Kel. Tanjung Duren Selatan, Kec. Grogol Petamburan, Kota Adm. Jakarta Barat, DKI Jakarta 11470	RP	2,750,000,000	Trading industrial materials
Shanghai Yi Kang Chemicals & Industries Co., Ltd.	1993.10.09	Room 604, No.38, Yinglun Rd, Pilot FreeTrade Zone, Shanghai, China	USD	30,200,000	Engaging in trade and regional trade agents between enterprises in the international trade and trade advisory bonded zone
Dong Guan Hua Gang International Trading Co., Ltd.	2007.01.31	Room 2301, Di Wang Plaza, 303 Chang Qing South Rd, Chang 'An Town, Dong Guan City, Guang Dong Province, China	HKD	300,000,000	Selling and distributing engineering plastics, high-performance composite materials, industrial materials and equipment
Huaying Supply Chain Management (SZ) Co., Ltd.	2015.2.9	0702-B059 Port Building, Marine Center , Linhai Blvd., Nanshan, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen City	HKD	7,000,000	Engaging in supply chain management and consulting services
Meditek (Shanghai) Co.,Ltd.	2013.8.1	Room 203, 2 nd Floor, Building 5, No. 350, Yuanqu Road, Anting Town, Jiading District, Shanghai	CNY	3,000,000	Importing and exporting goods and technology
Crown Medical Equipment (Shanghai) Co., Ltd.	2014.1.22	Room 205, 2 nd Floor, Building 5, No. 350, Yuanqu Road, Anting Town, Jiading District, Shanghai	CNY	3,330,000	Selling medical equipment
Fenghuang Xingwah Shouzheng Health Management Co., Ltd	2020.7.14	Group 2, Dutian Village, Tuojiang Town, Fenghuang County, Xiangxi Tujia and Miao Autonomous Prefecture, Hunan Province	CNY	3,750,000	Engaging in medical device manufacturing technology development and consulting business
Xiamen Huashengda Logistics Co., Ltd.	2018.3.2	Unit21-2, third floor, Bonded Market Building, No. 88 XiangYu Road, Xiamen Area of Fujian Free Trade Pilot Zone	CNY	3,000,000	Engaging in warehousing and logistics

Company	Date of incorporation	Address	Currency	Paid-in capital	Core business or product
Guangzhou Xingxian Medical Management Consulting Co., Ltd.	2019.8.1	Room 1808, No. 180, Jiangnan Avenue Central, Haizhu District, Guangzhou City	CNY	5,000,000	Engaging in medical consulting
Kaiping Huaxinkang Medical Service Co., Ltd.	2021.3.24	2nd and 3rd floors , No. 15, Xinchangtan Jiangxi Road, Sanbu Street Office , Kaiping City	CNY	100	Engaging in medical service
Anhua Huixinkang Hemodialysis Co., Ltd.	2022.07.06	3rd floor, Building 1, Chaxiang Community, Chengnan District, Dongping Town, Anhua County, Yiyang City, Hunan Province	CNY	3,980,000	Engaging in medical service
Raycong (Vietnam) Company Limited	2023.10.05	22nd Floor, PVI Tower, Pham Van Bach, Yen Hoa, CauGiay, Ha Noi	USD	200,000	Trading industrial materials

(3) For companies presumed to have a relationship of control and subordination under Article 369-3 of the Law, list the relevant names and combined shareholding or capital contribution ratios.: None.

(4) Business sectors covered by subsidiaries

A. Business sectors covered by subsidiaries

High-tech material and equipment sales distribution, including semiconductor, IC packaging, TFT-LCD, OLED, PCB, fiber-optic communication, solar power, medical and health industry, etc.

B. The industries covered by the business operated by the affiliates overall. Where connections exist among the businesses operated by individual affiliates, a description of the mutual dealings and division of work among such affiliates should be provided.

(A) Wah Lee Japan, Wah Lee Korea and Advance Hightech Solutions Inc., were set up to enhance the relationship with local customers and suppliers in Japan, South Korea, and the United States, as well as to collect the latest product information to maintain industry competitiveness.

(B) As customers move out to Southeast Asia and Mainland China, our sales and production bases are extended overseas and enter the mainland market through the third countries, so Raycong Industrial (Hong Kong) Limited, Shanghai Yi Kang Chemicals & Industries Co., Ltd., , Dong Guan Hua Gang International Trading Co., Ltd., and Regent King International Limited are established. In addition, with the government's New Southbound Policy, overseas investments are moving to Southeast Asia. The Company has established Wah Lee (Vietnam) Co., Ltd, Wah Tech Industrial Co., Ltd., PT. Wah Tech Indonesia, Wah Lee (Vietnam) Co., Ltd., WL Philippines, Hightech Polymer Sdn Bhd and other companies in Singapore, Thailand, Indonesia, Vietnam and Malaysia to serve our customers.

(C) In order to make a contribution for the sustainable environment and in response to the government's goal of nuclear-free homeland by 2025, the Company has invested in solar power plants and successively invested in solar power plants in Japan, including Sakuragawa Solar Godogaisha and Miyazaki Solar Godogaisha, Kingstone Energy Technology Corporation and its subsidiary, and Evergreen new energy corporation, so as to maintain the competitive advantage of the current business and expand the solar energy market.

- (D) In order to increase added value and enhance the Company's competitiveness, the Company has invested in logistics and warehousing companies such as Tranceed Logistics Co., Ltd., Cyuan Cheng Logistic Co., Ltd., Huaying Supply Chain Management (SZ) Co., Ltd., and Xiamen Huashengda Logistics Co., Ltd.
- (E) The Company also expanded new business and focused on the health and medical industry, investing in Meditek (Shanghai) Co., Ltd., Guangzhou Xingxian Medical Management Consulting Co., Ltd., Fenghuang Xingwah Shouzheng Health Management Co., Ltd. and Anhua Huixinkang Hemodialysis Co., Ltd.

(5) Directors, Supervisors, and Presidents of Subsidiaries

Company	Title	Name	Shareholding	
			Shares	Shareholding percentage
Wah Lee Holding Limited (BVI)	Director	Chang, Ray-Ching	Wah Lee: 13,070,000 shares	100%
Raycong Industrial (Hong Kong) Limited	Chairman	Chang, Tsuen-Hsien	Wah Lee: 56,000,000 shares	100%
	Director	Lu, Jui-Ming	Wah Lee Holding: 48,296,655 shares	
	Director	Lee, Kuo-Ping		
Wah Lee Japan Corporation	Chairman	Yeh, Yi-Lin	Wah Lee: 1,500 shares	83.33%
	Director	Lin, Chen-Chuan		
	Director	Kao, Hsu-Ke		
	Supervisor	Wang, Yi-Wen		
Wah Lee Korea Ltd.	Chairman	Wang, Yi-Wen	Wah Lee: 147,000 shares	100%
Sakuragawa Solar Godogaisha	Director	Yuichiro Yasuda	-	99.99% owned by Wah Lee
Miyazaki Solar Godogaisha	Director	Yuichiro Yasuda	-	99.99% owned by Wah Lee
Wah Lee Tech (Singapore) Pte., Ltd	Chairman	Chang, Tsuen-Hsien	Wah Lee: 1,600,000 shares	100%
	Director	Chang, Chih-An		
PT. Wah Lee Indonesia	Director	Chang, Chun-Wei	Wah Lee: 1,610,000 shares	70%
Wah Lee Vietnam Co.,Ltd	Director	Yeh, Ching-Wen	-	100% owned by Wah Lee
	Supervisor	Ma, Wei-Lun		
Wah Tech Industrial Co., Ltd	Director	Chang, Tsuen-Hsien	Wah Lee: 7,650 shares	51%
	Director	Yeh, Ching-Wen		
Tranceed Logistics Co., Ltd.	Chairman	Shih, Chia-Sheng (representing Wah Lee)	Wah Lee: 9,500,000 shares	63.33%
	Supervisor	Tsai, Chung-Min		
Cyuan Cheng Logistic Co., Ltd.	Chairman	Chou, Tien-Hsing (representing Tranceed Logistics Co., Ltd.)	Wah Lee: 5,500,000 shares	100%
	Supervisor	Tsai, Chung-Min (representing Tranceed Logistics Co., Ltd.)		

Company	Title	Name	Shareholding	
			Shares	Shareholding percentage
Kingstone Energy Technology Corporation	Chairman	Wang, Yi-Wen (representing Wah Lee)	Wah Lee: 33,346,604 shares	94.68%
	Director	Chen, Yi-Hua (representing Wah Lee)		
	Supervisor	Hsiao, Han-Yueh		
Evergreen new energy corporation	Chairman	Chien, Pai-I (representing Wah Lee	Wah Lee: 5,000,000 shares	100%
High Tech Gas Company Ltd.(High Tech Gas)	Chairman	Lin, Chen-Chuan (representing Wah Lee)	Wah Lee: 9,000,000 shares	60.00%
	Director	Lin, Jen-Chih (representing Wah Lee)		
	Director	Lee, Kuo-Ping (representing Wah Lee)		
	Supervisor	Chen, Yi-Hua		
WL Philippines International Corp	Chairman	Yeh, Ching-Wen	Wah Lee: 127,495 shares	99.99%
	Director	Wang, Yi-Wen		
	Director	Lin, Chen-Chuan		
	Director	Li, Ju-En		
	Director	Yannawit Chanpirom		
WL Philippines Inc.	Chairman	Yeh, Ching-Wen	Wah Lee: 126,997 shares	99.99%
	Director	Wang, Yi-Wen		
	Director	Yannawit Chanpirom		
Hightech Polymer SDN. BHD.	Director	Lin, Li-I	Wah Lee: 7,650,000 shares	51%
	Director	Li, Ming-Han		
	Director	Yeh, Ching-Wen		
Wahlee Innovation Materials Private Limited	Director	Yeh, Ching-Wen	Wah Lee: 3,861,000 shares	99.51%
	Director	Chien, Pai-I	Wah Tech Industrial: 39,000 shares.	
	Director	Mr. Yannawit Chanpirom		
Advance Hightech Solutions Inc.	Director	Chang, Tsuen-Hsien	Wah Lee: 1,200,000 shares	100%
KSB Energy Corporation	Chairman	Wang, Yi-Wen (representing Kingstone Energy Technology Corporation)	Kingstone Energy Technology Corporation: 5,113,000 shares	100%

Company	Title	Name	Shareholding	
			Shares	Shareholding percentage
	Supervisor	Hsiao, Han-Yueh (representing Kingstone Energy Technology Corporation)		
KSC Energy Corporation	Chairman	Wang, Yi-Wen (representing Kingstone Energy Technology Corporation)	Kingstone Energy Technology Corporation: 5,400,000 shares	100%
	Supervisor	Hsiao, Han-Yueh (representing Kingstone Energy Technology Corporation)		
Fanxin Development Co., Ltd. (Fanxin)	Chairman	Chien, Pai-I (representing Evergreen new energy corporation)	Evergreen new energy corporation: 4,500,000 shares.	100%
Fansheng Development Co., Ltd. (Fansheng)	Chairman	Chien, Pai-I (representing Evergreen new energy corporation)	Evergreen new energy corporation: 3,200,000 shares.	100%
SHC Holding Limited (Mauritius)	Chairman	Chang, Ray-Ching	Wah Lee Holding: 1,290,000 shares	100%
Regent King International Limited	Director	Chang, Tsuen-Hsien	Wah Lee Holding: 10,000 shares	100%
PT. Wah Tech Indonesia	Director	Chang, Chun-Wei	Wah Lee: 18,150 shares	66%
Shanghai Yi Kang Chemicals & Industries Co.,Ltd.	Chairman	Chang, Tsuen-Hsien	-	70% owned by Raycong (Hong Kong)
	Director and general manager	Yu, Ching-Tien		
	Director	Lin, Jen-Chih		
	Supervisor	Huang, Lu-Hui		
Dong Guan Hua Gang International Trading Co., Ltd.	Chairman	Chang, Tsuen-Hsien	-	100% owned by Raycong H.K.
	Director	Lu, Jui-Ming		
	Director	Lee, Kuo-Ping		
	Supervisor	Tsai, Hsiang-Yu		
Huaying Supply Chain Management (SZ) Co., Ltd.	Chairman	Lu, Jui-Ming	-	100% owned by Raycong H.K.
	Director	Chang, Tsuen-Hsien		

Company	Title	Name	Shareholding	
			Shares	Shareholding percentage
Meditek (Shanghai) Co.,Ltd.	Director	Shih, Chia-Sheng	-	70% owned by Shanghai Yi Kang 30% owned by Zhao, Guo-Bin
	Supervisor	Tsai, Hsiang-Yu		
	Chairman	Ren, You-Ming		
	Director and general manager	Zhao, Guo-Bin		
	Director	Wu, Zhi-Long		
	Supervisor	Huang, Liang-Rao		
Crown Medical Equipment (Shanghai) Co., Ltd.	Chairman	Ren, You-Ming	-	69.97% owned by Shanghai Yi Kang 30.03% owned by Zhao, Guo-Bin
	Director	Zhao, Guo-Bin		
	Director	Wu, Zhi-Long		
	Supervisor	Huang, Liang-Rao		
Fenghuang Xingwah Shouzheng Health Management Co., Ltd	Director and general manager	Ren, You-Ming	-	75% owned by Shanghai Yi Kang
	Supervisor	Chen, Jan		
Xiamen Huashengda Logistics Co., Ltd.	Executive director and general manager	Shih, Chia-Sheng	-	70% owned by Hua Ying Supply Chain 10% owned by Li Ping
	Supervisor	Li, Ping		
Guangzhou Xingxian Medical Management Consulting Co., Ltd.	Executive director and general manager	Lu, Jui-Ming	-	100 % owned by Dong Guan Hua Gang
	Supervisor	Lin, Lung-Pang		
Kaiping Huaxinkang Medical Service Co., Ltd.	Director (legal representative)	Ren, You-Ming	-	90% owned by Guangzhou Xingxian
	Supervisor	Hsueh, Wei		
Anhua Huixinkang Hemodialysis Co., Ltd.	Director (legal representative)	Ren, You-Ming	-	74.87% owned by Raycong H.K. 25.13 % owned by Dongguan Huagang
	Supervisor	Ting, Hsien-Chien		
Raycong (Vietnam) Company Limited	Director (legal representative)	Lee, Kuo-Ping	-	100% owned by Raycong H.K.

2. Operation overview of affiliated enterprises

December 31, 2023 Unit: NT\$

Company	Capital amount	Total assets	Total Liabilities	Net value	Operating Revenue	Operating income	Current profit and loss	Earnings per share(NT\$) (after-tax)
							(After-tax)	
Wah Lee Holding Limited	430,666	5,434,052	0	5,434,052	0	(140)	449,223	34.37
Raycong Industrial (Hong Kong) Limited	409,782	9,224,551	747,850	8,476,701	2,815,578	5,170	772,827	7.41
Wah Lee Korea Ltd.	17,574	5,823	2,424	3,399	0	(105)	(43)	(0.29)
Sakuragawa Solar Godogaisha	37,454	111,556	25,784	85,772	15,267	1,687	3,321	-
Miyazaki Solar Godogaisha	65,594	185,026	144,488	40,538	21,738	6,597	3,614	-
Wah Lee Tech (Singapore) Pte., Ltd.	31,062	870,964	387,634	483,330	1,776,554	74,639	55,743	34.84
PT. Wah Lee Indonesia	60,136	42,578	4,283	38,295	76,307	(8,783)	(9,418)	(4.09)
Wah Lee Vietnam Co., Ltd	13,988	131,321	90,485	40,836	325,203	2,268	827	-
Wah Tech Industrial Co., Ltd.	13,526	582,798	106,345	476,453	1,283,596	101,965	77,720	5181.36
Tranceed Logistics Co., Ltd.	150,000	570,211	284,902	285,309	618,660	34,624	28,385	1.89
Cyuan Cheng Logistic Co., Ltd.	55,000	111,065	68,422	42,643	119,205	3,568	2,543	0.46
Kingstone Energy Technology Corporation	352,188	2,545,393	1,832,284	713,108	209,505	9,903	73,951	2.10
Evergreen new energy corporation	130,000	128,528	5,573	122,955	0	(6,845)	(4,807)	(0.37)
High Tech Gas Company Ltd. (High Tech Gas)	150,000	150,109	60	150,049	0	(124)	49	0.00
Wah Lee Philippines International Corp.	7,070	5,692	31	5,661	0	(712)	(565)	(4.43)

Company	Capital amount	Total assets	Total Liabilities	Net value	Operating Revenue	Operating income	Current profit and loss	Earnings per share(NT\$) (after-tax)
							(After-tax)	
Wah Lee Philippines Inc.	7,042	22,301	13,444	8,856	49,766	5,003	3,619	28.50
Hightech Polymer Sdn Bhd	96,165	373,590	127,958	245,632	724,166	52,221	40,402	2.69
WL India	14,382	14,102	2,435	11,667	0	(3,062)	(2,776)	(0.71)
Advance Hightech Solutions Inc.	36,846	34,655	855	33,800	988	(3,136)	(3,136)	(2.61)
Wah Lee Japan Corporation	19,548	4,550	0	4,550	0	(44)	(43)	(23.98)
KSB Energy Corporation	51,130	111,852	59,514	52,338	7,461	1,844	483	0.09
KSC Energy Corporation	54,000	2,563	0	2,563	0	(1)	(47,701)	(8.83)
Fanxin Development Co., Ltd.(Fanxin)	45,000	68,558	23,831	44,726	0	(148)	(99)	(0.02)
Fansheng Development Co., Ltd. (Fansheng)	32,000	49,445	17,729	31,716	0	(145)	(96)	(0.03)
SHC Holding Limited (Mauritius)	34,700	694,842	0	694,842	0	(192)	72,311	56.06
Regent King International Limited	35	4,493	143	4,350	0	(112)	940	94.01
PT. Wah Tech Indonesia	5,445	12,284	7,880	4,404	3,147	24	(1,900)	(69.10)
Shanghai Yi Kang Chemicals & Industries Co., Ltd.	981,504	7,708,460	3,552,325	4,156,135	12,110,243	695,813	522,105	-
Dong Guan Hua Gang International Trading Co., Ltd.	1,126,595	6,703,403	4,302,646	2,400,757	9,895,375	401,659	304,209	-
Huaying Supply Chain Management (SZ) Co., Ltd.	23,860	203,481	27,239	176,242	105,921	(1,967)	(887)	-
Meditek (Shanghai) Co., Ltd.	12,963	137,998	119,535	18,463	86,413	(15,230)	(18,693)	-
Fenghuang Xingwah Shouzheng Health Management Co., Ltd	21,606	37,024	29,667	7,357	0	(7,743)	(8,174)	-

Company	Capital amount	Total assets	Total Liabilities	Net value	Operating Revenue	Operating income	Current profit and loss	Earnings per share(NT\$) (after-tax)
							(After-tax)	
Crown Medical Equipment (Shanghai) Co., Ltd.	14,389	2,528	10,445	-7,917	328	(5,762)	(5,609)	-
Xiamen Huashengda Logistics Co., Ltd.	12,963	24,539	19,221	5,318	61,807	(3,043)	(3,443)	-
Guangzhou Xingxian Medical Management Consulting Co., Ltd.	21,606	152,268	99,908	52,359	102,526	2,986	(976)	-
Kaiping Huaxinkang Medical Service Co., Ltd.	0	0	0	0	0	0	0	-
Anhua Huixinkang Hemodialysis Co., Ltd.	17,198	36,203	22,492	13,712	0	(2,265)	(2,932)	-
Raycong (Vietnam) Company Limited	6,098	9,323	3,987	5,336	0	(740)	(780)	-

Note :

1. Not applicable. It is a limited company; no shares were issued.
2. Exchange rates used in reports are as follows: 1USD = NT\$30.705; 1RMB= NT\$4.3211; 1 JPY = NT\$0.2172; 1 HKD 1 = NT\$3.929; 1 SGD = NT\$23.29 1 KRW = NT\$0.02391; 1 IDR = NT\$0.00198; 1 VND = NT\$0.00125; 1 THB = NT\$0.9017
3. Par value per share is 50,000JPY for Wah Lee Japan, 5,000KRW for Wah Lee Korea, 1,000 Peso for Wah Lee Philippines, THB 1,000 for Wah Tecj Thailand and IDR 10,000 for Wah Lee Indonesia.

(II) Please refer to page 200 for the consolidated financial statements of the affiliates.

(III) Affiliation Report: N/A.

II. Private placements of securities in the most recent year and as of the date of report publication: None.

III. The Company's stock held or disposed of by subsidiaries in the most recent year and as of the date of the annual report publication: None.

IV. Other supplementary information and notes: None.

Chapter 9. Events with Material Impacts on Equity or Stock Price

Any events in the most recent year and as of the date of report publication that had material impacts on shareholders' interests or securities prices as stated in Item 3 Paragraph 2 of Article 36 under Securities and Exchange Law of Taiwan: None.

DECLARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF AFFILIATES

The entities required to be included in the consolidated financial statements of affiliates of Wah Lee Industrial Corporation for the year ended December 31, 2023 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,, are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard No.10, “Consolidated Financial Statements”. In addition, the relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Wah Lee Industrial Corporation and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Wah Lee Industrial Corporation

By

Tsun-Hsien Chang
Chairman

March 14, 2024

INDEPENDENT AUDITORS' REPORT

Wah Lee Industrial Corporation:

Opinion

We have audited the accompanying consolidated financial statements of Wah Lee Industrial Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditors (refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries 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 of Wah Lee and its subsidiaries for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company and its subsidiaries' consolidated financial statements for the year ended December 31, 2023 is described as follows:

Occurrence of revenue from specific customers

The net operating revenue from specific customers of the Company and its subsidiaries for the year ended December 31, 2023 showed significant growth over the past year. In addition, based on the Standards on Auditing of the Republic of China, revenue recognition is presumed to have a significant risk. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

Refer to Note 4 to the financial statements for the related accounting policy on revenue recognition.

The main audit procedures that we performed to address the occurrence of the revenue from specific customers were as follows:

1. We obtained an understanding and tested the design and operating effectiveness of the internal controls relevant to shipment and revenue recognition.
2. We obtained detailed information on the sales revenue of specific customers. We selected samples and checked the shipping and collection documents. We also verified the occurrence of recorded revenue from specific customers against the supporting documents and confirmed that the payer is the same as the buyer.

Other Matter

The financial statements of some investees accounted for using the equity method in the Company and its subsidiaries' consolidated financial statements for the years ended December 31, 2023 and 2022 were audited by other independent auditors; accordingly, our opinion insofar as it relates to the amounts and information disclosed, is based solely on the reports of other independent auditors. The carrying values of the investments accounted for using the equity method as of December 31, 2023 and 2022 were NT\$686,672 thousand and NT\$735,824 thousand, respectively, both representing 1% of total consolidated assets; the amounts of the share of profit of associates for the years ended December 31, 2023 and 2022 were NT\$57,386 thousand and NT\$83,373 thousand, representing 2% of the consolidated profit before income tax.

We have also audited the parent company only financial statements of Wah Lee Industrial Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

Deloitte & Touche
CPA Chiu-Yen Wu

CPA Jui-Hsuan Hsu

Document No. approved by Securities and
Futures Commission
Tai-Cai-Zheng-Liu-Tzu No. 0920123784

Document No. approved by Financial Supervisory
Commission
Chin-Kuan-Zheng-Sheng-Tzu No. 1020025513

March 14, 2024

Notice to Readers

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

The English version of independent auditors' report and the accompanying financial statements are not reviewed nor audited by independent auditors.

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

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Assets	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Current Assets				
Cash and cash equivalents (Notes 4 and 6)	\$ 6,456,514	13	\$ 6,715,280	14
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	878,614	2	623,022	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	167,000	-	148,500	-
Notes receivable (Notes 9 and 31)	2,750,341	6	2,240,943	5
Accounts receivable, net (Notes 5 and 9)	15,522,445	31	14,497,896	30
Accounts receivable - related parties (Notes 5, 9 and 30)	125,448	-	97,642	-
Other receivables	94,777	-	66,041	-
Other receivables - related parties (Note 30)	110,161	-	149,529	-
Current tax assets (Note 24)	1,395	-	-	-
Merchandise (Notes 4, 5 and 10)	4,695,049	9	6,428,237	13
Prepayments for purchases	1,779,384	4	1,643,719	3
Other financial assets - current (Notes 11 and 31)	1,976,879	4	1,537,457	3
Other current assets	173,909	-	194,082	1
Total current assets	<u>34,731,916</u>	<u>69</u>	<u>34,342,348</u>	<u>70</u>
Non-current assets				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	42,453	-	43,479	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	825,350	2	594,342	1
Investments accounted for using the equity method (Notes 4 and 13)	7,145,056	14	6,125,003	12
Property, plant and equipment (Notes 4, 14, 31 and 32)	5,982,073	12	6,356,350	13
Right-of-use assets (Notes 4 and 15)	510,217	1	564,165	1
Goodwill (Notes 4 and 26)	177,013	1	177,057	-
Other intangible assets	161,914	-	226,823	1
Deferred tax assets (Notes 4 and 24)	366,325	1	430,175	1
Prepayments for equipment	53,925	-	10,212	-
Other financial assets - non-current (Notes 11 and 31)	159,174	-	268,762	1
Other non-current assets	25,895	-	29,841	-
Total non-current assets	<u>15,449,395</u>	<u>31</u>	<u>14,826,209</u>	<u>30</u>
Total assets	<u>\$ 50,181,311</u>	<u>100</u>	<u>\$ 49,168,557</u>	<u>100</u>
Liabilities and Equity				
Current Liabilities				
Short-term borrowings (Note 16)	\$ 9,296,291	19	\$ 9,767,290	20
Short-term bills payable (Note 16)	-	-	29,970	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	419	-	3,672	-
Contract liabilities - current (Note 22)	550,887	1	350,115	1
Notes payable (Note 18)	1,237,384	2	511,712	1
Accounts payable (Note 18)	7,218,821	14	7,507,703	15
Accounts payable - related parties (Notes 18 and 30)	340,676	1	430,025	1
Other payables (Note 19)	1,313,781	3	1,376,972	3
Other payables - related parties (Note 30)	917	-	138	-
Current tax liabilities (Note 24)	268,235	1	337,138	1
Provisions - current (Notes 4 and 32)	50,363	-	87,157	-
Lease liabilities - current (Notes 4 and 15)	93,090	-	98,005	-
Bonds due within one year (Notes 4 and 17)	1,996,598	4	-	-
Current portion of long-term borrowings (Note 16)	171,081	-	193,522	-
Refund liability - current	365,130	1	298,028	1
Other current liabilities	35,540	-	30,294	-
Total current liabilities	<u>22,939,213</u>	<u>46</u>	<u>21,021,741</u>	<u>43</u>
Non-current Liabilities				
Bonds payable (Notes 4 and 17)	-	-	1,994,084	4
Long-term borrowings (Note 16)	4,711,028	9	5,429,566	11
Provisions - non-current (Note 4)	59,369	-	66,223	-
Lease liabilities - on-current (Notes 4 and 15)	449,617	1	500,877	1
Net defined benefit liability - non-current (Notes 4 and 20)	254,666	-	266,512	-
Guarantee deposits received	3,172	-	2,803	-
Deferred tax liabilities (Notes 4 and 24)	1,340,631	3	1,346,099	3
Total non-current liabilities	<u>6,818,483</u>	<u>13</u>	<u>9,606,164</u>	<u>19</u>
Total liabilities	<u>29,757,696</u>	<u>59</u>	<u>30,627,905</u>	<u>62</u>
Equity attributable to owners of the Company (Note 21)				
Capital				
Ordinary share capital	2,360,203	5	2,360,179	5
Pre-acquired capital (Note 17)	2,190	-	-	-
Total capital	<u>2,362,393</u>	<u>5</u>	<u>2,360,179</u>	<u>5</u>
Capital Surplus	<u>2,092,166</u>	<u>4</u>	<u>2,036,714</u>	<u>4</u>
Retained Earnings				
Legal reserve	2,968,189	6	2,710,197	6
Special reserve	448,559	1	184,623	-
Undistributed earnings	10,066,449	20	9,912,630	20
Total retained earnings	<u>13,483,197</u>	<u>27</u>	<u>12,807,450</u>	<u>26</u>
Other Equity	<u>637,262</u>	<u>1</u>	<u>(448,559)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	<u>18,575,018</u>	<u>37</u>	<u>16,755,784</u>	<u>34</u>
Non-controlling interests (Note 21)	<u>1,848,597</u>	<u>4</u>	<u>1,784,868</u>	<u>4</u>
Total equity	<u>20,423,615</u>	<u>41</u>	<u>18,540,652</u>	<u>38</u>
Total liabilities and equity	<u>\$ 50,181,311</u>	<u>100</u>	<u>\$ 49,168,557</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Deloitte & Touche auditors' report dated March 14, 2024)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars, except earnings per share in one New Taiwan Dollars

	2023		2022	
	Amount	%	Amount	%
Operating revenue (Notes 4, 22 and 30)	\$ 66,782,410	100	\$ 73,570,296	100
Operating costs (Notes 10, 23 and 30)	<u>61,256,065</u>	<u>92</u>	<u>68,003,687</u>	<u>92</u>
Gross Profit	<u>5,526,345</u>	<u>8</u>	<u>5,566,609</u>	<u>8</u>
Operating expenses (Notes 9, 23 and 30)				
Selling and marketing expenses	2,259,583	4	2,341,164	3
General and administrative expenses	642,186	1	617,524	1
Expected credit loss recognized (reversed)	<u>123,021</u>	<u>-</u>	<u>(35,514)</u>	<u>-</u>
Total operating expenses	<u>3,024,790</u>	<u>5</u>	<u>2,923,174</u>	<u>4</u>
Operating income	<u>2,501,555</u>	<u>3</u>	<u>2,643,435</u>	<u>4</u>
Non-operating income and expenses (Notes 23 and 30)				
Interest income	172,514	-	110,130	-
Other income	113,659	-	133,274	-
Other gains and losses	125,011	-	110,511	-
Financial costs	<u>(453,732)</u>	<u>-</u>	<u>(341,905)</u>	<u>-</u>
Share of profit of associates and joint ventures accounted for using the equity method	<u>619,605</u>	<u>1</u>	<u>880,144</u>	<u>1</u>
Total	<u>577,057</u>	<u>1</u>	<u>892,154</u>	<u>1</u>
Income before Tax	3,078,612	4	3,535,589	5
Income tax expenses (Notes 4 and 24)	<u>762,437</u>	<u>1</u>	<u>809,317</u>	<u>1</u>
Net income for this year	<u>\$ 2,316,175</u>	<u>3</u>	<u>\$ 2,726,272</u>	<u>4</u>
Other comprehensive income (Notes 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasured among of defined benefit plans	7,660	-	21,868	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	253,282	-	<u>(200,999)</u>	<u>-</u>

(Continued)

(Concluded)

	2023		2022	
	Amount	%	Amount	%
Share of other comprehensive income (loss) of associates accounted for using the equity method	\$ 1,094,617	2	(\$ 322,129)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(11,627)	-	(2,127)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(214,402)	-	360,124	1
Share of other comprehensive gain (loss) of associates accounted for using the equity method	(57,276)	-	83,095	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>18,349</u>	<u>-</u>	(<u>40,884</u>)	<u>-</u>
Other Comprehensive Income of the Year (net of tax)	<u>1,090,603</u>	<u>2</u>	(<u>101,052</u>)	<u>-</u>
Total comprehensive income for the year	<u>\$ 3,406,778</u>	<u>5</u>	<u>\$ 2,625,220</u>	<u>4</u>
Net profit attributable to:				
Owners of the Company	\$ 2,113,717	3	\$ 2,484,800	4
Non-controlling Interests	<u>202,458</u>	<u>-</u>	<u>241,472</u>	<u>-</u>
	<u>\$ 2,316,175</u>	<u>3</u>	<u>\$ 2,726,272</u>	<u>4</u>
Total comprehensive income attributable to:				
Owners of the Company	\$ 3,242,378	5	\$ 2,315,985	3
Non-controlling Interests	<u>164,400</u>	<u>-</u>	<u>309,235</u>	<u>1</u>
	<u>\$ 3,406,778</u>	<u>5</u>	<u>\$ 2,625,220</u>	<u>4</u>
Earnings per share (Note 25)				
Basic	<u>\$ 8.96</u>		<u>\$ 10.53</u>	
Diluted	<u>\$ 8.13</u>		<u>\$ 9.62</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Deloitte & Touche auditors' report dated March 14, 2024)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

	Equity attributable to the owners of the Company											
							Other Equity					
				Retained Earnings			Exchange differences on translating the financial statements of foreign operations	Unrealized gain on financial assets at FVTOCI			Non-controlling Interests	Total Equity
	Ordinary share capital	Pre-acquired capital	Capital Surplus	Legal reserve	Special reserve	Undistributed earnings			Total	Total		
Balance at January 1, 2022	\$ 2,360,179	\$ -	\$ 1,690,292	\$ 2,412,040	\$ 636,618	\$ 8,783,793	(\$ 678,629)	\$ 494,006	(\$ 184,623)	\$ 15,698,299	\$ 2,018,519	\$ 17,716,818
Appropriation and distribution for 2021 earnings												
Legal reserve	-	-	-	298,157	-	(298,157)	-	-	-	-	-	-
Special reserve reversed	-	-	-	-	(451,995)	451,995	-	-	-	-	-	-
Cash dividends distributed to the shareholders of the Company	-	-	-	-	-	(1,604,922)	-	-	-	(1,604,922)	-	(1,604,922)
	-	-	-	298,157	(451,995)	(1,451,084)	-	-	-	(1,604,922)	-	(1,604,922)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	346,422	-	-	-	-	-	-	346,422	-	346,422
Net profit for 2022	-	-	-	-	-	2,484,800	-	-	-	2,484,800	241,472	2,726,272
Other comprehensive income(loss) after tax for 2022	-	-	-	-	-	18,662	334,572	(522,049)	(187,477)	(168,815)	67,763	(101,052)
Total comprehensive income (loss) for 2022	-	-	-	-	-	2,503,462	334,572	(522,049)	(187,477)	2,315,985	309,235	2,625,220
Cash dividends distributed to the shareholders of the subsidiaries	-	-	-	-	-	-	-	-	-	-	(678,721)	(678,721)
Disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	76,459	-	(76,459)	(76,459)	-	-	-
Increase of non-controlling interests (Note 26)	-	-	-	-	-	-	-	-	-	-	135,835	135,835
Balance at December 31, 2022	2,360,179	-	2,036,714	2,710,197	184,623	9,912,630	(344,057)	(104,502)	(448,559)	16,755,784	1,784,868	18,540,652
Appropriation and distribution for 2022 earnings												
Legal reserve	-	-	-	257,992	-	(257,992)	-	-	-	-	-	-
Special reserve	-	-	-	-	263,936	(263,936)	-	-	-	-	-	-
Cash dividends distributed to the shareholders of the Company	-	-	-	-	-	(1,439,709)	-	-	-	(1,439,709)	-	(1,439,709)
	-	-	-	257,992	263,936	(1,961,637)	-	-	-	(1,439,709)	-	(1,439,709)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	20,516	-	-	(41,101)	-	-	-	(20,585)	-	(20,585)
Net profit for 2023	-	-	-	-	-	2,113,717	-	-	-	2,113,717	202,458	2,316,175
Other comprehensive income(loss) after tax for 2023	-	-	-	-	-	6,219	(215,271)	1,337,713	1,122,442	1,128,661	(38,058)	1,090,603
Total comprehensive income (loss) for 2023	-	-	-	-	-	2,119,936	(215,271)	1,337,713	1,122,442	3,242,378	164,400	3,406,778
Conversion of convertible corporate bonds	24	2,190	16,801	-	-	-	-	-	-	-	19,015	19,015
Difference between consideration paid and the carrying amount of the subsidiaries’ net assets during actual acquisition or disposal (Note 12)	-	-	18,135	-	-	-	-	-	-	18,135	(120,474)	(102,339)
Cash dividends distributed to the shareholders of the subsidiaries	-	-	-	-	-	-	-	-	-	-	(40,197)	(40,197)
Disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	36,621	-	(36,621)	(36,621)	-	-	-
Increase of non-controlling interests (Note 21)	-	-	-	-	-	-	-	-	-	-	60,000	60,000
Balance at December 31, 2023	\$ 2,360,203	\$ 2,190	\$ 2,092,166	\$ 2,968,189	\$ 448,559	\$ 10,066,449	(\$ 559,328)	\$ 1,196,590	\$ 637,262	\$ 18,575,018	\$ 1,848,597	\$ 20,423,615

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Deloitte & Touche auditors' report dated March 14, 2024)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

	2023	2022
Cash flows from operating activities		
Net income for this year before tax	\$ 3,078,612	\$ 3,535,589
Adjustments for:		
Depreciation expenses	408,101	407,807
Amortization expenses	47,860	47,444
Expected credit loss recognized (reversed)	123,021	(35,514)
Net gain (loss) of financial instruments at FVTPL	(15,789)	(2,614)
Financial costs	453,732	341,905
Interest income	(172,514)	(110,130)
Dividend income	(13,231)	(12,956)
Share of profit of associates and joint ventures accounted for using the equity method	(619,605)	(880,144)
Net loss on disposal of property, plant and equipment	47,137	17,184
Gains from disposal of subsidiaries and investment accounted for using the equity method	(160,945)	(4,590)
Write-down (Gain from price recovery) of inventories	(234,848)	342,699
Unrealized net gains on foreign currency translation	(67,916)	(60,274)
Loss provision recognized	1,587	19,711
Lease modification benefits	(2,342)	(13,706)
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	7,187	26,415
Notes receivable	(509,484)	(453,876)
Accounts receivable	(1,148,255)	2,498,932
Accounts receivable - related parties	(27,765)	20,694
Other receivables	(9,930)	12,584
Other receivables - related parties	332	8,226
Merchandise inventories	1,975,005	(1,430,175)
Prepayments for purchases	(135,665)	646,369
Other current assets	10,698	(32,045)
Financial liabilities held for trading	(7,726)	(23,726)
Contract liabilities	200,772	(212,799)
Notes payable	725,672	121,031
Accounts payable	(288,882)	(588,253)
Accounts payable - related parties	(89,349)	(145,782)
Other payables	(73,757)	(18,582)
Other payables - related parties	5,313	(2,739)
Provisions	(38,380)	(13,004)
Refund liabilities	67,102	119,252
Other current liabilities	5,246	3,988
Net defined benefit liabilities	(4,216)	(8,498)
Cash generated from operations	3,536,778	4,120,423
Interest received	153,708	115,752

(Continued)

(Concluded)

	2023	2022
Dividends received	\$ 686,768	\$ 721,213
Interest paid	(444,319)	(281,891)
Income tax paid	(764,066)	(896,830)
Net cash generated from operating activities	<u>3,168,869</u>	<u>3,778,667</u>
Cash flow from investing activities		
Purchase of financial assets at fair value through other comprehensive income	(15,369)	(5,000)
Price of disposal of financial assets at FVTOCI	185	488
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	18,714	5,000
Acquisition of financial assets at FVTPL	(1,797,576)	(1,080,596)
Proceeds from disposal of financial assets at fair value through profit or loss	1,538,054	629,294
Acquired associate	(24,000)	(191)
Net cash outflow from acquisition of subsidiaries	-	(120,694)
Net cash inflow from disposal of subsidiaries	344,271	-
Payment for property, plant, and equipment	(587,379)	(1,891,339)
Proceeds from disposal of property, plant, and equipment	6,541	59,012
Acquisition of other intangible assets	(15,547)	(5,385)
Decrease (increase) in other financial assets	(380,491)	1,154,553
Net cash used in investing activities	<u>(912,597)</u>	<u>(1,254,858)</u>
Cash flow from financing activities		
Increase in short-term borrowings	158,916	1,199,864
Decrease in short-term bills payable	(30,000)	(30,000)
Proceeds from long-term borrowings	1,542,381	3,862,555
Repayment of long-term borrowings	(2,273,397)	(2,174,931)
Increase (decrease) in guarantee deposits received	369	(158)
Repayment of the principal portion of lease liabilities	(102,141)	(102,056)
Distributed cash dividends to shareholders	(1,439,709)	(1,604,922)
Changes of non-controlling interests	(82,536)	(678,721)
Net cash generated from (used in) financing activities	<u>(2,226,117)</u>	<u>471,631</u>
Effect of exchanges rate changes on the balance of cash and cash equivalents	(288,921)	444,503
Net increase (decrease) in cash and cash equivalents	(258,766)	3,439,943
Cash and cash equivalents at the beginning of the year	<u>6,715,280</u>	<u>3,275,337</u>
Cash and cash equivalents at the end of the year	<u>\$ 6,456,514</u>	<u>\$ 6,715,280</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Deloitte & Touche auditors' report dated March 14, 2024)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

From January 1 to December 31, 2023 and 2022

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

1. Organization

Wah Lee Industrial Corporation (the “Company”) was incorporated in October 1968, and is mainly engaged in the import/export and agency business of composite materials, engineering plastic, printed circuit board, semiconductor, and computer related manufacturing materials and equipment.

The Company’s shares were listed and have been trading on the Taiwan Stock Exchange since July 22, 2002.

The consolidated financial statements, which include the Company and its subsidiaries (collectively, the “Group”), are presented in the Company’s functional currency, the New Taiwan dollar.

2. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were approved by the board of directors on March 14, 2024.

3. Application of New, Amended and Revised Standards and Interpretations

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

Except as described below, the application of the amended IFRSs endorsed by the FSC and published as effective will not result in significant changes in the accounting policies of the company and the individuals controlled by the company (the Group):

- 1) Amendment to IAS 12, “Deferred Income Taxes on Assets and Liabilities Arising from a Single Exchange”.

This amendment clarifies that the exemption from the original recognition requirements of IAS 12 does not apply to transactions that result in taxable and deductible temporary differences of the same amount at the time of original recognition. On January 1, 2022, the Group recognized deferred income tax assets (where it is probable that there will be premises available for the purpose of mitigating temporary differences) and deferred income tax liabilities for all deductible and taxable temporary differences related to lease and decommissioning obligations to which this amendment applies. The application of this amendment to transactions other than leases and decommissioning obligations is deferred for transactions occurring after January 1, 2022.

- 2) Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules”

The amendment introduces an exception to IAS 12 that specifies that the Group shall not recognize deferred income tax assets and liabilities related to Pillar II income taxes and shall not disclose information about such deferred income taxes, but shall disclose that it has applied the exception and shall separately disclose current income tax expense (benefit) related to Pillar Two income taxes. In addition, during the period in which the Pillar Two

Act has been legislated or has been substantially legislated but has not yet become effective, the Group shall disclose qualitative and quantitative information that will assist users in understanding what is known or can be reasonably estimated to be the extent of their exposure to Pillar Two income taxes. Immediately and retroactively upon the issuance of this amendment, this exception shall be applied and the fact that it has been applied shall be disclosed; the other disclosure requirements shall be applicable to annual reporting periods beginning after January 1, 2023, and the other disclosure requirements shall not be applicable to interim financial reports with interim period end dates prior to December 31, 2023.

b. IFRSs recognized by the FSC for 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

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

Note 3: The first application of this amendment exempts a portion of the disclosure requirement.

As of the date the consolidated financial statements were approved, the Group assessed that the application of the above standards and interpretations would not have a material impact on the Group’s financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “First-time Applicability of IFRS 17 and IFRS 9-Comparison Information”	January 1, 2023
Amendments to IAS 21 “Lack of Convertibility”	January 1, 2025 (Note 2)

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

Note 2: Applicable to annual reporting periods beginning after January 1, 2025. When the amendment is first applied, the effect shall be recognized in retained earnings at the date of first application.

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

4. Summary of Significant Accounting Policies

a. Statement of Compliance

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

b. Basis of Preparation

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

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

- 1) Level 1 inputs: Quoted prices(unadjusted) in active markets for identical assets or liabilities on the measurement date.
- 2) Level 2 inputs: Inputs, other than quoted prices within level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs: Unobservable inputs for assets or liabilities.

c. Classification of Current and Non-current Assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

d. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). The consolidated statement of comprehensive income incorporates the operating profit or loss of the acquired or disposed company for the period from the date of acquisition or up to the date of disposal. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if it results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between the aggregate of the fair value of consideration received and the previous carrying amount of the assets, and liabilities of the subsidiary and any non-controlling interest. The Group shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Group had directly disposed of the related assets and liabilities.

For the detailed information of subsidiaries (including the percentage of ownership and main business), refer to Note 12, and Tables 6 and 7.

e. Business Combinations

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

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

f. Foreign Currency Amount

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

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

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

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

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the New Taiwan dollar at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income and accumulated in equity attributed to the owners of the Company and non-controlling interests as appropriate.

Goodwill and fair value adjustments recognized on identifiable assets and liabilities of acquired foreign operation are treated as assets and liabilities of the foreign operation and translated at the rates of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

g. Merchandise inventories

Merchandise is stated at the lower of cost or net realizable value; comparison of cost and net realizable value and recognition of write-downs are made by item. The net realizable value is the estimated selling price of merchandise less all estimated costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

h. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

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

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

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

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

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

i. Property, Plant, and Equipment

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

Freehold land is not depreciated.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant, and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

j. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating unit,^") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Impairment of property, plant and equipment and right-of-use assets

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

(a) Measurement category

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL; such assets include debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria and derivative instruments.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

- iii. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

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

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

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

(b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost.

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instruments has not increased significantly since initial recognition, the Company measures the loss allowance for the financial instruments at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Company:

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

(c) Derecognition of financial assets

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

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

2) Equity instruments

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

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

3) Financial liabilities

(a) Subsequent measurement

The Group's financial liabilities, except for derivative financial instruments, are measured at amortized cost using the effective interest method.

(b) Derecognition of financial liabilities

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

4) Convertible corporate bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity

will be transferred to capital surplus. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

The Group enters into derivative financial instruments, which are forward contracts, to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

n. Revenue recognition

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

1) Revenue from sale of goods

Revenue from sale of goods comes from sales of composite materials, engineering plastic and semiconductor. Sales of goods are recognized as revenue when the goods are shipped or delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

2) Revenue from the rendering of services

Commission revenue comes from the provision of intermediary or agency services to the client in the transfer of merchandise to the client's customers. The Group recognizes revenue as control of the goods is transferred to the customer, and the Company has no further obligations to the customer. Other revenue from the rendering of services is recognized as the Company fulfills their obligation.

o. Leasing

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

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

Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

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

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

p. Borrowing Costs

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

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

q. Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants are intended to compensate.

r. Employee benefits

1) Short-term employee benefits

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

2) Post-employment benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expenses in the period in which they occur. Remeasurement, is recognized in other comprehensive income in the period in which it occurs.

Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

s. Income taxes

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

1) Current income taxes

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

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

The Group has applied the recognition and disclosure exception for deferred income tax assets and liabilities for Pillar Two income tax, therefore, the Group neither recognizes nor discloses information about deferred income tax assets and liabilities for Pillar II income tax.

3) Current and deferred taxes for the year

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

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainties

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

Key sources of estimation uncertainty:

a. Estimated impairment of accounts receivable

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Impairment of inventories

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

6. Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 1,052	\$ 1,239
Demand deposits in banks	5,291,761	3,876,747
Check accounts in banks	40,494	37,808
Cash equivalents - Bank time deposits with original maturity of less than 3 months	<u>1,123,207</u>	<u>2,799,486</u>
	<u>\$ 6,456,514</u>	<u>\$ 6,715,280</u>

- a. The market rate intervals of cash equivalents at the end of the reporting period were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposits (%)	1.55-6.73	0.10-4.30

- b. The Group interacts with a variety of financial institutions with sound credit ratings to disperse credit risk, hence, there was no expected credit loss.

7. Financial instruments at FVTPL

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets - current</u>		
Mandatorily classified at FVTPL		
Hybrid instruments - structured deposits (a)	\$ 799,406	\$ 549,458
Non-derivative financial assets - mutual funds	<u>79,208</u>	<u>73,564</u>
	<u>\$ 878,614</u>	<u>\$ 623,022</u>
<u>Financial assets - non-current</u>		
Mandatorily classified at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	<u>\$ 42,453</u>	<u>\$ 43,479</u>
<u>Financial liabilities - current</u>		
Held for trading		
Derivatives instruments (not designated for hedge) (b)		
Foreign exchange forward contracts	<u>\$ 419</u>	<u>\$ 3,672</u>

- a. The Group entered into structured time deposit contract with banks. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract was assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.
- b. The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

At the end of the year, outstanding foreign exchange forward contracts were as follows:

December 31, 2023

<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (In Thousands)</u>
Buy USD/Sell RMB	2024.01	USD1,401/RMB10,000
Buy USD/Sell MYR	2024.01-2024.02	USD200/MYR935

December 31, 2022

<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (In Thousands)</u>
Buy USD/Sell RMB	2023.01-2023.03	USD1,500/RMB10,596
Buy USD/Sell THB	2023.01	USD300/THB10,659
Buy USD/Sell MYR	2023.01-2023.03	USD2,200/MYR10,061

8. Financial assets at FVTOCI

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Domestic investments in equity instruments		
TPEX-listed stocks	<u>\$ 167,000</u>	<u>\$148,500</u>
<u>Non-current</u>		
Domestic investments in equity instruments		
Listed and Emerging Shares	\$ 368,401	\$ 87,318
Unlisted stocks	<u>315,647</u>	<u>418,212</u>
	<u>684,048</u>	<u>505,530</u>
Foreign investments in equity instruments		
TWSE-listed stocks	18,886	20,128
TWSE-unlisted stocks	<u>122,416</u>	<u>68,684</u>
	<u>141,302</u>	<u>88,812</u>
	<u>\$ 825,350</u>	<u>\$ 594,342</u>

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

9. Notes receivable and accounts receivable, net

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable - unrelated parties		
Notes receivable - operating	\$ 2,750,427	\$ 2,240,943
Less: Allowance for losses	<u>86</u>	<u>-</u>
	<u>\$ 2,750,341</u>	<u>\$ 2,240,943</u>
Accounts receivable - unrelated parties		
At amortized cost		
Gross carrying amount	\$ 15,760,854	\$ 14,679,062
Less: Allowance for losses	<u>238,409</u>	<u>181,166</u>
	<u>\$ 15,522,445</u>	<u>\$ 14,497,896</u>
Accounts receivable - related parties		
At amortized cost		
Gross carrying amount	\$ 125,950	\$ 98,185
Less: Allowance for losses	<u>502</u>	<u>543</u>
	<u>\$ 125,448</u>	<u>\$ 97,642</u>

For the information on factored notes receivable pledged as collateral for borrowings, refer to Notes 29 and 31.

The main credit period of sales of goods was 60-90 days. No interest was charged on receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on receivables are estimated using a provision matrix prepared by reference to the past default records of the customer, the customer's current financial position, and economic condition of the industry in which the customer operates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off receivables when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following tables detail the loss allowance of receivables based on the Group's provision matrix:

December 31, 2023

Cost	Counterparty without signs of default				Counterparty with signs of default	Total
	Not past due	Past due by 1-60 days	Past due by 61-180 days	Past due over 181 days		
Expected credit loss rate (%)	0.01-3	0.5-20	5-40	40-50	50-100	
Gross carrying amount	\$ 17,211,350	\$ 1,024,945	\$ 174,331	\$ 80,696	\$ 145,909	\$ 18,637,231
Loss allowance (Lifetime ECLs)	(20,245)	(18,433)	(20,817)	(46,488)	(133,014)	(238,997)
Amortized cost	<u>\$ 17,191,105</u>	<u>\$ 1,006,512</u>	<u>\$ 153,514</u>	<u>\$ 34,208</u>	<u>\$ 12,895</u>	<u>\$ 18,398,234</u>

December 31, 2022

Cost	Counterparty without signs of default				Counterparty with signs of default	Total
	Not past due	Past due by 1-60 days	Past due by 61-180 days	Past due over 181 days		
Expected credit loss rate (%)	0.02-1	0.35-20	1-40	40-50	100	
Gross carrying amount	\$ 15,339,454	\$ 1,317,685	\$ 240,273	\$ 37,472	\$ 83,306	\$ 17,018,190
Loss allowance (Lifetime ECLs)	(17,094)	(35,396)	(33,546)	(12,367)	(83,306)	(181,709)
Amortized cost	<u>\$ 15,322,360</u>	<u>\$ 1,282,289</u>	<u>\$ 206,727</u>	<u>\$ 25,105</u>	<u>\$ -</u>	<u>\$ 16,836,481</u>

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

	2023	2022
Balance at the beginning of the year	\$ 181,709	\$ 232,702
Acquired by acquisition of subsidiaries	-	985
Provision (reversal) for the year	123,021	(35,514)
Amounts written off for the year	(60,656)	(23,004)
Foreign exchange translation differences	(5,077)	6,540
Balance at the end of the year	<u>\$ 238,997</u>	<u>\$ 181,709</u>

10. Merchandise inventories

The costs of inventories recognized in cost of goods sold for 2023 and 2022 were NT\$60,022,011 thousand and NT\$66,896,953 thousand respectively, which included the following items:

	2023	2022
Write-down (Gain from price recovery) of inventories	(<u>\$ 234,848</u>)	<u>\$ 342,699</u>

The price recovery gains of inventory for 2023 were primarily attributed to destocking.

11. Other financial assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 1,060,733	\$ 483,893
Structured deposits	821,012	969,878
Pledged deposits	95,098	81,355
Refundable deposits	<u>36</u>	<u>2,331</u>
	<u>\$ 1,976,879</u>	<u>\$ 1,537,457</u>
<u>Non-current</u>		
Pledged deposits	\$ 59,165	\$ 151,646
Refundable deposits	<u>100,009</u>	<u>117,116</u>
	<u>\$ 159,174</u>	<u>\$ 268,762</u>

- a. The market rate intervals of other financial assets at the end of the reporting period were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deposits in bank (%)	0.48-6.00	0.19-4.50

- b. The counterparties of the Group's bank deposits were banks with good credit and no significant default concerns, hence, there was no expected credit loss.
- c. Refer to Note 31 for information on other financial assets pledged as collateral.

12. Subsidiary

The subsidiaries in the consolidated financial statements

The detailed information of the subsidiaries at the end of the reporting period was as follows:

Investee company name the Company	Name of subsidiary	Main business	Percentage of Ownership (%)		Remark
			December 31, 2023	December 31, 2022	
	Wah Lee Holding Ltd.	International investment	100.00	100.00	
	Raycong Industrial (H.K.) Ltd. (Raycong H.K.)	Trading business of engineering plastic, composite materials and equipment	53.69	53.69	
	Wah Lee Japan Corp. (WL Japan)	Trading business of synthetic resin, industrial plastic, molding machine, and electromechanical parts	83.33	83.33	
	Wah Lee Korea Ltd. (WL Korea)	Trading business of synthetic resin, industrial plastic, molding machine, and electromechanical parts	100.00	100.00	
	Sakuragawa Solar Ltd.	Solar power generation business	99.99	99.99	
	Miyazaki Solar Ltd.	Solar power generation business	99.99	99.99	
	PT. Wah Lee Indonesia (WL Indonesia)	Trading business of industrial materials	70.00	70.00	
	Wah Lee Vietnam Co., Ltd. (WL Vietnam)	Trading business of industrial materials	100.00	100.00	
	Tranceed Logistics Co., Ltd. (Tranceed Logistics)	Freight forwarders and leasing business	63.33	63.33	
	Wah Tech Industrial Co., Ltd. (WT Industrial)	Trading business of industrial materials	51.00	51.00	

(Continued)

(Concluded)

Investee company name	Name of subsidiary	Main business	Percentage of Ownership (%)		Remark
			December 31, 2023	December 31, 2022	
Kingstone Energy Technology Corporation (KS Corp.)	Kingstone Energy Technology Corporation (KS Corp.)	Solar power generation business	94.68	78.67	Note 1
	Wah Heng Energy Technology Corp. (WH Energy)	Solar power generation business	-	100.00	Note 27
	Evergreen New Energy Corporation	Solar power generation business	100.00	100.00	
	Wah Lee Philippines International Corp. (WL Philippines Corp.)	Trading business of industrial materials	99.99	99.99	
	Wah Lee Philippines Inc. (WL Philippines Inc.)	Trading business of industrial materials	99.99	99.99	
	Hightech Polymer Sdn. Bhd. (Hightech)	Trading business of industrial materials	51.00	51.00	Note 26
	Wah Lee Tech (Singapore) Pte. Ltd. (WL Singapore)	Agency of semiconductor materials and equipment	100.00	100.00	
	Wah Lee Innovation Materials Private Limited (WL India)	Trading business of industrial materials	99.00	-	Established in May 2023
	Advance Hightech Solutions Inc. (Advance Hightech)	Selling and distributing engineering plastics, high-performance composite materials, industrial materials, and semiconductor materials and equipment.	100.00	-	Established in September 2023
	High Tech Gas Company Ltd.(High Tech Gas)	Chemical Materials Manufacturing	60.00	-	Established in September 2023
	Fanxin Development Co., Ltd.(Fanxin)	Solar power generation business	100.00	-	Note 2
	Fansheng Development Co., Ltd.(Fansheng)	Solar power generation business	100.00	-	Note 2
	SHC Holding Ltd. Raycong H.K.	International investment	100.00	100.00	
		Trading business of engineering plastic, composite materials and equipment	46.31	46.31	
Raycong H.K.	Regent King International Limited (Regent King)	Trading business of engineering plastic, composite materials and equipment	100.00	100.00	
	Dong Guan Hua Gang International Trading Co., Ltd.(Dongguan Hua Gang)	Trading business of industrial materials	100.00	100.00	
	Shanghai Yi Kang Chemicals & Industries Co.,Ltd. (Shanghai Yikang)	Trading business of industrial materials	70.00	70.00	
	Huaying Supply Chain Management (Shenzhen) Co., Ltd. (Shenzhen Huaying)	Supply chain management and consultancy service	100.00	100.00	
	Raycong (Vietnam) Company Limited (RC Vietnam)	Trading business of industrial materials	100.00	-	Established in November 2023
	Anhua Huixinkang Hemodialysis Co., Ltd. (Anhua Huixinkang)	Medical service industry	74.87	-	Note 3
	Yadi International Trading Co., (Shanghai) Ltd. (Shanghai Yadi)	Import and export business of goods and techniques	70.00	70.00	
	Lihuang Medical Devices (Shanghai) Co., Ltd. (Shanghai Lihuang)	Trading business of medical devices and equipment	69.97	69.97	
	Fenghuang Xingwah Shouzheng Health Management Co., Ltd (Fenghuang Xingwah Shouzheng)	Medical devices manufacturing technology developing and consulting	75.00	75.00	
	Guangzhou Xingxian Medical Management Consulting Co., Ltd. (Guangzhou Xingxian)	Medical consulting	100.00	100.00	
Dongguan Huagang	Anhua Huixinkang Hemodialysis Co., Ltd. (Anhua Huixinkang)	Medical service industry	25.13	100.00	Established in July 2022; Note 3
	Kaiping Huaxinkang Medical Service Co., Ltd. (Kaiping Huaxinkang)	Medical service industry	90.00	90.00	
Shenzhen Huaying	Xiamen Huashengda Logistics Co., Ltd. (Xiamen Huashengda)	Warehousing and logistics	70.00	70.00	
Kingstone Energy Technology Corporation (KS Corp.)	KSA Energy Corporation (KSA Corp.)	Solar power generation business	-	100.00	Note 27
	KSB Energy Corporation (KSB Corp.)	Solar power generation business	100.00	100.00	
	KSC Energy Corporation (KSC Corp.)	Solar power generation business	100.00	100.00	
	KSD Energy Corporation (KSD Corp.)	Solar power generation business	-	100.00	Note 4

(Continued)

(Concluded)

Investee company name	Name of subsidiary	Main business	Percentage of Ownership (%)		Remark
			December 31, 2023	December 31, 2022	
WT Industrial	P.T. Wah Tech Indonesia (WT Indonesia)	Trading business of industrial materials	66.00	66.00	
	Wah Lee Innovation Materials Private Limited (WL India)	Trading business of industrial materials	1.00	-	Established in May 2023
Tranceed Logistics Co., Ltd. (Tranceed Logistics)	Cyuan Cheng Logistics Co., Ltd. (Cyuan Cheng Logistics)	Freight forwarders and leasing business	100.00	100.00	

Note 1: In August 2023, the Company purchased 16.01% of the shares of KS Corp. from a non-affiliated party for \$102,339 thousand in cash, resulting in an increase in the Company's shareholding to 94.68%. Since the above transaction did not change the Group's control over KS Corp., the Company accounted for it as an equity transaction and increased capital surplus by NT\$18,135 thousand.

Note 2: In order to obtain the power sales contract, ENE Corp. acquired 100% of the shares of Fanxin Development Co., Ltd.(Fanxin) and Fansheng Development Co., Ltd.(Fansheng) for a cash consideration of NT\$125 thousand and NT\$112 thousand, respectively, on July 21, 2023, which was judged to be not a business transaction according to the IFRSs 3, "Business Combination", and was handled in the same way as the acquisition of an asset.

Information about the assets acquired and liabilities assumed and related net cash outflows measured at the acquisition date is summarized below:

Assets obtained

	Fanxin Development Co., Ltd.(Fanxin)	Fansheng Development Co., Ltd.(Fansheng)
CASH	<u>\$ 125</u>	<u>\$ 112</u>

Net cash outflow from acquisition of subsidiaries

	Fanxin Development Co., Ltd.(Fanxin)	Fansheng Development Co., Ltd.(Fansheng)
Consideration paid in cash	\$ 125	\$ 112
Less: Balance of cash acquired	(<u>125</u>)	(<u>112</u>)
	<u>\$ -</u>	<u>\$ -</u>

Note 3: In November 2023, Anhua Huixinkang was capitalized by Raycong H.K. with an additional capital of RMB 5,000,000. After the capital increase, Raycong H.K. and Dongguan Huagang held 74.87% and 25.13% of the shareholding interest in Anhua Huixinkang, respectively.

Note 4: Based on the purpose of enterprise integration to respond to future industrial development and enhance the competitiveness of Kingstone Energy Technology Corporation (KS Corp.) and KSD Energy Corporation (KSD Corp.), and the simplified merger was handled on March 29, 2023 as the merger base date. After the merger, Kingstone Energy Technology Corporation (KS Corp.) is a surviving company, KSD Energy Corporation (KSD Corp.) is an extinguishing company, and its assets and liabilities are generally borne by Kingstone Energy Technology Corporation (KS Corp.).

13. Investment accounted for using the equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Investments in associates</u>		
Material associates		
CWE Inc.	\$ 4,501,055	\$ 3,445,921
Associates that are not individually material	<u>2,591,457</u>	<u>2,640,236</u>
	<u>7,092,512</u>	<u>6,086,157</u>
<u>Investment in joint ventures</u>		
Joint ventures that are not individually material	<u>52,544</u>	<u>38,846</u>
	<u>\$ 7,145,056</u>	<u>\$ 6,125,003</u>

Refer to Tables 6 and 7 for the main business and location of the investments accounted for using the equity method.

a. Material associates

<u>Company Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
CWE Inc.	29.54%	29.17%

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

<u>Company Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
CWE Inc.	<u>\$ 6,906,786</u>	<u>\$ 5,996,436</u>

The summarized financial information below represents amounts shown in the financial statements of CWE Inc. prepared for equity accounting purposes:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current Assets	\$ 15,661,938	\$ 15,937,010
Non-current assets	20,604,238	17,184,256
Current Liabilities	(9,936,473)	(9,299,580)
Non-current Liabilities	(6,790,647)	(7,434,740)
Equity	19,539,056	16,386,946
Non-controlling Interests	(4,528,075)	(4,805,267)
	<u>\$ 15,010,981</u>	<u>\$ 11,581,679</u>
Percentage of ownership held by the Company (%)	29.45	29.17
Equity attributable to the Company	\$ 4,433,628	\$ 3,378,494
Goodwill	<u>67,427</u>	<u>67,427</u>
Carrying amount of investment	<u>\$ 4,501,055</u>	<u>\$ 3,445,921</u>

	2023	2022
Operating Revenue	<u>\$ 16,490,002</u>	<u>\$ 21,858,509</u>
Net income for this year	\$ 2,248,755	\$ 3,572,984
Other comprehensive (loss) income for the year	<u>3,724,543</u>	(<u>861,497</u>)
Total comprehensive income for the year	<u>\$ 5,973,298</u>	<u>\$ 2,711,487</u>
Cash dividends received	<u>\$ 500,693</u>	<u>\$ 395,805</u>

As of December 31, 2023 and 2022, the Company's dividends receivable were NT\$106,950 thousand and NT\$144,469 thousand, respectively, recognized as other receivables - related parties.

b. Aggregate information of associates and joint ventures that are not individually material

	2023	2022
The Group's share		
Net income for this year	\$ 186,279	\$ 255,748
Other comprehensive (loss) income for the year	(<u>27,128</u>)	<u>15,578</u>
Total comprehensive income for the year	<u>\$ 159,151</u>	<u>\$ 271,326</u>

c. Changes in investment in associates and joint ventures

- 1) In March 2023, the Company invested in the established Hengyuan New Energy Company with an investment amount of NTD 24,000,000 and a shareholding ratio of 12%. As the Company obtained two directors, it was assessed to have a significant influence on the Company and was classified as an investment under the equity method.
- 2) KS Corp.'s ownership percentage in HGE Co. reduced to 5.71% from 64.99% as KS Corp. did not subscribe to additional new shares of HGE Co. at the existing shareholding proportion in 2022, and in October 2022, KS Corp. lost its significant influence and discontinues the use of the equity method. Therefore the investment was reclassified to financial assets at FVTPL - non-current and the recognized gain from investment disposal was NT\$4,590 thousand.
- 3) For the year ended December 31, 2022, the Company purchased 7 thousand shares of Wah Hong Corp. in the open market for NT\$191 thousand in cash, which increased the Company's shareholding to 26.52%.

14. Property, Plant, and Equipment

2023

	Land	Buildings	Power Generation Equipment	Others	Property under Construction and Equipment to be Inspected	Total
<u>Cost</u>						
Balance at January 1, 2023	\$ 2,084,047	\$ 1,091,245	\$ 3,017,220	\$ 1,130,815	\$ 645,149	\$ 7,968,476
Disposal of subsidiaries (Note 27)	-	-	(577,275)	-	(69,430)	(646,705)
Additions	-	393	142,784	73,155	367,686	584,018
Disposals	-	(369)	(19,513)	(15,813)	(47,750)	(83,445)
Reclassified	-	1,634	118,772	5,675	(126,081)	-
Effects of foreign currency exchange differences	(3,437)	(13,618)	(20,106)	(6,755)	(898)	(44,814)
Balance at December 31, 2023	<u>\$ 2,080,610</u>	<u>\$ 1,079,285</u>	<u>\$ 2,661,882</u>	<u>\$ 1,187,077</u>	<u>\$ 768,676</u>	<u>\$ 7,777,530</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 395,992	\$ 425,575	\$ 790,559	\$ -	\$ 1,612,126
Disposal of subsidiaries (Note 27)	-	-	(71,327)	-	-	(71,327)
Depreciation expenses	-	28,220	162,182	109,947	-	300,349
Disposals	-	(369)	(17,493)	(11,905)	-	(29,767)
Effects of foreign currency exchange differences	-	(6,176)	(6,097)	(3,651)	-	(15,924)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 417,667</u>	<u>\$ 492,840</u>	<u>\$ 884,950</u>	<u>\$ -</u>	<u>\$ 1,795,457</u>
Carrying amount at December 31, 2023	<u>\$ 2,080,610</u>	<u>\$ 661,618</u>	<u>\$ 2,169,042</u>	<u>\$ 302,127</u>	<u>\$ 768,676</u>	<u>\$ 5,982,073</u>

2022

	Land	Buildings	Power Generation Equipment	Others	Property under Construction and Equipment to be Inspected	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 840,140	\$ 1,068,002	\$ 2,186,906	\$ 1,054,623	\$ 943,161	\$ 6,092,832
Obtained from merger	-	-	-	3,322	-	3,322
Additions	1,245,739	-	35,375	90,774	544,602	1,916,490
Disposals	-	-	(30,677)	(15,764)	(16,891)	(63,332)
Reclassified	-	-	836,330	(9,893)	(826,437)	-
Effects of foreign currency exchange differences	(1,832)	23,243	(10,714)	7,753	714	19,164
Balance at December 31, 2022	<u>\$ 2,084,047</u>	<u>\$ 1,091,245</u>	<u>\$ 3,017,220</u>	<u>\$ 1,130,815</u>	<u>\$ 645,149</u>	<u>\$ 7,968,476</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ -	\$ 358,728	\$ 296,830	\$ 696,470	\$ -	\$ 1,352,028
Obtained from merger	-	-	-	2,759	-	2,759
Depreciation expenses	-	30,907	155,362	105,299	-	291,568
Disposals	-	-	(29,399)	(13,862)	-	(43,261)
Reclassified	-	-	4,808	(4,808)	-	-
Effects of foreign currency exchange differences	-	6,357	(2,026)	4,701	-	9,032
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 395,992</u>	<u>\$ 425,575</u>	<u>\$ 790,559</u>	<u>\$ -</u>	<u>\$ 1,612,126</u>
Carrying amount at December 31, 2022	<u>\$ 2,084,047</u>	<u>\$ 695,253</u>	<u>\$ 2,591,645</u>	<u>\$ 340,256</u>	<u>\$ 645,149</u>	<u>\$ 6,356,350</u>

- a. Reconciliation of the additions to property, plant and equipment and the cash paid stated in the statements of cash flows is as follows:

	2023	2022
Additions	\$ 584,018	\$ 1,916,490
Capitalization of interest and depreciation expense	(12,882)	(8,945)
Increase (decrease) in prepayments for equipment	43,713	(20,515)
Decrease (increase) in payables for equipment	(21,311)	18,525
Increase in provisions	(6,159)	(14,216)
Cash paid	<u>\$ 587,379</u>	<u>\$ 1,891,339</u>

- b. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Offices	20-63 years
Office interior decoration	5 years
Power Generation Equipment	7-20 years
Others	2-15 years

- c. In January 2022, the board of directors approved the proposal to purchase the land located in the Zilong section of Jiali District, Tainan City from an unrelated party for \$1.2 billion to build the Southern Logistics Center. The transfer of land rights registration was completed in May 2022. Due to the statutory prohibition, the registration of agricultural land rights was registered in the name of Tsun-Hsien Chang, the related party who signed an agreement with the Group. As stipulated in the agreement, the related party will fully cooperate with the Group to transfer the agricultural land right to the Group or a specific person in the future free of charge. The agricultural land has been mortgaged to the Group with a maximum limit of \$200 million.
- d. Refer to Note 31 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.

15. Lease Agreements

- a. Right-of-use assets

2023

	Land	Buildings	Other equipment	Total
Carrying Value at year beginning	\$ 63,168	\$477,285	\$ 23,712	\$ 564,165
Disposal of subsidiaries (Note 27)	(10,542)	(84,722)	-	(95,264)
Additions	43,040	124,200	15,043	182,283
Depreciation expenses	(4,681)	(92,105)	(12,020)	(108,806)
Lease modification	(1,929)	(28,044)	(915)	(30,888)
Effects of foreign currency exchange differences	<u>7,200</u>	<u>(7,217)</u>	<u>(1,256)</u>	<u>(1,273)</u>
Carrying value at year end	<u>\$ 96,256</u>	<u>\$ 389,397</u>	<u>\$ 24,564</u>	<u>\$ 510,217</u>

2022

	Land	Buildings	Other equipment	Total
Carrying Value at year beginning	\$ 41,098	\$ 599,828	\$ 16,926	\$ 657,852
Additions	24,311	102,749	19,075	146,135
Depreciation expenses	(2,261)	(103,528)	(11,980)	(117,769)
Lease modification	-	(123,512)	(449)	(123,961)
Effects of foreign currency exchange differences	20	1,748	140	1,908
Carrying value at year end	<u>\$ 63,168</u>	<u>\$477,285</u>	<u>\$ 23,712</u>	<u>\$ 564,165</u>

b. Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	<u>\$ 93,090</u>	<u>\$ 98,005</u>
Non-current	<u>\$ 449,617</u>	<u>\$ 500,877</u>

Range of discount rate (%) for lease liabilities was as follows:

	December 31, 2023	December 31, 2022
Land	1.85-2.50	1.85
Buildings	1.10-5.67	1.10-5.67
Other equipment	1.43-4.30	0.98-4.80

c. Material leasing activities and terms

The Group leases above mentioned subjects for the use of office and warehouse, for installation of power generation equipment, and transportation equipment, which will expire from February 2024 to April 2045. At the end of the lease term, the Group has a right of first refusal to lease the subject portion of the lease, but none of them has a preferential right to purchase.

d. Other lease information

	2023	2022
Expenses relating to short-term leases	<u>\$ 162,317</u>	<u>\$ 138,293</u>
Expenses relating to low-value asset leases	<u>\$ 2,441</u>	<u>\$ 3,419</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 11,065</u>	<u>\$ 7,428</u>
Total cash outflow for leases	<u>\$ 291,418</u>	<u>\$ 265,036</u>

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

16. Borrowings

a. Short-term borrowings

	December 31, 2023	December 31, 2022
Secured bank borrowings (Note 31)	\$ 742,776	\$ 1,269,351
Unsecured bank borrowings	<u>8,553,515</u>	<u>8,497,939</u>
	<u>\$ 9,296,291</u>	<u>\$ 9,767,290</u>
Annual interest rate (%)	0.59-7.25	0.59-11.50

b. Short-term bills payable - December 31, 2022

	Amount
Commercial paper payable	
China Bills Finance Corporation	\$ 30,000
Less: Discounts on short-term bills payable	<u>30</u>
	<u>\$ 29,970</u>
Annual interest rate (%)	2.21

c. Long-term borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings		
Syndicated bank loans (Note 1)	\$ 2,000,000	\$ 2,000,000
Less: Syndicated loan fee	<u>3,583</u>	<u>4,583</u>
	1,996,417	1,995,417
Bank loans (Note 2)	<u>400,000</u>	<u>700,000</u>
	<u>2,396,417</u>	<u>2,695,417</u>
Secured borrowings (Note 31)		
Syndicated bank loans (Note 3)	-	1,582,420
Bank loans (Note 2)	2,485,692	1,349,369
Less: Management quota fee	<u>-</u>	<u>4,118</u>
	<u>2,485,692</u>	<u>2,927,671</u>
Less: Portion due within one year	<u>171,081</u>	<u>193,522</u>
	<u>\$ 4,711,028</u>	<u>\$ 5,429,566</u>
Annual interest rate (%)		
Syndicated bank loans	2.03	1.80-2.34
Bank loans	1.22-2.67	1.05-2.58
Expiration period		
Syndicated bank loans	2027.08	2024.10-2027.08
Bank loans	2024.02-2037.06	2024.06-2037.06

Note 1: The Company signed a syndicated loan agreement with seven banks led by Mega International Commercial Bank Co., Ltd. in August 2022. The main contents of the syndicated loan agreement are as follows:

- 1) The total amount of syndicated bank loans is \$5 billion, divided into credit limit A, credit limit B, credit limit C and credit limit D. The term of credit limit A, credit limit B and credit limit C is 5 years from the initial drawdown date (August 2022) and the fractional reserve and debt recycling is available within the total amount of syndicated loans, and the maximum term of credit limit D is from the date of receipt of corporate bond payments in full, and the drawdown of credit limit D may be made one or multiple times. However, it shall not be drawn on a revolving basis.
- 2) Pursuant to the bank loan agreement, the Group should maintain certain financial ratios which should be calculated based on audited annual consolidated financial statements. The Group had met the requirement as of December 31, 2023 and 2022.

Note 2: Certain bank loan agreements require the Company to maintain certain financial ratios based on annual or semi-annual consolidated financial statements examined or reviewed by a certified public accountant, and subsidiaries' annual individual or separate financial statements examined by a certified public accountant. The Group had met the requirement as of December 31, 2023 and 2022.

Note 3: The borrowing contract was fully repaid in March 2023 in advance.

17. Corporate bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
3rd domestic unsecured convertible bonds	\$ 1,996,598	\$ 1,994,084
Less: Portion due within one year	<u>1,996,598</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 1,994,084</u>

In August 2021, the Company issued 20,000 domestic 3rd three-year unsecured zero-coupon convertible bonds with an aggregate principal amount of \$2,005,000 thousand (100.25% of the face value) and a par value of \$100 thousand per bond certificate.

Bondholders have the right to convert the bonds into ordinary shares of the Company at the current conversion price per share from three months after the issuance date to the maturity date, except during the book closure period. The conversion price at the time of issuance was \$105.3 per share. In the case of ex-right or ex-dividends, the conversion price shall be adjusted according to the conversion price adjustment formula. As of December 31, 2023, the conversion price was NT\$85.4 per share.

If the closing price of the Company's common shares continues being at least 130% of the conversion price then in effect for 30 consecutive trading days or the aggregate outstanding balance of bonds payable is less than 10% of the original issuance amount, the Company has the right to redeem the outstanding bonds payable at par value in cash during the period from three months after the issuance date to the date 40 days prior to the maturity date.

The amount of the face value of the convertible bonds plus interest compensation (1.5075%) has to be fully paid off in cash by the Company on the maturity date.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate originally recognized as a component of the liability is 1.08%.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Liability component at the beginning of the year	\$ 1,994,084	\$ 1,972,752
Interest charged at an effective interest rate	21,529	21,332
Less: Conversion of bonds payable to ordinary shares	<u>19,015</u>	<u>-</u>
Components of ending liabilities	<u>\$ 1,996,598</u>	<u>\$ 1,994,084</u>

As of December 31, 2023, the above unsecured convertible bonds with an aggregate face value of NT\$18,900 thousand were applied for conversion into 221 thousand shares of the Company's common stock, of which 219 thousand shares with a capital increase date of February 5, 2024 were included in the prepaid-in capital.

18. Notes and accounts payable

Notes and accounts payable (including related parties) are mainly related to operating activities. Trading conditions are negotiated separately. The Group has formulated a financial risk management policy, in order to ensure all payables are paid within the pre-agreed credit period, therefore no interest is required.

19. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payable for salaries or bonuses	\$ 641,817	\$ 662,772
Payable for employees' compensation and remuneration of directors	280,063	329,262
Payable for freight	43,383	39,042
Payable for commission	36,535	38,211
Payable for interest	50,508	55,944
Payable for equipment	58,477	37,166
Others	<u>202,998</u>	<u>214,575</u>
	<u>\$ 1,313,781</u>	<u>\$ 1,376,972</u>

20. Retirement benefit plans

a. Defined contribution plans

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

Subsidiaries are required by local regulations to make contributions to central provident fund and retirement insurance, which are also considered defined contribution plans.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the

length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 8% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The subsidiaries Raycong H.K. and WT Industrial both have pension plans covering eligible employees, which is also considered defined benefit plan.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 320,227	\$ 346,115
Fair value of plan assets	(<u>65,561</u>)	(<u>79,603</u>)
Net defined benefit liabilities	<u>\$ 254,666</u>	<u>\$ 266,512</u>

Movements in net defined benefit liabilities were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1, 2022	<u>\$ 383,468</u>	(<u>\$ 87,890</u>)	<u>\$ 295,578</u>
Service cost			
Current service cost	2,026	-	2,026
Past service cost	(813)	-	(813)
Net interest expense (income)	<u>2,492</u>	(<u>520</u>)	<u>1,972</u>
Recognized in Profit or Loss	<u>3,705</u>	(<u>520</u>)	<u>3,185</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,228)	(7,228)
Actuarial gain - changes in financial assumptions	(14,278)	-	(14,278)
Actuarial loss - experience adjustments	(<u>362</u>)	-	(<u>362</u>)
Recognized in Other Comprehensive Income and Loss	(<u>14,640</u>)	(<u>7,228</u>)	(<u>21,868</u>)
Contributions from the employer	<u>-</u>	(<u>10,815</u>)	(<u>10,815</u>)
Benefits paid	(<u>27,718</u>)	<u>26,850</u>	(<u>868</u>)

(Continued)

(Concluded)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Exchange differences on foreign plans	<u>\$ 1,300</u>	<u>\$ -</u>	<u>\$ 1,300</u>
December 31, 2022	<u>346,115</u>	<u>(79,603)</u>	<u>266,512</u>
Service cost			
Current service cost	4,552	-	4,552
Past service cost	(1,355)	-	(1,355)
Net interest expense (income)	<u>4,011</u>	<u>(1,047)</u>	<u>2,964</u>
Recognized in Profit or Loss	<u>7,208</u>	<u>(1,047)</u>	<u>6,161</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(547)	(547)
Actuarial loss - changes in financial assumptions	1,112	-	1,112
Actuarial loss - changes in demographic assumptions	(2)	-	(2)
Actuarial loss - experience adjustments	<u>(8,223)</u>	<u>-</u>	<u>(8,223)</u>
Recognized in Other Comprehensive Income and Loss	<u>(7,113)</u>	<u>(547)</u>	<u>(7,660)</u>
Contributions from the employer	<u>-</u>	<u>(10,270)</u>	<u>(10,270)</u>
Benefits paid	<u>(26,013)</u>	<u>25,906</u>	<u>(107)</u>
Exchange differences on foreign plans	<u>30</u>	<u>-</u>	<u>30</u>
December 31, 2023	<u>\$ 320,227</u>	<u>(\$ 65,561)</u>	<u>\$ 254,666</u>

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

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest 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 the plan's debt investments.

3) Salary risk

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate (%)	1.20	1.25
Expected rate of salary increase (%)	2.00	2.00

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
0.25% increase	(\$ 5,455)	(\$ 6,139)
0.25% decrease	<u>\$ 5,616</u>	<u>\$ 6,328</u>
Expected rate of salary		
0.25% increase	<u>\$ 5,558</u>	<u>\$ 6,265</u>
0.25% decrease	(<u>\$ 5,426</u>)	(<u>\$ 6,110</u>)

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected contributions to the plan for the next year	<u>\$ 27,784</u>	<u>\$ 27,551</u>
Average duration of the defined benefit obligation	7 years	7 years

21. Equity

a. Ordinary share capital

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Number of authorized shares (in thousands)	<u>500,000</u>	<u>500,000</u>
Amount of authorized shares	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>236,020</u>	<u>236,018</u>
Amount of issued and fully paid shares	<u>\$ 2,360,203</u>	<u>\$ 2,360,179</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends. Based on the Company's articles of incorporation (the "Articles"), part of authorized shares can be issued as preferred shares.

b. Capital Surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of share capital	\$ 1,131,365	\$ 1,114,241
Difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	56,059	37,924
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition from associates accounted for using the equity method	395,476	403,129
Expired share options	22,374	22,374
Donations	11,867	11,867
<u>May be used only to offset a deficit</u>		
Share of changes in capital surplus of associates	441,148	412,979
<u>May not be used for any purpose</u>		
Share warrants	<u>33,877</u>	<u>34,200</u>
	<u>\$ 2,092,166</u>	<u>\$ 2,036,714</u>

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

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles after the amendment on May 27, 2022, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, except when the accumulated amount of such legal reserve equals to the Company's total issued capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and if there is any unappropriated earnings remaining, together with the accumulated unappropriated earnings, the board of directors shall prepare a proposal for appropriation of the earnings, and if new shares are to be issued, the proposal shall be submitted to the shareholders' meeting for approval and distribution. The common share dividends will be distributed after the distribution of preferred share dividends based on the Articles.

The amendments to the Articles which have been resolved in the meeting of shareholders held on May 27, 2022 provide that distributable dividends, bonuses, capital reserve and legal reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted to the shareholders' meeting. However, the aforementioned distribution to be paid by issuing new shares shall be resolved by the meeting of shareholders.

The Company's dividend policy is stipulated based on its current and future development plans, together with the consideration of the investment environment, capital requirements, domestic and international competition, and shareholders' interests. Earnings distribution to common shareholders shall not be less than 10% of distributable earnings. However, no distribution shall be made if the balance of distributable earnings is less than 1% of paid-in capital. Dividends may be distributed to shareholders in cash or shares, with cash dividends being no less than 50% of the total dividends.

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

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS" should be appropriated to or reversed from a special reserve by the Company. On the first-time adoption of IFRS Accounting Rules, the Company appropriated to the special reserve \$72,302 thousand.

The appropriations of earnings for 2022 and 2021 were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share</u>	
	<u>2022</u>	<u>2021</u>	<u>(NT\$)</u>	<u>2021</u>
Legal reserve	<u>\$ 257,992</u>	<u>\$ 298,157</u>		
Appropriation (Reversal) of special reserve	<u>\$ 263,936</u>	<u>(\$ 451,995)</u>		
Cash dividends to shareholders	<u>\$1,439,709</u>	<u>\$1,604,922</u>	<u>\$ 6.1</u>	<u>\$ 6.8</u>

The above cash dividend for 2022 was resolved to be distributed by the Board of Directors on March 16, 2023, and the remaining appropriation of 2022 earnings and the appropriation of 2021 earnings were resolved by the shareholders at their regular meetings on May 30, 2023 and June 30, 2022, respectively.

On March 14, 2024, the Board of Directors of the Company proposed the distribution of the annual earnings of 2023 as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	<u>\$ 211,546</u>	
Reversal of special reserve	<u>\$ 376,257</u>	
Cash dividends to shareholders	<u>\$ 1,284,310</u>	<u>\$ 5.2</u>

The appropriations of earnings for 2023 are subject to the resolution of the shareholders in their meeting to be held on May 28, 2024.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	2023	2022
Balance at the beginning of the year	(\$ 344,057)	(\$ 678,629)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(176,344)	292,361
Share from associates accounted for using the equity method	(57,276)	83,095
Effects of income taxes	<u>18,349</u>	(<u>40,884</u>)
Balance at the end of the year	(<u>\$ 559,328</u>)	(<u>\$ 344,057</u>)

2) Unrealized gain on financial assets at FVTOCI

	2023	2022
Balance at the beginning of the year	(\$ 104,502)	\$ 494,006
Recognized for the year		
Unrealized (loss) gain - equity instruments	253,282	(200,999)
Share from associates accounted for using the equity method	1,094,526	(323,297)
Effects of income taxes	(10,095)	2,247
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal		
Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.	(62)	(82)
Share from associates accounted for using the equity method	(<u>36,559</u>)	(<u>76,377</u>)
Balance at the end of the year	<u>\$ 1,196,590</u>	(<u>\$ 104,502</u>)

e. Non-controlling Interests

	2023	2022
Balance at the beginning of the year	\$ 1,784,868	\$ 2,018,519
Other comprehensive (loss) income of the year		
Net income for this year	202,458	241,472
Exchange differences on translating the financial statements of foreign operations	(38,058)	67,763
Cash dividends distributed to non-controlling interests	(40,197)	(678,721)
Acquisition of non-controlling interests in subsidiaries	(120,474)	-
Non-controlling interests arising from acquisition of subsidiaries	60,000	135,835
	<u>\$ 1,848,597</u>	<u>\$ 1,784,868</u>

22. Revenue

	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$ 65,264,988	\$ 72,192,578
Other operating revenues	<u>1,517,422</u>	<u>1,377,718</u>
	<u>\$ 66,782,410</u>	<u>\$ 73,570,296</u>

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	\$ 2,750,341	\$ 2,240,943	\$ 1,787,044
Accounts receivable, net (including related parties)	<u>15,647,893</u>	<u>14,595,538</u>	<u>16,871,481</u>
	<u>\$ 18,398,234</u>	<u>\$ 16,836,481</u>	<u>\$ 18,658,525</u>
Contract liabilities			
Sale of goods	<u>\$ 550,887</u>	<u>\$ 350,115</u>	<u>\$ 562,914</u>

The changes in the balance of contract liabilities primarily resulted from the timing difference between the date the Group fulfills its performance obligation and the date the customer's payment is received. There are no significant changes for 2023 and 2022.

Revenue recognized in the current reporting period from the contract liabilities at the beginning of the year is as follows:

	2023	2022
Sale of goods	<u>\$ 318,462</u>	<u>\$ 511,115</u>

- b. Disaggregation of revenue from contracts with customers

Please refer to Note 35 for information about the disaggregation of revenue.

23. Income before Tax

The details of net income before tax includes the following items:

- a. Other income (Note 30)

	2023	2022
Rent income	\$ 13,364	\$ 17,946
Dividend income	13,231	12,956
Consulting service income	8,296	15,209
Grants income	36,507	47,328
Other income	<u>42,261</u>	<u>39,835</u>
	<u>\$ 113,659</u>	<u>\$ 133,274</u>

- b. Other gains and losses

	2023	2022
Net gain (loss) of financial instruments at FVTPL	\$ 15,789	\$ 2,614
Net foreign exchange gains	15,948	139,547
Net loss on disposal of property, plant and equipment	(47,137)	(17,184)
Gains from disposal of subsidiaries and investment accounted for using the equity method (Notes 13 and 27)	160,945	4,590
Loss provision recognized	(1,587)	(19,711)
Lease modification benefits	2,342	13,706
Others	<u>(21,289)</u>	<u>(13,051)</u>
	<u>\$ 125,011</u>	<u>\$ 110,511</u>

- c. Financial costs

	2023	2022
Interest on bank loans	\$ 425,459	\$ 308,718
Amortization of borrowing facility management fee	5,118	5,430
Interest on lease liabilities	13,454	13,840
Corporate bond discount amortization and interest compensation	21,529	21,332
Less: Amount included in cost of qualifying assets	<u>(11,828)</u>	<u>(7,415)</u>
	<u>\$ 453,732</u>	<u>\$ 341,905</u>
Capitalized rate (%)	1.81-2.62	1.43-2.34

d. Depreciation and amortization

	2023	2022
Property, Plant, and Equipment	\$ 300,349	\$ 291,568
Right-of-use assets	108,806	117,769
Intangible Assets	45,812	45,338
Other non-current assets	2,048	2,106
Less: Amount included in cost of qualifying assets	(<u>1,054</u>)	(<u>1,530</u>)
	<u>\$ 455,961</u>	<u>\$ 455,251</u>
 An analysis of depreciation expense by function		
Operating costs	\$ 280,922	\$ 272,054
Operating expense	<u>127,179</u>	<u>135,753</u>
	<u>\$ 408,101</u>	<u>\$ 407,807</u>
 An analysis of amortization expense by function		
Operating costs	\$ 8,862	\$ 13,157
Operating expense	<u>38,998</u>	<u>34,287</u>
	<u>\$ 47,860</u>	<u>\$ 47,444</u>

e. Employee benefits expense

	2023	2022
Short-term employee benefits	<u>\$ 1,636,220</u>	<u>\$ 1,666,375</u>
Post-employment benefits (Note 20)		
Defined contribution plans	75,952	69,578
Defined benefit plans	<u>6,161</u>	<u>3,185</u>
	<u>82,113</u>	<u>72,763</u>
	<u>\$ 1,718,333</u>	<u>\$ 1,739,138</u>
 An analysis by function		
Operating costs	\$ 141,870	\$ 130,571
Operating expense	<u>1,576,463</u>	<u>1,608,567</u>
	<u>\$ 1,718,333</u>	<u>\$ 1,739,138</u>

f. Compensation of employees and remuneration to directors

The Company accrued compensation of employees and remuneration of directors at the rates not less than 9% and 13% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which have been approved by the Company's board of directors on March 14, 2024 and March 16, 2023, were as follows:

	2023		2022	
	Withdrawal Rate (%)	Amount	Withdrawal Rate (%)	Amount
Compensation of employees paid in cash	9	\$ 248,332	9	\$ 291,956
Remuneration of directors paid in cash	1.15	31,731	1.15	37,306

If there is a change in the amount after the release date on which the annual consolidated financial statements are approved, the change will be accounted for as a change in an accounting estimate and the adjustment accounted for in the following year.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

24. Income taxes

- a. The major components of income tax expense recognized in profit or loss:

	2023	2022
Current income taxes		
In respect of the current year	\$ 665,763	\$ 786,045
Surtax on undistributed earnings	31,575	81,479
Adjustments for prior years	(1,804)	(3,806)
	<u>695,534</u>	<u>863,718</u>
Deferred tax		
In respect of the current year	<u>66,903</u>	(<u>54,401</u>)
	<u>\$ 762,437</u>	<u>\$ 809,317</u>

The reconciliation of accounting profit and income tax expenses is as follows:

	2023	2022
Income before Tax	<u>\$ 3,078,612</u>	<u>\$ 3,535,589</u>
Income tax expense calculated at the statutory rate	\$ 659,360	\$ 746,945
Nondeductible expenses in determining taxable income	10,694	9,241
Investment income excluded from income	(149,756)	(163,135)
Deferred tax effect of earnings of subsidiaries	143,247	112,260
Other adjustments	27,891	6,948
Difference in basic tax payable by subsidiaries	22,146	-
Income tax on unappropriated earnings	31,575	81,479
Adjustments for prior years	(1,804)	(3,806)
Nondeductible withholding tax	<u>19,084</u>	<u>19,385</u>
	<u>\$ 762,437</u>	<u>\$ 809,317</u>

The corporate income tax rate is 20%, the tax rate applicable to subsidiaries in China is 25%, the tax rate applicable to subsidiaries in Singapore is 17%, the tax rate applicable to subsidiaries in Thailand is 20%, the tax rate applicable to subsidiaries in Malaysia is 24%, and tax rates applicable to other entities in the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax benefits (expenses) recognized in other comprehensive income

	2023	2022
Deferred tax		
Disposal of unrealized gain on financial assets at FVTOCI	(\$ 10,095)	\$ 2,247
Remeasurement on defined benefit plan	(1,532)	(4,374)
Exchange differences on the translation of financial statements of foreign operations	18,349	(40,884)
	<u>\$ 6,722</u>	<u>(\$ 43,011)</u>

c. Income tax expense recognized directly in equity

	2023	2022
Deferred tax		
Share from associates accounted for using the equity method	(<u>\$ 5,791</u>)	<u>\$ -</u>

d. Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax assets	<u>\$ 1,395</u>	<u>\$ -</u>
Income tax payable	<u>\$ 268,235</u>	<u>\$ 337,138</u>

e. Deferred tax assets and liabilities

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

2023

	Balance at the beginning of the year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income and Loss	Recognized in equity	Disposal of subsidiaries	Exchange differences on foreign plans	Balance at the end of the year
Deferred tax assets							
Temporary differences							
Write-downs of inventories	\$ 126,028	(\$ 77,592)	\$ -	\$ -	\$ -	(\$ 1,788)	\$ 46,648
Unpaid bonuses	68,604	(1,169)	-	-	-	(870)	66,565
Refund liabilities	58,872	13,091	-	-	-	-	71,963
Defined benefit plan	50,185	(1,508)	(1,532)	-	-	-	47,145
Foreign operations loss and exchange differences	36,911	(2,245)	3,731	-	-	-	38,397
Others	<u>89,015</u>	<u>8,509</u>	<u>-</u>	<u>-</u>	<u>(2,602)</u>	<u>(1,083)</u>	<u>93,839</u>
	429,615	(60,914)	2,199	-	(2,602)	(3,741)	364,557
Loss carryforwards	<u>560</u>	<u>1,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,768</u>
	<u>\$ 430,175</u>	<u>(\$ 59,706)</u>	<u>\$ 2,199</u>	<u>\$ -</u>	<u>(\$ 2,602)</u>	<u>(\$ 3,741)</u>	<u>\$ 366,325</u>
Deferred tax liabilities							
Temporary differences							
Foreign operations income and exchange differences	\$ 1,320,360	(\$ 2,012)	(\$ 4,523)	(\$ 5,791)	\$ -	\$ -	\$ 1,308,034
Others	<u>25,739</u>	<u>9,209</u>	<u>-</u>	<u>-</u>	<u>(2,351)</u>	<u>-</u>	<u>32,597</u>
	<u>\$ 1,346,099</u>	<u>\$ 7,197</u>	<u>(\$ 4,523)</u>	<u>(\$ 5,791)</u>	<u>(\$ 2,351)</u>	<u>\$ -</u>	<u>\$ 1,340,631</u>

2022

	Balance at the beginning of the year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income and Loss	Acquired through a business combination	Exchange differences on foreign plans	Balance at the end of the year
<u>Deferred tax assets</u>						
Temporary differences						
Provision for loss on inventories	\$ 63,381	\$ 61,542	\$ -	\$ 333	\$ 772	\$ 126,028
Unpaid bonuses	67,064	1,046	-	-	494	68,604
Refund liabilities	35,000	23,872	-	-	-	58,872
Defined benefit plan	56,347	(1,788)	(4,374)	-	-	50,185
Foreign operations loss and exchange differences	36,094	7,282	(6,465)	-	-	36,911
Others	90,597	(5,444)	-	2,106	1,756	89,015
	348,483	86,510	(10,839)	2,439	3,022	429,615
Loss carryforwards	411	149	-	-	-	560
	<u>\$ 348,894</u>	<u>\$ 86,659</u>	<u>(\$ 10,839)</u>	<u>\$ 2,439</u>	<u>\$ 3,022</u>	<u>\$ 430,175</u>
<u>Deferred tax liabilities</u>						
Temporary differences						
Foreign operations income and exchange differences	\$ 1,268,816	\$ 19,372	\$ 32,172	\$ -	\$ -	\$ 1,320,360
Others	12,853	12,886	-	-	-	25,739
	<u>\$ 1,281,669</u>	<u>\$ 32,258</u>	<u>\$ 32,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,346,099</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Evaluation loss of foreign investments	<u>\$116,383</u>	<u>\$116,383</u>
Loss carryforwards		
Expiry in 2030	\$ 104	\$ 104
Expiry in 2031	432	432
Expiry in 2032	3,200	3,200
Expiry in 2033	47,701	-
	<u>\$ 51,437</u>	<u>\$ 3,736</u>

- g. Information about unused loss carryforwards

Loss carryforwards of subsidiaries as of December 31, 2022 comprise:

<u>Unused Amount</u>	<u>Expiry Year</u>
\$ 104	2030
432	2031
5,998	2032
53,740	2033
<u>\$ 60,274</u>	

- h. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2023 and 2022, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$2,343,475 thousand and \$2,090,992 thousand.

i. Income tax assessments

The income tax returns of the Company and the domestic subsidiaries through 2021 have been assessed by the tax authorities.

Shanghai Yikang and Dongguan Hua Gang had completed the filing of their tax returns through 2022 with the tax authorities.

25. Earnings per share (EPS)

Earnings and weighted average number of shares outstanding used in the computation of EPS were as follows:

a. Net income for this year

	<u>2023</u>	<u>2022</u>
Profit for the year attributable to owners of the Company	\$ 2,113,717	\$ 2,484,800
Effect of convertible corporate bonds	<u>21,529</u>	<u>22,532</u>
Net profit used in computation of diluted EPS	<u>\$ 2,135,246</u>	<u>\$ 2,507,332</u>

b. Number of shares (in thousands)

	<u>2023</u>	<u>2022</u>
Weighted average number of shares outstanding used in computation of basic EPS	236,037	236,018
Effect of potentially dilutive shares		
Employees' compensation	3,196	4,153
Convertible corporate bonds	<u>23,400</u>	<u>20,387</u>
Weighted average number of shares outstanding used in computation of diluted EPS	<u>262,633</u>	<u>260,558</u>

The Company offers to settle the employees' compensation in cash or shares; thus, the Company assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted EPS, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

26. Business Combinations

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Hightech	Trading business of industrial materials	September 1, 2022	51	<u>\$ 205,335</u>

In order to expand the distribution channels, the Company acquired 51% of the ordinary shares of Hightech from an unrelated party on September 1, 2022.

b. Assets acquired and liabilities assumed at the date of acquisition

	Amount
Current Assets	
Cash and cash equivalents	\$ 84,641
Financial assets at FVTPL - current	43
Accounts receivable, net	213,186
Accounts receivable - related parties	1,546
Other receivables	329
Other receivables - related parties	48
Current tax assets	748
Merchandise inventories	154,915
Prepayments for purchases	207
Other financial assets - current	72,663
Other current assets	1,218
Non-current assets	
Property, Plant, and Equipment	563
Intangible Assets	57,367
Deferred tax assets	2,439
Other financial assets - non-current	1,869
Current Liabilities	
Short-term borrowings	(243,710)
Accounts payable	(50,044)
Accounts payable - related parties	(7,926)
Other payables	(12,525)
Other current liabilities	(35)
Non-current Liabilities	
Guarantee deposits received	(<u>327</u>)
	<u>\$ 277,215</u>

c. Non-controlling Interests

The non-controlling interest of Hightech was measured at the proportionate share of the recognized identifiable net assets.

d. Goodwill recognized on acquisitions

	Amount
Consideration Transferred	\$ 205,335
Add: non-controlling interests (49% of the ownership interest)	135,835
Less: fair value of identifiable net assets acquired	(277,215)
Goodwill recognized on acquisitions	<u>\$ 63,955</u>

The goodwill recognized in the acquisitions mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected revenue growth and future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

e. Net cash outflow from acquisition of subsidiaries

	Amount
Consideration paid in cash	\$ 205,335
Less: Cash and cash equivalent balances acquired	(84,641)
	<u>\$ 120,694</u>

f. Impact of acquisitions on the results of the Group

The financial results of the acquirees from Hightech in 2022 since the acquisition dates were as follows:

	Amount
Operating Revenue	<u>\$ 294,731</u>
Net loss for the period	(\$ 6,211)

Had the company concluded the acquisition at the beginning of 2022, the Group's revenue would have been NT\$74,259,576 thousand and the profit would have been NT\$2,744,436 thousand for the year ended December 31, 2022. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2022, nor is it intended to be a projection of future results.

27. Disposal of subsidiaries

On November 1, 2023, the Group sold 100% of its subsidiaries, WH Energy and KSA Corp. to a related party, Eternity WH Energy.

a. Analysis of assets and liabilities for loss of control

	WH Energy	KSA Corp.	Total
Current Assets			
Cash and cash equivalents	\$ 555	\$ 16,881	\$ 17,436
Accounts receivable	1,396	4,853	6,249
Other receivables - related parties	-	17	17
Other current assets	3,361	6,114	9,475
Non-current assets			
Property, Plant, and Equipment	77,753	497,625	575,378

(Continued)

(Concluded)

	WH Energy	KSA Corp.	Total
Right-of-use assets	\$ 3,101	\$ 92,163	\$ 95,264
Intangible Assets	7,370	26,249	33,619
Deferred tax assets	400	2,202	2,602
Other financial assets - non-current	14,890	35,767	50,657
Current Liabilities			
Short-term borrowings	-	461,129	461,129
Other payables	647	4,663	5,310
Other payables - related parties	19	4,515	4,534
Current tax liabilities	341	1,425	1,766
Lease liabilities - current	189	5,093	5,282
Non-current Liabilities			
Lease liabilities - non-current	2,932	93,618	96,550
Deferred tax liabilities	340	2,011	2,351
Provisions - non-current	<u>2,001</u>	<u>11,012</u>	<u>13,013</u>
Net assets disposed of	<u>\$ 102,357</u>	<u>\$ 98,405</u>	<u>\$ 200,762</u>

b. Benefits from disposal of subsidiaries

	WH Energy	KSA Corp.	Total
Consideration received	\$ 116,230	\$ 245,477	\$ 361,707
Net assets disposed of	(<u>102,357</u>)	(<u>98,405</u>)	(<u>200,762</u>)
Benefit from disposals	<u>\$ 13,873</u>	<u>\$ 147,072</u>	<u>\$ 160,945</u>

The consideration for the above transactions was determined by reference to market value reports issued by outside experts.

c. Net cash inflow from disposal of subsidiaries

	WH Energy	KSA Corp.	Total
Consideration received in cash	\$ 116,230	\$ 245,477	\$ 361,707
Less: Cash and cash equivalent balances from disposals	(<u>555</u>)	(<u>16,881</u>)	(<u>17,436</u>)
	<u>\$ 115,675</u>	<u>\$ 228,596</u>	<u>\$ 344,271</u>

28. Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt and equity.

The key management personnel of the Group periodically reviews the cost of capital and the risk associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed. The Group is not subject to any externally imposed capital requirements, except those discussed in Note 16.

29. Financial instruments

a. Information on fair values - financial instruments not measured at fair value

The Group's management considers that the carrying amounts of financial assets and financial liabilities that are not measured at fair value approximate their fair values, except for bonds payable.

The carrying amount and fair value of the bonds payable were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount	<u>\$ 1,996,598</u>	<u>\$ 1,994,084</u>
Fair value	<u>\$ 1,993,977</u>	<u>\$ 1,973,400</u>

The fair value of the bonds payable based on Level 3 fair value measurement was determined using the binomial option pricing model, where the significant and unobservable input was historical volatility.

b. Information on fair values - financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificates	\$ 79,208	\$ -	\$ -	\$ 79,208
Structured deposits	-	799,406	-	799,406
Investment in equity instruments				
Unlisted stocks	-	-	42,453	42,453
	<u>\$ 79,208</u>	<u>\$ 799,406</u>	<u>\$ 42,453</u>	<u>\$ 921,067</u>
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Domestic listed shares	\$ 198,955	\$ 336,446	\$ -	\$ 535,401
Unlisted stocks	-	-	438,063	438,063
Foreign listed shares	18,886	-	-	18,886
	<u>\$ 217,841</u>	<u>\$ 336,446</u>	<u>\$ 438,063</u>	<u>\$ 992,350</u>
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 419</u>	<u>\$ -</u>	<u>\$ 419</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificates	\$ 73,564	\$ -	\$ -	\$ 73,564
Structured deposits	-	549,458	-	549,458
Investment in equity instruments				
Unlisted stocks	-	-	43,479	43,479
	<u>\$ 73,564</u>	<u>\$ 549,458</u>	<u>\$ 43,479</u>	<u>\$ 666,501</u>
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Domestic listed shares	\$ 180,949	\$ 54,869	\$ -	\$ 235,818
Unlisted stocks	-	-	486,896	486,896
Foreign listed shares	20,128	-	-	20,128
	<u>\$ 201,077</u>	<u>\$ 54,869</u>	<u>\$ 486,896</u>	<u>\$ 742,842</u>
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 3,672</u>	<u>\$ -</u>	<u>\$ 3,672</u>

There were no transfers between Level 1 and Level 2 fair values during 2023 and 2022.

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

	2023	2022
Balance at the beginning of the year	\$ 530,375	\$ 593,607
Investment transfer accounted for using the equity method	-	44,378
Purchases	15,369	5,000
Transfer from Level 3	(116,443)	-
Reduction of capital	(18,714)	(5,000)
Recognized in Profit or Loss	(1,026)	(2,099)
Recognized in Other Comprehensive Income and Loss	71,200	(105,511)
Foreign exchange translation differences	(245)	-
Balance at the end of the year	<u>\$ 480,516</u>	<u>\$ 530,375</u>

3) Valuation techniques and inputs for Level 2 fair value measurement

- (a) Structured deposits Based on the financial product information provided by financial institutions, the valuation method was based on the rate of return of the deposit principal and its linked targets.
- (b) Derivative financial assets the estimated future cash flows were based on the observable forward exchange rate at the end of the year and the exchange rate stipulated in the contract and are discounted separately at rates that reflects the credit risk of each counterparty.
- (c) Emerging market shares the fair value was assessed by reference to the transaction price supported by observable market prices.

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

- (a) Investment in equity instruments

The fair value of the unlisted shares held by the Group was measured by using the market approach based on the price-book ratio of the comparable companies or by the latest net value of the investees.

- (b) Redemption options of convertible bonds

The fair value of redemption options of convertible bonds was determined using the binomial option pricing model where the significant and unobservable input was historical volatility.

c. Categories of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
FVTPL		
Mandatorily classified at FVTPL	\$ 921,067	\$ 666,501
Mandatorily classified at FVTPL		
Investment in equity instruments	992,350	742,842
Measured at amortized cost (Note 1)	27,195,739	25,573,550
<u>Financial liabilities</u>		
FVTPL		
Held for trading	419	3,672
Measured at amortized cost (Note 2)	26,289,749	27,243,785

Note 1: Including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties) and other financial assets, etc.

Note 2: Including short-term borrowings, short-term bills payable, notes payable, accounts payable (including related parties), other payables (including related parties), long-term borrowings (including current portion), bonds payable (including current portion) and guarantee deposits received, etc.

d. Financial risk management objectives and policies

The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk, and liquidity risk.

1) Market risk

The Group's activities expose it primarily to the market risks as follows:

(a) Foreign currency risk

The Group had foreign currency trades, which exposed the Group to foreign currency risk, and the carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 33.

Sensitivity analysis

The Group was mainly exposed to the USD.

The sensitivity rate used when reporting foreign currency risk internally to key management personnel is 1%. The sensitivity analysis included only the outstanding foreign currency denominated monetary items at the balance sheet date. Had the functional currency weakened (strengthened) by 1% against the USD, the pre-tax profit for the years ended December 31, 2023 and 2022 would have been higher (lower) by \$43,414 thousand and \$16,207 thousand, respectively.

(b) Interest rate risk

The Group was exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
Financial assets	\$ 2,493,393	\$ 4,363,071
Financial liabilities	5,798,113	6,453,132
Cash flow interest rate risk		
Financial assets	5,957,583	3,999,934
Financial liabilities	10,919,592	11,560,182

Sensitivity analysis

The sensitivity analysis below shows the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for 2023 and 2022 would have been lower/higher by NT\$49,620 thousand and NT\$75,602 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate deposits and borrowings.

(c) Other price risks

The Group was exposed to equity price risk through its investments in equity securities and mutual funds. The Group manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk was mainly concentrated on equity instruments of unlisted shares.

Sensitivity analysis

The sensitivity analysis shows the exposure to equity price risk at the end of the reporting period. If equity prices had been 1% higher/lower, the pre-tax profit for 2023 and 2022 would have been higher/lower by NT\$1,217 thousand and NT\$1,170 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for 2023 and 2022 would have been higher/lower by NT\$9,924 thousand and NT\$7,428 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk could be equal to the total of the following:

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

The Group adopted a policy of only dealing with creditworthy counterparties and uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and credit exposure is controlled by setting credit limits of counterparties annually.

There was no concentration of credit risk due to the fact that the customer base was large and that the customers are not related.

3) Liquidity risk

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

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, liabilities with a repayment on demand clause were included in the earliest time band regardless of the probability of the counterparties choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed-upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate at the end of the year.

	Less than 1 year	1-5 years	5-10 years	10-20 years	Total
December 31, 2023					
Non-interest-bearing liabilities	\$ 10,111,579	\$ 3,172	\$ -	\$ -	\$ 10,114,751
Lease liabilities	115,634	215,239	145,720	151,635	628,228
Floating-rate instruments	6,318,064	4,017,594	860,538	19,011	11,215,207
Fixed-rate instruments	5,289,992	-	-	-	5,289,992
Financial guarantee liabilities	544,943	-	-	-	544,943
	<u>\$ 22,380,212</u>	<u>\$ 4,236,005</u>	<u>\$ 1,006,258</u>	<u>\$ 170,646</u>	<u>\$ 27,793,121</u>
December 31, 2022					
Non-interest-bearing liabilities	\$ 9,826,550	\$ 2,803	\$ -	\$ -	\$ 9,829,353
Lease liabilities	111,321	249,893	140,612	160,188	662,014
Floating-rate instruments	6,484,782	5,227,365	144,286	24,028	11,880,461
Fixed-rate instruments	3,652,815	2,334,828	-	-	5,987,643
Financial guarantee liabilities	905,691	-	-	-	905,691
	<u>\$ 20,981,159</u>	<u>\$ 7,814,889</u>	<u>\$ 284,898</u>	<u>\$ 184,216</u>	<u>\$ 29,265,162</u>

The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement with an option to demand the full guaranteed amount if that amount is claimed by the counterparty of the financial guarantee contract. Based on expectations at the end of the year, the Group considers that it is more likely than not that no amount will be payable under the arrangement.

The amounts included above for variable interest rate non-derivative financial liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates at the end of the year.

e. Transfers of financial assets

1) Recognition of notes receivable that had been transferred

The Group discounted commercial acceptance bills to banks and transferred a portion of commercial acceptance bills in China to some of its suppliers in order to settle the accounts payable to these banks or suppliers. If these commercial acceptance bills are not recoverable at maturity, banks or suppliers have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these commercial acceptance bills, it continues to recognize the full carrying amounts of these commercial acceptance bills and treats these commercial acceptance bills that have been transferred as collateral.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Factoring bank	<u>\$ 616,943</u>	<u>\$ 1,006,841</u>
Endorsement transfer to suppliers	<u>\$ 231,649</u>	<u>\$ 181,986</u>

2) Derecognition of notes receivable that had been transferred

The Group transferred a portion of its banker's acceptance bills in China to some of its suppliers in order to settle the accounts payable to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated accounts payable. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request the Group to pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amount of the transferred but unsettled bills receivable, and December 31, 2023 and 2022, the face amount of these unsettled bills receivable was NT\$15,582 thousand, and NT\$39,894 thousand, respectively. The unsettled bills receivable will be due in 1-6 months. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair value of its continuing involvement is not significant.

For 2023 and 2022, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the year or cumulatively.

30. Related Party Transactions

Except those discussed in Note 14, transactions between the Group and related parties were disclosed as follows:

a. Name of related parties and relationship with the Group

Name of related party	Relations with the Group
CWE Inc.	Associate
Nagase Wahlee Plastics Corp.	Associate
Wah Hong Corp.	Associate
ORC Technology Corp.	Associate
Shanghai Hua Chang Trading Co., Ltd.	Associate
Xiamen JianYuan Rung Logistic Co., Ltd.	Associate
Eternity WH Energy	Associate's subsidiary
Huahsuan Green Energy Co., Ltd.	Associate (became an unrelated party after loss of significant influence in October 2022)
KSA Corp.	Associate's subsidiary (Subsidiary before October 2023)
WH Energy	Associate's subsidiary (Subsidiary before October 2023)
ORC Corp.	Joint Ventures
Shanghai Chang Wah Electromaterials Inc.	Associate's subsidiary
Chang Wah International Trade (Shenzhen) Co., Ltd.	Associate's subsidiary
Chang Wah Technology Co. Ltd.	Associate's subsidiary
SIP Chang Hong Optoelectronics Ltd.	Associate's subsidiary
Sun Hong Optronics Ltd.	Associate's subsidiary
Wah Ma Chemical Sdn. Bhd.	Associate's subsidiary
Welo-tech Corp.	Other related party (use equity method for subsidiaries)
Daily Polymer Corp.	Other related parties (The Company is a corporate director of the company.)
Asahi Kasei Wah Lee Hi-Tech Corp.	Other related parties (The Company is a corporate director of the company.)
JingYi Technology Co.	Other related parties (The Company is a corporate director of the company.)
Minima Technology Co., Ltd.	Other related parties (The Company is a corporate director of the company.)
Forcera Materials Co., Ltd.	Other related parties (The Company is a corporate director of the company.)
Tien Li Offshore Wind Technology Co., Ltd.	Other related parties (The Company used to be a corporate director of the company, and it was no longer a related party after an election of all directors in June 2023.)
TaiGene Biotechnology Co., Ltd.	Other related parties (The Company is a corporate supervisor of the company.)
Bao Guang Investment Co., Ltd.	Other related parties (Its person in charge is a relative within the first degree of kinship of the Chairman of the Company and was in the Company's management before May 2023.)
Sin Hao Co., Ltd.	Other related parties (Its person in charge is a relative within the first degree of kinship of a director of the Company, and he is no longer a related party after the director had resigned in September 2023.)
Raycon Industries Inc.	Other related parties (Its person in charge is a relative within the first degree of kinship of a director of the Company.)
Chen Chih-Yuan	Other related parties (He is a relative within the first degree of kinship of a director of the Company, and he is no longer a related party after the director had resigned in September 2023.)

b. Operating transactions

1) Operating Revenue

<u>Categories of related parties</u>	<u>2023</u>	<u>2022</u>
Revenue from sale of goods		
Associates and their subsidiaries	\$ 360,633	\$ 405,609
Other related parties	<u>51,590</u>	<u>7,483</u>
	<u>\$ 412,223</u>	<u>\$ 413,092</u>
Other operating revenues		
Associates and their subsidiaries	\$ 19,693	\$ 29,169
Other related parties	<u>6,642</u>	<u>9,344</u>
	<u>\$ 26,335</u>	<u>\$ 38,513</u>

The selling prices and collection terms of sales to related parties were similar to third parties.

2) Purchase of goods

<u>Categories of related parties</u>	<u>2023</u>	<u>2022</u>
Associates and their subsidiaries	\$ 278,732	\$ 631,083
Other related parties	<u>958,338</u>	<u>1,429,940</u>
	<u>\$ 1,237,070</u>	<u>\$ 2,061,023</u>

The prices of purchases from related parties were made under arm's length terms and there were no similar transactions with third parties for comparison; payment terms were similar to third parties.

3) Operating expense

<u>Categories of related parties</u>	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$ 11,271</u>	<u>\$ 10,987</u>

These transactions include commissions, freight, labor, and import/export charges.

4) Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Accounts receivable - related parties</u>		
Associates and their subsidiaries	\$ 124,054	\$ 93,792
Other related parties	<u>1,896</u>	<u>4,393</u>
	125,950	98,185
Less: Allowance for losses	<u>502</u>	<u>543</u>
	<u>\$ 125,448</u>	<u>\$ 97,642</u>
 <u>Other receivables - related parties</u>		
Associates and their subsidiaries		
CWE Inc.	\$ 106,950	\$ 144,499
Others	<u>2,696</u>	<u>4,405</u>
	109,646	148,904
Other related parties	<u>515</u>	<u>625</u>
	<u>\$ 110,161</u>	<u>\$149,529</u>

The outstanding receivables from related parties are unsecured. Other receivables are mainly dividends receivable.

5) Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Accounts payable - related parties</u>		
Associates and their subsidiaries	\$ 72,792	\$ 116,594
Other related parties	<u>267,884</u>	<u>313,431</u>
	<u>\$ 340,676</u>	<u>\$430,025</u>
 <u>Other payables - related parties</u>		
Associates and their subsidiaries	\$ 892	\$ 113
Other related parties	<u>25</u>	<u>25</u>
	<u>\$ 917</u>	<u>\$ 138</u>

The outstanding payables to related parties are unsecured.

c. See Note 27 for a disposal of equity of subsidiaries.

d. Other income

<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
Associates and their subsidiaries	\$ 17,175	\$ 16,779
Other related parties	<u>5,680</u>	<u>10,261</u>
	<u>\$ 22,855</u>	<u>\$ 27,040</u>

Other income included rental income, consulting service income, endorsement income and remuneration of director and supervisor.

e. Leasing agreements - rent expense

	2023	2022
Associates and their subsidiaries	\$ 194	\$ 91
Other related parties	<u>220</u>	<u>294</u>
	<u>\$ 414</u>	<u>\$ 385</u>

f. Endorsements and guarantees

Categories of related parties	December 31, 2023	December 31, 2022
Associate		
Amount endorsed	\$ 1,923,776	\$ 1,763,507
Amount utilized	<u>\$ 529,361</u>	<u>\$ 865,797</u>
Other related parties		
Amount endorsed	\$ 25,194	\$ 25,194
Amount utilized	<u>\$ -</u>	<u>\$ -</u>

g. Remuneration of key management personnel

The amounts of the remuneration of directors and other members of key management personnel were as follows:

	2023	2022
Short-term employee benefits	\$ 99,719	\$ 129,371
Post-employment benefits	<u>40,814</u>	<u>714</u>
	<u>\$ 140,533</u>	<u>\$ 130,085</u>

The remuneration of directors and other key management was determined by the remuneration committee based on the performance of individuals and market trends.

31. Assets Pledged as Collateral

The Group provided the following assets as collateral for bank borrowings and performance guarantee:

	December 31, 2023	December 31, 2022
Notes receivable	\$ 848,592	\$ 1,188,827
Other financial assets - current	95,098	81,355
Other financial assets - non-current	59,165	151,646
Property, Plant, and Equipment		
Freehold land	1,751,872	1,755,309
Buildings	385,114	396,034
Power Generation Equipment	2,049,688	2,472,625
Others	<u>35,167</u>	<u>54,903</u>
	<u>\$ 5,224,696</u>	<u>\$ 6,100,699</u>

In addition to the above assets as collaterals, the Group used some of its subsidiaries' stocks as collaterals for borrowings as of December 31, 2022.

32. Significant contingent liabilities and unrecognized commitments

Significant commitments and contingencies of the Group as of December 31, 2023 were as follows:

- a. The Group's unused letters of credit for the purchase of merchandise amounted to NT\$489,785 thousand.
- b. The unrecognized commitments for acquisition of property, plant and equipment were NT\$1,449,270 thousand.
- c. Company A filed a lawsuit with the court against KS Corp. for failing to fulfill its obligation of placing orders under a purchase agreement and demanded compensation of \$50,363 thousand. In October 2020, a judgment entered in the first instance was announced that Company A won the case; KS Corp. appealed and recognized the related loss provision of \$50,363 thousand in 2021. As of the date the consolidated financial statements were approved, the case is still under trial, and the outcome of the final trial is highly uncertain.
- d. Company B filed a letter to KS Corp. in November 2020 to terminate a lease agreement, requested KS Corp. to pay a default penalty of \$41,704 thousand and confiscate the guarantee deposit. KS Corp., based on the advice from the legal counsel, believed that there were unavoidable reasons for it to waive the default penalty. Therefore, KS Corp. derecognized the aforementioned guarantee deposit and related construction in progress and recorded losses in 2020, but no loss related to the default penalty was recognized. In addition, KS Corp. has filed a lawsuit against the request of Company B. In May 2023, the first trial of the lawsuit was ruled in favor of KS Corp., and Company B filed an appeal in the second trial.

33. Significant assets and liabilities denominated in foreign currency

The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency Amount	Exchange Rate	Carrying Value
<u>December 31, 2023</u>			
Monetary financial assets			
USD	\$ 267,162	30.705 (USD : NTD)	\$ 8,203,214
USD	101,765	7.815 (USD: HKD)	3,124,704
USD	22,162	7.106 (USD : RMB)	680,495
USD	737	24,564 (USD : VND)	22,641
USD	1,498	34.052 (USD: THB)	45,982
USD	1,453	4.789 (USD: MYR)	44,613
Nonmonetary financial assets			
Investment accounted for using the equity method			
USD	16,842	30.705 (USD : NTD)	517,130
RMB	161,809	4.3211 (RMB: NTD)	699,192
RMB	1,272,023	1.0998 (RMB : HKD)	5,496,559
JPY	598,996	0.2172 (JPY: NTD)	130,102
HKD	2,157,470	3.929 (HKD: NTD)	8,476,701
THB	269,481	0.9017 (THB: NTD)	242,991
MYR	19,540	6.411 (MYR: NTD)	125,272

(Continued)

	Foreign Currency				
	Amount		Exchange Rate		Carrying Value
<u>December 31, 2023</u>					
Monetary financial liabilities					
USD	\$	222,277	30.705	(USD : NTD)	\$ 6,825,021
USD		7,227	7.815	(USD: HKD)	221,898
USD		18,995	7.106	(USD : RMB)	583,240
USD		2,541	24,564	(USD : VND)	78,028
USD		1,107	34.052	(USD: THB)	33,993
USD		1,240	4.789	(USD: MYR)	38,079
<u>December 31, 2022</u>					
Monetary financial assets					
USD		226,216	30.71	(USD : NTD)	6,947,104
USD		95,757	7.798	(USD: HKD)	2,940,704
USD		17,245	6.903	(USD : RMB)	529,596
USD		1,552	23,806	(USD : VND)	47,667
USD		1,201	34.35	(USD: THB)	36,882
USD		1,630	4.584	(USD: MYR)	50,044
Nonmonetary financial assets					
Investment accounted for using the equity method					
USD		13,971	30.71	(USD : NTD)	429,047
RMB		170,346	4.449	(RMB: NTD)	757,866
RMB		1,226,385	1.1298	(RMB : HKD)	5,456,165
JPY		567,984	0.2324	(JPY: NTD)	131,999
HKD		2,120,602	3.938	(HKD: NTD)	8,350,930
THB		269,829	0.8941	(THB: NTD)	241,254
MYR		16,677	6.699	(MYR: NTD)	111,722
Monetary financial liabilities					
USD		252,673	30.71	(USD : NTD)	7,759,576
USD		8,123	7.798	(USD: HKD)	249,472
USD		20,472	6.903	(USD : RMB)	628,697
USD		4,530	23,806	(USD : VND)	139,110
USD		1,141	34.35	(USD: THB)	35,031
USD		3,889	4.584	(USD: MYR)	119,446

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange profit and loss were net gain \$15,948 thousand and net loss \$139,547 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group.

34. Additional Disclosures

a. Information about significant transactions

- 1) Financing provided to others: Table 1.
- 2) Endorsements/Guarantees provided: Table 2.
- 3) Marketable securities held (excluding investments in subsidiaries and associates): Table 3.
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
 - 9) Trading in derivative instruments: Note 7, in addition, the Group incurred a net gain of NT\$2,714 thousand on foreign exchange forward contracts for 2023.
 - 10) Others: Intercompany relationships and significant intercompany transactions: Table 9.
- b. Information on investees: Table 6.
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
 - (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 8.
 - (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8.
 - (c) The amount of property transactions and the amount of the resultant gains or losses: None.
 - (d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2.
 - (e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.
 - (f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

The Company's other significant transactions with investee companies in mainland China as of December 31, 2023 and 2023 were as follows:

Transaction Party	Line Item	Amount
Shanghai Yikang	Other income	\$ 30,125
Shanghai Yikang	Commissions expense and other operating expenses	171,277
Shanghai Yikang	Other receivables	28,992
Shanghai Yikang	Other payables	62,971

- d. Information on major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 10.

35. Segment Information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance is distinguished by operating area and categories of merchandise and service. The Group's reportable segments were as follows:

- Wah Lee Industrial Corporation ("Wah Lee") is mainly engaged in the import/export and agency business of composite materials, engineering plastic, printed circuit board, semiconductor, and computer related manufacturing materials and equipment.
- Raycong H.K., Dongguan Hua Gang and its subsidiary ("Raycong") are mainly engaged in the trade of engineering plastic, composite materials and equipment.
- Shanghai Yikang and its subsidiary ("Yikang") are mainly engaged in trade of manufacturing materials and import/export business.
- Others - Other subsidiaries which were below the quantitative threshold were not listed as reportable segments. Please refer to Note 12 for details.

Segment revenue and results

- a. The following is an analysis of the Group's revenue and results from operations by reportable segment:

	The Company	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
2023						
Revenue from External Customers	\$37,493,837	\$12,295,675	\$11,871,769	\$ 5,121,129	\$ -	\$66,782,410
Inter-segment revenue	1,734,027	88,681	318,629	144,281	(2,285,618)	-
Segment revenue	<u>\$39,227,864</u>	<u>\$12,384,356</u>	<u>\$12,190,398</u>	<u>\$ 5,265,410</u>	<u>(\$ 2,285,618)</u>	<u>\$66,782,410</u>
Departmental operating income	\$ 992,292	\$ 410,729	\$ 673,655	\$ 295,270	\$ 129,609	\$ 2,501,555
Interest income	25,130	162,545	19,799	43,077	(78,037)	172,514
Other income	207,443	6,607	52,132	14,791	(167,314)	113,659
Other gains and losses	45,089	4,364	(7,549)	102,893	(19,786)	125,011
Financial costs	(367,918)	(52,135)	(28,596)	(84,463)	79,380	(453,732)
Segment profit before tax	902,036	532,110	709,441	371,568	(56,148)	2,459,007
Income tax expense	(365,464)	(124,244)	(193,871)	(79,062)	204	(762,437)
Segment profit after tax	<u>\$ 536,572</u>	<u>\$ 407,866</u>	<u>\$ 515,570</u>	<u>\$ 292,506</u>	<u>(\$ 55,944)</u>	1,696,570
Share of profit or loss of associates under the equity method						619,605
Consolidated net profit						<u>\$ 2,316,175</u>

(Continued)

(Concluded)

	The Company	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
December 31, 2023						
Identifiable assets	<u>\$18,230,628</u>	<u>\$10,632,738</u>	<u>\$ 7,773,471</u>	<u>\$ 6,758,637</u>	<u>(\$ 536,232)</u>	\$42,859,242
Goodwill						177,013
Investment accounted for using the equity method						<u>7,145,056</u>
Total assets						<u>\$50,181,311</u>
2022						
Revenue from External Customers	\$41,398,923	\$12,977,953	\$13,834,520	\$ 5,358,900	\$ -	\$73,570,296
Inter-segment revenue	<u>2,639,393</u>	<u>98,974</u>	<u>354,790</u>	<u>112,471</u>	<u>(3,205,628)</u>	-
Segment revenue	<u>\$44,038,316</u>	<u>\$13,076,927</u>	<u>\$14,189,310</u>	<u>\$ 5,471,371</u>	<u>(\$ 3,205,628)</u>	<u>\$73,570,296</u>
Departmental operating income	\$ 947,881	\$ 441,113	\$ 857,194	\$ 259,409	\$ 137,838	\$ 2,643,435
Interest income	3,012	22,679	76,177	8,283	(21)	110,130
Other income	219,026	6,150	60,556	8,567	(161,025)	133,274
Other gains and losses	139,331	(11,067)	(19,713)	(24)	1,984	110,511
Financial costs	(193,940)	(27,959)	(48,765)	(72,636)	1,395	(341,905)
Segment profit before tax	1,115,310	430,916	925,449	203,599	(19,829)	2,655,445
Income tax expense	(429,897)	(199,663)	(238,241)	(41,800)	100,284	(809,317)
Segment profit after tax	<u>\$ 685,413</u>	<u>\$ 231,253</u>	<u>\$ 687,208</u>	<u>\$ 161,799</u>	<u>\$ 80,455</u>	1,846,128
Share of profit or loss of associates under the equity method						<u>\$ 880,144</u>
Consolidated net profit						<u>\$ 2,726,272</u>
December 31, 2022						
Identifiable assets	<u>\$18,615,940</u>	<u>\$ 9,563,306</u>	<u>\$ 7,574,658</u>	<u>\$ 7,885,434</u>	<u>(\$ 772,841)</u>	\$42,866,497
Goodwill						177,057
Investment accounted for using the equity method						<u>6,125,003</u>
Total assets						<u>\$49,168,557</u>

Segment profit represented the profit before tax earned by each segment without share of profits of associates. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purpose of monitoring segment performance and allocating resources between segments; all assets are allocated to reportable segments other than interests in associates accounted for using the equity method.

b. Revenue from major products and services

Revenues from the Group's major products and services are analyzed as follows:

	2023	2022
Information and Communication		
Technology Industry	\$ 19,119,118	\$ 21,722,131
FPD (Flat Panel Display) Industry	19,212,160	20,273,854
Semiconductor Industry	17,148,976	18,614,568
PCB industry	6,017,479	6,965,753
Opto-electronics	1,480,853	2,574,136
Others	<u>3,803,824</u>	<u>3,419,854</u>
	<u>\$ 66,782,410</u>	<u>\$ 73,570,296</u>

c. Geographical information

The Group's revenue from external customers by location of customers and information about its non-current assets by location of assets are detailed below:

	Revenue from External		Non-current assets	
	Customers		December 31,	December 31,
	2023	2022	2023	2022
Taiwan	\$ 17,494,320	\$ 19,519,742	\$ 5,844,565	\$ 6,204,922
China	33,615,528	36,432,429	455,223	498,768
Others	<u>15,672,562</u>	<u>17,618,125</u>	<u>434,236</u>	<u>483,701</u>
	<u>\$ 66,782,410</u>	<u>\$ 73,570,296</u>	<u>\$ 6,734,024</u>	<u>\$ 7,187,391</u>

Non-current assets exclude investments under the equity method, financial assets, deferred tax assets, and goodwill.

d. Information about major customers

No single customer contributed 10% or more of the Group's revenue for the years ended December 31, 2023 and 2022.

TABLE 1

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

For the period from January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending balance (Note 1)	Amount utilized (Notes 1 and 6)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-Term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 2 to 4)	Aggregate Financing Limit (Notes 2 to 4)	Remarks
													Name	Value			
0	The Company	KS Corp.	Other receivables - related parties	Yes	\$ 150,000	\$ -	\$ -	-	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 285,243	\$ 1,857,502	
1	Shanghai Yikang	Fenghuang Xingwah Shouzheng	Other receivables - related parties	Yes	36,730	36,730	23,766	5.31	Short-term financing	-	Operating capital	-	-	-	1,246,841	1,246,841	
1	Shanghai Yikang	Shanghai Yadi	Other receivables - related parties	Yes	221,465	108,028	55,742	5.03	Short-term financing	-	Operating capital	-	-	-	1,246,841	1,246,841	
2	Shenzhen Huaying	Xiamen Huashengda Logistics	Other receivables - related parties	Yes	8,890	8,642	-	-	Short-term financing	-	Operating capital	-	-	-	52,873	52,873	
3	Dongguan Huagang	Guangzhou Xingxian	Other receivables - related parties	Yes	22,225	21,606	-	-	Short-term financing	-	Operating capital	-	-	-	720,227	720,227	
3	Dongguan Huagang	Anhua Huixinkang	Other receivables - related parties	Yes	22,225	21,606	12,963	4.00	Short-term financing	-	Operating capital	-	-	-	720,227	720,227	
4	KS Corp.	KSD Corp	Other receivables - related parties	Yes	48,000	-	-	-	Short-term financing	-	Operating capital	-	-	-	213,932	213,932	
5	Wah Lee Holding Ltd.	the Company	Other receivables - related parties	Yes	713,350	675,510	-	-	Short-term financing	-	Operating capital	-	-	-	1,630,216	1,630,216	
6	Raycong H.K.	the Company	Other receivables - related parties	Yes	972,750	921,150	-	-	Short-term financing	-	Operating capital	-	-	-	3,390,680	3,390,680	

Note 1: RMB was converted by the spot exchange of RMB\$1=NT\$4.3211; and HKD was converted by the spot exchange of HKD\$1=NT\$3.929.

Note 2: The aggregate financing limit for the company in need of short-term financing shall not exceed 10% of the Company's equity; the financing limit for each counterparty shall not exceed 5% of the Company's equity and shall not exceed 40% of each counterparty's equity.

Note 3: The individual and aggregate financing limit for the parent company and subsidiaries by Wah Lee Holding Ltd., Shanghai Yikang, Shenzhen Huaying, Dongguan Huagang and KS Corp. included in the consolidated financial statements of the parent company shall not exceed 30% of the parent company's equity.

Note 4: The individual and aggregate financing limit for the parent company and the subsidiaries by Raycong H.K. included in the consolidated financial statements of the parent company shall not exceed 40% of the parent company's equity.

Note 5: It was eliminated on consolidation.

TABLE 2

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

ENDORSEMENTS AND GUARANTEES

For the period from January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Benefit of Each Party (Notes 1 to 5)	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at The End of the Year (Note 6)	Amount utilized (Note 6)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1 to 5)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Remarks
		Company Name	Relationship											
0	the Company	WL Singapore	Subsidiary of the Company	\$ 5,572,505	\$ 411,480	\$ 322,403	\$ 61,410	\$ -	1.74	\$ 18,575,018	Y	N	N	
0	the Company	WL Vietnam.	Subsidiary of the Company	5,572,505	581,270	503,562	38,308	-	2.71	18,575,018	Y	N	N	
0	the Company	Regent King	Subsidiary of the Company	5,572,505	93,765	92,115	-	-	0.50	18,575,018	Y	N	N	
0	the Company	Sakuragawa Solar Ltd.	Subsidiary of the Company	3,715,004	67,108	63,126	25,461	-	0.34	18,575,018	Y	N	N	
0	the Company	Miyazaki Solar Ltd.	Subsidiary of the Company	3,715,004	199,627	187,783	143,653	-	1.01	18,575,018	Y	N	N	
0	the Company	WL Philippines Inc.	Subsidiary of the Company	3,715,004	120,140	92,115	2,763	-	0.50	18,575,018	Y	N	N	
0	the Company	WL Philippines Corp.	Subsidiary of the Company	3,715,004	64,850	30,705	-	-	0.17	18,575,018	Y	N	N	
0	the Company	WL India	Subsidiary of the Company	3,715,004	64,850	61,410	-	-	0.33	18,575,018	Y	N	N	
0	the Company	KS Corp.	Subsidiary of the Company	3,715,004	277,081	-	-	-	-	18,575,018	Y	N	N	
0	the Company	Raycong H.K., Shanghai Yikang, and Dongguan Hua Gang	Subsidiary of the Company	3,715,004	150,000	150,000	53,743	-	0.81	18,575,018	Y	N	Y	
0	the Company	WL Indonesia	Subsidiary of the Company	3,715,004	186,217	156,595	-	-	0.84	18,575,018	Y	N	N	
0	the Company	WT Industrial	Subsidiary of the Company	3,715,004	470,230	4,000	1,071	-	0.02	18,575,018	Y	N	N	
0	the Company	Hightech	Subsidiary of the Company	3,715,004	356,675	337,755	-	-	1.82	18,575,018	Y	N	N	
0	the Company	Nagase Wahlee Plastics Corp.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	3,715,004	790,000	790,000	185,375	-	4.25	18,575,018	N	N	N	
0	the Company	Shanghai Hua Chang Trading Co., Ltd.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	3,715,004	1,189,998	1,126,874	338,657	-	6.07	18,575,018	N	N	Y	
0	the Company	Asahi Kasei Wah Lee Hi-Tech Corp.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	3,715,004	75,582	25,194	-	-	0.14	18,575,018	N	N	N	
1	Shanghai Yikang	Shanghai Yadi	Subsidiary of the Company	831,227	186,606	181,486	54,634	-	4.37	2,078,068	Y	N	Y	
2	KS Corp.	KSA Corp.	Associates (Note 6)	2,113,128	500,000	-	-	-	-	3,521,880	Y	N	N	
2	KS Corp.	KSA Corp.	Associates (Note 6)	176,094	6,902	6,902	5,329	-	0.97	352,188	Y	N	N	
2	KS Corp.	KSB Corp.	Subsidiary of the Company	2,113,128	200,000	-	-	-	-	3,521,880	Y	N	N	
2	KS Corp.	KSC Corp.	Subsidiary of the Company	2,113,128	1,500,000	-	-	-	-	3,521,880	Y	N	N	
2	KS Corp.	KSD Corp.	Subsidiary of the Company	2,113,128	500,000	-	-	-	-	3,521,880	Y	N	N	
3	Dongguan Huagang	Guangzhou Xingxian	Subsidiary of the Company	720,227	19,306	182,858	58,831	-	7.62	1,200,379	Y	N	Y	
4	Raycong H.K.	Xiamen Huashengda Logistics	Subsidiary of the Company	1,695,340	32,425	30,705	7,471	-	0.36	4,238,351	Y	N	Y	

Note 1: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of the Company. If the Company directly or indirectly holds 100% of the equity of the endorsee or guarantee, the limit on endorsement/guarantee given on behalf of each party shall not exceed 30% of the equity of the Company. The maximum total amount of endorsement/guarantee shall not exceed 100% of the equity of the Company.

Note 2: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of Shanghai Yikang. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Shanghai Yikang.

Note 3: The limit on endorsement/guarantee given on behalf of each party shall not exceed 30% of the equity of Dongguan Hua Gang. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Dongguan Hua Gang.

Note 4: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of Raycong H.K.. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Raycong H.K..

Note 5: The limit on endorsement/guarantee given to each party, based on the construction project, shall not exceed 600% of the paid-in capital of KS Corp.; the maximum total amount of endorsement/guarantee shall not exceed 1000% of the paid-in capital of KS Corp. The limit on endorsement/guarantee given to each party, not based on the construction project, shall not exceed 50% of the paid-in capital of KS Corp. The total amount of endorsement/guarantee shall not exceed 100% of the paid-in capital of KS Corp.

Note 6: It used to be the subsidiary of the Company, and is no longer a subsidiary after selling all equities in it on November 1, 2023. Please refer to Note 27

Note 7: USD was converted by spot exchange of US\$1=NT\$30.705 ; JPY was converted by spot exchange of JPY\$1=NT\$0.2172; RMB was converted by spot exchange of RMB\$1=NT\$4.3211; THB was converted by spot exchange of THB\$1=NT\$0.9017; and HKD was converted by spot exchange of HKD\$1=NT\$3.929.

TABLE 3

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD AT THE END OF THE PERIOD

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	Period end				Remarks
				Number of shares/units	Carrying Value	Percentage of Ownership (%)	Fair value	
the Company	Stock							
	Chang Wah Technology Co. Ltd.	Associate's subsidiary	Financial assets at FVTOCI - current	5,000,000	<u>\$167,000</u>	0.53	<u>\$167,000</u>	
	Daily Polymer Corp.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,467,564	\$ 31,955	2.96	\$ 31,955	
	Wah Yuen Technology Holding Limited	-	Financial assets at FVTOCI - non-current	1,968,180	105,906	0.75	105,906	
	JingYi Technology Co.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,066,432	59,044	16.94	59,044	
	High Power Optoelectronics Inc.	-	Financial assets at FVTOCI - non-current	67,991	-	0.12	-	
	Asahi Kasei Wah Lee Hi-Tech Corp.	The Company is the director of the company	Financial assets at FVTOCI - non-current	9,497	86,502	19.38	86,502	
	Forcera Materials Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,354,773	131,114	8.35	131,114	
	Univision Technology Holdings	-	Financial assets at FVTOCI - non-current	38,794,190	-	9.10	-	
	Minima Technology Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	3,600,000	62,007	9.14	62,007	
	TaiGene Biotechnology Co., Ltd.	The Company is the supervisor of the company	Financial assets at FVTOCI - non-current	2,300,000	12,698	6.57	12,698	
	Shilian Fine Chemicals Co., Ltd.	-	Financial assets at FVTOCI - non-current	11,871,585	25,308	4.57	25,308	
	CDIB Capital Group.	-	Financial assets at FVTOCI - non-current	1,128,571	54,760	2.86	54,760	
	Darco Water Technologies Ltd.	-	Financial assets at FVTOCI - non-current	7,649,782	18,886	8.15	18,886	
	Eleocom Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,500,000	-	10.71	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	Period end				Remarks
				Number of shares/units	Carrying Value	Percentage of Ownership (%)	Fair value	
	Tien Li Offshore Wind Technology Co., Ltd.	-	Financial assets at FVTOCI - non-current	943,344	\$ 47,932	1.35	\$ 47,932	
	Locus Cell Co., Ltd.	-	Financial assets at FVTOCI - non-current	5,000,000	157,400	2.50	157,400	
	Phoenix II Venture Capital Innovation Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	1,000,000	11,553	2.34	11,553	
	Hong Yi Industrial Corp.	-	Financial assets at FVTOCI - non-current	500,000	3,776	16.67	3,776	
					<u>\$808,841</u>		<u>\$808,841</u>	
Shenzhen Huaying	Shanghai Junxiong Logistics Co., Ltd	-	Financial assets at FVTOCI - non-current	-	<u>\$ 16,510</u>	19.90	<u>\$ 16,510</u>	
SHC Holding Ltd.	Guangzhou Yonguang Optoelectronics Co., Ltd.	-	Financial assets at FVTOCI - non-current		<u>\$ -</u>	12.82	<u>\$ -</u>	
Wah Lee Holding Ltd.	Mutual funds							
	JPMorgan Funds-Multi-Revenue Fund-A (acc) - USD	-	Financial assets at FVTPL - current	7,737	\$ 51,099		\$ 51,099	
	JPMorgan Funds-Income Fund A (dist) - USD	-	Financial assets at FVTPL - current	30,802	28,109		28,109	
					<u>\$ 79,208</u>		<u>\$ 79,28</u>	
KS Corp.	Huahsuan Green Energy Co., Ltd.	-	Financial assets at FVTPL - non-current	4,482,000	<u>\$ 42,453</u>	5.71	<u>\$ 42,453</u>	

(Concluded)

TABLE 4

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

For the period from January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Buyer/Seller	Transaction Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Remarks
			Purchase/Sale	Amount	% of Total	Credit period			Balance	% of Total	
							Unit price	Credit period			
the Company	Shanghai Yikang	Subsidiary	Sales	\$ 465,380	0.90	30 to 120 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	\$ 81,950	0.40	Note
	Raycong H.K.	Subsidiary	Sales	393,772	0.80	30 to 90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	48,740	0.26	Note
	Dongguan Huagang	Subsidiary	Sales	268,715	0.50	30 to 120 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	47,833	0.26	Note
	KS Corp.	Subsidiary	Sales	105,997	0.20	14 to 60 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	33,142	0.18	Note
	Hightech	Subsidiary	Sales	198,747	0.40	30 to 60 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	20,763	0.11	Note
	WT Industrial	Subsidiary	Sales	105,382	0.20	30 to 60 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	7,238	-	Note
	WL Singapore	Subsidiary	Sales	116,237	0.20	30 to 60 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	14,893	-	Note
	CWE Inc.	Associate accounted for using the equity method	Sales	228,452	0.50	90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	71,964	0.39	
	Asahi Kasei Wah Lee Hi-Tech Corp.	The Company is the director of the Company	Purchase of goods	(863,104)	1.46	105 days after monthly closing	No comparable transactions with third party	The terms with related parties are not significantly different from those with third parties	(246,418)	2.80	
Raycong H.K.	Dongguan Huagang	Subsidiary	Sales	501,571	1.00	30 to 180 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	108,131	0.59	Note
Shanghai Yikang	Dongguan Huagang	Brother	Sales	120,073	0.20	30 to 180 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	41,260	0.22	Note

Note: It was eliminated on consolidation.

TABLE 5**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

Company Name of Accounts Receivable	Transaction Party	Relationship	Ending Balance (Notes 1 and 2)	Turnover Rate (times)	Overdue receivable from related party		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
the Company	Shanghai Yikang	Subsidiary	\$110,942	3.85	\$ -	-	\$ 41,336	\$ -
	CWE Inc.	Associate accounted for using the equity method	178,914	1.20	-	-	151,110	-
Raycong H.K.	Dongguan Huagang	Subsidiary	108,958	5.74	-	-	92,601	-

Note 1: Including accounts receivable and other receivables. Other receivables are mainly dividends receivable.

Note 2: Receivables from subsidiary were eliminated on consolidation.

TABLE 6

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES

For the period from January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Investee company name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares	Ratio (%)	Carrying amount (Note 2)	Net Income (Loss) of the Investee for the current period	Share of Profit (Loss)(Notes 1 and 2)	Remarks
				End of the year	December 31, 2022						
the Company	Wah Lee Holding Ltd.	BVI	International investment	\$ 430,666	\$ 430,666	13,070,000	100.00	\$ 5,478,251	\$ 449,223	\$ 449,318	Subsidiary
the Company	Raycong H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	304,113	304,113	56,000,000	53.69	4,604,001	772,827	415,064	Subsidiary
the Company	CWE Inc.	Taiwan	Agency of IC packaging material and equipment	449,349	449,349	197,902,180	29.54	4,501,055	1,477,213	433,326	Associate
the Company	Nagase Wahlee Plastics Corp.	Taiwan	Trading business of synthetic resin product and related material, agency of domestic and international products distribution quotation and bidding business	20,810	20,810	4,000,000	40.00	686,672	143,466	57,386	Associate
the Company	Wah Hong Corp.	Taiwan	Manufacturing of LCD material, BMC (bulk molding compound) material and molded product	943,223	943,223	26,129,978	26.52	1,110,342	201,549	53,451	Associate
the Company	ORC Technology Corp.	Taiwan	Trading business and service of exposure machine and parts	6,000	6,000	600,000	35.00	68,621	(11,304)	(3,956)	Associate
the Company	WL Japan	Japan	Trading business of synthetic resin, industrial plastic, molding machine, and electromechanical parts	21,490	21,490	1,500	83.33	3,792	(43)	(36)	Subsidiary
the Company	WL Korea	South Korea	Trading business of synthetic resin, industrial plastic, molding machine, and electromechanical parts	18,856	18,856	147,000	100.00	3,399	(43)	(43)	Subsidiary
the Company	Sakuragawa Solar Ltd.	Japan	Solar power generation business	46,008	46,008	-	99.99	85,772	3,321	3,321	Subsidiary
the Company	Miyazaki Solar Ltd.	Japan	Solar power generation business	82,103	82,103	-	99.99	40,538	3,614	3,614	Subsidiary
the Company	WL Indonesia	Indonesia	Trading business of industrial materials	48,261	48,261	1,610,000	70.00	26,807	(9,418)	(6,593)	Subsidiary
the Company	WL Vietnam	Vietnam	Trading business of industrial materials	16,293	16,293	-	100.00	40,836	827	827	Subsidiary
the Company	Tranceed Logistics	Taiwan	Freight forwarders and leasing business	95,000	95,000	9,500,000	63.33	180,696	28,385	17,977	Subsidiary
the Company	WT Industrial	Thailand	Trading business of industrial materials	200,000	200,000	7,650	51.00	242,991	77,720	35,785	Subsidiary
the Company	KS Corp.	Taiwan	Solar power generation business	763,392	661,053	33,346,604	94.68	824,738	73,951	31,766	Subsidiary
the Company	WL Philippines Corp.	Philippines	Trading business of industrial materials	7,755	7,755	127,495	99.99	5,661	(565)	(565)	Subsidiary
the Company	WL Philippines Inc.	Philippines	Trading business of industrial materials	7,747	7,747	126,997	99.99	8,856	3,619	3,619	Subsidiary
the Company	WH Energy	Taiwan	Solar power generation business	-	90,000	-	-	-	-	2,507	Note 4
the Company	ORC Corp.	Taiwan	Trading business of industrial materials	4,000	4,000	400,000	40.00	52,544	34,246	13,698	Joint Ventures
the Company	Evergreen New Energy Corporation	Taiwan	Solar power generation business	130,000	50,000	13,000,000	100.00	122,955	(4,807)	(4,807)	Subsidiary
the Company	Hightech	Malaysia	Trading business of industrial materials	205,335	205,335	7,650,000	51.00	210,683	40,402	14,754	Subsidiary
the Company	WL Singapore	Singapore	Agency of semiconductor materials and equipment	435,145	435,145	1,600,000	100.00	494,891	55,743	55,743	Subsidiary
the Company	HengYuan Green Energy Technology Co., Ltd.	Taiwan	Renewable energy self-use power generation and energy technology business	24,000	-	2,400,000	12.00	23,475	(4,373)	(525)	Associate
the Company	WL India	India	Trading business of industrial materials	14,575	-	3,861,000	99.00	11,551	(2,776)	(2,749)	Subsidiary
the Company	Advance Hightech	The United States	Trading business of engineering plastic, composite materials and equipment	38,628	-	1,200,000	100.00	33,800	(3,136)	(3,136)	Subsidiary
the Company	High Tech Gas	Taiwan	Chemical Materials Manufacturing	90,000	-	9,000,000	60.00	90,029	49	29	Subsidiary

(Continued)

(Concluded)

Investee company name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares	Ratio (%)	Carrying amount (Note 2)	Net Income (Loss) of the Investee for the current period	Share of Profit (Loss)(Notes 1 and 2)	Remarks
				End of the year	December 31, 2022						
Tranceed Logistic	Cyuancheng Logistics	Taiwan	Freight forwarders and leasing business	\$ 42,947	\$ 42,947	5,500,000	100.00	\$ 42,903	\$ 2,543	\$ 2,348	Subsidiary
KS Corp.	KSA Corp.	Taiwan	Solar power generation business	-	55,000	-	-	-	-	7,854	Note 4
KS Corp.	KSB Corp.	Taiwan	Solar power generation business	51,130	51,130	5,113,000	100.00	52,338	483	483	Subsidiary
KS Corp.	KSC Corp.	Taiwan	Solar power generation business	54,000	54,000	5,400,000	100.00	2,563	(47,701)	(47,701)	Subsidiary
KS Corp.	KSD Corp	Taiwan	Solar power generation business	-	127,000	-	-	-	(2,257)	(2,257)	Note 3
ENE Corp.	Fanxin	Taiwan	Solar power generation business	44,825	-	4,500,000	100.00	44,726	(99)	(99)	Subsidiary
ENE Corp.	Fansheng	Taiwan	Solar power generation business	31,812	-	3,200,000	100.00	31,716	(96)	(96)	Subsidiary
Wah Lee Holding Ltd.	SHC Holding Ltd.	Republic of Mauritius	International investment	43,892	43,892	1,290,000	100.00	694,842	72,311	72,311	Subsidiary
Wah Lee Holding Ltd.	Raycong H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	943,164	943,164	48,296,655	46.31	3,925,291	772,827	357,873	Subsidiary
Wah Lee Holding Ltd.	Regent King	Hong Kong	Trading business of engineering plastic, composite materials and equipment	39	39	10,000	100.00	4,350	940	940	Subsidiary
WT Industrial	WT Indonesia	Indonesia	Trading business of industrial materials	3,953	3,953	18,150	66.00	2,906	(1,900)	(1,254)	Subsidiary
WT Industrial	WL India	India	Trading business of industrial materials	147	-	39,000	1.00	117	(2,776)	(28)	Subsidiary
Raycong H.K.	RC Vietnam	Vietnam	Trading business of industrial materials	6,141	-	1,358	100.00	5,336	(780)	(780)	Subsidiary

Note 1: The share of profit (loss) recognized for the year ended December 31, 2022 included eliminated unrealized gains or losses and amortization of investment premium.

Note 2: The share of profit (loss) of subsidiaries are eliminated on consolidation.

Note 3: For a simple merger, please refer to Note 12.

Note 4: All equities have been sold out by November 1, 2023. Please refer to Note 27 for related description.

Note 5: Please refer to Table 7 for the information on investees in mainland China.

TABLE 7

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

For the period from January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Investee Company in mainland China	Main Businesses and Products	Paid-in capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee for the year	% Ownership of Direct or Indirect Investment	Investment Gain(Loss) recognized for this year (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Remarks
					Outward	Inward							
Dongguan Huagang	Trading business of industrial materials	\$ 1,126,308	Invested through the third region, Raycong H.K.	\$ -	\$ -	\$ -	\$ -	\$ 304,209	100.00	\$ 304,209	\$ 2,395,335	\$ 425,949	
Shanghai Yikang	Trading business of industrial materials	981,504	Invested through the third region, Raycong H.K.	340,629	-	-	340,629	522,105	70.00	365,473	2,928,358	-	
Shenzhen Huaying	Supply chain management and consultancy service	23,860	Invested through the third region, Raycong H.K.	-	-	-	-	(887)	100.00	(887)	176,242	42,174	
Shanghai Hua Chang Trading Co., Ltd.	International trading and trading consulting; trading agent and commercial simple processing within enterprises in the bonded area	73,692	Invested through the third region, SHC Holding Ltd.	43,714	-	-	43,714	225,900	30.00	67,770	689,911	56,137	
Shanghai Yadi	Import and export of goods and technology	12,963	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(18,693)	49.00	(9,159)	9,047	-	
Shanghai Lihuang	Trading business of medical devices and equipment	14,389	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(5,609)	48.98	(4,707)	(2,915)	-	
Fenghuang Xingwah Shouzheng	Medical device manufacturing technology development and consulting business	21,606	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(8,174)	52.50	(4,292)	3,862	-	
Guangzhou Xingxian	Medical consulting	21,606	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	(976)	100.00	(976)	52,359	-	
Anhua Huixinkang	Medical service industry	17,198	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	(2,932)	100.00	(2,932)	13,712	-	
Kaiping Huaxinkang	Medical service industry	1	Invested through Chinese corporation, Guangzhou Xingxian	-	-	-	-	-	90.00	-	-	-	
Xiamen Huashengda Logistics	Warehousing and logistics	12,963	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	(3,443)	70.00	(2,410)	3,722	-	
Xiamen Jian Yuan Rong Logistic Co., Ltd.	Warehousing and logistics	34,569	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	(5,573)	30.00	(1,672)	9,246	-	
Xiamen Jia Cheng Yuan Trading and Development Co. Ltd.	Warehousing and logistics	8,642	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	423	30.00	127	3,191	-	

Investee company name	Accumulated Outward Remittance for Investment in Mainland China at the end of the year (Note 3)	Investment Amount Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
Wah Lee Industrial Corporation	\$ 384,343	\$ 2,480,528	\$ -

Note 1: The disclosure of investment gains and losses this period are based on the following:

1. Dongguan Hua Gang and Shanghai Yikang: Audited by the CPAs of the parent company in Taiwan
2. Others are based on unaudited financial statements.

Note 2: The difference of \$2,096,185 thousand between accumulated outward remittance for investment in mainland China and investment amount authorized by investment commission, MOEA is due to investment of \$1,338,686 thousand (USD8,488 thousand and HKD267,000 thousand) through Raycong H.K., investment of \$111,175 thousand (USD3,572 thousand) through Wah Yuen Technology Holding Limited, transferred capital from retained earnings of \$434,385 thousand (USD13,790 thousand) of Shanghai Yikang, investment of \$14,500 thousand (USD500 thousand) through SHC Holding Ltd., investment without significant influence of \$42,644 thousand and the invested amount of \$154,795 thousand which had already been liquidated but not yet revoked.

Note 3: Under the “Principles Governing the Review of Investments or Technical Cooperation in Mainland China” issued by the Investment Commission on August 29, 2008 under 0970460680, the Company had obtained the certificate issued by the Industrial Bureau of the Ministry of Economic Affairs in accordance with the business scope of the operating headquarters; thus, the amount that can be invested in companies located in mainland China is unlimited.

TABLE 8

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA,
AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES

For the period from January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Buyer/Seller	Investee Company in mainland China	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Remarks
			Amount	Percentage (%)		Payment Terms	Comparison with Normal Transactions	Amount	Percentage (%)		
the Company	Shanghai Yikang	Sales	\$ 465,380	0.90	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	\$ 81,950	0.45	\$ 3,427	Note
		Purchase of goods	(12,291)	-	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	(1,112)	-	-	Note
	Dongguan Huagang	Sales	268,715	0.50	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	47,833	0.26	659	Note
		Purchase of goods	(21,535)	-	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	(2,533)	-	-	Note
Raycong H.K.	Dongguan Huagang	Sales	501,571	1.00	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	108,131	0.59	-	Note
		Purchase of goods	(43,603)	-	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	(1,625)	-	-	Note

Note: It was eliminated on consolidation.

TABLE 9**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS:****For the period from January 1 to December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

No.	Trader	Counterparty	Relationship	Transaction Details			
				Item	Amount	Transaction Details	% of Total Sales or Assets
0	the Company	Shanghai Yikang	Parent to subsidiary	Other income	\$ 30,125	According to the contract	-
0	the Company	Shanghai Yikang	Parent to subsidiary	Other receivables	28,992	According to the contract	-
0	the Company	Shanghai Yikang	Parent to subsidiary	Operating Revenue	465,380	According to the contract	1
0	the Company	Shanghai Yikang	Parent to subsidiary	Accounts receivable, net	81,950	According to the contract	-
0	the Company	Dongguan Huagang	Parent to subsidiary	Operating Revenue	268,715	According to the contract	1
0	the Company	Dongguan Huagang	Parent to subsidiary	Accounts receivable, net	47,833	According to the contract	-
0	the Company	Raycong H.K.	Parent to subsidiary	Other income	63,199	According to the contract	-
0	the Company	Raycong H.K.	Parent to subsidiary	Other receivables	36,507	According to the contract	-
0	the Company	Raycong H.K.	Parent to subsidiary	Operating Revenue	393,772	According to the contract	1
0	the Company	Raycong H.K.	Parent to subsidiary	Accounts receivable, net	48,740	According to the contract	-
0	the Company	KS Corp.	Parent to subsidiary	Other receivables	16,303	According to the contract	-
0	the Company	KS Corp.	Parent to subsidiary	Receipts in advance	50,462	According to the contract	-
0	the Company	KS Corp.	Parent to subsidiary	Operating Revenue	105,997	According to the contract	-
0	the Company	KS Corp.	Parent to subsidiary	Accounts receivable, net	33,142	According to the contract	-
0	the Company	Tranceed Logistics	Parent to subsidiary	Other income	30,374	According to the contract	-
0	the Company	WT Industrial	Parent to subsidiary	Operating Revenue	105,382	According to the contract	-
0	the Company	WL Philippines Inc	Parent to subsidiary	Operating Revenue	29,447	According to the contract	-
0	the Company	WL Vietnam	Parent to subsidiary	Operating Revenue	44,804	According to the contract	-
0	the Company	WL Vietnam	Parent to subsidiary	Accounts receivable, net	19,108	According to the contract	-
0	the Company	WL Singapore	Parent to subsidiary	Operating Revenue	116,237	According to the contract	-
0	the Company	WL Singapore	Parent to subsidiary	Accounts receivable, net	14,893	According to the contract	-
0	the Company	Hightech	Parent to subsidiary	Operating Revenue	198,747	According to the contract	-
0	the Company	Hightech	Parent to subsidiary	Accounts receivable, net	20,763	According to the contract	-
1	Shanghai Yikang	the Company	Subsidiary to Parent	Other operating revenues	171,277	According to the contract	-
1	Shanghai Yikang	the Company	Subsidiary to Parent	Operating Revenue	12,291	According to the contract	-
1	Shanghai Yikang	the Company	Subsidiary to Parent	Accounts receivable, net	64,083	According to the contract	-
1	Shanghai Yikang	Dongguan Huagang	Subsidiary to subsidiary	Operating Revenue	120,073	According to the contract	-
1	Shanghai Yikang	Dongguan Huagang	Subsidiary to subsidiary	Accounts receivable, net	41,260	According to the contract	-
1	Shanghai Yikang	Fenghuang Xingwah Shouzheng	Parent to subsidiary	Other receivables	24,079	According to the contract	-
1	Shanghai Yikang	Shanghai Yadi	Parent to subsidiary	Other receivables	57,320	According to the contract	-

(Continued)

(Concluded)

No.	Trader	Counterparty	Relationship	Transaction Details			
				Item	Amount	Transaction Details	% of Total Sales or Assets
2	Dongguan Huagang	the Company	Subsidiary to Parent	Operating Revenue	\$ 21,535	According to the contract	-
2	Dongguan Huagang	Shanghai Yikang	Subsidiary to subsidiary	Operating Revenue	28,074	According to the contract	-
2	Dongguan Huagang	Raycong H.K.	Subsidiary to Parent	Operating Revenue	43,603	According to the contract	-
2	Dongguan Huagang	Anhua Huixinkang	Parent to subsidiary	Other receivables	13,130	According to the contract	-
3	Raycong H.K.	the Company	Subsidiary to Parent	Interest income	44,487	According to the contract	-
3	Raycong H.K.	the Company	Subsidiary to Parent	Operating Revenue	12,625	According to the contract	-
3	Raycong H.K.	Dongguan Huagang	Parent to subsidiary	Operating Revenue	501,571	According to the contract	1
3	Raycong H.K.	Dongguan Huagang	Parent to subsidiary	Accounts receivable, net	108,131	According to the contract	-
4	Tranceed Logistics	the Company	Subsidiary to Parent	Other operating revenues	141,093	According to the contract	-
4	Tranceed Logistics	the Company	Subsidiary to Parent	Accounts receivable, net	46,727	According to the contract	-
5	Shenzhen Huaying	Shanghai Yikang	Subsidiary to subsidiary	Other operating revenues	13,309	According to the contract	-
6	Wah Lee Holding Ltd.	the Company	Subsidiary to Parent	Interest income	33,510	According to the contract	-

WAH LEE INDUSTRIAL CORPORATION

December 31, 2023

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter.

INDEPENDENT AUDITORS' REPORT

Wah Lee Industrial Corporation:

Opinion

We have audited the accompanying parent only financial statements of Wah Lee Industrial Corporation (collectively referred to as the “Company”), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “parent company only financial statements”).

In our opinion, based on our audits and the reports of other auditors (refer to Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only 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 parent company only financial statements of Wah Lee for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's parent company only financial statements for the year ended December 31, 2023 is described as follows:

Occurrence of revenue from specific customers

The operating revenue from specific customers of the Company for the year ended December 31, 2023 showed significant growth over the past year. In addition, based on the Standards on Auditing of the Republic of China, revenue recognition is presumed to have a significant risk. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

Refer to Note 4 to the financial statements for the related accounting policy on revenue recognition.

The main audit procedures that we performed to address the occurrence of the revenue from specific customers were as follows:

1. We obtained an understanding and tested the design and operating effectiveness of the internal controls relevant to shipment and revenue recognition.
2. We obtained detailed information on the sales revenue of specific customers. We selected samples and checked the shipping and collection documents. We also verified the occurrence of recorded revenue from specific customers against the supporting documents and confirmed that the payer is the same as the buyer.

Other Matter

The financial statements of some investees accounted for using the equity method in the Company's parent company only financial statements for the years ended December 31, 2023 and 2022 were audited by other independent auditors; accordingly, our opinion insofar as it relates to the amounts and information disclosed, is based solely on the reports of other independent auditors. The carrying values of the investments accounted for using the equity method as of December 31, 2023 and 2022 were NT\$686,672 thousand and NT\$735,824 thousand, respectively, both representing 2% of total parent company only assets; the amounts of the share of profit of associates for the years ended December 31, 2023 and 2022 were NT\$57,386 thousand and NT\$83,373 thousand, representing 2% and 3% of parent company only profit before income tax, respectively.

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 parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only 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 parent company only 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 parent company only 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 Company to express an opinion on the parent company only 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 parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche
CPA Chiu-Yen Wu

CPA Jui-Hsuan Hsu

Document No. approved by Securities and
Futures Commission
Tai-Cai-Zheng-Liu-Tzu No. 0920123784

Document No. approved by Financial Supervisory
Commission
Chin-Kuan-Zheng-Sheng-Tzu No. 1020025513

March 14, 2024

Notices to Readers

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

The English version of independent auditors' report and the accompanying financial statements are not reviewed nor audited by independent auditors.

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

WAH LEE INDUSTRIAL CORPORATION

INDEPENDENT BALANCE SHEETS

Unit: In Thousands of New Taiwan Dollars

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash (Note 6)	\$ 1,703,009	5	\$ 1,713,281	5
Financial assets at fair value through other comprehensive income - current (Notes 4 and 7)	167,000	-	148,500	-
Notes receivable (Notes 4 and 8)	103,355	-	106,006	-
Accounts receivable, net (Notes 4, 5 and 8)	7,751,764	21	7,572,241	21
Accounts receivable - related parties (Notes 4, 5, 8 and 26)	380,031	1	435,034	1
Other receivables	34,688	-	23,148	-
Other receivables - related parties (Note 26)	200,076	1	229,100	1
Merchandise (Notes 4, 5 and 9)	2,322,315	6	3,455,972	10
Prepayments for purchases	1,440,421	4	1,093,884	3
Other current assets	34,796	-	36,319	-
Total current assets	14,137,455	38	14,813,485	41
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	808,840	2	594,342	2
Investments accounted for using the equity method (Notes 4, 10 and 27)	18,952,956	51	17,451,656	48
Property, plant and equipment (Notes 4, 11, 26 and 27)	2,492,567	7	2,379,243	7
Right-of-use assets (Notes 4 and 12)	60,384	-	60,505	-
Net investment property (Notes 4, 13 and 27)	440,020	1	429,341	1
Intangible Assets	8,899	-	11,002	-
Deferred tax assets (Notes 4 and 22)	232,741	1	274,434	1
Refundable deposits	49,722	-	53,588	-
Total non-current assets	23,046,129	62	21,254,111	59
Total assets	\$ 37,183,584	100	\$ 36,067,596	100
LIABILITIES AND EQUITY				
Current Liabilities				
Short-term borrowings (Note 14)	\$ 5,549,045	15	\$ 5,288,387	15
Contract liabilities - current (Notes 20 and 26)	410,836	1	295,004	1
Notes payable (Note 16)	15,355	-	23,079	-
Accounts payable (Note 16)	3,751,198	10	4,335,276	12
Accounts payable - related parties (Notes 16 and 26)	293,452	1	366,352	1
Other payables (Notes 17 and 26)	786,644	2	823,816	2
Other payables - related parties (Note 26)	110,515	-	105,336	-
Current tax liabilities (Note 22)	165,585	1	228,842	1
Provisions - current (Notes 4 and 28)	-	-	36,793	-
Lease liabilities - current (Notes 4 and 12)	14,937	-	17,742	-
Bonds due within one year	1,996,598	5	-	-
Current portion of long-term borrowings (Note 14)	21,194	-	21,003	-
Refund liability - current	359,814	1	294,362	1
Other current liabilities	24,818	-	18,613	-
Total current liabilities	13,499,991	36	11,854,605	33
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 15)	-	-	1,994,084	6
Long-term borrowings (Note 14)	3,379,791	9	3,699,765	10
Provisions - non-current	17,200	-	15,311	-
Deferred tax liabilities (Notes 4 and 22)	1,421,452	4	1,446,269	4
Lease liabilities - on-current (Notes 4 and 12)	51,203	-	47,880	-
Net defined benefit liability - non-current (Notes 4 and 18)	235,726	1	250,925	1
Guarantee deposits received	3,203	-	2,973	-
Total non-current liabilities	5,108,575	14	7,457,207	21
Total liabilities	18,608,566	50	19,311,812	54
EQUITY (Note 19)				
Ordinary share capital	2,360,203	6	2,360,179	6
Pre-acquired capital (Note 15)	2,190	-	-	-
Total capital	2,362,393	6	2,360,179	6
Capital Surplus	2,092,166	6	2,036,714	6
Retained Earnings				
Legal reserve	2,968,189	8	2,710,197	8
Special reserve	448,559	1	184,623	-
Undistributed earnings	10,066,449	27	9,912,630	27
Total retained earnings	13,483,197	36	12,807,450	35
Other Equity	637,262	2	(448,559)	(1)
Total equity	18,575,018	50	16,755,784	46
TOTAL LIABILITIES AND EQUITY	\$ 37,183,584	100	\$ 36,067,596	100

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

(Please refer to Deloitte & Touche auditors' report dated March 14, 2024)

Wah Lee Industrial Corporation

Independent Statements of Comprehensive Income

Unit: In Thousands of New Taiwan Dollars, except earnings per share in one New Taiwan Dollars

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 26)	\$ 39,227,864	100	\$ 44,038,316	100
OPERATING COSTS (Notes 9, 21 and 26)	36,389,618	93	41,237,812	94
GROSS PROFIT	2,838,246	7	2,800,504	6
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(4,896)	-	(2,867)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	2,867	-	6,949	-
REALIZED GROSS PROFIT	2,836,217	7	2,804,586	6
OPERATING EXPENSES (Notes 8, 21 and 26)				
Selling and marketing expenses	1,414,709	4	1,473,177	3
General and administrative expenses	421,560	1	416,753	1
Expected credit loss recognized (reversed)	7,656	-	(33,225)	-
Total operating expenses	1,843,925	5	1,856,705	4
OPERATING INCOME	992,292	2	947,881	2
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 26)				
Interest income	25,130	-	3,012	-
Other income	207,443	1	219,026	1
Other gains and losses	45,089	-	139,331	-
Financial costs	(367,918)	(1)	(193,940)	-
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	1,577,145	4	1,799,387	4
Total	1,486,889	4	1,966,816	5

(Continued)

Wah Lee Industrial Corporation

Independent Statements of Comprehensive Income

Unit: In Thousands of New Taiwan Dollars, except earnings per share in one New Taiwan Dollars

	2023		2022	
	Amount	%	Amount	%
INCOME BEFORE TAX	\$2,479,181	6	\$2,914,697	7
INCOME TAX EXPENSES (Notes 4 and 22)	365,464	1	429,897	1
Net income for this year	2,113,717	5	2,484,800	6
OTHER COMPREHENSIVE INCOME (Notes 19 and 22)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasured amount of defined benefit plans	7,660	-	21,868	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	251,897	-	(200,999)	-
Share of other comprehensive income (loss) of subsidiaries, associates accounted for using the equity method	1,096,002	3	(322,129)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(11,627)	-	(2,127)	-
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries, associates accounted for using the equity method	(233,620)	-	375,456	-
Income tax relating to items that may be reclassified subsequently to profit or loss	18,349	-	(40,884)	-
Other Comprehensive Income of the Year (net of tax)	1,128,661	3	(168,815)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$3,242,378	8	\$2,315,985	5
EARNINGS PER SHARE (Note 23)				
Basic	\$8.96		\$10.53	
Diluted	\$8.13		\$9.62	

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

(Please refer to Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)

Wah Lee Industrial Corporation
**Independent Statements of Changes in Equity
From January 1 to December 31, 2023 and 2022**
Unit: In Thousands of New Taiwan Dollars

	Capital			Retained Earnings			Other equity items			
	Ordinary share capital	Pre-acquired capital	Capital Surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gain on financial assets at FVTOCI	Total	Total Equity
Balance at January 1, 2022	\$ 2,360,179	\$ -	\$ 1,690,292	\$ 2,412,040	\$ 636,618	\$ 8,783,793	(\$ 678,629)	\$ 494,006	(\$ 184,623)	\$ 15,698,299
Appropriation and distribution for 2021 earnings										
Legal reserve	-	-	-	298,157	-	(298,157)	-	-	-	-
Special reserve reversed	-	-	-	-	(451,995)	451,995	-	-	-	-
Cash dividends distributed to the shareholders of the Company	-	-	-	-	-	(1,604,922)	-	-	-	(1,604,922)
	-	-	-	298,157	(451,995)	(1,451,084)	-	-	-	(1,604,922)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	346,422	-	-	-	-	-	-	346,422
Net profit for 2022	-	-	-	-	-	2,484,800	-	-	-	2,484,800
Other comprehensive income(loss) after tax for 2022	-	-	-	-	-	18,662	334,572	(522,049)	(187,477)	(168,815)
Total comprehensive income (loss) for 2022	-	-	-	-	-	2,503,462	334,572	(522,049)	(187,477)	2,315,985
Disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	76,459	-	(76,459)	(76,459)	-
Balance at December 31, 2022	2,360,179	-	2,036,714	2,710,197	184,623	9,912,630	(344,057)	(104,502)	(448,559)	16,755,784
Appropriation and distribution for 2022 earnings										
Legal reserve	-	-	-	257,992	-	(257,992)	-	-	-	-
Special reserve	-	-	-	-	263,936	(263,936)	-	-	-	-
Cash dividends distributed to the shareholders of the Company	-	-	-	-	-	(1,439,709)	-	-	-	(1,439,709)
	-	-	-	257,992	263,936	(1,961,637)	-	-	-	(1,439,709)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	20,516	-	-	(41,101)	-	-	-	(20,585)
Net profit for 2023	-	-	-	-	-	2,113,717	-	-	-	2,113,717
Other comprehensive income(loss) after tax for 2023	-	-	-	-	-	6,219	(215,271)	1,337,713	1,122,442	1,128,661
Total comprehensive income (loss) for 2023	-	-	-	-	-	2,119,936	(215,271)	1,337,713	1,122,442	3,242,378
Conversion of convertible corporate bonds	24	2,190	16,801	-	-	-	-	-	-	19,015
Difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition or disposal (Note 10)	-	-	18,135	-	-	-	-	-	-	18,135
Disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	36,621	-	(36,621)	(36,621)	-
Balance at December 31, 2023	\$ 2,360,203	\$ 2,190	\$ 2,092,166	\$ 2,968,189	\$ 448,559	\$ 10,066,449	(\$ 559,328)	\$ 1,196,590	\$ 637,262	\$ 18,575,018

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

(Please refer to Deloitte & Touche auditors' report dated March 14, 2024)

Wah Lee Industrial Corporation**Independent Statements of Cash Flows****Unit: In Thousands of New Taiwan Dollars**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for this year before tax	\$ 2,479,181	\$ 2,914,697
Adjustments for:		
Depreciation expenses	74,517	76,544
Amortization expenses	3,983	6,118
Expected credit loss recognized (reversed)	7,656	(33,225)
Loss of financial assets at FVTPL	-	1,200
Financial costs	367,918	193,940
Interest income	(25,130)	(3,012)
Dividend income	(13,231)	(12,956)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(1,577,145)	(1,799,387)
Benefits from disposal of equity in subsidiaries	(13,873)	-
Write-down (Gain from price recovery) of inventories	(178,526)	190,518
Unrealized gain on transactions with subsidiaries	4,896	2,867
Realized gain on transactions with subsidiaries	(2,867)	(6,949)
Unrealized gains on foreign currency translation	(59,633)	(67,122)
Loss provision recognized	1,587	19,711
Others	(201)	(33)
Net changes in operating assets and liabilities		
Notes receivable	2,651	67,339
Accounts receivable	(186,813)	1,480,575
Accounts receivable - related parties	54,637	519,742
Other receivables	(11,491)	16,721
Other receivables - related parties	(9,995)	29,660
Merchandise inventories	1,312,183	(1,555,851)
Prepayments for purchases	(346,537)	748,107
Other current assets	1,523	(24,471)
Contract liabilities	115,832	(61,216)
Notes payable	(7,724)	(14,917)
Accounts payable	(584,078)	(396,141)
Accounts payable - related parties	(72,900)	(122,385)
Other payables	(39,598)	(50,925)
Other payables - related parties	5,607	27,926
Provisions	(38,380)	(13,004)
Refund liabilities	65,452	119,360
Other current liabilities	6,205	(1,917)
Net defined benefit liabilities	(7,539)	(8,943)
Cash generated from operations	1,328,167	2,242,571
Interest received	25,081	3,012
Dividends received	1,227,390	646,805
Interest paid	(342,099)	(149,415)
Income tax paid	(399,330)	(334,656)
Net cash generated from operating activities	<u>1,839,209</u>	<u>2,408,317</u>

(Continued)

Wah Lee Industrial Corporation**Independent Statements of Cash Flows****Unit: In Thousands of New Taiwan Dollars**

	<u>2023</u>	<u>2022</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	(\$ 5,000)
Price of disposal of financial assets at FVTOCI	185	488
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	18,714	5,000
Obtained investment accounted for using the equity method	(24,000)	(191)
Investment accounted for disposal using the equity method	116,230	-
Payment for subsidiaries	(143,203)	(205,335)
Payment for property, plant, and equipment	(176,920)	(1,538,742)
Proceeds from disposal of property, plant, and equipment	531	-
Decrease (increase) of refundable deposits	3,866	(1,304)
Acquisition of other intangible assets	(<u>1,880</u>)	(<u>100</u>)
Net cash used in investing activities	(<u>206,477</u>)	(<u>1,745,184</u>)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	320,291	149,152
Proceeds from long-term borrowings	200,000	3,377,029
Repayment of long-term borrowings	(520,783)	(2,023,080)
Decrease in guarantee deposits received	230	(136)
Repayment of the principal portion of lease liabilities	(20,694)	(19,463)
Distributed cash dividends to shareholders	(1,439,709)	(1,604,922)
Payment for equity in subsidiaries	(<u>182,339</u>)	(<u>484,645</u>)
Net cash used in financing activities	(<u>1,643,004</u>)	(<u>606,065</u>)
NET INCREASE (DECREASE) IN CASH	(10,272)	57,068
BALANCE IN CASH AT THE BEGINNING OF THE YEAR	<u>1,713,281</u>	<u>1,656,213</u>
BALANCE IN CASH AT THE END OF THE YEAR	<u>\$ 1,703,009</u>	<u>\$ 1,713,281</u>

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

(Please refer to Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)

WAH LEE INDUSTRIAL CORPORATION

Notes to Independent Financial Statements

From January 1 to December 31, 2023 and 2022

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

1. Organization

Wah Lee Industrial Corporation (the “Company”) was incorporated in October 1968, and is mainly engaged in the import/export and agency business of composite materials, engineering plastic, printed circuit board, semiconductor, and computer related manufacturing materials and equipment.

The Company’s shares were listed and have been trading on the Taiwan Stock Exchange since July 22, 2002.

The parent company only financial statements, which include the Company and its subsidiaries (collectively, the “Group”), are presented in the Company’s functional currency, the New Taiwan dollar.

2. Date and Procedures for Approval of Financial Statements

The parent company only financial statements were approved by the Board of Directors on March 14, 2024.

3. Application of New, Amended and Revised Standards and Interpretations

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

Except as described below, the application of the amended IFRSs endorsed by the FSC and published as effective will not result in significant changes in the Company’s accounting policies:

- 1) Amendment to IAS 12, “Deferred Income Taxes on Assets and Liabilities Arising from a Single Exchange”.

This amendment clarifies that the exemption from the original recognition requirements of IAS 12 does not apply to transactions that result in taxable and deductible temporary differences of the same amount at the time of original recognition. On January 1, 2022, the Company recognized deferred income tax assets and deferred income tax liabilities for all deductible and taxable temporary differences related to lease and decommissioning obligations to which this amendment applies. The application of this amendment to transactions other than leases and decommissioning obligations is deferred for transactions occurring after January 1, 2022.

- 2) Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules”

The amendment introduces an exception to IAS 12 that specifies that the Company shall not recognize deferred income tax assets and liabilities related to Pillar II income taxes and shall not disclose information about such deferred income taxes, but shall disclose that it has applied the exception and shall separately disclose current income tax expense (benefit) related to Pillar Two income taxes. In addition, during the period in which the Pillar Two Act has been legislated or has been substantially legislated but has not yet become effective, the Company shall disclose qualitative and quantitative information that

will assist users in understanding what is known or can be reasonably estimated to be the extent of their exposure to Pillar Two income taxes. Immediately and retroactively upon the issuance of this amendment, this exception shall be applied and the fact that it has been applied shall be disclosed; the other disclosure requirements shall be applicable to annual reporting periods beginning after January 1, 2023, and the other disclosure requirements shall not be applicable to interim financial reports with interim period end dates prior to December 31, 2023.

b. IFRSs recognized by the FSC for 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

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

Note 3: The first application of this amendment exempts a portion of the disclosure requirement.

As of the date the parent company only financial statements were approved, the Company assessed that the application of the above standards and interpretations would not have a material impact on the Company’s financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “First-time Applicability of IFRS 17 and IFRS 9-Comparison Information”	January 1, 2023
Amendments to IAS 21 “Lack of Convertibility”	January 1, 2025 (Note 2)

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

Note 2: Applicable to annual reporting periods beginning after January 1, 2025. When the amendment is first applied, the effect shall be recognized in retained earnings at the date of first application.

As of the date the parent company only financial statements were approved, the Company is continuously assessing the possible impact of the application of the above standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary of Significant Accounting Policies

a. Statement of Compliance

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

b. Basis of Preparation

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

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

- 1) Level 1 inputs: Quoted prices(unadjusted) in active markets for identical assets or liabilities on the measurement date.
- 2) Level 2 inputs: Inputs, other than quoted prices within level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs: Unobservable inputs for assets or liabilities.

The subsidiaries and associates or joint venture are incorporated in the parent company only financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the parent company only financial statements equal to those attributed to owners of the Company on the consolidated financial statements, the effect of the differences between the parent company only basis and the consolidated basis are adjusted in the parent company only investments accounted for using equity method, the related share of the profit or loss, the related share of other comprehensive income of subsidiaries, associates and joint venture and related equity.

c. Classification of Current and Non-current Assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

d. Business Combinations

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

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

e. Foreign Currency Amount

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

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

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

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

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the New Taiwan dollar at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income and

accumulated in equity attributed to the owners of the Company and non-controlling interests as appropriate.

f. Merchandise inventories

Merchandise is stated at the lower of cost or net realizable value; comparison of cost and net realizable value and recognition of write-downs are made by item. The net realizable value is the estimated selling price of merchandise less all estimated costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Investments in subsidiaries

Investments in subsidiaries are accounted for using the equity method.

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment in subsidiaries is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiaries. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

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

When the Company loses control of a subsidiary, the gain or loss on disposal is the difference between (1) the aggregate of the fair value of the consideration received and the remaining investment in the former subsidiary based on the fair value at the date of loss of control, and (2) the aggregate of the former subsidiary's assets (including goodwill) and liabilities and noncontrolling interest based on the carrying amount at the date of loss of control.

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

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

h. Investments in associates and joint ventures

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Company and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Company uses the equity method to account for its investments in associates and joint ventures.

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

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

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

When the Company transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Company's parent company only financial statements only to the extent of interests in the associate and joint venture that are not related to the Company.

i. Property, Plant, and Equipment

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

Freehold land is not depreciated.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant, and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

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

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

k. Impairment of property, plant and equipment and investment properties

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

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

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

1. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL; such assets are derivative instruments.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

- iii. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost.

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instruments has not increased significantly since initial recognition, the Company measures the loss allowance for the financial instruments at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Company:

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

The Company's financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

4) Convertible corporate bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

n. Revenue recognition

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

1) Revenue from sale of goods

Revenue from sale of goods comes from sales of composite materials, engineering plastic and semiconductor. Sales of goods are recognized as revenue when the goods are shipped or delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

2) Revenue from the rendering of services

Commission revenue comes from the provision of intermediary or agency services to the client in the transfer of merchandise to the client's customers. The Company recognizes revenue as control of the goods is transferred to the customer, and the Company has no further obligations to the customer. Other revenue from the rendering of services is recognized as the Company fulfills their obligation.

o. Leasing

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

1) The Company as lessor

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

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

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the

contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Company as a lessee

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

Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

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

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

p. Borrowing Costs

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Post-employment benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expenses in the period in which they occur. Remeasurement, is recognized in other comprehensive income in the period in which it occurs.

Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

r. Income taxes

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

1) Current income taxes

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

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

The Company has applied the recognition and disclosure exception for deferred income tax assets and liabilities for Pillar Two income tax, therefore, the Company neither recognizes nor discloses information about deferred income tax assets and liabilities for Pillar II income tax.

3) Current and deferred taxes for the year

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

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainties

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

Key sources of estimation uncertainty:

a. Estimated impairment of accounts receivable

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Impairment of inventories

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

6. CASH

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 223	\$ 254
Demand deposits in banks	1,700,994	1,711,129
Check accounts in banks	<u>1,792</u>	<u>1,898</u>
	<u>\$ 1,703,009</u>	<u>\$ 1,713,281</u>

The Company interacts with a variety of financial institutions with sound credit ratings to disperse credit risk, hence, there was no expected credit loss.

7. Financial assets at FVTOCI

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Domestic investments in equity instruments		
TPEX-listed stocks	<u>\$ 167,000</u>	<u>\$ 148,500</u>
<u>Non-current</u>		
Domestic investments in equity instruments		
Listed and Emerging Shares	\$ 368,401	\$ 87,318
Unlisted stocks	<u>315,647</u>	<u>418,212</u>
	<u>684,048</u>	<u>505,530</u>
Foreign investments in equity instruments		
TWSE-listed stocks	18,886	20,128
TWSE-unlisted stocks	<u>105,906</u>	<u>68,684</u>
	<u>124,792</u>	<u>88,812</u>
	<u>\$ 808,840</u>	<u>\$594,342</u>

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

8. Notes receivable and accounts receivable, net

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable - unrelated parties		
Notes receivable - operating	<u>\$ 103,355</u>	<u>\$ 106,006</u>
Accounts receivable - unrelated parties		
At amortized cost		
Gross carrying amount	\$ 7,789,850	\$ 7,603,037
Less: Allowance for losses	<u>38,086</u>	<u>30,796</u>
	<u>\$ 7,751,764</u>	<u>\$ 7,572,241</u>
Accounts receivable - related parties		
At amortized cost		
Gross carrying amount	\$ 381,096	\$ 435,733
Less: Allowance for losses	<u>1,065</u>	<u>699</u>
	<u>\$ 380,031</u>	<u>\$ 435,034</u>

The main credit period of sales of goods was 30-120 days. No interest was charged on receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on receivables are estimated using a provision matrix prepared by reference to the past default records of the customer, the customer's current financial position, and economic condition of the industry in which the customer operates. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off receivables when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following tables detail the loss allowance of receivables based on the Company's provision matrix:

December 31, 2023

Cost	Counterparty without signs of default				Counterparty with signs of default	Total
	Not past due	Past due by 1-60 days	Past due by 61-180 days	Past due over 181 days		
Expected credit loss rate (%)	0.01	1-5	10-40	50	100	
Gross carrying amount	\$ 7,707,699	\$ 504,009	\$ 12,994	\$ 49,342	\$ 257	\$ 8,274,301
Loss allowance (Lifetime ECLs)	(6,179)	(6,061)	(1,983)	(24,671)	(257)	(39,151)
Amortized cost	<u>\$ 7,701,520</u>	<u>\$ 497,948</u>	<u>\$ 11,011</u>	<u>\$ 24,671</u>	<u>\$ -</u>	<u>\$ 8,235,150</u>

December 31, 2022

Cost	Counterparty without signs of default				Counterparty with signs of default	Total
	Not past due	Past due by 1-60 days	Past due by 61-180 days	Past due over 181 days		
Expected credit loss rate (%)	0.1	0.5-3	12-30	50	100	
Gross carrying amount	\$ 7,374,281	\$ 652,254	\$ 116,381	\$ 1,012	\$ 848	\$ 8,144,776
Loss allowance (Lifetime ECLs)	(9,532)	(5,474)	(15,135)	(506)	(848)	(31,495)
Amortized cost	<u>\$ 7,364,749</u>	<u>\$ 646,780</u>	<u>\$ 101,246</u>	<u>\$ 506</u>	<u>\$ -</u>	<u>\$ 8,113,281</u>

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

	2023	2022
Balance at the beginning of the year	\$ 31,495	\$ 68,253
Provision (reversal) for the year	7,656	(33,225)
Amounts written off for the year	-	(3,533)
Balance at the end of the year	<u>\$ 39,151</u>	<u>\$ 31,495</u>

9. Merchandise inventories

The costs of inventories recognized in cost of goods sold for 2023 and 2022 were \$36,379,121 thousand and \$41,229,214 thousand respectively, which included the following items:

	2023	2022
Write-down (Gain from price recovery) of inventories	(\$ 178,526)	\$ 190,518
Others	(40,540)	(8,030)
	<u>(\$ 219,066)</u>	<u>\$ 182,488</u>

The price recovery gains of inventory for 2023 were primarily attributed to destocking.

10. Investment accounted for using the equity method

	December 31, 2023	December 31, 2022
Investments in subsidiaries	\$ 12,510,247	\$ 12,069,183
Investments in associates	6,390,165	5,343,627
Investment in joint ventures	52,544	38,846
	<u>\$ 18,952,956</u>	<u>\$ 17,451,656</u>

Refer to Tables 6 and 7 for the main business and location of the investments accounted for using the equity method.

a. Investments in subsidiaries

	December 31, 2023		December 31, 2022	
	Carrying Value	Equity %	Carrying Value	Equity %
<u>Unlisted (over-the-counter) companies</u>				
Wah Lee Holding Ltd.	\$ 5,478,251	100.00	\$ 5,446,260	100.00
Raycong Industrial (H.K.) Ltd. (Raycong H.K.)	4,604,001	53.69	4,537,436	53.69
Wah Lee Japan Corp. (WL Japan)	3,792	83.33	4,093	83.33
Wah Lee Korea Ltd. (WL Korea)	3,399	100.00	3,538	100.00
Sakuragawa Solar Ltd.	85,772	99.99	88,360	99.99
Miyazaki Solar Ltd.	40,538	99.99	39,546	99.99
PT. Wah Lee Indonesia (WL Indonesia)	26,807	70.00	33,094	70.00
Wah Lee Vietnam Co., Ltd. (WL Vietnam)	40,836	100.00	41,394	100.00
Tranceed Logistics Co., Ltd. (Tranceed Logistics)	180,696	63.33	162,719	63.33
Wah Tech Industrial Co., Ltd. (WT Industrial)	242,991	51.00	245,107	51.00
Kingstone Energy Technology Corporation (KS Corp.)	824,738	94.68	672,498	78.67
Wah Heng Energy Technology Corp. (WH Energy)	-	-	92,480	100.00
Evergreen New Energy Corporation	122,955	100.00	47,762	100.00
Wah Lee Philippines International Corp. (WL Philippines Corp.)	5,661	99.99	6,108	99.99
Wah Lee Philippines Inc. (WL Philippines Inc.)	8,856	99.99	5,195	99.99
Hightech Polymer Sdn. Bhd. (Hightech)	210,683	51.00	202,984	51.00
Wah Lee Tech (Singapore) Pte. Ltd. (WL Singapore)	494,891	100.00	440,609	100.00
High Tech Gas Company Ltd. (High Tech Gas)	90,029	60.00	-	-
Advance Hightech Solutions Inc. (Advance Hightech)	33,800	100.00	-	-
Wah Lee Innovation Materials Private Limited (WL India)	11,551	99.00	-	-
	<u>\$ 12,510,247</u>		<u>\$ 12,069,183</u>	

- 1) On November 1, 2023, the Company sold all of its 100% equity interest in WH Energy to a related party, Eternity WH Energy for NT\$116,230 thousand in cash, resulting in a gain of NT\$13,873 thousand from the disposal of the investment. Please refer to Note 27 to the Company's Consolidated Financial Statements for 2023.
 - 2) In September 2023, the Company made a new investment of NT\$90,000 thousand in High Tech Gas in Taiwan.
 - 3) In September 2023, the Company invested NT\$38,628 thousand (US\$1,200 thousand) to establish Advance Hightech in the United States.
 - 4) In May 2023, the Company invested NT\$14,575 thousand (US\$474 thousand) to establish WL India in India.
 - 5) In August 2023, the Company purchased 16.01% of the shares of KS Corp. from a non-affiliated party for \$102,339 thousand in cash, resulting in an increase in the Company's shareholding to 94.68%. Since the above transaction did not change the Group's control over KS Corp., the Company accounted for it as an equity transaction and increased capital surplus by NT\$18,135 thousand.
 - 6) For operational development needs, the board of directors of the Company resolved to acquire 100% shares of WL Singapore from Wah Lee Holding Ltd. in November 2022, which was accounted for as a restructuring transaction under common control, for the price of NT\$435,145 thousand.
 - 7) To expand the distribution channels, the Company acquired 51% of the ordinary shares of Hightech from an unrelated party for \$205,335 thousand in September 2022. For a description of the acquisition of Hightech, see Note 26 to the Company's Consolidated Financial Statements of 2023.
 - 8) To cope with the operation plan, the subsidiary, ENE Corp., had a cash capital increase of NT\$80,000 thousand and NT\$49,500 thousand in May 2023 and 2022, respectively, which was fully subscribed by the Company.
 - 9) As of December 31, 2022, the amount set up as a guarantee for loans from subsidiaries by investing in subsidiaries' stocks is shown in Note 27 to the financial statements.
- b. Investments in associates and joint ventures

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Investments in associates</u>		
Material associates		
CWE Inc.	\$ 4,501,055	\$ 3,445,921
Associates that are not individually material	<u>1,889,110</u>	<u>1,897,706</u>
	6,390,165	5,343,627
<u>Investment in joint ventures</u>		
Joint ventures that are not individually material	<u>\$ 52,544</u>	<u>\$ 38,846</u>
	<u>\$6,442,709</u>	<u>\$5,382,473</u>

Refer to Tables 6 and 7 for the main business and location of the investments accounted for using the equity method.

1) Material associates

<u>Company Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
CWE Inc.	29.54%	29.17%

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

<u>Company Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
CWE Inc.	<u>\$ 6,906,786</u>	<u>\$ 5,996,436</u>

The summarized financial information below represents amounts shown in the financial statements of CWE Inc. prepared for equity accounting purposes:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current Assets	\$ 15,661,938	\$ 15,937,010
Non-current assets	20,604,238	17,184,256
Current Liabilities	(9,936,473)	(9,299,580)
Non-current Liabilities	(6,790,647)	(7,434,740)
Equity	19,539,056	16,386,946
Non-controlling Interests	(4,528,075)	(4,805,267)
	<u>\$ 15,010,981</u>	<u>\$ 11,581,679</u>
Percentage of ownership held by the Company (%)	29.54	29.17
Equity attributable to the Company	\$ 4,433,628	\$ 3,378,494
Goodwill	<u>67,427</u>	<u>67,427</u>
Carrying amount of investment	<u>\$ 4,501,055</u>	<u>\$ 3,445,921</u>
Operating Revenue	<u>\$ 16,490,002</u>	<u>\$ 21,858,509</u>
Net income for this year	\$ 2,248,755	\$ 3,572,984
Other comprehensive (loss) income for the year	<u>3,724,543</u>	(<u>861,497</u>)
Total comprehensive income for the year	<u>\$ 5,973,298</u>	<u>\$ 2,711,487</u>
Cash dividends received	<u>\$ 500,693</u>	<u>\$ 395,805</u>

(Concluded)

As of December 31, 2023 and 2022, the Company's dividends receivable were NT\$106,950 thousand and NT\$144,469 thousand, respectively, recognized as other receivables - related parties.

2) Aggregate information of associates and joint ventures that are not individually material

	<u>2023</u>	<u>2022</u>
Shares attributable to the Company		
Net income for this year	\$ 120,054	\$ 175,547
Other comprehensive (loss) income for the year	(<u>6,197</u>)	(<u>2,142</u>)
Total comprehensive income for the year	<u>\$ 113,857</u>	<u>\$ 173,405</u>

3) Changes in investment in associates and joint ventures

- a) In March 2023, the Company invested in the established Hengyuan New Energy Company with an investment amount of NTD 24,000,000 and a shareholding ratio of 12%. As the Company obtained two directors, it was assessed to have a significant influence on the Company and was classified as an investment under the equity method.
- b) For the year ended December 31, 2022, the Company purchased 7 thousand shares of Wah Hong Corp. in the open market for NT\$191 thousand in cash, which increased the Company's shareholding to 26.52%.

11. Property, Plant, and Equipment

2023

	Land	Buildings	Power Generation Equipment	Others	Property under Construction and Equipment to be Inspected	Total
Cost						
Balance at the beginning of the year	\$ 1,763,087	\$ 311,978	\$ 104,465	\$ 578,816	\$ 250,932	\$ 3,009,278
Additions	-	393	4,069	5,826	167,229	177,517
Disposals	-	(369)	(85)	(1,276)	-	(1,730)
Reclassified	(10,345)	(7,611)	23,697	1,233	(26,564)	(19,590)
Balance at the end of the year	<u>\$ 1,752,742</u>	<u>\$ 304,391</u>	<u>\$ 132,146</u>	<u>\$ 584,599</u>	<u>\$ 391,597</u>	<u>\$ 3,165,475</u>
Accumulated depreciation						
Balance at the beginning of the year	\$ -	\$ 147,789	\$ 8,260	\$ 473,986	\$ -	\$ 630,035
Depreciation expenses	-	5,521	4,540	39,293	-	49,354
Disposals	-	(369)	(7)	(994)	-	(1,370)
Reclassified	-	(5,111)	-	-	-	(5,111)
Balance at the end of the year	<u>\$ -</u>	<u>\$ 147,830</u>	<u>\$ 12,793</u>	<u>\$ 512,285</u>	<u>\$ -</u>	<u>\$ 672,908</u>
Net amount at the end of the year	<u>\$ 1,752,742</u>	<u>\$ 156,561</u>	<u>\$ 119,353</u>	<u>\$ 72,314</u>	<u>\$ 391,597</u>	<u>\$ 2,492,567</u>

2022

	Land	Buildings	Power Generation Equipment	Others	Property under Construction and Equipment to be Inspected	Total
Cost						
Balance at the beginning of the year	\$ 517,348	\$ 311,978	\$ -	\$ 568,334	\$ 77,246	\$ 1,474,906
Additions	1,245,739	-	15,658	28,669	252,600	1,542,666
Disposals	-	-	-	(8,294)	-	(8,294)
Reclassified	-	-	88,807	(9,893)	(78,914)	-
Balance at the end of the year	<u>\$ 1,763,087</u>	<u>\$ 311,978</u>	<u>\$ 104,465</u>	<u>\$ 578,816</u>	<u>\$ 250,932</u>	<u>\$ 3,009,278</u>
Accumulated depreciation						
Balance at the beginning of the year	\$ -	\$ 142,237	\$ -	\$ 447,459	\$ -	\$ 589,696
Depreciation expenses	-	5,552	3,452	39,629	-	48,633
Disposals	-	-	-	(8,294)	-	(8,294)
Reclassified	-	-	4,808	(4,808)	-	-
Balance at the end of the year	<u>\$ -</u>	<u>\$ 147,789</u>	<u>\$ 8,260</u>	<u>\$ 473,986</u>	<u>\$ -</u>	<u>\$ 630,035</u>
Net amount at the end of the year	<u>\$ 1,763,087</u>	<u>\$ 164,189</u>	<u>\$ 96,205</u>	<u>\$ 104,830</u>	<u>\$ 250,932</u>	<u>\$ 2,379,243</u>

- a. Reconciliation of the additions to property, plant and equipment and the cash paid stated in the statements of cash flows is as follows:

	2023	2022
Additions	\$ 177,517	\$ 1,542,666
Interest capitalization	(5,869)	(4,577)
Decrease in payables for equipment	6,733	1,204
Payable for equipment - related parties	428	-
Increase in provisions	(1,889)	(551)
Cash paid	<u>\$ 176,920</u>	<u>\$ 1,538,742</u>

- b. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Offices	41-61 years
Office interior decoration	5
Power Generation Equipment	7-20 years
Others	
Cylinders	5-9 years
Container warehouse	8
Others	2-11 years

- c. In January 2022, the board of directors approved the proposal to purchase the land located in the Zilong section of Jiali District, Tainan City from an unrelated party for \$1.2 billion to build the Southern Logistics Center. The transfer of land rights registration was completed in May 2022. Due to the statutory prohibition, the registration of agricultural land rights was registered in the name of Tsun-Hsien Chang, the related party who signed an agreement with the Company. As stipulated in the agreement, the related party will fully cooperate with the Company to transfer the agricultural land right to the Company or a specific person in the future free of charge. The agricultural land has been mortgaged to the Company with a maximum limit of \$200 million.
- d. Refer to Note 27 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.

12. Lease Agreements

- a. Right-of-use assets

2023

	Buildings	Other equipment	Total
Cost			
Balance at January 1, 2023	\$ 81,819	\$ 26,542	\$ 108,361
Additions	22,336	3,619	25,955
Derecognition	(4,751)	(1,348)	(6,099)
Lease modification	(4,713)	-	(4,713)
Balance at December 31, 2023	<u>\$ 94,691</u>	<u>\$ 28,813</u>	<u>\$ 123,504</u>
Accumulated depreciation			
Balance at January 1, 2023	\$ 36,633	\$ 11,223	\$ 47,856
Depreciation expenses	15,627	5,736	21,363
Derecognition	(4,751)	(1,348)	(6,099)
Balance at December 31, 2023	<u>\$ 47,509</u>	<u>\$ 15,611</u>	<u>\$ 63,120</u>
Carrying amount at December 31, 2023	<u>\$ 47,182</u>	<u>\$ 13,202</u>	<u>\$ 60,384</u>

2022

	Buildings	Other equipment	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 33,530	\$ 9,392	\$ 42,922
Additions	54,104	17,600	71,704
Lease modification	(5,815)	(450)	(6,265)
Balance at December 31, 2022	<u>\$ 81,819</u>	<u>\$ 26,542</u>	<u>\$ 108,361</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ 18,393	\$ 5,181	\$ 23,574
Depreciation expenses	18,240	6,042	24,282
Balance at December 31, 2022	<u>\$ 36,633</u>	<u>\$ 11,223</u>	<u>\$ 47,856</u>
Carrying amount at December 31, 2022	<u>\$ 45,186</u>	<u>\$ 15,319</u>	<u>\$ 60,505</u>

b. Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	<u>\$ 14,937</u>	<u>\$ 17,742</u>
Non-current	<u>\$ 51,203</u>	<u>\$ 47,880</u>

Range of discount rate (%) for lease liabilities was as follows:

	December 31, 2023	December 31, 2022
Buildings	1.43-2.03	1.43-1.80
Other equipment	1.43-1.92	0.98-1.80

c. Material leasing activities and terms

The Company leases above mentioned subjects for the use of office and warehouse, for installation of power generation equipment, and transportation equipment, which will expire from June 2024 to April 2045. At the end of the lease term, the Company has a right of first refusal to lease the subject portion of the lease, but none of them has a preferential right to purchase.

d. Other lease information

	2023	2022
Expenses relating to short-term leases	<u>\$ 88,282</u>	<u>\$ 72,096</u>
Expenses relating to low-value asset leases	<u>\$ 924</u>	<u>\$ 2,094</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 2,061</u>	<u>\$ 1,093</u>
Total cash outflow for leases	<u>\$ 113,229</u>	<u>\$ 95,901</u>

The Company's leases of certain subjects qualify as short-term or low-value asset leases, and the Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. Investment properties

2023

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 268,412	\$ 185,076	\$ 453,488
Reclassified	<u>10,345</u>	<u>9,245</u>	<u>19,590</u>
Balance at December 31, 2023	<u>\$ 278,757</u>	<u>\$ 194,321</u>	<u>\$ 473,078</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 24,147	\$ 24,147
Reclassified	-	5,111	5,111
Depreciation expenses	-	<u>3,800</u>	<u>3,800</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 33,058</u>	<u>\$ 33,058</u>
Carrying amount at December 31, 2023	<u>\$ 278,757</u>	<u>\$ 161,263</u>	<u>\$ 440,020</u>

2022

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1 and December 31, 2022	<u>\$ 268,412</u>	<u>\$ 185,076</u>	<u>\$ 453,488</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 20,518	\$ 20,518
Depreciation expenses	-	<u>3,629</u>	<u>3,629</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 24,147</u>	<u>\$ 24,147</u>
Carrying amount at December 31, 2022	<u>\$ 268,412</u>	<u>\$ 160,929</u>	<u>\$ 429,341</u>

The above investment properties are mainly land and buildings located in Hsinchu County leased to subsidiaries, and the lease periods will expire from June 2024 to June 2025, respectively. The lessee does not have a preferential right to take over the real estate at the end of the lease period.

Total future lease payments to be received for non-cancelable operating leases to lease investment property are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Less than 1 year	\$ 9,226	\$ 8,632
More than 1 year but not more than 5 years	<u>533</u>	<u>1,511</u>
	<u>\$ 9,759</u>	<u>\$ 10,143</u>

All investment properties are owned by the Company. Buildings and structures are depreciated on a straight-line basis over 51 years. Please refer to Note 27 for the amount of investment properties pledged as collaterals for loans.

The fair value of the Company's investment real estate was approximately NT\$500 million at both December 31, 2023 and 2022, respectively. The fair values of land, buildings and structures have not been evaluated by independent appraisers and have been measured only by the Company's management with reference to market evidence of similar real estate transaction prices.

14. Borrowings

a. Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank borrowings	<u>\$ 5,549,045</u>	<u>\$ 5,288,387</u>
Annual interest rate (%)	0.59-6.56	0.59-6.01

b. Long-term borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings		
Syndicated bank loans (Note 1)	\$ 2,000,000	\$ 2,000,000
Less: Syndicated loan fee	<u>3,583</u>	<u>4,583</u>
	1,996,417	1,995,417
Bank loans (Note 2)	<u>400,000</u>	<u>700,000</u>
	2,396,417	2,695,417
Secured borrowings (Note 27)		
Bank loans	<u>1,004,568</u>	<u>1,025,351</u>
	3,400,985	3,720,768
Less: Portion due within one year	<u>21,194</u>	<u>21,003</u>
	<u>\$ 3,379,791</u>	<u>\$ 3,699,765</u>
Annual interest rate (%)		
Syndicated bank loans	2.03	1.80
Bank loans	1.68-2.22	1.05-1.96
Expiration period		
Syndicated bank loans	116.08	116.08
Bank loans	114.04-126.06	113.06-126.06

Note 1: The Company signed a syndicated loan agreement with seven banks led by Mega International Commercial Bank Co., Ltd. in August 2022. The main contents of the syndicated loan agreement are as follows:

- 1) The total amount of syndicated bank loans is \$5 billion, divided into credit limit A, credit limit B, credit limit C and credit limit D. The term of credit limit A, credit limit B and credit limit C is 5 years from the initial drawdown date (August 2022) and the fractional reserve and debt recycling is available within the total amount of syndicated loans, and the maximum term of credit limit D is from the date of receipt of corporate bond payments in full, and the drawdown of credit limit D may be made one or multiple times. However, it shall not be drawn on a revolving basis.
- 2) Pursuant to the bank loan agreement, the Group should maintain certain financial ratios which should be calculated based on audited annual consolidated financial statements. The Group had met the requirement as of December 31, 2023 and 2022.

Note 2: Pursuant to certain bank loan agreements, the Group should maintain certain financial ratios which should be calculated based on audited annual and unreviewed semiannual consolidated financial statements. The Group had met the requirement as of December 31, 2023 and 2022.

15. Corporate bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
3rd domestic unsecured convertible bonds	\$ 1,996,598	\$ 1,994,084
Less: Portion due within one year	<u>1,996,598</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 1,994,084</u>

In August 2021, the Company issued 20,000 domestic 3rd three-year unsecured zero-coupon convertible bonds with an aggregate principal amount of \$2,005,000 thousand (100.25% of the face value) and a par value of \$100 thousand per bond certificate.

Bondholders have the right to convert the bonds into ordinary shares of the Company at the current conversion price per share from three months after the issuance date to the maturity date, except during the book closure period. The conversion price at the time of issuance was \$105.3 per share. In the case of ex-right or ex-dividends, the conversion price shall be adjusted according to the conversion price adjustment formula. As of December 31, 2023, the conversion price was NT\$85.4 per share.

If the closing price of the Company's common shares continues being at least 130% of the conversion price then in effect for 30 consecutive trading days or the aggregate outstanding balance of bonds payable is less than 10% of the original issuance amount, the Company has the right to redeem the outstanding bonds payable at par value in cash during the period from three months after the issuance date to the date 40 days prior to the maturity date.

The amount of the face value of the convertible bonds plus interest compensation (1.5075%) has to be fully paid off in cash by the Company on the maturity date.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate originally recognized as a component of the liability is 1.08%.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Liability component at the beginning of the year	\$ 1,994,084	\$ 1,972,752
Interest charged at an effective interest rate	21,529	21,332
Less: Conversion of bonds payable to ordinary shares	<u>19,015</u>	<u>-</u>
Components of ending liabilities	<u>\$ 1,996,598</u>	<u>\$ 1,994,084</u>

As of December 31, 2023, the above unsecured convertible bonds with an aggregate face value of NT\$18,900 thousand were applied for conversion into 221 thousand shares of the Company's common stock, of which 219 thousand shares with a capital increase date of February 5, 2024 were included in the prepaid-in capital.

16. Notes and accounts payable

Notes and accounts payable (including related parties) are mainly related to operating activities. Trading conditions are negotiated separately. The Company has formulated a financial risk management policy, in order to ensure all payables are paid within the pre-agreed credit period, therefore no interest is required.

17. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payable for salaries or bonuses	\$ 273,576	\$ 306,102
Payable for employees' compensation and remuneration of directors	280,063	329,262
Payable for commission	35,154	37,457
Payable for interest	40,055	30,896
Others	<u>157,796</u>	<u>120,099</u>
	<u>\$ 786,644</u>	<u>\$ 823,816</u>

18. Retirement benefit plans

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 8% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 301,287	\$ 330,528
Fair value of plan assets	(<u>65,561</u>)	(<u>79,603</u>)
Net defined benefit liabilities	<u>\$ 235,726</u>	<u>\$ 250,925</u>

Movements in net defined benefit liabilities were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1, 2022	<u>\$ 369,626</u>	<u>(\$ 87,890)</u>	<u>\$ 281,736</u>
Service cost			
Current service cost	1,363	-	1,363
Past service cost	(813)	-	(813)
Net interest expense (income)	<u>2,492</u>	<u>(520)</u>	<u>1,972</u>
Recognized in Profit or Loss	<u>3,042</u>	<u>(520)</u>	<u>2,522</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,228)	(7,228)
Actuarial gain - changes in financial assumptions	(14,278)	-	(14,278)
Actuarial loss - experience adjustments	(362)	-	(362)
Recognized in Other Comprehensive Income and Loss	<u>(14,640)</u>	<u>(7,228)</u>	<u>(21,868)</u>
Contributions from the employer	<u>-</u>	<u>(10,815)</u>	<u>(10,815)</u>
Benefits paid	<u>(27,500)</u>	<u>26,850</u>	<u>(650)</u>
December 31, 2022	<u>330,528</u>	<u>(79,603)</u>	<u>250,925</u>
Service cost			
Current service cost	1,122	-	1,122
Past service cost	(1,355)	-	(1,355)
Net interest expense (income)	<u>4,011</u>	<u>(1,047)</u>	<u>2,964</u>
Recognized in Profit or Loss	<u>3,778</u>	<u>(1,047)</u>	<u>2,731</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(547)	(547)
Actuarial loss - changes in financial assumptions	1,112	-	1,112
Actuarial loss - changes in demographic assumptions	(2)	-	(2)
Actuarial loss - experience adjustments	(8,223)	-	(8,223)
Recognized in Other Comprehensive Income and Loss	<u>(7,113)</u>	<u>(547)</u>	<u>(7,660)</u>
Contributions from the employer	<u>-</u>	<u>(10,270)</u>	<u>(10,270)</u>
Benefits paid	<u>(25,906)</u>	<u>25,906</u>	<u>-</u>
December 31, 2023	<u>\$ 301,287</u>	<u>(\$ 65,561)</u>	<u>\$ 235,726</u>

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

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest 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 the plan's debt investments.

3) Salary risk

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate (%)	1.20	1.25
Expected rate of salary increase (%)	2.00	2.00

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
0.25% increase	(\$ 5,455)	(\$ 6,139)
0.25% decrease	<u>\$ 5,616</u>	<u>\$ 6,328</u>
Expected rate of salary		
0.25% increase	<u>\$ 5,558</u>	<u>\$ 6,265</u>
0.25% decrease	(\$ 5,426)	(\$ 6,110)

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected contributions to the plan for the next year	<u>\$ 27,784</u>	<u>\$ 27,551</u>
Average duration of the defined benefit obligation	7	7

19. Equity

a. Ordinary share capital

	December 31, 2023	December 31, 2022
Number of authorized shares (in thousands)	<u>500,000</u>	<u>500,000</u>
Amount of authorized shares	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>236,020</u>	<u>236,018</u>
Amount of issued and fully paid shares	<u>\$ 2,360,203</u>	<u>\$ 2,360,179</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends. Based on the Company's articles of incorporation (the "Articles"), part of authorized shares can be issued as preferred shares.

b. Capital Surplus

	December 31, 2023	December 31, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Issuance of share capital	\$ 1,131,365	\$ 1,114,241
Difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	56,059	37,924
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition from associates accounted for using the equity method	395,476	403,129
Expired share options	22,374	22,374
Donations	11,867	11,867
May be used only to offset a deficit		
Share of changes in capital surplus of associates	441,148	412,979
May not be used for any purpose		
Share warrants	<u>33,877</u>	<u>34,200</u>
	<u>\$ 2,092,166</u>	<u>\$ 2,036,714</u>

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

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles after the amendment on May 27, 2022, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, except when the accumulated amount of such legal reserve equals to the Company's total issued capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and if there is any unappropriated earnings remaining, together with the accumulated unappropriated earnings, the board of directors shall prepare a proposal for appropriation of the earnings, and if new shares are to be issued, the proposal shall be submitted to the shareholders' meeting for approval and distribution. The common share dividends will be distributed after the distribution of preferred share dividends based on the Articles.

The amendments to the Articles which have been resolved in the meeting of shareholders held on May 27, 2022 provide that distributable dividends, bonuses, capital reserve and legal reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted to the shareholders' meeting. However, the aforementioned distribution to be paid by issuing new shares shall be resolved by the meeting of shareholders.

The Company's dividend policy is stipulated based on its current and future development plans, together with the consideration of the investment environment, capital requirements, domestic and international competition, and shareholders' interests. Earnings distribution to common shareholders shall not be less than 10% of distributable earnings. However, no distribution shall be made if the balance of distributable earnings is less than 1% of paid-in capital. Dividends may be distributed to shareholders in cash or shares, with cash dividends being no less than 50% of the total dividends.

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

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS" should be appropriated to or reversed from a special reserve by the Company. On the first-time adoption of IFRS Accounting Rules, the Company appropriated to the special reserve \$72,302 thousand.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2022	2021	2022	2021
Legal reserve	<u>\$ 257,992</u>	<u>\$ 298,157</u>		
Appropriation (Reversal) of special reserve	<u>\$ 263,936</u>	<u>(\$ 451,995)</u>		
Cash dividends to shareholders	<u>\$1,439,709</u>	<u>\$1,604,922</u>	<u>\$ 6.1</u>	<u>\$ 6.8</u>

The above cash dividend for 2022 was resolved to be distributed by the Board of Directors on March 16, 2023, and the remaining appropriation of 2022 earnings and the appropriation of 2021 earnings were resolved by the shareholders at their regular meetings on May 30, 2023 and June 30, 2022, respectively.

On March 14, 2024, the Board of Directors of the Company proposed the distribution of the annual earnings of 2023 as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Legal reserve	<u>\$ 211,546</u>	
Reversal of special reserve	<u>\$ 376,257</u>	
Cash dividends to shareholders	<u>\$ 1,284,310</u>	<u>\$ 5.2</u>

The appropriations of earnings for 2023 are subject to the resolution of the shareholders in their meeting to be held on May 28, 2024.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	2023	2022
Balance at the beginning of the year	(\$ 344,057)	(\$ 678,629)
Recognized for the year		
Share from subsidiaries and associates accounted for using the equity method	(233,620)	375,456
Effects of income taxes	<u>18,349</u>	(<u>40,884</u>)
Balance at the end of the year	(<u>\$ 559,328</u>)	(<u>\$ 344,057</u>)

2) Unrealized gain on financial assets at FVTOCI

	2023	2022
Balance at the beginning of the year	(\$ 104,502)	\$ 494,006
Recognized for the year		
Unrealized (loss) gain - equity instruments	251,897	(200,999)
Share from associates accounted for using the equity method	1,095,911	(323,297)
Effects of income taxes	(10,095)	2,247
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal		
Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.	(62)	(82)
Share from associates accounted for using the equity method	(<u>36,559</u>)	(<u>76,377</u>)
Balance at the end of the year	<u>\$ 1,196,590</u>	(<u>\$ 104,502</u>)

20. Revenue

	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$ 39,149,913	\$ 43,960,927
Other operating revenues	<u>77,951</u>	<u>77,389</u>
	<u>\$ 39,227,864</u>	<u>\$ 44,038,316</u>

Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	\$ 103,355	\$ 106,006	\$ 173,345
Accounts receivable, net (including related parties)	<u>8,131,795</u>	<u>8,007,275</u>	<u>9,974,367</u>
	<u>\$ 8,235,150</u>	<u>\$ 8,113,281</u>	<u>\$ 10,147,712</u>
Contract liabilities			
Sale of goods	<u>\$ 410,836</u>	<u>\$ 295,004</u>	<u>\$ 356,220</u>

The changes in the balance of contract liabilities primarily resulted from the timing difference between the date the Group fulfills its performance obligation and the date the customer's payment is received. There are no significant changes for 2023 and 2022.

Revenue recognized in the current reporting period from the contract liabilities at the beginning of the year is as follows:

	2023	2022
Sale of goods	<u>\$ 257,488</u>	<u>\$ 326,776</u>

21. Income before Tax

The details of net income before tax includes the following items:

a. Other income (Note 26)

	2023	2022
Rent income	\$ 29,358	\$ 33,677
Dividend income	13,231	12,956
Consulting service income	149,191	151,490
Others	<u>15,663</u>	<u>20,903</u>
	<u>\$ 207,443</u>	<u>\$219,026</u>

b. Other gains and losses

	2023	2022
Loss of financial assets at FVTPL	\$ -	(\$ 1,200)
Benefits from disposal of equity in subsidiaries (Note 10)	13,873	-
Net foreign exchange gains	36,753	162,966
Loss provision recognized	(1,587)	(19,711)
Others	<u>(3,950)</u>	<u>(2,724)</u>
	<u>\$ 45,089</u>	<u>\$ 139,331</u>

c. Financial costs

	2023	2022
Interest on bank loans	\$ 271,993	\$ 172,733
Interest on financing from related parties (Note 26)	77,997	-
Syndicated loan fee amortization	1,000	3,297
Interest on lease liabilities	1,268	1,155
Corporate bond discount amortization and interest compensation	21,529	21,332
Less: Amount included in cost of qualifying assets	<u>(5,869)</u>	<u>(4,577)</u>
	<u>\$ 367,918</u>	<u>\$ 193,940</u>

Interest capitalized rate (%)	1.81-2.18	1.43-1.81
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d. Depreciation and amortization

	2023	2022
Property, Plant, and Equipment	\$ 49,354	\$ 48,633
Right-of-use assets	21,363	24,282
Investment properties	3,800	3,629
Intangible Assets	<u>3,983</u>	<u>6,118</u>
	<u>\$ 78,500</u>	<u>\$ 82,662</u>

(Continued)

	2023	2022
An analysis of depreciation expense by function		
Operating costs	\$ 5,240	\$ 3,452
Operating expense	65,477	69,463
Non-operating expenses	<u>3,800</u>	<u>3,629</u>
	<u>\$ 74,517</u>	<u>\$ 76,544</u>
An analysis of amortization expense by function		
Operating expense	<u>\$ 3,983</u>	<u>\$ 6,118</u>
		(Concluded)

e. Employee benefits expense

	2023	2022
Short-term employee benefits	<u>\$ 867,331</u>	<u>\$ 900,400</u>
Post-employment benefits (Note 18)		
Defined contribution plans	19,293	18,713
Defined benefit plans	<u>2,731</u>	<u>2,522</u>
	<u>22,024</u>	<u>21,235</u>
	<u>\$ 889,355</u>	<u>\$ 921,635</u>
An analysis by function		
Operating expense	<u>\$ 889,355</u>	<u>\$ 921,635</u>

f. Compensation of employees and remuneration to directors

The Company accrued compensation of employees and remuneration of directors at the rates not less than 9% and 13% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which have been approved by the Company's board of directors on March 14, 2024 and March 16, 2023, were as follows:

	2023		2022	
	Withdrawal Rate (%)	Amount	Withdrawal Rate (%)	Amount
Compensation of employees paid in cash	9	\$ 248,332	9	\$ 291,956
Remuneration of directors paid in cash	1.15	31,731	1.15	37,306

If there is a change in the amount after the release date on which the annual parent company only financial statements are approved, the change will be accounted for as a change in an accounting estimate and the adjustment accounted for in the following year.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the Parent company only financial statements for the years ended December 31, 2022 and 2021.

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

22. Income taxes

- a. The major components of income tax expense recognized in profit or loss:

	2023	2022
Current income taxes		
In respect of the current year	\$ 309,820	\$ 274,213
Surtax on undistributed earnings	30,914	81,479
Adjustments for prior years	(4,659)	134
	<u>336,075</u>	<u>355,826</u>
Deferred tax		
In respect of the current year	<u>29,389</u>	<u>74,071</u>
	<u>\$ 365,464</u>	<u>\$ 429,897</u>

The reconciliation of accounting profit and income tax expenses is as follows:

	2023	2022
Income before Tax	<u>\$ 2,479,181</u>	<u>\$ 2,914,697</u>
Income tax expense calculated at the statutory rate 20%	\$ 495,836	\$ 582,939
Nondeductible expenses in determining taxable income	11,586	3,897
Domestic investment income	(126,844)	(167,808)
Unrecognize the taxable temporary differences associated with investments in subsidiaries	(47,294)	(82,401)
Income tax on unappropriated earnings	30,914	81,479
Adjustments for prior years	(4,659)	134
Nondeductible withholding tax	<u>5,925</u>	<u>11,657</u>
	<u>\$ 365,464</u>	<u>\$ 429,897</u>

- b. Income tax benefits (expenses) recognized in other comprehensive income

	2023	2022
Deferred tax		
Disposal of unrealized gain on financial assets at FVTOCI	(\$ 10,095)	\$ 2,247
Remeasurement on defined benefit plan	(1,532)	(4,374)
Exchange differences on the translation of financial statements of foreign operations	<u>18,349</u>	(40,884)
	<u>\$ 6,722</u>	(\$ 43,011)

- c. Income tax expense recognized directly in equity

	2023	2022
Deferred tax		
Share from associates accounted for using the equity method	(\$ 5,791)	<u>\$ -</u>

- d. Current tax liabilities

	December 31, 2023	December 31, 2022
Income tax payable	<u>\$ 165,585</u>	<u>\$ 228,842</u>

e. Deferred tax assets and liabilities

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

2023

	Balance at the beginning of the year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income and Loss	Recognized in equity	Balance at the end of the year
<u>Deferred tax assets</u>					
Temporary differences					
Write-downs of inventories	\$ 61,413	(\$ 42,015)	\$ -	\$ -	\$ 19,398
Unpaid bonuses	38,321	4,352	-	-	42,673
Refund liabilities	58,872	13,091	-	-	71,963
Defined benefit plan	50,185	(1,508)	(1,532)	-	47,145
Foreign operations loss and exchange differences	36,911	(2,245)	3,731	-	38,397
Others	<u>28,732</u>	<u>(15,567)</u>	<u>-</u>	<u>-</u>	<u>13,165</u>
	<u>\$ 274,434</u>	<u>(\$ 43,892)</u>	<u>\$ 2,199</u>	<u>\$ -</u>	<u>\$ 232,741</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Foreign operations income and exchange differences	\$ 1,420,530	(\$ 2,012)	(\$ 4,523)	(\$ 5,791)	\$ 1,408,204
Others	<u>25,739</u>	<u>(12,491)</u>	<u>-</u>	<u>-</u>	<u>13,248</u>
	<u>\$ 1,446,269</u>	<u>(\$ 14,503)</u>	<u>(\$ 4,523)</u>	<u>(\$ 5,791)</u>	<u>\$ 1,421,452</u>

2022

	Balance at the beginning of the year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income and Loss	Balance at the end of the year
<u>Deferred tax assets</u>				
Temporary differences				
Write-downs of inventories	\$ 30,187	\$ 31,226	\$ -	\$ 61,413
Unpaid bonuses	41,878	(3,557)	-	38,321
Refund liabilities	35,000	23,872	-	58,872
Defined benefit plan	56,347	(1,788)	(4,374)	50,185
Foreign operations loss and exchange differences	36,094	7,282	(6,465)	36,911
Others	<u>27,410</u>	<u>1,322</u>	<u>-</u>	<u>28,732</u>
	<u>\$ 226,916</u>	<u>\$ 58,357</u>	<u>(\$ 10,839)</u>	<u>\$ 274,434</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Foreign operations income and exchange differences	\$ 1,268,816	\$ 119,542	\$ 32,172	\$ 1,420,530
Others	<u>12,853</u>	<u>12,886</u>	<u>-</u>	<u>25,739</u>
	<u>\$ 1,281,669</u>	<u>\$ 132,428</u>	<u>\$ 32,172</u>	<u>\$ 1,446,269</u>

f. Deductible temporary differences for which no deferred tax assets have been recognized in the parent company only balance sheets

	December 31, 2023	December 31, 2022
Evaluation loss of foreign investments	<u>\$ 116,383</u>	<u>\$ 116,383</u>

g. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2023 and 2022, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$2,343,475 thousand and \$2,090,992 thousand.

h. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

23. Earnings per share (EPS)

Earnings and weighted average number of shares outstanding used in the computation of EPS were as follows:

a. Net income for this year

	2023	2022
Net profit used in the computation of basic EPS	\$ 2,113,717	\$ 2,484,800
Effect of convertible corporate bonds	<u>21,529</u>	<u>22,532</u>
Net profit used in computation of diluted EPS	<u>\$ 2,135,246</u>	<u>\$ 2,507,332</u>

b. Number of shares (in thousands)

	2023	2022
Weighted average number of shares outstanding used in computation of basic EPS	236,037	236,018
Effect of potentially dilutive shares		
Employees' compensation	3,196	4,153
Convertible corporate bonds	<u>23,400</u>	<u>20,387</u>
Weighted average number of shares outstanding used in computation of diluted EPS	<u>262,633</u>	<u>260,558</u>

The Company offers to settle the employees' compensation in cash or shares; thus, the Company assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted EPS, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

24. Capital risk management

The Company manages its capital to ensure it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt and equity.

The key management personnel of the Company periodically reviews the cost of capital and the risk associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed. The Company is not subject to any externally imposed capital requirements, except those discussed in Note 14.

25. Financial instruments

a. Information on fair values - financial instruments not measured at fair value

The Company's management considers that the carrying amounts of financial assets and financial liabilities that are not measured at fair value approximate their fair values, except for bonds payable.

The carrying amount and fair value of the bonds payable were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount	<u>\$ 1,996,598</u>	<u>\$ 1,994,084</u>
Fair value	<u>\$ 1,993,977</u>	<u>\$ 1,973,400</u>

The fair value of the bonds payable based on Level 3 fair value measurement was determined using the binomial option pricing model, where the significant and unobservable input was historical volatility.

b. Information on fair values - financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Domestic listed shares	\$ 198,955	\$ 336,446	\$ -	\$ 535,401
Unlisted stocks	-	-	421,553	421,553
Foreign listed shares	<u>18,886</u>	<u>-</u>	<u>-</u>	<u>18,886</u>
	<u>\$ 217,841</u>	<u>\$ 336,446</u>	<u>\$ 421,553</u>	<u>\$ 975,840</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Domestic listed shares	\$ 180,949	\$ 54,869	\$ -	\$ 235,818
Unlisted stocks	-	-	486,896	486,896
Foreign listed shares	<u>20,128</u>	<u>-</u>	<u>-</u>	<u>20,128</u>
	<u>\$ 201,077</u>	<u>\$ 54,869</u>	<u>\$ 486,896</u>	<u>\$ 742,842</u>

There were no transfers between Level 1 and Level 2 fair values during 2023 and 2022.

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

	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	\$ 486,896	\$ 593,607
Purchases	-	5,000
Transfer from Level 3	(116,443)	-
Reduction of capital	(18,714)	(5,000)
Recognized in Profit or Loss	-	(1,200)
Recognized in Other Comprehensive		
Income and Loss	<u>69,814</u>	<u>(105,511)</u>
Balance at the end of the year	<u>\$ 421,553</u>	<u>\$ 486,896</u>

3) Valuation techniques and inputs for Level 2 fair value measurement

The emerging market shares' fair value was assessed by reference to the transaction price supported by observable market prices.

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

The fair value of the unlisted shares held by the Company was measured by using the market approach based on the price-book ratio of the comparable companies or by the latest net value of the investees.

c. Categories of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Mandatorily classified at FVTPL		
Investment in equity instruments	\$ 975,840	\$ 742,842
Measured at amortized cost (Note 1)	10,222,645	10,132,398
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	15,906,995	16,660,071

Note 1: Including cash, notes receivable, accounts receivable (including related parties), other receivables (including related parties), and refundable deposits, etc.

Note 2: Including short-term borrowings, notes payable, accounts payable (including related parties), other payables (including related parties), long-term borrowings (including current portion), bonds payable, and guarantee deposits received, etc.

d. Financial risk management objectives and policies

The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk, and liquidity risk.

1) Market risk

The Company's activities expose it primarily to the market risks as follows:

a) Foreign currency risk

The Company had foreign currency trades, which exposed the Company to foreign currency risk, and the carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Company was mainly exposed to the USD.

The sensitivity rate used when reporting foreign currency risk internally to key management personnel is 1%. The sensitivity analysis included only the outstanding foreign currency denominated monetary items at the balance sheet date. Had the functional currency weakened by 1% against the USD, the pre-tax profit for the years

ended December 31, 2023 and 2022 would have been higher by NT\$6,476 thousand and lower by NT\$8,444 thousand, respectively.

b) Interest rate risk

The Company was exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
Financial liabilities	\$ 3,776,963	\$ 3,748,034
Cash flow interest rate risk		
Financial assets	1,700,994	1,711,129
Financial liabilities	7,235,805	7,320,827

Sensitivity analysis

The sensitivity analysis below shows the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for 2023 and 2022 would have been lower/higher by NT\$55,348 thousand and NT\$56,097 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its variable-rate deposits and borrowings.

c) Other price risks

The Company was exposed to equity price risk through its investments in equity securities. The Company manages this exposure by maintaining a portfolio of investments with different risks. The Company's equity price risk was mainly concentrated on equity instruments of unlisted shares.

Sensitivity analysis

The sensitivity analysis shows the exposure to equity price risk at the end of the reporting period. If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have been higher/lower by NT\$9,758 thousand and NT\$7,428 thousand, as a result of the changes in fair value of financial assets at FVTOCL.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Company. At the end of the reporting period, the Company's maximum exposure to credit risk could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the independent balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantees provided by the Company.

The Company adopted a policy of only dealing with creditworthy counterparties and uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and credit exposure is controlled by setting credit limits of counterparties annually.

There was no concentration of credit risk due to the fact that the customer base was large and that the customers are not related.

3) Liquidity risk

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

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows. Specifically, liabilities with a repayment on demand clause were included in the earliest time band regardless of the probability of the counterparties choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed-upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate at the end of the year.

	Less than 1 year	1-5 years	5-10 years	10-20 years	Total
December 31, 2023					
Non-interest-bearing liabilities	\$ 4,957,164	\$ 3,203	\$ -	\$ -	\$ 4,960,367
Lease liabilities	15,877	36,645	8,562	9,445	70,529
Floating-rate instruments	3,918,288	3,331,872	103,998	19,011	7,373,169
Fixed-rate instruments	3,739,077	-	-	-	3,739,077
Financial guarantee liabilities	850,441	-	-	-	850,441
	<u>\$ 13,480,847</u>	<u>\$ 3,371,720</u>	<u>\$ 112,560</u>	<u>\$ 28,456</u>	<u>\$ 16,993,583</u>
December 31, 2022					
Non-interest-bearing liabilities	\$ 5,653,859	\$ 2,973	\$ -	\$ -	\$ 5,656,832
Lease liabilities	18,570	42,594	6,720	-	67,884
Floating-rate instruments	3,983,811	3,345,590	122,897	24,028	7,476,326
Fixed-rate instruments	1,400,867	2,334,828	-	-	3,735,695
Financial guarantee liabilities	1,942,745	-	-	-	1,942,745
	<u>\$ 12,999,852</u>	<u>\$ 5,725,985</u>	<u>\$ 129,617</u>	<u>\$ 24,028</u>	<u>\$ 18,879,482</u>

The amounts included above for financial guarantee contracts were the maximum amounts the Company could be required to settle under the arrangement with an option to demand the full guaranteed amount if that amount is claimed by the counterparty of the financial guarantee contract. Based on expectations at the end of the year, the Company considers that it is more likely than not that no amount will be payable under the arrangement.

The amounts included above for variable interest rate non-derivative financial liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates at the end of the year.

26. Related Party Transactions

Except those discussed in Note 11, transactions between the Company and related parties were disclosed as follows:

a. Name of related parties and relationship with the Group

Name of related party	Relations with the Company
Raycong H.K.	Subsidiary
Shanghai Yikang Chemicals and Industries Co., Ltd. (Shanghai Yikang)	Subsidiary
Hua Gang International Trading Co., Ltd. (Dongguan Hua Gang)	Subsidiary
Tranceed Logistics	Subsidiary
WL Indonesia	Subsidiary
WL Vietnam	Subsidiary
WT Industrial	Subsidiary
WL Singapore	Subsidiary
WL Korea	Subsidiary
Regent King International Limited (Regent King)	Subsidiary
Yadi International Trading Co., (Shanghai) Ltd. (Shanghai Yadi)	Subsidiary
Shanghai Lihuang Co. Ltd. (Shanghai Lihuang)	Subsidiary
Xiamen Hua Chen Da Logistics Co., Ltd. (Xiamen Hua Chen Da)	Subsidiary
KS Corp.	Subsidiary
Sakuragawa Solar Ltd.	Subsidiary
Miyazaki Solar Ltd.	Subsidiary
Cyuancheng Logistics Co., Ltd. (Cyuan Cheng Logistics)	Subsidiary
WL Philippines Inc.	Subsidiary
Hightech	Subsidiary
Evergreen New Energy Corporation	Subsidiary
Advance Hightech	Subsidiary
Huaying Supply Chain Management (Shenzhen) Co., Ltd. (Shenzhen Huaying)	Subsidiary
Eternal New Energy Co., Ltd.	Associate's subsidiary
KSA Energy Corporation (KSA Corp.)	Associate's subsidiary (Subsidiary before October 2022)
CWE Inc.	Associate
Nagase Wahlee Plastics Corp.	Associate
Wah Hong Corp.	Associate
ORC Technology Corp.	Associate
Shanghai Hua Chang Trading Co., Ltd.	Associate
Huahsuan Green Energy Co., Ltd.	Associate (became an unrelated party after loss of significant influence in October 2022)
ORC Corp.	Joint Ventures
Chang Wah Technology Co. Ltd.	Associate's subsidiary
SIP Chang Hong Optoelectronics Ltd.	Associate's subsidiary
Sun Hong Optronics Ltd.	Associate's subsidiary

(Continued)

Name of related party	Relations with the Company
Bao Guang Investment Co., Ltd.	Other related parties (Its person in charge is a relative within the first degree of kinship of the Chairman of the Company and was in the Company's management before May 2023.)
Daily Polymer Corp.	Other related parties (The Company is a corporate director of the company.)
Asahi Kasei Wah Lee Hi-Tech Corp.	Other related parties (The Company is a corporate director of the company.)
JingYi Technology Co.	Other related parties (The Company is a corporate director of the company.)
Minima Technology Co., Ltd.	Other related parties (The Company is a corporate director of the company.)
Forcera Materials Co., Ltd.	Other related parties (The Company is a corporate director of the company.)
Tien Li Offshore Wind Technology Co., Ltd.	Other related parties (The Company used to be a corporate director of the company, and it was no longer a related party after an election of all directors in June 2023.)
TaiGene Biotechnology Co., Ltd.	Other related parties (The Company is a corporate supervisor of the company.)
Sin Hao Co., Ltd.	Other related parties (Its person in charge is a relative within the first degree of kinship of a director of the Company, and he is no longer a related party after the director had resigned in September 2023.)
Raycon Industries Inc.	Other related parties (Its person in charge is a relative within the first degree of kinship of a director of the Company.)
Chen Chih-Yuan	Other related parties (He is a relative within the first degree of kinship of a director of the Company, and he is no longer a related party after the director had resigned in September 2023.)
	(Concluded)

b. Operating transactions

1) Operating Revenue

<u>Categories of related parties</u>	<u>2023</u>	<u>2022</u>
Income from sale of goods		
Subsidiary	\$ 1,733,971	\$ 2,633,628
Associates and their subsidiaries	267,770	298,855
Other related parties	<u>51,590</u>	<u>7,483</u>
	<u>\$ 2,053,331</u>	<u>\$ 2,939,966</u>
Other operating revenues		
Subsidiary	\$ 55	\$ 5,765
Associates and their subsidiaries	<u>1,039</u>	<u>-</u>
	<u>\$ 1,094</u>	<u>\$ 5,765</u>

The selling prices and collection terms of sales to related parties were similar to third parties.

2) Purchase of goods

<u>Categories of related parties</u>	<u>2023</u>	<u>2022</u>
Subsidiary	\$ 49,371	\$ 60,775
Associates and their subsidiaries	78,341	253,806
Other related parties	<u>943,419</u>	<u>1,418,607</u>
	<u>\$ 1,071,131</u>	<u>\$ 1,733,188</u>

The prices of purchases from related parties were made under arm's length terms and there were no similar transactions with third parties for comparison; payment terms were similar to third parties.

3) Operating expense

<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
Commissions expense		
Subsidiary		
Shanghai Yikang	\$158,709	\$ 159,913
Others	237	242
Other related parties	<u>-</u>	<u>75</u>
	<u>\$ 158,946</u>	<u>\$ 160,230</u>
Others		
Subsidiary	\$ 93,516	\$ 74,526
Other related parties	<u>11,271</u>	<u>10,912</u>
	<u>\$ 104,787</u>	<u>\$ 85,438</u>

Other includes freight, labor, import and export charges, etc.

4) Receivables from related parties

	December 31, 2023	December 31, 2022
<u>Accounts receivable - related parties</u>		
Subsidiary	\$ 276,950	\$ 367,602
Associates and their subsidiaries	103,443	65,177
Other related parties	<u>703</u>	<u>2,954</u>
	381,096	435,733
Less: Allowance for losses	<u>1,065</u>	<u>699</u>
	<u>\$ 380,031</u>	<u>\$435,034</u>
 <u>Other receivables - related parties</u>		
Subsidiary		
Raycong H.K.	\$ 36,507	\$ 29,060
Shanghai Yikang	28,992	29,063
Others	<u>24,416</u>	<u>21,448</u>
	<u>89,915</u>	<u>79,571</u>
Associates and their subsidiaries		
CWE Inc.	106,950	144,499
Others	<u>2,696</u>	<u>4,405</u>
	<u>109,646</u>	<u>148,904</u>
Other related parties	<u>515</u>	<u>625</u>
	<u>\$ 200,076</u>	<u>\$ 229,100</u>

The outstanding receivables from related parties are unsecured.

5) Payables to related parties

	December 31, 2023	December 31, 2022
<u>Accounts payable - related parties</u>		
Subsidiary	\$ 7,713	\$ 5,273
Associates and their subsidiaries	19,813	49,372
Other related parties	<u>265,926</u>	<u>311,707</u>
	<u>\$ 293,452</u>	<u>\$ 366,352</u>
 <u>Other payables</u>		
Subsidiary	<u>\$ 110,515</u>	<u>\$ 105,336</u>

The outstanding payables to related parties are unsecured and shall be paid in cash

6) Contract liabilities

Related Party Category/Name	December 31, 2023	December 31, 2022
Subsidiary	\$ 51,665	\$ 54,980
Associates and their subsidiaries	<u>20,978</u>	<u>-</u>
	<u>\$ 72,643</u>	<u>\$ 54,980</u>

c. See Note 10 for a disposal of equity of subsidiaries.

d. Other income

<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
Subsidiary		
Raycong H.K.	\$ 63,199	\$ 59,155
Shanghai Yikang	30,125	28,972
Tranceed Logistics Co., Ltd. (Tranceed Logistics)	30,374	29,248
Others	<u>39,049</u>	<u>42,755</u>
	162,747	160,130
Associates and their subsidiaries	17,325	16,779
Other related parties	<u>5,680</u>	<u>10,261</u>
	<u>\$ 185,752</u>	<u>\$ 187,170</u>

Other income included rental income, consulting service income, endorsement income and remuneration of director and supervisor.

e. Leasing agreements

<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
Lease expense		
Subsidiary		
Tranceed Logistics Co., Ltd. (Tranceed Logistics)	\$ 56,223	\$ 45,769
Others	<u>20</u>	<u>-</u>
	56,243	45,769
Associates and their subsidiaries	37	39
Other related parties	<u>148</u>	<u>222</u>
	<u>\$ 56,428</u>	<u>\$ 46,030</u>

f. Lending to related parties - Only 2023

Net interest expense

<u>Related Party Category/Name</u>	<u>Amount</u>
Subsidiary	
Wah Lee Holding	\$ 33,510
Raycong H.K.	<u>44,487</u>
	<u>\$ 77,997</u>

In January 2023, the Company borrowed a short-term unsecured loan from a related party with an agreed-upon interest rate of 5%, which was fully repaid in December 2023.

g. Endorsements and guarantees

<u>Categories of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary		
Amount endorsed	<u>\$ 2,001,569</u>	<u>\$ 2,386,362</u>
Amount utilized	<u>\$ 326,409</u>	<u>\$ 1,076,948</u>
Associate		
Amount endorsed	<u>\$ 1,916,874</u>	<u>\$ 1,763,507</u>
Amount utilized	<u>\$ 524,032</u>	<u>\$ 865,797</u>
Other related parties		
Amount endorsed	<u>\$ 25,194</u>	<u>\$ 25,194</u>
Amount utilized	<u>\$ -</u>	<u>\$ -</u>

h. Remuneration of key management personnel

The amounts of the remuneration of directors and other members of key management personnel were as follows:

	2023	2022
Short-term employee benefits	\$ 86,974	\$ 115,753
Post-employment benefits	<u>40,579</u>	<u>507</u>
	<u>\$ 127,553</u>	<u>\$ 116,260</u>

The remuneration of directors and other key management was determined by the remuneration committee based on the performance of individuals and market trends.

27. Assets Pledged as Collateral

The Company provided the following assets as collateral for bank borrowings and performance guarantee:

	December 31, 2023	December 31, 2022
Property, Plant, and Equipment		
Land	\$ 1,434,349	\$ 1,434,349
Buildings	<u>124,797</u>	<u>133,440</u>
	<u>\$ 1,559,146</u>	<u>\$ 1,567,789</u>
Investment properties		
Land	\$ 268,412	\$ 268,412
Buildings	<u>161,219</u>	<u>160,929</u>
	<u>\$ 429,631</u>	<u>\$ 429,341</u>
Investment accounted for using the equity method	<u>\$ -</u>	<u>\$ 672,498</u>

28. Significant contingent liabilities and unrecognized commitments

Significant commitments and contingencies of the Company as of December 31, 2023 were as follows:

- a. The unrecognized commitments for acquisition of property, plant and equipment were NT\$900,362 thousand.
- b. For details of the litigation of KS Corp., a subsidiary of the Company, refer to Note 32 to the consolidated financial statements for the year ended December 31, 2023.

29. Significant assets and liabilities denominated in foreign currency

The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency Amount	Exchange Rate		Carrying Value
December 31, 2023				
Monetary financial assets				
USD	\$ 243,369	30.705	(USD : NTD)	\$7,472,649
Nonmonetary financial assets				
Investment accounted for using the equity method				
HKD	1,158,411	3.929	(HKD: NTD)	4,551,410
Monetary financial liabilities				
USD	222,277	30.705	(USD : NTD)	6,825,021
December 31, 2022				
Monetary financial assets				
USD	225,176	30.71	(USD : NTD)	6,915,153
Nonmonetary financial assets				
Investment accounted for using the equity method				
HKD	1,138,615	3.938	(HKD: NTD)	4,483,865
Monetary financial liabilities				
USD	252,673	30.71	(USD : NTD)	7,759,576

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange profit and loss were net gain \$36,753 thousand and net loss \$162,966 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Company.

30. Additional Disclosures

- a. Information about significant transactions
 - 1) Financing provided to others: Table 1.
 - 2) Endorsements/Guarantees provided: Table 2.
 - 3) Marketable securities held (excluding investments in subsidiaries and associates): Table 3.
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
 - 9) Trading in derivative instruments: None
- b. Information on investees: Table 6.
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 8.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8.
 - c) The amount of property transactions and the amount of the resultant gains or losses: None.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

The Company's other significant transactions with investee companies in mainland China as of December 31, 2023 and 2023 were as follows:

Transaction Party	Line Item	Amount
Shanghai Yikang	Other income	\$ 30,125
Shanghai Yikang	Commissions expense and other operating expenses	171,277
Shanghai Yikang	Other receivables	28,992
Shanghai Yikang	Other payables	62,971

- d. Information on major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9.

TABLE 1**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****Financing provided to others****For the period from January 1 to December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending balance (Note 1)	Amount utilized (Note 1)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-Term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 2 to 4)	Aggregate Financing Limit (Notes 2 to 4)	Remarks
													Name	Value			
0	the Company	KS Corp.	Other receivables - related parties	Yes	\$ 150,000	\$ -	\$ -	-	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 285,243	\$ 1,857,502	
1	Shanghai Yikang	Fenghuang Xingwah Shouzheng	Other receivables - related parties	Yes	36,730	36,730	23,766	5.31	Short-term financing	-	Operating capital	-	-	-	1,246,841	1,246,841	
1	Shanghai Yikang	Shanghai Yadi	Other receivables - related parties	Yes	221,465	108,028	55,742	5.03	Short-term financing	-	Operating capital	-	-	-	1,246,841	1,246,841	
2	Shenzhen Huaying	Xiamen Huashengda Logistics	Other receivables - related parties	Yes	8,890	8,642	-	-	Short-term financing	-	Operating capital	-	-	-	52,873	52,873	
3	Dongguan Huagang	Guangzhou Xingxian	Other receivables - related parties	Yes	22,225	21,606	-	-	Short-term financing	-	Operating capital	-	-	-	720,227	720,227	
3	Dongguan Huagang	Anhua Huixinkang	Other receivables - related parties	Yes	22,225	21,606	12,963	4.00	Short-term financing	-	Operating capital	-	-	-	720,227	720,227	
4	KS Corp.	KSD Corp	Other receivables - related parties	Yes	48,000	-	-	-	Short-term financing	-	Operating capital	-	-	-	213,932	213,932	
5	Wah Lee Holding Ltd.	The Company	Other receivables - related parties	Yes	713,350	675,510	-	-	Short-term financing	-	Operating capital	-	-	-	1,630,216	1,630,216	
6	Raycong H.K.	The Company	Other receivables - related parties	Yes	972,750	921,150	-	-	Short-term financing	-	Operating capital	-	-	-	3,390,680	3,390,680	

Note 1: RMB was converted by the spot exchange of RMB\$1=NT\$4.3211; and HKD was converted by the spot exchange of HKD\$1=NT\$3.929.

Note 2: The aggregate financing limit for the company in need of short-term financing shall not exceed 10% of the Company's equity; the financing limit for each counterparty shall not exceed 5% of the Company's equity and shall not exceed 40% of each counterparty's equity.

Note 3: The individual and aggregate financing limit for the parent company and subsidiaries by Wah Lee Holding Ltd., Shanghai Yikang, Shenzhen Huaying, Dongguan Huagang and KS Corp. included in the consolidated financial statements of the parent company shall not exceed 30% of the parent company's equity.

Note 4: The individual and aggregate financing limit for the parent company and the subsidiaries by Raycong H.K. included in the consolidated financial statements of the parent company shall not exceed 40% of the parent company's equity.

TABLE 2

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

Endorsements and guarantees

For the period from January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

No.	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/Guarantee Given on Benefit of Each Party (Notes 1 to 5)	Maximum Amount Endorsed/Guaranteed During the Year	Outstanding Endorsement/Guarantee at The End of the Year (Note 6)	Amount utilized (Note 6)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/Guarantee Amount Allowable (Notes 1 to 5)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Remarks
		Company Name	Relationship											
0	the Company	WL Singapore	Subsidiary of the Company	\$ 5,572,505	\$ 411,480	\$ 322,403	\$ 61,410	\$	1.74	\$ 18,575,018	Y	N	N	
0	the Company	WL Vietnam.	Subsidiary of the Company	5,572,505	581,270	503,562	38,308		2.71	18,575,018	Y	N	N	
0	the Company	Regent King	Subsidiary of the Company	5,572,505	93,765	92,115	-		0.50	18,575,018	Y	N	N	
0	the Company	Sakuragawa Solar Ltd.	Subsidiary of the Company	3,715,004	67,108	63,126	25,461		0.34	18,575,018	Y	N	N	
0	the Company	Miyazaki Solar Ltd.	Subsidiary of the Company	3,715,004	199,627	187,783	143,653		1.01	18,575,018	Y	N	N	
0	the Company	WL Philippines Inc.	Subsidiary of the Company	3,715,004	120,140	92,115	2,763		0.50	18,575,018	Y	N	N	
0	the Company	WL Philippines Corp.	Subsidiary of the Company	3,715,004	64,850	30,705	-		0.17	18,575,018	Y	N	N	
0	the Company	WL India	Subsidiary of the Company	3,715,004	64,850	61,410	-		0.33	18,575,018	Y	N	N	
0	the Company	KS Corp.	Subsidiary of the Company	3,715,004	277,081	-	-		-	18,575,018	Y	N	N	
0	the Company	Raycong H.K., Shanghai Yikang, and Dongguan Hua Gang	Subsidiary of the Company	3,715,004	150,000	150,000	53,743		0.81	18,575,018	Y	N	Y	
0	the Company	WL Indonesia	Subsidiary of the Company	3,715,004	186,217	156,595	-		0.84	18,575,018	Y	N	N	
0	the Company	WT Industrial	Subsidiary of the Company	3,715,004	470,230	4,000	1,071		0.02	18,575,018	Y	N	N	
0	the Company	Hightech	Subsidiary of the Company	3,715,004	356,675	337,755	-		1.82	18,575,018	Y	N	N	
0	the Company	Nagase Wahlee Plastics Corp.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	3,715,004	790,000	790,000	185,375		4.25	18,575,018	N	N	N	
0	the Company	Shanghai Hua Chang Trading Co., Ltd.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	3,715,004	1,189,998	1,126,874	338,657		6.07	18,575,018	N	N	Y	
0	the Company	Asahi Kasei Wah Lee Hi-Tech Corp.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	3,715,004	75,582	25,194	-		0.14	18,575,018	N	N	N	
1	Shanghai Yikang	Shanghai Yadi	Subsidiary of the Company	831,227	186,606	181,486	54,634		4.37	2,078,068	Y	N	Y	
2	KS Corp.	KSA Corp.	Associates (Note 6)	2,113,128	500,000	-	-		-	3,521,880	Y	N	N	
2	KS Corp.	KSA Corp.	Associates (Note 6)	176,094	6,902	6,902	5,329		0.97	352,188	Y	N	N	
2	KS Corp.	KSB Corp.	Subsidiary of the Company	2,113,128	200,000	-	-		-	3,521,880	Y	N	N	
2	KS Corp.	KSC Corp.	Subsidiary of the Company	2,113,128	1,500,000	-	-		-	3,521,880	Y	N	N	
2	KS Corp.	KSD Corp	Subsidiary of the Company	2,113,128	500,000	-	-		-	3,521,880	Y	N	N	
3	Dongguan Huagang	Guangzhou Xingxian	Subsidiary of the Company	720,227	19,306	182,858	58,831		7.62	1,200,379	Y	N	Y	
4	Raycong H.K.	Xiamen Huashengda Logistics	Subsidiary of the Company	1,695,340	32,425	30,705	7,471		0.36	4,238,351	Y	N	Y	

Note 1: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of the Company. If the Company directly or indirectly holds 100% of the equity of the endorsee or guarantee, the limit on endorsement/guarantee given on behalf of each party shall not exceed 30% of the equity of the Company. The maximum total amount of endorsement/guarantee shall not exceed 100% of the equity of the Company.

Note 2: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of Shanghai Yikang. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Shanghai Yikang.

Note 3: The limit on endorsement/guarantee given on behalf of each party shall not exceed 30% of the equity of Dongguan Hua Gang. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Dongguan Hua Gang.

Note 4: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of Raycong H.K.. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Raycong H.K..

Note 5: The limit on endorsement/guarantee given to each party, based on the construction project, shall not exceed 600% of the paid-in capital of KS Corp.; the maximum total amount of endorsement/guarantee shall not exceed 1000% of the paid-in capital of KS Corp. The limit on endorsement/guarantee given to each party, not based on the construction project, shall not exceed 50% of the paid-in capital of KS Corp. The total amount of endorsement/guarantee shall not exceed 100% of the paid-in capital of KS Corp.

Note 6: It used to be the subsidiary of the Company, and is no longer a subsidiary after selling all equities in it on November 1, 2023. Please refer to Note 27

Note 7: USD was converted by spot exchange of US\$1=NT\$30.705 ; JPY was converted by spot exchange of JPY\$1=NT\$0.2172; RMB was converted by spot exchange of RMB\$1=NT\$4.3211; THB was converted by spot exchange of THB\$1=NT\$0.9017; and HKD was converted by spot exchange of HKD\$1=NT\$3.929.

TABLE 3**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****Marketable securities held at the end of the period****December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	Period end				Remarks
				Number of shares/units	Carrying Value	Percentage of Ownership (%)	Fair value	
the Company	Stock							
	Chang Wah Technology Co. Ltd.	Associate's subsidiary	Financial assets at FVTOCI - current	5,000,000	<u>\$167,000</u>	0.53	<u>\$167,000</u>	
	Daily Polymer Corp.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,467,564	\$ 31,955	2.96	\$ 31,955	
	Wah Yuen Technology Holding Limited	-	Financial assets at FVTOCI - non-current	1,968,180	105,906	0.75	105,906	
	JingYi Technology Co.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,066,432	59,044	16.94	59,044	
	High Power Optoelectronics Inc.	-	Financial assets at FVTOCI - non-current	67,991	-	0.12	-	
	Asahi Kasei Wah Lee Hi-Tech Corp.	The Company is the director of the company	Financial assets at FVTOCI - non-current	9,497	86,502	19.38	86,502	
	Forcera Materials Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,354,773	131,114	8.35	131,114	
	Univision Technology Holdings	-	Financial assets at FVTOCI - non-current	38,794,190	-	9.10	-	
	Minima Technology Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	3,600,000	62,007	9.14	62,007	
	TaiGene Biotechnology Co., Ltd.	The Company is the supervisor of the company	Financial assets at FVTOCI - non-current	2,300,000	12,698	6.57	12,698	
	Shilian Fine Chemicals Co., Ltd.	-	Financial assets at FVTOCI - non-current	11,871,585	25,308	4.57	25,308	
	CDIB Capital Group.	-	Financial assets at FVTOCI - non-current	1,128,571	54,760	2.86	54,760	
	Darco Water Technologies Ltd.	-	Financial assets at FVTOCI - non-current	7,649,782	18,886	8.15	18,886	
	Eleocom Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,500,000	-	10.71	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	Period end				Remarks
				Number of shares/units	Carrying Value	Percentage of Ownership (%)	Fair value	
	Tien Li Offshore Wind Technology Co., Ltd.	-	Financial assets at FVTOCI - non-current	943,344	\$ 47,932	1.35	\$ 47,932	
	Locus Cell Co., Ltd.	-	Financial assets at FVTOCI - non-current	5,000,000	157,400	2.50	157,400	
	Phoenix II Venture Capital Innovation Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	1,000,000	11,553	2.34	11,553	
	Hong Yi Industrial Corp.	-	Financial assets at FVTOCI - non-current	500,000	3,775	16.67	3,775	
					<u>\$808,840</u>		<u>\$808,840</u>	
Shenzhen Huaying	Shanghai Junxiong Logistics Co., Ltd	-	Financial assets at FVTOCI - non-current	-	<u>\$ 16,510</u>	19.90	<u>\$ 16,510</u>	
SHC Holding Ltd.	Guangzhou Yonguang Optoelectronics Co., Ltd.	-	Financial assets at FVTOCI - non-current		<u>\$ -</u>	12.82	<u>\$ -</u>	
Wah Lee Holding Ltd.	Mutual funds							
	JPMorgan Funds-Multi-Revenue Fund-A (acc) - USD	-	Financial assets at FVTPL - current	7,737	\$ 51,099		\$ 51,099	
	JPMorgan Funds-Income Fund A (dist) - USD	-	Financial assets at FVTPL - current	30,802	28,109		28,109	
					<u>\$ 79,208</u>		<u>\$ 79,208</u>	
KS Corp.	Huahsuan Green Energy Co., Ltd.	-	Financial assets at FVTPL - non-current	4,482,000	<u>\$ 42,453</u>	5.71	<u>\$ 42,453</u>	

(Concluded)

TABLE 4

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital

For the period from January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Buyer/Seller	Transaction Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Remarks
			Purchase/Sale	Amount	% of Total	Credit period	Unit price	Credit period	Balance	% of Total	
the Company	Shanghai Yikang	Subsidiary	Sales	\$ 465,380	0.90	30 to 120 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	\$ 81,950	0.40	
	Raycong H.K.	Subsidiary	Sales	393,772	0.80	30 to 90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	48,740	0.26	
	Dongguan Huagang	Subsidiary	Sales	268,715	0.50	30 to 120 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	47,833	0.26	
	KS Corp.	Subsidiary	Sales	105,997	0.20	14 to 60 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	33,142	0.18	
	Hightech	Subsidiary	Sales	198,747	0.40	30 to 60 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	20,763	0.11	
	WT Industrial	Subsidiary	Sales	105,382	0.20	30 to 60 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	7,238	-	
	WL Singapore	Subsidiary	Sales	116,237	0.20	30 to 60 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	14,893	-	
	CWE Inc.	Associate accounted for using the equity method	Sales	228,452	0.50	90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	71,964	0.39	
	Asahi Kasei Wah Lee Hi-Tech Corp.	The Company is the director of the Company	Purchase of goods	(863,104)	1.46	105 days after monthly closing	No comparable transactions with third party	The terms with related parties are not significantly different from those with third parties	(246,418)	2.80	
Raycong H.K.	Dongguan Huagang	Subsidiary	Sales	501,571	1.00	30 to 180 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	108,131	0.59	
Shanghai Yikang	Dongguan Huagang	Brother	Sales	120,073	0.20	30 to 180 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	41,260	0.22	

TABLE 5

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

[illegible]

Note: Including accounts receivable and other receivables. Other receivables are mainly dividends receivable.

TABLE 6**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****Information on investees****For the period from January 1 to December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

Investee company name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares	%	Carrying Value	Net Income (Loss) of the Investee for the current period	Investment (loss) gain recognized for the period (Note 1)	Remarks
				End of the year	December 31, 2022						
the Company	Wah Lee Holding Ltd.	BVI	International investment	\$ 430,666	\$ 430,666	13,070,000	100.00	\$ 5,478,251	\$ 449,223	\$ 449,318	Subsidiary
the Company	Raycong H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	304,113	304,113	56,000,000	53.69	4,604,001	772,827	415,064	Subsidiary
the Company	CWE Inc.	Taiwan	Agency of IC packaging material and equipment	449,349	449,349	197,902,180	29.54	4,501,055	1,477,213	433,326	Associate
the Company	Nagase Wahlee Plastics Corp.	Taiwan	Trading business of synthetic resin product and related material, agency of domestic and international products distribution quotation and bidding business	20,810	20,810	4,000,000	40.00	686,672	143,466	57,386	Associate
the Company	Wah Hong Corp.	Taiwan	Manufacturing of LCD material, BMC (bulk molding compound) material and molded product	943,223	943,223	26,129,978	26.52	1,110,342	201,549	53,451	Associate
the Company	ORC Technology Corp.	Taiwan	Trading business and service of exposure machine and parts	6,000	6,000	600,000	35.00	68,621	(11,304)	(3,956)	Associate
the Company	WL Japan	Japan	Trading business of synthetic resin, industrial plastic, molding machine, and electromechanical parts	21,490	21,490	1,500	83.33	3,792	(43)	(36)	Subsidiary
the Company	WL Korea	South Korea	Trading business of synthetic resin, industrial plastic, molding machine, and electromechanical parts	18,856	18,856	147,000	100.00	3,399	(43)	(43)	Subsidiary
the Company	Sakuragawa Solar Ltd.	Japan	Solar power generation business	46,008	46,008	-	99.99	85,772	3,321	3,321	Subsidiary
the Company	Miyazaki Solar Ltd.	Japan	Solar power generation business	82,103	82,103	-	99.99	40,538	3,614	3,614	Subsidiary
the Company	WL Indonesia	Indonesia	Trading business of industrial materials	48,261	48,261	1,610,000	70.00	26,807	(9,418)	(6,593)	Subsidiary
the Company	WL Vietnam	Vietnam	Trading business of industrial materials	16,293	16,293	-	100.00	40,836	827	827	Subsidiary
the Company	Tranceed Logistics	Taiwan	Freight forwarders and leasing business	95,000	95,000	9,500,000	63.33	180,696	28,385	17,977	Subsidiary
the Company	WT Industrial	Thailand	Trading business of industrial materials	200,000	200,000	7,650	51.00	242,991	77,720	35,785	Subsidiary
the Company	KS Corp.	Taiwan	Solar power generation business	763,392	661,053	33,346,604	94.68	824,738	73,951	31,766	Subsidiary
the Company	WL Philippines Corp.	Philippines	Trading business of industrial materials	7,755	7,755	127,495	99.99	5,661	(565)	(565)	Subsidiary
the Company	WL Philippines Inc.	Philippines	Trading business of industrial materials	7,747	7,747	126,997	99.99	8,856	3,619	3,619	Subsidiary
the Company	WH Energy	Taiwan	Solar power generation business	-	90,000	-	-	-	-	2,507	Note 3
the Company	ORC Corp.	Taiwan	Trading business of industrial materials	4,000	4,000	400,000	40.00	52,544	34,246	13,698	Joint Ventures
the Company	Evergreen New Energy Corporation	Taiwan	Solar power generation business	130,000	50,000	13,000,000	100.00	122,955	(4,807)	(4,807)	Subsidiary
the Company	Hightech	Malaysia	Trading business of industrial materials	205,335	205,335	7,650,000	51.00	210,683	40,402	14,754	Subsidiary
the Company	WL Singapore	Singapore	Agency of semiconductor materials and equipment	435,145	435,145	1,600,000	100.00	494,891	55,743	55,743	Subsidiary
the Company	HengYuan Green Energy Technology Co., Ltd.	Taiwan	Renewable energy self-use power generation and energy technology business	24,000	-	2,400,000	12.00	23,475	(4,373)	(525)	Associate
the Company	WL India	India	Trading business of industrial materials	14,575	-	3,861,000	99.00	11,551	(2,776)	(2,749)	Subsidiary
the Company	Advance Hightech	The United States	Trading business of engineering plastic, composite materials and equipment	38,628	-	1,200,000	100.00	33,800	(3,136)	(3,136)	Subsidiary
the Company	High Tech Gas	Taiwan	Chemical Materials Manufacturing	90,000	-	9,000,000	60.00	90,029	49	29	Subsidiary
Tranceed Logistics Co., Ltd. (Tranceed Logistics)	Cyuancheng Logistics	Taiwan	Freight forwarders and leasing business	42,947	42,947	5,500,000	100.00	42,903	2,543	2,348	Subsidiary

(Continued)

Investee company name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares	%	Carrying Value	Net Income (Loss) of the Investee for the current period	Investment (loss) gain recognized for the period (Note 1)	Remarks
				End of the year	December 31, 2022						
KS Corp.	KSA Corp.	Taiwan	Solar power generation business	-	55,000	-	-	-	-	7,854	Note 3
KS Corp.	KSB Corp.	Taiwan	Solar power generation business	51,130	51,130	5,113,000	100.00	52,338	483	483	Subsidiary
KS Corp.	KSC Corp.	Taiwan	Solar power generation business	54,000	54,000	5,400,000	100.00	2,563	(47,701)	(47,701)	Subsidiary
KS Corp.	KSD Corp	Taiwan	Solar power generation business	-	127,000	-	-	-	(2,257)	(2,257)	Note 2
ENE Corp.	Fanxin Development Co., Ltd.(Fanxin)	Taiwan	Solar power generation business	44,825	-	4,500,000	100.00	44,726	(99)	(99)	Subsidiary
ENE Corp.	Fansheng Development Co., Ltd.(Fansheng)	Taiwan	Solar power generation business	31,812	-	3,200,000	100.00	31,716	(96)	(96)	Subsidiary
Wah Lee Holding Ltd.	SHC Holding Ltd.	Republic of Mauritius	International investment	43,892	43,892	1,290,000	100.00	694,842	72,311	72,311	Subsidiary
Wah Lee Holding Ltd.	Raycong H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	943,164	943,164	48,296,655	46.31	3,925,291	772,827	357,873	Subsidiary
Wah Lee Holding Ltd.	Regent King	Hong Kong	Trading business of engineering plastic, composite materials and equipment	39	39	10,000	100.00	4,350	940	940	Subsidiary
WT Industrial	WT Indonesia	Indonesia	Trading business of industrial materials	3,953	3,953	18,150	66.00	2,906	(1,900)	(1,254)	Subsidiary
WT Industrial	WL India	India	Trading business of industrial materials	147	-	39,000	1.00	117	(2,776)	(28)	Subsidiary
Raycong H.K.	RC Vietnam	Vietnam	Trading business of industrial materials	6,141	-	1,358	100.00	5,336	(780)	(780)	Subsidiary

(Concluded)

Note 1: The share of profit (loss) recognized for the year ended December 31, 2022 included eliminated unrealized gains or losses and amortization of investment premium.

Note 2: For a simple merger.

Note 3: All equities have been sold out by November 1, 2023.

Note 4: Please refer to Table 7 for the information on investees in mainland China.

TABLE 7

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

Information on investments in mainland China

For the period from January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Investee Company in mainland China	Main Businesses and Products	Paid-in capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee for the year	% Ownership of Direct or Indirect Investment	Investment Gain(Loss) recognized for this year (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Remarks
					Outward	Inward							
Dongguan Huagang	Trading business of industrial materials	\$ 1,126,308	Invested through the third region, Raycong H.K.	\$ -	\$ -	\$ -	\$ -	\$ 304,209	100.00	\$ 304,209	\$ 2,395,335	\$ 399,132	
Shanghai Yikang	Trading business of industrial materials	981,504	Invested through the third region, Raycong H.K.	340,629	-	-	340,629	522,105	70.00	365,473	2,928,358	-	
Shenzhen Huaying	Supply chain management and consultancy service	23,860	Invested through the third region, Raycong H.K.	-	-	-	-	(887)	100.00	(887)	176,242	39,913	
Shanghai Hua Chang Trading Co., Ltd.	International trading and trading consulting; trading agent and commercial simple processing within enterprises in the bonded area	73,692	Invested through the third region, SHC Holding Ltd.	43,714	-	-	43,714	225,900	30.00	67,770	689,911	72,125	
Shanghai Yadi	Import and export of goods and technology	12,963	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(18,693)	49.00	(9,159)	9,047	-	
Shanghai Lihuang	Trading business of medical devices and equipment	14,389	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(5,609)	48.98	(4,707)	(2,915)	-	
Fenghuang Xingwah Shouzheng	Medical device manufacturing technology development and consulting business	21,606	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(8,174)	52.50	(4,292)	3,862	-	
Guangzhou Xingxian	Medical consulting	21,606	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	(976)	100.00	(976)	52,359	-	
Anhua Huixinkang	Medical service industry	17,198	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	(2,932)	100.00	(2,932)	13,712	-	
Kaiping Huaxinkang	Medical service industry	1	Invested through Chinese corporation, Guangzhou Xingxian	-	-	-	-	-	90.00	-	-	-	
Xiamen Huashengda Logistics	Warehousing and logistics	12,963	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	(3,443)	70.00	(2,410)	3,722	-	
Xiamen Jian Yuan Rong Logistic Co., Ltd.	Warehousing and logistics	34,569	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	(5,573)	30.00	(1,672)	9,246	-	
Xiamen Jia Cheng Yuan Trading and Development Co. Ltd.	Warehousing and logistics	8,642	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	423	30.00	127	3,190	-	

Investee company name	Accumulated Outward Remittance for Investment in Mainland China at the end of the year (Note 3)	Investment Amount Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
Wah Lee Industrial Corporation	\$ 384,343	\$ 2,480,528	\$ -

Note 1: The disclosure of investment gains and losses this period are based on the following:

- 1) Dongguan Hua Gang and Shanghai Yikang: Audited by the CPAs of the parent company in Taiwan
- 2) Others are based on unaudited financial statements.

Note 2: The difference of \$2,096,185 thousand between accumulated outward remittance for investment in mainland China and investment amount authorized by investment commission, MOEA is due to investment of \$1,338,686 thousand (USD8,488 thousand and HKD267,000 thousand) through Raycong H.K., investment of \$111,175 thousand (USD3,572 thousand) through Wah Yuen Technology Holding Limited, transferred capital from retained earnings of \$434,385 thousand (USD13,790 thousand) of Shanghai Yikang, investment of \$14,500 thousand (USD500 thousand) through SHC Holding Ltd., investment without significant influence of \$42,644 thousand and the invested amount of \$154,795 thousand which had already been liquidated but not yet revoked.

Note 3: Under the “Principles Governing the Review of Investments or Technical Cooperation in Mainland China” issued by the Investment Commission on August 29, 2008 under 0970460680, the Company had obtained the certificate issued by the Industrial Bureau of the Ministry of Economic Affairs in accordance with the business scope of the operating headquarters; thus, the amount that can be invested in companies located in mainland China is unlimited.

TABLE 8

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES

For the period from January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Buyer/Seller	Investee Company in mainland China	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Remarks
			Amount	Percentage (%)		Payment Terms	Comparison with Normal Transactions	Amount	Percentage (%)		
the Company	Shanghai Yikang	Sales	\$ 465,380	0.90	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	\$ 81,950	0.45	\$ 3,427	
		Purchase of goods	(12,291)	-	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	(1,112)	-	-	
	Dongguan Huagang	Sales	268,715	0.50	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	47,833	0.26	659	
		Purchase of goods	(21,535)	-	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	(2,533)	-	-	
Raycong H.K.	Dongguan Huagang	Sales	501,571	1.00	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	108,131	0.59	-	
		Purchase of goods	(43,603)	-	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	(1,625)	-	-	

WAH LEE INDUSTRIAL CORPORATION

December 31, 2023

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter.

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STATEMENT 1**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF CASH****December 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Amount
Cash on hand	\$ 223
Deposits in banks	
Checking accounts	1,792
Demand deposits	677,470
Foreign currency deposits	
USD 31,926 thousand	980,301
JPY 177,324 thousand	38,515
RMB 126 thousand	542
EUR 123 thousand	4,164
HKD 0.4 thousand	<u>2</u>
	<u>\$ 1,703,009</u>

Note: USD1=NTD30.705
 JPY1=NTD0.2172
 RMB1=NTD4.3211
 EUR1=NTD33.98
 HKD1=NTD3.929

STATEMENT 2**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF ACCOUNTS RECEIVABLE****December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

<u>Client Name</u>	<u>Amount</u>
Related parties (Note)	\$ 381,096
Less: Allowance for losses	<u>1,065</u>
	<u>380,031</u>
Unrelated parties	
Taiwan Semiconductor Manufacturing Company	428,108
Others (Note)	<u>7,361,742</u>
	7,789,850
Less: Allowance for losses	<u>38,086</u>
	<u>7,751,764</u>
	<u>\$ 8,131,795</u>

Note: The balance of each item not exceed 5% of the account balance.

STATEMENT 3**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF OTHER RECEIVABLES****December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

<u>Item</u>	<u>Amount</u>
Related parties	
Consulting service income	\$ 83,585
Dividends receivable	108,950
Others (Note)	<u>7,541</u>
	<u>200,076</u>
Unrelated parties	
Tax refund receivable	14,011
Others (Note)	<u>20,677</u>
	<u>34,688</u>
	<u>\$ 234,764</u>

Note: The balance of each item not exceed 5% of the account balance.

STATEMENT 4

WAH LEE INDUSTRIAL CORPORATION

STATEMENT OF INVENTORIES

December 31, 2023

Unit: In Thousands of New Taiwan Dollars

Item	Amount	
	Carrying Value	Net Realizable Value
Merchandise	<u>\$ 2,322,315</u>	<u>\$ 2,419,309</u>

STATEMENT 5**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT****2023****Unit: In Thousands of New Taiwan Dollars**

Name	Balance at the beginning of the year		Additions in Investment (Note)		Decrease in Investment (Note)		Balance at the end of the year		Provide guarantee or pledge situation
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	
Stock									
Daily Polymer Corp.	2,467,564	\$ 32,449	-	\$ -	-	\$ 494	2,467,564	\$ 31,955	None
Wah Yuen Technology Holding Limited	1,968,180	68,684	-	37,222	-	-	1,968,180	105,906	None
JingYi Technology Co.	2,066,432	73,769	-	-	-	14,725	2,066,432	59,044	None
High Power Optoelectronics Inc.	67,991	-	-	-	-	-	67,991	-	None
Asahi Kasei Wah Lee Hi-Tech Corp.	9,497	75,773	-	10,729	-	-	9,497	86,502	None
Forcera Materials Co., Ltd.	2,102,476	36,678	252,297	94,436	-	-	2,354,773	131,114	None
Univision Technology Holdings	38,794,190	-	-	-	-	-	38,794,190	-	None
Minima Technology Co., Ltd.	3,600,000	58,442	-	3,565	-	-	3,600,000	62,007	None
TaiGene Biotechnology Co., Ltd.	2,300,000	10,981	-	1,717	-	-	2,300,000	12,698	None
Shilian Fine Chemicals Co., Ltd.	11,871,585	44,843	-	-	-	19,535	11,871,585	25,308	None
CDIB Capital Group.	3,000,000	55,529	-	17,945	1,871,429	18,714	1,128,571	54,760	None
Darco Water Technologies Ltd.	7,649,782	20,128	-	-	-	1,242	7,649,782	18,886	None
Eleocom Co., Ltd.	1,500,000	-	-	-	-	-	1,500,000	-	None
Tien Li Offshore Wind Technology Co., Ltd.	946,344	54,869	-	-	3,000	6,937	943,344	47,932	None
Locus Cell Co., Ltd.	5,000,000	47,852	-	109,548	-	-	5,000,000	157,400	None
Phoenix II Venture Capital Innovation Co., Ltd.	1,000,000	9,955	-	1,598	-	-	1,000,000	11,553	None
Hong Yi Industrial Corp.	500,000	<u>4,390</u>	-	<u>-</u>	-	<u>615</u>	500,000	<u>3,775</u>	None
		<u>\$ 594,342</u>		<u>\$ 276,760</u>		<u>\$ 62,262</u>		<u>\$ 808,840</u>	

Note: Including the return of capital from capital reduction, sale of shares, and fair value adjustments.

STATEMENT 6

WAH LEE INDUSTRIAL CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

2023

(In Thousands of New Taiwan Dollar, Except Unit Price)

	Balance at the beginning of the year		Additions in Investment (Note 1)		Decrease in Investment (Note 1)		Balance at the end of the year			Market Value or Net Assets Value (Note 2)		Provide guarantee or pledge situation
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	% of Ownership	Amount	Unit price (NT\$)	Total amount	
Wah Lee Holding Ltd.	13,070,000	\$ 5,446,260	-	\$ 31,991	-	\$ -	13,070,000	100.00	\$ 5,478,251	\$ 415.77	\$ 5,434,052	None
Raycong H.K.	56,000,000	4,537,436	-	66,565	-	-	56,000,000	53.69	4,604,001	81.28	4,551,410	None
CWE Inc.	197,902,180	3,445,921	-	1,055,134	-	-	197,902,218	29.54	4,501,055	34.90	6,906,786	None
Nagase Wahlee Plastics Corp.	4,000,000	735,824	-	-	-	49,152	4,000,000	40.00	686,672	171.67	686,672	None
Wah Hong Corp.	26,129,978	1,089,305	-	21,036	-	-	26,129,978	26.52	1,110,342	34.85	910,630	None
ORC Technology Corp.	600,000	72,577	-	-	-	3,956	600,000	35.00	68,621	114.37	68,621	None
WL Japan	1,500	4,093	-	-	-	301	1,500	83.33	3,792	2,528.00	3,792	None
WL Korea	147,000	3,538	-	-	-	138	147,000	100.00	3,399	23.12	3,400	None
Sakuragawa Solar Ltd.	-	88,360	-	-	-	2,588	-	99.99	85,772	-	85,772	None
Miyazaki Solar Ltd.	-	39,546	-	992	-	-	-	99.99	40,538	-	40,538	None
WL Indonesia	1,610,000	33,094	-	-	-	6,287	1,610,000	70.00	26,807	16.65	26,807	None
WL Vietnam	-	41,394	-	-	-	558	-	100.00	40,836	-	40,836	None
Tranceed Logistics	9,500,000	162,719	-	17,977	-	-	9,500,000	63.33	180,696	19.02	180,696	None
WT Industrial	7,650	245,107	-	-	-	2,116	7,650	51.00	242,991	31,763.51	242,991	None
KS Corp.	27,708,077	672,498	5,638,527	152,240	-	-	33,346,604	94.68	824,738	20.25	675,200	None
WL Philippines Corp.	127,495	6,108	-	-	-	447	127,495	99.99	5,661	44.40	5,661	None
WL Philippines Inc.	126,977	5,195	-	3,661	-	-	126,977	99.99	8,856	69.74	8,856	None
WH Energy	9,000,000	92,480	-	2,507	9,000,000	94,987	-	-	-	-	-	None
ORC Corp.	400,000	38,846	-	13,698	-	-	400,000	40.00	52,544	131.36	52,544	None
ENE Corp.	5,000,000	47,762	8,000,000	80,000	-	4,807	13,000,000	100.00	122,955	9.46	122,955	None
Hightech	7,650,000	202,984	-	7,699	-	-	7,650,000	51.00	210,683	16.38	125,272	None
WL Singapore	1,600,000	440,609	-	54,282	-	-	1,600,000	100.00	494,891	302.08	483,330	None
HengYuan Green Energy Technology Co., Ltd.	-	-	2,400,000	24,000	-	525	2,400,000	12.00	23,475	9.78	23,475	None
WL India	-	-	3,861,000	14,575	-	3,024	3,861,000	99.00	11,551	2.99	11,551	None
Advance Hightech	-	-	1,200,000	38,628	-	4,828	1,200,000	100.00	33,800	28.17	33,800	None
High Tech Gas	-	-	9,000,000	90,029	-	-	9,000,000	60.00	90,029	10.00	90,029	None
		<u>\$ 17,451,656</u>		<u>\$ 1,675,014</u>		<u>\$ 173,714</u>			<u>\$ 18,952,956</u>		<u>\$ 20,815,676</u>	

Note 1: Changes in this year include acquisition or disposal investments, cash dividends received, adjustments to changes in the shareholding ratio of the investee company, the share of profits and losses and other comprehensive gains and losses of subsidiaries, affiliates and joint ventures recognized by the equity method, and the unrealized profit and loss.

Note 2: The market price is the closing price of the stock on the balance sheet date; the net equity value is calculated based on the financial statements of each invested company and the Company's shareholding ratio.

STATEMENT 7**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF SHORT-TERM BORROWINGS****December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

Type/Bank Name	Contract Period	Annual interest rate (%)	Balance	Loan Commitments	Mortgage or guarantee
Credit borrowing					
The Shanghai Commercial & Savings Bank, Ltd.	2023.10-2024.02	6.15	\$ 498,865	\$ 921,150	None
CTBC Bank	2023.08-2024.02	1.75	100,000	800,000	None
Sumitomo Mitsui Banking Corporation	2023.07-2024.04	6.35-6.41	141,697	767,625	None
Mizuho Bank	2023.09-2024.06	0.60-6.34	1,329,735	1,535,250	None
Fubon Bank	2023.10-2024.03	6.24-6.56	102,039	200,000	None
Taishin Bank	2023.11-2024.03	6.28-6.41	63,551	200,000	None
E. SUN Commercial Bank	2023.12-2024.01	1.73	50,000	880,000	None
Mega Bank	2023.10-2024.06	6.26-6.56	352,492	800,000	None
HSBC Hong Kong Bank	2023.09-2024.04	1.65-6.25	656,827	951,855	None
Cathay United Bank	2023.10-2024.03	6.22-6.26	305,938	500,000	None
Land Bank of Taiwan	2023.10-2024.03	0.59-3.35	303,007	1,000,000	None
Taiwan Business Bank	2023.10-2024.03	6.15-6.31	436,168	500,000	None
Bank of Taiwan	2023.11-2024.06	1.75-6.49	165,336	500,000	None
Export-Import Bank of the Republic of China	2023.03-2024.06	1.79	300,000	300,000	None
Yuanta Bank	2023.11-2024.02	6.39	90,181	200,000	None
Taiwan Cooperative Bank	2023.07-2024.07	1.80	50,000	400,000	None
Citibank	2023.12-2024.03	6.26	115,342	200,000	None
Hua Nan Bank	2023.07-2024.03	0.60-6.40	487,867	1,200,000	None
			<u>\$ 5,549,045</u>		

STATEMENT 8**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF CONTRACT LIABILITIES****December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

<u>Client Name</u>	<u>Amount</u>
Related parties	
KS Corp.	\$ 50,462
KSA Corp.	20,978
Others (Note)	<u>1,203</u>
	<u>72,643</u>
Unrelated parties	
Teinco Technology Co., Ltd.	63,736
Clear Touch Interactive, Inc.	48,293
Eco Energy Corporation	27,872
Tecorp Electronics Co., Ltd.	24,680
BoxLight Inc.	29,498
Pengxinwei Integrated Circuit Manufacturing Co., Ltd.	26,375
Others (Note)	<u>117,739</u>
	<u>338,193</u>
	<u>\$ 410,836</u>

Note: The balance of each item not exceed 5% of the account balance.

STATEMENT 9**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF ACCOUNTS PAYABLE****December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

<u>Vendor Name</u>	<u>Amount</u>
Related parties	
Asahi Kasei Wah Lee Hi-Tech Corp.	\$ 246,418
Others (Note)	<u>47,034</u>
	<u>293,452</u>
Unrelated parties	
JSR Corp.	1,164,426
Mitsubishi Chemical Taiwan Co., Ltd.	413,568
Chi Mei Corporation	301,540
JSR Micro Taiwan Co., Ltd	287,624
Others (Note)	<u>1,584,040</u>
	<u>3,751,198</u>
	<u>\$ 4,044,650</u>

Note: The balance of each item not exceed 5% of the account balance.

STATEMENT 10**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF LONG-TERM BORROWINGS****December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

Bank Name	Contract Period and Repayment Terms	Annual interest rate (%)	Amount			Mortgage or guarantee
			Expire within one year	Expire in one year	Total	
Syndicated bank loans						
Mega Bank	Revolving until August 2027	2.03	\$ -	\$ 2,000,000	\$ 2,000,000	None
Less: Syndicated loan fee			-	3,583	3,583	
			-	1,996,417	1,996,417	
Credit borrowing						
HSBC Bank	Revolving until December 2025 and repayable	1.68	-	200,000	200,000	None
Mizuho Bank	Revolving until April 2025 and repayable	1.83	-	200,000	200,000	None
			-	400,000	400,000	
Collate raised Borrowing						
Land Bank of Taiwan	Repayable monthly to June 2037	2.18	4,089	59,384	63,473	Land and Buildings
Land Bank of Taiwan	Repayable monthly to September 2032	2.18	17,105	145,990	163,095	Land and Buildings
Land Bank of Taiwan	Repayable in May 2027	2.22	-	778,000	778,000	Land and Buildings
			21,194	983,374	1,004,568	
			\$ 21,194	\$ 3,379,791	\$ 3,400,985	

STATEMENT 11**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF OPERATING REVENUES****2023****Unit: In Thousands of New Taiwan Dollars**

<u>Item (Note 1)</u>	<u>Quantities</u>	<u>Amount</u>
FPD (Flat Panel Display) Industry	Note 2	\$ 16,823,356
Semiconductor Industry	Note 2	13,780,929
Information and Communication Technology Industry	Note 2	4,194,508
Others (Note 3)		<u>4,429,071</u>
		<u>\$ 39,227,864</u>

Note 1: The operating revenue items were classified by the industry to which the terminal application of the sales item belongs.

Note 2: As there are many sales items and different units, the quantity was not listed.

Note 3: The amount of individual item included in others did not exceed 10% of the account balance.

STATEMENT 12**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF OPERATING COSTS****2023****Unit: In Thousands of New Taiwan Dollars**

<u>Item</u>	<u>Amount</u>
Cost of goods sold	
Inventories, beginning of year	\$ 3,455,972
Add: Purchases	35,311,568
Less: Transfer to operating expenses	(25,402)
Transfer to other loss	(162)
Write-down of inventories	178,526
Inventories, end of year	(<u>2,322,315</u>)
	36,598,187
Write-down of inventories	(178,526)
Others	(<u>40,540</u>)
Cost of goods sold	<u>36,379,121</u>
Other operating costs	<u>10,497</u>
	<u><u>\$ 36,389,618</u></u>

STATEMENT 13**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF OPERATING EXPENSES****2023****Unit: In Thousands of New Taiwan Dollars**

Item	Selling and marketing expenses	General and administrative expenses	Total
Employee benefits expense	\$ 644,954	\$ 244,401	\$ 889,355
Commissions expense	211,431	-	211,431
Import/export expense	114,309	-	114,309
Freight Fee	132,735	133	132,868
Rent expense	87,626	1,563	89,189
Depreciation and amortization	46,168	23,292	69,460
Service expense	17,640	28,493	46,133
Software maintenance expense	169	81,839	82,008
Others	159,677	41,839	201,516
	<u>\$ 1,414,709</u>	<u>\$ 421,560</u>	1,836,269
Expected credit impairment loss			7,656
			<u>\$ 1,843,925</u>

STATEMENT 14**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION
AND AMORTIZATION BY FUNCTION****FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022****Unit: In Thousands of New Taiwan Dollars**

	2023				2022			
	Operating costs	Operating expense	Non-operating expenses	Total	Operating costs	Operating expense	Non-operating expenses	Total
Employee benefits expense								
Salaries	\$ -	\$ 755,999	\$ -	\$ 755,999	\$ -	\$ 776,798	\$ -	\$ 776,798
Labor and health insurance	-	42,916	-	42,916	-	43,704	-	43,704
Pension	-	22,024	-	22,024	-	21,235	-	21,235
Director's remuneration	-	31,731	-	31,731	-	37,306	-	37,306
Others	-	36,685	-	36,685	-	42,592	-	42,592
	<u>\$ -</u>	<u>\$ 889,355</u>	<u>\$ -</u>	<u>\$ 889,355</u>	<u>\$ -</u>	<u>\$ 921,635</u>	<u>\$ -</u>	<u>\$ 921,635</u>
Depreciation expenses	\$ 5,240	\$ 65,477	\$ 3,800	\$ 74,517	\$ 3,452	\$ 69,463	\$ 3,629	\$ 76,544
Amortization expenses	-	3,983	-	3,983	-	6,118	-	6,118

Note 1: The average number of the Company's employees was 411 and 412, including 6 and 5 non-employee directors in 2023 and 2022, respectively.

Note 2: The average employee benefits and salaries of the Company were as follows:

- a. The average employee benefits for the years ended December 31, 2023 and 2022 were NT\$2,118 thousand and NT\$2,173 thousand, respectively.
- b. The average salaries for the years ended December 31, 2023 and 2022 were NT\$1,867 thousand and NT\$1,909 thousand, respectively.
- c. The average salaries decreased by 2% year-on-year.
- d. The Company has set up an audit committee replace supervisors.
- e. The Company's salary and remuneration policies (including directors, executive officers and employees) are as follows:

- 1) Directors

The salaries and remuneration of directors are determined and proposed by the remuneration committee in accordance with the following policies, and submitted to the board of directors for resolution.

- a) Remuneration of directors: According to the Company's Articles, where the Company made a profit in a fiscal year, the compensation of employees and remuneration of directors shall be accrued at the rates between 9% and 13% and no higher than 2%, respectively.

(Continued)

- b) Transport allowance: According to the Company's remuneration and compensation policy, 1) the transport allowance per person (one-time payment) for attending the board of directors' meeting is \$10 thousand; 2) directors who do not attend the board of directors' meeting in person are not allowed to be paid the transport allowance; 3) the adjustment for transport allowance shall be proposed by the remuneration committee and submitted to the board of directors for approval.
- c) Other remuneration: According to the Company's Articles, the remuneration of directors for participating in the Company's daily operations is determined and proposed by the remuneration committee based on their participation and contribution to the Company, and submitted to the board of directors for approval.

2) Executive officers

The salaries and remuneration of executive officers are determined and proposed by the remuneration committee in accordance with the following policies, and submitted to the board of directors for resolution.

- a) The salary and remuneration policy for executive officers should be competitive in the market. The overall compensation includes fixed salary, incentive bonus, welfare, and other indirect compensation.
- b) The salary and remuneration policy for executive officers should meet the Company's business strategies, and the remuneration of executive officers should be highly correlated with the Company's performance indicators.

3) Employees

- a) The salary and remuneration of employees include fixed salary, bonuses, compensation, stock options, share dividends, retirement benefits, various allowances, and other incentives and rewards, etc.
- b) The salary and remuneration are determined based on each employee's job responsibilities and the Company's policies.

According to the Company's Articles, where the Company made a profit in a fiscal year, the compensation of employees shall be accrued at the rates between 9% and 13%. The compensation paid to each employee is determined based on each employee's job responsibilities, individual performance and the overall level of the contribution to the Company.

(Concluded)

Wah Lee Industrial Corporation

Chairman: Chang, Tsuen-Hsien