

**Wah Lee Industrial Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

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, 2022 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

Ray-Ching Chang
Chairman

March 16, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
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, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2022 is described as follows:

Occurrence of revenue from specific customers

The operating revenue and gross profit from specific customers of the Group for the year ended December 31, 2022 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 consolidated 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 Group's consolidated financial statements for the years ended December 31, 2022 and 2021 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, 2022 and 2021 were NT\$735,824 thousand and NT\$811,217 thousand, respectively, representing 1% and 2% of total consolidated assets; the amounts of the share of profit of associates for the years ended December 31, 2022 and 2021 were NT\$83,373 thousand and NT\$188,987 thousand, representing 2% and 5% of 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, 2022 and 2021 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 group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine

that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chiu-Yen Wu and Jui-Hsuan Hsu.

Chiu Yen Wu

Jui-Hsuan Hsu

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2023

Notice to Readers

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

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

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 6,715,280	14	\$ 3,275,337	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	623,022	1	163,804	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	148,500	-	209,000	1
Notes receivable (Notes 9, 28 and 30)	2,240,943	5	1,787,044	4
Accounts receivable, net (Notes 5 and 9)	14,497,896	30	16,754,286	37
Accounts receivable - related parties (Notes 5, 9 and 29)	97,642	-	117,195	-
Other receivables	66,041	-	140,043	-
Other receivables - related parties (Note 29)	149,529	-	86,298	-
Current tax assets (Note 24)	-	-	7	-
Merchandise (Notes 4, 5 and 10)	6,428,237	13	5,194,090	11
Prepayments for purchases	1,643,719	3	2,289,881	5
Other financial assets - current (Notes 11 and 30)	1,537,457	3	2,668,676	6
Other current assets	194,082	1	160,819	-
Total current assets	34,342,348	70	32,846,480	72
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	43,479	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	594,342	1	735,329	2
Investments accounted for using the equity method (Notes 4 and 13)	6,125,003	12	5,956,734	13
Property, plant and equipment (Notes 4, 14, 29 and 30)	6,356,350	13	4,740,804	10
Right-of-use assets (Notes 4 and 15)	564,165	1	657,852	1
Goodwill (Notes 4 and 26)	177,057	-	111,203	-
Other intangible assets	226,823	1	208,299	-
Deferred tax assets (Notes 4 and 24)	430,175	1	348,894	1
Prepayments for equipment	10,212	-	30,727	-
Other financial assets - non-current (Notes 11 and 30)	268,762	1	217,564	1
Other non-current assets	29,841	-	33,084	-
Total non-current assets	14,826,209	30	13,040,490	28
TOTAL	\$ 49,168,557	100	\$ 45,886,970	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 9,767,290	20	\$ 8,286,959	18
Short-term bills payable (Note 16)	29,970	-	59,822	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	3,672	-	127	-
Contract liabilities - current (Note 22)	350,115	1	562,914	1
Notes payable (Note 18)	511,712	1	390,681	1
Accounts payable (Note 18)	7,507,703	15	8,045,912	18
Accounts payable - related parties (Notes 18 and 29)	430,025	1	567,881	1
Other payables (Note 19)	1,376,972	3	1,361,035	3
Other payables - related parties (Note 29)	138	-	2,877	-
Current tax liabilities (Note 24)	337,138	1	371,005	1
Provisions - current (Notes 4 and 31)	87,157	-	80,450	-
Lease liabilities - current (Notes 4 and 15)	98,005	-	95,358	-
Current portion of long-term borrowings (Note 16)	193,522	-	376,940	1
Refund liabilities - current	298,028	1	178,776	-
Other current liabilities	30,294	-	26,271	-
Total current liabilities	21,021,741	43	20,407,008	44
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 17)	1,994,084	4	1,972,752	4
Long-term borrowings (Note 16)	5,429,566	11	3,562,794	8
Provision for employee benefits - non-current (Note 4)	66,223	-	52,007	-
Lease liabilities - non-current (Notes 4 and 15)	500,877	1	595,710	1
Net defined benefit liabilities - non-current (Notes 4 and 20)	266,512	-	295,578	1
Guarantee deposits received	2,803	-	2,634	-
Deferred tax liabilities (Notes 4 and 24)	1,346,099	3	1,281,669	3
Total non-current liabilities	9,606,164	19	7,763,144	17
Total liabilities	30,627,905	62	28,170,152	61
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Share capital	2,360,179	5	2,360,179	5
Capital surplus	2,036,714	4	1,690,292	4
Retained earnings				
Legal reserve	2,710,197	6	2,412,040	5
Special reserve	184,623	-	636,618	2
Unappropriated earnings	9,912,630	20	8,783,793	19
Total retained earnings	12,807,450	26	11,832,451	26
Other equity	(448,559)	(1)	(184,623)	(1)
Total equity attributable to owners of the Company	16,755,784	34	15,698,299	34
NON-CONTROLLING INTERESTS (Note 21)	1,784,868	4	2,018,519	5
Total equity	18,540,652	38	17,716,818	39
TOTAL	\$ 49,168,557	100	\$ 45,886,970	100

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

(With Deloitte & Touche auditors' report dated March 16, 2023)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 29)	\$ 73,570,296	100	\$ 70,515,303	100
OPERATING COSTS (Notes 10, 23 and 29)	<u>68,003,687</u>	<u>92</u>	<u>64,532,617</u>	<u>92</u>
GROSS PROFIT	<u>5,566,609</u>	<u>8</u>	<u>5,982,686</u>	<u>8</u>
OPERATING EXPENSES (Notes 9, 23 and 29)				
Selling and marketing expenses	2,341,164	3	2,272,525	3
General and administrative expenses	617,524	1	591,317	1
Expected credit loss recognized (reversed)	<u>(35,514)</u>	<u>-</u>	<u>46,134</u>	<u>-</u>
Total operating expenses	<u>2,923,174</u>	<u>4</u>	<u>2,909,976</u>	<u>4</u>
OPERATING INCOME	<u>2,643,435</u>	<u>4</u>	<u>3,072,710</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 29)				
Interest income	110,130	-	49,554	-
Other income	133,274	-	155,584	-
Other gains and losses	110,511	-	(73,245)	-
Finance costs	(341,905)	-	(169,443)	-
Share of profit of associates and joint ventures	<u>880,144</u>	<u>1</u>	<u>980,823</u>	<u>1</u>
Total non-operating income and expenses	<u>892,154</u>	<u>1</u>	<u>943,273</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	3,535,589	5	4,015,983	5
INCOME TAX EXPENSE (Notes 4 and 24)	<u>809,317</u>	<u>1</u>	<u>906,811</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>2,726,272</u>	<u>4</u>	<u>3,109,172</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (Notes 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	21,868	-	8,080	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	(200,999)	-	135,795	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	(322,129)	(1)	677,658	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	(2,127)	-	(2,131)	-

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WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 360,124	1	\$ (130,195)	-
Share of other comprehensive gain (loss) of associates accounted for using the equity method	83,095	-	(18,985)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(40,884)</u>	<u>-</u>	<u>20,462</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(101,052)</u>	<u>-</u>	<u>690,684</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,625,220</u>	<u>4</u>	<u>\$ 3,799,856</u>	<u>5</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,484,800	4	\$ 2,843,277	4
Non-controlling interests	<u>241,472</u>	<u>-</u>	<u>265,895</u>	<u>-</u>
	<u>\$ 2,726,272</u>	<u>4</u>	<u>\$ 3,109,172</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,315,985	3	\$ 3,563,855	5
Non-controlling interests	<u>309,235</u>	<u>1</u>	<u>236,001</u>	<u>-</u>
	<u>\$ 2,625,220</u>	<u>4</u>	<u>\$ 3,799,856</u>	<u>5</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 10.53</u>		<u>\$ 12.05</u>	
Diluted	<u>\$ 9.62</u>		<u>\$ 11.64</u>	

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

(With Deloitte & Touche auditors' report dated March 16, 2023)

(Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company										Non-Controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Subtotal	Total			
			Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE AT JANUARY 1, 2021	\$ 2,313,901	\$ 1,331,725	\$ 2,228,083	\$ 980,087	\$ 6,660,831	\$ (583,633)	\$ (52,985)	\$ (636,618)	\$ 12,878,009	\$ 2,030,451	\$ 14,908,460	
Appropriation of 2020 earnings	-	-	183,957	-	(183,957)	-	-	-	-	-	-	
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	(343,469)	343,469	-	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(1,018,117)	-	-	-	(1,018,117)	-	(1,018,117)	
	-	-	183,957	(343,469)	(858,605)	-	-	-	(1,018,117)	-	(1,018,117)	
Equity component of convertible bond issued by the Company (Note 17)	-	34,200	-	-	-	-	-	-	34,200	-	34,200	
Changes in capital surplus from investments in associates accounted for using the equity method	-	359,432	-	-	(98,681)	3,828	(35,031)	(31,203)	229,548	-	229,548	
Issuance of share dividends from capital surplus	46,278	(46,278)	-	-	-	-	-	-	-	-	-	
Net profit for the year ended December 31, 2021	-	-	-	-	2,843,277	-	-	-	2,843,277	265,895	3,109,172	
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	6,441	(98,824)	812,961	714,137	720,578	(29,894)	690,684	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	2,849,718	(98,824)	812,961	714,137	3,563,855	236,001	3,799,856	
Disposals of investments accounted for using the equity method	-	(26,711)	-	-	-	-	-	-	(26,711)	(3,189)	(29,900)	
Actual disposal or acquisition of interest in subsidiaries (Note 12)	-	37,924	-	-	(409)	-	-	-	37,515	(232,104)	(194,589)	
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	(18,070)	(18,070)	
Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	230,939	-	(230,939)	(230,939)	-	-	-	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	5,430	5,430	
BALANCE AT DECEMBER 31, 2021	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 of 2021 earnings	-	-	298,157	-	(298,157)	-	-	-	-	-	-	
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	(451,995)	451,995	-	-	-	-	-	-	
Cash dividends distributed by 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 the year ended December 31, 2022	-	-	-	-	2,484,800	-	-	-	2,484,800	241,472	2,726,272	
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	18,662	334,572	(522,049)	(187,477)	(168,815)	67,763	(101,052)	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,503,462	334,572	(522,049)	(187,477)	2,315,985	309,235	2,625,220	
Cash dividends distributed by 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 in 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	

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

(With Deloitte & Touche auditors' report dated March 16, 2023)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,535,589	\$ 4,015,983
Adjustments for:		
Depreciation expense	407,807	320,581
Amortization expense	47,444	43,168
Expected credit loss recognized (reversed)	(35,514)	46,134
Net gain of financial instruments at fair value through profit or loss	(2,614)	(980)
Finance costs	341,905	169,443
Interest income	(110,130)	(49,554)
Dividend income	(12,956)	(23,888)
Share of profit of associates and joint ventures accounted for using the equity method	(880,144)	(980,823)
Loss on disposal of property, plant and equipment	17,184	1,389
Gain on disposal of investments accounted for using the equity method	(4,590)	(20,810)
Impairment loss on inventories	342,699	153,553
Net unrealized loss (gain) on foreign currency exchange	(60,274)	1,058
Loss provision recognized	19,711	80,450
Others	(13,706)	(102)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	26,415	1,811
Notes receivable	(453,876)	612,703
Notes receivable - related parties	-	6,925
Accounts receivable	2,498,932	(1,686,879)
Accounts receivable - related parties	20,694	(2,885)
Other receivables	12,584	6,359
Other receivables - related parties	8,226	(2,241)
Merchandise	(1,430,175)	(1,059,294)
Prepayments for purchases	646,369	(891,791)
Other current assets	(32,045)	48,677
Financial liabilities held for trading	(23,726)	(9,537)
Contract liabilities	(212,799)	217,563
Notes payable	121,031	288,507
Notes payable - related parties	-	(1,261)
Accounts payable	(588,253)	979,704
Accounts payable - related parties	(145,782)	189,877
Other payables	(18,582)	97,138
Other payables - related parties	(2,739)	(5,476)
Provisions	(13,004)	-
Refund liabilities	119,252	4,501
Other current liabilities	3,988	(2,782)
Net defined benefit liabilities	(8,498)	(10,100)
Cash generated from operations	4,120,423	2,537,121
Interest received	115,752	35,838
Dividends received	721,213	578,130
Interest paid	(281,891)	(166,721)
Income tax paid	(896,830)	(668,330)
Net cash generated from operating activities	<u>3,778,667</u>	<u>2,316,038</u>

(Continued)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (5,000)	\$ (59,836)
Proceeds from disposal of financial assets at fair value through other comprehensive income	488	-
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	5,000	15,000
Purchase of financial assets at fair value through profit or loss	(1,080,596)	(408,641)
Proceeds from disposal of financial assets at fair value through profit or loss	629,294	466,128
Purchase of investments accounted for using the equity method	(191)	(44,926)
Proceeds from disposal of investments accounted for using the equity method	-	195,680
Net cash outflow on acquisition of subsidiaries	(120,694)	-
Payments for property, plant and equipment	(1,891,339)	(1,169,347)
Proceeds from disposal of property, plant and equipment	59,012	7,701
Payments for intangible assets	(5,385)	(37,667)
Decrease (increase) in other financial assets	<u>1,154,553</u>	<u>(1,851,625)</u>
Net cash used in investing activities	<u>(1,254,858)</u>	<u>(2,887,533)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,199,864	901,982
Decrease in short-term bills payable	(30,000)	-
Proceeds from issuance of convertible bonds	-	1,999,693
Proceeds from long-term borrowings	3,862,555	1,372,954
Repayment of long-term borrowings	(2,174,931)	(2,039,534)
Increase (decrease) in guarantee deposits received	(158)	1,018
Repayment of the principal portion of lease liabilities	(102,056)	(75,770)
Cash dividends	(1,604,922)	(1,018,117)
Change in non-controlling interests	<u>(678,721)</u>	<u>(208,629)</u>
Net cash generated from financing activities	<u>471,631</u>	<u>933,597</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>444,503</u>	<u>(139,947)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,439,943	222,155
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,275,337</u>	<u>3,053,182</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 6,715,280</u>	<u>\$ 3,275,337</u>

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

(With Deloitte & Touche auditors' report dated March 16, 2023)

(Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

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. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 16, 2023.

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

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

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

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

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

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

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

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

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

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

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

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

As of the date the consolidated financial statements were 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 IFRSs as endorsed and issued into effect by the FSC.

- b. Basis of Preparation

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

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

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

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 Group 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). 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 interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the 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 8 and 9.

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 Currencies

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

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 Group also recognizes the changes in the Group's share of the equity of associates and joint ventures.

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 Group's proportionate interest in the associate and joint venture. The Group 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 Group'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 Group 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 consolidated 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.

1. Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or 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. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

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 Investments in equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, 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 Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instruments has not increased significantly since initial recognition, the Group 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 Group:

- 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 Group has reasonable and corroborative information to support a more lagged default criterion.

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

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 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, including levies imposed by governments, 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 Group has no further obligations to the customer. Other revenue from the rendering of services is recognized as the Group fulfills their obligation.

o. Leasing

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

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

Right-of-use assets are initially measured at cost 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 Group 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) Retirement 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.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

s. Taxation

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

1) Current tax

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.

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 UNCERTAINTY

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.

The Group considers the economic implications of the COVID-19 and volatility in markets when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revisions affect only that year or in the year of the revisions and future years if the revisions affect both current and future years.

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. Furthermore, the estimate of the probability of default is subject to greater uncertainties due to the impact on credit risk of financial assets arising from the uncertain impact and volatility in markets caused by the COVID-19 pandemic.

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

	December 31	
	2022	2021
Cash on hand	\$ 1,239	\$ 1,291
Demand deposits	3,876,747	2,946,410
Checking accounts	37,808	10,359
Cash equivalents investments with original maturities of 3 months or less		
Time deposits	2,799,486	178,853
Repurchase agreement collateralized by bonds	<u>-</u>	<u>138,424</u>
	<u>\$ 6,715,280</u>	<u>\$ 3,275,337</u>

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

	December 31	
	2022	2021
Time deposits (%)	0.10-4.30	0.10-2.03

- 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

	December 31	
	2022	2021
Financial assets - current		
<hr/>		
Mandatorily classified as at FVTPL		
Hybrid instruments - structured deposits (a)	\$ 549,458	\$ 86,867
Non-derivative financial assets - mutual funds	73,564	75,401
Derivative instruments (not designated for hedge) (b)		
Foreign exchange forward contracts	-	336
Redemption of convertible bonds	-	<u>1,200</u>
	<u>\$ 623,022</u>	<u>\$ 163,804</u>
<hr/>		
Financial assets - non-current		
<hr/>		
Mandatorily classified as at FVTPL		
Non-derivative financial assets - domestic unlisted shares	<u>\$ 43,479</u>	<u>\$ -</u>
<hr/>		
Financial liabilities		
<hr/>		
Held for trading		
Derivative instruments (not designated for hedge) (b)		
Foreign exchange forward contracts	<u>\$ 3,672</u>	<u>\$ 127</u>

- a. The Group entered into a 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, 2022

Currency	Maturity Date	Notional Amount (In Thousands)
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

December 31, 2021

Currency	Maturity Date	Notional Amount (In Thousands)
Buy USD/Sell RMB	2022.01-2022.02	USD4,500/RMB28,784
Buy USD/Sell THB	2022.01-2022.03	USD1,450/THB48,466

8. FINANCIAL ASSETS AT FVTOCI

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Domestic investments in equity instruments		
Listed shares	\$ 148,500	\$ 209,000
<u>Non-current</u>		
Domestic investments in equity instruments		
Listed shares	\$ 87,318	\$ 119,445
Unlisted shares	418,212	515,838
	<u>505,530</u>	<u>635,283</u>
Foreign investments in equity instruments		
Listed shares	20,128	23,477
Unlisted shares	68,684	76,569
	<u>88,812</u>	<u>100,046</u>
	<u>\$ 594,342</u>	<u>\$ 735,329</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</u>	
	2022	2021
Notes receivable - unrelated parties		
Notes receivable - operating	\$ 2,240,943	\$ 1,787,067
Less: Allowance for impairment loss	<u>-</u>	<u>23</u>
	<u>\$ 2,240,943</u>	<u>\$ 1,787,044</u>

(Continued)

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Accounts receivable - unrelated parties		
At amortized cost		
Gross carrying amount	\$ 14,679,062	\$ 16,986,827
Less: Allowance for impairment loss	<u>181,166</u>	<u>232,541</u>
	<u>\$ 14,497,896</u>	<u>\$ 16,754,286</u>
Accounts receivable - related parties		
At amortized cost		
Gross carrying amount	\$ 98,185	\$ 117,333
Less: Allowance for impairment loss	<u>543</u>	<u>138</u>
	<u>\$ 97,642</u>	<u>\$ 117,195</u>

(Concluded)

For the information on factored notes receivable pledged as collateral for borrowings, refer to Notes 28 and 30.

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, 2022

	<u>Customers without Signs of Default</u>				<u>Customers With Signs of Default</u>	<u>Total</u>
	<u>Not Past Due</u>	<u>Past Due 1-60 Days</u>	<u>Past Due 61-180 Days</u>	<u>Past Due Over 180 Days</u>		
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)	<u>(17,094)</u>	<u>(35,396)</u>	<u>(33,546)</u>	<u>(12,367)</u>	<u>(83,306)</u>	<u>(181,709)</u>
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>

December 31, 2021

	<u>Customers without Signs of Default</u>				<u>Customers With Signs of Default</u>	<u>Total</u>
	<u>Not Past Due</u>	<u>Past Due 1-60 Days</u>	<u>Past Due 61-180 Days</u>	<u>Past Due Over 180 Days</u>		
Expected credit loss rate (%)	0.1-1	1-10	10-100	50-100	100	
Gross carrying amount	\$ 17,467,568	\$ 1,100,652	\$ 143,045	\$ 87,847	\$ 92,115	\$ 18,891,227
Loss allowance (Lifetime ECLs)	<u>(25,142)</u>	<u>(36,621)</u>	<u>(31,943)</u>	<u>(46,881)</u>	<u>(92,115)</u>	<u>(232,702)</u>
Amortized cost	<u>\$ 17,442,426</u>	<u>\$ 1,064,031</u>	<u>\$ 111,102</u>	<u>\$ 40,966</u>	<u>\$ -</u>	<u>\$ 18,658,525</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 232,702	\$ 216,973
Acquired by acquisition of subsidiaries	985	-
Impairment losses recognized (reversed)	(35,514)	46,134
Amounts written off	(23,004)	(27,780)
Foreign exchange translation differences	<u>6,540</u>	<u>(2,625)</u>
Balance at December 31	<u>\$ 181,709</u>	<u>\$ 232,702</u>

10. MERCHANDISE

The costs of inventories recognized in cost of goods sold for the years ended December 31, 2022 and 2021 were \$66,896,953 thousand and \$63,614,582 thousand respectively, which included the following items:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Write-downs of inventories	<u>\$ 342,699</u>	<u>\$ 153,553</u>

11. OTHER FINANCIAL ASSETS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 483,893	\$ 234,015
Structured deposits	969,878	2,423,574
Pledged deposits	81,355	2,000
Refundable deposits	<u>2,331</u>	<u>9,087</u>
	<u>\$ 1,537,457</u>	<u>\$ 2,668,676</u>
<u>Non-current</u>		
Pledged deposits	\$ 151,646	\$ 109,392
Refundable deposits	<u>117,116</u>	<u>108,172</u>
	<u>\$ 268,762</u>	<u>\$ 217,564</u>

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

	December 31	
	2022	2021
Time deposits (%)	0.19-4.50	0.09-3.55

b. The counterparties of the Group's time deposits were banks with good credit and no significant default concerns, hence, there was no expected credit loss.

c. Refer to Note 30 for information on other financial assets pledged as collateral.

12. SUBSIDIARIES

The subsidiaries in the consolidated financial statements

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

Investor	Investee	Main Businesses	Percentage of Ownership		Remark
			December 31, 2022	December 31, 2021	
The Company	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	
	P.T. Wahlee 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	
	Kingstone Energy Technology Corporation (KS Corp.)	Solar power generation business	78.67	78.67	Note 1
	Wahlee Green Energy Corporation (WL Green Corp.)	Renewable energy self-use power generation equipment business	-	-	Note 2
	Wah Heng Energy Technology Corp. (WH Energy)	Solar power generation business	100.00	100.00	
	Evergreen New Energy Corporation	Solar power generation business	100.00	100.00	Established in December 2021
	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	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership		Remark
			December 31, 2022	December 31, 2021	
Wah Lee Holding Ltd.	Hightech Polymer SDN. BHD. (Hightech)	Trading business of industrial materials	51.00	-	Note 26
	Wah Lee Tech (Singapore) Pte. Ltd. (WL Singapore)	Agency of semiconductor materials and equipment	100.00	-	Note 3
	SHC Holding Ltd. WL Singapore	International investment Agency of semiconductor materials and equipment	100.00	100.00	Note 3
	Raycong H.K.	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	
	Hua Gang International Trading Co., Ltd. (Dongguan Hua Gang)	Trading business of industrial materials	100.00	100.00	
	Shanghai Yikang Chemicals and Industries Co., Ltd. (Shanghai Yikang)	Trading business of industrial materials	70.00	70.00	
Shanghai Yikang	Huaying Supply Chain Management (Shenzhen) Co., Ltd. (Shenzhen Huaying)	Supply chain management and consultancy service	100.00	100.00	
	Yadi International Trading Co., (Shanghai) Ltd. (Shanghai Yadi)	Import and export business of goods and techniques	70.00	70.00	
Dongguan Hua Gang	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	Established in January 2021
	Guang Jou Shing Shian Medical Management Consulting Co., Ltd. (Guangjou Shing Shian)	Medical consulting	100.00	100.00	
Guangjou Shing Shian	Anhua Huixinkang Hemodialysis Co., Ltd (Anhua Huixinkang)	Medical Service	100.00	-	Established in July 2022
	Kaiping Huaxinkang Medical Service Co., Ltd. (Kaiping Huaxinkang)	Medical Service	90.00	90.00	Established in March 2021
Huaying Shenzhen	Xiamen Hua Chen Da Logistics Co., Ltd. (Xiamen Hua Chen Da)	Warehousing and logistics	70.00	70.00	
KS Corp.	KSA Energy Corporation (KSA Corp.)	Solar power generation business	100.00	100.00	
	KSB Energy Corporation (KSB Corp.)	Solar power generation business	100.00	100.00	
WT Industrial	Wahlee Green Energy (WL Green Corp.)	Rnewable energy self-use power generation equipment industry	-	-	Note 2
	KSC Energy Corporation (KSC Corp.)	Solar power generation business	100.00	100.00	
	KSD Energy Corporation (KSD Corp.)	Solar power generation business	100.00	100.00	
	P.T. Wah Tech Indonesia (WT Indonesia)	Trading business of industrial materials	66.00	66.00	
Tranceed Logistics	Cyuancheng Logistics Co., Ltd. (Cyuancheng Logistics)	Freight forwarders and leasing business	100.00	100.00	

(Concluded)

- Note 1: In September 2021, the Company's ownership percentage in KS Corp. increased to 78.67% as the Company acquired 27.67% equity from unrelated parties for \$192,669 thousand in cash. As the transaction did not change the control of the Group over KS Corp., the Group processed the equity transaction by increasing the capital surplus by \$37,924 thousand.
- Note 2: KS Corp. acquired 25% equity from an unrelated party for \$1,920 thousand in cash in January 2021. As the transaction did not change the control of the Group over WL Green Corp., the Group processed the equity transaction by reducing the capital surplus by \$409 thousand. WL Green Corp. completed liquidation in April 2021.
- Note 3: In order to develop operation, 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.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Investments in associates</u>		
Material associates		
Chang Wah Electromaterials Inc.	\$ 3,445,921	\$ 3,194,774
Associates that are not individually material	<u>2,640,236</u>	<u>2,746,022</u>
	<u>6,086,157</u>	<u>5,940,796</u>
<u>Investments in joint ventures</u>		
Joint ventures that are not individually material	<u>38,846</u>	<u>15,938</u>
	<u>\$ 6,125,003</u>	<u>\$ 5,956,734</u>

Refer to Tables 8 and 9 for the main business and location of the investments accounted for using the equity method.

a. Material associates

Name of Associate	<u>Proportion of</u>	
	<u>Ownership and Voting Rights</u>	
	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Chang Wah Electromaterials Inc. (CWE Inc.)	29.17%	28.71%

In 2021, the Company's ownership percentage in CWE Inc. decreased as the bondholders of CWE Inc. converted the bonds into ordinary shares. Due to the change in ownership, the Company increased the capital surplus by \$153,237 thousand, transferred the unrealized gain on financial assets at FVTOCI of \$35,107 thousand to retained earnings and transferred exchange differences on translating the financial statements of foreign operations of \$3,338 thousand to loss on disposal of investments accounted for using the equity method.

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

Name of Associate	December 31	
	2022	2021
CWE Inc.	\$ 5,996,436	\$ 7,698,395

The summarized financial information below represents amounts shown in the financial statements of CWE Inc. prepared for equity accounting purposes:

	December 31	
	2022	2021
Current assets	\$ 15,826,129	\$ 14,718,903
Non-current assets	17,295,137	15,589,692
Current liabilities	(9,299,580)	(8,323,087)
Non-current liabilities	<u>(7,434,740)</u>	<u>(7,264,541)</u>
Equity	16,386,946	14,720,967
Non-controlling interests	<u>(4,805,267)</u>	<u>(3,826,423)</u>
	\$ 11,581,679	\$ 10,894,544
Percentage of ownership held by the Company (%)	29.17	28.71
Equity attributable to the Company	\$ 3,378,494	\$ 3,127,347
Goodwill	<u>67,427</u>	<u>67,427</u>
Carrying amount	\$ 3,445,921	\$ 3,194,774

	For the Year Ended December 31	
	2022	2021
Operating revenue	\$ 21,858,509	\$ 20,670,509
Net profit for the year	\$ 3,572,984	\$ 2,488,063
Other comprehensive (loss) income for the year	<u>(861,497)</u>	<u>2,309,626</u>
Total comprehensive income for the year	\$ 2,711,487	\$ 4,797,689
Cash dividends received	\$ 395,805	\$ 252,785

As of December 31, 2022 and 2021, the Company's dividends receivable from CWE Inc. were \$144,469 thousand and \$75,203 thousand, respectively, recognized as other receivables - related parties.

- b. Aggregate information of associates and joint ventures that are not individually material

	For the Year Ended December 31	
	2022	2021
The Group's share of		
Net profit for the year	\$ 255,748	\$ 477,954
Other comprehensive income (loss) for the year	<u>15,578</u>	<u>(4,952)</u>
Total comprehensive income for the year	\$ 271,326	\$ 473,002

c. Changes in investment in associates and joint ventures

- 1) In May 2021, KS Corp. invested \$44,820 thousand in Huahsuan Green Energy Co., Ltd. (HGE Co.), and as of December 31, 2021, KS Corp. held 64.99% equity in HGE Co. However, since the Group does not have control over HGE Co., the Group accounts for it as an associate. Furthermore, KS Corp.'s ownership percentage in HGE Co. reduced to 5.71% 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 discontinued the use of the equity method. Therefore the investment was reclassified to financial assets at FVTPL - non-current and the gain on disposal of investments of \$4,590 thousand was recognized.
- 2) The Company sold all of its equity in Eco Energy Corp. to an unrelated party in September 2021 for \$97,840 thousand and recognized a gain on disposal of \$12,319 thousand, which included the transfer of capital surplus from long-term equity investments of \$14,950 thousand to the gain.
- 3) KS Corp. sold all of its equity in Eco Energy Corp. to a related party, Open Sky Technology Corp., in September 2021 for \$97,840 thousand and recognized a gain on disposal of \$12,319 thousand, which included the transfer of capital surplus from long-term equity investments of \$14,950 thousand to the gain.
- 4) The Company's ownership percentage in Wah Hong Corp. reduced to 26.51% as Wah Hong Corp. transferred the treasury shares to employees in August 2021. Due to the change in ownership, the Company decreased the capital surplus by \$635 thousand, transferred the unrealized loss on financial assets at FVTOCI of \$76 thousand to retained earnings and transferred exchange differences on translating the financial statements of foreign operations of \$490 thousand to loss on disposal of investments accounted for using the equity method. The Company purchased 7 thousand and 4 thousand shares of Wah Hong Corp. from the open market in the amount of \$191 thousand and \$106 thousand in cash in 2022 and 2021, respectively, and the ownership percentage increased to 26.52% on December 31, 2022.

14. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2022

	Freehold Land	Buildings	Power Generation Equipment	Other Equipment	Property under Construction and Equipment to be Inspected	Total
Cost						
Balance at January 1, 2022	\$ 840,140	\$ 1,068,002	\$ 2,186,906	\$ 1,054,623	\$ 943,161	\$ 6,092,832
Acquisitions through business combinations	-	-	-	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)	-
Effect 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>

(Continued)

	Freehold Land	Buildings	Power Generation Equipment	Other Equipment	Property under Construction and Equipment to be Inspected	Total
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ -	\$ 358,728	\$ 296,830	\$ 696,470	\$ -	\$ 1,352,028
Acquisitions through business combinations	-	-	-	2,759	-	2,759
Depreciation expense	-	30,907	155,362	105,299	-	291,568
Disposals	-	-	(29,399)	(13,862)	-	(43,261)
Reclassified	-	-	4,808	(4,808)	-	-
Effect 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>

(Concluded)

For the year ended December 31, 2021

	Freehold Land	Buildings	Power Generation Equipment	Other Equipment	Property under Construction and Equipment to be Inspected	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 744,230	\$ 1,044,017	\$ 1,973,680	\$ 894,191	\$ 303,192	\$ 4,959,310
Additions	104,005	23,430	13,770	186,230	904,106	1,231,541
Disposals	-	-	(10,556)	(31,253)	(6,566)	(48,375)
Reclassified	-	5,982	257,366	8,421	(257,637)	14,132
Effect of foreign currency exchange differences	(8,095)	(5,427)	(47,354)	(2,966)	66	(63,776)
Balance at December 31, 2021	<u>\$ 840,140</u>	<u>\$ 1,068,002</u>	<u>\$ 2,186,906</u>	<u>\$ 1,054,623</u>	<u>\$ 943,161</u>	<u>\$ 6,092,832</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2021	\$ -	\$ 326,536	\$ 208,522	\$ 638,674	\$ -	\$ 1,173,732
Depreciation expense	-	30,341	107,894	86,584	-	224,819
Disposals	-	-	(10,556)	(28,729)	-	(39,285)
Reclassified	-	3,022	-	2,711	-	5,733
Effect of foreign currency exchange differences	-	(1,171)	(9,030)	(2,770)	-	(12,971)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 358,728</u>	<u>\$ 296,830</u>	<u>\$ 696,470</u>	<u>\$ -</u>	<u>\$ 1,352,028</u>
Carrying amount at December 31, 2021	<u>\$ 840,140</u>	<u>\$ 709,274</u>	<u>\$ 1,890,076</u>	<u>\$ 358,153</u>	<u>\$ 943,161</u>	<u>\$ 4,740,804</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:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Additions to property, plant and equipment	\$ 1,916,490	\$ 1,231,541
Capitalization of interest and depreciation expense	(8,945)	(13,306)
Increase (decrease) in prepayments for equipment	(20,515)	10,064
Decrease (increase) in payables for equipment	18,525	(48,820)
Increase in provisions	<u>(14,216)</u>	<u>(10,132)</u>
Cash paid	<u>\$ 1,891,339</u>	<u>\$ 1,169,347</u>

- b. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Office	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 30 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.

15. LEASE ARRANGEMENTS

- a. Right-of-use assets

For the year ended December 31, 2022

	Land	Buildings	Other Equipment	Total
Balance at January 1, 2022	\$ 41,098	\$ 599,828	\$ 16,926	\$ 657,852
Additions	24,311	102,749	19,075	146,135
Depreciation expense	(2,261)	(103,528)	(11,980)	(117,769)
Lease modification	-	(123,512)	(449)	(123,961)
Effects of foreign currency exchange differences	<u>20</u>	<u>1,748</u>	<u>140</u>	<u>1,908</u>
Balance at December 31, 2022	<u>\$ 63,168</u>	<u>\$ 477,285</u>	<u>\$ 23,712</u>	<u>\$ 564,165</u>

For the year ended December 31, 2021

	Land	Buildings	Other Equipment	Total
Balance at January 1, 2021	\$ 30,216	\$ 585,551	\$ 8,478	\$ 624,245
Additions	13,478	104,781	17,335	135,594
Depreciation expense	(2,583)	(90,159)	(8,886)	(101,628)
Lease modification	-	298	-	298
Effects of foreign currency exchange differences	<u>(13)</u>	<u>(643)</u>	<u>(1)</u>	<u>(657)</u>
Balance at December 31, 2021	<u>\$ 41,098</u>	<u>\$ 599,828</u>	<u>\$ 16,926</u>	<u>\$ 657,852</u>

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	<u>\$ 98,005</u>	<u>\$ 95,358</u>
Non-current	<u>\$ 500,877</u>	<u>\$ 595,710</u>

Range of discount rate (%) for lease liabilities was as follows:

	December 31	
	2022	2021
Land	1.85	1.85
Buildings	1.10-5.67	1.10-4.80
Other equipment	0.98-4.80	0.98-4.80

c. Material leasing activities and terms

The Group leases abovementioned subjects for the use of office and warehouse, for installation of power generation equipment, and transportation equipment, which will expire from February 2023 to May 2042. The Group does not have bargain purchase options to acquire the leasehold subjects at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 138,293</u>	<u>\$ 123,234</u>
Expenses relating to low-value asset leases	<u>\$ 3,419</u>	<u>\$ 2,906</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 7,428</u>	<u>\$ 6,786</u>
Total cash outflow for leases	<u>\$ 265,036</u>	<u>\$ 224,025</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	
	2022	2021
Secured bank borrowings (Note 30)	\$ 1,269,351	\$ 996,221
Unsecured bank borrowings	<u>8,497,939</u>	<u>7,290,738</u>
	<u>\$ 9,767,290</u>	<u>\$ 8,286,959</u>
Annual interest rate (%)	0.59-11.5	0.53-3.85

b. Short-term bills payable

	December 31	
	2022	2021
Short-term bills payable		
China Bills Finance Corporation	\$ 30,000	\$ 30,000
Mega Bills Finance Corporation	<u>-</u>	<u>30,000</u>
	30,000	60,000
Less: Discount on short-term bills payable	<u>30</u>	<u>178</u>
	<u>\$ 29,970</u>	<u>\$ 59,822</u>
Annual interest rate (%)	2.21	1.64-1.79

c. Long-term borrowings

	December 31	
	2022	2021
Unsecured borrowings		
Syndicated bank loans (Note 1)	\$ 2,000,000	\$ 1,298,149
Less: Syndicated loan fee	<u>4,583</u>	<u>2,880</u>
	1,995,417	1,295,269
Bank loans (Note 2)	<u>700,000</u>	<u>1,071,676</u>
	<u>2,695,417</u>	<u>2,366,945</u>
Secured borrowings (Note 30)		
Syndicated bank loans (Note 3)	1,582,420	1,205,724
Bank loans	1,349,369	373,316
Less: Syndicated loan fee	<u>4,118</u>	<u>6,251</u>
	<u>2,927,671</u>	<u>1,572,789</u>
Less: Current portion	<u>193,522</u>	<u>376,940</u>
	<u>\$ 5,429,566</u>	<u>\$ 3,562,794</u>
Annual interest rate (%)		
Syndicated bank loans	1.80-2.34	0.62-1.85
Bank loans	1.05-2.58	0.88-1.69

Expiration period		
Syndicated bank loans	2024.10-2027.08	2024.01-2024.10
Bank loans	2024.06-2037.06	2022.06-2037.06

Note 1: The Company signed a syndicated loan agreement with eleven banks led by the Bank of Taiwan in December 2018, and it prepaid all the loans in August 2022. 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.

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, 2022 and 2021.

Note 3: The subsidiaries KS Corp., KSA Corp. and KSB Corp. signed a syndicated loan agreement with five banks led by Bank SinoPac in September 2019, and the new borrowers, KSD Corp. and KSC Corp., were added in April 2021. In April 2022, the bank consented to cancel part of the credit line, and the main contents of the syndicated loan agreement before and after the amendment are as follows:

- 1) The total amount of syndicated bank loans decreased from \$4 billion to \$3.023 billion, divided into credit limit A, credit limit B and credit limit C, which are nonrevolving credits.
 - a) The total amount of credit limit A decreased from \$2.628 billion to \$1.308 billion, which has to be fully paid off in 36 months after the initial drawdown date.
 - b) The total amount of credit limit B decreased from \$2.628 billion to \$1.308 billion, the first repayment will be made 6 months after the initial drawdown date and subsequent repayment will be made every 3 months, for a total of 19 periods. The repaid amount for periods 1 through 19 is 34% of the principal and the repaid amount for period 19 is 66% of the principal. Application for extension is acceptable.
 - c) The total amount of credit limit C is \$1.715 billion, the first repayment will be made 3 months after the initial drawdown date and subsequent repayment will be made every three months, for a total of 20 periods. The repaid amount for periods 1 through 20 is 36% of the principal and the repaid amount for period 20 is 64% of the principal. Application for extension is acceptable.
- 2) Pursuant to bank loan agreements, each individual borrower should maintain certain financial ratios which should be calculated based on audited annual and unreviewed semiannual standalone financial statements. Each individual borrower had met the requirement as of December 31, 2022 and 2021.

17. BONDS PAYABLE

	December 31	
	2022	2021
3rd domestic unsecured convertible bonds	<u>\$ 1,994,084</u>	<u>\$ 1,972,752</u>

In August 2021, the Company issued its 3rd domestic 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, 2022, the conversion price was \$91.7 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 of liability component was 1.08%.

	Amount
Proceeds from issuance (less transaction costs of \$5,307 thousand)	\$ 1,999,693
Redemption of options	200
Equity component	<u>(34,200)</u>
Liability component at the date of issue	1,965,693
Interest charged at an effective interest rate for the year ended December 31, 2021	<u>7,059</u>
Liability component at December 31, 2021	1,972,752
Interest charged at an effective interest rate for the year ended December 31, 2022	<u>21,332</u>
Liability component at December 31, 2022	<u>\$ 1,994,084</u>

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

	December 31	
	2022	2021
Payable for salaries or bonuses	\$ 662,772	\$ 587,407
Payable for employees' compensation and remuneration of directors	329,262	372,114
Interest payable	55,944	15,425
Payable for commission	38,211	98,082
Payable for equipment	37,166	55,691
Others	<u>253,617</u>	<u>232,316</u>
	<u>\$ 1,376,972</u>	<u>\$ 1,361,035</u>

20. 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.

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</u>	
	<u>2022</u>	<u>2021</u>
Present value of defined benefit obligation	\$ 346,115	\$ 383,468
Fair value of plan assets	<u>(79,603)</u>	<u>(87,890)</u>
Net defined benefit liabilities	<u>\$ 266,512</u>	<u>\$ 295,578</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	<u>\$ 414,688</u>	<u>\$ (99,848)</u>	<u>\$ 314,840</u>
Service cost			
Current service cost	1,894	-	1,894
Past service cost	(1,564)	-	(1,564)
Net interest expense (income)	<u>1,154</u>	<u>(294)</u>	<u>860</u>
Recognized in profit or loss	<u>1,484</u>	<u>(294)</u>	<u>1,190</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (1,447)	\$ (1,447)
Actuarial gain - changes in financial assumptions	(12,248)	-	(12,248)
Actuarial loss - changes in demographic assumptions	348	-	348
Actuarial loss - experience adjustments	<u>5,267</u>	<u>-</u>	<u>5,267</u>
Recognized in other comprehensive loss	<u>(6,633)</u>	<u>(1,447)</u>	<u>(8,080)</u>
Contributions from the employer	<u>-</u>	<u>(11,290)</u>	<u>(11,290)</u>
Benefits paid	<u>(24,989)</u>	<u>24,989</u>	<u>-</u>
Exchange differences on foreign plans	<u>(1,082)</u>	<u>-</u>	<u>(1,082)</u>
Balance at December 31, 2021	<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 gain - experience adjustments	<u>(362)</u>	<u>-</u>	<u>(362)</u>
Recognized in other comprehensive 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>
Exchange differences on foreign plans	<u>1,300</u>	<u>-</u>	<u>1,300</u>
Balance at December 31, 2022	<u>\$ 346,115</u>	<u>\$ (79,603)</u>	<u>\$ 266,512</u> (Concluded)

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

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government 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:

	December 31	
	2022	2021
Discount rate (%)	1.25	0.70
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:

	December 31	
	2022	2021
Discount rate		
0.25% increase	<u>\$ (6,139)</u>	<u>\$ (7,393)</u>
0.25% decrease	<u>\$ 6,328</u>	<u>\$ 7,634</u>
Expected rate of salary		
0.25% increase	<u>\$ 6,265</u>	<u>\$ 7,517</u>
0.25% decrease	<u>\$ (6,110)</u>	<u>\$ (7,318)</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.

	December 31	
	2022	2021
Expected contributions to the plan for the next year	<u>\$ 27,551</u>	<u>\$ 27,107</u>
Average duration of the defined benefit obligation	7 years	8 years

21. EQUITY

a. Share capital

	<u>December 31</u>	
	<u>2022</u>	<u>2021</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>236,018</u>	<u>236,018</u>
Amount of issued and fully paid shares	<u>\$ 2,360,179</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</u>	
	<u>2022</u>	<u>2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of share capital	\$ 1,114,241	\$ 1,114,241
Difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	37,924	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	403,129	1,808
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	412,979	467,878
<u>May not be used for any purpose</u>		
Share warrants	<u>34,200</u>	<u>34,200</u>
	<u>\$ 2,036,714</u>	<u>\$ 1,690,292</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 dividends policy

Under the dividends policy as set forth in the Articles before the amendment, 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 then any remaining profit together with any

undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. 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 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 be not 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 IFRSs" should be appropriated to or reversed from a special reserve by the Company. On the first-time adoption of IFRSs, the Company appropriated to the special reserve \$72,302 thousand.

The appropriations of earnings for 2021 and 2020 had been approved in the shareholders' meetings on May 27, 2022 and July 28, 2021, respectively; the amounts were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2021	2020	2021	2020
Legal reserve	\$ 298,157	\$ 183,957		
Reversal of special reserve	\$ (451,995)	\$ (343,469)		
Cash dividends to shareholders	\$ 1,604,922	\$ 1,018,117	\$ 6.8	\$ 4.4

As of July 28, 2021, the transfer of the amount of \$46,278 thousand from the capital surplus to share capital was approved in the shareholders' meeting, where share dividends equivalent to \$0.2 per share were issued, and capital increased by 4,628 thousand new ordinary shares.

The appropriations of earnings for 2022 had been proposed by the Company's board of directors on March 16, 2023. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 257,992	
Special reserve	\$ 263,936	
Cash dividends to shareholders	\$ 1,439,709	\$ 6.1

The appropriations of earnings for 2022 are subject to the resolution of the shareholders in their meeting to be held on May 30, 2023.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ (678,629)	\$ (583,633)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	292,361	(100,301)
Share from associates accounted for using the equity method	83,095	(18,985)
Income tax	(40,884)	20,462
Reclassification adjustment		
Share from the disposal of associates accounted for using the equity method	<u>-</u>	<u>3,828</u>
Balance at December 31	<u>\$ (344,057)</u>	<u>\$ (678,629)</u>

2) Unrealized gain on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ 494,006	\$ (52,985)
Recognized for the year		
Unrealized (loss) gain - equity instruments	(200,999)	135,795
Share from associates accounted for using the equity method	(323,297)	677,681
Income tax	2,247	(515)
Reclassification adjustment		
Share from the disposal of associates accounted for using the equity method	-	(35,031)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal		
Investments in equity instruments at FVTOCI	(82)	-
Share from associates accounted for using the equity method	<u>(76,377)</u>	<u>(230,939)</u>
Balance at December 31	<u>\$ (104,502)</u>	<u>\$ 494,006</u>

e. Non-Controlling interests

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ 2,018,519	\$ 2,030,451
Other comprehensive income (loss) during the year		
Net profit for the year	241,472	265,895
Exchange differences on translating the financial statements of foreign operations	67,763	(29,894)
		(Continued)

	For the Year Ended December 31	
	2022	2021
Non-controlling interests arising from acquisition of subsidiaries	\$ 135,835	\$ 5,430
Acquisition of non-controlling interests in subsidiaries	-	(232,104)
Disposals of investments in equity method	-	(3,189)
Cash dividends distributed to non-controlling interests	<u>(678,721)</u>	<u>(18,070)</u>
Balance at December 31	<u>\$ 1,784,868</u>	<u>\$ 2,018,519</u> (Concluded)

22. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	\$ 72,192,578	\$ 69,338,021
Other operating revenue	<u>1,377,718</u>	<u>1,177,282</u>
	<u>\$ 73,570,296</u>	<u>\$ 70,515,303</u>

a. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable (including related parties)	\$ 2,240,943	\$ 1,787,044	\$ 2,406,695
Accounts receivable, net (including related parties)	<u>14,595,538</u>	<u>16,871,481</u>	<u>15,225,203</u>
	<u>\$ 16,836,481</u>	<u>\$ 18,658,525</u>	<u>\$ 17,631,898</u>
Contract liabilities			
Sale of goods	<u>\$ 350,115</u>	<u>\$ 562,914</u>	<u>\$ 345,351</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 the years ended December 31, 2022 and 2021.

Revenue recognized in the current reporting period from the contract liabilities at the beginning of the year is as follows:

	For the Year Ended December 31	
	2022	2021
Sale of goods	<u>\$ 511,115</u>	<u>\$ 316,660</u>

b. Disaggregation of revenue

Refer to Note 34 for information about the disaggregation of revenue.

23. NET PROFIT

The details of net profit were as follows:

a. Other income (Note 29)

	For the Year Ended December 31	
	2022	2021
Rental income	\$ 17,946	\$ 23,444
Dividend income	12,956	23,888
Consulting service income	15,209	18,323
Government grants	47,328	44,688
Others	<u>39,835</u>	<u>45,241</u>
	<u>\$ 133,274</u>	<u>\$ 155,584</u>

b. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net gain of financial instruments at FVTPL	\$ 2,614	\$ 980
Net foreign exchange gains	139,547	14,288
Loss on disposal of property, plant and equipment	(17,184)	(1,389)
Gains on disposal of associates (Note 13)	4,590	20,810
Loss provision recognized (Note 31)	(19,711)	(80,450)
Others	<u>655</u>	<u>(27,484)</u>
	<u>\$ 110,511</u>	<u>\$ (73,245)</u>

c. Financial costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 308,718	\$ 150,914
Syndicated loan fee amortization	5,430	3,581
Interest on lease liabilities	13,840	15,329
Interest on convertible bonds	21,332	7,059
Less: Amount included in cost of qualifying assets	<u>(7,415)</u>	<u>(7,440)</u>
	<u>\$ 341,905</u>	<u>\$ 169,443</u>
Capitalized rate (%)	1.43-2.34	1.43-1.85

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 291,568	\$ 224,819
Right-of-use assets	117,769	101,628
Intangible assets	45,338	40,791
Other non-current assets	2,106	2,377

(Continued)

	For the Year Ended December 31	
	2022	2021
Less: Amount included in cost of qualifying assets	\$ (1,530)	\$ (5,866)
	<u>\$ 455,251</u>	<u>\$ 363,749</u>
An analysis of depreciation by function		
Operating costs	\$ 272,054	\$ 204,562
Operating expenses	<u>135,753</u>	<u>116,019</u>
	<u>\$ 407,807</u>	<u>\$ 320,581</u>
An analysis of amortization by function		
Operating costs	\$ 13,157	\$ 9,579
Operating expenses	<u>34,287</u>	<u>33,589</u>
	<u>\$ 47,444</u>	<u>\$ 43,168</u>

(Concluded)

e. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 1,666,375	\$ 1,632,599
Post-employment benefits (Note 20)		
Defined contribution plans	69,578	52,732
Defined benefit plans	<u>3,185</u>	<u>1,190</u>
	<u>72,763</u>	<u>53,922</u>
	<u>\$ 1,739,138</u>	<u>\$ 1,686,521</u>
An analysis by function		
Operating costs	\$ 130,571	\$ 119,969
Operating expenses	<u>1,608,567</u>	<u>1,566,552</u>
	<u>\$ 1,739,138</u>	<u>\$ 1,686,521</u>

f. Compensation of employees and remuneration to directors

The Company accrued compensation of employees and remuneration of directors at the rates between 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, 2022 and 2021 which have been approved by the Company's board of directors on March 16, 2023 and March 22, 2022, were as follows:

	For the Year Ended December 31			
	2022		2021	
	Withdrawal Rate (%)	Amount	Withdrawal Rate (%)	Amount
Compensation of employees paid in cash	9	\$ 291,956	9	\$ 329,953
Remuneration of directors paid in cash	1.15	37,306	1.15	42,161

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

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

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

24. INCOME TAX

- a. The major components of income tax expense recognized in profit or loss:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 786,045	\$ 704,116
Income tax on unappropriated earnings	81,479	51,567
Adjustments for prior years	<u>(3,806)</u>	<u>10,791</u>
	<u>863,718</u>	<u>766,474</u>
Deferred tax		
In respect of the current year	<u>(54,401)</u>	<u>140,337</u>
	<u>\$ 809,317</u>	<u>\$ 906,811</u>

The reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax	<u>\$ 3,535,589</u>	<u>\$ 4,015,983</u>
Income tax expense calculated at the statutory rate	\$ 746,945	\$ 853,166
Nondeductible expenses in determining taxable income	9,241	6,997
Domestic investment income	(163,135)	(178,928)
Deferred tax effect of earnings of subsidiaries	112,260	145,240
Other adjustments	6,948	(1,202)
Income tax on unappropriated earnings	81,479	51,567
Adjustments for prior years	(3,806)	10,791
Nondeductible withholding tax	<u>19,385</u>	<u>19,180</u>
	<u>\$ 809,317</u>	<u>\$ 906,811</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 benefit (expense) recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year		
Unrealized (loss) gain on financial assets at FVTOCI	\$ 2,247	\$ (515)
Remeasurement on defined benefit plan	(4,374)	(1,616)
Exchange differences on translation of foreign operations	<u>(40,884)</u>	<u>20,462</u>
	<u>\$ (43,011)</u>	<u>\$ 18,331</u>

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets	<u>\$ -</u>	<u>\$ 7</u>
Income tax payable	<u>\$ 337,138</u>	<u>\$ 371,005</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income and Loss	Acquisitions through business combinations	Exchange Differences	Closing Balance
<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
Unrealized consulting expenses	13,616	(6,887)	-	-	332	7,061
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>76,981</u>	<u>1,443</u>	<u>-</u>	<u>2,106</u>	<u>1,424</u>	<u>81,954</u>
	348,483	86,510	(10,839)	2,439	3,022	429,615
Loss carryforwards	<u>411</u>	<u>149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>560</u>
	<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	<u>12,853</u>	<u>12,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,739</u>
	<u>\$ 1,281,669</u>	<u>\$ 32,258</u>	<u>\$ 32,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,346,099</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income and Loss	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Provision for loss on inventories	\$ 35,331	\$ 28,495	\$ -	\$ (445)	\$ 63,381
Unpaid bonuses	88,382	(22,226)	-	908	67,064
Refund liabilities	34,791	209	-	-	35,000
Unrealized consulting expenses	27,854	(14,108)	-	(130)	13,616
Defined benefit plan	60,002	(2,039)	(1,616)	-	56,347
Foreign operations loss and exchange differences	35,843	(5,441)	5,692	-	36,094
Others	62,835	15,027	-	(881)	76,981
	<u>345,038</u>	<u>(83)</u>	<u>4,076</u>	<u>(548)</u>	<u>348,483</u>
Loss carryforwards	93	318	-	-	411
	<u>\$ 345,131</u>	<u>\$ 235</u>	<u>\$ 4,076</u>	<u>\$ (548)</u>	<u>\$ 348,894</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Foreign operations income and exchange differences	\$ 1,145,608	\$ 137,463	\$ (14,255)	\$ -	\$ 1,268,816
Others	9,744	3,109	-	-	12,853
	<u>\$ 1,155,352</u>	<u>\$ 140,572</u>	<u>\$ (14,255)</u>	<u>\$ -</u>	<u>\$ 1,281,669</u>

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

	<u>December 31</u>	
	2022	2021
Evaluation loss of foreign investments	<u>\$ 116,383</u>	<u>\$ 116,383</u>
Loss carryforwards		
Expiry in 2030	\$ 104	\$ -
Expiry in 2031	432	-
Expiry in 2032	<u>3,200</u>	<u>-</u>
	<u>\$ 3,736</u>	<u>\$ -</u>

- f. Information about unused loss carryforwards

Loss carryforwards of subsidiaries as of December 31, 2022 comprise:

Unused Amount	Expiry Year
\$ 104	2030
432	2031
<u>5,998</u>	2032
<u>\$ 6,534</u>	

- g. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2022 and 2021, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$2,090,992 thousand and \$1,679,101 thousand.

h. Income tax assessments

The income tax returns of the Company and the domestic subsidiaries through 2020 have been assessed by the tax authorities.

Shanghai Yikang and Dongguan Hua Gang had completed the filing of their tax returns through 2021 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 profit for the year

	<u>For the Year Ended December 31</u>	
	2022	2021
Profit for the year attributable to owners of the Company	\$ 2,484,800	\$ 2,843,277
Convertible bonds	<u>22,532</u>	<u>967</u>
Net profit used in computation of diluted EPS	<u>\$ 2,507,332</u>	<u>\$ 2,844,244</u>

b. Weighted average number of shares outstanding (in thousands)

	<u>For the Year Ended December 31</u>	
	2022	2021
Weighted average number of shares outstanding used in computation of basic EPS	236,018	236,018
Effect of potentially dilutive shares		
Employees' compensation	4,153	3,658
Convertible bonds	<u>20,387</u>	<u>4,760</u>
Weighted average number of shares outstanding used in computation of diluted EPS	<u>260,558</u>	<u>244,436</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 01, 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 for \$205,335 thousand 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 fair value through profit or loss - 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	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	<u>(277,215)</u>
 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 on the acquisition of subsidiaries

	Amount
Consideration paid in cash	\$ 205,335
Less: Cash and cash equivalent balances acquired	<u>(84,641)</u>
	<u>\$ 120,694</u>

f. Impact of acquisitions on the results of the Group

The financial results of the acquirees from Hightech since the acquisition dates were as follows:

	Amount
Operating Revenue	<u>\$ 294,731</u>
Net loss for the period	<u>\$ (6,211)</u>

Had the company concluded the acquisition at the beginning of 2022, the Group's revenue would have been \$74,259,576 thousand, and the profit would have been \$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. CAPITAL 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.

28. FINANCIAL INSTRUMENTS

a. Fair values of 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</u>	
	<u>2022</u>	<u>2021</u>
Carrying amount	<u>\$ 1,994,084</u>	<u>\$ 1,972,752</u>
Fair value	<u>\$ 1,973,400</u>	<u>\$ 1,969,200</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. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 73,564	\$ -	\$ -	\$ 73,564
Structured deposits	-	549,458	-	549,458
Investments in equity instruments				
Unlisted shares	-	-	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>				
Investments in equity instruments				
Domestic listed shares	\$ 180,949	\$ 54,869	\$ -	\$ 235,818
Unlisted shares	-	-	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	\$ -	\$ 3,672	\$ -	\$ 3,672

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 75,401	\$ -	\$ -	\$ 75,401
Structured deposits	-	86,867	-	86,867
Foreign exchange forward contracts	-	336	-	336
Redemption options of convertible bonds	<u>-</u>	<u>-</u>	<u>1,200</u>	<u>1,200</u>
	<u>\$ 75,401</u>	<u>\$ 87,203</u>	<u>\$ 1,200</u>	<u>\$ 163,804</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 241,532	\$ 86,913	\$ -	\$ 328,445
Unlisted shares	-	-	592,407	592,407
Foreign listed shares	<u>23,477</u>	<u>-</u>	<u>-</u>	<u>23,477</u>
	<u>\$ 265,009</u>	<u>\$ 86,913</u>	<u>\$ 592,407</u>	<u>\$ 944,329</u>
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 127</u>	<u>\$ -</u>	<u>\$ 127</u>

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

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

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ 593,607	\$ 504,180
Reclassified from investments accounted for using the equity method	44,378	-
Purchases	5,000	60,000
Reduction of capital	(5,000)	(15,000)
Recognized in profit or loss	(2,099)	1,200
Recognized in other comprehensive income (loss)	<u>(105,511)</u>	<u>43,227</u>
Balance at December 31	<u>\$ 530,375</u>	<u>\$ 593,607</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
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.
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.
Emerging market shares	The fair value was assessed by reference to the transaction price supported by observable market prices.

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

a) Investments 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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified at FVTPL	\$ 666,501	\$ 163,804
FVTOCI		
Equity instruments	742,842	944,329
Measured at amortized cost (Note 1)	25,573,550	25,046,443
<u>Financial liabilities</u>		
FVTPL		
Held for trading	3,672	127
Measured at amortized cost (Note 2)	27,243,785	24,630,287

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 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 32.

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, 2022 and 2021 would have been higher (lower) by \$16,207 thousand and \$2,574 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</u>	
	<u>2022</u>	<u>2021</u>
Fair value interest rate risk		
Financial assets	\$ 4,363,071	\$ 2,912,045
Financial liabilities	6,453,132	7,267,678
Cash flow interest rate risk		
Financial assets	3,999,934	3,120,623
Financial liabilities	11,560,182	7,682,657

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 the years ended December 31, 2022 and 2021 would have been lower/higher by \$75,602 thousand and \$45,620 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate deposits and borrowings.

c) Other price risk

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 the years ended December 31, 2022 and 2021 would have been higher/lower by \$1,170 thousand and \$754 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have been higher/lower by \$7,428 thousand and \$9,443 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.

The concentration of credit risk was limited due to the fact that the customer base was large and unrelated.

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
<u>December 31, 2022</u>					
Non-interest bearing liabilities	\$ 9,826,550	\$ 2,803	\$ -	\$ -	\$ 9,829,353
Lease liabilities	111,321	249,893	140,612	160,188	662,014
Variable interest rate liabilities	6,484,782	5,227,365	144,286	24,028	11,880,461
Fixed interest rate liabilities	3,652,815	2,334,828	-	-	5,987,643
Financial guarantee contracts	<u>905,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>905,691</u>
	<u>\$ 20,981,159</u>	<u>\$ 7,814,889</u>	<u>\$ 284,898</u>	<u>\$ 184,216</u>	<u>\$ 29,265,162</u>
<u>December 31, 2021</u>					
Non-interest bearing liabilities	\$ 10,368,386	\$ 2,634	\$ -	\$ -	\$ 10,371,020
Lease liabilities	107,058	262,270	170,891	241,940	782,159
Variable interest rate liabilities	5,758,191	1,890,859	149,835	43,138	7,842,023
Fixed interest rate liabilities	3,042,252	3,630,355	-	-	6,672,607
Financial guarantee contracts	<u>1,083,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,083,487</u>
	<u>\$ 20,359,374</u>	<u>\$ 5,786,118</u>	<u>\$ 320,726</u>	<u>\$ 285,078</u>	<u>\$ 26,751,296</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</u>	
	2022	2021
Discounted to banks	<u>\$ 1,006,841</u>	<u>\$ 846,749</u>
Endorsement transfer to suppliers	<u>\$ 181,986</u>	<u>\$ 182,199</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 as of December 31, 2022 and 2021, the face amount of these unsettled bills receivable was \$39,894 thousand and \$39,167 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.

During the years ended December 31, 2022 and 2021, 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 period or cumulatively.

29. 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

<u>Related Party</u>	<u>Relationship with the Group</u>
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
Eco Energy Corporation	Associate (became an unrelated party after selling shares in September 2021)
HGE Co.	Associate (became an unrelated party after loss of significant influence in October 2022)
ORC Electrical Machinery Corp. (ORC Corp.)	Associate (Joint Venture)
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
PT Wah Hong Indonesia	Associate's subsidiary
Bao Guang Investment Co., Ltd.	Key management personnel (Director of the Company)

(Continued)

<u>Related Party</u>	<u>Relationship with the Group</u>
Open sky Technology Corp.	Other related party (became an unrelated party after September 2021)
Welo-tech Corp.	Other related party (use equity method for subsidiaries)
Daily Polymer Corp.	Other related party
Asahi Kasei Wah Lee Hi-tech Corp.	Other related party
JingYi Technology Co.	Other related party
Forcera Materials Co., Ltd.	Other related party
Tien Li Offshore Wind Technology Co., Ltd.	Other related party
Minima Co., Ltd.	Other related party
TaiGene Biotechnology Co., Ltd.	Other related party
Sin Hao Co., Ltd.	Other related party
Raycon Industries Inc.	Other related party
Chih-Yuan, Chen	Other related party

(Concluded)

b. Operating transactions

1) Operating revenues

Related Party Category	For the Year Ended December 31	
	2022	2021
Sale of goods		
Associates and their subsidiaries	\$ 405,609	\$ 437,222
Other related parties	<u>7,483</u>	<u>15,475</u>
	<u>\$ 413,092</u>	<u>\$ 452,697</u>
Other operating revenues		
Associates and their subsidiaries	\$ 29,169	\$ 26,638
Other related parties	<u>9,344</u>	<u>30,016</u>
	<u>\$ 38,513</u>	<u>\$ 56,654</u>

The selling prices and collection terms of sales to related parties were similar to third parties.

2) Purchase of goods

Related Party Category	For the Year Ended December 31	
	2022	2021
Associates and their subsidiaries	\$ 631,083	\$ 724,793
Other related parties	<u>1,429,940</u>	<u>1,473,180</u>
	<u>\$ 2,061,023</u>	<u>\$ 2,197,973</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

Related Party Category	For the Year Ended December 31	
	2022	2021
Commission		
Associates	\$ -	\$ 1,418
Other related parties	<u>75</u>	<u>155</u>
	<u>\$ 75</u>	<u>\$ 1,573</u>
Service expense		
Other related parties	<u>\$ 10,695</u>	<u>\$ 10,100</u>

4) Receivables from related parties

	December 31	
	2022	2021
<u>Accounts receivable - related parties</u>		
Associates and their subsidiaries	\$ 93,792	\$ 114,154
Other related parties	<u>4,393</u>	<u>3,179</u>
	98,185	117,333
Less: Allowance for losses	<u>543</u>	<u>138</u>
	<u>\$ 97,642</u>	<u>\$ 117,195</u>
<u>Other receivables - related parties</u>		
Associates and their subsidiaries		
CWE Inc.	\$ 144,499	\$ 75,203
Others	<u>4,405</u>	<u>10,399</u>
	<u>148,904</u>	<u>85,602</u>
Other related parties	<u>625</u>	<u>696</u>
	<u>\$ 149,529</u>	<u>\$ 86,298</u>

The outstanding receivables from related parties are unsecured.

5) Payables to related parties

	December 31	
	2022	2021
<u>Accounts payable - related parties</u>		
Associates and their subsidiaries	\$ 116,594	\$ 144,638
Other related parties	<u>313,431</u>	<u>423,243</u>
	<u>\$ 430,025</u>	<u>\$ 567,881</u>

(Continued)

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Other payables - related parties</u>		
Associates and their subsidiaries	\$ 113	\$ 2,432
Other related parties	<u>25</u>	<u>445</u>
	<u>\$ 138</u>	<u>\$ 2,877</u>
		(Concluded)

The outstanding payables to related parties are unsecured.

c. Acquisitions of property, plant and equipment

Related Party Category	<u>For The Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Associates	\$ <u>-</u>	\$ <u>147,028</u>

d. Disposals of property, plant and equipment

	<u>Proceeds</u>		<u>Gain on Disposal</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Other related parties	\$ <u>-</u>	\$ <u>100</u>	\$ <u>-</u>	\$ <u>100</u>

e. Disposals of investment under the equity method by a subsidiary, KS Corp., please refer to Note 13.

f. Other income

Related Party Category/Name	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Associates and their subsidiaries		
Wah Hong Corp.	\$ 8,233	\$ 13,492
Others	<u>8,546</u>	<u>3,249</u>
	16,779	16,741
Other related parties	10,237	3,627
Key management personnel	<u>24</u>	<u>24</u>
	<u>\$ 27,040</u>	<u>\$ 20,392</u>

Other income included rental income, consulting service income, endorsement income and remuneration of director and supervisor, etc.

g. Lease arrangements

Related Party Category	For the Year Ended December 31	
	2022	2021
Lease expense		
Associated	\$ 91	\$ -
Other related parties	<u>294</u>	<u>247</u>
	<u>\$ 385</u>	<u>\$ 247</u>

h. Endorsements and guarantees

Related Party Category	December 31	
	2022	2021
Associates		
Amount endorsed	<u>\$ 1,763,507</u>	<u>\$ 1,422,096</u>
Amount utilized	<u>\$ 865,797</u>	<u>\$ 1,044,320</u>
Other related parties		
Amount endorsed	<u>\$ 25,194</u>	<u>\$ 25,194</u>
Amount utilized	<u>\$ -</u>	<u>\$ -</u>

i. Remuneration of key management personnel

The amounts of the remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 129,371	\$ 160,036
Post-employment benefits	<u>714</u>	<u>802</u>
	<u>\$ 130,085</u>	<u>\$ 160,838</u>

The remuneration of directors and other key management was determined by the remuneration committee based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL

The Group provided the following assets as collateral for borrowings and performance guarantee:

	December 31	
	2022	2021
Notes receivable	\$ 1,188,827	\$ 1,028,948
Other financial assets - current	81,355	2,000
Other financial assets - non-current	151,646	109,392
Property, plant and equipment		
Freehold land	1,755,309	457,022
Buildings	396,034	396,944

(Continued)

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Power generation equipment	\$ 2,472,625	\$ 1,613,580
Other equipment	<u>54,903</u>	<u>-</u>
	<u>\$ 6,100,699</u>	<u>\$ 3,607,886</u> (Concluded)

In addition to the above assets as collateral, the Group also provided the shares of some subsidiaries as collateral for borrowings, please refer to Table 2.

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of December 31, 2022 were as follows:

- a. The Group's unused letters of credit for the purchase of merchandise amounted to \$649,985 thousand.
- b. The unrecognized commitments for acquisition of property, plant and equipment were \$741,558 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.
- e. Company C filed a lawsuit with the court against the Company for the contract dispute and demanded compensation of RMB 7,146 thousand and interest payment. In December 2022, a judgment entered in the first instance was announced that Company C won the case; the Company appealed and recognized the related loss provision of \$36,793 thousand in 2022. 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.

32. 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 Amount
<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				
Investments 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
<u>December 31, 2021</u>				
Monetary financial assets				
USD	292,094	27.68	(USD:NTD)	8,085,151
USD	36,294	7.799	(USD:HKD)	1,004,607
USD	22,031	6.373	(USD:RMB)	609,806
USD	1,593	23,066	(USD:VND)	44,091
USD	1,161	33.16	(USD:THB)	32,132
Nonmonetary financial assets				
Investments accounted for using the equity method				
USD	12,820	27.68	(USD:NTD)	354,854
RMB	204,192	4.3433	(RMB:NTD)	886,869
RMB	1,509,154	1.2238	(RMB:HKD)	6,556,083
JPY	514,233	0.2405	(JPY:NTD)	123,673
HKD	2,082,458	3.549	(HKD:NTD)	7,391,983
THB	223,415	0.8347	(THB:NTD)	186,484

(Continued)

	Foreign Currency Amount	Exchange Rate		Carrying Amount
Monetary financial liabilities				
USD	\$ 290,212	27.68	(USD:NTD)	\$ 8,033,055
USD	19,581	7.799	(USD:HKD)	541,991
USD	23,049	6.373	(USD:RMB)	638,007
USD	9,090	23,066	(USD:VND)	251,602
USD	1,940	33.16	(USD:THB)	53,705
				(Concluded)

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains were \$139,547 thousand and \$14,288 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's entities.

33. 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: Table 4
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 5
- 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 6
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 7
- 9) Trading in derivative instruments: Note 7, in addition, the Group incurred a net loss of \$1,127 thousand on foreign exchange forward contracts for the year ended December 31, 2022.
- 10) Intercompany relationships and significant intercompany transactions: Table 11

b. Information on investees: Table 8

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 9

- 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 10
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 10
 - 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 and for the year ended December 31, 2022 were as follows:

Counterparty	Line Item	Amount
Shanghai Yikang	Other income	\$ 28,972
Shanghai Yikang	Commission expense	159,913
Shanghai Yikang	Other receivables	29,063
Shanghai Yikang	Other payables	63,598

- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 12

34. 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:

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
<u>For the year ended December 31, 2022</u>						
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>	<u>-</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>
Segment 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	<u>(193,940)</u>	<u>(27,959)</u>	<u>(48,765)</u>	<u>(72,636)</u>	<u>1,395</u>	<u>(341,905)</u>
Profit before income tax	1,115,310	430,916	925,449	203,599	(19,829)	2,655,445
Income tax expense	<u>(429,897)</u>	<u>(199,663)</u>	<u>(238,241)</u>	<u>(41,800)</u>	<u>100,284</u>	<u>(809,317)</u>
Net 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>
<u>December 31, 2022</u>						
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>
<u>For the year ended December 31, 2021</u>						
Revenue from external customers	\$ 38,894,325	\$ 14,390,533	\$ 13,015,416	\$ 4,215,029	\$ -	\$ 70,515,303
Inter-segment revenue	<u>3,987,783</u>	<u>59,495</u>	<u>283,193</u>	<u>88,779</u>	<u>(4,419,250)</u>	<u>-</u>
Segment revenue	<u>\$ 42,882,108</u>	<u>\$ 14,450,028</u>	<u>\$ 13,298,609</u>	<u>\$ 4,303,808</u>	<u>\$ (4,419,250)</u>	<u>\$ 70,515,303</u>
Segment income	\$ 1,134,683	\$ 652,194	\$ 935,840	\$ 252,757	\$ 97,236	\$ 3,072,710
Interest income	602	8,185	39,312	1,636	(181)	49,554
Other income	196,524	5,377	62,522	17,636	(126,475)	155,584
Other gains and losses	(45,560)	6,910	(3,215)	(41,488)	10,108	(73,245)
Financial costs	<u>(70,499)</u>	<u>(36,052)</u>	<u>(23,106)</u>	<u>(42,224)</u>	<u>2,438</u>	<u>(169,443)</u>
Profit before income tax	1,215,750	636,614	1,011,353	188,317	(16,874)	3,035,160
Income tax expense	<u>(450,758)</u>	<u>(153,820)</u>	<u>(266,550)</u>	<u>(35,535)</u>	<u>(148)</u>	<u>(906,811)</u>
Net profit after tax	<u>\$ 764,992</u>	<u>\$ 482,794</u>	<u>\$ 744,803</u>	<u>\$ 152,782</u>	<u>\$ (17,022)</u>	2,128,349
Share of profit or loss of associates under the equity method						<u>980,823</u>
Consolidated net profit						<u>\$ 3,109,172</u>
<u>December 31, 2021</u>						
Identifiable assets	<u>\$ 18,554,900</u>	<u>\$ 7,241,712</u>	<u>\$ 8,799,012</u>	<u>\$ 6,260,154</u>	<u>\$ (1,036,745)</u>	\$ 39,819,033
Goodwill						111,203
Investment accounted for using the equity method						<u>5,956,734</u>
Total assets						<u>\$ 45,886,970</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

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

	For the Year Ended December 31	
	2022	2021
IT industry	\$ 21,722,131	\$ 23,310,323
FPD industry	20,273,854	21,413,132
Semiconductor industry	18,614,568	14,024,958
PCB industry	6,965,753	6,833,319
Opto-electronics	2,574,136	1,895,553
Others	<u>3,419,854</u>	<u>3,038,018</u>
	<u>\$ 73,570,296</u>	<u>\$ 70,515,303</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		Non-current Assets	
	External Customers		December 31	
	For the Year Ended		December 31	
	2022	2021	2022	2021
Taiwan	\$ 19,519,742	\$ 18,790,135	\$ 6,204,922	\$ 4,702,715
China	36,432,429	36,221,219	498,768	504,609
Others	<u>17,618,125</u>	<u>15,503,949</u>	<u>483,701</u>	<u>463,442</u>
	<u>\$ 73,570,296</u>	<u>\$ 70,515,303</u>	<u>\$ 7,187,391</u>	<u>\$ 5,670,766</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, 2022 and 2021.

TABLE 1

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending Balance (Note 1)	Actual Amount Drawn (Notes 1 and 4)	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 and 3)	Aggregate Financing Limit (Notes 2 and 3)	Note
													Item	Value			
0	The Company	KS Corp.	Other receivables - related parties	Yes	\$ 150,000	\$ 150,000	\$ -	-	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 255,663	\$ 1,675,578	
1	Shanghai Yikang	Fenghuang Xingwah Shouzheng	Other receivables - related parties	Yes	28,919	28,919	15,572	5.61	Short-term financing	-	Operating capital	-	-	-	1,125,006	1,125,006	
1	Shanghai Yikang	Shanghai Yadi	Other receivables - related parties	Yes	111,520	111,225	60,062	5.10	Short-term financing	-	Operating capital	-	-	-	1,125,006	1,125,006	
2	Shenzhen Huaying	Xiamen Hua Chen Da	Other receivables - related parties	Yes	9,030	8,898	-	-	Short-term financing	-	Operating capital	-	-	-	67,626	67,626	
3	Dongguan Hua Gang	Guangjoui Shing Shian	Other receivables - related parties	Yes	22,575	22,245	22,245	4.00	Short-term financing	-	Operating capital	-	-	-	781,720	781,720	
3	Dongguan Hua Gang	Anhua Huixinkang	Other receivables - related parties	Yes	22,291	22,245	-	-	Short-term financing	-	Operating capital	-	-	-	781,720	781,720	
4	KS Corp.	KSD Corp.	Other receivables - related parties	Yes	48,000	48,000	26,000	2.20	Short-term financing	-	Operating capital	-	-	-	191,747	191,747	

Note 1: RMB is converted by the spot exchange RMB1=NT\$4.4489.

Note 2: The aggregate financing limit for the subsidiaries 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 subsidiaries included in the consolidated financial statements of the parent company shall not exceed 30% of the financing company's equity.

Note 4: It was eliminated on consolidation.

TABLE 2

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

No.	Endorser/Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement /Guarantee Given on Behalf of Each Party (Notes 1-5)	Maximum Amount Endorsed /Guaranteed During the Year	Outstanding Endorsement /Guarantee at The End of the Year (Note 6)	Actual Borrowing Amount (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 1-5)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Relationship											
0	The Company	WL Singapore	Subsidiary of the Company	\$ 5,026,735	\$ 812,950	\$ 414,585	\$ 168,905	\$ -	2.47	\$ 16,755,784	Y	N	N	
0	The Company	Regent King	Subsidiary of the Company	5,026,735	61,780	61,420	-	-	0.37	16,755,784	Y	N	N	
0	The Company	WL Vietnam	Subsidiary of the Company	5,026,735	505,775	417,656	177,000	-	2.49	16,755,784	Y	N	N	
0	The Company	WL Philippines Inc.	Subsidiary of the Company	3,351,157	123,560	122,840	7,114	-	0.73	16,755,784	Y	N	N	
0	The Company	WL Philippines Corp.	Subsidiary of the Company	3,351,157	61,780	61,420	-	-	0.37	16,755,784	Y	N	N	
0	The Company	Sakuragawa Solar Ltd.	Subsidiary of the Company	3,351,157	70,683	67,544	52,901	-	0.40	16,755,784	Y	N	N	
0	The Company	Miyazaki Solar Ltd.	Subsidiary of the Company	3,351,157	210,261	200,924	183,245	-	1.20	16,755,784	Y	N	N	
0	The Company	KS Corp.	Subsidiary of the Company	3,351,157	277,081	277,081	277,081	277,081	1.65	16,755,784	Y	N	N	
0	The Company	Raycong H.K., Shanghai Yikang and Dongguan Hua Gang	Subsidiary of the Company	3,351,157	120,000	120,000	113,214	-	0.72	16,755,784	Y	N	Y	
0	The Company	WL Indonesia	Subsidiary of the Company	3,351,157	191,518	190,402	10,550	-	1.14	16,755,784	Y	N	N	
0	The Company	Shanghai Yikang	Subsidiary of the Company	3,351,157	147,375	-	-	-	-	16,755,784	Y	N	Y	
0	The Company	WT Industrial	Subsidiary of the Company	3,351,157	839,613	452,490	86,938	-	2.70	16,755,784	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	3,351,157	1,390,000	790,000	304,506	-	4.71	16,755,784	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	3,351,157	1,720,735	973,507	561,291	-	5.81	16,755,784	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	3,351,157	50,388	25,194	-	-	0.15	16,755,784	N	N	N	
1	Shanghai Yikang	Shanghai Yadi	Subsidiary of the Company	750,004	126,420	124,572	35,537	-	3.32	1,875,009	Y	N	Y	
2	KS Corp.	KSA Corp.	Subsidiary of the Company	2,113,128	500,000	500,000	155,698	61,300	78.23	3,521,880	Y	N	N	
2	KS Corp.	KSA Corp.	Subsidiary of the Company	176,094	1,382	1,382	918	-	0.22	352,188	Y	N	N	
2	KS Corp.	KSB Corp.	Subsidiary of the Company	2,113,128	200,000	200,000	15,968	11,130	31.29	3,521,880	Y	N	N	
2	KS Corp.	KSC Corp.	Subsidiary of the Company	2,113,128	1,500,000	1,500,000	-	54,000	234.68	3,521,880	Y	N	N	
2	KS Corp.	KSD Corp.	Subsidiary of the Company	2,113,128	500,000	500,000	438,251	127,000	78.23	3,521,880	Y	N	N	
3	Dongguan Hua Gang	Guangjou Shing Shian	Subsidiary of the Company	781,720	189,269	185,559	72,750	-	7.12	1,302,866	Y	N	Y	
4	Raycong H.K.	Xiamen Hua Chen Da	Subsidiary of the Company	1,670,186	32,215	30,710	10,604	-	0.37	4,175,465	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.

(Continued)

- 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: USD is converted by spot exchange USD1=NT\$30.71; JPY is converted by spot exchange JPY1=NT\$0.2324; RMB is converted by spot exchange RMB=NT\$4.4489; THB is converted by spot exchange THB1=NT\$0.8941; HKD is converted by spot exchange HKD1=NT\$3.938.

(Concluded)

TABLE 3

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying 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>\$ 148,500</u>	-	<u>\$ 148,500</u>	
	Daily Polymer Corp.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,467,564	\$ 32,449	2.96	\$ 32,449	
	Wah Yuen Technology Holding Limited	-	Financial assets at FVTOCI - non-current	1,968,180	68,684	0.75	68,684	
	JingYi Technology Co.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,066,432	73,769	16.94	73,769	
	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	75,773	19.38	75,773	
	Forcera Materials Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,102,476	36,678	8.83	36,678	
	Univision Technology Holdings	-	Financial assets at FVTOCI - non-current	38,794,190	-	9.10	-	
	Minima Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	3,600,000	58,442	9.17	58,442	
	TaiGene Biotechnology Co., Ltd.	The Company is the supervisor of the company	Financial assets at FVTOCI - non-current	2,300,000	10,981	6.57	10,981	
	Shilian Fine Chemicals Co., Ltd.	-	Financial assets at FVTOCI - non-current	11,871,585	44,843	4.57	44,843	
	CDIB Capital Group.	-	Financial assets at FVTOCI - non-current	3,000,000	55,529	2.86	55,529	
	Darco Water Technologies Ltd.	-	Financial assets at FVTOCI - non-current	7,649,782	20,128	8.15	20,128	
	Eleocom Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,500,000	-	10.71	-	
Tien Li Offshore Wind Technology Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	946,344	54,869	1.35	54,869		
Locus Cell Co., Ltd.	-	Financial assets at FVTOCI - non-current	5,000,000	47,852	2.50	47,852		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Value	Percentage of Ownership (%)	Fair Value	
	Phoenix II Venture Capital Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	1,000,000	\$ 9,955	2.34	\$ 9,955	
	Hong Yi Industrial Corp.	-	Financial assets at FVTOCI - non-current	500,000	4,390	16.67	4,390	
					<u>594,342</u>		<u>594,342</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	\$ 47,144	-	\$ 47,144	
	JPMorgan Funds-Income Fund A (dist) - USD	-	Financial assets at FVTPL - current	29,965	26,420	-	26,420	
					<u>73,564</u>		<u>73,564</u>	
KS Corp.	HGE Co.	-	Financial assets at FVTPL - non-current	4,482,000	<u>\$ 43,479</u>	5.71	<u>\$ 43,479</u>	

(Concluded)

TABLE 4**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
The Company	WL Singapore	Investments accounted for using the equity method	WL Holding Ltd	Subsidiary	-	\$ -	1,600,000	\$ 435,145	-	\$ -	\$ -	\$ -	1,600,000	\$ 440,609
WL Holding Ltd.	WL Singapore	Investments accounted for using the equity method	The Company	Parent Company	1,600,000	366,416	-	-	1,600,000	435,145	456,976	-	-	-

Note: The difference between the sale price of WL Holding Ltd. of \$435,145 thousand and the carrying amount of \$21,831 thousand, which was accounted for as a restructuring transaction under common control, was recognized as exchange differences on translation of \$16,471 thousand and the capital surplus of \$5,360 thousand.

TABLE 5**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer if Counterparty is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
The Company	13 parcels of lands in Jiali District	January 25, 2022	\$ 1,200,000	Fully paid	Natural person	Unrelated party	Not applicable	Not applicable	Not applicable	\$ -	Based on an expert appraiser's appraisal report reviewed by a Certified Public Accountant	Land for construction of southern logistics center for operational needs	None

TABLE 6

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 YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Raycong H.K.	Subsidiary	Sales	\$ 558,902	1	30 to 90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	\$ 64,651	1	Note
	Shanghai Yikang	Subsidiary	Sales	850,489	2	30 to 120 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	101,656	1	Note
	KS Corp.	Subsidiary	Sales	126,633	-	14 to 60 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	34,249	-	Note
	Dongguan Hua Gang	Subsidiary	Sales	554,600	1	30 to 120 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	49,755	1	Note
	WT Industrial	Subsidiary	Sales	122,251	-	30 to 60 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	10,274	-	Note
	WL Singapore	Subsidiary	Sales	132,427	-	30 to 60 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	6,515	-	Note
	WL Vietnam	Subsidiary	Sales	129,999	-	30 to 90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	11,661	-	Note
	CWE Inc.	Associate accounted for using the equity method	Sales	258,489	1	90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	57,095	1	
	Nagase Wahlee Plastics Corp.	Associate accounted for using the equity method	Purchase	(228,584)	(1)	60 to 90 days after monthly closing	No comparable transactions with third party	The terms with related parties are not significantly different from those with third parties	(42,100)	-	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
	Asahi Kasei Wah Lee Hi-Tech Corp.	The Company is the director of the Company	Purchase	\$ (1,269,475)	(3)	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	\$ (286,204)	(1)	
	Forcera Materials Co., Ltd.	The Company is the director of the Company	Purchase	(102,068)	-	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	(14,175)	-	
Raycong H.K.	Dongguan Hua Gang	Subsidiary	Sales	603,597	15	30 to 180 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	65,773	6	Note
Shanghai Yikang	Shanghai Hua Chang Trading Co., Ltd.	Associated	Purchase	(148,174)	(1)	60 to 90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	(18,520)	(1)	
	Dongguan Hua Gang	Brother Company	Sales	137,931	1	30 to 90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	15,609	-	Note

(Concluded)

Note: It was eliminated on consolidation.

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, 2022
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance (Notes 1 and 2)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Shanghai Yikang CWE Inc.	Subsidiary	\$ 130,719	4.98	\$ -	-	\$ 73,262	\$ -
		Associate accounted for using the equity method	201,594	1.49	-	-	81,651	-
KS Corp.	KSA Crop.	Subsidiary	176,007	-	-	-	-	-

Note 1: Including accounts receivable and other receivables. Other receivables are mainly service revenue, proceeds from disposal of property, plant and equipment and dividends from related parties.

Note 2: Receivables from subsidiary were eliminated on consolidation.

TABLE 8

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Company Name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares	%	Carrying Amount (Note 2)	Net Income (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 2)	Note
				December 31, 2022	December 31, 2021						
The Company	Wah Lee Holding Ltd.	BVI	International investment business	\$ 430,666	\$ 430,666	13,070,000	100.00	\$ 5,446,260	\$ 481,793	\$ 528,232	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	4,537,436	723,613	442,375	Subsidiary
The Company	CWE Inc.	Taiwan	Agency of IC packaging material and equipment	449,349	449,349	197,902,180	29.17	3,445,921	2,163,818	624,396	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	735,824	203,762	83,373	Associate
The Company	Wah Hong Corp.	Taiwan	Manufacturing of LCD material, BMC (bulk molding compound) material and molded product	943,223	943,032	26,129,978	26.52	1,089,305	276,315	73,279	Associate
The Company	ORC Technology Corp.	Taiwan	Trading business and service of exposure machine and parts	6,000	6,000	600,000	35.00	72,577	(11,802)	(4,013)	Associate
The Company	WL Japan	Japan	Trading business of synthetic resin, industrial plastic, molding machine, electromechanical parts	21,490	21,490	1,500	83.33	4,093	(56)	(47)	Subsidiary
The Company	WL Korea	South Korea	Trading business of synthetic resin, industrial plastic, molding machine, electromechanical parts	18,856	18,856	147,000	100.00	3,538	1,191	1,191	Subsidiary
The Company	Sakuragawa Solar Ltd.	Japan	Solar power generation business	46,008	46,008	-	99.99	88,360	8,050	8,050	Subsidiary
The Company	Miyazaki Solar Ltd.	Japan	Solar power generation business	82,103	82,103	-	99.99	39,546	4,179	4,179	Subsidiary
The Company	WL Indonesia	Indonesia	Trading business of industrial materials	48,261	48,261	1,610,000	70.00	33,094	(4,235)	(2,965)	Subsidiary
The Company	WL Vietnam	Vietnam	Trading business of industrial materials	16,293	16,293	-	100.00	41,394	(22,267)	(22,267)	Subsidiary
The Company	Tranceed Logistics	Taiwan	Freight forwarders and leasing business	95,000	95,000	9,500,000	63.33	162,719	37,374	23,670	Subsidiary
The Company	WT Industrial	Thailand	Trading business of industrial materials	200,000	200,000	7,650	51.00	245,107	78,397	32,278	Subsidiary
The Company	KS Corp.	Taiwan	Solar power generation business	661,053	661,053	27,708,077	78.67	672,498	10,288	2,553	Subsidiary
The Company	WL Philippines Corp.	Philippines	Trading business of industrial materials	7,755	7,755	127,495	99.99	6,108	(259)	(259)	Subsidiary
The Company	WL Philippines Inc.	Philippines	Trading business of industrial materials	7,747	7,747	126,997	99.99	5,195	1,409	1,409	Subsidiary
The Company	WH Energy	Taiwan	Solar power generation business	90,000	90,000	9,000,000	100.00	92,480	2,154	2,154	Subsidiary
The Company	ORC Corp.	Taiwan	Trading business of industrial materials	4,000	4,000	400,000	40.00	38,846	60,625	22,908	Joint Venture
The Company	ENE Corp.	Taiwan	Solar power generation business	50,000	500	5,000,000	100.00	47,762	(2,238)	(2,238)	Subsidiary
The Company	Hightech	Malaysia	Trading business of industrial materials	205,335	-	7,650,000	51.00	202,984	(6,211)	(5,118)	Subsidiary
The Company	WL Singapore	Singapore	Agency of semiconductor materials and equipment	435,145	-	1,600,000	100.00	440,609	33,785	(13,753)	Subsidiary
Tranceed Logistics	Cyuan Cheng Logistics	Taiwan	Freight forwarders and leasing business	42,947	42,947	5,500,000	100.00	40,555	42	(154)	Subsidiary
KS Corp.	KSA Corp.	Taiwan	Solar power generation business	55,000	55,000	6,130,000	100.00	68,895	3,869	3,869	Subsidiary
KS Corp.	KSB Corp.	Taiwan	Solar power generation business	51,130	11,130	5,113,000	100.00	51,854	367	367	Subsidiary
KS Corp.	KSC Corp.	Taiwan	Solar power generation business	54,000	1,000	5,400,000	100.00	50,264	(3,307)	(3,307)	Subsidiary
KS Corp.	KSD Corp.	Taiwan	Solar power generation business	127,000	67,000	12,700,000	100.00	134,683	8,903	8,903	Subsidiary
KS Corp.	HGE Co.	Taiwan	Solar power generation business	-	44,820	-	-	-	(4,502)	(2,926)	Note 4

(Continued)

Company Name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares	%	Carrying Amount (Note 2)	Net Income (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 2)	Note
				December 31, 2022	December 31, 2021						
Wah Lee Holding Ltd.	SHC Holding Ltd.	Mauritius	International investment business	\$ 43,892	\$ 43,892	1,290,000	100.00	\$ 754,343	\$ 102,142	\$ 102,142	Subsidiary
Wah Lee Holding Ltd.	WL Singapore	Singapore	Agency of semiconductor materials and equipment	-	51,639	-	-	-	33,785	47,538	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	3,867,065	723,613	335,084	Subsidiary
Wah Lee Holding Ltd.	Regent King	Hong Kong	Trading business of engineering plastic, composite materials and equipment	39	39	10,000	100.00	3,523	347	347	Subsidiary
WT Industrial	WT Indonesia	Indonesia	Trading business of industrial materials	3,953	3,953	18,150	66.00	4,102	383	253	Subsidiary
WL Singapore	Gishine Tech Pte. Ltd.	Singapore	Research and development of environmental protection and cleaning technology	-	-	-	49.00	-	-	-	Associate

(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: The share of profit (loss) of subsidiaries are eliminated on consolidation.

Note 3: Please refer to Table 9 for information on investments in mainland China.

Note 4: The ownership percentage decreased due to non-proportionate subscriptions for additional new shares in 2022, and KS Corp. lost its significant influence in October 2022. Therefore, the investment was reclassified to financial assets at FVTPL- non-current. Refer to Note 12 and Table 3.

TABLE 9

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Dongguan Hua Gang	Trading business of industrial materials	\$ 1,159,932	Invested through the third region, Raycong H.K.	\$ -	\$ -	\$ -	\$ -	\$ 247,457	100.00	\$ 247,457	\$ 2,600,298	\$ -	
Shanghai Yikang	Trading business of industrial materials	1,010,547	Invested through the third region, Raycong H.K.	340,629	-	-	340,629	690,669	70.00	483,468	2,644,120	-	
Shenzhen Huaying	Supply chain management and consultancy service	24,566	Invested through the third region, Raycong H.K.	-	-	-	-	7,827	100.00	7,827	225,420	-	
Shanghai Wah Chang Trading Co. Ltd.	International trading and trading consulting; trading agent and commercial simple processing within enterprises in the bonded area	73,704	Invested through the third region, SHC Holding Ltd.	43,714	-	-	43,714	271,193	30.00	81,358	728,184	-	
Shanghai Yadi	Import and export of goods and technology	13,347	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(3,492)	49.00	(1,711)	18,607	-	
Shanghai Lihuang	Medical devices and equipment	14,815	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(5,366)	48.98	(4,601)	1,762	-	
Fenghuang Xinwah Shouzheng	Medical devices manufacturing technology developing and consulting	22,245	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(4,628)	52.50	(2,430)	8,329	-	
Guangjoui Shing Shian	Hospital management, medical equipment repair, wholesale of medical supplies	22,245	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	2,699	100.00	2,699	54,868	-	
Anhua Huixinkang	Medical service	4,449	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	(611)	100.00	(611)	3,830	-	
Kaiping Huaxinkang	Medical service	1	Invested through Chinese corporation, Guangjoui Shing Shian	-	-	-	-	-	90.00	-	-	-	
Xiamen Hua Chen Da	Warehouse logistics	13,347	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	(145)	70.00	(102)	6,280	-	
Xiamen Jian Yuan Rong Logistics Ltd.	Warehouse logistics	35,592	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	5,497	30.00	1,649	11,194	-	
Xiamen Jia Cheng Yuan Trading and Development Co. Ltd.	Warehouse logistics	8,898	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	400	30.00	120	3,152	-	

(Continued)

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (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)
The Company	\$ 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 Company's CPA.
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, 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.

(Concluded)

TABLE 10

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 YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Company Name	Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount (Note)	%		Payment Terms	Comparison with Normal Transactions	Ending Balance (Note)	%		
The Company	Shanghai Yikang	Sales	\$ 850,489	2	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	\$ 101,656	1	\$ 582	Note
	Shanghai Yikang	Purchase	(51,906)	-	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	(5,187)	-	-	Note
	Dongguan Hua Gang	Sales	554,600	1	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	49,755	1	267	Note
	Dongguan Hua Gang	Purchase	(5,043)	-	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	(10)	-	-	Note
	Shanghai Hua Chang Trading Co., Ltd.	Sales	2,972	-	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	-	-	-	
Raycong H.K.	Dongguan Hua Gang	Sales	603,597	15	Normal trade terms	30 to 180 days after monthly closing	The terms with related parties are not significantly different from those to third parties	65,773	6	-	Note

(Continued)

Company Name	Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount (Note)	%		Payment Terms	Comparison with Normal Transactions	Ending Balance (Note)	%		
	Dongguan Hua Gang	Purchase	\$ (44,841)	-	Normal trade terms	30 to 180 days after monthly closing	The terms with related parties are not significantly different from those to third parties	\$ (11,015)	(1)	\$ -	Note
	Shanghai Yikang	Purchase	(5,042)	-	Normal trade terms	30 to 180 days after monthly closing	The terms with related parties are not significantly different from those to third parties	-	-	-	Note

(Concluded)

Note: It was eliminated on consolidation.

TABLE 11

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	The Company	Shanghai Yikang	Parent to subsidiary	Other income	\$ 28,972	According to the contract	-
0	The Company	Shanghai Yikang	Parent to subsidiary	Other receivables	29,063	According to the contract	-
0	The Company	Shanghai Yikang	Parent to subsidiary	Operating revenue	850,489	According to the contract	1.00
0	The Company	Shanghai Yikang	Parent to subsidiary	Accounts receivable, net	101,656	According to the contract	-
0	The Company	Raycong H.K.	Parent to subsidiary	Other income	59,155	According to the contract	-
0	The Company	Raycong H.K.	Parent to subsidiary	Other receivables	29,060	According to the contract	-
0	The Company	Raycong H.K.	Parent to subsidiary	Operating revenue	558,902	According to the contract	1.00
0	The Company	Raycong H.K.	Parent to subsidiary	Accounts receivable, net	64,651	According to the contract	-
0	The Company	Dongguan Hua Gang	Parent to subsidiary	Operating revenue	554,600	According to the contract	1.00
0	The Company	Dongguan Hua Gang	Parent to subsidiary	Accounts receivable, net	49,755	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Other receivables	740	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Contract liabilities	41,905	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Operating revenue	126,633	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Accounts receivable, net	57,607	According to the contract	-
0	The Company	KSA Corp.	Parent to subsidiary	Contract liabilities	13,075	According to the contract	-
0	The Company	KSA Corp.	Parent to subsidiary	Operating revenue	55,961	According to the contract	-
0	The Company	KSA Corp.	Parent to subsidiary	Accounts receivable, net	34,025	According to the contract	-
0	The Company	WT Industrial	Parent to subsidiary	Other income	19,751	According to the contract	-
0	The Company	WT Industrial	Parent to subsidiary	Other receivables	12,421	According to the contract	-
0	The Company	WT Industrial	Parent to subsidiary	Operating revenue	122,251	According to the contract	-
0	The Company	WT Industrial	Parent to subsidiary	Accounts receivable, net	10,274	According to the contract	-
0	The Company	WL Singapore	Parent to subsidiary	Operating revenue	132,427	According to the contract	-
0	The Company	WL Singapore	Parent to subsidiary	Accounts receivable, net	6,515	According to the contract	-
0	The Company	WL Vietnam	Parent to subsidiary	Operating revenue	129,999	According to the contract	-
0	The Company	WL Vietnam	Parent to subsidiary	Accounts receivable, net	11,661	According to the contract	-
0	The Company	WL Philippines Inc	Parent to subsidiary	Operating revenue	41,101	According to the contract	-
0	The Company	WL Philippines Inc	Parent to subsidiary	Accounts receivable, net	2,660	According to the contract	-
0	The Company	Hightech	Parent to subsidiary	Operating revenue	61,261	According to the contract	-
0	The Company	Hightech	Parent to subsidiary	Accounts receivable, net	28,798	According to the contract	-
0	The Company	Tranceed Logistics	Parent to subsidiary	Other income	29,248	According to the contract	-
1	Shanghai Yikang	The Company	Subsidiary to parent	Operating revenue	211,819	According to the contract	-
1	Shanghai Yikang	The Company	Subsidiary to parent	Accounts receivable, net	68,785	According to the contract	-
1	Shanghai Yikang	Dongguan Hua Gang	Subsidiary to subsidiary	Operating revenue	137,931	According to the contract	-
1	Shanghai Yikang	Dongguan Hua Gang	Subsidiary to subsidiary	Accounts receivable, net	15,609	According to the contract	-
1	Shanghai Yikang	Xingwah Shouzheng	Parent to subsidiary	Other receivables	15,615	According to the contract	-
1	Shanghai Yikang	Shanghai Yadi	Parent to subsidiary	Other receivables	62,637	According to the contract	-
2	Raycong H.K.	Dongguan Hua Gang	Parent to subsidiary	Operating revenue	603,597	According to the contract	1.00

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
2	Raycong H.K.	Dongguan Hua Gang	Parent to subsidiary	Accounts receivable, net	\$ 65,773	According to the contract	-
3	Dongguan Hua Gang	Shanghai Yikang	Subsidiary to subsidiary	Operating revenue	62,951	According to the contract	-
3	Dongguan Hua Gang	Shanghai Yikang	Subsidiary to subsidiary	Accounts receivable, net	13,800	According to the contract	-
3	Dongguan Hua Gang	Raycong H.K.	Subsidiary to Parent	Operating revenue	44,841	According to the contract	-
3	Dongguan Hua Gang	Raycong H.K.	Subsidiary to Parent	Accounts receivable, net	11,015	According to the contract	-
3	Dongguan Hua Gang	Guangjou Shing Shian	Parent to subsidiary	Other receivables	22,497	According to the contract	-
4	Tranceed Logistics	The Company	Subsidiary to Parent	Operating revenue	107,587	According to the contract	-
4	Tranceed Logistics	The Company	Subsidiary to Parent	Accounts receivable, net	40,742	According to the contract	-
4	Tranceed Logistics	Cyuancheng Logistic	Parent to subsidiary	Operating revenue	11,449	According to the contract	-
4	Tranceed Logistics	Cyuancheng Logistic	Parent to subsidiary	Accounts receivable, net	1,668	According to the contract	-
5	Shenzhen Huaying	Shanghai Yikang	Subsidiary to subsidiary	Operating revenue	16,167	According to the contract	-
5	Shenzhen Huaying	Shanghai Yikang	Subsidiary to subsidiary	Accounts receivable, net	4,112	According to the contract	-
5	Shenzhen Huaying	Dongguan Hua Gang	Subsidiary to subsidiary	Operating revenue	46,215	According to the contract	-
5	Shenzhen Huaying	Dongguan Hua Gang	Subsidiary to subsidiary	Accounts receivable, net	3,332	According to the contract	-
6	KS Corp.	KSA Corp.	Parent to subsidiary	Disposal of property, plant and equipment	173,443	According to the contract	-
6	KS Corp.	KSA Corp.	Parent to subsidiary	Other receivables	176,007	According to the contract	-
6	KS Corp.	KSD Corp.	Parent to subsidiary	Other receivables	41,282	According to the contract	-
7	WL Indonesia	WT Indonesia	Subsidiary to subsidiary	Operating revenue	94,367	According to the contract	-
7	WL Indonesia	WT Indonesia	Subsidiary to subsidiary	Accounts receivable, net	23,534	According to the contract	-
8	WT Industrial	WL Vietnam	Subsidiary to subsidiary	Operating revenue	22,667	According to the contract	-

(Concluded)

TABLE 12**WAH LEE INDUSTRIAL CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Kang Tai Investment Co., Ltd.	19,868,338	8.41
Fu Shih Investment Co., Ltd.	15,912,494	6.74
Dragon Investment Co., Ltd.	12,666,950	5.36

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.