

**Wah Lee Industrial Corporation and  
Subsidiaries**

**Consolidated Financial Statements and Independent  
Auditors' Report  
2023 and 2022 Q1**

**Address: 10F., No. 235, Zhongzheng 4th Road, Qianjin  
District, Kaohsiung City  
Tel.: (07)216-4311**

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## **INDEPENDENT AUDITORS' REPORT**

Wah Lee Industrial Corporation

### **Preface**

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 March 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). The preparation of fairly expressed consolidated financial reports in accordance with the Financial Reporting Standards of the Securities Issuer and IAS 34 "Interim Financial Reporting" as approved by the Financial Supervisory Commission and issued for effect is the responsibility of management, and the responsibility of the accountant is to draw conclusions on the consolidated financial reports based on the results of the review.

### **Scope**

Except as set out in the Fundamental Paragraph of the Retention Conclusions, the Accountant performed the audit in accordance with the Review of Financial Statements, Standard 2410. The procedures performed in reviewing the consolidated financial statements include inquiries (primarily of persons responsible for financial and accounting matters), analytical procedures and other review procedures. A review is significantly less in scope than an audit and, accordingly, we may not be able to discern all significant matters that might be identified by an audit and, accordingly, we cannot express an audit opinion.

### **Basis for the conclusion of the reservation**

As described in note 12 to the consolidated financial report, the financial statements of the non-material subsidiaries included in the first consolidated financial report for the same period have not been reviewed by the accountants. Its total assets as of March 31, 2023 and 2022 were NT \$8,456,770 thousand and NT \$8,045,190 thousand, respectively, accounting for 19% and 17% of the total consolidated assets, respectively. Total liabilities amounted to NT\$4,186,872 thousand and NT\$3,998,021 thousand, respectively, accounting for 15% and 14% of the total consolidated liabilities. The comprehensive profit and loss from January 1 to March 31, 2023 and 2022 were NT\$26,089 thousand and NT\$114,515 thousand respectively, accounting for 3% and 9% of the consolidated comprehensive profit and loss, respectively. In addition, as described in note 13 of the consolidated financial report, the investment balance of Wah Lee Industrial Corporation and its subsidiaries under the equity method as of March 31, 2023 and 2022 was NT\$2,139,572 thousand and NT\$2,253,584 thousand, respectively, and from January 1 to March 31, 2023 and 2022, the shares of related party enterprises and joint venture profits and losses recognized under the equity method were NTS20,284 thousand and NTS62,138 thousand, respectively, which are recognized and disclosed on the basis of the financial statements of the invested companies that have not been reviewed by the accountants during the same period.

**Retain Conclusion**

Based on the results of this auditor's review, apart from the non-critical subsidiaries mentioned in the foundation paragraph of the retention conclusions and the financial statements of the investee companies that partially adopt the equity method, which have been reviewed by the accountants and may have an impact on the consolidated financial reports, it has not been found that the consolidated financial statements have not been prepared in accordance with the financial reporting standards of securities issuers in all material aspects and the International Accounting Standard No. 34 "Interim Financial Report" approved by the Financial Supervisory Commission and issued for effect, which makes it impossible to express the consolidated financial situation of Warwick Enterprises and its subsidiaries as of March 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flow of January 1 to March 31, 2023 and 2022.

Deloitte & Touche Taipei, Taiwan Republic of China  
Accountant Chiu-Yen Wu  
Accountant Jui-Hsuan Hsu

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May 9, 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.*

*The English version of independent auditors' review report and consolidated financial statements are not reviewed nor audited by independent auditors.*

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

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

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

Unit: (In Thousands of New Taiwan Dollars)

| Code | ASSETS  | March 31, 2023 (reviewed) |            | December 31, 2022 (audited) |              | March 31, 2022 (reviewed) |            |
|------|---|---------------------------|------------|-----------------------------|--------------|---------------------------|------------|
|      |   | Amount                    | %          | Amount                      | %            | Amount                    | %          |
|      | Current assets  |                           |            |                             |              |                           |            |
| 1100 | Cash and cash equivalents (Notes 6)   | \$ 3,827,404              | 8          | \$ 6,715,280                | 14           | \$ 3,846,115              | 8          |
| 1110 | Financial assets at fair value through profit or loss - current (Notes 7)                 | 739,525                   | 2          | 623,022                     | 1            | 76,323                    | -          |
| 1120 | Financial assets at fair value through other comprehensive income - current (Notes 8)     | 224,250                   | 1          | 148,500                     | -            | 200,000                   | 1          |
| 1150 | Notes receivable (Notes 9 and 29)   | 2,335,288                 | 5          | 2,240,943                   | 5            | 2,464,214                 | 5          |
| 1170 | Accounts receivable, net (Notes 9)  | 12,534,056                | 28         | 14,497,896                  | 30           | 16,992,604                | 36         |
| 1180 | Accounts receivable - related parties (Notes 9 and 28)                                    | 104,036                   | -          | 97,642                      | -            | 119,674                   | -          |
| 1200 | Other receivables   | 74,169                    | -          | 66,041                      | -            | 116,542                   | -          |
| 1210 | Other receivables - related parties (Note 13 and 28)                                      | 396,592                   | 1          | 149,529                     | -            | 321,847                   | 1          |
| 1220 | Current tax assets  | -                         | -          | -                           | -            | 7                         | -          |
| 130X | Merchandise (Notes 10)  | 5,979,671                 | 13         | 6,428,237                   | 13           | 5,103,739                 | 11         |
| 1421 | Prepayments for purchases   | 1,482,477                 | 3          | 1,643,719                   | 3            | 2,266,728                 | 5          |
| 1476 | Other financial assets - current (Notes 11 and 29)  | 2,057,046                 | 5          | 1,537,457                   | 3            | 2,538,250                 | 5          |
| 1479 | Other current assets  | 183,464                   | -          | 194,082                     | 1            | 160,434                   | -          |
| 11XX | Total current assets  | <u>29,937,978</u>         | <u>66</u>  | <u>34,342,348</u>           | <u>70</u>    | <u>34,206,477</u>         | <u>72</u>  |
|      | Non-current Assets  |                           |            |                             |              |                           |            |
| 1510 | Financial assets at fair value through profit or loss - non-current (Notes 7)             | 43,186                    | -          | 43,479                      | -            | -                         | -          |
| 1517 | Financial assets at fair value through other comprehensive income - non-current (Notes 8) | 623,938                   | 1          | 594,342                     | 1            | 704,923                   | 2          |
| 1550 | Investments accounted for using the equity method (Notes 13)                              | 6,338,973                 | 14         | 6,125,003                   | 12           | 5,995,837                 | 13         |
| 1600 | Property, plant and equipment (Notes 14, 29 and 30)                                       | 6,469,292                 | 14         | 6,356,350                   | 13           | 4,724,538                 | 10         |
| 1755 | Right-of-use assets (Notes 15)  | 565,535                   | 1          | 564,165                     | 1            | 669,251                   | 1          |
| 1805 | Goodwill  | 176,769                   | 1          | 177,057                     | -            | 111,203                   | -          |
| 1822 | Other intangible assets   | 213,568                   | 1          | 226,823                     | 1            | 199,525                   | -          |
| 1840 | Deferred tax assets   | 460,984                   | 1          | 430,175                     | 1            | 355,165                   | 1          |
| 1915 | Prepayments for equipment   | -                         | -          | 10,212                      | -            | 407,598                   | 1          |
| 1980 | Other financial assets - non-current (Notes 11 and 29)                                    | 352,727                   | 1          | 268,762                     | 1            | 221,100                   | -          |
| 1990 | Other non-current assets  | 28,855                    | -          | 29,841                      | -            | 31,847                    | -          |
| 15XX | Total non-current assets  | <u>15,273,827</u>         | <u>34</u>  | <u>14,826,209</u>           | <u>30</u>    | <u>13,420,987</u>         | <u>28</u>  |
| 1XXX | TOTAL   | <u>\$ 45,211,805</u>      | <u>100</u> | <u>\$ 49,168,557</u>        | <u>100</u>   | <u>\$ 47,627,464</u>      | <u>100</u> |
|      | LIABILITIES AND EQUITY  |                           |            |                             |              |                           |            |
|      | Current liabilities   |                           |            |                             |              |                           |            |
| 2100 | Short-term borrowings (Note 16)   | \$ 7,147,066              | 16         | \$ 9,767,290                | 20           | \$ 9,218,595              | 20         |
| 2110 | Short-term bills payable (Note 16)  | 39,949                    | -          | 29,970                      | -            | 59,774                    | -          |
| 2120 | Financial liabilities at fair value through profit or loss - current (Notes 7)            | 415                       | -          | 3,672                       | -            | 1,998                     | -          |
| 2130 | Contract liabilities - current (Note 22)  | 337,858                   | 1          | 350,115                     | 1            | 516,979                   | 1          |
| 2150 | Notes payable (Note 18)   | 533,375                   | 1          | 511,712                     | 1            | 426,644                   | 1          |
| 2170 | Accounts payable (Note 18)  | 5,948,103                 | 13         | 7,507,703                   | 15           | 7,201,422                 | 15         |
| 2180 | Accounts payable - related parties (Notes 18 and 28)                                      | 203,417                   | 1          | 430,025                     | 1            | 407,906                   | 1          |
| 2216 | Dividend payable (Note 21)  | 1,439,709                 | 3          | -                           | -            | -                         | -          |
| 2219 | Other payables (Note 19)  | 1,241,908                 | 3          | 1,376,972                   | 3            | 1,458,093                 | 3          |
| 2220 | Other payables - related parties (Note 28)  | 148                       | -          | 138                         | -            | 3,681                     | -          |
| 2230 | Current tax liabilities   | 404,934                   | 1          | 337,138                     | 1            | 447,331                   | 1          |
| 2250 | Provisions - current (Notes 30)   | 87,157                    | -          | 87,157                      | -            | 80,450                    | -          |
| 2280 | Lease liabilities - current (Notes 15)  | 100,390                   | -          | 98,005                      | -            | 99,987                    | -          |
| 2320 | Current portion of long-term borrowings (Note 16)   | 156,490                   | -          | 193,522                     | -            | 132,990                   | -          |
| 2365 | Refund liabilities - current  | 303,173                   | 1          | 298,028                     | 1            | 221,695                   | 1          |
| 2399 | Other current liabilities   | 28,057                    | -          | 30,294                      | -            | 25,995                    | -          |
| 21XX | Total current liabilities   | <u>17,972,149</u>         | <u>40</u>  | <u>21,021,741</u>           | <u>43</u>    | <u>20,303,540</u>         | <u>43</u>  |
|      | Non-current liabilities   |                           |            |                             |              |                           |            |
| 2530 | Bonds payable (Notes 17)  | 1,999,452                 | 4          | 1,994,084                   | 4            | 1,978,064                 | 4          |
| 2540 | Long-term borrowings (Note 16)  | 5,070,431                 | 11         | 5,429,566                   | 11           | 4,030,706                 | 8          |
| 2550 | Provision - non-current   | 68,498                    | -          | 66,223                      | -            | 63,172                    | -          |
| 2580 | Lease liabilities - non-current (Notes 15)  | 493,347                   | 1          | 500,877                     | 1            | 603,964                   | 1          |
| 2640 | Net Defined Benefit Liabilities - non-current   | 264,955                   | 1          | 266,512                     | -            | 293,906                   | 1          |
| 2645 | Guarantee deposits received   | 3,222                     | -          | 2,803                       | -            | 2,361                     | -          |
| 2570 | Deferred tax liabilities  | 1,357,789                 | 3          | 1,346,099                   | 3            | 1,389,668                 | 3          |
| 25XX | Total non-current liabilities   | <u>9,257,694</u>          | <u>20</u>  | <u>9,606,164</u>            | <u>19</u>    | <u>8,361,841</u>          | <u>17</u>  |
| 2XXX | Total liabilities   | <u>27,229,843</u>         | <u>60</u>  | <u>30,627,905</u>           | <u>62</u>    | <u>28,665,381</u>         | <u>60</u>  |
|      | EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)                                    |                           |            |                             |              |                           |            |
| 3110 | Share capital   | <u>2,360,179</u>          | <u>5</u>   | <u>2,360,179</u>            | <u>5</u>     | <u>2,360,179</u>          | <u>5</u>   |
| 3200 | Capital surplus   | <u>2,045,648</u>          | <u>5</u>   | <u>2,036,714</u>            | <u>4</u>     | <u>1,704,341</u>          | <u>4</u>   |
|      | Retained earnings   |                           |            |                             |              |                           |            |
| 3310 | Legal reserve   | 2,710,197                 | 6          | 2,710,197                   | 6            | 2,412,040                 | 5          |
| 3320 | Special reserve   | 184,623                   | 1          | 184,623                     | -            | 636,618                   | 1          |
| 3350 | Unappropriated earnings   | 8,773,078                 | 19         | 9,912,630                   | 20           | 9,589,300                 | 20         |
| 3300 | Total retained earnings   | <u>11,667,898</u>         | <u>26</u>  | <u>12,807,450</u>           | <u>26</u>    | <u>12,637,958</u>         | <u>26</u>  |
| 3400 | Other equity  | <u>93,411</u>             | <u>-</u>   | <u>( 448,559 )</u>          | <u>( 1 )</u> | <u>87,959</u>             | <u>-</u>   |
| 31XX | Total equity attributable to owners of the Company  | <u>16,167,136</u>         | <u>36</u>  | <u>16,755,784</u>           | <u>34</u>    | <u>16,790,437</u>         | <u>35</u>  |
| 36XX | NON-CONTROLLING INTERESTS (Note 21)   | <u>1,814,826</u>          | <u>4</u>   | <u>1,784,868</u>            | <u>4</u>     | <u>2,171,646</u>          | <u>5</u>   |
| 3XXX | Total equity  | <u>17,981,962</u>         | <u>40</u>  | <u>18,540,652</u>           | <u>38</u>    | <u>18,962,083</u>         | <u>40</u>  |
|      | TOTAL   | <u>\$ 45,211,805</u>      | <u>100</u> | <u>\$ 49,168,557</u>        | <u>100</u>   | <u>\$ 47,627,464</u>      | <u>100</u> |

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated May 9, 2023)

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

From January 1 to March 31, 2023 and 2022

(For review only, not audited according to auditing standards)

Unit: (In Thousands of New Taiwan Dollars,

Except Earnings Per Share in New Taiwan Dollars)

| Code |  | From January 1 to March 31,<br>2023 |           | From January 1 to March 31,<br>2022 |           |
|------|--|-------------------------------------|-----------|-------------------------------------|-----------|
|      |  | Amount                              | %         | Amount                              | %         |
| 4000 | OPERATING REVENUE (Notes 22 and 28)  | \$ 14,378,284                       | 100       | \$ 19,509,886                       | 100       |
| 5000 | OPERATING COSTS (Notes 10, 23 and 28)  | <u>13,283,952</u>                   | <u>92</u> | <u>17,951,751</u>                   | <u>92</u> |
| 5900 | GROSS PROFIT   | <u>1,094,332</u>                    | <u>8</u>  | <u>1,558,135</u>                    | <u>8</u>  |
|      | OPERATING EXPENSES (Notes 9, 23 and 28)  |                                     |           |                                     |           |
| 6100 | Selling and marketing expenses   | 508,428                             | 4         | 603,304                             | 3         |
| 6200 | General and administrative expenses  | 162,278                             | 1         | 149,858                             | 1         |
| 6450 | Expected credit loss recognized (reversed)   | ( <u>7,151</u> )                    | <u>-</u>  | <u>3,048</u>                        | <u>-</u>  |
| 6000 | Total operating expenses   | <u>663,555</u>                      | <u>5</u>  | <u>756,210</u>                      | <u>4</u>  |
| 6900 | OPERATING INCOME   | <u>430,777</u>                      | <u>3</u>  | <u>801,925</u>                      | <u>4</u>  |
|      | NON-OPERATING INCOME AND EXPENSES (Notes 23 and 28)                                    |                                     |           |                                     |           |
| 7100 | Interest income  | 22,205                              | -         | 22,856                              | -         |
| 7010 | Other income   | 18,667                              | -         | 23,626                              | -         |
| 7020 | Other gains and losses   | 12,772                              | -         | 45,922                              | -         |
| 7050 | Financial costs  | ( 111,615 )                         | ( 1 )     | ( 52,554 )                          | -         |
| 7060 | Share of profit of associates and joint ventures accounted for using the equity method | <u>74,533</u>                       | <u>1</u>  | <u>239,151</u>                      | <u>1</u>  |
| 7000 | Non-operating income and expenses  | <u>16,562</u>                       | <u>-</u>  | <u>279,001</u>                      | <u>1</u>  |
| 7900 | NET PROFIT   | 447,339                             | 3         | 1,080,926                           | 5         |
| 7950 | INCOME TAX EXPENSE (Notes 4 and 24)  | \$ 123,305                          | 1         | \$ 230,025                          | 1         |

(Continued)

(Concluded)

| Code |  | From January 1 to March 31,<br>2023 |          | From January 1 to March 31,<br>2022 |          |
|------|--|-------------------------------------|----------|-------------------------------------|----------|
|      |  | Amount                              | %        | Amount                              | %        |
| 8200 | Net profit for the period  | <u>324,034</u>                      | <u>2</u> | <u>850,901</u>                      | <u>4</u> |
|      | OTHER COMPREHENSIVE<br>INCOME (Notes 21 and 24)  |                                     |          |                                     |          |
|      | Items that will not be<br>reclassified subsequently to<br>profit or loss:  |                                     |          |                                     |          |
| 8316 | Unrealized gain (loss)<br>on investments in<br>equity instruments<br>designated as at fair<br>value through other<br>comprehensive<br>income | 110,446                             | 1        | ( 44,406 )                          | -        |
| 8320 | Share of other<br>comprehensive<br>income (loss) of<br>associates accounted<br>for using the equity<br>method                                | 499,543                             | 3        | ( 8,714 )                           | -        |
| 8349 | Income tax relating to<br>items that will not be<br>reclassified<br>subsequently to profit<br>or loss  | ( <u>975</u> )                      | <u>-</u> | <u>110</u>                          | <u>-</u> |
| 8310 |  | <u>609,014</u>                      | <u>4</u> | ( <u>53,010</u> )                   | <u>-</u> |
|      | Items that may be reclassified<br>subsequently to profit or<br>loss:   |                                     |          |                                     |          |
| 8361 | Exchange differences on<br>translating the<br>financial statements<br>of foreign operations  | ( 78,697 )                          | -        | 387,157                             | 2        |
| 8370 | Share of other<br>comprehensive gain<br>(loss) of associates<br>accounted for using<br>the equity method                                     | 2,379                               | -        | 115,219                             | -        |
| 8399 | Income tax relating to<br>items that may be<br>reclassified<br>subsequently to profit<br>or loss   | <u>15,355</u>                       | <u>-</u> | ( <u>69,051</u> )                   | <u>-</u> |
| 8360 |  | ( <u>60,963</u> )                   | <u>-</u> | <u>433,325</u>                      | <u>2</u> |
| 8300 | Other comprehensive<br>income (loss) for the<br>period, net of income<br>tax   | <u>548,051</u>                      | <u>4</u> | <u>380,315</u>                      | <u>2</u> |
| 8500 | TOTAL COMPREHENSIVE<br>INCOME FOR THE PERIOD   | <u>\$ 872,085</u>                   | <u>6</u> | <u>\$ 1,231,216</u>                 | <u>6</u> |
|      | NET PROFIT ATTRIBUTABLE<br>TO:   |                                     |          |                                     |          |
| 8610 | Owners of the Company  | \$ 288,844                          | 2        | \$ 768,264                          | 4        |
| 8620 | Non-Controlling interests  | <u>35,190</u>                       | <u>-</u> | <u>82,637</u>                       | <u>-</u> |
| 8600 |  | <u>\$ 324,034</u>                   | <u>2</u> | <u>\$ 850,901</u>                   | <u>4</u> |

(Continued)

(Concluded)

| Code |  | From January 1 to March 31,<br>2023 |          | From January 1 to March 31,<br>2022 |          |
|------|--|-------------------------------------|----------|-------------------------------------|----------|
|      |  | Amount                              | %        | Amount                              | %        |
|      | TOTAL COMPREHENSIVE<br>INCOME ATTRIBUTABLE TO: |                                     |          |                                     |          |
| 8710 | Owners of the Company                          | \$ 842,127                          | 6        | \$ 1,078,089                        | 5        |
| 8720 | Non-Controlling interests                      | <u>29,958</u>                       | <u>-</u> | <u>153,127</u>                      | <u>1</u> |
| 8700 |  | <u>\$ 872,085</u>                   | <u>6</u> | <u>\$ 1,231,216</u>                 | <u>6</u> |
|      | EARNINGS PER SHARE (Note<br>25)                |                                     |          |                                     |          |
| 9750 | Basic  | <u>\$ 1.22</u>                      |          | <u>\$ 3.26</u>                      |          |
| 9850 | Diluted  | <u>\$ 1.13</u>                      |          | <u>\$ 2.98</u>                      |          |

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

(With Deloitte & Touche auditors' report dated May 9, 2023)



# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

From January 1 to March 31, 2023 and 2022

(For review only, not audited according to auditing standards)

Unit: (In Thousands of New Taiwan Dollars)

|      |  | Equity Attributable to Owners of the Company |                 |                         |            |               |  |   |                |               |                           |               |
|------|--|--|-----------------|-------------------------|------------|---------------|--|---|----------------|---------------|---------------------------|---------------|
|      |  |  |                 |                         |            |               | Other equity   |   |                |               |                           |               |
|      |  | Retained earnings                            |                 |                         |            |               | Exchange differences on translating the financial statements of foreign operations | Unrealized gain on financial assets at FVTOCI | Total          |               |                           |               |
|      |  | Legal reserve                                | Special reserve | Unappropriated earnings |            |               |  |   |                |               |                           |               |
| Code |  | Share capital                                | Capital surplus |                         |            |               |  |   |                | Total         | Non-Controlling interests | Total Equity  |
| A1   | Balance at January 1, 2023   | \$ 2,360,179                                 | \$ 2,036,714    | \$ 2,710,197            | \$ 184,623 | \$ 9,912,630  | ( \$ 344,057 )   | ( \$ 104,502 )                                | ( \$ 448,559 ) | \$ 16,755,784 | \$ 1,784,868              | \$ 18,540,652 |
|      | Appropriation and distribution of 2022 earnings (Note 21)  |  |                 |                         |            |               |  |   |                |               |                           |               |
| B5   | Cash dividends distributed by the Company  | -  | -               | -                       | -          | ( 1,439,709 ) | -  | -   | -              | ( 1,439,709 ) | -                         | ( 1,439,709 ) |
| C7   | Changes in capital surplus from investments in associates accounted for using the equity method                          | -  | 8,934           | -                       | -          | -             | -  | -   | -              | 8,934         | -                         | 8,934         |
| D1   | From January 1 to March 31, 2023, net income   | -  | -               | -                       | -          | 288,844       | -  | -   | -              | 288,844       | 35,190                    | 324,034       |
| D3   | From January 1 to March 31, 2023, other comprehensive income (loss) after tax  | -  | -               | -                       | -          | -             | ( 55,731 )   | 609,014                                       | 553,283        | 553,283       | ( 5,232 )                 | 548,051       |
| D5   | From January 1 to March 31, 2023   | -  | -               | -                       | -          | 288,844       | ( 55,731 )   | 609,014                                       | 553,283        | 842,127       | 29,958                    | 872,085       |
| Q1   | Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income | -  | -               | -                       | -          | 11,313        | -  | ( 11,313 )                                    | ( 11,313 )     | -             | -                         | -             |
| Z1   | Balance at March 31, 2023  | \$ 2,360,179                                 | \$ 2,045,648    | \$ 2,710,197            | \$ 184,623 | \$ 8,773,078  | ( \$ 399,788 )   | \$ 493,199                                    | \$ 93,411      | \$ 16,167,136 | \$ 1,814,826              | \$ 17,981,962 |
| A1   | Balance at January 1, 2022   | \$ 2,360,179                                 | \$ 1,690,292    | \$ 2,412,040            | \$ 636,618 | \$ 8,783,793  | ( \$ 678,629 )   | \$ 494,006                                    | ( \$ 184,623 ) | \$ 15,698,299 | \$ 2,018,519              | \$ 17,716,818 |
| C7   | Changes in capital surplus from investments in associates accounted for using the equity method                          | -  | 14,049          | -                       | -          | -             | -  | -   | -              | 14,049        | -                         | 14,049        |
| D1   | From January 1 to March 31, 2022   | -  | -               | -                       | -          | 768,264       | -  | -   | -              | 768,264       | 82,637                    | 850,901       |
| D3   | Other comprehensive income (loss) from January 1 to March 31, 2022   | -  | -               | -                       | -          | -             | 362,835  | ( 53,010 )                                    | 309,825        | 309,825       | 70,490                    | 380,315       |
| D5   | From January 1 to March 31, 2022, Total comprehensive income (loss)  | -  | -               | -                       | -          | 768,264       | 362,835  | ( 53,010 )                                    | 309,825        | 1,078,089     | 153,127                   | 1,231,216     |
| Q1   | Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income | -  | -               | -                       | -          | 37,243        | -  | ( 37,243 )                                    | ( 37,243 )     | -             | -                         | -             |
| Z1   | Balance at March 31, 2022  | \$ 2,360,179                                 | \$ 1,704,341    | \$ 2,412,040            | \$ 636,618 | \$ 9,589,300  | ( \$ 315,794 )   | \$ 403,753                                    | \$ 87,959      | \$ 16,790,437 | \$ 2,171,646              | \$ 18,962,083 |

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

(With Deloitte & Touche auditors' report dated May 9, 2023)

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

From January 1 to March 31, 2023 and 2022

(For review only, not audited according to auditing standards)

Unit: (In Thousands of New Taiwan Dollars)

| Code   |  | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|--------|--|-------------------------------------|-------------------------------------|
|        | CASH FLOWS FROM OPERATING ACTIVITIES   |                                     |                                     |
| A10000 | Net profit before tax for the period   | \$ 447,339                          | \$ 1,080,926                        |
| A20010 | Adjustments for:   |                                     |                                     |
| A20100 | Depreciation expense   | 101,312                             | 97,808                              |
| A20200 | Amortization expense   | 13,617                              | 11,123                              |
| A20300 | Expected credit loss recognized (reversed)   | ( 7,151 )                           | 3,048                               |
| A20400 | Net loss (gain) of financial instruments at<br>FVTPL   | ( 4,542 )                           | 2,690                               |
| A20900 | Financial costs  | 111,615                             | 52,554                              |
| A21200 | Interest income  | ( 22,205 )                          | ( 22,856 )                          |
| A21300 | Dividend income  | ( 464 )                             | ( 1,442 )                           |
| A22300 | Share of profit of associates and joint<br>ventures accounted for using the equity<br>method | ( 74,533 )                          | ( 239,151 )                         |
| A22500 | Disposals of property, plant and equipment   | ( 288 )                             | ( 130 )                             |
| A23700 | Write-downs of inventories   | 78,610                              | 39,485                              |
| A24100 | Net unrealized loss on foreign currency<br>exchange  | 109,949                             | 148,589                             |
| A29900 | Other  | ( 543 )                             | -                                   |
| A30000 | Changes in operating assets and liabilities  |                                     |                                     |
| A31115 | Financial assets mandatorily classified as at<br>fair value through profit or loss           | 441                                 | 461                                 |
| A31130 | Notes receivable   | ( 94,400 )                          | ( 677,170 )                         |
| A31150 | Accounts receivable  | 1,971,564                           | ( 247,292 )                         |
| A31160 | Accounts receivable - related parties  | ( 6,099 )                           | ( 2,508 )                           |
| A31180 | Other receivables  | ( 15,980 )                          | ( 25,327 )                          |
| A31190 | Other receivables - related parties  | 387                                 | 8,493                               |
| A31200 | Merchandise  | 368,407                             | 44,926                              |
| A31230 | Prepayments for purchases  | 161,242                             | 23,153                              |
| A31240 | Other current assets   | 10,618                              | 385                                 |
| A32110 | Financial liabilities held for trading   | ( 4,812 )                           | ( 1,801 )                           |
| A32125 | Contract liabilities   | ( 12,257 )                          | ( 45,935 )                          |
| A32130 | Notes payable  | 21,663                              | 35,963                              |
| A32150 | Accounts payable   | ( 1,559,600 )                       | ( 844,490 )                         |
| A32160 | Accounts payable - related parties   | ( 226,608 )                         | ( 159,975 )                         |
| A32180 | Other payables   | ( 95,476 )                          | 91,705                              |
| A32190 | Other payables - related parties   | 10                                  | 804                                 |
| A32200 | Refund liabilities   | 5,145                               | 42,919                              |
| A32230 | Other current liabilities  | ( 2,237 )                           | ( 276 )                             |
| A32240 | Net defined benefit liabilities  | ( 1,443 )                           | ( 2,123 )                           |

(Continued)

(Concluded)

| Code                                 |  | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|--------------------------------------|--|-------------------------------------|-------------------------------------|
| A33000                               | Cash generated from operations   | \$ 1,273,281                        | ( \$ 585,444 )                      |
| A33100                               | Interest received  | 30,057                              | 15,559                              |
| A33300                               | Interest paid  | ( 132,797 )                         | ( 46,458 )                          |
| A33200                               | Dividends received   | 148,433                             | 78,002                              |
| A33500                               | Income tax paid  | ( 60,831 )                          | ( 113,847 )                         |
| AAAA                                 | Net cash generated from (used in) operating activities   | <u>1,258,143</u>                    | <u>( 652,188 )</u>                  |
| CASH FLOWS FROM INVESTING ACTIVITIES |  |                                     |                                     |
| B00010                               | Purchase of financial assets at fair value through other comprehensive income                            | ( 376,331 )                         | ( 5,000 )                           |
| B00200                               | Proceeds from disposal of financial assets at fair value through profit or loss                          | 264,624                             | 91,272                              |
| B00030                               | Proceeds from the capital reduction of financial assets at fair value through other comprehensive income | 5,100                               | -                                   |
| B02700                               | Payments for property, plant and equipment   | ( 192,384 )                         | ( 397,738 )                         |
| B02800                               | Proceeds from disposal of property, plant and equipment  | 1,681                               | 56,285                              |
| B01800                               | Acquired associate   | ( 24,000 )                          | -                                   |
| B06500                               | Decrease (increase) in other financial assets  | ( 603,554 )                         | 126,890                             |
| BBBB                                 | Net cash used in investing activities  | <u>( 924,864 )</u>                  | <u>( 128,291 )</u>                  |
| CASH FLOWS FROM FINANCING ACTIVITIES |  |                                     |                                     |
| C00200                               | Increase (Decrease) in short-term borrowings   | ( 2,710,452 )                       | 667,745                             |
| C00500                               | Increase in short-term bills payable   | 10,000                              | -                                   |
| C01600                               | Proceeds from long-term borrowings   | 1,440,884                           | 261,201                             |
| C01700                               | Repayment of long-term borrowings  | ( 1,837,796 )                       | ( 32,403 )                          |
| C03000                               | Increase (decrease) in guarantee deposits received   | 419                                 | ( 273 )                             |
| C04020                               | Repayment of the principal portion of lease liabilities  | ( 32,389 )                          | ( 29,445 )                          |
| CCCC                                 | Net cash generated from (used in) financing activities   | <u>( 3,129,334 )</u>                | <u>866,825</u>                      |
| DDDD                                 | EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS                              | <u>( 91,821 )</u>                   | <u>484,432</u>                      |
| EEEE                                 | Net increase (decrease) in cash and cash equivalents   | ( 2,887,876 )                       | 570,778                             |
| E00100                               | CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD   | <u>6,715,280</u>                    | <u>3,275,337</u>                    |
| E00200                               | CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD   | <u>\$ 3,827,404</u>                 | <u>\$ 3,846,115</u>                 |

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

(With Deloitte & Touche auditors' report dated May 9, 2023)

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

From January 1 to March 31, 2023 and 2022

(For review only, not audited according to auditing standards)

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

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### 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 May 9, 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. 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 IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. This consolidated financial report does not contain all IFRS disclosures required by the full annual financial report.

##### **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 input: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 input: 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 input: unobservable inputs for the asset or liability.

##### **c. Basis of Consolidation**

The preparation principles adopted in this consolidated financial report are the same as those used in the 2022 consolidated financial report. For the detailed information of subsidiaries (including the percentage of ownership and main business), refer to Note 12, and Tables 6 and 7.

##### **d. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

In addition to the descriptions below, please refer to the summary of significant accounting policies in the 2022 consolidated financial statements.

##### **1) Defined Welfare and post-employment benefits**

The pension cost during the interim period is calculated on the basis of the actuarially determined pension cost rate at the end of the previous year, from the beginning of the year to the end of the current period, and adjusted for major market fluctuations, major plan revisions, repayments or other major one-time events in the current period.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax during the interim period is assessed on an annual basis and is calculated on the basis of the pre-vested earnings for the interim period at the tax rate applicable to the expected total annual earnings.

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

For the significant accounting judgments, estimates and key sources of assumption uncertainty used in the consolidated financial statements, please refer to the 2022 Consolidated Financial Statements.

**6. Cash and cash equivalents**

|   | March 31, 2023      | December 31,<br>2022 | March 31, 2022      |
|---|---------------------|----------------------|---------------------|
| Cash on hand  | \$ 1,251            | \$ 1,239             | \$ 1,176            |
| Demand deposits   | 3,168,011           | 3,876,747            | 3,482,279           |
| Checking accounts   | 15,729              | 37,808               | 19,045              |
| Cash equivalents investments with original maturities of 3 months or less |                     |                      |                     |
| Time deposits   | 642,413             | 2,799,486            | 246,584             |
| Repurchase agreement collateralized by bonds                              | -                   | -                    | 97,031              |
|   | <u>\$ 3,827,404</u> | <u>\$ 6,715,280</u>  | <u>\$ 3,846,115</u> |

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

|                   | March 31, 2023 | December 31,<br>2022 | March 31, 2022 |
|-------------------|----------------|----------------------|----------------|
| Time deposits (%) | 1.30~4.81      | 0.10~4.30            | 0.10~3.30      |

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

**7. FINANCIAL INSTRUMENTS AT FVTPL**

|   | March 31, 2023    | December 31,<br>2022 | March 31, 2022   |
|---|-------------------|----------------------|------------------|
| Financial assets - current                            |                   |                      |                  |
| Mandatorily classified at FVTPL                       |                   |                      |                  |
| Hybrid instruments - structured deposits (a)          | \$ 664,701        | \$ 549,458           | \$ -             |
| Non-derivative financial assets - mutual funds        | 74,824            | 73,564               | 75,119           |
| Derivative instruments (not designated for hedge) (b) |                   |                      |                  |
| Foreign exchange forward contracts                    | -                 | -                    | 204              |
| Redemption options of convertible bonds               | -                 | -                    | 1,000            |
|   | <u>\$ 739,525</u> | <u>\$ 623,022</u>    | <u>\$ 76,323</u> |

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|   | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|---|-----------------------|--------------------------|-----------------------|
| <u>Financial assets - non-current</u>                 |                       |                          |                       |
| <u>Mandatorily classified at FVTPL</u>                |                       |                          |                       |
| Non-derivative financial assets                       |                       |                          |                       |
| Domestic unlisted shares                              | <u>\$ 43,186</u>      | <u>\$ 43,479</u>         | <u>\$ -</u>           |
| <u>Financial liabilities - current</u>                |                       |                          |                       |
| <u>Held for trading</u>                               |                       |                          |                       |
| Derivative instruments (not designated for hedge) (b) |                       |                          |                       |
| Foreign exchange forward contracts                    | <u>\$ 415</u>         | <u>\$ 3,672</u>          | <u>\$ 1,998</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:

March 31, 2023

| <u>Currency</u>  | <u>Maturity Date</u> | <u>Notional Amount (In Thousands)</u> |
|------------------|----------------------|---------------------------------------|
| Buy USD/Sell RMB | 2023.04~2023.06      | USD2,620/RMB18,000                    |
| Buy USD/Sell MYR | 2023.05~2023.06      | USD1,000/MYR4,446                     |

December 31, 2022

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

March 31, 2022

| <u>Currency</u>  | <u>Maturity Date</u> | <u>Notional Amount (In Thousands)</u> |
|------------------|----------------------|---------------------------------------|
| Buy USD/Sell RMB | 2022.04~2022.07      | USD6,555/RMB41,858                    |
| Buy USD/Sell THB | 2022.04~2022.06      | USD1,500/THB49,936                    |
| Buy USD/Sell JPY | 2022.05              | USD1,000/JPY116,140                   |

## 8. Financial assets at FVTOCI

|  | March 31, 2023    | December 31,<br>2022 | March 31, 2022    |
|--|-------------------|----------------------|-------------------|
| <u>Current</u>                             |                   |                      |                   |
| Domestic investments in equity instruments |                   |                      |                   |
| Listed shares                              | <u>\$ 224,250</u> | <u>\$148,500</u>     | <u>\$ 200,000</u> |
| <u>Non-current</u>                         |                   |                      |                   |
| Domestic investments in equity instruments |                   |                      |                   |
| Listed shares                              | \$ 91,044         | \$ 87,318            | \$ 117,197        |
| Unlisted shares                            | <u>439,207</u>    | <u>418,212</u>       | <u>488,231</u>    |
|  | <u>530,251</u>    | <u>505,530</u>       | <u>605,428</u>    |
| Foreign investments in equity instruments  |                   |                      |                   |
| Listed shares                              | 16,825            | 20,128               | 21,205            |
| Unlisted shares                            | <u>76,862</u>     | <u>68,684</u>        | <u>78,290</u>     |
|  | <u>93,687</u>     | <u>88,812</u>        | <u>99,495</u>     |
|  | <u>\$ 623,938</u> | <u>\$ 594,342</u>    | <u>\$ 704,923</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

|   | March 31, 2023       | December 31,<br>2022 | March 31, 2022       |
|---|----------------------|----------------------|----------------------|
| Notes receivable - unrelated parties    |                      |                      |                      |
| Notes receivable - operating            | \$ 2,335,343         | \$ 2,240,943         | \$ 2,464,237         |
| Less: Allowance for losses              | <u>55</u>            | <u>-</u>             | <u>23</u>            |
|   | <u>\$ 2,335,288</u>  | <u>\$ 2,240,943</u>  | <u>\$ 2,464,214</u>  |
| Accounts receivable - unrelated parties |                      |                      |                      |
| At amortized cost                       |                      |                      |                      |
| Gross carrying amount                   | \$ 12,707,498        | \$ 14,679,062        | \$ 17,233,569        |
| Less: Allowance for losses              | <u>173,442</u>       | <u>181,166</u>       | <u>240,965</u>       |
|   | <u>\$ 12,534,056</u> | <u>\$ 14,497,896</u> | <u>\$ 16,992,604</u> |
| Accounts receivable - related parties   |                      |                      |                      |
| At amortized cost                       |                      |                      |                      |
| Gross carrying amount                   | \$ 104,284           | \$ 98,185            | \$ 119,841           |
| Less: Allowance for losses              | <u>248</u>           | <u>543</u>           | <u>167</u>           |
|   | <u>\$ 104,036</u>    | <u>\$ 97,642</u>     | <u>\$ 119,674</u>    |

For the information on factored notes receivable pledged as collateral for borrowings, refer to Notes 27 and 29.

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:

#### March 31, 2023

|                                | Customers without Signs of Default |                    |                      |                        | Customers with   | Total                |
|--------------------------------|------------------------------------|--------------------|----------------------|------------------------|------------------|----------------------|
|                                | Not Past Due                       | Past Due 1-60 Days | Past Due 61-180 Days | Past Due Over 180 Days | Signs of Default |                      |
| Cost                           |                                    |                    |                      |                        |                  |                      |
| Expected credit loss rate (%)  | 0.02~1                             | 0.35~20            | 1~40                 | 40~50                  | 100              |                      |
| Gross carrying amount          | \$ 13,888,700                      | \$ 944,371         | \$ 193,219           | \$ 36,813              | \$ 84,022        | \$ 15,147,125        |
| Loss allowance (Lifetime ECLs) | ( 16,947)                          | ( 28,158)          | ( 32,750)            | ( 11,868)              | ( 84,022)        | ( 173,745)           |
| Amortized cost                 | <u>\$ 13,871,753</u>               | <u>\$ 916,213</u>  | <u>\$ 160,469</u>    | <u>\$ 24,945</u>       | <u>\$ -</u>      | <u>\$ 14,973,380</u> |

#### December 31, 2022

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

#### March 31, 2022

|                                | Customers without Signs of Default |                     |                      |                        | Customers with   | Total                |
|--------------------------------|------------------------------------|---------------------|----------------------|------------------------|------------------|----------------------|
|                                | Not Past Due                       | Past Due 1-60 Days  | Past Due 61-180 Days | Past Due Over 180 Days | Signs of Default |                      |
| Cost                           |                                    |                     |                      |                        |                  |                      |
| Expected credit loss rate (%)  | 0.1~1                              | 1~20                | 10~50                | 50                     | 100              |                      |
| Gross carrying amount          | \$ 18,109,082                      | \$ 1,396,134        | \$ 118,488           | \$ 82,235              | \$ 111,708       | \$ 19,817,647        |
| Loss allowance (Lifetime ECLs) | ( 36,423)                          | ( 33,575)           | ( 22,567)            | ( 36,882)              | ( 111,708)       | ( 241,155)           |
| Amortized cost                 | <u>\$ 18,072,659</u>               | <u>\$ 1,362,559</u> | <u>\$ 95,921</u>     | <u>\$ 45,353</u>       | <u>\$ -</u>      | <u>\$ 19,576,492</u> |

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

|  | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|--|-------------------------------------|-------------------------------------|
| Balance at the beginning of the period                   | \$ 181,709                          | \$ 232,702                          |
| Impairment losses recognized (reversed) of<br>the period | ( 7,151 )                           | 3,048                               |
| Amounts written off of the period                        | -                                   | ( 550 )                             |
| Foreign exchange translation differences                 | ( 813 )                             | 5,955                               |
| Ending Balance   | <u>\$ 173,745</u>                   | <u>\$ 241,155</u>                   |

#### 10. Merchandise

The costs of inventories recognized in cost of goods sold From January 1 to March 31, 2023 and 2022 were \$12,968,554 thousand and \$17,684,468 thousand respectively, which included the following items:

|                            | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|----------------------------|-------------------------------------|-------------------------------------|
| Write-downs of inventories | <u>\$ 78,610</u>                    | <u>\$ 39,485</u>                    |

#### 11. OTHER FINANCIAL ASSETS

|   | March 31, 2023      | December 31,<br>2022 | March 31, 2022      |
|---|---------------------|----------------------|---------------------|
| <u>Current</u>  |                     |                      |                     |
| Time deposits with original maturities of more<br>than 3 months | \$ 879,441          | \$ 483,893           | \$ 255,980          |
| Structured deposits   | 1,098,463           | 969,878              | 2,280,068           |
| Pledged deposits  | 78,861              | 81,355               | 2,000               |
| Refundable deposits   | 281                 | 2,331                | 202                 |
|   | <u>\$ 2,057,046</u> | <u>\$ 1,537,457</u>  | <u>\$ 2,538,250</u> |
| <u>Non-current</u>  |                     |                      |                     |
| Pledged deposits  | \$ 235,850          | \$ 151,646           | \$ 112,258          |
| Refundable deposits   | 116,877             | 117,116              | 108,842             |
|   | <u>\$ 352,727</u>   | <u>\$ 268,762</u>    | <u>\$ 221,100</u>   |

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

|                      | March 31, 2023 | December 31,<br>2022 | March 31, 2022 |
|----------------------|----------------|----------------------|----------------|
| Deposits in bank (%) | 0.42~5.45      | 0.19~4.50            | 0.09~4.10      |

- 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 29 for information on other financial assets pledged as collateral.

## 12. Subsidiary

### The subsidiaries in the consolidated financial statements

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

| Investee Company Name | Investee   | Main Businesses   | Percentage of Ownership (%) |                   |                | Remark        |
|-----------------------|--|---|-----------------------------|-------------------|----------------|---------------|
|                       |  |   | March 31, 2023              | December 31, 2022 | March 31, 2022 |               |
| The Company           | Wah Lee Holding Ltd.   | International investment business   | 100.00                      | 100.00            | 100.00         | Note 1        |
|                       | Raycong Industrial (H.K.) Ltd. (Raycong H.K.)                  | Trading business of engineering plastic, composite materials and equipment                        | 53.69                       | 53.69             | 53.69          |               |
|                       | WL Japan   | Trading business of synthetic resin, industrial plastic, molding machine, electromechanical parts | 83.33                       | 83.33             | 83.33          | Note 1        |
|                       | Wah Lee Korea Ltd. (WL Korea)                                  | Trading business of synthetic resin, industrial plastic, molding machine, electromechanical parts | 100.00                      | 100.00            | 100.00         | Note 1        |
|                       | Sakuragawa Solar Ltd.  | Solar power generation business   | 99.99                       | 99.99             | 99.99          | Note 1        |
|                       | Miyazaki Solar Ltd.  | Solar power generation business   | 99.99                       | 99.99             | 99.99          | Note 1        |
|                       | PT. Wah Lee Indonesia (WL Indonesia)                           | Trading business of industrial materials  | 70.00                       | 70.00             | 70.00          | Note 1        |
|                       | Wah Lee Vietnam Co., Ltd. (WL Vietnam)                         | Trading business of industrial materials  | 100.00                      | 100.00            | 100.00         | Note 1        |
|                       | Tranceed Logistics Co., Ltd. (Tranceed Logistics)              | Freight forwarders and leasing business   | 63.33                       | 63.33             | 63.33          | Note 1        |
|                       | Wah Tech Industrial Co., Ltd. (WT Industrial)                  | Trading business of industrial materials  | 51.00                       | 51.00             | 51.00          | Note 1        |
|                       | KS Crop.   | Solar power generation business   | 78.67                       | 78.67             | 78.67          | Note 1        |
|                       | WH Energy  | Solar power generation business   | 100.00                      | 100.00            | 100.00         | Note 1        |
|                       | ENE Corp.  | Solar power generation business   | 100.00                      | 100.00            | 100.00         | Note 1        |
|                       | Wah Lee Philippines International Corp. (WL Philippines Corp.) | Trading business of industrial materials  | 99.99                       | 99.99             | 99.99          | Note 1        |
|                       | Wah Lee Philippines Inc. (WL Philippines Inc.)                 | Trading business of industrial materials  | 99.99                       | 99.99             | 99.99          | Note 1        |
|                       | Hightech Polymer SDN. BHD. (Hightech)                          | Percentage of Ownership   | 51.00                       | 51.00             | -              | Notes 1 and 2 |
|                       | Wah Lee Tech (Singapore) Pte. Ltd. (WL Singapore)              | Agency of semiconductor materials and equipment   | 100.00                      | 100.00            | -              | Notes 1 and 3 |
|                       | Wah Lee Holding Ltd.   | SHC Holding Ltd.  | 100.00                      | 100.00            | 100.00         | Note 1        |
|                       | WL Singapore   | Agency of semiconductor materials and equipment   | -                           | -                 | 100.00         | Notes 1 and 3 |
|                       | Raycong H.K.   | Trading business of engineering plastic, composite materials and equipment                        | 46.31                       | 46.31             | 46.31          |               |
|                       | Regent King International Limited (Regent King)                | Trading business of engineering plastic, composite materials and equipment                        | 100.00                      | 100.00            | 100.00         | Note 1        |
|                       | Raycong H.K.   | Hua Gang International Trading Co., Ltd. (Dongguan Hua Gang)                                      | 100.00                      | 100.00            | 100.00         |               |

(Continued)

(Concluded)

| Investee Company Name                             | Investee   | Main Businesses  | Percentage of Ownership (%) |                   |                | Remark                           |
|---|--|--|-----------------------------|-------------------|----------------|----------------------------------|
|   |  |  | March 31, 2023              | December 31, 2022 | March 31, 2022 |                                  |
| Shanghai Yikang Co. Ltd. (Shanghai Yikang)        | Shanghai Yikang Chemicals and Industries Co., Ltd. (Shanghai Yikang)                 | Trading business of industrial materials                                     | 70.00                       | 70.00             | 70.00          |                                  |
|   | Huaying Supply Chain Management (Shenzhen) Co., Ltd. (Shenzhen Huaying)              | Supply chain management and consultancy service                              | 100.00                      | 100.00            | 100.00         | Note 1                           |
|   | Yadi International Trading Co., (Shanghai) Ltd. (Shanghai Yadi)                      | Import and export business of goods and techniques                           | 70.00                       | 70.00             | 70.00          | Note 1                           |
|   | Lihuang Medical Devices (Shanghai) Co., Ltd. (Shanghai Lihuang)                      | Trading business of medical devices and equipment                            | 69.97                       | 69.97             | 69.97          | Note 1                           |
|   | Fenghuang Xingwah Shouzheng Health Management Co., Ltd (Fenghuang Xingwah Shouzheng) | Medical devices manufacturing technology developing and consulting           | 75.00                       | 75.00             | 75.00          | Note 1                           |
| Dongguan Huagang                                  | Guang Jou Shing Shian Medical Management Consulting Co., Ltd. (Guangjou Shing Shian) | Hospital management, medical equipment repair, wholesale of medical supplies | 100.00                      | 100.00            | 100.00         | Note 1                           |
| Guangjou Shing Shian                              | Anhua Huixinkang Hemodialysis Co., Ltd (Anhua Huixinkang)                            | Medical service  | 100.00                      | 100.00            | -              | Established in July 2022; Note 1 |
|   | Kaiping Huaxinkang Medical Service Co., Ltd. (Kaiping Huaxinkang)                    | Medical service  | 90.00                       | 90.00             | 90.00          | Note 1                           |
| Huaying Shenzhen                                  | Xiamen Hua Chen Da Logistics Co., Ltd. ( Xiamen Hua Chen Da)                         | Warehouse logistics  | 70.00                       | 70.00             | 70.00          | Note 1                           |
| KS Crop.  | KSA Energy Corporation (KSA Corp.)   | Solar power generation business  | 100.00                      | 100.00            | 100.00         | Note 1                           |
|   | KSB Energy Corporation (KSB Corp.)   | Solar power generation business  | 100.00                      | 100.00            | 100.00         | Note 1                           |
|   | KSC Energy Corporation (KSC Corp.)   | Solar power generation business  | 100.00                      | 100.00            | 100.00         | Note 1                           |
|   | KSD Energy Corporation (KSD Corp.)   | Solar power generation business  | -                           | 100.00            | 100.00         | Notes 1 and 4                    |
| WT Industrial                                     | P.T. Wah Tech Indonesia ( WT Indonesia )   | Trading business of industrial materials                                     | 66.00                       | 66.00             | 66.00          | Note 1                           |
| Tranceed Logistics Co., Ltd. (Tranceed Logistics) | Cyuancheng Logistics Co., Ltd. (Cyuancheng Logistics)                                | Freight forwarders and leasing business                                      | 100.00                      | 100.00            | 100.00         | Note 1                           |

Note 1: It is a non-critical subsidiary whose financial statements have not been reviewed by an accountant.

Note 2: 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 in September 2022.

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.

Note 4: Based on the purpose of enterprise integration to respond to future industrial development and enhance the competitiveness of Kingstone Energy Technology Corporation (KS Corp.) and KSD Energy Corporation (KSD Corp.), the company has been approved by the board of directors on September 28, 2022, and the simplified merger was handled on March 29, 2023 as the merger base date. After the merger, Kingstone Energy Technology Corporation (KS Corp.) is a surviving company, KSD Energy Corporation (KSD Corp.) is an extinguishing company, and its assets and liabilities are generally borne by Kingstone Energy Technology Corporation (KS Corp.).

### 13. Investment accounted for using the equity method

|   | March 31, 2023      | December 31,<br>2022 | March 31, 2022      |
|---|---------------------|----------------------|---------------------|
| <u>Investments in associates</u>                  |                     |                      |                     |
| Material associates                               |                     |                      |                     |
| Chang Wah Electromaterials Inc. (CWE Inc.)        | \$ 3,657,891        | \$ 3,445,921         | \$ 3,078,205        |
| Associates that are not individually material     | <u>2,640,717</u>    | <u>2,640,236</u>     | <u>2,901,832</u>    |
|   | 6,298,608           | 6,086,157            | 5,980,037           |
| <u>Investments in joint ventures</u>              |                     |                      |                     |
| Joint ventures that are not individually material | <u>40,365</u>       | <u>38,846</u>        | <u>15,800</u>       |
|   | <u>\$ 6,338,973</u> | <u>\$ 6,125,003</u>  | <u>\$ 5,995,837</u> |

Refer to Tables 6 and 7 for the main business and location of the investments accounted for using the equity method.

#### a. Material associates

| Company Name                               | March 31, 2023 | December 31,<br>2022 | March 31, 2022 |
|--|----------------|----------------------|----------------|
| Chang Wah Electromaterials Inc. (CWE Inc.) | 29.32%         | 29.17%               | 28.74%         |

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

| Company Name                               | March 31, 2023      | December 31,<br>2022 | March 31, 2022      |
|--|---------------------|----------------------|---------------------|
| Chang Wah Electromaterials Inc. (CWE Inc.) | <u>\$ 7,322,381</u> | <u>\$ 5,996,436</u>  | <u>\$ 7,361,961</u> |

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

|                           | March 31, 2023       | December 31,<br>2022 | March 31, 2022       |
|---------------------------|----------------------|----------------------|----------------------|
| Current assets            | \$ 15,577,959        | \$ 15,826,129        | \$ 15,401,457        |
| Non-current Assets        | 19,158,665           | 17,295,137           | 16,216,495           |
| Current liabilities       | ( 11,724,012)        | ( 9,299,580)         | ( 11,241,617)        |
| Non-current liabilities   | ( 6,223,217)         | ( 7,434,740)         | ( 5,590,073)         |
| Equity                    | 16,789,395           | 16,386,946           | 14,786,262           |
| Non-Controlling interests | ( 4,543,764)         | ( 4,805,267)         | ( 4,309,987)         |
|                           | <u>\$ 12,245,631</u> | <u>\$ 11,581,679</u> | <u>\$ 10,476,275</u> |

|   |                     |                     |                     |
|---|---------------------|---------------------|---------------------|
| Percentage of ownership held by the Company (%) | 29.32               | 29.17               | 28.74               |
| Equity attributable to the Company              | \$ 3,590,464        | \$ 3,378,494        | \$ 3,010,778        |
| Goodwill  | <u>67,427</u>       | <u>67,427</u>       | <u>67,427</u>       |
| Carrying amount                                 | <u>\$ 3,657,891</u> | <u>\$ 3,445,921</u> | <u>\$ 3,078,205</u> |

|  | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|--|-------------------------------------|-------------------------------------|
| Operating revenues                             | <u>\$ 4,165,670</u>                 | <u>\$ 5,654,753</u>                 |
| Net profit for the period                      | \$ 383,119                          | \$ 919,045                          |
| Other comprehensive (loss) income for the year | <u>1,765,584</u>                    | <u>120,635</u>                      |
| Total comprehensive income for the year        | <u>\$ 2,148,703</u>                 | <u>\$ 1,039,680</u>                 |
| Cash dividends received                        | <u>\$ 144,469</u>                   | <u>\$ 75,203</u>                    |

As of March 31, 2023 and December 31 and March 31, 2022, the Company's dividends receivable from CWE Inc. were \$356,224 thousand, \$144,469 thousand, and \$320,602 thousand, respectively, recognized as other receivables - related parties.

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

|  | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|--|-------------------------------------|-------------------------------------|
| The Group's share                              |                                     |                                     |
| Net profit for the period                      | \$ 12,329                           | \$ 69,214                           |
| Other comprehensive (loss) income for the year | <u>4,863</u>                        | <u>86,458</u>                       |
| Total comprehensive income for the year        | <u>\$ 17,192</u>                    | <u>\$ 155,672</u>                   |

c. Changes in investment in associates and joint ventures

- 1) In March 2023, the Company invested in the newly established Hengyuan New Energy Company with an investment amount of RMB 24,000,000 and a shareholding ratio of 12%. As the Company obtained two directors, it was assessed to have a significant influence on the Company and was classified as an investment under the equity method.
- 2) In May 2021, KS Corp. invested \$44,820 thousand in Huahsuan Green Energy Co., Ltd. (HGE Co.), and as of March 31, 2022, 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 discontinues the use of the equity method. Therefore the investment was reclassified to financial assets at FVTPL - non-current.

- d. The share of profit or loss and other comprehensive profit or loss enjoyed by the consolidated company on the above equity method of the investee company is partially recognized and disclosed according to the financial statements not reviewed by the accountants. The book value of its investment as of March 31, 2023 and 2022 was NT\$2,139,572 thousand and NT\$2,253,584 thousand, respectively, and the shares of affiliated enterprises and joint venture profits and losses recognized under the equity method from January 1 to March 31, 2023 and 2022 were NT\$20,284 thousand and NT\$62,138 thousand, respectively.

#### 14. Property, plant and equipment

##### From January 1 to March 31, 2023

|   | Land                | Buildings           | Power<br>Generation<br>Equipment | Other               | Property under<br>Construction<br>and<br>Equipment to<br>be Inspected | Total               |
|---|---------------------|---------------------|----------------------------------|---------------------|---|---------------------|
| <b>Cost</b>   |                     |                     |                                  |                     |   |                     |
| Balance at January 1, 2023                                  | \$ 2,084,047        | \$ 1,091,245        | \$ 3,017,220                     | \$ 1,130,815        | \$ 645,149  | \$ 7,968,476        |
| Additions   | -                   | -                   | 58,614                           | 11,506              | 126,060   | 196,180             |
| Disposals   | -                   | ( 369)              | ( 18,012)                        | ( 552)              | -   | ( 18,933)           |
| Reclassified  | -                   | -                   | 90                               | 4,400               | ( 4,490)  | -                   |
| Effects of foreign currency<br>exchange differences         | ( 814)              | ( 3,147)            | ( 4,762)                         | ( 1,222)            | ( 119)  | ( 10,064)           |
| Balance at March 31, 2023                                   | <u>\$ 2,083,233</u> | <u>\$ 1,087,729</u> | <u>\$ 3,053,150</u>              | <u>\$ 1,144,947</u> | <u>\$ 766,600</u>   | <u>\$ 8,135,659</u> |
| <b>Accumulated depreciation</b>                             |                     |                     |                                  |                     |   |                     |
| Balance at January 1, 2023                                  | \$ -                | \$ 395,992          | \$ 425,575                       | \$ 790,559          | \$ -  | \$ 1,612,126        |
| Depreciation expense  | -                   | 7,551               | 39,810                           | 27,534              | -   | 74,895              |
| Disposals   | -                   | ( 369)              | ( 16,619)                        | ( 552)              | -   | ( 17,540)           |
| Reclassified  | -                   | -                   | -                                | -                   | -   | -                   |
| Effects of foreign currency<br>exchange differences         | -                   | ( 1,099)            | ( 1,375)                         | ( 640)              | -   | ( 3,114)            |
| Balance at March 31, 2023                                   | <u>\$ -</u>         | <u>\$ 402,075</u>   | <u>\$ 447,391</u>                | <u>\$ 816,901</u>   | <u>\$ -</u>   | <u>\$ 1,666,367</u> |
| Carrying amount at December 31,<br>2022 and January 1, 2023 | <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> |
| Carrying amount at March 31, 2023                           | <u>\$ 2,083,233</u> | <u>\$ 685,654</u>   | <u>\$ 2,605,759</u>              | <u>\$ 328,046</u>   | <u>\$ 766,600</u>   | <u>\$ 6,469,292</u> |

##### From January 1 to March 31, 2022

|   | Land              | Buildings           | Power<br>Generation<br>Equipment | Other               | Property under<br>Construction<br>and<br>Equipment to<br>be Inspected | Total               |
|---|-------------------|---------------------|----------------------------------|---------------------|---|---------------------|
| <b>Cost</b>   |                   |                     |                                  |                     |   |                     |
| Balance at January 1, 2022                          | \$ 840,140        | \$ 1,068,002        | \$ 2,186,906                     | \$ 1,054,623        | \$ 943,161  | \$ 6,092,832        |
| Additions   | -                 | -                   | 11,223                           | 14,521              | 15,144  | 40,888              |
| Disposals   | -                 | -                   | -                                | ( 2,643)            | -   | ( 2,643)            |
| Reclassified  | -                 | -                   | 637,692                          | ( 9,893)            | ( 627,799)  | -                   |
| Effects of foreign currency<br>exchange differences | ( 1,176)          | 21,863              | ( 6,878)                         | 8,557               | 1,180   | 23,546              |
| Balance at March 31, 2022                           | <u>\$ 838,964</u> | <u>\$ 1,089,865</u> | <u>\$ 2,828,943</u>              | <u>\$ 1,065,165</u> | <u>\$ 331,686</u>   | <u>\$ 6,154,623</u> |

(Continued)

(Concluded)

|   | Land              | Buildings         | Power<br>Generation<br>Equipment | Other             | Property under<br>Construction<br>and<br>Equipment to<br>be Inspected | Total               |
|---|-------------------|-------------------|----------------------------------|-------------------|---|---------------------|
| Accumulated depreciation                            |                   |                   |                                  |                   |   |                     |
| Balance at January 1, 2022                          | \$ -              | \$ 358,728        | \$ 296,830                       | \$ 696,470        | \$ -  | \$ 1,352,028        |
| Depreciation expense                                | -                 | 7,693             | 37,697                           | 24,893            | -   | 70,283              |
| Disposals   | -                 | -                 | -                                | ( 2,613 )         | -   | ( 2,613 )           |
| Reclassified  | -                 | -                 | 4,808                            | ( 4,808 )         | -   | -                   |
| Effects of foreign currency<br>exchange differences | -                 | 7,755             | ( 1,659 )                        | 4,291             | -   | 10,387              |
| Balance at March 31, 2022                           | <u>\$ -</u>       | <u>\$ 374,176</u> | <u>\$ 337,676</u>                | <u>\$ 718,233</u> | <u>\$ -</u>   | <u>\$ 1,430,085</u> |
| Carrying amount at March 31, 2022                   | <u>\$ 838,964</u> | <u>\$ 715,689</u> | <u>\$ 2,491,267</u>              | <u>\$ 346,932</u> | <u>\$ 331,686</u>   | <u>\$ 4,724,538</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:

|  | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|--|-------------------------------------|-------------------------------------|
| Additions to property, plant and<br>equipment          | \$ 196,180                          | \$ 40,888                           |
| Capitalization of interest and<br>depreciation expense | ( 1,296 )                           | ( 4,264 )                           |
| Increase (decrease) in prepayments<br>for equipment    | ( 10,212 )                          | 376,871                             |
| Decrease (increase) in payables for<br>equipment       | 9,987                               | ( 4,592 )                           |
| Increase in provisions                                 | ( 2,275 )                           | ( 11,165 )                          |
| Cash paid  | <u>\$ 192,384</u>                   | <u>\$397,738</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  |
| Other                      | 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 29 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.



## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

From January 1 to March 31, 2023

|  | Land             | Buildings         | Other equipment  | Total             |
|--|------------------|-------------------|------------------|-------------------|
| Balance at the beginning of the period           | \$ 63,168        | \$ 477,285        | \$ 23,712        | \$ 564,165        |
| Additions  | -                | 35,008            | 7,141            | 42,149            |
| Depreciation expense                             | ( 1,036)         | ( 22,470)         | ( 2,911)         | ( 26,417)         |
| Lease modification                               | -                | ( 14,080)         | -                | ( 14,080)         |
| Effects of foreign currency exchange differences | ( 12)            | ( 263)            | ( 7)             | ( 282)            |
| Ending Balance                                   | <u>\$ 62,120</u> | <u>\$ 475,480</u> | <u>\$ 27,935</u> | <u>\$ 565,535</u> |

From January 1 to March 31, 2022

|  | Land             | Buildings         | Other equipment  | Total             |
|--|------------------|-------------------|------------------|-------------------|
| Balance at the beginning of the period           | \$ 41,098        | \$ 599,828        | \$ 16,926        | \$ 657,852        |
| Additions  | -                | 24,278            | 15,566           | 39,844            |
| Depreciation expense                             | ( 684)           | ( 27,252)         | ( 3,031)         | ( 30,967)         |
| Effects of foreign currency exchange differences | 116              | 2,337             | 69               | 2,522             |
| Ending Balance                                   | <u>\$ 40,530</u> | <u>\$ 599,191</u> | <u>\$ 29,530</u> | <u>\$ 669,251</u> |

### b. Lease liabilities

|                 | March 31, 2023    | December 31, 2022 | March 31, 2022    |
|-----------------|-------------------|-------------------|-------------------|
| Carrying amount |                   |                   |                   |
| Current         | <u>\$ 100,390</u> | <u>\$ 98,005</u>  | <u>\$ 99,987</u>  |
| Non-current     | <u>\$ 493,347</u> | <u>\$ 500,877</u> | <u>\$ 603,964</u> |

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

|                      | March 31, 2023 | December 31, 2022 | March 31, 2022 |
|----------------------|----------------|-------------------|----------------|
| Land                 | 1.85~2.34      | 1.85              | 1.85           |
| Houses and Buildings | 1.10~5.67      | 1.10~5.67         | 1.10~4.80      |
| Other equipment      | 1.43~4.80      | 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 April 2023 to December 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

|   | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|---|-------------------------------------|-------------------------------------|
| Expenses relating to short-term leases  | <u>\$ 42,276</u>                    | <u>\$ 26,028</u>                    |
| Expenses relating to low-value asset leases   | <u>\$ 672</u>                       | <u>\$ 660</u>                       |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | <u>\$ 1,345</u>                     | <u>\$ 246</u>                       |
| Total cash outflow for leases   | <u>\$ 80,072</u>                    | <u>\$ 60,348</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

|                                   | March 31, 2023      | December 31,<br>2022 | March 31, 2022      |
|-----------------------------------|---------------------|----------------------|---------------------|
| Secured bank borrowings (Note 29) | <u>\$ 722,360</u>   | <u>\$ 1,269,351</u>  | <u>\$ 1,113,209</u> |
| Unsecured bank borrowings         | <u>6,424,706</u>    | <u>8,497,939</u>     | <u>8,105,386</u>    |
|                                   | <u>\$ 7,147,066</u> | <u>\$ 9,767,290</u>  | <u>\$ 9,218,595</u> |
| Annual interest rate (%)          | 0.52~8.60           | 0.59~11.50           | 0.10~4.20           |

b. Short-term bills payable

|  | March 31, 2023   | December 31,<br>2022 | March 31, 2022   |
|--|------------------|----------------------|------------------|
| Short-term bills payable                   |                  |                      |                  |
| China Bills Finance Corporation            | <u>\$ 40,000</u> | <u>\$ 30,000</u>     | <u>\$ 30,000</u> |
| Mega Bills Finance Corporation             | <u>-</u>         | <u>-</u>             | <u>30,000</u>    |
|  | <u>40,000</u>    | <u>30,000</u>        | <u>60,000</u>    |
| Less: Discount on short-term bills payable | <u>51</u>        | <u>30</u>            | <u>226</u>       |
|  | <u>\$ 39,949</u> | <u>\$ 29,970</u>     | <u>\$ 59,774</u> |
| Annual interest rate (%)                   | 1.89             | 2.21                 | 1.79~1.94        |

c. Long-term borrowings

|                                | March 31, 2023      | December 31,<br>2022 | March 31, 2022      |
|--------------------------------|---------------------|----------------------|---------------------|
| Unsecured borrowings           |                     |                      |                     |
| Syndicated bank loans (Note 1) | \$ 2,000,000        | \$ 2,000,000         | \$ 1,497,238        |
| Less: Syndicated loan fee      | <u>4,333</u>        | <u>4,583</u>         | <u>2,520</u>        |
|                                | 1,995,667           | 1,995,417            | 1,494,718           |
| Bank loans (Note 2)            | <u>700,000</u>      | <u>700,000</u>       | <u>1,059,831</u>    |
|                                | <u>2,695,667</u>    | <u>2,695,417</u>     | <u>2,554,549</u>    |
| Secured borrowings (Note 29)   |                     |                      |                     |
| Syndicated bank loans (Note 3) | -                   | 1,582,420            | 1,251,119           |
| Bank loans                     | 2,531,254           | 1,349,369            | 363,746             |
| Less: Syndicated loan fee      | <u>-</u>            | <u>4,118</u>         | <u>5,718</u>        |
|                                | <u>2,531,254</u>    | <u>2,927,671</u>     | <u>1,609,147</u>    |
| Less: Current portion          | <u>156,490</u>      | <u>193,522</u>       | <u>132,990</u>      |
|                                | <u>\$ 5,070,431</u> | <u>\$ 5,429,566</u>  | <u>\$ 4,030,706</u> |
| Annual interest rate (%)       |                     |                      |                     |
| Syndicated bank loans          | 1.92~2.62           | 1.80~2.34            | 0.80~1.85           |
| Bank loans                     | 1.05~2.54           | 1.05~2.58            | 0.88~1.69           |
| Expiration period              |                     |                      |                     |
| Syndicated bank loans          | 2027.08             | 2024.10~<br>2027.08  | 2024.01~<br>2024.10 |
| Bank loans                     | 2024.06~<br>2037.06 | 2024.06~<br>2037.06  | 2022.09~<br>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.

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. KSD Corp. and KSC Corp. was added as the new borrower subsidiaries in April 2021, and the loan was squared up in full payment in advance in March 2023.

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.

## 17. BONDS PAYABLE

|  | March 31, 2023      | December 31,<br>2022 | March 31, 2022      |
|--|---------------------|----------------------|---------------------|
| 3rd domestic unsecured convertible bonds | <u>\$ 1,999,452</u> | <u>\$ 1,994,084</u>  | <u>\$ 1,978,064</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 March 31, 2023, 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 originally recognized as a component of the liability is 1.08%.

|  | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|--|-------------------------------------|-------------------------------------|
| Liability component at the beginning of the period | \$ 1,994,084                        | \$ 1,972,752                        |
| Interest charged at an effective interest rate     | <u>5,368</u>                        | <u>5,312</u>                        |
| Liability component at the end of the period       | <u>\$ 1,999,452</u>                 | <u>\$ 1,978,064</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

|   | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|---|-----------------------|--------------------------|-----------------------|
| Payable for salaries or bonuses                                   | \$ 577,287            | \$ 662,772               | \$ 566,919            |
| Payable for employees' compensation and remuneration of directors | 367,594               | 329,262                  | 468,829               |
| Interest payable  | 26,343                | 55,944                   | 16,186                |
| Payable for commission  | 34,854                | 38,211                   | 114,386               |
| Payable for equipment   | 27,179                | 37,166                   | 60,283                |
| Other   | <u>208,651</u>        | <u>253,617</u>           | <u>231,490</u>        |
|   | <u>\$ 1,241,908</u>   | <u>\$ 1,376,972</u>      | <u>\$ 1,458,093</u>   |

## 20. RETIREMENT BENEFIT PLANS

The defined benefit plan-related pension expenses recognized from January 1 to March 31, 2023 and 2022 were calculated based on the pension cost rate as actuarially determined at December 31, 2022 and 2021, respectively, amounting to NT\$1,227 thousand and NT\$834 thousand.

## 21. Equity

### a. Share capital

|   | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|---|-----------------------|--------------------------|-----------------------|
| Number of authorized shares (in thousands)            | <u>500,000</u>        | <u>500,000</u>           | <u>500,000</u>        |
| Amount of authorized shares                           | <u>\$ 5,000,000</u>   | <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>           | <u>236,018</u>        |
| Amount of issued and fully paid shares                | <u>\$ 2,360,179</u>   | <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

|   | March 31, 2023      | December 31,<br>2022 | March 31, 2022      |
|---|---------------------|----------------------|---------------------|
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)  |                     |                      |                     |
| Issuance of share capital   | \$ 1,114,241        | \$ 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               | 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             | 403,129              | 1,808               |
| Expired share options   | 22,374              | 22,374               | 22,374              |
| Donations   | 11,867              | 11,867               | 11,867              |
| May be used only to offset a deficit  |                     |                      |                     |
| Share of changes in capital surplus of associates   | 421,913             | 412,979              | 481,927             |
| May not be used for any purpose   |                     |                      |                     |
| Share warrants  | 34,200              | 34,200               | 34,200              |
|   | <u>\$ 2,045,648</u> | <u>\$ 2,036,714</u>  | <u>\$ 1,704,341</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 2022 and 2021 were as follows:

|   | <u>Appropriation of Earnings</u> |                       | <u>Dividends Per Share (NT\$)</u> |               |
|---|----------------------------------|-----------------------|-----------------------------------|---------------|
|   | <u>2022</u>                      | <u>2021</u>           | <u>2022</u>                       | <u>2021</u>   |
| Legal reserve                               | <u>\$ 257,992</u>                | <u>\$ 298,157</u>     |                                   |               |
| Appropriation (Reversal) of special reserve | <u>\$ 263,936</u>                | <u>( \$ 451,995 )</u> |                                   |               |
| Cash dividends to shareholders              | <u>\$1,439,709</u>               | <u>\$1,604,922</u>    | <u>\$ 6.1</u>                     | <u>\$ 6.8</u> |

2022 cash dividend was distributed by resolution of the board of directors on March 16, 2023 and included in the dividend payable. The remaining profit distribution items are still subject to the resolution of the shareholders' ordinary meeting held on May 30, 2023. The profit distribution plan for 2021 was resolved at the shareholders' ordinary meeting on May 27, 2022.

d. Other equity items

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

|   | <u>From January 1 to<br/>March 31, 2023</u> | <u>From January 1 to<br/>March 31, 2022</u> |
|---|---|---|
| Balance at the beginning of the period  | <u>( \$ 344,057 )</u>                       | <u>( \$ 678,629 )</u>                       |
| Recognized for the period   |   |   |
| Exchange differences on<br>translating the financial<br>statements of foreign<br>operations | <u>( 73,465 )</u>                           | <u>316,667</u>                              |
| Share from associates accounted<br>for using the equity method                              | <u>2,379</u>                                | <u>115,219</u>                              |
| Income tax  | <u>15,355</u>                               | <u>( 69,051 )</u>                           |
| Ending Balance  | <u>( \$ 399,788 )</u>                       | <u>( \$ 315,794 )</u>                       |

2) Unrealized gain on financial assets at FVTOCI

|   | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|---|-------------------------------------|-------------------------------------|
| Balance at the beginning of the period  | ( \$ 104,502 )                      | \$ 494,006                          |
| Recognized for the period   |                                     |                                     |
| Unrealized (loss) gain - equity instruments   | 110,446                             | ( 44,406 )                          |
| Share from associates accounted for using the equity method                                       | 499,543                             | ( 8,714 )                           |
| Income tax  | ( 975 )                             | 110                                 |
| Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal |                                     |                                     |
| Share from associates accounted for using the equity method                                       | ( 11,313 )                          | ( 37,243 )                          |
| Ending Balance  | <u>\$ 493,199</u>                   | <u>\$ 403,753</u>                   |

e. Non-Controlling interests

|  | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|--|-------------------------------------|-------------------------------------|
| Balance at the beginning of the period   | \$ 1,784,868                        | \$ 2,018,519                        |
| Other comprehensive (loss) income of the period                                    |                                     |                                     |
| Net profit for the period  | 35,190                              | 82,637                              |
| Exchange differences on translating the financial statements of foreign operations | ( 5,232 )                           | 70,490                              |
|  | <u>\$ 1,814,826</u>                 | <u>\$ 2,171,646</u>                 |

**22. REVENUE**

|                                       | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Revenue from contracts with customers |                                     |                                     |
| Sale of goods                         | \$ 13,997,274                       | \$ 19,189,683                       |
| Other operating revenues              | <u>381,010</u>                      | <u>320,203</u>                      |
|                                       | <u>\$ 14,378,284</u>                | <u>\$ 19,509,886</u>                |

a. Contract balances

|  | March 31,<br>2023    | December 31,<br>2022 | March 31,<br>2022    | January 1,<br>2022   |
|--|----------------------|----------------------|----------------------|----------------------|
| Notes receivable                                     | \$ 2,335,288         | \$ 2,240,943         | \$ 2,464,214         | \$ 1,787,044         |
| Accounts receivable, net (including related parties) | <u>12,638,092</u>    | <u>14,595,538</u>    | <u>17,112,278</u>    | <u>16,871,481</u>    |
|  | <u>\$ 14,973,380</u> | <u>\$ 16,836,481</u> | <u>\$ 19,576,492</u> | <u>\$ 18,658,525</u> |
| Contract liabilities                                 |                      |                      |                      |                      |
| Sale of goods  | <u>\$ 337,858</u>    | <u>\$ 350,115</u>    | <u>\$ 516,979</u>    | <u>\$ 562,914</u>    |



The changes in the balance of contract liabilities primarily resulted from the timing difference between the date the Group fulfills its performance obligation and the date the customer's payment is received. There are no significant changes from January 1 to March 31, 2023 and 2022.

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

|               | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|---------------|-------------------------------------|-------------------------------------|
| Sale of goods | <u>\$ 177,809</u>                   | <u>\$ 320,123</u>                   |

b. Disaggregation of revenue

Refer to Note 33 for information about the disaggregation of revenue.

## 23. **NET PROFIT**

The details of net profit were as follows:

a. Other income (Note 28)

|                           | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|---------------------------|-------------------------------------|-------------------------------------|
| Rental income             | \$ 4,387                            | \$ 5,259                            |
| Consulting service income | 1,484                               | 5,423                               |
| Dividend income           | 464                                 | 1,442                               |
| Other income              | <u>12,332</u>                       | <u>11,502</u>                       |
|                           | <u>\$ 18,667</u>                    | <u>\$ 23,626</u>                    |

b. Other gains and losses

|   | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|---|-------------------------------------|-------------------------------------|
| Net gain (loss) of financial instruments at FVTPL | \$ 4,542                            | (\$ 2,690)                          |
| Net foreign exchange gains                        | 9,122                               | 53,432                              |
| Disposals of property, plant and equipment        | 288                                 | 130                                 |
| Lease modification benefits                       | 543                                 | -                                   |
| Other   | <u>( 1,723 )</u>                    | <u>( 4,950 )</u>                    |
|   | <u>\$ 12,772</u>                    | <u>\$ 45,922</u>                    |

c. Financial costs

|   | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|---|-------------------------------------|-------------------------------------|
| Interest on bank loans                                | \$ 99,785                           | \$ 43,202                           |
| Syndicated loan fee amortization                      | 4,368                               | 893                                 |
| Interest on lease liabilities                         | 3,390                               | 3,969                               |
| Interest on convertible bonds                         | 5,368                               | 5,312                               |
| Less: Amount included in cost of<br>qualifying assets | <u>1,296</u>                        | <u>822</u>                          |
|   | <u>\$ 111,615</u>                   | <u>\$ 52,554</u>                    |
| Capitalized rate (%)                                  | 1.43~2.06                           | 1.43~1.85                           |

d. Depreciation and amortization

|   | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|---|-------------------------------------|-------------------------------------|
| Property, plant and equipment                         | \$ 74,895                           | \$ 70,283                           |
| Right-of-use assets                                   | 26,417                              | 30,967                              |
| Intangible assets                                     | 13,088                              | 10,567                              |
| Other non-current assets                              | 529                                 | 556                                 |
| Less: Amount included in cost of<br>qualifying assets | <u>-</u>                            | <u>3,442</u>                        |
|   | <u>\$ 114,929</u>                   | <u>\$ 108,931</u>                   |
| An analysis of depreciation by<br>function            |                                     |                                     |
| Operating costs                                       | \$ 69,387                           | \$ 65,280                           |
| Operating expense                                     | <u>31,925</u>                       | <u>32,528</u>                       |
|   | <u>\$ 101,312</u>                   | <u>\$ 97,808</u>                    |
| An analysis of amortization by<br>function            |                                     |                                     |
| Operating costs                                       | \$ 5,193                            | \$ 2,364                            |
| Operating expense                                     | <u>8,424</u>                        | <u>8,759</u>                        |
|   | <u>\$ 13,617</u>                    | <u>\$ 11,123</u>                    |

e. Employee benefits expense

|                                    | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|------------------------------------|-------------------------------------|-------------------------------------|
| Short-term employee benefits       | <u>\$ 374,508</u>                   | <u>\$ 450,738</u>                   |
| Post-employment benefits (Note 20) |                                     |                                     |
| Defined contribution plans         | 18,907                              | 15,024                              |
| Defined benefit plans              | <u>1,227</u>                        | <u>834</u>                          |
|                                    | <u>20,134</u>                       | <u>15,858</u>                       |
|                                    | <u>\$ 394,642</u>                   | <u>\$ 466,596</u>                   |
| An analysis by function            |                                     |                                     |
| Operating costs                    | \$ 35,907                           | \$ 31,498                           |
| Operating expense                  | <u>358,735</u>                      | <u>435,098</u>                      |
|                                    | <u>\$ 394,642</u>                   | <u>\$ 466,596</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. Estimated employee remuneration and director remuneration from January 1 to March 31, 2023 and 2022 are as follows:

|                           | From January 1 to March<br>31, 2023 |           | From January 1 to March<br>31, 2022 |           |
|---------------------------|-------------------------------------|-----------|-------------------------------------|-----------|
|                           | Percentage<br>(%)                   | Amount    | Percentage<br>(%)                   | Amount    |
| Employees' compensation   | 9                                   | \$ 33,989 | 9                                   | \$ 85,757 |
| Remuneration of directors | 1.15                                | 4,343     | 1.12                                | 10,958    |

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:

|  | 2022                   |            | 2021                   |            |
|--|------------------------|------------|------------------------|------------|
|  | Withdrawal<br>Rate (%) | Amount     | Withdrawal<br>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     |

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

## 24. INCOME TAX

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

|                                  | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|----------------------------------|-------------------------------------|-------------------------------------|
| Current tax                      |                                     |                                     |
| In respect of the current period | \$ 123,977                          | \$ 188,631                          |
| Adjustments for prior years      | <u>4,650</u>                        | <u>1,542</u>                        |
|                                  | 128,627                             | 190,173                             |
| Deferred tax                     |                                     |                                     |
| In respect of the current period | ( <u>5,322</u> )                    | <u>39,852</u>                       |
|                                  | <u>\$ 123,305</u>                   | <u>\$ 230,025</u>                   |

- b. Income tax benefit (expense) recognized in other comprehensive income

|   | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|---|-------------------------------------|-------------------------------------|
| Deferred tax  |                                     |                                     |
| Generated in the current period                                 |                                     |                                     |
| Unrealized gain on financial<br>assets at FVTOCI                | ( \$ 975 )                          | \$ 110                              |
| Exchange differences on<br>translation of foreign<br>operations | <u>15,355</u>                       | ( <u>69,051</u> )                   |
|   | <u>\$ 14,380</u>                    | ( <u>\$ 68,941</u> )                |

- c. Income tax assessments

The income tax returns of the Company and the domestic subsidiaries through 2021 have been assessed by 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 period

|  | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|--|-------------------------------------|-------------------------------------|
| Profit for the year attributable to<br>owners of the Company | \$ 288,844                          | \$ 768,264                          |
| Convertible bonds  | <u>5,369</u>                        | <u>5,512</u>                        |
| Net profit used in computation of<br>diluted EPS             | <u>\$ 294,213</u>                   | <u>\$ 773,776</u>                   |

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

|  | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|--|-------------------------------------|-------------------------------------|
| Weighted average number of shares<br>outstanding used in computation<br>of basic EPS   | 236,018                             | 236,018                             |
| Effect of potentially dilutive shares  |                                     |                                     |
| Employees' compensation  | 3,135                               | 3,547                               |
| Convertible bonds  | <u>21,810</u>                       | <u>20,387</u>                       |
| Weighted average number of shares<br>outstanding used in computation<br>of diluted EPS | <u>260,963</u>                      | <u>259,952</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. 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.

## 27. 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:

|                 | March 31, 2023      | December 31,<br>2022 | March 31, 2022      |
|-----------------|---------------------|----------------------|---------------------|
| Carrying amount | <u>\$ 1,999,452</u> | <u>\$ 1,994,084</u>  | <u>\$ 1,978,064</u> |
| Fair Value      | <u>\$ 1,989,400</u> | <u>\$ 1,973,400</u>  | <u>\$ 1,958,000</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

March 31, 2023

|                                       | Level 1           | Level 2           | Level 3           | Total             |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| <u>Financial assets at FVTPL</u>      |                   |                   |                   |                   |
| Mutual funds                          | \$ 74,824         | \$ -              | \$ -              | \$ 74,824         |
| Structured deposits                   |                   | 664,701           | -                 | 664,701           |
| Investments in equity instruments     |                   |                   |                   |                   |
| Unlisted shares                       | -                 | -                 | 43,186            | 43,186            |
|                                       | <u>\$ 74,824</u>  | <u>\$ 664,701</u> | <u>\$ 43,186</u>  | <u>\$ 782,711</u> |
| <u>Financial assets at FVTOCI</u>     |                   |                   |                   |                   |
| Investments in equity instruments     |                   |                   |                   |                   |
| Domestic listed shares                | \$ 255,835        | \$ 59,459         | \$ -              | \$ 315,294        |
| Unlisted shares                       | -                 | -                 | 516,069           | 516,069           |
| Foreign listed shares                 | 16,825            | -                 | -                 | 16,825            |
|                                       | <u>\$ 272,660</u> | <u>\$ 59,459</u>  | <u>\$ 516,069</u> | <u>\$ 848,188</u> |
| <u>Financial liabilities at FVTPL</u> |                   |                   |                   |                   |
| Foreign exchange forward contracts    | \$ -              | \$ 415            | \$ -              | \$ 415            |

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> |

(Continued)

(Concluded)

|   | Level 1           | Level 2          | Level 3           | Total             |
|---|-------------------|------------------|-------------------|-------------------|
| <u>Financial liabilities at FVTPL</u>   |                   |                  |                   |                   |
| Foreign exchange forward contracts      | \$ -              | \$ 3,672         | \$ -              | \$ 3,672          |
| <u>March 31, 2022</u>                   |                   |                  |                   |                   |
|   | Level 1           | Level 2          | Level 3           | Total             |
| <u>Financial assets at FVTPL</u>        |                   |                  |                   |                   |
| Mutual funds                            | \$ 75,119         | \$ -             | \$ -              | \$ 75,119         |
| Foreign exchange forward contracts      | -                 | 204              | -                 | 204               |
| Redemption options of convertible bonds | -                 | -                | 1,000             | 1,000             |
|   | <u>\$ 75,119</u>  | <u>\$ 204</u>    | <u>\$ 1,000</u>   | <u>\$ 76,323</u>  |
| <u>Financial assets at FVTOCI</u>       |                   |                  |                   |                   |
| Investments in equity instruments       |                   |                  |                   |                   |
| Domestic listed shares                  | \$ 236,625        | \$ 80,572        | \$ -              | \$ 317,197        |
| Unlisted shares                         | -                 | -                | 566,521           | 566,521           |
| Foreign listed shares                   | 21,205            | -                | -                 | 21,205            |
|   | <u>\$ 257,830</u> | <u>\$ 80,572</u> | <u>\$ 566,521</u> | <u>\$ 904,923</u> |
| <u>Financial liabilities at FVTPL</u>   |                   |                  |                   |                   |
| Foreign exchange forward contracts      | \$ -              | \$ 1,998         | \$ -              | \$ 1,998          |

There were no transfers between Level 1 and Level 2 for the years ended from January 1 to March 31, 2023 and 2022.

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

|  | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|--|-------------------------------------|-------------------------------------|
| Balance at the beginning of the period               | \$ 530,375                          | \$ 593,607                          |
| Purchases  | -                                   | 5,000                               |
| Reduction of capital                                 | ( 5,100 )                           | -                                   |
| Recognized in Profit or Loss                         | ( 293 )                             | ( 200 )                             |
| Recognized in Other Comprehensive<br>Income and Loss | 34,273                              | ( 30,886 )                          |
| Ending Balance                                       | <u>\$ 559,255</u>                   | <u>\$ 567,521</u>                   |

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

- a) Structured deposits Based on the financial product information provided by financial institutions, the valuation method was based on the rate of return of the deposit principal and its linked targets.

- b) Derivative financial assets the estimated future cash flows were based on the observable forward exchange rate at the end of the year and the exchange rate stipulated in the contract and are discounted separately at rates that reflects the credit risk of each counterparty.
- c) Emerging market shares the fair value was assessed by reference to the transaction price supported by observable market prices.

4) Valuation techniques and inputs 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

|                                     | March 31, 2023 | December 31,<br>2022 | March 31, 2022 |
|-------------------------------------|----------------|----------------------|----------------|
| <u>Financial assets</u>             |                |                      |                |
| FVTPL                               |                |                      |                |
| Mandatorily classified at FVTPL     | \$ 782,711     | \$ 666,501           | \$ 76,323      |
| Financial assets at FVTOCI          |                |                      |                |
| Investments in equity instruments   | 848,188        | 742,842              | 904,923        |
| Measured at amortized cost (Note 1) | 21,681,318     | 25,573,550           | 26,620,346     |
| <u>Financial liabilities</u>        |                |                      |                |
| FVTPL                               |                |                      |                |
| Held for trading                    | 415            | 3,672                | 1,998          |
| Measured at amortized cost (Note 2) | 22,343,561     | 27,243,785           | 24,920,236     |

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 financial 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 31.

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 from January 1 to March 31, 2023 and 2022 would have been higher (lower) by \$32,986 thousand and \$8,405 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:

|                               | March 31,<br>2023 | December 31,<br>2022 | March 31,<br>2022 |
|-------------------------------|-------------------|----------------------|-------------------|
| Fair value interest rate risk |                   |                      |                   |
| Financial assets              | \$ 2,727,673      | \$ 4,363,071         | \$ 2,921,996      |
| Financial liabilities         | 5,727,227         | 6,453,132            | 9,689,567         |
| Cash flow interest rate risk  |                   |                      |                   |
| Financial assets              | 3,375,366         | 3,999,934            | 3,554,204         |
| Financial liabilities         | 9,279,898         | 11,560,182           | 6,434,513         |

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 from January 1 to March 31, 2023 and 2022 would have been lower/higher by \$14,761 thousand and \$7,201 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 from January 1 to March 31, 2023 and 2022 would have been higher/lower by \$1,180 thousand and \$751 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income from January 1 to March 31, 2023 and 2022 would have been higher/lower by \$8,482 thousand and \$9,049 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk could be equal to the total of the following:

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

The Group adopted a policy of only dealing with creditworthy counterparties and uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and credit exposure is controlled by setting credit limits of counterparties annually.

There was no concentration of credit risk due to the fact that the customer base was large.

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<br>Year  | 1-5 Years           | 5-10 Years        | 10-20 Years       | Total                |
|------------------------------------|----------------------|---------------------|-------------------|-------------------|----------------------|
| <u>March 31, 2023</u>              |                      |                     |                   |                   |                      |
| Non-interest bearing liabilities   | \$ 9,366,660         | \$ 3,222            | \$ -              | \$ -              | \$ 9,369,882         |
| Lease liabilities                  | 108,833              | 243,268             | 138,064           | 130,725           | 620,890              |
| Variable interest rate liabilities | 4,550,582            | 4,603,644           | 422,224           | 22,898            | 9,599,348            |
| Fixed interest rate liabilities    | 2,901,366            | 2,334,051           | -                 | -                 | 5,235,417            |
| Financial guarantee contracts      | 709,484              | -                   | -                 | -                 | 709,484              |
|                                    | <u>\$ 17,636,925</u> | <u>\$ 7,184,185</u> | <u>\$ 560,288</u> | <u>\$ 153,623</u> | <u>\$ 25,535,021</u> |
| <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      | 905,691              | -                   | -                 | -                 | 905,691              |
|                                    | <u>\$ 20,981,159</u> | <u>\$ 7,814,889</u> | <u>\$ 284,898</u> | <u>\$ 184,216</u> | <u>\$ 29,265,162</u> |
| <u>March 31, 2022</u>              |                      |                     |                   |                   |                      |
| Non-interest bearing liabilities   | \$ 9,497,746         | \$ 2,361            | \$ -              | \$ -              | \$ 9,500,107         |
| Lease liabilities                  | 110,265              | 286,163             | 170,119           | 228,621           | 795,168              |
| Variable interest rate liabilities | 4,983,213            | 1,443,486           | 146,180           | -                 | 6,572,879            |
| Fixed interest rate liabilities    | 4,504,899            | 4,452,772           | 124,501           | 36,913            | 9,119,085            |
| Financial guarantee contracts      | 1,042,066            | -                   | -                 | -                 | 1,042,066            |
|                                    | <u>\$ 20,138,189</u> | <u>\$ 6,184,782</u> | <u>\$ 440,800</u> | <u>\$ 265,534</u> | <u>\$ 27,029,305</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.

|                                   | March 31, 2023    | December 31,<br>2022 | March 31, 2022    |
|-----------------------------------|-------------------|----------------------|-------------------|
| Factoring bank                    | <u>\$ 508,477</u> | <u>\$ 1,006,841</u>  | <u>\$ 941,459</u> |
| Endorsement transfer to suppliers | <u>\$ 128,808</u> | <u>\$ 181,986</u>    | <u>\$ 256,711</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 March 31, 2023, December 31 and March 31, 2022, the face amount of these unsettled bills receivable was \$18,877 thousand, \$39,894 thousand, and \$45,618 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 period from January 1 to March 31, 2023 and 2022, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

## 28. 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

| Related Party                                      | Relationship with the Group   |
|--|---|
| Chang Wah Electromaterials Inc. (CWE Inc.)         | Associate   |
| Nagase Wahlee Plastics Corp.                       | Associate   |
| Wah Hong Corp.                                     | Associate   |
| ORC Technology Corp.                               | Associate   |
| Shanghai Wah Chang Trading Co., Ltd.               | Associate   |
| Xiamen JianYuan Rung Logistic Co., Ltd.            | Associate   |
| HGE Co.  | Associate (became an unrelated party after loss of significant influence in October 2022) |
| 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  |
| Bao Guang Investment Co., Ltd.                     | Key management personnel (Director of the Company)  |

(Continued)

(Concluded)

| Related Party                              | Relationship with the Group                              |
|--|--|
| 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                                      |
| TaiGene Biotechnology Co., Ltd.            | Other related party                                      |
| Sin Hao Co., Ltd.                          | Other related party                                      |
| Raycon Industries Inc.                     | Other related party                                      |

b. Operating transactions

1) Operating revenues

| Related Party Category            | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Sale of goods                     |                                     |                                     |
| Associates and their subsidiaries | \$ 87,015                           | \$ 118,166                          |
| Other related parties             | <u>17,675</u>                       | <u>62</u>                           |
|                                   | <u>\$ 104,690</u>                   | <u>\$ 118,228</u>                   |
| Other operating revenues          |                                     |                                     |
| Associates and their subsidiaries | \$ 5,391                            | \$ 5,879                            |
| Other related parties             | <u>1,581</u>                        | <u>2,437</u>                        |
|                                   | <u>\$ 6,972</u>                     | <u>\$ 8,316</u>                     |

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

2) Purchase of goods

| Related Party Category            | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Associates and their subsidiaries | \$ 60,959                           | \$ 207,193                          |
| Other related parties             | <u>221,380</u>                      | <u>364,669</u>                      |
|                                   | <u>\$ 282,339</u>                   | <u>\$ 571,862</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

|                               | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|-------------------------------|-------------------------------------|-------------------------------------|
| <u>Related Party Category</u> |                                     |                                     |
| Commission expense            |                                     |                                     |
| Other related parties         | <u>\$ -</u>                         | <u>\$ 35</u>                        |
| Service expense               |                                     |                                     |
| Other related parties         | <u>\$ 2,741</u>                     | <u>\$ 2,511</u>                     |

4) Receivables from related parties

|  | March 31, 2023    | December 31,<br>2022 | March 31, 2022    |
|--|-------------------|----------------------|-------------------|
| <u>Accounts receivable - related parties</u> |                   |                      |                   |
| Associates and their subsidiaries            | \$ 91,095         | \$ 93,792            | \$ 118,964        |
| Other related parties                        | <u>13,189</u>     | <u>4,393</u>         | <u>877</u>        |
|  | 104,284           | 98,185               | 119,841           |
| Less: Allowance for losses                   | <u>\$ 248</u>     | <u>\$ 543</u>        | <u>\$ 167</u>     |
|  | <u>\$ 104,036</u> | <u>\$ 97,642</u>     | <u>\$ 119,674</u> |
| <u>Other receivables - related parties</u>   |                   |                      |                   |
| Associates and their subsidiaries            |                   |                      |                   |
| CWE Inc.                                     | \$ 356,224        | \$ 144,499           | \$ 320,602        |
| Other  | <u>40,172</u>     | <u>4,405</u>         | <u>984</u>        |
|  | 396,396           | 148,904              | 321,586           |
| Other related parties                        | <u>196</u>        | <u>625</u>           | <u>261</u>        |
|  | <u>\$ 396,592</u> | <u>\$ 149,529</u>    | <u>\$ 321,847</u> |

The outstanding receivables from related parties are unsecured.

5) Payables to related parties

|   | March 31, 2023    | December 31,<br>2022 | March 31, 2022    |
|---|-------------------|----------------------|-------------------|
| <u>Accounts payable - related parties</u> |                   |                      |                   |
| Associates and their subsidiaries         | \$ 52,033         | \$ 116,594           | \$ 161,053        |
| Other related parties                     | <u>151,384</u>    | <u>313,431</u>       | <u>246,853</u>    |
|   | <u>\$ 203,417</u> | <u>\$ 430,025</u>    | <u>\$ 407,906</u> |
| <u>Other payables - related parties</u>   |                   |                      |                   |
| Associates and their subsidiaries         | \$ 129            | \$ 113               | \$ 3,097          |
| Other related parties                     | <u>19</u>         | <u>25</u>            | <u>584</u>        |
|   | <u>\$ 148</u>     | <u>\$ 138</u>        | <u>\$ 3,681</u>   |

The outstanding payables to related parties are unsecured.

c. Other income

|                          | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|--------------------------|-------------------------------------|-------------------------------------|
| Associate                | \$ 1,168                            | \$ 3,818                            |
| Other related parties    | 549                                 | 854                                 |
| Key management personnel | <u>24</u>                           | <u>24</u>                           |
|                          | <u>\$ 1,741</u>                     | <u>\$ 4,696</u>                     |

Other income included rental income, consulting service income, and endorsement income, etc.

d. Lease arrangements

|                                   | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Associates and their subsidiaries | \$ 45                               | \$ -                                |
| Other related parties             | <u>74</u>                           | <u>73</u>                           |
|                                   | <u>\$ 119</u>                       | <u>\$ 73</u>                        |

e. Endorsements and guarantees

| Related Party Category | March 31, 2023      | December 31,<br>2022 | March 31, 2022      |
|------------------------|---------------------|----------------------|---------------------|
| Associate              |                     |                      |                     |
| Amount endorsed        | <u>\$ 1,907,515</u> | <u>\$ 1,763,507</u>  | <u>\$ 1,697,412</u> |
| Amount utilized        | <u>\$ 690,607</u>   | <u>\$ 865,797</u>    | <u>\$ 996,448</u>   |
| Other related parties  |                     |                      |                     |
| Amount endorsed        | <u>\$ 75,582</u>    | <u>\$ 25,194</u>     | <u>\$ 25,194</u>    |
| Amount utilized        | <u>\$ -</u>         | <u>\$ -</u>          | <u>\$ -</u>         |

f. Remuneration of key management personnel

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

|                              | From January 1 to<br>March 31, 2023 | From January 1 to<br>March 31, 2022 |
|------------------------------|-------------------------------------|-------------------------------------|
| Short-term employee benefits | \$ 20,490                           | \$ 39,604                           |
| Post-employment benefits     | <u>204</u>                          | <u>197</u>                          |
|                              | <u>\$ 20,694</u>                    | <u>\$ 39,801</u>                    |

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

## 29. ASSETS PLEDGED AS COLLATERAL

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

|                                      | March 31, 2023      | December 31,<br>2022 | March 31, 2022      |
|--------------------------------------|---------------------|----------------------|---------------------|
| Notes receivable                     | \$ 637,285          | \$ 1,188,827         | \$ 1,198,170        |
| Other financial assets - current     | 78,861              | 81,355               | 2,000               |
| Other financial assets - non-current | 235,850             | 151,646              | 112,258             |
| Property, plant and equipment        |                     |                      |                     |
| Freehold land                        | \$ 1,754,495        | \$ 1,755,309         | \$ 457,022          |
| Buildings                            | 392,373             | 396,034              | 457,355             |
| Power Generation Equipment           | 1,936,303           | 2,472,625            | 1,679,847           |
| Other                                | 54,048              | 54,903               | 6,715               |
|                                      | <u>\$ 5,089,215</u> | <u>\$ 6,100,699</u>  | <u>\$ 3,913,367</u> |

## 30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of March 31, 2023 were as follows:

- a. The Group's unused letters of credit for the purchase of merchandise amounted to \$373,701 thousand.
- b. The unrecognized commitments for acquisition of property, plant and equipment were \$674,816 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.



### 31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

The significant assets and liabilities denominated in foreign currencies were as follows:

|   | Foreign<br>Currency<br>Amount | Exchange Rate |            | Carrying Value |
|---|-------------------------------|---------------|------------|----------------|
| <u>March 31, 2023</u>                               |                               |               |            |                |
| Monetary financial assets                           |                               |               |            |                |
| USD   | \$ 207,582                    | 30.45         | (USD: NTD) | \$6,320,871    |
| USD   | 92,671                        | 7.850         | (USD: HKD) | 2,821,827      |
| USD   | 17,264                        | 6.875         | (USD: RMB) | 525,699        |
| USD   | 814                           | 23,789        | (USD: VND) | 24,783         |
| USD   | 1,295                         | 33.94         | (USD: THB) | 39,442         |
| USD   | 1,890                         | 4.601         | (USD: MYR) | 57,563         |
| Nonmonetary financial assets                        |                               |               |            |                |
| Investment accounted for<br>using the equity method |                               |               |            |                |
| USD   | 14,247                        | 30.45         | (USD: NTD) | 433,812        |
| RMB   | 172,779                       | 4.4293        | (RMB: NTD) | 765,286        |
| RMB   | 1,250,740                     | 1.1419        | (RMB: HKD) | 5,539,881      |
| JPY   | 576,613                       | 0.2288        | (JPY: NTD) | 131,928        |
| HKD   | 2,172,987                     | 3.879         | (HKD: NTD) | 8,429,016      |
| THB   | 280,219                       | 0.8973        | (THB: NTD) | 251,440        |
| MYR   | 17,322                        | 6.618         | (MYR: NTD) | 114,635        |
| Monetary financial liabilities                      |                               |               |            |                |
| USD   | 181,936                       | 30.45         | (USD: NTD) | 5,539,949      |
| USD   | 9,291                         | 7.850         | (USD: HKD) | 282,905        |
| USD   | 13,496                        | 6.875         | (USD: RMB) | 410,945        |
| USD   | 3,550                         | 23,789        | (USD: VND) | 108,110        |
| USD   | 1,168                         | 33.94         | (USD: THB) | 35,569         |
| USD   | 3,748                         | 4.601         | (USD: MYR) | 114,116        |
| <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         |

(Continued)

(Concluded)

|   | Foreign<br>Currency<br>Amount | Exchange Rate |            | Carrying Value |
|---|-------------------------------|---------------|------------|----------------|
| Nonmonetary financial assets                        |                               |               |            |                |
| Investment accounted for<br>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>March 31, 2022</u>                               |                               |               |            |                |
| Monetary financial assets                           |                               |               |            |                |
| USD   | 307,221                       | 28.63         | (USD: NTD) | 8,794,209      |
| USD   | 37,948                        | 7.8296        | (USD: HKD) | 1,086,257      |
| USD   | 26,309                        | 6.3400        | (USD: RMB) | 753,084        |
| USD   | 1,475                         | 23,084.68     | (USD: VND) | 42,214         |
| USD   | 721                           | 33.09         | (USD: THB) | 20,647         |
| Nonmonetary financial assets                        |                               |               |            |                |
| Investment accounted for<br>using the equity method |                               |               |            |                |
| USD   | 13,272                        | 28.63         | (USD: NTD) | 379,906        |
| RMB   | 210,159                       | 4.5150        | (RMB: NTD) | 948,863        |
| RMB   | 1,562,562                     | 1,2722        | (RMB: HKD) | 7,054,944      |
| JPY   | 525,041                       | 0.2353        | (JPY: NTD) | 123,542        |
| HKD   | 2,173,814                     | 3.6560        | (HKD: NTD) | 7,947,466      |
| THB   | 237,002                       | 0.8651        | (THB: NTD) | 205,031        |
| Monetary financial liabilities                      |                               |               |            |                |
| USD   | 287,896                       | 28.63         | (USD: NTD) | 8,241,026      |
| USD   | 17,815                        | 7.8296        | (USD: HKD) | 509,958        |
| USD   | 26,506                        | 6.3400        | (USD: RMB) | 758,742        |
| USD   | 9,204                         | 23,084.68     | (USD: VND) | 263,463        |
| USD   | 2,889                         | 33.09         | (USD: THB) | 82,692         |

For the period from January 1 to March 31, 2023 and 2022, realized and unrealized net foreign exchange gains were \$9,122 thousand and \$53,432 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.

## **32. VADDITIONAL DISCLOSURES**

- a. Information about significant transactions
  - 1) Financing provided to others: Table 1
  - 2) Endorsements/guarantees provided: Table 2
  - 3) Marketable securities held (excluding investments in subsidiaries and associates): Table 3
  - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5
  - 9) Trading in derivative instruments: Note 7, in addition, the Group incurred a net loss of \$1,130 thousand on foreign exchange forward contracts for the period from January 1 to March 31, 2023.
  - 10) Other: Intercompany relationships and significant intercompany transactions: Table 9
- b. Information on investees: Table 6
- c. Information on investments in mainland China
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 8
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8
    - c) The amount of property transactions and the amount of the resultant gains or losses: None

- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2
- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1
- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

The Company's other significant transactions with investee companies in mainland China as of and for the period from January 1 to March 31 and March 31, 2023 were as follows:

| Transaction Party | Line Item          | Amount   |
|-------------------|--------------------|----------|
| Shanghai Yikang   | Other income       | \$ 7,509 |
| Shanghai Yikang   | Commission expense | 34,681   |
| Shanghai Yikang   | Other receivables  | 36,163   |
| Shanghai Yikang   | Other payables     | 53,557   |

- 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 10

### 33. 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

The following is an analysis of the Group's revenue and results from operations by reportable segment:

|   | The Company          | Raycong             | Shanghai<br>Yikang   | Other               | Adjustment and<br>Elimination | Total                |
|---|----------------------|---------------------|----------------------|---------------------|-------------------------------|----------------------|
| <u>From January 1 to March 31, 2023</u>                       |                      |                     |                      |                     |                               |                      |
| Revenue from External Customers                               | \$ 7,901,032         | \$ 2,566,273        | \$ 2,638,447         | \$ 1,272,532        | \$ -                          | \$ 14,378,284        |
| Inter-segment revenue   | 477,157              | 14,490              | 65,391               | 34,400              | ( 591,438)                    | -                    |
| Segment revenue   | <u>\$ 8,378,189</u>  | <u>\$ 2,580,763</u> | <u>\$ 2,703,838</u>  | <u>\$ 1,306,932</u> | <u>( \$ 591,438)</u>          | <u>\$ 14,378,284</u> |
| Departmental operating income                                 | \$ 128,203           | \$ 71,994           | \$ 128,626           | \$ 62,638           | \$ 39,316                     | \$ 430,777           |
| Interest income   | 88                   | 27,027              | 3,631                | 9,306               | ( 17,847)                     | 22,205               |
| Other income  | 59,144               | 488                 | 4,723                | 4,384               | ( 50,072)                     | 18,667               |
| Other gains and losses  | ( 1,257)             | 19,871              | ( 3,618)             | ( 3,107)            | 883                           | 12,772               |
| Financial costs   | ( 82,424)            | ( 10,265)           | ( 8,016)             | ( 28,997)           | 18,087                        | ( 111,615)           |
| Profit before income tax                                      | 103,754              | 109,115             | 125,346              | 44,224              | ( 9,633)                      | 372,806              |
| Income tax expense  | ( 50,472)            | ( 23,880)           | ( 37,535)            | ( 11,625)           | 207                           | ( 123,305)           |
| Net profit after tax  | <u>\$ 53,282</u>     | <u>\$ 85,235</u>    | <u>\$ 87,811</u>     | <u>\$ 32,599</u>    | <u>( \$ 9,426)</u>            | <u>249,501</u>       |
| Share of profit or loss of associates under the equity method |                      |                     |                      |                     |                               | 74,533               |
| Consolidated net profit                                       |                      |                     |                      |                     |                               | <u>\$ 324,034</u>    |
| <u>March 31, 2023</u>   |                      |                     |                      |                     |                               |                      |
| Identifiable assets   | <u>\$ 16,855,326</u> | <u>\$ 9,793,450</u> | <u>\$ 6,601,316</u>  | <u>\$ 7,515,486</u> | <u>( \$ 2,069,515)</u>        | \$ 38,696,063        |
| Goodwill  |                      |                     |                      |                     |                               | 176,769              |
| Investment accounted for using the equity method              |                      |                     |                      |                     |                               | 6,338,973            |
| Total assets  |                      |                     |                      |                     |                               | <u>\$ 45,211,805</u> |
| <u>From January 1 to March 31, 2022</u>                       |                      |                     |                      |                     |                               |                      |
| Revenue from External Customers                               | \$ 10,754,202        | \$ 3,548,818        | \$ 4,003,921         | \$ 1,202,945        | \$ -                          | \$ 19,509,886        |
| Inter-segment revenue   | 831,777              | 12,246              | 95,316               | 26,561              | ( 965,900)                    | -                    |
| Segment revenue   | <u>\$ 11,585,979</u> | <u>\$ 3,561,064</u> | <u>\$ 4,099,237</u>  | <u>\$ 1,229,506</u> | <u>( \$ 965,900)</u>          | <u>\$ 19,509,886</u> |
| Departmental operating income                                 | \$ 268,462           | \$ 128,841          | \$ 300,128           | \$ 75,135           | \$ 29,359                     | \$ 801,925           |
| Interest income   | 20                   | 2,247               | 20,226               | 368                 | ( 5)                          | 22,856               |
| Other income  | 50,405               | 1,234               | 5,350                | 2,707               | ( 36,070)                     | 23,626               |
| Other gains and losses  | 42,931               | ( 2,777)            | 5,449                | ( 1,108)            | 1,427                         | 45,922               |
| Financial costs   | ( 20,854)            | ( 5,972)            | ( 12,229)            | ( 13,504)           | 5                             | ( 52,554)            |
| Profit before income tax                                      | 340,964              | 123,573             | 318,924              | 63,598              | ( 5,284)                      | 841,775              |
| Income tax expense  | ( 110,536)           | ( 26,100)           | ( 80,860)            | ( 12,617)           | 88                            | ( 230,025)           |
| Net profit after tax  | <u>\$ 230,428</u>    | <u>\$ 97,473</u>    | <u>\$ 238,064</u>    | <u>\$ 50,981</u>    | <u>( \$ 5,196)</u>            | <u>611,750</u>       |
| Share of profit or loss of associates under the equity method |                      |                     |                      |                     |                               | 239,151              |
| Consolidated net profit                                       |                      |                     |                      |                     |                               | <u>\$ 850,901</u>    |
| <u>March 31, 2022</u>   |                      |                     |                      |                     |                               |                      |
| Identifiable assets   | <u>\$ 19,002,541</u> | <u>\$ 6,943,701</u> | <u>\$ 10,112,744</u> | <u>\$ 6,522,569</u> | <u>( \$ 1,061,131)</u>        | \$ 41,520,424        |
| Goodwill  |                      |                     |                      |                     |                               | 111,203              |
| Investment accounted for using the equity method              |                      |                     |                      |                     |                               | 5,995,837            |
| Total assets  |                      |                     |                      |                     |                               | <u>\$ 47,627,464</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.

TABLE 1

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## FINANCING PROVIDED TO OTHERS

For the period from January 1 to March 31, 2023

Unit: (In Thousands of New Taiwan Dollars)

| No. | Financing Company    | Counterparty               | Financial Statement Account         | Related Party | Maximum Balance for the Year | Ending Balance (Note 1) | Amount utilized (Notes 1 and 6) | Interest Rate (%) | Nature of Financing  | Business Transaction Amount | Reasons for Short-Term Financing | Allowance for Impairment Loss | Collateral |       | Financing Limit for Each Borrower (Note 2 to 5) | Aggregate Financing Limit (Note 2 to 5) | Note |
|-----|----------------------|----------------------------|-------------------------------------|---------------|------------------------------|-------------------------|---------------------------------|-------------------|----------------------|-----------------------------|----------------------------------|-------------------------------|------------|-------|---|---|------|
|     |                      |                            |                                     |               |                              |                         |                                 |                   |                      |                             |                                  |                               | Item       | Value |   |   |      |
| 0   | The Company          | KS Crop.                   | Other receivables - related parties | Yes           | \$ 150,000                   | \$ -                    | \$ -                            | -                 | Short-term financing | \$ -                        | Operating capital                | \$ -                          | -          | \$ -  | \$ 251,578                                      | \$ 1,616,714                            |      |
| 1   | Shanghai Yikang      | Fenghuang Xinwah Shouzheng | Other receivables - related parties | Yes           | 28,893                       | 28,790                  | 15,503                          | 5.61              | Short-term financing | -                           | Operating capital                | -                             | -          | -     | 1,146,413                                       | 1,146,413                               |      |
| 1   | Shanghai Yikang      | Shanghai Yadi              | Other receivables - related parties | Yes           | 221,465                      | 221,465                 | 61,124                          | 5.03~5.10         | Short-term financing | -                           | Operating capital                | -                             | -          | -     | 1,146,413                                       | 1,146,413                               |      |
| 2   | Huaying Shenzhen     | Xiamen Hua Chen Da         | Other receivables - related parties | Yes           | 8,890                        | 8,859                   | -                               | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -     | 67,103  | 67,103                                  |      |
| 3   | Dongguan Huagang     | Guangjou Shing Shian       | Other receivables - related parties | Yes           | 22,225                       | 22,147                  | 21,083                          | 4.00              | Short-term financing | -                           | Operating capital                | -                             | -          | -     | 792,373   | 792,373                                 |      |
| 3   | Dongguan Huagang     | Anhua Huixinkang           | Other receivables - related parties | Yes           | 22,225                       | 22,146                  | -                               | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -     | 792,373   | 792,373                                 |      |
| 4   | KS Crop.             | KSD Corp.                  | Other receivables - related parties | Yes           | 48,000                       | -                       | -                               | -                 | Short-term financing | -                           | Operating capital                | -                             | -          | -     | 188,684   | 188,684                                 |      |
| 6   | Wah Lee Holding Ltd. | The Company                | Other receivables - related parties | Yes           | 670,560                      | 669,900                 | 669,900                         | 5.00              | Short-term financing | -                           | Operating capital                | -                             | -          | -     | 1,634,015                                       | 1,634,015                               |      |
| 7   | Raycong H.K.         | The Company                | Other receivables - related parties | Yes           | 914,400                      | 913,500                 | 913,500                         | 5.00              | Short-term financing | -                           | Operating capital                | -                             | -          | -     | 3,371,606                                       | 3,371,606                               |      |

Note 1: RMB is converted by the spot exchange RMB1=NT\$4.4293; and HKD is converted by the spot exchange HKD1=NT\$3.879

Note 2: The aggregate financing limit for the company in need of short-term financing shall not exceed 10% of the Company's equity; the financing limit for each counterparty shall not exceed 5% of the Company's equity and shall not exceed 40% of each counterparty's equity.

Note 3: The individual and aggregate financing limit for the subsidiaries included in the consolidated financial statements of the parent company shall not exceed 30% of the financing company's equity.

Note 4: The individual and aggregate financing limit for the parent company and subsidiaries by Wah Lee Holding Ltd. included in the consolidated financial statements of the parent company shall not exceed 30% of the parent company's equity.

Note 5: The individual and aggregate financing limit for the parent company and the subsidiaries by Raycong H.K. included in the consolidated financial statements of the parent company shall not exceed 40% of the parent company's equity.

Note 6: It was eliminated on consolidation.

TABLE 2

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## Endorsements and guarantees

For the period from January 1 to March 31, 2023

Unit: (In Thousands of New Taiwan Dollars)

| No. | Endorsement/Guarantee Provider | Endorsee/Guarantee                                  |   | Limit on Endorsement/Guarantee Given on Benefit of Each Party (Notes 1-5) | Maximum Amount Endorsed/Guaranteed During the Year | Outstanding Endorsement/Guarantee at The End of the Year (Note 6) | Amount utilized (Note 6) | Amount of Endorsement/Guarantee Collateralized by Properties | Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements (%) | Maximum Endorsement/Guarantee Amount Allowable (Notes 1-5) | Guarantee Provided by Parent Company | Guarantee Provided by Subsidiary | Guarantee Provided to Subsidiaries in Mainland China | Note |
|-----|--------------------------------|---|---|---|--|---|--------------------------|--|--|--|--------------------------------------|----------------------------------|--|------|
|     |                                | Company Name  | Relationship  |   |  |   |                          |  |  |  |                                      |                                  |  |      |
| 0   | The Company                    | WL Singapore  | Subsidiary of the Company   | \$ 4,850,141  | \$ 411,480   | \$ 319,725  | \$ 152,250               | \$ -   | 1.98   | \$ 16,167,136  | Y                                    | N                                | N  |      |
| 0   | The Company                    | WL Vietnam.   | Subsidiary of the Company   | 4,850,141   | 563,325  | 563,325   | 110,680                  | -  | 3.48   | 16,167,136   | Y                                    | N                                | N  |      |
| 0   | The Company                    | Regent King   | Subsidiary of the Company   | 4,850,141   | 60,960   | 60,900  | -                        | -  | 0.38   | 16,167,136   | Y                                    | N                                | N  |      |
| 0   | The Company                    | Sakuragawa Solar Ltd.                               | Subsidiary of the Company   | 3,233,427   | 67,108   | 66,498  | 49,199                   | -  | 0.41   | 16,167,136   | Y                                    | N                                | N  |      |
| 0   | The Company                    | Miyazaki Solar Ltd.                                 | Subsidiary of the Company   | 3,233,427   | 199,627  | 197,811   | 176,568                  | -  | 1.22   | 16,167,136   | Y                                    | N                                | N  |      |
| 0   | The Company                    | WL Philippines Inc.                                 | Subsidiary of the Company   | 3,233,427   | 120,140  | 60,900  | 7,273                    | -  | 0.38   | 16,167,136   | Y                                    | N                                | N  |      |
| 0   | The Company                    | WL Philippines Corp.                                | Subsidiary of the Company   | 3,233,427   | 60,960   | 60,900  | -                        | -  | 0.38   | 16,167,136   | Y                                    | N                                | N  |      |
| 0   | The Company                    | KS Crop.  | Subsidiary of the Company   | 3,233,427   | 277,081  | -   | -                        | -  | -  | 16,167,136   | Y                                    | N                                | N  |      |
| 0   | The Company                    | Raycong H.K., Shanghai Yikang and Dongguan Hua Gang | Subsidiary of the Company   | 3,233,427   | 150,000  | 150,000   | 73,634                   | -  | 0.93   | 16,167,136   | Y                                    | N                                | Y  |      |
| 0   | The Company                    | WL Indonesia  | Subsidiary of the Company   | 3,233,427   | 186,217  | 94,395  | 3,194                    | -  | 0.58   | 16,167,136   | Y                                    | N                                | N  |      |
| 0   | The Company                    | WT Industrial                                       | Subsidiary of the Company   | 3,233,427   | 456,450  | 455,890   | 65,647                   | -  | 2.82   | 16,167,136   | Y                                    | N                                | N  |      |
| 0   | The Company                    | Hightech  | Subsidiary of the Company   | 3,233,427   | 334,950  | 334,950   | -                        | -  | 2.07   | 16,167,136   | 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 | 3,233,427   | 790,000  | 790,000   | 230,700                  | -  | 4.89   | 16,167,136   | N                                    | N                                | N  |      |
| 0   | The Company                    | Shanghai Wah Chang Trading Co., Ltd.                | Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage | 3,233,427   | 1,117,515  | 1,117,515   | 459,907                  | -  | 6.91   | 16,167,136   | 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 | 3,233,427   | 75,582   | 75,582  | -                        | -  | 0.47   | 16,167,136   | N                                    | N                                | N  |      |
| 1   | Shanghai Yikang                | Shanghai Yadi                                       | Subsidiary of the Company   | 764,275   | 186,031  | 186,031   | 30,707                   | -  | 4.87   | 1,910,688  | Y                                    | N                                | Y  |      |
| 2   | KS Crop.                       | KSA Corp.   | Subsidiary of the Company   | 2,113,128   | 500,000  | -   | -                        | -  | -  | 3,521,880  | Y                                    | N                                | N  |      |
| 2   | KS Crop.                       | KSA Corp.   | Subsidiary of the Company   | 176,094   | 6,902  | 6,902   | 6,200                    | -  | 1.10   | 352,188  | Y                                    | N                                | N  |      |
| 2   | KS Crop.                       | KSB Corp.   | Subsidiary of the Company   | 2,113,128   | 200,000  | -   | -                        | -  | -  | 3,521,880  | Y                                    | N                                | N  |      |
| 2   | KS Crop.                       | KSC Corp.   | Subsidiary of the Company   | 2,113,128   | 1,500,000  | -   | -                        | -  | -  | 3,521,880  | Y                                    | N                                | N  |      |
| 2   | KS Crop.                       | KSD Corp.   | Subsidiary of the Company   | 2,113,128   | 500,000  | -   | -                        | -  | -  | 3,521,880  | Y                                    | N                                | N  |      |
| 3   | Dongguan Huagang               | Guangjou Shing Shian                                | Subsidiary of the Company   | 792,373   | 184,366  | 184,366   | 87,164                   | -  | 6.98   | 1,320,621  | Y                                    | N                                | Y  |      |
| 4   | Raycong H.K.                   | Xiamen Hua Chen Da                                  | Subsidiary of the Company   | 1,685,803   | 30,480   | 30,450  | 10,996                   | -  | 0.36   | 4,214,508  | Y                                    | N                                | Y  |      |

Note 1: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of the Company. If the Company directly or indirectly holds 100% of the equity of the endorsee or guarantee, the limit on endorsement/guarantee given on behalf of each party shall not exceed 30% of the equity of the Company. The maximum total amount of endorsement/guarantee shall not exceed 100% of the equity of the Company.

Note 2: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of Shanghai Yikang. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Shanghai Yikang.

Note 3: The limit on endorsement/guarantee given on behalf of each party shall not exceed 30% of the equity of Dongguan Hua Gang. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Dongguan Hua Gang.

- Note 4: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of Raycong H.K.. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Raycong H.K..
- Note 5: The limit on endorsement/guarantee given to each party, based on the construction project, shall not exceed 600% of the paid-in capital of KS Corp.; the maximum total amount of endorsement/guarantee shall not exceed 1000% of the paid-in capital of KS Corp. The limit on endorsement/guarantee given to each party, not based on the construction project, shall not exceed 50% of the paid-in capital of KS Corp. The total amount of endorsement/guarantee shall not exceed 100% of the paid-in capital of KS Corp.
- Note 6: USD is converted by spot exchange USD1=NT\$30.450; JPY is converted by spot exchange JPY1=NT\$0.2288; RMB is converted by spot exchange RMB=NT\$4.4293; THB is converted by spot exchange THB1=NT\$0.8973; HKD is converted by spot exchange HKD1=NT\$3.879.



TABLE 3

## WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

March 31, 2023

Unit: (In Thousands of New Taiwan Dollars)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with The Holding Company        | Financial Statement Account              | 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>\$ 224,250</u> | -                           | <u>\$ 224,250</u> |      |
|                      | Daily Polymer Corp.                    | The Company is the director of the company   | Financial assets at FVTOCI - non-current | 2,467,564         | \$ 31,585         | 2.96                        | \$ 31,585         |      |
|                      | Wah Yuen Technology Holding Limited    | -  | Financial assets at FVTOCI - non-current | 1,968,180         | 76,862            | 0.75                        | 76,862            |      |
|                      | JingYi Technology Co.                  | The Company is the director of the company   | Financial assets at FVTOCI - non-current | 2,066,432         | 68,027            | 16.94                       | 68,027            |      |
|                      | 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             | 79,541            | 19.38                       | 79,541            |      |
|                      | Forcera Materials Co., Ltd.            | The Company is the director of the company   | Financial assets at FVTOCI - non-current | 2,102,476         | 41,290            | 8.83                        | 41,290            |      |
|                      | Univision Technology Holdings          | -  | Financial assets at FVTOCI - non-current | 38,794,190        | -                 | 9.10                        | -                 |      |
|                      | Minima Technology Co., Ltd.            | The Company is the director of the company   | Financial assets at FVTOCI - non-current | 3,600,000         | 65,607            | 9.17                        | 65,607            |      |
|                      | TaiGene Biotechnology Co., Ltd.        | The Company is the supervisor of the company | Financial assets at FVTOCI - non-current | 2,300,000         | 12,000            | 6.57                        | 12,000            |      |
|                      | Shilian Fine Chemicals Co., Ltd.       | -  | Financial assets at FVTOCI - non-current | 11,871,585        | 42,817            | 4.57                        | 42,817            |      |
|                      | CDIB Capital Group.                    | -  | Financial assets at FVTOCI - non-current | 2,490,000         | 68,238            | 2.86                        | 68,238            |      |
|                      | Darco Water Technologies Ltd.          | -  | Financial assets at FVTOCI - non-current | 7,649,782         | 16,825            | 8.15                        | 16,825            |      |
|                      | Eleocom Co., Ltd.                      | -  | Financial assets at FVTOCI - non-current | 1,500,000         | -                 | 10.71                       | -                 |      |

(Continued)

(Concluded)

| 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       |      |
|                      | Tien Li Offshore Wind Technology Co., Ltd.       | The Company is the director of the company | Financial assets at FVTOCI - non-current | 946,344           | \$ 59,459        | 1.35                        | \$ 59,459        |      |
|                      | Locus Cell Co., Ltd.                             | -  | Financial assets at FVTOCI - non-current | 5,000,000         | 47,320           | 2.50                        | 47,320           |      |
|                      | Phoenix II Venture Capital Innovation Co., Ltd.  | The Company is the director of the company | Financial assets at FVTOCI - non-current | 1,000,000         | 10,275           | 2.34                        | 10,275           |      |
|                      | Hong Yi Industrial Corp.                         | -  | Financial assets at FVTOCI - non-current | 500,000           | 4,092            | 16.67                       | 4,092            |      |
|                      |  |  |  |                   | <u>\$623,938</u> |                             | <u>\$623,938</u> |      |
| SHC Holding Ltd.     | Guangzhou Yonguang Optoelectronics Co., Ltd.     | -  | Financial assets at FVTOCI - non-current | -                 | \$ -             | 12.82                       | \$ -             |      |
| Wah Lee Holding Ltd. | Mutual funds                                     |  |  |                   |                  |                             |                  |      |
|                      | JPMorgan Funds- Multi-Revenue Fund-A (acc) - USD | -  | Financial assets at FVTPL - current      | 7,737             | \$ 47,862        | -                           | \$ 47,862        |      |
|                      | JPMorgan Funds-Income Fund A (dist) - USD        | -  | Financial assets at FVTPL - current      | 29,965            | 26,962           | -                           | 26,962           |      |
|                      |  |  |  |                   | <u>\$ 74,824</u> |                             | <u>\$ 74,824</u> |      |
| KS Crop.             | HGE Co.  | -  | Financial assets at FVTPL - non-current  | 4,482,000         | \$ 43,186        | 5.71                        | \$ 43,186        |      |

TABLE 4

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

For the period from January 1 to March 31, 2023

Unit: (In Thousands of New Taiwan Dollars)

| Buyer       | Transaction Party                 | Relationship                               | Transaction Details |             |            |                                      | Abnormal Transaction                        |  | Notes/Accounts Receivable (Payable) |            | Note |
|-------------|-----------------------------------|--|---------------------|-------------|------------|--------------------------------------|---|--|-------------------------------------|------------|------|
|             |                                   |  | Purchase/Sale       | Amount      | % of Total | Payment Terms                        |   |  | Balance                             | % of Total |      |
|             |                                   |  |                     |             |            |                                      | Unit Price                                  | Payment Terms  |                                     |            |      |
| The Company | Shanghai Yikang                   | Subsidiary                                 | Sales               | \$ 100,176  | 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 | \$ 78,283                           | 1          | Note |
|             | Raycong H.K.                      | Subsidiary                                 | Sales               | 108,357     | 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 | 65,126                              | 1          | Note |
|             | Asahi Kasei Wah Lee Hi-Tech Corp. | The Company is the director of the Company | Purchase of goods   | ( 193,150 ) | ( 2 )      | 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 | ( 133,267 )                         | ( 4 )      |      |

Note: It was eliminated on consolidation.

TABLE 5

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**March 31, 2023**

**Unit: (In Thousands of New Taiwan Dollars)**

| Company Name         | Transaction Party                             | Relationship                                       | Ending Balance<br>(Notes 1 and 2) | Turnover<br>Rate<br>(times) | Overdue |               | Amount Received in<br>Subsequent Period | Allowance for<br>Impairment Loss |
|----------------------|---|--|-----------------------------------|-----------------------------|---------|---------------|---|----------------------------------|
|                      |   |  |                                   |                             | Amount  | Actions Taken |   |                                  |
| The Company          | Chang Wah Electromaterials Inc.<br>(CWE Inc.) | Associate accounted for using the<br>equity method | \$ 415,067                        | 0.74                        | \$ -    | -             | \$ 16,072                               | \$ -                             |
|                      | Shanghai Yikang                               | Subsidiary   | 114,446                           | 3.27                        | -       | -             | 3,813                                   | -                                |
| Raycong H.K.         | The Company                                   | Parent Company                                     | 927,722                           | 0.09                        | -       | -             | 67,211                                  | -                                |
| Wah Lee Holding Ltd. | The Company                                   | Parent Company                                     | 677,436                           | 0.09                        | -       | -             | -                                       | -                                |

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 6**

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES**

**For the period from January 1 to March 31, 2023**

**Unit: (In Thousands of New Taiwan Dollars)**

| Investee 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          |
|-----------------------|--|-------------|---|----------------------------|-------------------|------------------|--------|--------------------------|-----------------------------------|--|---------------|
|                       |  |             |   | End of the period          | December 31, 2021 |                  |        |                          |                                   |  |               |
| The Company           | Wah Lee Holding Ltd.                       | BVI         | International investment business   | \$ 430,666                 | \$ 430,666        | 13,070,000       | 100.00 | \$ 5,492,140             | \$ 80,290                         | \$ 80,308                              | 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  | 4,579,802                | 145,919                           | 78,369                                 | Subsidiary    |
| The Company           | Chang Wah Electromaterials Inc. (CWE Inc.) | Taiwan      | Agency of IC packaging material and equipment   | 449,349                    | 449,349           | 197,902,180      | 29.32  | 3,657,891                | 213,238                           | 62,204                                 | 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  | 739,921                  | 4,881                             | 1,952                                  | Associate     |
| The Company           | Wah Hong Corp.                             | Taiwan      | Manufacturing of LCD material, BMC (bulk molding compound) material and molded product  | 943,223                    | 943,223           | 26,129,978       | 26.52  | 1,057,204                | 4,014                             | 1,065                                  | Associate     |
| The Company           | ORC Technology Corp.                       | Taiwan      | Trading business and service of exposure machine and parts  | 6,000                      | 6,000             | 600,000          | 35.00  | 70,567                   | ( 5,743 )                         | ( 2,010 )                              | 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  | 4,000                    | ( 36 )                            | ( 30 )                                 | 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 | 3,378                    | ( 14 )                            | ( 14 )                                 | Subsidiary    |
| The Company           | Sakuragawa Solar Ltd.                      | Japan       | Solar power generation business   | 46,008                     | 46,008            | -                | 99.99  | 88,193                   | 1,207                             | 1,207                                  | Subsidiary    |
| The Company           | Miyazaki Solar Ltd.                        | Japan       | Solar power generation business   | 82,103                     | 82,103            | -                | 99.99  | 39,735                   | 807                               | 807                                    | Subsidiary    |
| The Company           | WL Indonesia                               | Indonesia   | Trading business of industrial materials  | 48,261                     | 48,261            | 1,610,000        | 70.00  | 33,774                   | ( 220 )                           | ( 154 )                                | Subsidiary    |
| The Company           | WL Vietnam                                 | Vietnam     | Trading business of industrial materials  | 16,293                     | 16,293            | -                | 100.00 | 38,035                   | ( 3,025 )                         | ( 3,025 )                              | Subsidiary    |
| The Company           | Tranceed Logistics                         | Taiwan      | Freight forwarders and leasing business   | 95,000                     | 95,000            | 9,500,000        | 63.33  | 167,564                  | 7,650                             | 4,845                                  | Subsidiary    |
| The Company           | WT Industrial                              | Thailand    | Trading business of industrial materials  | 200,000                    | 200,000           | 7,650            | 51.00  | 253,367                  | 18,277                            | 7,395                                  | Subsidiary    |
| The Company           | KS Crop.                                   | Taiwan      | Solar power generation business   | 661,053                    | 661,053           | 27,708,077       | 78.67  | 663,078                  | ( 10,212 )                        | ( 9,420 )                              | Subsidiary    |
| The Company           | WL Philippines Corp.                       | Philippines | Trading business of industrial materials  | 7,755                      | 7,755             | 127,495          | 99.99  | 6,043                    | ( 241 )                           | ( 241 )                                | Subsidiary    |
| The Company           | WL Philippines Inc.                        | Philippines | Trading business of industrial materials  | 7,747                      | 7,747             | 126,997          | 99.99  | 5,900                    | 550                               | 550                                    | Subsidiary    |
| The Company           | WH Energy                                  | Taiwan      | Solar power generation business   | 90,000                     | 90,000            | 9,000,000        | 100.00 | 92,231                   | ( 249 )                           | ( 249 )                                | Subsidiary    |
| The Company           | ORC Corp.                                  | Taiwan      | Trading business of industrial materials  | 4,000                      | 4,000             | 400,000          | 40.00  | 40,365                   | 3,798                             | 1,519                                  | Joint Venture |
| The Company           | ENE Corp.                                  | Taiwan      | Solar power generation business   | 50,000                     | 50,000            | 5,000,000        | 100.00 | 46,967                   | ( 795 )                           | ( 795 )                                | Subsidiary    |
| The Company           | Hightech                                   | Malaysia    | Trading business of industrial materials  | 205,335                    | 205,335           | 7,650,000        | 51.00  | 204,434                  | 8,403                             | 2,822                                  | Subsidiary    |
| The Company           | WL Singapore                               | Singapore   | Agency of semiconductor materials and equipment   | 435,145                    | 435,145           | 1,600,000        | 100.00 | 445,374                  | 8,452                             | 8,452                                  | Subsidiary    |
| The Company           | HengYuan Green Energy Technology Co., Ltd. | Taiwan      | Renewable energy self-use power generation and energy technology business   | 24,000                     | -                 | 2,400,000        | 12.00  | 24,006                   | 53                                | 6                                      | Associate     |
| Tranceed Logistics    | Cyuancheng Logistics                       | Taiwan      | Freight forwarders and leasing business   | 42,947                     | 42,947            | 5,500,000        | 100.00 | 40,820                   | 313                               | 264                                    | Subsidiary    |
| KS Crop.              | KSA Corp.                                  | Taiwan      | Solar power generation business   | 55,000                     | 55,000            | 6,130,000        | 100.00 | 64,348                   | ( 211 )                           | ( 211 )                                | Subsidiary    |
| KS Crop.              | KSB Corp.                                  | Taiwan      | Solar power generation business   | 51,130                     | 51,130            | 5,113,000        | 100.00 | 51,685                   | ( 170 )                           | ( 170 )                                | Subsidiary    |
| KS Crop.              | KSC Corp.                                  | Taiwan      | Solar power generation business   | 54,000                     | 54,000            | 5,400,000        | 100.00 | 50,244                   | ( 20 )                            | ( 20 )                                 | Subsidiary    |
| KS Crop.              | KSD Corp.                                  | Taiwan      | Solar power generation business   | -                          | 127,000           | -                | -      | -                        | ( 2,257 )                         | ( 2,257 )                              | Note 3        |
| Wah Lee Holding Ltd.  | SHC Holding Ltd.                           | Mauritius   | International investment business   | 43,892                     | 43,892            | 1,290,000        | 100.00 | 761,802                  | 10,821                            | 10,821                                 | 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  | 3,903,225                | 145,919                           | 67,571                                 | Subsidiary    |
| Wah Lee Holding Ltd.  | Regent King                                | Hong Kong   | Trading business of engineering plastic, composite materials and equipment  | 39                         | 39                | 10,000           | 100.00 | 3,484                    | ( 25 )                            | ( 25 )                                 | Subsidiary    |
| WT Industrial         | WT Indonesia                               | Indonesia   | Trading business of industrial materials  | 3,953                      | 3,953             | 18,150           | 66.00  | 4,336                    | 194                               | 128                                    | Subsidiary    |

Note 1: The share of profit (loss) recognized for the year ended December 31, 2022 included eliminated unrealized gains or losses and amortization of investment premium.

Note 2: The share of profit (loss) of subsidiaries are eliminated on consolidation.

Note 3: For a simple merger, please refer to Note 12.

Note 4: Please refer to Table 7 for information on investments in mainland China.

TABLE 7

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

**Information on investments in mainland China**  
**For the period from January 1 to March 31, 2023**  
**Unit: (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, 2023 | Remittance of Funds |        | Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 1) | Carrying Amount as of March 31, 2023 | Accumulated Repatriation of Investment Income as of March 31, 2023 | Note |
|--|--|-----------------|--|---|---------------------|--------|--|-----------------------------------|--|---------------------------------|--------------------------------------|--|------|
|  |  |                 |  |   | Outward             | Inward |  |                                   |  |                                 |                                      |  |      |
| Dongguan Huagang                                       | Trading business of industrial materials   | \$ 1,154,502    | Invested through the third region, Raycong H.K.            | \$ -  | \$ -                | \$ -   | \$ -   | \$ 47,152                         | 100.00                                       | \$ 47,152                       | \$ 2,635,889                         | \$ -   |      |
| Shanghai Yikang  | Trading business of industrial materials   | 1,006,073       | Invested through the third region, Raycong H.K.            | 340,629   | -                   | -      | 340,629  | 88,229                            | 70.00  | 61,760                          | 2,693,784                            | -  |      |
| Huaying Shenzhen                                       | Supply chain management and consultancy service  | 24,457          | Invested through the third region, Raycong H.K.            | -   | -                   | -      | -  | ( 766 )                           | 100.00                                       | ( 766 )                         | 223,676                              | -  |      |
| Shanghai Wah Chang Trading Co., Ltd.                   | International trading and trading consulting; trading agent and commercial simple processing within enterprises in the bonded area | 73,080          | Invested through the third region, SHC Holding Ltd.        | 43,714  | -                   | -      | 43,714   | 35,950                            | 30.00  | 10,785                          | 735,714                              | -  |      |
| Shanghai Yadi  | Import and export of goods and technology  | 13,288          | Invested through Chinese corporation, Shanghai Yikang      | -   | -                   | -      | -  | ( 1,987 )                         | 49.00  | ( 974 )                         | 17,552                               | -  |      |
| Shanghai Lihuang                                       | Trading business of medical devices and equipment  | 14,750          | Invested through Chinese corporation, Shanghai Yikang      | -   | -                   | -      | -  | ( 1,232 )                         | 48.98  | ( 1,099 )                       | 659                                  | -  |      |
| Fenghuang Xinwah Shouzheng                             | Medical devices manufacturing technology developing and consulting   | 22,146          | Invested through Chinese corporation, Shanghai Yikang      | -   | -                   | -      | -  | ( 635 )                           | 52.50  | ( 333 )                         | 7,957                                | -  |      |
| Guangjou Shing Shian                                   | Hospital management, medical equipment repair, wholesale of medical supplies   | 22,146          | Invested through Chinese corporation, Dongguan Hua Gang    | -   | -                   | -      | -  | 684                               | 100.00                                       | 684                             | 55,290                               | -  |      |
| Anhua Huixinkang                                       | Medical service  | 4,429           | Invested through Chinese corporation, Dongguan Hua Gang    | -   | -                   | -      | -  | ( 426 )                           | 100.00                                       | ( 426 )                         | 3,389                                | -  |      |
| Kaiping Huaxinkang                                     | Medical service  | 1               | Invested through Chinese corporation, Guangjou Shing Shian | -   | -                   | -      | -  | -                                 | 90.00  | -                               | -                                    | -  |      |
| Xiamen Hua Chen Da                                     | Warehouse logistics  | 13,288          | Invested through Chinese corporation, Shenzhen Huaying     | -   | -                   | -      | -  | 291                               | 70.00  | 204                             | 6,458                                | -  |      |
| Xiamen Jian Yuan Rong Logistics Ltd.                   | Warehouse logistics  | 35,434          | Invested through Chinese corporation, Shenzhen Huaying     | -   | -                   | -      | -  | ( 4,177 )                         | 30.00  | ( 1,253 )                       | 9,902                                | -  |      |
| Xiamen Jia Cheng Yuan Trading and Development Co. Ltd. | Warehouse logistics  | 8,859           | Invested through Chinese corporation, Shenzhen Huaying     | -   | -                   | -      | -  | 883                               | 30.00  | 265                             | 3,403                                | -  |      |

| Investee Company Name          | Accumulated Outward Remittance for Investment in Mainland China at the end of the period (Note 3) | Investment Amount Authorized by Investment Commission, MOEA (Note 2) | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3) |
|--------------------------------|---|--|--|
| WAH LEE INDUSTRIAL CORPORATION | \$ 384,343  | \$ 2,480,528   | \$ -   |

Note 1: The disclosure of investment gains and losses this period is based on the following:

1. Dongguan Hua Gang and Shanghai Yikang: Audited by the CPA of the parent company in Taiwan.
2. Others are based on unaudited financial statements.

Note 2: The difference of \$2,096,185 thousand between accumulated outward remittance for investment in mainland China and investment amount authorized by investment commission, MOEA is due to investment of \$1,338,686 thousand (USD8,488 thousand and HKD267,000 thousand) through Raycong H.K., investment of \$111,175 thousand (USD3,572 thousand) through Wah Yuen Technology Holding Limited, transferred capital from retained earnings of \$434,385 thousand (USD13,790 thousand) of Shanghai Yikang, investment of \$14,500 thousand (USD500 thousand) through SHC Holding Ltd., investment without significant influence of \$42,644 thousand and the invested amount of \$154,795 thousand which had already been liquidated but not yet revoked.

Note 3: Under the “Principles Governing the Review of Investments or Technical Cooperation in Mainland China” issued by the Investment Commission on August 29, 2008, the Company had obtained the certificate issued by the Industrial Bureau of the Ministry of Economic Affairs in accordance with the business scope of the operating headquarters; thus, the amount that can be invested in companies located in mainland China is unlimited.

**TABLE 8**

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES**  
**For the period from January 1 to March 31, 2023**  
**Unit: (In Thousands of New Taiwan Dollars)**

| Buyer        | Investee Company | Transaction Type  | Purchase/Sale |            | Price              | Transaction Details                  |  | Notes/Accounts Receivable (Payable) |                | Unrealized (Gain) Loss | Note |
|--------------|------------------|-------------------|---------------|------------|--------------------|--------------------------------------|--|-------------------------------------|----------------|------------------------|------|
|              |                  |                   | Amount (Note) | Percentage |                    | Payment Terms                        | Comparison with Normal Transactions  | Amount                              | Percentage (%) |                        |      |
| The Company  | Shanghai Yikang  | Sales             | \$ 100,176    | 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 | \$ 78,283                           | 1              | \$ 482                 | Note |
|              | Shanghai Yikang  | Purchase of goods | ( 3,913 )     | -          | Normal trade terms | 120 days after monthly closing       | The terms with related parties are not significantly different from those to third parties | ( 1,666 )                           | -              | -                      | Note |
|              | Dongguan Huagang | Sales             | 87,355        | 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 | 35,447                              | 1              | 512                    | Note |
|              | Dongguan Huagang | Purchase of goods | ( 4,880 )     | -          | Normal trade terms | 120 days after monthly closing       | The terms with related parties are not significantly different from those to third parties | ( 4,115 )                           | -              | -                      | Note |
| Raycong H.K. | Dongguan Huagang | Sales             | 97,760        | 13         | Normal trade terms | 30 to 180 days after monthly closing | The terms with related parties are not significantly different from those to third parties | 82,053                              | 9              | -                      | Note |
|              |                  | Purchase of goods | ( 8,929 )     | ( 1 )      | Normal trade terms | 30 to 180 days after monthly closing | The terms with related parties are not significantly different from those to third parties | ( 2,938 )                           | ( 2 )          | -                      | Note |

Note: It was eliminated on consolidation.



TABLE 9

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## Intercompany relationships and significant intercompany transactions

For the period from January 1 to March 31, 2023

Unit: (In Thousands of New Taiwan Dollars)

| No. | Investee Company | Counterparty       | Relationship         | Transaction Details  |           |                           |                            |
|-----|------------------|--------------------|----------------------|----------------------|-----------|---------------------------|----------------------------|
|     |                  |                    |                      | Items                | Amount    | Transaction Details       | % of Total Sales or Assets |
| 0   | The Company      | Shanghai Yikang    | Parent to subsidiary | Other receivables    | \$ 36,163 | According to the contract | -                          |
| 0   | The Company      | Shanghai Yikang    | Parent to subsidiary | Operating revenues   | 100,176   | According to the contract | -                          |
| 0   | The Company      | Shanghai Yikang    | Parent to subsidiary | Accounts receivable  | 78,283    | According to the contract | -                          |
| 0   | The Company      | Raycong H.K.       | Parent to subsidiary | Other income         | 16,448    | According to the contract | -                          |
| 0   | The Company      | Raycong H.K.       | Parent to subsidiary | Other receivables    | 36,102    | According to the contract | -                          |
| 0   | The Company      | Raycong H.K.       | Parent to subsidiary | Operating revenues   | 108,357   | According to the contract | -                          |
| 0   | The Company      | Raycong H.K.       | Parent to subsidiary | Accounts receivable  | 65,126    | According to the contract | -                          |
| 0   | The Company      | Dongguan Huagang   | Parent to subsidiary | Operating revenues   | 87,355    | According to the contract | -                          |
| 0   | The Company      | Dongguan Huagang   | Parent to subsidiary | Accounts receivable  | 35,447    | According to the contract | -                          |
| 0   | The Company      | KS Crop.           | Parent to subsidiary | Contract liabilities | 46,831    | According to the contract | -                          |
| 0   | The Company      | KS Crop.           | Parent to subsidiary | Operating revenues   | 60,680    | According to the contract | -                          |
| 0   | The Company      | KS Crop.           | Parent to subsidiary | Accounts receivable  | 63,966    | According to the contract | -                          |
| 0   | The Company      | KSA Corp.          | Parent to subsidiary | Contract liabilities | 13,075    | According to the contract | -                          |
| 0   | The Company      | WT Industrial      | Parent to subsidiary | Other receivables    | 16,030    | According to the contract | -                          |
| 0   | The Company      | WT Industrial      | Parent to subsidiary | Operating revenues   | 24,245    | According to the contract | -                          |
| 0   | The Company      | WT Industrial      | Parent to subsidiary | Accounts receivable  | 10,696    | According to the contract | -                          |
| 0   | The Company      | WL Singapore       | Parent to subsidiary | Operating revenues   | 30,232    | According to the contract | -                          |
| 0   | The Company      | WL Singapore       | Parent to subsidiary | Accounts receivable  | 16,746    | According to the contract | -                          |
| 0   | The Company      | Hightech           | Parent to subsidiary | Operating revenues   | 52,337    | According to the contract | -                          |
| 0   | The Company      | Hightech           | Parent to subsidiary | Accounts receivable  | 37,744    | According to the contract | -                          |
| 0   | The Company      | Tranceed Logistics | Parent to subsidiary | Other income         | 10,728    | According to the contract | -                          |
| 1   | Shanghai Yikang  | The Company        | Subsidiary to Parent | Operating revenues   | 38,594    | According to the contract | -                          |
| 1   | Shanghai Yikang  | The Company        | Subsidiary to Parent | Accounts receivable  | 55,223    | According to the contract | -                          |

| No. | Investee Company     | Counterparty               | Relationship             | Transaction Details      |         |                           |                            |
|-----|----------------------|----------------------------|--------------------------|--------------------------|---------|---------------------------|----------------------------|
|     |                      |                            |                          | Items                    | Amount  | Transaction Details       | % of Total Sales or Assets |
| 1   | Shanghai Yikang      | Dongguan Huagang           | Subsidiary to subsidiary | Operating revenues       | 24,507  | According to the contract | -                          |
| 1   | Shanghai Yikang      | Fenghuang Xinwah Shouzheng | Parent to subsidiary     | Other receivables        | 15,764  | According to the contract | -                          |
| 1   | Shanghai Yikang      | Shanghai Yadi              | Parent to subsidiary     | Other receivables        | 64,474  | According to the contract | -                          |
| 2   | Dongguan Huagang     | Guangjou Shing Shian       | Parent to subsidiary     | Other receivables        | 21,408  | According to the contract | -                          |
| 2   | Raycong H.K.         | The Company                | Subsidiary to Parent     | Interest income          | 10,301  | According to the contract | -                          |
| 2   | Raycong H.K.         | The Company                | Subsidiary to Parent     | Other receivables        | 927,129 | According to the contract | 2.1                        |
| 2   | Raycong H.K.         | Dongguan Huagang           | Parent to subsidiary     | Operating revenues       | 97,760  | According to the contract | -                          |
| 2   | Raycong H.K.         | Dongguan Huagang           | Parent to subsidiary     | Accounts receivable      | 82,053  | According to the contract | -                          |
| 3   | Tranceed Logistics   | The Company                | Subsidiary to Parent     | Other operating revenues | 34,287  | According to the contract | -                          |
| 3   | Tranceed Logistics   | The Company                | Subsidiary to Parent     | Accounts receivable      | 40,717  | According to the contract | -                          |
| 4   | Wah Lee Holding Ltd. | The Company                | Subsidiary to Parent     | Other receivables        | 677,436 | According to the contract | 1.5                        |

### **TABLE 10**

# WAH LEE INDUSTRIAL CORPORATION

## INFORMATION OF MAJOR SHAREHOLDERS

**March 31, 2023**[illegible]

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.