

Stock Code: 3010

**Wah Lee Industrial Corporation and
Subsidiaries**

**Consolidated Financial Statements for the Six
Months Ended June 30, 2023 and 2022 and
Independent Auditors' Review Report**

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INDEPENDENT AUDITORS' REPORT

Wah Lee Industrial Corporation :

Introduction

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 June 30, 2023 and 2022, the consolidated statements of comprehensive income for the three and six months then ended June 30, 2023 and 2022, the consolidated statements of changes in equity, consolidated statements of cash flows for the six months then ended, as well as relevant notes to the consolidated 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 of Review

Except as set out in the following paragraph we performed the review 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 aware all significant matters that might be identified by an audit. Accordingly, we do not express an audit opinion.

Basis for the Qualified Conclusion

As described in note 12 to the consolidated financial report, the financial statements of the non-significant subsidiaries included in the first consolidated financial report for the same period have not been reviewed by the accountants. Its total assets as of June 30, 2023 and 2022 were NT \$8,415,523 thousand and NT \$8,131,657 thousand, respectively, accounting for 18% and 17% of the total consolidated assets, respectively. Total liabilities amounted to NT\$4,158,825 thousand and NT\$4,147,438 thousand, respectively, accounting for 15% and 13% of the total consolidated liabilities. The comprehensive profit and loss for the three and six months ended June 30, 2023 and 2022 were NT\$65,930 thousand, NT\$62,459 thousand, NT\$92,019 thousand, and NT\$176,974 thousand respectively, accounting for 9%, 99%, 6%, and 14% 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 June 30, 2023 and 2022 was NT\$2,029,414 thousand and NT\$2,097,193 thousand, respectively, and for the three and six months ended June 30, 2023 and 2022, the shares of related party enterprises and joint venture profits and losses recognized under the equity method were NT\$47,069 thousand, NT\$54,686 thousand, NT\$67,353 thousand, and NT\$116,824 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.

Qualified Conclusion

Based on our review, apart from the non-significant subsidiaries mentioned in the preceding paragraph of the Basis for the Qualified Conclusion 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 Wah Lee Industrial Corporation and its subsidiaries as of June 30, 2023 and 2022, consolidated financial performance for the three months ended June 30, 2023 and 2022, and the consolidated financial performance and consolidated cash flow for the six months ended June 30, 2023 and 2022.

Deloitte & Touche
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August 8, 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

June 30, 2023, December 31, 2022, and June 30, 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%
	Current Assets						
1100	Cash and cash equivalents (Note 6)	\$ 3,869,893	8	\$ 6,715,280	14	\$ 3,620,071	7
1110	Financial assets at fair value through profit or loss - current (Note 7)	164,143	-	623,022	1	327,312	1
1120	Financial assets at fair value through other comprehensive income - current (Note 8)	216,750	1	148,500	-	150,400	-
1150	Notes receivable (Notes 9 and 29)	1,771,962	4	2,240,943	5	2,409,456	5
1170	Accounts receivable, net (Note 9)	14,203,129	31	14,497,896	30	16,503,022	34
1180	Accounts receivable - related parties (Notes 9 and 28)	96,805	-	97,642	-	112,284	-
1200	Other receivables	69,749	-	66,041	-	257,663	1
1210	Other receivables - related parties (Notes 13 and 28)	475,982	1	149,529	-	565,239	1
1220	Current tax assets	7	-	-	-	-	-
130X	Merchandise (Notes 10)	5,287,005	11	6,428,237	13	5,538,249	11
1421	Prepayments for purchases	1,849,377	4	1,643,719	3	2,293,598	5
1476	Other financial assets - current (Notes 11 and 29)	3,126,065	7	1,537,457	3	2,595,896	5
1479	Other current assets	203,883	-	194,082	1	336,877	1
11XX	Total current assets	<u>31,334,750</u>	<u>67</u>	<u>34,342,348</u>	<u>70</u>	<u>34,710,067</u>	<u>71</u>
	Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current (Note 7)	42,642	-	43,479	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	780,438	2	594,342	1	597,988	1
1550	Investments accounted for using the equity method (Notes 13)	6,471,697	14	6,125,003	12	5,958,933	12
1600	Property, plant and equipment (Notes 14, 29, and 30)	6,438,750	14	6,356,350	13	6,211,015	13
1755	Right-of-use assets (Note 15)	566,906	1	564,165	1	555,827	1
1805	Goodwill	177,233	-	177,057	-	112,370	-
1822	Other intangible assets	199,670	-	226,823	1	188,260	-
1840	Deferred tax assets	403,531	1	430,175	1	361,354	1
1915	Prepayments for equipment	6,707	-	10,212	-	13,828	-
1980	Other financial assets - non-current (Notes 11 and 29)	208,642	1	268,762	1	228,248	1
1990	Other non-current assets	26,625	-	29,841	-	29,045	-
15XX	Total non-current assets	<u>15,322,841</u>	<u>33</u>	<u>14,826,209</u>	<u>30</u>	<u>14,256,868</u>	<u>29</u>
1XXX	Total assets	<u>\$ 46,657,591</u>	<u>100</u>	<u>\$ 49,168,557</u>	<u>100</u>	<u>\$ 48,966,935</u>	<u>100</u>
	Liabilities and Equity						
	Current Liabilities						
2100	Short-term borrowings (Note 16)	\$ 7,894,329	17	\$ 9,767,290	20	\$ 8,421,524	17
2110	Short-term bills payable (Note 16)	169,785	-	29,970	-	29,761	-
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	3,672	-	10	-
2130	Contract liabilities - current (Note 22)	479,953	1	350,115	1	834,467	2
2150	Notes payable (Note 18)	755,886	2	511,712	1	323,099	1
2170	Accounts payable (Note 18)	5,850,573	13	7,507,703	15	7,913,453	16
2180	Accounts payable - related parties (Notes 18 and 28)	240,442	1	430,025	1	353,438	1
2216	Dividends payable (Note 21)	1,439,709	3	-	-	1,604,922	3
2219	Other payables (Note 19)	1,300,790	3	1,376,972	3	1,505,404	3
2220	Other payables - related parties (Note 28)	232	-	138	-	698	-
2230	Current tax liabilities	238,793	1	337,138	1	342,760	1
2250	Provisions - current (Note 30)	87,157	-	87,157	-	50,363	-
2280	Lease liabilities - current (Note 15)	107,239	-	98,005	-	102,419	-
2320	Current portion of long-term borrowings (Note 16)	154,859	-	193,522	-	131,281	-
2365	Refund liability - current	280,180	1	298,028	1	223,452	1
2399	Other current liabilities	18,944	-	30,294	-	27,115	-
21XX	Total current liabilities	<u>19,018,871</u>	<u>42</u>	<u>21,021,741</u>	<u>43</u>	<u>21,864,166</u>	<u>45</u>
	Non-current Liabilities						
2530	Bonds payable (Notes 17)	2,004,836	4	1,994,084	4	1,983,389	4
2540	Long-term borrowings (Note 16)	4,720,046	10	5,429,566	11	5,089,877	10
2550	Provisions - non-current	68,647	-	66,223	-	63,499	-
2580	Lease liabilities - non-current (Note 15)	494,185	1	500,877	1	481,282	1
2640	Net defined benefit liability - non-current	263,681	1	266,512	-	291,568	1
2645	Guarantee deposits received	2,953	-	2,803	-	2,418	-
2570	Deferred tax liabilities	1,365,601	3	1,346,099	3	1,404,962	3
25XX	Total non-current liabilities	<u>8,919,949</u>	<u>19</u>	<u>9,606,164</u>	<u>19</u>	<u>9,316,995</u>	<u>19</u>
2XXX	Total liabilities	<u>27,938,820</u>	<u>61</u>	<u>30,627,905</u>	<u>62</u>	<u>31,181,161</u>	<u>64</u>
	Equity attributable to owners of the Company (Note 21)						
3110	Ordinary share capital	2,360,179	5	2,360,179	5	2,360,179	5
3200	Capital Surplus	2,074,630	4	2,036,714	4	2,070,011	4
	Retained Earnings						
3310	Legal reserve	2,968,189	6	2,710,197	6	2,710,197	6
3320	Special reserve	448,559	1	184,623	-	184,623	-
3350	Undistributed earnings	8,938,170	19	9,912,630	20	8,815,828	18
3300	Total retained earnings	12,354,918	26	12,807,450	26	11,710,648	24
3400	Other Equity	113,105	-	(448,559)	(1)	(543,233)	(1)
31XX	Total equity attributable to owners of the Company	<u>16,902,832</u>	<u>35</u>	<u>16,755,784</u>	<u>34</u>	<u>15,597,605</u>	<u>32</u>
36XX	Non-controlling interests (Note 21)	1,815,939	4	1,784,868	4	2,188,169	4
3XXX	Total equity	<u>18,718,771</u>	<u>39</u>	<u>18,540,652</u>	<u>38</u>	<u>17,785,774</u>	<u>36</u>
	Total liabilities and equity	<u>\$ 46,657,591</u>	<u>100</u>	<u>\$ 49,168,557</u>	<u>100</u>	<u>\$ 48,966,935</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Deloitte & Touche auditors' report dated August 8, 2023)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three and six months ended

June 30, 2023 and 2022

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

Code		Three-month period ended June 30, 2023		Three-month period ended June 30, 2022		For the six months ended June 30, 2023		For the six months ended June 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Notes 22 and 28)	\$ 16,167,074	100	\$ 18,336,230	100	\$ 30,545,358	100	\$ 37,846,116	100
5000	Operating costs (Notes 10, 23, and 28)	<u>14,657,488</u>	<u>91</u>	<u>16,908,563</u>	<u>92</u>	<u>27,941,440</u>	<u>91</u>	<u>34,860,314</u>	<u>92</u>
5900	Gross Profit	<u>1,509,586</u>	<u>9</u>	<u>1,427,667</u>	<u>8</u>	<u>2,603,918</u>	<u>9</u>	<u>2,985,802</u>	<u>8</u>
	Operating expenses (Notes 9, 23, and 28)								
6100	Selling and marketing expenses	597,373	4	586,344	3	1,105,801	4	1,189,648	3
6200	General and administrative expenses	158,821	1	164,686	1	321,099	1	314,544	1
6450	Expected credit loss recognized (reversed)	<u>4,158</u>	<u>-</u>	<u>(20,578)</u>	<u>-</u>	<u>(2,993)</u>	<u>-</u>	<u>(17,530)</u>	<u>-</u>
6000	Total operating expenses	<u>760,352</u>	<u>5</u>	<u>730,452</u>	<u>4</u>	<u>1,423,907</u>	<u>5</u>	<u>1,486,662</u>	<u>4</u>
6900	Operating income	<u>749,234</u>	<u>4</u>	<u>697,215</u>	<u>4</u>	<u>1,180,011</u>	<u>4</u>	<u>1,499,140</u>	<u>4</u>
	Non-operating income and expenses (Notes 23 and 28)								
7100	Interest income	36,645	-	25,659	-	58,850	-	48,515	-
7010	Other income	23,212	-	48,583	-	41,879	-	72,209	-
7020	Other gains and losses	25,613	-	65,302	-	38,385	-	111,224	-
7050	Financial costs	(96,564)	(1)	(62,399)	-	(208,179)	(1)	(114,953)	-
7060	Share of profit of associates and joint ventures accounted for using the equity method	<u>231,973</u>	<u>1</u>	<u>217,790</u>	<u>1</u>	<u>306,506</u>	<u>1</u>	<u>456,941</u>	<u>1</u>
7000	Non-operating income and expenses	<u>220,879</u>	<u>-</u>	<u>294,935</u>	<u>1</u>	<u>237,441</u>	<u>-</u>	<u>573,936</u>	<u>1</u>
7900	Income before Tax	970,113	4	992,150	5	1,417,452	4	2,073,076	5
7950	Income tax expenses (Notes 4 and 24)	<u>234,423</u>	<u>1</u>	<u>283,943</u>	<u>1</u>	<u>357,728</u>	<u>1</u>	<u>513,968</u>	<u>1</u>
8200	Net income for this period	<u>735,690</u>	<u>3</u>	<u>708,207</u>	<u>4</u>	<u>1,059,724</u>	<u>3</u>	<u>1,559,108</u>	<u>4</u>
	Other comprehensive income (Notes 21 and 24)								
	Items that will not be reclassified subsequently to profit or loss:								
8316	Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	162,614	1	(151,535)	(1)	273,060	1	(195,941)	(1)

(Continued)

(Concluded)

Code		Three-month period ended June 30, 2023		Three-month period ended June 30, 2022		For the six months ended June 30, 2023		For the six months ended June 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
8320	Share of other comprehensive income (loss) of associates accounted for using the equity method	25,090	-	(345,871)	(2)	524,633	2	(354,585)	(1)
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(\$ 8,454)	-	(\$ 336)	-	(\$ 9,429)	-	(\$ 226)	-
8310	Items that may be reclassified subsequently to profit or loss:	<u>179,250</u>	<u>1</u>	<u>(497,742)</u>	<u>(3)</u>	<u>788,264</u>	<u>3</u>	<u>(550,752)</u>	<u>(2)</u>
8361	Exchange differences on translating the financial statements of foreign operations	(156,543)	(1)	(132,504)	(1)	(235,240)	(1)	254,653	1
8370	Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	(77,693)	-	(37,186)	-	(75,314)	-	78,033	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	<u>27,123</u>	<u>-</u>	<u>22,168</u>	<u>-</u>	<u>42,478</u>	<u>-</u>	<u>(46,883)</u>	<u>-</u>
8360		<u>(207,113)</u>	<u>(1)</u>	<u>(147,522)</u>	<u>(1)</u>	<u>(268,076)</u>	<u>(1)</u>	<u>285,803</u>	<u>1</u>
8300	Other Comprehensive Income (net of tax)	<u>(27,863)</u>	<u>-</u>	<u>(645,264)</u>	<u>(4)</u>	<u>520,188</u>	<u>2</u>	<u>(264,949)</u>	<u>(1)</u>
8500	Total comprehensive income for the period	<u>\$ 707,827</u>	<u>3</u>	<u>\$ 62,943</u>	<u>-</u>	<u>\$ 1,579,912</u>	<u>5</u>	<u>\$ 1,294,159</u>	<u>3</u>
8610	Net profit attributable to:								
8620	Owners of the Company	\$ 689,474	4	\$ 656,693	4	\$ 978,318	3	\$ 1,424,957	4
8600	Non-controlling Interests	<u>46,216</u>	<u>-</u>	<u>51,514</u>	<u>-</u>	<u>81,406</u>	<u>-</u>	<u>134,151</u>	<u>-</u>
		<u>\$ 735,690</u>	<u>4</u>	<u>\$ 708,207</u>	<u>4</u>	<u>\$ 1,059,724</u>	<u>3</u>	<u>\$ 1,559,108</u>	<u>4</u>
8710	Total comprehensive income attributable to:								
8720	Owners of the Company	\$ 706,714	4	\$ 46,420	-	\$ 1,548,841	5	\$ 1,124,509	3
8700	Non-controlling Interests	<u>1,113</u>	<u>-</u>	<u>16,523</u>	<u>-</u>	<u>31,071</u>	<u>-</u>	<u>169,650</u>	<u>-</u>
		<u>\$ 707,827</u>	<u>4</u>	<u>\$ 62,943</u>	<u>-</u>	<u>\$ 1,579,912</u>	<u>5</u>	<u>\$ 1,294,159</u>	<u>3</u>
9750	Earnings per share (Note 25) Basic	<u>\$ 2.92</u>		<u>\$ 2.78</u>		<u>\$ 4.15</u>		<u>\$ 6.04</u>	
9850	Diluted	<u>\$ 2.68</u>		<u>\$ 2.56</u>		<u>\$ 3.80</u>		<u>\$ 5.53</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to Deloitte & Touche auditors' report dated August 8, 2023)

Wah Lee Industrial Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended June 30, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

		Equity attributable to the owners of the Company					Other Equity					
		Retained Earnings					Exchange differences on translating the financial statements of foreign operations	Unrealized gain or loss on financial assets at FVTOCI	Total	Total	Non-controlling Interests	Total Equity
Code		Ordinary share capital	Capital Surplus	Legal reserve	Special reserve	Undistributed earnings						
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 for 2022 earnings (Note 21)											
B1	Legal reserve	-	-	257,992	-	(257,992)	-	-	-	-	-	-
B3	Special reserve	-	-	-	263,936	(263,936)	-	-	-	-	-	-
B5	Cash dividends distributed to the shareholders of the Company	-	-	-	-	(1,439,709)	-	-	-	(1,439,709)	-	(1,439,709)
		-	-	257,992	263,936	(1,961,637)	-	-	-	(1,439,709)	-	(1,439,709)
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	37,916	-	-	-	-	-	-	37,916	-	37,916
D1	Net income for the six months ended June 30, 2023	-	-	-	-	978,318	-	-	-	978,318	81,406	1,059,724
D3	Other comprehensive income(loss) after tax for the six months ended June 30, 2023	-	-	-	-	-	(217,741)	788,264	570,523	570,523	(50,335)	520,188
D5	Total comprehensive income(loss) for the six months ended June 30, 2023	-	-	-	-	978,318	(217,741)	788,264	570,523	1,548,841	31,071	1,579,912
Q1	Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	8,859	-	(8,859)	(8,859)	-	-	-
Z1	Balance at June 30, 2023	\$ 2,360,179	\$ 2,074,630	\$ 2,968,189	\$ 448,559	\$ 8,938,170	(\$ 561,798)	\$ 674,903	\$ 113,105	\$ 16,902,832	\$ 1,815,939	\$ 18,718,771
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
	Appropriation and distribution for 2021 earnings (Note 21)											
B1	Legal reserve	-	-	298,157	-	(298,157)	-	-	-	-	-	-
B3	Special reserve reversed	-	-	-	(451,995)	451,995	-	-	-	-	-	-
B5	Cash dividends distributed to the shareholders of the Company	-	-	-	-	(1,604,922)	-	-	-	(1,604,922)	-	(1,604,922)
		-	-	298,157	(451,995)	(1,451,084)	-	-	-	(1,604,922)	-	(1,604,922)
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	379,719	-	-	-	-	-	-	379,719	-	379,719
D1	Net income for the six months ended June 30, 2022	-	-	-	-	1,424,957	-	-	-	1,424,957	134,151	1,559,108
D3	Other comprehensive income(loss) after tax for the six months ended June 30, 2022	-	-	-	-	-	250,304	(550,752)	(300,448)	(300,448)	35,499	(264,949)
D5	Total comprehensive income(loss) for the six months ended June 30, 2022	-	-	-	-	1,424,957	250,304	(550,752)	(300,448)	1,124,509	169,650	1,294,159
Q1	Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	58,162	-	(58,162)	(58,162)	-	-	-
Z1	Balance at June 30, 2022	\$ 2,360,179	\$ 2,070,011	\$ 2,710,197	\$ 184,623	\$ 8,815,828	(\$ 428,325)	(\$ 114,908)	(\$ 543,233)	\$ 15,597,605	\$ 2,188,169	\$ 17,785,774

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

(Please refer to Deloitte & Touche auditors' report dated August 8, 2023)

Wah Lee Industrial Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		For the six months ended June 30, 2023	For the six months ended June 30, 2022
	Cash flows from operating activities		
A10000	Net profit before tax for the period	\$ 1,417,452	\$ 2,073,076
A20010	Adjustments for:		
A20100	Depreciation expenses	206,050	197,298
A20200	Amortization expenses	26,932	22,130
A20300	Expected credit loss recognized (reversed)	(2,993)	(17,530)
A20400	Net gain (loss) of financial instruments at FVTPL	(12,997)	(753)
A20900	Financial costs	208,179	114,953
A21200	Interest income	(58,850)	(48,515)
A21300	Dividend income	(6,143)	(4,882)
A22300	Share of profit of associates and joint ventures accounted for using the equity method	(306,506)	(456,941)
A22500	Net loss (profit) on disposal of property, plant and equipment	(1,118)	15,221
A23700	Write-down (Gain from price recovery) of inventories	(104,571)	115,958
A24100	Net unrealized loss on foreign currency exchange	127,552	95,775
A29900	Others	(543)	(29,574)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at fair value through profit or loss	3,646	7,236
A31130	Notes receivable	468,946	(622,412)
A31150	Accounts receivable	301,210	264,165
A31160	Accounts receivable - related parties	989	4,835
A31180	Other receivables	(5,406)	(177,156)
A31190	Other receivables - related parties	675	5,848
A31200	Merchandise inventories	1,234,740	(464,872)
A31230	Prepayments for purchases	(205,658)	(3,717)
A31240	Other current assets	(9,801)	(176,058)
A32110	Financial liabilities held for trading	(5,046)	(5,504)
A32125	Contract liabilities	129,838	271,553

(Continued)

(Concluded)

Code		For the six months ended June 30, 2023	For the six months ended June 30, 2022
A32130	Notes payable	\$ 244,174	(\$ 67,582)
A32150	Accounts payable	(1,657,130)	(132,459)
A32160	Accounts payable - related parties	(189,583)	(214,443)
A32180	Other payables	(36,590)	107,422
A32190	Other payables - related parties	94	(2,179)
A32200	Refund liabilities	(17,848)	44,676
A32230	Other current liabilities	(11,350)	844
A32240	Net defined benefit liabilities	(<u>2,835</u>)	(<u>4,652</u>)
A33000	Cash generated from operations	1,735,509	911,761
A33100	Interest received	60,548	51,926
A33200	Dividends received	150,062	78,002
A33300	Interest paid	(223,444)	(99,188)
A33500	Income tax paid	(<u>381,360</u>)	(<u>476,227</u>)
AAAA	Net cash generated from operating activities	<u>1,341,315</u>	<u>466,274</u>
	Cash flow from investing activities		
B00010	Purchase of financial assets at fair value through other comprehensive income	-	(5,000)
B00030	Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	18,714	5,000
B00100	Acquisition of financial assets at FVTPL	(526,936)	(254,652)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	993,009	90,767
B02700	Payment for property, plant, and equipment	(276,559)	(1,589,061)
B02800	Proceeds from disposal of property, plant, and equipment	7,595	56,399
B01800	Acquired associate	(24,000)	-
B04500	Acquisition of other intangible assets	-	(38)
B06500	Decrease (increase) in other financial assets	(<u>1,528,488</u>)	<u>62,096</u>
BBBB	Net cash used in investing activities	(<u>1,336,665</u>)	(<u>1,634,489</u>)
	Cash flow from financing activities		
C00200	Decrease in short-term borrowings	(1,895,378)	(27,289)
C00500	Increase (decrease) in short-term bills payable	140,000	(30,000)
C01600	Proceeds from long-term borrowings	1,440,885	1,434,416
C01700	Repayment of long-term borrowings	(2,176,704)	(130,550)
C03000	Increase (decrease) in guarantee deposits received	150	(216)

(Continued)

(Concluded)

<u>Code</u>		<u>For the six months ended June 30, 2023</u>	<u>For the six months ended June 30, 2022</u>
C04020	Repayment of the principal portion of lease liabilities	(<u>54,438</u>)	(<u>49,780</u>)
CCCC	Net cash generated from (used in) financing activities	(<u>2,545,485</u>)	<u>1,196,581</u>
DDDD	Effect of exchanges rate changes on the balance of cash and cash equivalents	(\$ <u>304,552</u>)	\$ <u>316,368</u>
EEEE	Net increase (decrease) in cash and cash equivalents	(2,845,387)	344,734
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 ending of the period	<u>\$3,869,893</u>	<u>\$3,620,071</u>

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

(Please refer to Deloitte & Touche auditors' report dated August 8, 2023)

Wah Lee Industrial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

For the six months ended June 30, 2023 and 2022

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

1. Organization

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

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

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

2. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were approved by the Board of Directors on August 8, 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 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 01, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 01, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 01, 2024
Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules”	Note 3

- Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.
- Note 3: Upon publication of the amendment, the exceptions and applicable disclosures shall be applied immediately and retrospectively in accordance with IAS 8; the remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

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

4. Summary of Significant Accounting Policies

a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the 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 the financial instruments measured at fair value, and the net defined benefit liabilities measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

c. 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. Other 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-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 Uncertainties

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

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 1,232	\$ 1,239	\$ 1,189
Demand deposits in banks	3,625,198	3,876,747	3,352,046
Check accounts in banks	32,086	37,808	33,473
Cash equivalents investments with original maturities of 3 months or less			
Time deposits in banks	<u>211,377</u>	<u>2,799,486</u>	<u>233,363</u>
	<u>\$ 3,869,893</u>	<u>\$ 6,715,280</u>	<u>\$ 3,620,071</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Time deposits in banks (%)	1.50~5.10	0.10~4.30	0.10~4.00

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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets - current</u>			
Mandatorily classified at FVTPL			
Hybrid instruments - structured deposits (a)	\$ 85,871	\$ 549,458	\$ 253,903
Non-derivative financial assets - mutual funds	76,876	73,564	71,075

(Continued)

(Concluded)

	June 30, 2023	December 31, 2022	June 30, 2022
Derivatives instruments (not designated for hedge) (b)			
Foreign exchange forward contracts	1,396	-	2,134
Redemption options of convertible bonds	-	-	200
	<u>\$ 164,143</u>	<u>\$ 623,022</u>	<u>\$ 327,312</u>
<u>Financial assets - non-current</u>			
Mandatorily classified at FVTPL			
Non-derivative financial assets			
Domestic unlisted shareks	<u>\$ 42,642</u>	<u>\$ 43,479</u>	<u>\$ -</u>
<u>Financial liabilities - current</u>			
Held for trading			
Derivatives instruments (not designated for hedge) (b)			
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 3,672</u>	<u>\$ 10</u>

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

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

June 30, 2023

Currency	Maturity Date	Notional Amount (In Thousands)
Buy USD/Sell RMB	2023.07	USD2,106/RMB15,000
Buy USD/Sell MYR	2023.07~2023.09	USD1,170/MYR5,425

December 31, 2022

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

June 30, 2022

Currency	Maturity Date	Notional Amount (In Thousands)
Buy USD/Sell RMB	2022.07~2022.09	USD6,555/RMB43,377
Buy USD/Sell THB	2022.07	USD200/THB7,056

8. Financial assets at FVTOCI

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Domestic investments in equity instruments			
Listed shares	<u>\$ 216,750</u>	<u>\$148,500</u>	<u>\$ 150,400</u>
<u>Non-current</u>			
Domestic investments in equity instruments			
Listed and Emerging Shares	\$ 272,498	\$ 87,318	\$ 80,036
Unlisted shares	<u>371,983</u>	<u>418,212</u>	<u>416,775</u>
	<u>644,481</u>	<u>505,530</u>	<u>496,811</u>
Foreign investments in equity instruments			
Listed Shares	16,510	20,128	22,887
Unlisted shares	<u>119,447</u>	<u>68,684</u>	<u>78,290</u>
	<u>135,957</u>	<u>88,812</u>	<u>101,177</u>
	<u>\$ 780,438</u>	<u>\$ 594,342</u>	<u>\$ 597,988</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

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable - unrelated parties			
Notes receivable - operating	\$ 1,771,997	\$ 2,240,943	\$ 2,409,479
Less: Allowance for losses	<u>35</u>	<u>-</u>	<u>23</u>
	<u>\$ 1,771,962</u>	<u>\$ 2,240,943</u>	<u>\$ 2,409,456</u>
Accounts receivable - unrelated parties			
At amortized cost			
Gross carrying amount	\$ 14,374,089	\$ 14,679,062	\$ 16,703,504
Less: Allowance for losses	<u>170,960</u>	<u>181,166</u>	<u>200,482</u>
	<u>\$ 14,203,129</u>	<u>\$ 14,497,896</u>	<u>\$ 16,503,022</u>
Accounts receivable - related parties			
At amortized cost			
Gross carrying amount	\$ 97,196	\$ 98,185	\$ 112,498
Less: Allowance for losses	<u>391</u>	<u>543</u>	<u>214</u>
	<u>\$ 96,805</u>	<u>\$ 97,642</u>	<u>\$ 112,284</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:

June 30, 2023

Cost	Counterparty without signs of default				Counterparty with signs of default	Total
	Not past due	Past due by 1-60 days	Past due by 61-180 days	Past due over 181 days		
Expected credit loss rate (%)	0.02~1	0.35~20	1~40	40~50	50~100	
Gross carrying amount	\$ 15,387,677	\$ 581,485	\$ 111,331	\$ 67,387	\$ 95,402	\$ 16,243,282
Loss allowance (Lifetime ECLs)	(18,297)	(17,537)	(20,514)	(32,784)	(82,254)	(171,386)
Amortized cost	<u>\$ 15,369,380</u>	<u>\$ 563,948</u>	<u>\$ 90,817</u>	<u>\$ 34,603</u>	<u>\$ 13,148</u>	<u>\$ 16,071,896</u>

December 31, 2022

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

June 30, 2022

Cost	Counterparty without signs of default				Counterparty with signs of default	Total
	Not past due	Past due by 1-60 days	Past due by 61-180 days	Past due over 181 days		
Expected credit loss rate (%)	0.1~1	1~20	10~50	50	50~100	
Gross carrying amount	\$ 18,095,680	\$ 870,948	\$ 124,869	\$ 49,657	\$ 84,327	\$ 19,225,481
Loss allowance (Lifetime ECLs)	(33,639)	(36,234)	(25,000)	(25,666)	(80,180)	(200,719)
Amortized cost	<u>\$ 18,062,041</u>	<u>\$ 834,714</u>	<u>\$ 99,869</u>	<u>\$ 23,991</u>	<u>\$ 4,147</u>	<u>\$ 19,024,762</u>

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

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Opening balance	\$ 181,709	\$ 232,702
Impairment losses recognized (reversed) of the period	(2,993)	(17,530)
Amounts written off of the period	(3,763)	(19,158)
Foreign exchange translation differences	(3,567)	4,705
Ending balance	<u>\$ 171,386</u>	<u>\$ 200,719</u>

10. Merchandise inventories

The costs of inventories recognized in cost of goods sold for the three and six months ended June 30, 2023 and 2022 were NT\$14,349,656 thousand, NT\$16,647,069 thousand, NT\$27,318,210 thousand, and NT\$34,331,537 thousand, respectively, which included the following items:

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Write-down (Gain from price recovery) of inventories	(\$ 183,181)	\$ 76,473	(\$ 104,571)	\$ 115,958

The price recovery gains of inventory for the three and six months ending June 30, 2023 were primarily attributed to destocking.

11. Other financial assets

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ 1,183,606	\$ 483,893	\$ 87,018
Structured deposits	1,865,749	969,878	2,505,079
Pledged deposits	76,669	81,355	3,694
Refundable deposits	41	2,331	105
	<u>\$ 3,126,065</u>	<u>\$ 1,537,457</u>	<u>\$ 2,595,896</u>
<u>Non-current</u>			
Pledged deposits	\$ 93,120	\$ 151,646	\$ 114,482
Refundable deposits	115,522	117,116	113,766
	<u>\$ 208,642</u>	<u>\$ 268,762</u>	<u>\$ 228,248</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Deposits in banks (%)	0.48~5.45	0.19~4.50	0.12~3.55

- b. The counterparties of the Group's time deposits were banks with good credit and no significant default concerns, hence, there was no expected credit loss.
- c. Refer to Note 29 for information on other financial assets pledged as collateral.

12. Subsidiaries

The subsidiaries in the consolidated financial statements

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

Investee company name	Name of subsidiary	Main business	Percentage of Ownership (%)			Remark	
			June 30, 2023	December 31, 2022	June 30, 2022		
The Company	Wah Lee Holding Ltd.	International investment	100.00	100.00	100.00	Note 1	
	Raycong Industrial (H.K.) Ltd. (Raycong H.K.)	Selling and distributing engineering plastics, high-performance composite materials, industrial materials and equipment	53.69	53.69	53.69		
	WL Japan Corp.	Trading business of synthetic resin, industrial plastic, molding machine, and 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, and electromechanical parts	100.00	100.00	100.00	Note 1	
	SAKURAGAWA SOLAR GODOGAISHA	Solar power station operation	99.99	99.99	99.99	Note 1	
	MIYAZAKI SOLAR GODOGAISHA	Solar power station operation	99.99	99.99	99.99	Note 1	
	PT. Wah Lee Indonesia (WL Indonesia)	Trading industrial materials	70.00	70.00	70.00	Note 1	
	Wah Lee Vietnam Co., Ltd. (WL Vietnam)	Trading 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 industrial materials	51.00	51.00	51.00	Note 1	
	KS Corp.	Solar power station operation	78.67	78.67	78.67	Note 1	
	WH Energy	Solar power station operation	100.00	100.00	100.00	Note 1	
	ENE Corp.	Solar power station operation	100.00	100.00	100.00	Note 1	
	Wah Lee Philippines International Corp. (WL Philippines Corp.)	Trading industrial materials	99.99	99.99	99.99	Note 1	
	Wah Lee Philippines Inc. (WL Philippines Inc.)	Trading industrial materials	99.99	99.99	99.99	Note 1	
	Hightech Polymer SDN. BHD. (Hightech)	Trading industrial materials	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 India Private Limited (WL India)	Trading industrial materials	99.00	-	-	Established in May 2023; Note 1	
	Wah Lee Holding Ltd.	SHC Holding Ltd.	International investment	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.		Selling and distributing engineering plastics, high-performance composite materials, industrial materials and equipment	46.31	46.31	46.31		

(Continued)

(Concluded)

Investee company name	Name of subsidiary	Main business	Percentage of Ownership (%)			Remark
			June 30, 2023	December 31, 2022	June 30, 2022	
	Regent King International Limited (Regent King)	Selling and distributing engineering plastics, high-performance composite materials, industrial materials and equipment	100.00	100.00	100.00	Note 1
Raycong H.K.	Hua Gang International Trading Co., Ltd. (Dongguan Hua Gang)	Trading business of industrial materials	100.00	100.00	100.00	
	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
Shanghai Yikang	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)	Medical consulting	100.00	100.00	100.00	Note 1
	Anhua Huixinkang Hemodialysis Co., Ltd (Anhua Huixinkang)	Medical service industry	100.00	100.00	-	Established in July 2022; Note 1
Guangjou Shing Shian	Kaiping Huaxinkang Medical Service Co., Ltd. (Kaiping Huaxinkang)	Medical service industry	90.00	90.00	90.00	Note 1
Huaying Shenzhen	Xiamen Hua Chen Da Logistics Co., Ltd. (Xiamen Hua Chen Da)	Warehousing and logistics	70.00	70.00	70.00	Note 1
KS Corp.	KSA Corp.	Solar power station operation	100.00	100.00	100.00	Note 1
	KSB Corp.	Solar power station operation	100.00	100.00	100.00	Note 1
	KSC Corp.	Solar power station operation	100.00	100.00	100.00	Note 1
	KSD Corp	Solar power station operation	-	100.00	100.00	Notes 1 and 4
WT Industrial	P.T. Wah Tech Indonesia (WT Indonesia)	Trading industrial materials	66.00	66.00	66.00	Note 1
	Wah Lee India Private Limited (WL India)	Trading industrial materials	1.00	-	-	Established in May 2023; 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-significant subsidiary whose financial statements have not been reviewed by an accountant.
- Note 2: 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: For operational development needs, the board of directors of the Company resolved to acquire 100% shares of WL Singapore from Wah Lee Holding Ltd. in November 2022, which was accounted for as a restructuring transaction under common control.
- 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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Investments in associates</u>			
Material associates			
Chang Wah Electromaterials Inc. (CWE Inc.)	\$ 3,884,298	\$ 3,445,921	\$ 3,284,421
Associates that are not individually material	<u>2,545,994</u>	<u>2,640,236</u>	<u>2,653,213</u>
	6,430,292	6,086,157	5,937,634
<u>Investment in joint ventures</u>			
Joint ventures that are not individually material	<u>41,405</u>	<u>38,846</u>	<u>21,299</u>
	<u>\$ 6,471,697</u>	<u>\$ 6,125,003</u>	<u>\$ 5,958,933</u>

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

a. Material associates

<u>Company Name</u>	June 30, 2023	December 31, 2022	June 30, 2022
CWE Inc.	29.39%	29.17%	29.00%

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

<u>Company Name</u>	June 30, 2023	December 31, 2022	June 30, 2022
CWE Inc.	<u>\$6,768,255</u>	<u>\$ 5,996,436</u>	<u>\$ 6,600,038</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Current Assets	\$ 16,684,311	\$ 15,826,129	\$ 15,783,004
Non-current assets	19,502,094	17,295,137	16,842,979
Current Liabilities	(10,640,135)	(9,299,580)	(11,065,162)
Non-current Liabilities	(7,946,449)	(7,434,740)	(5,699,617)
Equity	17,599,821	16,386,946	15,861,204
Non-controlling Interests	(4,612,713)	(4,805,267)	(4,769,093)
	<u>\$ 12,987,108</u>	<u>\$ 11,581,679</u>	<u>\$ 11,092,111</u>

Percentage of ownership held by the Company (%)	29.39	29.17	29.00
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Equity attributable to the Company	\$ 3,816,871	\$ 3,378,494	\$ 3,216,994
Goodwill	<u>67,427</u>	<u>67,427</u>	<u>67,427</u>
Carrying amount of investment	<u>\$ 3,884,298</u>	<u>\$ 3,445,921</u>	<u>\$ 3,284,421</u>

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Operating Revenue	<u>\$ 4,179,254</u>	<u>\$ 5,820,157</u>	<u>\$ 8,344,924</u>	<u>\$ 11,474,910</u>
Net income for this period	\$ 838,160	\$ 931,104	\$ 1,221,279	\$ 1,850,149
Other comprehensive (loss) income for the year	<u>77,542</u>	<u>(1,134,789)</u>	<u>1,843,126</u>	<u>(1,014,154)</u>
Total comprehensive income for the year	<u>\$ 915,702</u>	<u>(\$ 203,685)</u>	<u>\$ 3,064,405</u>	<u>\$ 835,995</u>
Cash dividends received	\$ -	\$ -	\$ 144,469	\$ 75,203

As of June 30, 2023, December 31 and June 30, 2022, the Company's dividends receivable from CWE Inc. were NT\$356,224 thousand, NT\$144,469 thousand, and NT\$320,602 thousand, respectively, recognized as other receivables - related parties.

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

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
The Group's share				
Net income for this period	\$ 58,302	\$ 62,918	\$ 70,631	\$ 132,132
Other comprehensive (loss) income for the year	<u>(76,357)</u>	<u>(68,730)</u>	<u>(71,494)</u>	<u>17,728</u>
Total comprehensive income for the year	<u>(\$ 18,055)</u>	<u>(\$ 5,812)</u>	<u>(\$ 863)</u>	<u>\$ 149,860</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 NTD 24,000,000 and a shareholding ratio of 12%. As the Company obtained two directors, it was assessed to have a significant influence on the Company and was classified as an investment under the equity method.
- 2) In May 2021, KS Corp. invested \$44,820 thousand in Huahsuan Green Energy Co., Ltd. (HGE Co.), and as of June 30, 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 CPAs. The book value of its investments as of June 30, 2023 and 2022 was NT\$2,029,414 thousand and NT\$2,097,193 thousand, respectively, and the shares of affiliated enterprises and joint venture profits recognized under for the three and six months ended June 30, 2023 and 2022 amounted to NT\$47,069 thousand, NT\$54,686 thousand, NT\$67,353 thousand, and NT\$116,824 thousand, respectively.

14. Property, Plant, and Equipment

For the six months ended June 30, 2023

Cost	Land	Buildings	Power Generation Equipment	Others	Property under	Total
					Construction and Equipment to be Inspected	
Balance at January 1, 2023	\$ 2,084,047	\$ 1,091,245	\$ 3,017,220	\$ 1,130,815	\$ 645,149	\$ 7,968,476
Additions	-	108	56,311	23,169	193,758	273,346
Disposals	-	(369)	(19,817)	(7,498)	-	(27,684)
Reclassified	-	969	5,245	4,400	(10,614)	-
Effects of foreign currency exchange differences	(3,934)	(15,269)	(23,016)	(8,333)	(1,069)	(51,621)
Balance at June 30, 2023	<u>\$ 2,080,113</u>	<u>\$ 1,076,684</u>	<u>\$ 3,035,943</u>	<u>\$ 1,142,553</u>	<u>\$ 827,224</u>	<u>\$ 8,162,517</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 395,992	\$ 425,575	\$ 790,559	\$ -	\$ 1,612,126
Depreciation expenses	-	14,771	81,693	54,844	-	151,308
Disposals	-	(369)	(16,990)	(3,848)	-	(21,207)
Reclassified	-	-	-	-	-	-
Effects of foreign currency exchange differences	-	(7,222)	(7,003)	(4,235)	-	(18,460)
Balance at June 30, 2023	<u>\$ -</u>	<u>\$ 403,172</u>	<u>\$ 483,275</u>	<u>\$ 837,320</u>	<u>\$ -</u>	<u>\$ 1,723,767</u>
Carrying amount at December 31, 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 June 30, 2023	<u>\$ 2,080,113</u>	<u>\$ 673,512</u>	<u>\$ 2,552,668</u>	<u>\$ 305,233</u>	<u>\$ 827,224</u>	<u>\$ 6,438,750</u>

For the six months ended June 30, 2022

Cost	Land	Buildings	Power Generation Equipment	Others	Property under	Total
					Construction and Equipment to be Inspected	
Balance at January 1, 2022	\$ 840,140	\$ 1,068,002	\$ 2,186,906	\$ 1,054,623	\$ 943,161	\$ 6,092,832
Additions	1,245,738	-	16,899	47,329	329,631	1,639,597
Disposals	-	-	-	(3,555)	(15,465)	(19,020)
Reclassified	-	-	653,374	(9,893)	(643,481)	-
Effects of foreign currency exchange differences	(5,042)	17,565	(29,497)	5,201	433	(11,340)
Balance at June 30, 2022	<u>\$ 2,080,836</u>	<u>\$ 1,085,567</u>	<u>\$ 2,827,682</u>	<u>\$ 1,093,705</u>	<u>\$ 614,279</u>	<u>\$ 7,702,069</u>

(Continued)

(Concluded)

	Land	Buildings	Power Generation Equipment	Others	Property under Construction and Equipment to be Inspected	Total
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ -	\$ 358,728	\$ 296,830	\$ 696,470	\$ -	\$ 1,352,028
Depreciation expenses	-	15,433	75,411	51,124	-	141,968
Disposals	-	-	-	(3,525)	-	(3,525)
Reclassified	-	-	4,808	(4,808)	-	-
Effects of foreign currency exchange differences	-	4,968	(7,256)	2,871	-	583
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ 379,129</u>	<u>\$ 369,793</u>	<u>\$ 742,132</u>	<u>\$ -</u>	<u>\$ 1,491,054</u>
Carrying amount at June 30, 2022	<u>\$ 2,080,836</u>	<u>\$ 706,438</u>	<u>\$ 2,457,889</u>	<u>\$ 351,573</u>	<u>\$ 614,279</u>	<u>\$ 6,211,015</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:

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Additions	\$ 273,346	\$ 1,639,597
Capitalization of interest and depreciation expense	(2,851)	(4,497)
Decrease in prepayments for equipment	(3,505)	(16,899)
Decrease (increase) in payables for equipment	11,993	(17,648)
Increase in provisions	(2,424)	(11,492)
Cash paid	<u>\$ 276,559</u>	<u>\$1,589,061</u>

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

Buildings	
Offices	20-63 years
Office interior decoration	5 years
Power Generation Equipment	7-20 years
Others	2-15 years

- c. In January 2022, the board of directors approved the proposal to purchase the land located in the Zilong section of Jiali District, Tainan City from an unrelated party for \$1.2 billion to build the Southern Logistics Center. The transfer of land rights registration was completed in May 2022. Due to the statutory prohibition, the registration of agricultural land rights was registered in the name of Tsun-Hsien Chang, the related party who signed an agreement with the Group. As stipulated in the agreement, the related party will fully cooperate with the Group to transfer the agricultural land right to the Group or a specific person in the future free of charge. The agricultural land has been mortgaged to the Group with a maximum limit of \$200 million.
- d. Refer to Note 29 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.

15. Lease Agreements

a. Right-of-use assets

For the six months ended June 30, 2023

	Land	Buildings	Other equipment	Total
Opening balance	\$ 63,168	\$ 477,285	\$ 23,712	\$ 564,165
Additions	-	62,972	9,954	72,926
Depreciation expenses	(2,348)	(46,451)	(5,943)	(54,742)
Lease modification	-	(14,080)	-	(14,080)
Effects of foreign currency exchange differences	(99)	(1,216)	(48)	(1,363)
Ending balance	<u>\$ 60,721</u>	<u>\$ 478,510</u>	<u>\$ 27,675</u>	<u>\$ 566,906</u>

For the six months ended June 30, 2022

	Land	Buildings	Other equipment	Total
Opening balance	\$ 41,098	\$ 599,828	\$ 16,926	\$ 657,852
Additions	-	36,509	16,102	52,611
Depreciation expenses	(1,366)	(49,461)	(6,033)	(56,860)
Lease modification	-	(99,429)	-	(99,429)
Effects of foreign currency exchange differences	61	1,507	85	1,653
Ending balance	<u>\$ 39,793</u>	<u>\$ 488,954</u>	<u>\$ 27,080</u>	<u>\$ 555,827</u>

b. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount of lease liabilities			
Current	<u>\$ 107,239</u>	<u>\$ 98,005</u>	<u>\$ 102,419</u>
Non-current	<u>\$ 494,185</u>	<u>\$ 500,877</u>	<u>\$ 481,282</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Land	1.85~2.34	1.85	1.85
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 August 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

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Expenses relating to short-term leases	\$ 39,668	\$ 33,345	\$ 81,944	\$ 59,373
Expenses relating to low-value asset leases	\$ 522	\$ 326	\$ 1,194	\$ 986
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 1,780	\$ 2,495	\$ 3,125	\$ 2,741
Total cash outflow for leases			\$ 147,271	\$ 119,997

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

	June 30, 2023	December 31, 2022	June 30, 2022
Secured bank borrowings (Note 29)	\$ 519,869	\$ 1,269,351	\$ 906,695
Unsecured bank borrowings	7,374,460	8,497,939	7,514,829
	<u>\$ 7,894,329</u>	<u>\$ 9,767,290</u>	<u>\$ 8,421,524</u>
Annual interest rate (%)	0.52~6.75	0.59~11.50	0.56~4.05

b. Short-term bills payable

	June 30, 2023	December 31, 2022	June 30, 2022
Commercial paper payable			
China Bills Finance Corporation	\$ 140,000	\$ 30,000	\$ 30,000
Mega Bills Finance Co., Ltd.	30,000	-	-
	<u>170,000</u>	<u>30,000</u>	<u>30,000</u>
Less: Discounts on short-term bills payable	215	30	239
	<u>\$ 169,785</u>	<u>\$ 29,970</u>	<u>\$ 29,761</u>
Annual interest rate (%)	1.38~2.19	2.21	1.79

c. Long-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured borrowings			
Syndicated bank loans (Note 1)	\$ 2,000,000	\$ 2,000,000	\$ 1,497,822
Less: Syndicated loan fee	4,083	4,583	2,160
	<u>1,995,917</u>	<u>1,995,417</u>	<u>1,495,662</u>
Bank loans (Note 2)	400,000	700,000	1,234,538
	<u>2,395,917</u>	<u>2,695,417</u>	<u>2,730,200</u>

(Continued)

(Concluded)

	June 30, 2023	December 31, 2022	June 30, 2022
Secured borrowings (Note 29)			
Syndicated bank loans (Note 3)	-	1,582,420	1,361,861
Bank loans	2,478,988	1,349,369	1,134,282
Less: Management quota fee	-	4,118	5,185
	<u>2,478,988</u>	<u>2,927,671</u>	<u>2,490,958</u>
Less: Portion due within one year	<u>154,859</u>	<u>193,522</u>	<u>131,281</u>
	<u>\$ 4,720,046</u>	<u>\$ 5,429,566</u>	<u>\$ 5,089,877</u>
Annual interest rate (%)			
Syndicated bank loans	2.05	1.80~2.34	0.80~1.97
Bank loans	1.05~2.67	1.05~2.58	0.88~2.99
Expiration period			
Syndicated bank loans	2027.08	2024.10~ 2027.08	2024.01~ 2024.10
Bank loans	2024.10~ 2037.06	2024.06~ 2037.06	2022.09~ 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 Company's financial ratios as of June 30, 2023, December 31, 2022, and June 30, 2022 were in compliance with the requirements of the bank financing contracts.

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. Corporate bonds payable

	June 30, 2023	December 31, 2022	June 30, 2022
3rd domestic unsecured convertible bonds	<u>\$ 2,004,836</u>	<u>\$ 1,994,084</u>	<u>\$ 1,983,389</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 June 30, 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%.

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Liability component at the beginning of the period	\$ 1,994,084	\$ 1,972,752
Interest charged at an effective interest rate	<u>10,752</u>	<u>10,637</u>
Components of ending liabilities	<u>\$ 2,004,836</u>	<u>\$ 1,983,389</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

	June 30, 2023	December 31, 2022	June 30, 2022
Payable for salaries or bonuses	\$ 540,784	\$ 662,772	\$ 589,265
Payable for employees' compensation and remuneration of directors	461,261	329,262	522,707
Payable for freight	35,203	39,042	41,170
Payable for commission	32,405	38,211	69,793
Payable for interest	28,345	55,944	21,795
Payable for equipment	\$ 25,173	\$ 37,166	\$ 73,339
Others	<u>177,619</u>	<u>214,575</u>	<u>187,335</u>
	<u>\$ 1,300,790</u>	<u>\$ 1,376,972</u>	<u>\$ 1,505,404</u>

20. Retirement benefit plans

The defined benefit plan-related pension expenses recognized for the three and six months ended June 30, 2023 and 2022 were calculated based on the pension cost rate as actuarially determined at December 31, 2022 and 2021, respectively, amounting to NT\$1,229 thousand, NT\$833 thousand, NT\$2,456 thousand, and NT\$1,667 thousand, respectively.

21. Equity

a. Ordinary share capital

	June 30, 2023	December 31, 2022	June 30, 2022
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

	June 30, 2023	December 31, 2022	June 30, 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	\$ 403,129
Expired share options	22,374	22,374	22,374
Donations	11,867	11,867	11,867
<u>May be used only to offset a deficit</u>			
Share of changes in capital surplus of associates	450,895	412,979	446,276
<u>May not be used for any purpose</u>			
Share warrants	<u>34,200</u>	<u>34,200</u>	<u>34,200</u>
	<u>\$ 2,074,630</u>	<u>\$ 2,036,714</u>	<u>\$ 2,070,011</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles 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 Company's dividend policy is stipulated based on its current and future development plans, together with the consideration of the investment environment, capital requirements, domestic and international competition, and shareholders' interests. Earnings distribution to common shareholders shall not be less than 10% of distributable earnings. However, no distribution shall be made if the balance of distributable earnings is less than 1% of paid-in capital. Dividends may be distributed to shareholders in cash or shares, with cash dividends being no less than 50% of the total dividends.

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of 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>

The above 2022 cash dividends were distributed by the resolution of the Board of Directors on March 16, 2023 and recognized in dividends payable as of June 30, 2023. The appropriation items for the remaining 2022 earnings were also resolved at the shareholders' ordinary meeting on May 30, 2023.

The 2021 appropriation of earnings was approved by the shareholders' meeting on May 27, 2022, and cash dividends as of June 30, 2022 were included under dividends payable.

d. Other equity items

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

	<u>For the six months ended June 30, 2023</u>	<u>For the six months ended June 30, 2022</u>
Opening balance	<u>(\$ 344,057)</u>	<u>(\$ 678,629)</u>
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	<u>(\$ 184,905)</u>	<u>\$ 219,154</u>
Share from associates accounted for using the equity method	<u>(75,314)</u>	<u>78,033</u>
Effects of income taxes	<u>42,478</u>	<u>(46,883)</u>
Ending balance	<u>(\$ 561,798)</u>	<u>(\$ 428,325)</u>

2) Unrealized gain on financial assets at FVTOCI

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Opening balance	(\$ 104,502)	\$ 494,006
Recognized for the period		
Unrealized (loss) gain - equity instruments	273,060	(195,941)
Share from associates accounted for using the equity method	524,633	(354,585)
Effects of income taxes	(9,429)	(226)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal		
Share from associates accounted for using the equity method	(8,859)	(58,162)
Ending balance	<u>\$ 674,903</u>	<u>(\$ 114,908)</u>

e. Non-controlling Interests

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Opening balance	\$ 1,784,868	\$ 2,018,519
Other comprehensive (loss) income of the period		
Net income for this period	81,406	134,151
Exchange differences on translating the financial statements of foreign operations	(50,335)	35,499
	<u>\$ 1,815,939</u>	<u>\$ 2,188,169</u>

22. Revenue

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Revenue from contracts with customers				
Revenue from sale of goods	\$ 15,770,393	\$ 17,985,056	\$ 29,767,667	\$ 37,174,739
Other operating revenues	<u>396,681</u>	<u>351,174</u>	<u>777,691</u>	<u>671,377</u>
	<u>\$ 16,167,074</u>	<u>\$ 18,336,230</u>	<u>\$ 30,545,358</u>	<u>\$ 37,846,116</u>

a. Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
Notes receivable	\$ 1,771,962	\$ 2,240,943	\$ 2,409,456	\$ 1,787,044
Accounts receivable, net (including related parties)	<u>14,299,934</u>	<u>14,595,538</u>	<u>16,615,306</u>	<u>16,871,481</u>
	<u>\$ 16,071,896</u>	<u>\$ 16,836,481</u>	<u>\$ 19,024,762</u>	<u>\$ 18,658,525</u>
Contract liabilities				
Sale of goods	<u>\$ 479,953</u>	<u>\$ 350,115</u>	<u>\$ 834,467</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 June 30, 2023 and 2022.

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

	<u>For the six months ended June 30, 2023</u>	<u>For the six months ended June 30, 2022</u>
Sale of goods	<u>\$ 205,328</u>	<u>\$ 425,267</u>

b. Disaggregation of revenue from contracts with customers

Please refer to Note 33 for information about the disaggregation of revenue.

23. Income before Tax

The details of net income before tax includes the following items:

a. Other income (Note 28)

	<u>Three-month period ended June 30, 2023</u>	<u>Three-month period ended June 30, 2022</u>	<u>For the six months ended June 30, 2023</u>	<u>For the six months ended June 30, 2022</u>
Rent income	\$ 3,798	\$ 4,274	\$ 8,185	\$ 9,533
Consulting service income	3,856	7,231	5,340	12,654
Dividend income	5,679	3,440	6,143	4,882
Grants income	88	22,795	485	23,117
Other income	<u>9,791</u>	<u>10,843</u>	<u>21,726</u>	<u>22,023</u>
	<u>\$ 23,212</u>	<u>\$ 48,583</u>	<u>\$ 41,879</u>	<u>\$ 72,209</u>

b. Other gains and losses

	<u>Three-month period ended June 30, 2023</u>	<u>Three-month period ended June 30, 2022</u>	<u>For the six months ended June 30, 2023</u>	<u>For the six months ended June 30, 2022</u>
Net gain (loss) of financial instruments at FVTPL	\$ 8,455	\$ 3,443	\$ 12,997	\$ 753
Net foreign exchange gains	18,815	47,122	27,937	100,554
Gain (loss) on disposal of property, plant, and equipment	830	(15,351)	1,118	(15,221)
Provisions for reversal losses	-	17,158	-	17,158
Lease modification benefits	-	12,416	543	12,416
Others	<u>(2,487)</u>	<u>514</u>	<u>(4,210)</u>	<u>(4,436)</u>
	<u>\$ 25,613</u>	<u>\$ 65,302</u>	<u>\$ 38,385</u>	<u>\$ 111,224</u>

c. Financial costs

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Interest on bank loans	\$ 89,305	\$ 55,178	\$ 189,090	\$ 98,380
Amortization of borrowing facility management fee	250	893	4,618	1,786
Interest on lease liabilities	3,180	3,148	6,570	7,117
Corporate bond discount amortization and interest compensation	5,384	5,325	10,752	10,637
Less: Amount included in cost of qualifying assets	<u>1,555</u>	<u>2,145</u>	<u>2,851</u>	<u>2,967</u>
	<u>\$ 96,564</u>	<u>\$ 62,399</u>	<u>\$ 208,179</u>	<u>\$ 114,953</u>
Interest capitalized rate (%)	2.18	1.68~1.85	1.81~2.18	1.43~1.85

d. Depreciation and amortization

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Property, Plant, and Equipment	\$ 76,413	\$ 71,685	\$ 151,308	\$ 141,968
Right-of-use assets	28,325	25,893	54,742	56,860
Intangible Assets	12,799	10,481	25,887	21,048
Other non-current assets	516	526	1,045	1,082
Less: Amount included in cost of qualifying assets	<u>-</u>	<u>(1,912)</u>	<u>-</u>	<u>1,530</u>
	<u>\$ 118,053</u>	<u>\$ 110,497</u>	<u>\$ 232,982</u>	<u>\$ 219,428</u>
An analysis of depreciation expense by function				
Operating costs	\$ 71,961	\$ 67,017	\$ 141,348	\$ 132,297
Operating expense	<u>32,777</u>	<u>32,473</u>	<u>64,702</u>	<u>65,001</u>
	<u>\$ 104,738</u>	<u>\$ 99,490</u>	<u>\$ 206,050</u>	<u>\$ 197,298</u>
An analysis of amortization expense by function				
Operating costs	\$ 2,311	\$ 2,333	\$ 4,636	\$ 4,697
Operating expense	<u>11,004</u>	<u>8,674</u>	<u>22,296</u>	<u>17,433</u>
	<u>\$ 13,315</u>	<u>\$ 11,007</u>	<u>\$ 26,932</u>	<u>\$ 22,130</u>

e. Employee benefits expense

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Short-term employee benefits	<u>\$ 437,832</u>	<u>\$ 453,129</u>	<u>\$ 812,340</u>	<u>\$ 903,867</u>
Post-employment benefits				
Defined contribution plans	18,884	15,446	37,791	30,470
Defined benefit plans	<u>1,229</u>	<u>833</u>	<u>2,456</u>	<u>1,667</u>
	<u>20,113</u>	<u>16,279</u>	<u>40,247</u>	<u>32,137</u>
	<u>\$ 457,945</u>	<u>\$ 469,408</u>	<u>\$ 852,587</u>	<u>\$ 936,004</u>

(Continued)

(Concluded)

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
An analysis by function				
Operating costs	\$ 35,484	\$ 32,921	\$ 71,391	\$ 64,419
Operating expense	<u>422,461</u>	<u>436,487</u>	<u>781,196</u>	<u>871,585</u>
	<u>\$ 457,945</u>	<u>\$ 469,408</u>	<u>\$ 852,587</u>	<u>\$ 936,004</u>

f. Compensation of employees and remuneration to directors

According to the Company's Articles of Incorporation, the Company accrued compensation of employees and remuneration of directors at the rates between 9% and 13% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The estimated employee compensation and director remuneration for the three and six months ended June 30, 2023 and 2022 are as follows:

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
<u>Percentages for estimation</u>				
Employees' compensation (%)	9.00	9.02	9.00	9.00
Directors' remuneration (%)	1.15	1.15	1.15	1.14
<u>Amount</u>				
Employees' compensation	<u>\$ 83,054</u>	<u>\$ 85,158</u>	<u>\$ 117,043</u>	<u>\$ 170,915</u>
Director's remuneration	<u>\$ 10,613</u>	<u>\$ 10,881</u>	<u>\$ 14,956</u>	<u>\$ 21,839</u>

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 Rate (%)	Amount	Withdrawal Rate (%)	Amount
Compensation of employees paid in cash	9	\$ 291,956	9	\$ 329,953
Remuneration of directors paid in cash	1.15	37,306	1.15	42,161

If there is a change in the amount after the release date on which the annual consolidated financial statements are approved, the change will be accounted for as a change in an accounting estimate and the adjustment accounted for in the following year.

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

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

24. Income taxes

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

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Current income taxes				
In respect of the current period	\$ 128,526	\$ 181,154	\$ 252,503	\$ 369,785
Surtax on undistributed earnings	30,914	81,479	30,914	81,479
Adjustments for prior years	(5,059)	(4,817)	(409)	(3,275)
	<u>154,381</u>	<u>257,816</u>	<u>283,008</u>	<u>447,989</u>
Deferred tax				
In respect of the current period	<u>80,042</u>	<u>26,127</u>	<u>74,720</u>	<u>65,979</u>
	<u>\$ 234,423</u>	<u>\$ 283,943</u>	<u>\$ 357,728</u>	<u>\$ 513,968</u>

- b. Income tax benefits (expenses) recognized in other comprehensive income

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Deferred tax				
Generated in the current period				
Unrealized gain on financial assets at FVTOCI	(\$ 8,454)	(\$ 336)	(\$ 9,429)	(\$ 226)
Exchange differences on the translation of financial statements of foreign operations	<u>27,123</u>	<u>22,168</u>	<u>42,478</u>	<u>(46,883)</u>
	<u>\$ 18,669</u>	<u>\$ 21,832</u>	<u>\$ 33,049</u>	<u>(\$ 47,109)</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 income for this period

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Profit for the year attributable to owners of the Company	\$ 689,474	\$ 656,693	\$ 978,318	\$ 1,424,957
Effect of convertible corporate bonds	<u>5,383</u>	<u>6,125</u>	<u>10,752</u>	<u>11,637</u>
Net income used in computation of basic and diluted EPS	<u>\$ 694,857</u>	<u>\$ 662,818</u>	<u>\$ 989,070</u>	<u>\$ 1,436,594</u>

b. Number of shares (in thousands)

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Weighted average number of shares outstanding used in computation of basic EPS	236,018	236,018	236,018	236,018
Effect of potentially dilutive shares				
Employees' compensation	1,412	2,025	2,778	3,374
Convertible corporate bonds	<u>21,810</u>	<u>20,387</u>	<u>21,810</u>	<u>20,387</u>
Weighted average number of shares outstanding used in computation of diluted EPS	<u>259,240</u>	<u>258,430</u>	<u>260,606</u>	<u>259,779</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 risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt and equity.

The key management personnel of the Group periodically reviews the cost of capital and the risk associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

The Group is not subject to any externally imposed capital requirements, except those discussed in Note 16.

27. Financial instruments

a. Information on fair values - financial instruments not measured at fair value

The Group's management considers that the carrying amounts of financial assets and financial liabilities that are not measured at fair value approximate their fair values, except for bonds payable.

The carrying amount and fair value of the bonds payable were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount	<u>\$ 2,004,836</u>	<u>\$ 1,994,084</u>	<u>\$ 1,983,389</u>
Fair Value	<u>\$ 1,997,600</u>	<u>\$ 1,973,400</u>	<u>\$ 1,962,600</u>

The fair value of the bonds payable based on Level 3 fair value measurement was determined using the binomial option pricing model, where the significant and unobservable input was historical volatility.

b. Information on fair values - financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificates	\$ 76,876	\$ -	\$ -	\$ 76,876
Structured deposits	-	85,871	-	85,871
Foreign exchange forward contracts	-	1,396	-	1,396
Investment in equity instruments				
Unlisted stocks	-	-	<u>42,642</u>	<u>42,642</u>
	<u>\$ 76,876</u>	<u>\$ 87,267</u>	<u>\$ 42,642</u>	<u>\$ 206,785</u>

<u>Financial assets at FVTPL</u>				
Investment in equity instruments				
Domestic listed shares	\$ 249,075	\$ 240,173	\$ -	\$ 489,248
Unlisted stocks	-	-	491,430	491,430
Foreign listed shares	<u>16,510</u>	<u>-</u>	<u>-</u>	<u>16,510</u>
	<u>\$ 265,585</u>	<u>\$ 240,173</u>	<u>\$ 491,430</u>	<u>\$ 997,188</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificates	\$ 73,564	\$ -	\$ -	\$ 73,564
Structured deposits	-	549,458	-	549,458
Investment in equity instruments				
Unlisted stocks	-	-	<u>43,479</u>	<u>43,479</u>
	<u>\$ 73,564</u>	<u>\$ 549,458</u>	<u>\$ 43,479</u>	<u>\$ 666,501</u>

<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Domestic listed shares	\$ 180,949	\$ 54,869	\$ -	\$ 235,818
Unlisted stocks	-	-	486,896	486,896
Foreign listed shares	<u>20,128</u>	<u>-</u>	<u>-</u>	<u>20,128</u>
	<u>\$ 201,077</u>	<u>\$ 54,869</u>	<u>\$ 486,896</u>	<u>\$ 742,842</u>

<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 3,672</u>	<u>\$ -</u>	<u>\$ 3,672</u>

June 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificates	\$ 71,075	\$ -	\$ -	\$ 71,075
Structured time deposits	-	253,903	-	253,903
Foreign exchange forward contracts	-	2,134	-	2,134
Redemption options of convertible bonds	-	-	200	200
	<u>\$ 71,075</u>	<u>\$ 256,037</u>	<u>\$ 200</u>	<u>\$ 327,312</u>
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Domestic listed shares	\$ 181,854	\$ 48,582	\$ -	\$ 230,436
Unlisted stocks	-	-	495,065	495,065
Foreign listed shares	22,887	-	-	22,887
	<u>\$ 204,741</u>	<u>\$ 48,582</u>	<u>\$ 495,065</u>	<u>\$ 748,388</u>
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	\$ -	\$ 10	\$ -	\$ 10

There were no transfers between Level 1 and Level 2 fair values during the six months ended June 30, 2023 and 2022.

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

	<u>For the six months ended June 30, 2023</u>	<u>For the six months ended June 30, 2022</u>
Opening balance	\$ 530,375	\$ 593,607
Purchases	-	5,000
Reduction of capital	(18,714)	(5,000)
Recognized in Profit or Loss	(837)	(1,000)
Recognized in Other Comprehensive Income and Loss	<u>23,248</u>	<u>(97,342)</u>
Ending balance	<u>\$ 534,072</u>	<u>\$ 495,265</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 for Level 3 fair value measurement

(a) Investment in equity instruments

The fair value of the unlisted shares held by the Group was measured by using the market approach based on the price-book ratio of the comparable companies or by the latest net value of the investees.

(b) Redemption options of convertible bonds

The fair value of redemption options of convertible bonds was determined using the binomial option pricing model where the significant and unobservable input was historical volatility.

c. Categories of financial instruments

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets</u>			
FVTPL			
Mandatorily classified at FVTPL	\$ 206,785	\$ 666,501	\$ 327,312
Financial assets at FVTOCI			
Investment in equity instruments	997,188	742,842	748,388
Measured at amortized cost (Note 1)	23,822,227	25,573,550	26,291,879
<u>Financial liabilities</u>			
FVTPL			
Held for trading	-	3,672	10
Measured at amortized cost (Note 2)	23,094,731	27,243,785	25,754,342

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 for the six months ended June 30, 2023 and 2022 would have been higher (lower) by NT\$36,889 thousand and NT\$9,331 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Fair value interest rate risk			
Financial assets	\$ 2,212,178	\$ 4,363,071	\$ 2,939,436
Financial liabilities	5,666,097	6,453,132	8,640,971
Cash flow interest rate risk			
Financial assets	4,843,541	3,999,934	3,356,246
Financial liabilities	9,879,182	11,560,182	7,598,562

Sensitivity analysis

The sensitivity analysis below shows the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2023 and 2022 would have been lower/higher by NT\$25,178 thousand and NT\$21,212 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate deposits and borrowings.

(c) Other price risks

The Group was exposed to equity price risk through its investments in equity securities and mutual funds. The Group manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk was mainly concentrated on equity instruments of unlisted shares.

Sensitivity analysis

The sensitivity analysis shows the exposure to equity price risk at the end of the reporting period. If equity prices had been 1% higher/lower, the pre-tax profit for the six months ended June 30, 2023 and 2022 would have been higher/lower by NT\$1,195 thousand and NT\$711 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the six

months ended June 30, 2023 and 2022 would have been higher/lower by NT\$9,972 thousand and NT\$7,484 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 year	1-5 years	5-10 years	10-20 years	Total
June 30, 2023					
Non-interest-bearing liabilities	\$ 9,587,632	\$ 2,953	\$ -	\$ -	\$ 9,590,585
Lease liabilities	135,650	252,612	146,122	166,231	700,615
Floating-rate instruments	5,596,592	4,635,826	124,500	21,727	10,378,645
Fixed-rate instruments	2,963,989	2,030,150	-	-	4,994,139
Financial guarantee liabilities	520,826	-	-	-	520,826
	<u>\$ 18,804,689</u>	<u>\$ 6,921,541</u>	<u>\$ 270,622</u>	<u>\$ 187,958</u>	<u>\$ 26,184,810</u>

(Continued)

(Concluded)

	Less than 1 year	1-5 years	5-10 years	10-20 years	Total
<u>December 31, 2022</u>					
Non-interest-bearing liabilities	\$ 9,826,550	\$ 2,803	\$ -	\$ -	\$ 9,829,353
Lease liabilities	111,321	249,893	140,612	160,188	662,014
Floating-rate instruments	6,484,782	5,227,365	144,286	24,028	11,880,461
Fixed-rate instruments	3,652,815	2,334,828	-	-	5,987,643
Financial guarantee liabilities	905,691	-	-	-	905,691
	<u>\$ 20,981,159</u>	<u>\$ 7,814,889</u>	<u>\$ 284,898</u>	<u>\$ 184,216</u>	<u>\$ 29,265,162</u>
<u>June 30, 2022</u>					
Non-interest-bearing liabilities	\$ 11,701,014	\$ 2,418	\$ -	\$ -	\$ 11,703,432
Lease liabilities	113,015	249,031	131,044	146,772	639,862
Floating-rate instruments	5,371,914	2,358,734	23,129	-	7,753,777
Fixed-rate instruments	3,304,220	4,843,859	126,250	31,228	8,305,557
Financial guarantee liabilities	1,108,159	-	-	-	1,108,159
	<u>\$ 21,598,322</u>	<u>\$ 7,454,042</u>	<u>\$ 280,423</u>	<u>\$ 178,000</u>	<u>\$ 29,510,787</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.

	June 30, 2023	December 31, 2022	June 30, 2022
Factoring bank	<u>\$ 295,036</u>	<u>\$ 1,006,841</u>	<u>\$ 817,535</u>
Endorsement transfer to suppliers	<u>\$ 129,640</u>	<u>\$ 181,986</u>	<u>\$ 278,215</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 June 30, 2023, December 31 and June 30, 2022, the face amount of these unsettled bills receivable was NT\$10,420 thousand, NT\$39,894 thousand, and NT\$34,274 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 six months ending June 30, 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

<u>Name of related party</u>	<u>Relations with the Group</u>
CWE Inc.	Associate
Nagase Wahlee Plastics Corp.	Associate
Wah Hong Corp.	Associate
ORC Technology Corp.	Associate
Shanghai Hua Chang Trading Co., Ltd.	Associate
Xiamen JianYuan Rung Logistic Co., Ltd.	Associate
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
Velo-tech Corp.	Other related party (use equity method for subsidiaries)
Daily Polymer Corp.	Other related parties (The Company is a corporate director of the company.)
Asahi Kasei Wah Lee Hi-Tech Corp.	Other related parties (The Company is a corporate director of the company.)
JingYi Technology Co.	Other related parties (The Company is a corporate director of the company.)
Minima Technology Co., Ltd.	Other related parties (The Company is a corporate director of the company.)
Forcera Materials Co., Ltd.	Other related parties (The Company is a corporate director of the company.)
Tien Li Offshore Wind Technology Co., Ltd.	Other related parties (The Company used to be a corporate director of the company, and it was no longer a related party after an election of all directors in June 2023.)

(Continued)

(Concluded)

Name of related party	Relations with the Group
TaiGene Biotechnology Co., Ltd.	Other related parties (The Company is a corporate supervisor of the company.)
Bao Guang Investment Co., Ltd.	Other related parties (Its person in charge is a relative within the first degree of kinship of the Chairman of the Company and was in the Company's management before May 2023.)
Sin Hao Co., Ltd.	Other related parties (Its person in charge is a relative within the first degree of kinship of a director of the Company.)
Raycon Industries Inc.	Other related parties (Its person in charge is a relative within the first degree of kinship of a director of the Company.)
Chen Chih-Yuan	Other related parties (He is a relative within the first degree of kinship of a director of the Company.)

b. Operating transactions

1) Operating Revenue

Categories of related parties	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Revenue from sale of goods				
Associates and their subsidiaries	\$ 78,206	\$ 97,087	\$ 165,221	\$ 215,253
Other related parties	<u>19,326</u>	<u>2,198</u>	<u>37,001</u>	<u>2,260</u>
	<u>\$ 97,532</u>	<u>\$ 99,285</u>	<u>\$ 202,222</u>	<u>\$ 217,513</u>
Other operating revenues				
Associates and their subsidiaries	\$ 4,465	\$ 10,210	\$ 9,856	\$ 16,089
Other related parties	<u>1,634</u>	<u>2,444</u>	<u>3,215</u>	<u>4,881</u>
	<u>\$ 6,099</u>	<u>\$ 12,654</u>	<u>\$ 13,071</u>	<u>\$ 20,970</u>

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

2) Purchase of goods

Categories of related parties	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Associates and their subsidiaries	\$ 85,723	\$ 122,202	\$ 146,682	\$ 329,395
Other related parties	<u>215,507</u>	<u>374,291</u>	<u>436,887</u>	<u>738,960</u>
	<u>\$ 301,230</u>	<u>\$ 496,493</u>	<u>\$ 583,569</u>	<u>\$ 1,068,355</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

Categories of related parties	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Commissions expense				
Other related parties	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>35</u>
Service expense				
Other related parties	\$ <u>2,764</u>	\$ <u>2,630</u>	\$ <u>5,505</u>	\$ <u>5,141</u>

4) Receivables from related parties

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable - related parties			
Associates and their subsidiaries	\$ 82,687	\$ 93,792	\$ 109,074
Other related parties	<u>14,509</u>	<u>4,393</u>	<u>3,424</u>
	97,196	98,185	112,498
Less: Allowance for losses	<u>391</u>	<u>543</u>	<u>214</u>
	<u>\$ 96,805</u>	<u>\$ 97,642</u>	<u>\$ 112,284</u>
Other receivables - related parties			
Associates and their subsidiaries			
CWE Inc.	\$ 356,224	\$ 144,499	\$ 320,602
Nagase Wahlee Plastics Corp.	75,749	196	172,239
Others	<u>43,805</u>	<u>4,209</u>	<u>72,124</u>
	475,778	148,904	564,965
Other related parties	<u>204</u>	<u>625</u>	<u>274</u>
	<u>\$ 475,982</u>	<u>\$ 149,529</u>	<u>\$ 565,239</u>

The outstanding receivables from related parties are unsecured. Other receivables are mainly dividends receivable.

5) Payables to related parties

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts payable - related parties			
Associates and their subsidiaries	\$ 80,341	\$ 116,594	\$ 101,442
Other related parties	<u>160,101</u>	<u>313,431</u>	<u>251,996</u>
	<u>\$ 240,442</u>	<u>\$ 430,025</u>	<u>\$ 353,438</u>
Other payables - related parties			
Associates and their subsidiaries	\$ 175	\$ 113	\$ -
Other related parties	<u>57</u>	<u>25</u>	<u>698</u>
	<u>\$ 232</u>	<u>\$ 138</u>	<u>\$ 698</u>

The outstanding payables to related parties are unsecured.

c. Other income

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Associate	\$ 8,471	\$ 5,604	\$ 9,639	\$ 9,422
Other related parties	516	865	1,065	1,719
Key management personnel	-	11	24	35
	<u>\$ 8,987</u>	<u>\$ 6,480</u>	<u>\$ 10,728</u>	<u>\$ 11,176</u>

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

d. Leasing agreements

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Associates and their subsidiaries	\$ 52	\$ -	\$ 97	\$ -
Other related parties	73	74	147	147
	<u>\$ 125</u>	<u>\$ 74</u>	<u>\$ 244</u>	<u>\$ 147</u>

e. Endorsements and guarantees

Categories of related parties	June 30, 2023	December 31, 2022	June 30, 2022
Associate			
Amount endorsed	<u>\$ 1,932,838</u>	<u>\$ 1,763,507</u>	<u>\$ 1,732,124</u>
Amount utilized	<u>\$ 510,406</u>	<u>\$ 865,797</u>	<u>\$ 1,073,885</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:

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Short-term employee benefits	\$ 29,300	\$ 35,391	\$ 49,790	\$ 74,995
Post-employment benefits	203	133	407	330
	<u>\$ 29,503</u>	<u>\$ 35,524</u>	<u>\$ 50,197</u>	<u>\$ 75,325</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:

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 424,676	\$ 1,188,827	\$ 1,095,750
Other financial assets - current	76,669	81,355	3,694
Other financial assets - non-current	93,120	151,646	114,482
Property, Plant, and Equipment			
Freehold land	1,751,375	1,755,309	1,702,760
Buildings	391,869	396,034	454,748
Power Generation Equipment	1,806,920	2,472,625	1,670,944
Others	<u>47,060</u>	<u>54,903</u>	<u>6,320</u>
	<u>\$ 4,591,689</u>	<u>\$ 6,100,699</u>	<u>\$ 5,048,698</u>

30. Significant contingent liabilities and unrecognized commitments

Significant contingent liabilities and unrecognized commitments of the Group as of June 30, 2023 were as follows:

- a. The Group's unused letters of credit for the purchase of merchandise amounted to NT\$376,214 thousand.
- b. The unrecognized commitments for acquisition of property, plant and equipment were NT\$640,506 thousand.
- c. Company A filed a lawsuit with the court against KS Corp. for failing to fulfill its obligation of placing orders under a purchase agreement and demanded compensation of \$50,363 thousand. In October 2020, a judgment entered in the first instance was announced that Company A won the case; KS Corp. appealed and recognized the related loss provision of \$50,363 thousand in 2021. As of the date the consolidated financial statements were approved, the case is still under trial, and the outcome of the final trial is highly uncertain.
- d. Company B filed a letter to KS Corp. in November 2020 to terminate a lease agreement, requested KS Corp. to pay a default penalty of \$41,704 thousand and confiscate the guarantee deposit. KS Corp., based on the advice from the legal counsel, believed that there were unavoidable reasons for it to waive the default penalty. Therefore, KS Corp. derecognized the aforementioned guarantee deposit and related construction in progress and recorded losses in 2020, but no loss related to the default penalty was recognized. In addition, KS Corp. has filed a lawsuit against the request of Company B. In May 2023, the trial court ruled in favor of KS Corp. and Company B filed an appeal.
- 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 Currency		Exchange Rate	Carrying Value
	Amount			
<u>June 30, 2023</u>				
Monetary financial assets				
USD	\$ 252,325	31.14	(USD : NTD)	\$ 7,857,401
USD	97,502	7.836	(USD: HKD)	3,036,221
USD	17,471	7.260	(USD : RMB)	544,056
USD	451	23,771	(USD : VND)	14,049
USD	1,470	35.322	(USD: THB)	45,776
USD	2,026	4.878	(USD: MYR)	63,081
Nonmonetary financial assets				
Investment accounted for using the equity method				
USD	14,505	31.14	(USD : NTD)	451,692
RMB	178,149	4,2891	(RMB: NTD)	764,094
RMB	1,288,469	1.0793	(RMB : HKD)	5,526,345
JPY	583,707	0.2150	(JPY: NTD)	125,497
HKD	2,144,008	3.974	(HKD: NTD)	8,520,287
THB	291,886	0.8816	(THB: NTD)	257,327
MYR	18,516	6.3840	(MYR: NTD)	118,209
Monetary financial liabilities				
USD	218,720	31.14	(USD : NTD)	6,810,933
USD	9,219	7.836	(USD: HKD)	287,071
USD	17,403	7.260	(USD : RMB)	541,942
USD	3,426	23,771	(USD : VND)	106,695
USD	1,514	35.322	(USD: THB)	47,137
USD	2,503	4.878	(USD: MYR)	77,953
<u>December 31, 2022</u>				
Monetary financial assets				
USD	226,216	30.71	(USD : NTD)	6,947,104
USD	95,757	7.798	(USD: HKD)	2,940,704
USD	\$ 17,245	6.903	(USD : RMB)	\$ 529,596
USD	1,552	23,806	(USD : VND)	47,667
USD	1,201	34.35	(USD: THB)	36,882
USD	1,630	4.584	(USD: MYR)	50,044
Nonmonetary financial assets				
Investment accounted for using the equity method				
USD	13,971	30.71	(USD : NTD)	429,047
RMB	170,346	4.449	(RMB: NTD)	757,866
RMB	1,226,385	1.1298	(USD : 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

(Continued)

(Concluded)

	Foreign Currency		Exchange Rate	Carrying Value
	Amount			
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
<hr/>				
June 30, 2022				
<hr/>				
Monetary financial assets				
USD	268,969	29.72	(USD : NTD)	7,993,764
USD	33,965	7.8458	(USD: HKD)	1,009,437
USD	27,384	6.7031	(USD : RMB)	813,839
USD	1,024	23,587.30	(USD : VND)	30,422
USD	2,076	35.09	(USD: THB)	61,712
Nonmonetary financial assets				
Investment accounted for				
using the equity method				
USD	13,767	29.72	(USD : NTD)	409,161
RMB	217,061	4.4338	(RMB: NTD)	962,399
RMB	1,603,437	1.1705	(RMB: HKD)	7,109,269
JPY	542,167	0.2182	(JPY: NTD)	118,301
HKD	2,126,405	3.7880	(HKD: NTD)	8,054,821
THB	246,314	0.8469	(THB: NTD)	208,603
Monetary financial liabilities				
USD	257,117	29.72	(USD : NTD)	7,641,529
USD	12,029	7.8458	(USD: HKD)	357,512
USD	19,856	6.7031	(USD : RMB)	590,130
USD	10,386	23,587.30	(USD : VND)	308,679
USD	2,631	35.09	(USD: THB)	78,193

For the three and six months ended June 30, 2023 and 2022, realized and unrealized net foreign exchange gains were NT\$18,815 thousand, NT\$47,122 thousand, NT\$27,937 thousand, and NT\$100,554 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. Additional Disclosures

- a. Information about significant transactions
 - 1) Financing provided to others: Table 1.
 - 2) Endorsements/Guarantees provided: Table 2.
 - 3) Marketable securities held (excluding investments in subsidiaries and associates): Table 3.
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
 - 9) Trading in derivative instruments: Note 7, in addition, the Group incurred a net gain of NT\$3,645 thousand on foreign exchange forward contracts during the six months ended June 30, 2023.
 - 10) Others: Intercompany relationships and significant intercompany transactions: Table 9.
- b. Information on investees: Table 6.
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
 - (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 8.
 - (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8.
 - (c) The amount of property transactions and the amount of the resultant gains or losses: None.
 - (d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2.
 - (e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.
 - (f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

The Company's other significant transactions with investee companies in mainland China as of and for the period during the six-month ended June 30, 2023 and June 30, 2023 were as follows:

Transaction Party	Line Item	Amount
Shanghai Yikang	Other income	\$ 15,107
Shanghai Yikang	Commissions expense and other operating expenses	80,717
Shanghai Yikang	Other receivables	44,086
Shanghai Yikang	Other payables	55,801

- d. Information on major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 10.

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 Yikang	Others	Adjustment and Elimination	Total
<u>For the six months ended June 30, 2023</u>						
Revenue from External Customers	\$ 16,908,276	\$ 5,636,409	\$ 5,470,977	\$ 2,529,696	\$ -	\$ 30,545,358
Inter-segment revenue	<u>886,460</u>	<u>41,954</u>	<u>139,948</u>	<u>72,677</u>	<u>(1,141,039)</u>	<u>-</u>
Segment revenue	<u>\$ 17,794,736</u>	<u>\$ 5,678,363</u>	<u>\$ 5,610,925</u>	<u>\$ 2,602,373</u>	<u>(\$ 1,141,039)</u>	<u>\$ 30,545,358</u>
Departmental operating income	\$ 463,364	\$ 221,851	\$ 266,892	\$ 160,282	\$ 67,622	\$ 1,180,011
Interest income	8,709	59,713	8,361	20,409	(38,342)	58,850
Other income	112,260	2,452	7,458	9,040	(89,331)	41,879
Other gains and losses	16,679	9,268	(3,478)	14,245	1,671	38,385
Financial costs	(157,204)	(25,068)	(13,545)	(51,565)	39,203	(208,179)
Segment profit before tax	443,808	268,216	265,688	152,411	(19,177)	1,110,946
Income tax expense	(190,163)	(59,059)	(75,271)	(33,523)	288	(357,728)
Segment profit after tax	<u>\$ 253,645</u>	<u>\$ 209,157</u>	<u>\$ 190,417</u>	<u>\$ 118,888</u>	<u>(\$ 18,889)</u>	<u>753,218</u>
Share of profit and loss of associates under the equity method						<u>306,506</u>
Consolidated net profit						<u>\$ 1,059,724</u>
<u>June 30, 2023</u>						
Identifiable assets	<u>\$ 18,432,581</u>	<u>\$ 9,758,375</u>	<u>\$ 6,440,880</u>	<u>\$ 7,524,812</u>	<u>(\$ 2,147,987)</u>	<u>\$ 40,008,661</u>
Goodwill						<u>177,233</u>
Investment accounted for using the equity method						<u>6,471,697</u>
Total assets						<u>\$ 46,657,591</u>
<u>For the six months ended June 30, 2022</u>						
Revenue from External Customers	\$ 21,270,973	\$ 6,897,335	\$ 7,154,167	\$ 2,523,641	\$ -	\$ 37,846,116
Inter-segment revenue	<u>1,528,800</u>	<u>56,361</u>	<u>173,135</u>	<u>51,927</u>	<u>(1,810,223)</u>	<u>-</u>
Segment revenue	<u>\$ 22,799,773</u>	<u>\$ 6,953,696</u>	<u>\$ 7,327,302</u>	<u>\$ 2,575,568</u>	<u>(\$ 1,810,223)</u>	<u>\$ 37,846,116</u>
Departmental operating income	\$ 559,055	\$ 259,487	\$ 464,803	\$ 151,387	\$ 64,408	\$ 1,499,140
Interest income	386	5,930	41,398	811	(10)	48,515
Other income	110,054	3,995	28,861	6,269	(76,970)	72,209
Other gains and losses	112,129	(8,807)	6,141	(800)	2,561	111,224
Financial costs	(50,942)	(9,982)	(25,194)	(29,561)	726	(114,953)
Segment profit before tax	730,682	250,623	516,009	128,106	(9,285)	1,616,135
Income tax expense	(301,588)	(55,867)	(131,234)	(25,416)	137	(513,968)

(Continued)

(Concluded)

	The Company	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
Segment profit after tax	<u>\$ 429,094</u>	<u>\$ 194,756</u>	<u>\$ 384,775</u>	<u>\$ 102,690</u>	<u>(\$ 9,148)</u>	1,102,167
Share of profit and loss of associates under the equity method						<u>456,941</u>
Consolidated net profit						<u>\$ 1,559,108</u>
<hr/>						
June 30, 2022						
Identifiable assets	<u>\$19,996,237</u>	<u>\$ 6,826,412</u>	<u>\$10,271,381</u>	<u>\$ 6,588,980</u>	<u>(\$ 787,378)</u>	\$42,895,632
Goodwill						112,370
Investment accounted for using the equity method						<u>5,958,933</u>
Total assets						<u>\$48,966,935</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 six months ended June 30, 2023

Unit: In Thousands of New Taiwan Dollars

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending balance (Note 1)	Amount utilized (Notes 1 and 6)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-Term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 2 to 5)	Aggregate Financing Limit (Notes 2 to 5)	Remarks
													Item	Value			
0	The Company	KS Corp.	Other receivables - related parties	Yes	\$ 150,000	\$ -	\$ -	-	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 253,397	\$ 1,690,283	
1	Shanghai Yikang	Fenghuang Xingwah Shouzheng	Other receivables - related parties	Yes	28,893	27,879	17,156	5.61	Short-term financing	-	Operating capital	-	-	-	1,140,811	1,140,811	
1	Shanghai Yikang	Shanghai Yadi	Other receivables - related parties	Yes	221,465	107,228	57,903	5.03	Short-term financing	-	Operating capital	-	-	-	1,140,811	1,140,811	
2	Shenzhen Huaying	Xiamen Hua Chen Da Logistics	Other receivables - related parties	Yes	8,890	8,578	-	-	Short-term financing	-	Operating capital	-	-	-	64,882	64,882	
3	Dongguan Huagang	Guangjou Shing Shian	Other receivables - related parties	Yes	22,225	21,446	13,982	4.00	Short-term financing	-	Operating capital	-	-	-	794,454	794,454	
3	Dongguan Huagang	Anhua Huixinkang	Other receivables - related parties	Yes	22,225	21,446	12,867	4.00	Short-term financing	-	Operating capital	-	-	-	794,454	794,454	
4	KS Corp.	KSD Corp	Other receivables - related parties	Yes	48,000	-	-	-	Short-term financing	-	Operating capital	-	-	-	190,048	190,048	
6	Wah Lee Holding Ltd.	The Company	Other receivables - related parties	Yes	685,080	685,080	685,080	5.00	Short-term financing	-	Operating capital	-	-	-	1,653,893	1,653,893	
7	Raycong H.K.	The Company	Other receivables - related parties	Yes	934,200	934,200	934,200	5.00	Short-term financing	-	Operating capital	-	-	-	3,408,115	3,408,115	

- Note 1: RMB was converted by the spot exchange of RMB\$1=NT\$4.2891; and HKD was converted by the spot exchange of HKD\$1=NT\$3.974.
- 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.

Wah Lee Industrial Corporation and Subsidiaries

ENDORSEMENTS AND GUARANTEES

For the six months ended June 30, 2023

Unit: In Thousands of New Taiwan Dollars

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Benefit of Each Party (Notes 1 to 5)	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at The End of the Year (Note 6)	Amount utilized (Note 6)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1 to 5)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Remarks
		Company Name	Relationship											
0	The Company	WL Singapore	Subsidiary of the Company	\$ 5,070,850	\$ 411,480	\$ 326,970	\$ 140,130	\$ -	1.93	\$ 16,902,832	Y	N	N	
0	The Company	WL Vietnam.	Subsidiary of the Company	5,070,850	576,090	576,090	81,614	-	3.41	16,902,832	Y	N	N	
0	The Company	Regent King International Limited (Regent King)	Subsidiary of the Company	5,070,850	62,280	62,280	-	-	0.37	16,902,832	Y	N	N	
0	The Company	SAKURAGAWA SOLAR GODOGAISHA	Subsidiary of the Company	3,380,566	67,108	62,487	43,522	-	0.37	16,902,832	Y	N	N	
0	The Company	MIYAZAKI SOLAR GODOGAISHA	Subsidiary of the Company	3,380,566	199,627	185,881	162,311	-	1.10	16,902,832	Y	N	N	
0	The Company	WL Philippines Inc.	Subsidiary of the Company	3,380,566	120,140	62,280	7,312	-	0.37	16,902,832	Y	N	N	
0	The Company	WL Philippines Corp.	Subsidiary of the Company	3,380,566	62,280	62,280	-	-	0.37	16,902,832	Y	N	N	
0	The Company	KS Corp.	Subsidiary of the Company	3,380,566	277,081	-	-	-	-	16,902,832	Y	N	N	
0	The Company	Raycong H.K, Shanghai Yikang, and Dongguan Hua Gang	Subsidiary of the Company	3,380,566	150,000	150,000	65,627	-	0.89	16,902,832	Y	N	Y	
0	The Company	WL Indonesia	Subsidiary of the Company	3,380,566	186,217	96,534	6,955	-	0.57	16,902,832	Y	N	N	
0	The Company	WT Industrial	Subsidiary of the Company	3,380,566	460,450	455,320	38,140	-	2.69	16,902,832	Y	N	N	
0	The Company	Hightech	Subsidiary of the Company	3,380,566	342,540	342,540	-	-	2.03	16,902,832	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	3,380,566	790,000	790,000	179,669	-	4.69	16,902,832	N	N	N	
0	The Company	Shanghai Hua Chang Trading Co., Ltd.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	3,380,566	1,142,838	1,142,838	330,737	-	6.76	16,902,832	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	3,380,566	75,582	75,582	-	-	0.45	16,902,832	N	N	N	
1	Shanghai Yikang	Shanghai Yadi	Subsidiary of the Company	760,541	186,606	180,142	27,531	-	4.74	1,901,352	Y	N	Y	
2	KS Corp.	KSA Corp.	Subsidiary of the Company	2,113,128	500,000	-	-	-	-	3,521,880	Y	N	N	
2	KS Corp.	KSA Corp.	Subsidiary of the Company	176,094	6,902	6,902	5,982	-	1.09	352,188	Y	N	N	
2	KS Corp.	KSB Corp.	Subsidiary of the Company	2,113,128	200,000	-	-	-	-	3,521,880	Y	N	N	
2	KS Corp.	KSC Corp.	Subsidiary of the Company	2,113,128	1,500,000	-	-	-	-	3,521,880	Y	N	N	
2	KS Corp.	KSD Corp	Subsidiary of the Company	2,113,128	500,000	-	-	-	-	3,521,880	Y	N	N	
3	Dongguan Huagang	Guangjou Shing Shian	Subsidiary of the Company	794,454	185,522	183,492	95,225	-	6.93	1,324,089	Y	N	Y	
4	Raycong H.K.	Xiamen Hua Chen Da Logistics	Subsidiary of the Company	1,704,057	31,140	31,140	9,975	-	0.37	4,260,143	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 was converted by spot exchange of US\$1=NT\$31.14 ; JPY was converted by spot exchange of JPY\$1=NT\$0.2150; RMB was converted by spot exchange of RMB\$1=NT\$4.2891; THB was converted by spot exchange of THB\$1=NT\$0.8816; and HKD was converted by spot exchange of HKD\$1=NT\$3.974.

TABLE 3**Wah Lee Industrial Corporation and Subsidiaries****MARKETABLE SECURITIES HELD AT THE END OF THE PERIOD****June 30, 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	End of this period				Remarks
				Number of shares/units	Carrying Value	Percentage of Ownership (%)	Fair value	
The Company	Stock							
	Chang Wah Technology Co. Ltd.	Associate's subsidiary	Financial assets at FVTOCI - current	5,000,000	<u>\$216,750</u>	-	<u>\$216,750</u>	
	Daily Polymer Corp.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,467,564	\$ 32,325	2.96	\$ 32,325	
	Wah Yuen Technology Holding Limited	-	Financial assets at FVTOCI - non-current	1,968,180	119,447	0.75	119,447	
	JingYi Technology Co.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,066,432	64,829	16.94	64,829	
	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	84,321	19.38	84,321	
	Forcera Materials Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,102,476	43,494	8.61	43,494	
	Univision Technology Holdings	-	Financial assets at FVTOCI - non-current	38,794,190	-	9.10	-	
	Minima Technology Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	3,600,000	62,859	9.14	62,859	
	TaiGene Biotechnology Co., Ltd.	The Company is the supervisor of the company	Financial assets at FVTOCI - non-current	2,300,000	12,095	6.57	12,095	
	Shilian Fine Chemicals Co., Ltd.	-	Financial assets at FVTOCI - non-current	11,871,585	38,982	4.57	38,982	
	CDIB Capital Group.	-	Financial assets at FVTOCI - non-current	1,128,571	50,473	2.86	50,473	
	Darco Water Technologies Ltd.	-	Financial assets at FVTOCI - non-current	7,649,782	16,510	8.15	16,510	
	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	End of this period				Remarks
				Number of shares/units	Carrying Value	Percentage of Ownership (%)	Fair value	
	Tien Li Offshore Wind Technology Co., Ltd.	-	Financial assets at FVTOCI - non-current	946,344	\$ 51,273	1.35	\$ 51,273	
	Locus Cell Co., Ltd.	-	Financial assets at FVTOCI - non-current	5,000,000	188,900	2.50	188,900	
	Phoenix II Venture Capital Innovation Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	1,000,000	10,993	2.34	10,993	
	Hong Yi Industrial Corp.	-	Financial assets at FVTOCI - non-current	500,000	3,937	16.67	3,937	
					<u>\$780,438</u>		<u>\$780,438</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	\$ 49,199	-	\$ 49,199	
	JPMorgan Funds-Income Fund A (dist) - USD	-	Financial assets at FVTPL - current	29,965	27,677	-	27,677	
					<u>\$ 76,876</u>		<u>\$ 76,876</u>	
KS Corp.	HGE Co.	-	Financial assets at FVTPL - non-current	4,482,000	\$ 42,642	5.71	\$ 42,642	

TABLE 4**Wah Lee Industrial Corporation and Subsidiaries****TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTS\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

For the six months ended June 30, 2023

Unit: In Thousands of New Taiwan Dollars

Buyer/Seller	Transaction Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Remarks
			Purchase/Sale	Amount	% of Total	Credit period	Unit price	Credit period	Balance	% of Total	
The Company	Shanghai Yikang	Subsidiary	Sales	\$ 212,530	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	\$ 86,056	1	Note
	Raycong H.K.	Subsidiary	Sales	211,001	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	75,489	1	Note
	Dongguan Huagang	Subsidiary	Sales	158,524	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	22,407	-	Note
	Hightech	Subsidiary	Sales	107,866	1	30 to 60 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	27,506	-	Note
	CWE Inc.	Associate accounted for using the equity method	Sales	104,641	1	90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	50,002	1	
	Asahi Kasei Wah Lee Hi-Tech Corp.	The Company is the director of the Company	Purchase of goods	(390,060)	(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	(144,007)	(4)	
Raycong H.K.	Dongguan Huagang	Subsidiary	Sales	213,188	13	30 to 180 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	94,014	9	Note

Note: It was eliminated on consolidation.

TABLE 5**Wah Lee Industrial Corporation and Subsidiaries****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****June 30, 2023****Unit: In Thousands of New Taiwan Dollars**

Company Name of Accounts Receivable	Transaction Party	Relationship	Ending Balance (Notes 1 and 2)	Turnover Rate (times)	Overdue receivable from related party		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	CWE Inc.	Associate accounted for using the equity method	\$406,226	0.69	\$ -	-	\$386,947	\$ -
	Shanghai Yikang	Subsidiary	130,142	3.26	-	-	25,564	-
	Raycong H.K.	Subsidiary	121,890	3.91	-	-	37,160	-
Raycong H.K.	The Company	Parent company	959,347	0.09	-	-	17,173	-
Wah Lee Holding Ltd.	The Company	Parent company	701,446	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.

Wah Lee Industrial Corporation and Subsidiaries

INFORMATION ON INVESTEEES

For the six months ended June 30, 2023

Unit: In Thousands of New Taiwan Dollars

Investee company name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares	%	Carrying amount (Note 2)	Net Income (Loss) of the Investee	Share of Profit (Loss)(Notes 1 and 2)	Remarks
				End of this period	December 31, 2022						
The Company	Wah Lee Holding Ltd.	BVI	International investment	\$ 430,666	\$ 430,666	13,070,000	100.00	\$ 5,558,447	\$ 220,417	\$ 220,430	Subsidiary
The Company	Raycong H.K.	Hong Kong	Selling and distributing engineering plastics, high-performance composite materials, industrial materials and equipment	304,113	304,113	56,000,000	53.69	4,628,865	343,320	184,354	Subsidiary
The Company	CWE Inc.	Taiwan	Agency of IC packaging material and equipment	449,349	449,349	197,902,180	29.39	3,884,298	805,563	235,875	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	652,409	30,385	12,154	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	1,054,516	107,364	28,473	Associate
The Company	ORC Technology Corp.	Taiwan	Trading business and service of exposure machine and parts	6,000	6,000	600,000	35.00	68,429	(11,850)	(4,148)	Associate
The Company	WL Japan	Japan	Trading business of synthetic resin, industrial plastic, molding machine, and electromechanical parts	21,490	21,490	1,500	83.33	3,760	(36)	(30)	Subsidiary
The Company	WL Korea	South Korea	Trading business of synthetic resin, industrial plastic, molding machine, and electromechanical parts	18,856	18,856	147,000	100.00	3,373	(53)	(53)	Subsidiary
The Company	SAKURAGAWA SOLAR GODOGAISHA	Japan	Solar power station operation	46,008	46,008	-	99.99	84,397	2,802	2,802	Subsidiary
The Company	MIYAZAKI SOLAR GODOGAISHA	Japan	Solar power station operation	82,103	82,103	-	99.99	37,340	797	797	Subsidiary
The Company	WL Indonesia	Indonesia	Trading industrial materials	48,261	48,261	1,610,000	70.00	33,974	(1,123)	(786)	Subsidiary
The Company	WL Vietnam	Vietnam	Trading industrial materials	16,293	16,293	-	100.00	38,825	(3,087)	(3,087)	Subsidiary
The Company	Tranceed Logistics Co., Ltd. (Tranceed Logistics)	Taiwan	Freight forwarders and leasing business	95,000	95,000	9,500,000	63.33	174,334	18,340	11,616	Subsidiary
The Company	WT Industrial	Thailand	Trading industrial materials	200,000	200,000	7,650	51.00	257,327	38,490	15,778	Subsidiary
The Company	KS Corp.	Taiwan	Solar power station operation	661,053	661,053	27,708,077	78.67	665,270	(5,666)	(7,228)	Subsidiary
The Company	WL Philippines Corp.	Philippines	Trading industrial materials	7,755	7,755	127,495	99.99	5,969	(354)	(354)	Subsidiary
The Company	WL Philippines Inc.	Philippines	Trading industrial materials	7,747	7,747	126,997	99.99	6,897	1,486	1,486	Subsidiary
The Company	WH Energy	Taiwan	Solar power station operation	90,000	90,000	9,000,000	100.00	93,300	819	819	Subsidiary
The Company	ORC Corp.	Taiwan	Trading industrial materials	4,000	4,000	400,000	40.00	41,405	6,396	2,559	Joint Ventures
The Company	ENE Corp.	Taiwan	Solar power station operation	130,000	50,000	13,000,000	100.00	125,523	(2,239)	(2,239)	Subsidiary
The Company	Hightech	Malaysia	Trading industrial materials	205,335	205,335	7,650,000	51.00	206,545	23,537	9,078	Subsidiary
The Company	WL Singapore	Singapore	Agency of semiconductor materials and equipment	435,145	435,145	1,600,000	100.00	463,254	16,407	16,407	Subsidiary
The Company	HengYuan Green Energy Technology Co., Ltd.	Taiwan	Renewable energy self-use power generation and energy technology business	24,000	-	2,400,000	12.00	23,998	(16)	(2)	Associate
The Company	WL India	India	Trading industrial materials	14,575	-	3,861,000	99.00	14,628	(27)	(27)	Subsidiary
Tranceed Logistics Co., Ltd. (Tranceed Logistics)	Cyuancheng Logistics Co., Ltd. (Cyuancheng Logistics)	Taiwan	Freight forwarders and leasing business	42,947	42,947	5,500,000	100.00	41,492	1,035	937	Subsidiary
KS Corp.	KSA Corp.	Taiwan	Solar power station operation	55,000	55,000	6,130,000	100.00	67,549	2,991	2,991	Subsidiary
KS Corp.	KSB Corp.	Taiwan	Solar power station operation	51,130	51,130	5,113,000	100.00	52,298	444	444	Subsidiary
KS Corp.	KSC Corp.	Taiwan	Solar power station operation	54,000	54,000	5,400,000	100.00	50,314	50	50	Subsidiary
KS Corp.	KSD Corp	Taiwan	Solar power station operation	-	127,000	-	-	-	(2,257)	(2,257)	Note 3

(Continued)

(Concluded)

Investee company name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares	%	Carrying amount (Note 2)	Net Income (Loss) of the Investee	Share of Profit (Loss)(Notes 1 and 2)	Remarks
				End of this period	December 31, 2022						
Wah Lee Holding Ltd.	SHC Holding Ltd.	Republic of Mauritius	International investment	43,892	43,892	1,290,000	100.00	760,545	34,175	34,175	Subsidiary
Wah Lee Holding Ltd.	Raycong H.K.	Hong Kong	Selling and distributing engineering plastics, high-performance composite materials, industrial materials and equipment	943,164	943,164	48,296,655	46.31	3,945,489	343,320	158,981	Subsidiary
Wah Lee Holding Ltd.	Regent King International Limited (Regent King)	Hong Kong	Selling and distributing engineering plastics, high-performance composite materials, industrial materials and equipment	39	39	10,000	100.00	3,549	153	153	Subsidiary
WT Industrial	WT Indonesia	Indonesia	Trading industrial materials	3,953	3,953	18,150	66.00	3,772	(822)	(542)	Subsidiary
WT Industrial	WL India	India	Trading industrial materials	147	-	39,000	1.00	148	(27)	-	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 the information on investees in mainland China.

Wah Lee Industrial Corporation and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

For the six months ended June 30, 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 June 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain(Loss) recognized for this year (Note 1)	Carrying Amount as of June 30, 2023	Accumulated Repatriation of Investment Income as of June 30, 2023	Remarks
					Outward	Inward							
Dongguan Huagang	Trading business of industrial materials	\$ 1,117,957	Invested through the third region, Raycong H.K.	\$ -	\$ -	\$ -	\$ 138,620	100.00	\$ 138,620	\$ 2,642,694	\$ -		
Shanghai Yikang	Trading business of industrial materials	974,226	Invested through the third region, Raycong H.K.	340,629	-	340,629	191,965	70.00	134,376	2,681,175	-		
Shenzhen Huaying	Supply chain management and consultancy service	23,683	Invested through the third region, Raycong H.K.	-	-	-	(1,057)	100.00	(1,057)	21,273	-		
Shanghai Hua Chang Trading Co., Ltd.	International trading and trading consulting; trading agent and commercial simple processing within enterprises in the bonded area	74,736	Invested through the third region, SHC Holding Ltd.	43,714	-	43,714	108,203	30.00	32,461	733,634	-		
Shanghai Yadi	Import and export of goods and technology	12,867	Invested through Chinese corporation, Shanghai Yikang	-	-	-	(5,343)	49.00	(2,618)	15,382	-		
Shanghai Lihuang Co. Ltd. (Shanghai Lihuang)	Trading business of medical devices and equipment	14,283	Invested through Chinese corporation, Shanghai Yikang	-	-	-	(2,560)	48.98	(2,236)	(480)	-		
Fenghuang Xingwah Shouzheng	Medical device manufacturing technology development and consulting business	21,445	Invested through Chinese corporation, Shanghai Yikang	-	-	-	(2,320)	52.50	(1,218)	6,838	-		
Guangjou Shing Shian	Medical consulting	21,445	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	463	100.00	463	53,339	-		
Anhua Huixinkang	Medical service industry	4,289	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	(834)	100.00	(834)	2,881	-		
Kaiping Huaxinkang	Medical service industry	1	Invested through Chinese corporation, Guangjou Shing Shian	-	-	-	-	90.00	-	-	-	-	
Xiamen Hua Chen Da Logistics	Warehousing and logistics	12,867	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	(2,179)	70.00	(1,525)	4,546	-		
Xiamen Jian Yuan Rong Logistic Co., Ltd.	Warehousing and logistics	34,313	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	(4,034)	30.00	(1,210)	9,629	-		
Xiamen Jia Cheng Yuan Trading and Development Co. Ltd.	Warehousing and logistics	8,578	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	1,146	30.00	344	3,379	-		

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 are based on the following:

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

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

Note 3: Under the "Principles Governing the Review of Investments or Technical Cooperation in Mainland China" issued by the Investment Commission on August 29, 2008, 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 six months ended June 30, 2023

Unit: In Thousands of New Taiwan Dollars

Buyer/Seller	Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Remarks
			Amount (Note)	%		Payment Terms	Comparison with Normal Transactions	Amount	Percentage (%)		
The Company	Shanghai Yikang	Sales	\$ 212,530	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	\$ 86,056	1	\$ 642	Note
		Purchase of goods	(10,177)	-	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	(3,978)	-	-	Note
	Dongguan Huagang	Sales	158,524	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	22,407	-	165	Note
		Purchase of goods	(16,193)	-	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	(7,680)	-	-	Note
Raycong H.K.	Dongguan Huagang	Sales	213,188	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	94,014	9	-	Note
		Purchase of goods	(13,493)	(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	(2,681)	(1)	-	Note

Note: It was eliminated on consolidation.

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

For the six months ended June 30, 2023

Unit: In Thousands of New Taiwan Dollars

No.	Trader	Counterparty	Relationship	Transaction Details			% of Total Sales or Assets
				Item	Amount	Transaction Details	
0	The Company	Shanghai Yikang	Parent to subsidiary	Other income	\$ 15,107	According to the contract	-
0	The Company	Shanghai Yikang	Parent to subsidiary	Other receivables	44,086	According to the contract	-
0	The Company	Shanghai Yikang	Parent to subsidiary	Operating Revenue	212,530	According to the contract	1.5
0	The Company	Shanghai Yikang	Parent to subsidiary	Accounts receivable	86,056	According to the contract	-
0	The Company	Raycong H.K.	Parent to subsidiary	Other income	30,192	According to the contract	-
0	The Company	Raycong H.K.	Parent to subsidiary	Other receivables	46,401	According to the contract	-
0	The Company	Raycong H.K.	Parent to subsidiary	Operating Revenue	211,001	According to the contract	1.5
0	The Company	Raycong H.K.	Parent to subsidiary	Accounts receivable	75,489	According to the contract	-
0	The Company	Dongguan Huagang	Parent to subsidiary	Operating Revenue	158,524	According to the contract	1.1
0	The Company	Dongguan Huagang	Parent to subsidiary	Accounts receivable	22,407	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Other receivables	12,169	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Contract liabilities	62,989	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Operating Revenue	60,905	According to the contract	-
0	The Company	Tranceed Logistics	Parent to subsidiary	Other income	17,141	According to the contract	-
0	The Company	WT Industrial	Parent to subsidiary	Other receivables	19,457	According to the contract	-
0	The Company	WT Industrial	Parent to subsidiary	Operating Revenue	45,886	According to the contract	-
0	The Company	WL Philippines Inc	Parent to subsidiary	Operating Revenue	14,886	According to the contract	-
0	The Company	WL Vietnam	Parent to subsidiary	Operating Revenue	16,518	According to the contract	-
0	The Company	WL Vietnam	Parent to subsidiary	Accounts receivable	13,157	According to the contract	-
0	The Company	WL Singapore	Parent to subsidiary	Operating Revenue	57,068	According to the contract	-
0	The Company	WL Singapore	Parent to subsidiary	Accounts receivable	14,139	According to the contract	-
0	The Company	Hightech	Parent to subsidiary	Operating Revenue	107,866	According to the contract	-
0	The Company	Hightech	Parent to subsidiary	Accounts receivable	27,506	According to the contract	-
0	The Company	KSA Corp.	Parent to subsidiary	Contract liabilities	29,768	According to the contract	-
1	Shanghai Yikang	The Company	Subsidiary to Parent	Other operating revenues	80,717	According to the contract	-
1	Shanghai Yikang	The Company	Subsidiary to Parent	Revenue from sales	10,177	According to the contract	-
1	Shanghai Yikang	The Company	Subsidiary to Parent	Accounts receivable	59,779	According to the contract	-
1	Shanghai Yikang	Dongguan Huagang	Subsidiary to subsidiary	Operating Revenue	44,959	According to the contract	-
1	Shanghai Yikang	Fenghuang Xingwah Shouzheng	Parent to subsidiary	Other receivables	17,378	According to the contract	-
1	Shanghai Yikang	Shanghai Yadi	Parent to subsidiary	Other receivables	60,330	According to the contract	-
2	Dongguan Huagang	The Company	Subsidiary to Parent	Operating Revenue	16,193	According to the contract	-
2	Dongguan Huagang	Shanghai Yikang	Subsidiary to subsidiary	Operating Revenue	10,778	According to the contract	-
2	Dongguan Huagang	Guangjou Shing Shian	Parent to subsidiary	Other receivables	14,587	According to the contract	-
2	Dongguan Huagang	Raycong H.K.	Subsidiary to Parent	Operating Revenue	13,493	According to the contract	-

(Continued)

(Concluded)

No.	Trader	Counterparty	Relationship	Transaction Details			% of Total Sales or Assets
				Item	Amount	Transaction Details	
2	Dongguan Huagang	Anhua Huixinkang	Parent to subsidiary	Other receivables	\$ 12,915	According to the contract	-
3	Raycong H.K.	The Company	Subsidiary to Parent	Interest income	21,956	According to the contract	-
3	Raycong H.K.	The Company	Subsidiary to Parent	Other receivables	959,329	According to the contract	2.1
3	Raycong H.K.	Dongguan Huagang	Parent to subsidiary	Operating Revenue	213,188	According to the contract	1.5
3	Raycong H.K.	Dongguan Huagang	Parent to subsidiary	Accounts receivable	94,014	According to the contract	-
4	Shenzhen Huaying	Dongguan Huagang	Subsidiary to subsidiary	Other operating revenues	19,110	According to the contract	-
5	Tranceed Logistics	The Company	Subsidiary to Parent	Other operating revenues	72,565	According to the contract	-
5	Tranceed Logistics	The Company	Subsidiary to Parent	Accounts receivable	44,997	According to the contract	-
6	Wah Lee Holding Ltd.	The Company	Subsidiary to Parent	Interest income	16,366	According to the contract	-
6	Wah Lee Holding Ltd.	The Company	Subsidiary to Parent	Other receivables	701,446	According to the contract	1.6

TABLE 10**WAH LEE INDUSTRIAL CORPORATION****INFORMATION ON MAJOR SHAREHOLDERS****June 30, 2023**

Shareholder	Share	
	Number of shares held	Percentage of Ownership (%)
Kang Tai Investment Co., Ltd.	19,868,338	8.41
Fortune Investment Co., Ltd.	15,996,494	6.77
Dragon Investment Co., Ltd.	12,666,950	5.36

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter.