

## **Wah Lee Industrial Corporation and Subsidiaries**

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

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## §Table of Contents§

Item	Page	Notes to Financial Statements
I. Cover	1	-
II. Table of Contents	2	-
III. Independent Auditors' Report	3-4	-
IV. Consolidated Balance Sheets	5	-
V. Consolidated Statements of Comprehensive Income	6-7	-
VI. Consolidated Statements of Changes in Equity	8	-
VII. Consolidated Statements of Cash Flows	9-11	-
VIII. Notes to Consolidated Financial Statements		
1. Organization	12	1
2. Date and Procedures for Approval of Financial Statements	12	2
3. Application of New, Amended and Revised Standards and Interpretations	12-13	3
4. Summary of Significant Accounting Policies	13-14	4
5. Critical Accounting Judgments and Key Sources of Estimation Uncertainties	15	5
6. Summary of Significant Accounting Items	15-52	6-28
7. Related Party Transactions	53-57	29
8. Assets Pledged as Collateral	57	30
9. Significant contingent liabilities and unrecognized commitments	58	31
10. Material Disaster Loss	-	-
11. Information about Significant Transactions After the Period	-	-
12. Significant assets and liabilities denominated in foreign currency	58-60	32
13. Additional Disclosures		
a. Information about Significant Transactions	60-61, 64-69, 74-75	33
b. Information on Investees	61, 70-71	33
c. Information on investments in mainland China	61, 72-73	33
d. Information on major shareholders	62, 76	33
14. Segment Information	62-63	34

## **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 September 30, 2023 and 2022, the consolidated statements of comprehensive income for the three and nine months then ended September 30, 2023 and 2022, the consolidated statements of changes in equity, consolidated statements of cash flows for the nine 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 \$8,570,250 thousand and NT \$8,784,414 thousand, respectively, accounting for 17% and 18% of the total consolidated assets, respectively. Total liabilities amounted to NT\$4,091,421 thousand and NT\$4,499,541 thousand, respectively, accounting for 13% and 15% of the total consolidated liabilities. The comprehensive profit and loss for the three and nine months ended September 30, 2023 and 2022 were NT\$65,573 thousand, NT\$95,170 thousand, NT\$226,446 thousand, and NT\$272,144 thousand respectively, accounting for 5%, 11%, 8%, and 13% 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 September 30, 2023 and 2022 was NT\$2,086,801 thousand and NT\$2,077,755 thousand, respectively, and for the three and nine months ended September 30, 2023 and 2022, the shares of related party enterprises and joint venture profits and losses recognized under the equity method were NT\$61,180 thousand, NT\$65,575 thousand, NT\$128,533 thousand, and NT\$182,399 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 September 30, 2023 and 2022, consolidated financial performance for the three months ended September 30, 2023 and 2022, and the consolidated financial performance and consolidated cash flow for the nine months ended September 30, 2023 and 2022.

Deloitte & Touche  
CPA Chiu-Yen Wu

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November 10, 2023

### Notice to Readers

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

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

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

September 30, 2023, December 31, 2022, and September 30, 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	September 30, 2023		December 31, 2022		September 30, 2022 (revised, Note 26)	
		Amount	%	Amount	%	Amount	%
	<b>Current Assets</b>						
1100	Cash and cash equivalents (Note 6)	\$ 4,592,308	9	\$ 6,715,280	14	\$ 4,499,245	9
1110	Financial assets at fair value through profit or loss - current (Note 7)	578,288	1	623,022	1	465,734	1
1120	Financial assets at fair value through other comprehensive income - current (Note 8)	166,000	-	148,500	-	144,000	-
1150	Notes receivable (Note 9)	2,290,695	5	2,240,943	5	1,946,038	4
1170	Accounts receivable, net (Note 9)	17,641,580	35	14,497,896	30	16,805,525	34
1180	Accounts receivable - related parties (Notes 9 and 29)	111,359	-	97,642	-	99,804	-
1200	Other receivables	98,373	-	66,041	-	119,394	-
1210	Other receivables - related parties (Notes 13 and 29)	3,077	-	149,529	-	1,813	-
1220	Current tax assets	14,817	-	-	-	4,896	-
130X	Merchandise (Notes 10)	4,879,309	10	6,428,237	13	6,192,682	13
1421	Prepayments for purchases	2,112,392	4	1,643,719	3	1,794,806	4
1476	Other financial assets - current (Notes 11 and 30)	2,485,376	5	1,537,457	3	2,664,177	5
1479	Other current assets	170,841	-	194,082	1	197,803	1
11XX	Total current assets	<u>35,144,415</u>	<u>69</u>	<u>34,342,348</u>	<u>70</u>	<u>34,935,917</u>	<u>71</u>
	<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current (Note 7)	42,683	-	43,479	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	772,812	2	594,342	1	576,537	1
1550	Investments accounted for using the equity method (Notes 13)	6,919,129	14	6,125,003	12	6,076,268	12
1600	Property, plant and equipment (Notes 14, 30, and 31)	6,520,431	13	6,356,350	13	6,292,513	13
1755	Right-of-use assets (Note 15)	570,022	1	564,165	1	553,650	1
1805	Goodwill	177,960	-	177,057	-	177,574	-
1822	Other intangible assets	196,599	-	226,823	1	234,859	-
1840	Deferred tax assets	335,572	1	430,175	1	387,577	1
1915	Prepayments for equipment	6,972	-	10,212	-	3,163	-
1980	Other financial assets - non-current (Notes 11 and 30)	234,812	-	268,762	1	274,030	1
1990	Other non-current assets	26,278	-	29,841	-	28,785	-
15XX	Total non-current assets	<u>15,803,270</u>	<u>31</u>	<u>14,826,209</u>	<u>30</u>	<u>14,604,956</u>	<u>29</u>
1XXX	Total assets	<u>\$ 50,947,685</u>	<u>100</u>	<u>\$ 49,168,557</u>	<u>100</u>	<u>\$ 49,540,873</u>	<u>100</u>
	<b>Liabilities and Equity</b>						
	<b>Current Liabilities</b>						
2100	Short-term borrowings (Note 16)	\$ 10,028,096	20	\$ 9,767,290	20	\$ 9,922,860	20
2110	Short-term bills payable (Note 16)	179,888	-	29,970	-	29,657	-
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	1,467	-	3,672	-	313	-
2130	Contract liabilities - current (Note 22)	531,517	1	350,115	1	609,915	1
2150	Notes payable (Note 18)	1,128,739	2	511,712	1	373,462	1
2170	Accounts payable (Note 18)	7,723,670	15	7,507,703	15	7,376,158	15
2180	Accounts payable - related parties (Notes 18 and 29)	340,485	1	430,025	1	384,285	1
2219	Other payables (Note 19)	1,284,978	3	1,376,972	3	1,326,378	3
2220	Other payables - related parties (Note 29)	356	-	138	-	771	-
2230	Current tax liabilities	208,307	-	337,138	1	328,611	1
2250	Provisions - current (Note 31)	50,363	-	87,157	-	50,363	-
2280	Lease liabilities - current (Note 15)	101,790	-	98,005	-	105,081	-
2321	Current portion of company bonds (Note 17)	2,010,033	4	-	-	-	-
2322	Current portion of long-term borrowings (Note 16)	167,697	-	193,522	-	176,819	-
2365	Refund liability - current	325,288	1	298,028	1	263,555	-
2399	Other current liabilities	27,218	-	30,294	-	37,041	-
21XX	Total current liabilities	<u>24,109,892</u>	<u>47</u>	<u>21,021,741</u>	<u>43</u>	<u>20,985,269</u>	<u>42</u>
	<b>Non-current Liabilities</b>						
2530	Bonds payable (Notes 17)	-	-	1,994,084	4	1,988,729	4
2540	Long-term borrowings (Note 16)	4,747,150	9	5,429,566	11	5,565,663	11
2550	Provisions - non-current	69,111	-	66,223	-	65,918	-
2580	Lease liabilities - non-current (Note 15)	500,316	1	500,877	1	481,772	1
2640	Net defined benefit liability - non-current	262,689	1	266,512	-	290,308	1
2645	Guarantee deposits received	3,019	-	2,803	-	2,832	-
2570	Deferred tax liabilities	1,355,740	3	1,346,099	3	1,428,786	3
25XX	Total non-current liabilities	<u>6,938,025</u>	<u>14</u>	<u>9,606,164</u>	<u>19</u>	<u>9,824,008</u>	<u>20</u>
2XXX	Total liabilities	<u>31,047,917</u>	<u>61</u>	<u>30,627,905</u>	<u>62</u>	<u>30,809,277</u>	<u>62</u>
	<b>Equity attributable to owners of the Company (Note 21)</b>						
	<b>Share capital</b>						
3110	Ordinary share capital	2,360,179	4	2,360,179	5	2,360,179	5
3140	Share capital collected in advance	23	-	-	-	-	-
3100	Total share capital	<u>2,360,202</u>	<u>4</u>	<u>2,360,179</u>	<u>5</u>	<u>2,360,179</u>	<u>5</u>
3200	Capital Surplus	2,090,340	4	2,036,714	4	2,041,801	4
	<b>Retained Earnings</b>						
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	9,654,094	19	9,912,630	20	9,560,307	19
3300	Total retained earnings	<u>13,070,842</u>	<u>26</u>	<u>12,807,450</u>	<u>26</u>	<u>12,455,127</u>	<u>25</u>
3400	Other Equity	555,714	1	(448,559)	(1)	(516,782)	(1)
31XX	Total equity attributable to owners of the Company	<u>18,077,098</u>	<u>35</u>	<u>16,755,784</u>	<u>34</u>	<u>16,340,325</u>	<u>33</u>
36XX	Non-controlling interests (Note 21)	1,822,670	4	1,784,868	4	2,391,271	5
3XXX	Total equity	<u>19,899,768</u>	<u>39</u>	<u>18,540,652</u>	<u>38</u>	<u>18,731,596</u>	<u>38</u>
	<b>Total liabilities and equity</b>	<u>\$ 50,947,685</u>	<u>100</u>	<u>\$ 49,168,557</u>	<u>100</u>	<u>\$ 49,540,873</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to Deloitte & Touche auditors' report dated November 10, 2023)

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three and nine months ended

September 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 September 30, 2023		Three-month period ended September 30, 2022 (revised, Note 26)		For the nine months ended September 30, 2023		For the nine months ended September 30, 2022 (revised, Note 26)	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Notes 22 and 29)	\$ 19,019,201	100	\$ 19,149,147	100	\$ 49,564,559	100	\$ 56,995,263	100
5000	Operating costs (Notes 10, 23, and 29)	<u>17,471,041</u>	<u>92</u>	<u>17,711,244</u>	<u>92</u>	<u>45,412,481</u>	<u>92</u>	<u>52,571,558</u>	<u>92</u>
5900	Gross Profit	<u>1,548,160</u>	<u>8</u>	<u>1,437,903</u>	<u>8</u>	<u>4,152,078</u>	<u>8</u>	<u>4,423,705</u>	<u>8</u>
	Operating expenses (Notes 9, 23, and 29)								
6100	Selling and marketing expenses	588,423	3	601,777	3	1,694,224	3	1,791,425	3
6200	General and administrative expenses	186,881	1	166,142	1	507,980	1	480,686	1
6450	Expected credit loss recognized (gain)	<u>73,980</u>	<u>-</u>	<u>(19,255)</u>	<u>-</u>	<u>70,987</u>	<u>-</u>	<u>(36,785)</u>	<u>-</u>
6000	Total operating expenses	<u>849,284</u>	<u>4</u>	<u>748,664</u>	<u>4</u>	<u>2,273,191</u>	<u>4</u>	<u>2,235,326</u>	<u>4</u>
6900	Operating income	<u>698,876</u>	<u>4</u>	<u>689,239</u>	<u>4</u>	<u>1,878,887</u>	<u>4</u>	<u>2,188,379</u>	<u>4</u>
	Non-operating income and expenses (Notes 23 and 29)								
7100	Interest income	61,877	-	25,869	-	120,727	-	74,384	-
7010	Other income	23,348	-	46,041	-	65,227	-	118,250	-
7020	Other gains and losses	99,521	1	39,298	-	137,906	-	150,522	-
7050	Financial costs	( 118,331)	( 1)	( 101,978)	( 1)	( 326,510)	-	( 216,931)	-
7060	Share of profit of associates and joint ventures accounted for using the equity method	<u>229,401</u>	<u>1</u>	<u>290,541</u>	<u>2</u>	<u>535,907</u>	<u>1</u>	<u>747,482</u>	<u>1</u>
7000	Non-operating income and expenses	<u>295,816</u>	<u>1</u>	<u>299,771</u>	<u>1</u>	<u>533,257</u>	<u>1</u>	<u>873,707</u>	<u>1</u>
7900	Income before Tax	994,692	5	989,010	5	2,412,144	5	3,062,086	5
7950	Income tax expenses (Notes 4 and 24)	<u>216,132</u>	<u>1</u>	<u>203,576</u>	<u>1</u>	<u>573,860</u>	<u>1</u>	<u>717,544</u>	<u>1</u>
8200	Net income for this period	<u>778,560</u>	<u>4</u>	<u>785,434</u>	<u>4</u>	<u>1,838,284</u>	<u>4</u>	<u>2,344,542</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	( 73,654)	-	( 27,851)	-	199,406	1	( 223,792)	-

(Continued)

(Concluded)

Code		Three-month period ended		Three-month period ended		For the nine months ended		For the nine months ended	
		September 30, 2023		September 30, 2022 (revised, Note 26)		September 30, 2023		September 30, 2022 (revised, Note 26)	
		Amount	%	Amount	%	Amount	%	Amount	%
8320	Share of other comprehensive income (loss) of associates accounted for using the equity method	158,112	1	( 112,699)	( 1)	682,745	1	( 467,284)	( 1)
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	2,227	-	3,128	-	( 7,202)	-	2,902	-
8310	Items that may be reclassified subsequently to profit or loss:	<u>86,685</u>	<u>1</u>	<u>( 137,422)</u>	<u>( 1)</u>	<u>874,949</u>	<u>2</u>	<u>( 688,174)</u>	<u>( 1)</u>
8361	Exchange differences on translating the financial statements of foreign operations	\$ 345,484	2	\$ 176,333	1	\$ 110,244	-	\$ 430,986	1
8370	Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	119,042	-	44,936	-	43,728	-	122,969	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	( 65,753)	-	( 31,084)	-	( 23,275)	-	( 77,967)	-
8360		<u>398,773</u>	<u>2</u>	<u>190,185</u>	<u>1</u>	<u>130,697</u>	<u>-</u>	<u>475,988</u>	<u>1</u>
8300	Other Comprehensive Income (net of tax)	<u>485,458</u>	<u>3</u>	<u>52,763</u>	<u>-</u>	<u>1,005,646</u>	<u>2</u>	<u>( 212,186)</u>	<u>-</u>
8500	Total comprehensive income for the period	<u>\$ 1,264,018</u>	<u>7</u>	<u>\$ 838,197</u>	<u>4</u>	<u>\$ 2,843,930</u>	<u>6</u>	<u>\$ 2,132,356</u>	<u>4</u>
	Net profit attributable to:								
8610	Owners of the Company	\$ 712,016	4	\$ 729,411	4	\$ 1,690,334	4	\$ 2,154,368	4
8620	Non-controlling Interests	<u>66,544</u>	<u>-</u>	<u>56,023</u>	<u>-</u>	<u>147,950</u>	<u>-</u>	<u>190,174</u>	<u>-</u>
8600		<u>\$ 778,560</u>	<u>4</u>	<u>\$ 785,434</u>	<u>4</u>	<u>\$ 1,838,284</u>	<u>4</u>	<u>\$ 2,344,542</u>	<u>4</u>
	Total comprehensive income attributable to:								
8710	Owners of the Company	\$ 1,158,533	6	\$ 770,930	4	\$ 2,707,374	6	\$ 1,895,439	3
8720	Non-controlling Interests	<u>105,485</u>	<u>1</u>	<u>67,267</u>	<u>-</u>	<u>136,556</u>	<u>-</u>	<u>236,917</u>	<u>1</u>
8700		<u>\$ 1,264,018</u>	<u>7</u>	<u>\$ 838,197</u>	<u>4</u>	<u>\$ 2,843,930</u>	<u>6</u>	<u>\$ 2,132,356</u>	<u>4</u>
	Earnings per share (Note 25)								
9750	Basic	<u>\$ 3.02</u>		<u>\$ 3.09</u>		<u>\$ 7.16</u>		<u>\$ 9.13</u>	
9850	Diluted	<u>\$ 2.74</u>		<u>\$ 2.83</u>		<u>\$ 6.50</u>		<u>\$ 8.34</u>	

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

(Please refer to Deloitte & Touche auditors' report dated November 10, 2023)

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Changes in Equity For the nine months ended September 30, 2023 and 2022 Unit: In Thousands of New Taiwan Dollars

		Equity attributable to the owners of the Company						Other Equity					
Code		Share capital			Retained Earnings			Exchange differences on translating the financial statements of foreign operations	Unrealized gain on financial assets at FVTOCI	Total	Total	Non-controlling Interests	Total Equity
		Ordinary share capital	Share capital collected in advance	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	-	-	35,313	-	-	-	-	-	-	35,313	-	35,313
D1	Net income for the nine months ended September 30, 2023	-	-	-	-	-	1,690,334	-	-	-	1,690,334	147,950	1,838,284
D3	Other comprehensive income(loss) after tax for the nine months ended September 30, 2023	-	-	-	-	-	-	142,091	874,949	1,017,040	1,017,040	( 11,394 )	1,005,646
D5	Total comprehensive income(loss) for the nine months ended September 30, 2023	-	-	-	-	-	1,690,334	142,091	874,949	1,017,040	2,707,374	136,556	2,843,930
I1	Convertible corporate bonds conversion	-	23	178	-	-	-	-	-	-	201	-	201
M5	Difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition and disposal (Note 12)	-	-	18,135	-	-	-	-	-	-	18,135	( 120,474 )	( 102,339 )
O1	Increase in non-controlling Interests	-	-	-	-	-	-	-	-	-	-	21,720	21,720
Q1	Disposal of the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	12,767	-	( 12,767 )	( 12,767 )	-	-	-
Z1	Balance at September 30, 2023	\$ 2,360,179	\$ 23	\$ 2,090,340	\$ 2,968,189	\$ 448,559	\$ 9,654,094	(\$ 201,966)	\$ 757,680	\$ 555,714	\$ 18,077,098	\$ 1,822,670	\$ 19,899,768
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	-	-	351,509	-	-	-	-	-	-	351,509	-	351,509
D1	Net income for the nine months ended September 30, 2022 (revised, Note 26)	-	-	-	-	-	2,154,368	-	-	-	2,154,368	190,174	2,344,542
D3	Other comprehensive income(loss) after tax for the nine months ended September 30, 2022	-	-	-	-	-	-	429,245	( 688,174 )	( 258,929 )	( 258,929 )	46,743	( 212,186 )
D5	Total comprehensive income(loss) for the nine months ended September 30, 2022	-	-	-	-	-	2,154,368	429,245	( 688,174 )	( 258,929 )	1,895,439	236,917	2,132,356
O1	Increase in non-controlling Interests (Note 26)	-	-	-	-	-	-	-	-	-	-	135,835	135,835
Q1	Associates disposed of the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	73,230	-	( 73,230 )	( 73,230 )	-	-	-
Z1	Balance at September 30, 2022 (revised, Note 26)	\$ 2,360,179	\$ -	\$ 2,041,801	\$ 2,710,197	\$ 184,623	\$ 9,560,307	(\$ 249,384)	(\$ 267,398)	(\$ 516,782)	\$ 16,340,325	\$ 2,391,271	\$ 18,731,596

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to Deloitte & Touche auditors' report dated November 10, 2023)



# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the nine months ended September 30, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		For the nine months ended September 30, 2023	For the nine months ended September 30, 2022 (revised, Note 26)
	Cash flows from operating activities		
A10000	Net profit before tax for the period	\$ 2,412,144	\$ 3,062,086
A20010	Adjustments for:		
A20100	Depreciation expenses	308,133	303,568
A20200	Amortization expenses	36,451	33,920
A20300	Expected credit loss recognized (reversed)	70,987	( 36,785 )
A20400	Net gain (loss) of financial instruments at FVTPL	( 15,084 )	( 14,574 )
A20900	Financial costs	326,510	216,931
A21200	Interest income	( 120,727 )	( 74,384 )
A21300	Dividend income	( 11,243 )	( 9,456 )
A22300	Share of profit of associates and joint ventures accounted for using the equity method	( 535,907 )	( 747,482 )
A22500	Net loss (profit) on disposal of property, plant and equipment	( 863 )	17,078
A23700	Write-down (Gain from price recovery) of inventories	( 244,824 )	203,687
A24100	Net unrealized loss on foreign currency exchange	156,715	288,388
A29900	Provisions for reversal losses	2,228	( 17,082 )
A29900	Lease modification benefits	( 2,118 )	( 12,416 )
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at fair value through profit or loss	5,984	16,100
A31130	Notes receivable	( 49,807 )	( 158,994 )
A31150	Accounts receivable	( 3,215,027 )	192,286
A31160	Accounts receivable - related parties	( 13,753 )	18,282
A31180	Other receivables	( 19,356 )	( 27,324 )
A31190	Other receivables - related parties	483	9,017
A31200	Merchandise inventories	1,789,521	( 1,056,063 )
A31230	Prepayments for purchases	( 468,673 )	495,282
A31240	Other current assets	23,241	( 35,766 )
A32110	Financial liabilities held for trading	( 5,329 )	( 5,504 )

(Continued)

(Concluded)

Code		For the nine months ended September 30, 2023	For the nine months ended September 30, 2022 (revised, Note 26)
A32125	Contract liabilities	\$ 181,402	\$ 47,001
A32130	Notes payable	617,027	( 17,219 )
A32150	Accounts payable	215,967	( 719,798 )
A32160	Accounts payable - related parties	( 89,540 )	( 191,523 )
A32180	Other payables	( 115,935 )	( 65,249 )
A32190	Other payables - related parties	218	( 2,106 )
A32200	Provision	-	( 13,005 )
A32200	Refund liabilities	27,260	84,779
A32230	Other current liabilities	( 3,076 )	10,735
A32240	Net defined benefit liabilities	( 4,200 )	( 5,912 )
A33000	Cash generated from operations	1,258,809	1,788,498
A33100	Interest received	107,751	66,561
A33200	Dividends received	684,779	720,170
A33300	Interest paid	( 336,833 )	( 176,143 )
A33500	Income tax paid	( 645,159 )	( 724,557 )
AAAA	Net cash generated from operating activities	<u>1,069,347</u>	<u>1,674,529</u>
	Cash flow from investing activities		
B00010	Purchase of financial assets at fair value through other comprehensive income	( 15,369 )	( 5,000 )
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	184	-
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	( 1,223,608 )	( 662,935 )
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	1,282,368	367,493
B01800	Acquired associate	( 24,000 )	( 56 )
B02200	Net cash outflow from acquisition of subsidiaries	-	( 120,694 )
B02700	Payment for property, plant, and equipment	( 392,306 )	( 1,743,832 )
B02800	Proceeds from disposal of property, plant, and equipment	8,106	56,406
B04500	Acquisition of other intangible assets	( 4,912 )	( 333 )
B06500	Decrease (increase) in other financial assets	( 913,969 )	<u>22,565</u>
BBBB	Net cash used in investing activities	<u>( 1,264,792 )</u>	<u>( 2,081,386 )</u>

(Continued)

(Concluded)

Code		For the nine months ended September 30, 2023	For the nine months ended September 30, 2022 (revised, Note 26)
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	\$ 120,672	\$ 999,690
C00500	Increase (decrease) in short-term bills payable	150,000	( 30,000)
C01600	Proceeds from long-term borrowings	1,510,311	3,791,965
C01700	Repayment of long-term borrowings	( 2,207,680)	( 1,971,613)
C03100	Increase (decrease) in guarantee deposits received	216	( 129)
C04020	Repayment of the principal portion of lease liabilities	( 82,219)	( 76,654)
C04500	Distributed cash dividends	( 1,439,709)	( 1,604,922)
C05800	Changes in non-controlling Interests	( 80,619)	-
CCCC	Net cash generated from (used in) financing activities	( 2,029,028)	1,108,337
DDDD	Effect of exchanges rate changes on the balance of cash and cash equivalents	101,501	522,428
EEEE	Net increase (decrease) in cash and cash equivalents	( 2,122,972)	1,223,908
E00100	Cash and cash equivalents at the beginning of the period	6,715,280	3,275,337
E00200	Cash and cash equivalents at the ending of the period	\$ 4,592,308	\$ 4,499,245

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

(Please refer to Deloitte & Touche auditors' report dated November 10, 2023)

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

For the nine months ended September 30, 2023 and 2022

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

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### 1. Organization

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

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

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

### 2. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were approved by the Board of Directors on November 10, 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. IFRSs Approved by the Financial Supervisory Commission for the Year 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

- Note:2 A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.
- Note:3 When initially applying this amendment, certain disclosure requirements are exempted.

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.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17, "Initial Application of IFRS 17 and IFRS 9— Comparative Information"	January 1, 2023
Amendment to IAS 21, "Lack of Exchangeability"	January 1, 2025 (Note 2)

- Note:1 Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.
- Note:2 Applicable for the annual reporting period starting from January 1, 2025. Upon initial application of this amendment, the effects shall be recognized in retained earnings as of the initial application date.

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-estimated 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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 1,218	\$ 1,239	\$ 1,279
Demand deposits in banks	3,816,994	3,876,747	3,140,611
Check accounts in banks	9,700	37,808	27,194
Cash equivalents investments with original maturities of 3 months or less			
Time deposits in banks	<u>764,396</u>	<u>2,799,486</u>	<u>1,330,161</u>
	<u>\$ 4,592,308</u>	<u>\$ 6,715,280</u>	<u>\$ 4,499,245</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits in banks (%)	1.55~5.39	0.10~4.30	0.10~3.30

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

## 7. Financial instruments at FVTPL

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets - current</u>			
Mandatorily classified at FVTPL			
Hybrid instruments - structured deposits (a)	\$ 499,705	\$ 549,458	\$ 389,067
Non-derivative financial assets - mutual funds	78,142	73,564	72,051
Derivatives instruments (not designated for hedge) (b)			
Foreign exchange forward contracts	441	-	4,416
Redemption options of convertible bonds	-	-	200
	<u>\$ 578,288</u>	<u>\$ 623,022</u>	<u>\$ 465,734</u>
<u>Financial assets - non-current</u>			
Mandatorily classified at FVTPL			
Non-derivative financial assets			
Domestic unlisted shares	<u>\$ 42,683</u>	<u>\$ 43,479</u>	<u>\$ -</u>

(Continued)

(Concluded)

	September 30, 2023	December 31, 2022	September 30, 2022
Financial liabilities - current			
Held for trading			
Derivatives instruments (not designated for hedge) (b)			
Foreign exchange forward contracts	\$ <u>1,467</u>	\$ <u>3,672</u>	\$ <u>313</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:

September 30, 2023

Currency	Maturity Date	Notional Amount (In Thousands)
Buy USD/Sell RMB	2023.10-2023.11	USD14,580/RMB106,500
Buy USD/Sell MYR	2023.10-2024.01	USD1,000/MYR4,622

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

September 30, 2022

Currency	Maturity Date	Notional Amount (In Thousands)
Buy USD/Sell RMB	2022.10-2023.03	USD5,388/RMB37,748
Buy USD/Sell THB	2022.10-2022.12	USD950/THB35,648
Buy USD/Sell MYR	2022.10-2022.11	USD2,100/MYR9,412
Buy JPY/Sell RMB	2022.10	JPY32,784/RMB1,610



## 8. Financial assets at FVTOCI

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Domestic investments in equity instruments			
TPEX-listed stocks	<u>\$ 166,000</u>	<u>\$148,500</u>	<u>\$ 144,000</u>
<u>Non-current</u>			
Domestic investments in equity instruments			
Listed and Emerging Shares	\$ 254,187	\$ 87,318	\$ 78,966
Unlisted stocks	<u>378,341</u>	<u>418,212</u>	<u>412,035</u>
	<u>632,528</u>	<u>505,530</u>	<u>491,001</u>
Foreign investments in equity instruments			
TWSE-listed stocks	16,560	20,128	20,388
TWSE-unlisted stocks	<u>123,724</u>	<u>68,684</u>	<u>65,148</u>
	<u>140,284</u>	<u>88,812</u>	<u>85,536</u>
	<u>\$ 772,812</u>	<u>\$ 594,342</u>	<u>\$ 576,537</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

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable - unrelated parties			
Notes receivable - operating	\$ 2,290,750	\$ 2,240,943	\$ 1,946,061
Less: Allowance for losses	<u>55</u>	<u>-</u>	<u>23</u>
	<u>\$ 2,290,695</u>	<u>\$ 2,240,943</u>	<u>\$ 1,946,038</u>
Accounts receivable - unrelated parties			
At amortized cost			
Gross carrying amount	\$ 17,833,594	\$ 14,679,062	\$ 16,988,805
Less: Allowance for losses	<u>192,014</u>	<u>181,166</u>	<u>183,280</u>
	<u>\$ 17,641,580</u>	<u>\$ 14,497,896</u>	<u>\$ 16,805,525</u>
Accounts receivable - related parties			
At amortized cost			
Gross carrying amount	\$ 111,938	\$ 98,185	\$ 100,597
Less: Allowance for losses	<u>579</u>	<u>543</u>	<u>793</u>
	<u>\$ 111,359</u>	<u>\$ 97,642</u>	<u>\$ 99,804</u>

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

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

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

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

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

#### September 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 (%)	0.02~5	0.35~30	30~40	40~50	50~100	
Gross carrying amount	\$ 19,155,040	\$ 755,742	\$ 103,145	\$ 64,164	\$ 158,191	\$ 20,236,282
Loss allowance (Lifetime ECLs)	( 22,276)	( 20,274)	( 15,646)	( 38,469)	( 95,983)	( 192,648)
Amortized cost	<u>\$ 19,132,764</u>	<u>\$ 735,468</u>	<u>\$ 87,499</u>	<u>\$ 25,695</u>	<u>\$ 62,208</u>	<u>\$ 20,043,634</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>

September 30, 2022

Cost	Counterparty without signs of default				Counterparty with signs of default	Total
	Not past due	Past due 1-60 days	Past due 61-180 days	Past due over 181 days		
Expected credit loss rate (%)	0.1~0.3	1~20	10~50	40~50	100	
Gross carrying amount	\$ 17,841,353	\$ 1,010,158	\$ 65,947	\$ 30,810	\$ 87,195	\$ 19,035,463
Loss allowance (Lifetime ECLs)	( 31,703)	( 34,327)	( 15,967)	( 14,904)	( 87,195)	( 184,096)
Amortized cost	<u>\$ 17,809,650</u>	<u>\$ 975,831</u>	<u>\$ 49,980</u>	<u>\$ 15,906</u>	<u>\$ -</u>	<u>\$ 18,851,367</u>

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

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Opening balance	\$ 181,709	\$ 232,702
Acquisition of subsidiaries	-	541
Impairment losses recognized (reversed) of the period	70,987	( 36,785)
Amounts written off of the period	( 60,495)	( 19,463)
Foreign exchange translation differences	447	7,101
Ending balance	<u>\$ 192,648</u>	<u>\$ 184,096</u>

## 10. Merchandise inventories

The costs of inventories recognized in cost of goods sold for the three and nine months ended September 30, 2023 and 2022 were NT\$17,157,342 thousand, NT\$17,428,543 thousand, NT\$44,475,552 thousand, and NT\$51,760,080 thousand, respectively, which included the following items:

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Write-down (Gain from price recovery) of inventories	<u>(\$ 140,253)</u>	<u>\$ 87,729</u>	<u>(\$ 244,824)</u>	<u>\$ 203,687</u>

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

## 11. Other financial assets

	September 30, 2023	December 31, 2022	September 30, 2022
Current			
Time deposits with original maturities of more than 3 months	\$ 1,210,471	\$ 483,893	\$ 362,547
Structured deposits	1,197,247	969,878	2,224,644

(Continued)

(Concluded)

	September 30, 2023	December 31, 2022	September 30, 2022
Pledged deposits	\$ 77,617	\$ 81,355	\$ 76,986
Refundable deposits	41	2,331	-
	<u>\$ 2,485,376</u>	<u>\$ 1,537,457</u>	<u>\$ 2,664,177</u>
<u>Non-current</u>			
Pledged deposits	\$ 120,550	\$ 151,646	\$ 151,230
Refundable deposits	114,262	117,116	122,800
	<u>\$ 234,812</u>	<u>\$ 268,762</u>	<u>\$ 274,030</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Deposits in banks (%)	0.48~5.73	0.19~4.50	0.12~3.79

- b. The counterparties of the Group's time deposits were banks with good credit and no significant default concerns, hence, there was no expected credit loss.
- c. Refer to Note 30 for information on other financial assets pledged as collateral.

## 12. Subsidiary

### The subsidiaries in the consolidated financial statements

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

Investee company name the Company	Name of subsidiary	Main business	Percentage of Ownership (%)			Remark
			September 30, 2023	December 31, 2022	September 30, 2022	
	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	
	Wah Lee Japan Corp. (WL Japan)	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 Ltd.	Solar power generation business	99.99	99.99	99.99	Note 1
	Miyazaki Solar Ltd.	Solar power generation business	99.99	99.99	99.99	Note 1
	PT. Wah Lee Indonesia(WL Indonesia)	Trading business of industrial materials	70.00	70.00	70.00	Note 1

(Continued)

(Concluded)

Investee company name	Name of subsidiary	Main business	Percentage of Ownership (%)			Remark
			September 30, 2023	December 31, 2022	September 30, 2022	
	Wah Lee Vietnam Co., Ltd.(WL Vietnam)	Trading business of industrial materials	100.00	100.00	100.00	Note 1
	Tranceed Logistics Co., Ltd. (Tranceed Logistics)	Freight forwarders and leasing business	63.33	63.33	63.33	Note 1
	Wah Tech Industrial Co., Ltd.(WT Industrial)	Trading business of industrial materials	51.00	51.00	51.00	Note 1
	Kingstone Energy Technology Corporation (KS Corp.)	Solar power generation business	94.68	78.67	78.67	Notes 1 and 2
	Wah Heng Energy Technology Corp. (WH Energy)	Solar power generation business	100.00	100.00	100.00	Notes 1 and 6
	Evergreen New Energy Corporation	Solar power generation business	100.00	100.00	100.00	Note 1
	Wah Lee Philippines International Corp.(WL Philippines Corp.)	Trading business of industrial materials	99.99	99.99	99.99	Note 1
	Wah Lee Philippines Inc.(WL Philippines Inc.)	Trading business of industrial materials	99.99	99.99	99.99	Note 1
	Hightech Polymer Sdn. Bhd.(Hightech)	Trading business of industrial materials	51.00	51.00	51.00	Note 1 and Note 26
	Wah Lee Tech(Singapore)Pte. Ltd.(WL Singapore)	Agency of semiconductor materials and equipment	100.00	100.00	-	Notes 1 and 3
	Wah Lee Innovation Materials Private Limited (WL India)	Trading business of industrial materials	99.00	-	-	Established in May 2023; Note 1
	Advance Hightech Solutions Inc. (Advance Hightech)	Selling and distributing engineering plastics, high-performance composite materials, industrial materials, and semiconductor materials and equipment.	100.00	-	-	Established in September 2023; Note 1
	High Tech Gas Company Ltd.	Chemical Materials Manufacturing	60.00	-	-	Established in September 2023; Note 1
Evergreen New Energy Corporation	Fanxin Development Co., Ltd.	Solar power generation business	100.00	-	-	Notes 1 and 4
	Fansheng Development Co., Ltd.	Solar power generation business	100.00	-	-	Notes 1 and 4
Wah Lee Holding Ltd.	SHC Holding Ltd. WL Singapore	International investment	100.00	100.00	100.00	Note 1
		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	
	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

(Continued)

(Concluded)

Investee company name	Name of subsidiary	Main business	Percentage of Ownership (%)			Remark
			September 30, 2023	December 31, 2022	September 30, 2022	
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	100.00	100.00	100.00	Established in July 2022; Note 1
Guangjou Shing Shian	Kaiping Huaxinkang Medical Service Co., Ltd. (Kaiping Huaxinkang)	Medical Service	90.00	90.00	90.00	Note 1
Shenzhen Huaying	Xiamen Hua Chen Da Logistics Co., Ltd. (Xiamen Hua Chen Da)	Warehouse logistics	70.00	70.00	70.00	Note 1
Kingstone Energy Technology Corporation (KS Corp.)	KSA Energy Corporation (KSA Corp.)	Solar power generation business	100.00	100.00	100.00	Notes 1 and 6
	KSB Energy Corporation (KSB Corp.)	Solar power generation business	100.00	100.00	100.00	Note 1
	KSC Energy Corporation (KSC Corp.)	Solar power generation business	100.00	100.00	100.00	Note 1
	KSD Energy Corporation (KSD Corp.)	Solar power generation business	-	100.00	100.00	Notes 1 and 5
WT Industrial	P.T. Wah Tech Indonesia(WT Indonesia)	Trading business of industrial materials	66.00	66.00	66.00	Note 1
	Wah Lee Innovation Materials Private Limited(WL India)	Trading business of 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 In August 2023, the Company acquired 16.01% shares of KS Corp. from a non-related party for a cash consideration of NT\$102,339 thousand, resulting in an increase in ownership to 94.68%. As the aforementioned transaction did not change the controlling interest of the merged company in Kingstone Energy Technology Corporation, the Company processed it as an equity transaction and increased the capital surplus by NT\$18,135 thousand.

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 To obtain a power purchase agreement, Evergreen New Energy Corporation acquired 100% shares of Fanxin Development Co., Ltd. and Fansheng Development Co., Ltd. on July 21, 2023, for a consideration of NT\$125 thousand and NT\$112 thousand in cash, respectively. The acquisition of shares is determined to be a non-business combination under IFRS 3 “Business Combinations” and should be accounted for as an acquisition of assets.

The summary of assets acquired, liabilities assumed, and related net cash outflows as of the acquisition date is as follows:

Acquisition of assets

	Fanxin Development Co., Ltd.	Fansheng Development Co., Ltd.
Cash	<u>\$ 125</u>	<u>\$ 112</u>

Net cash outflow from acquisition of subsidiaries

	Fanxin Development Co., Ltd.	Fansheng Development Co., Ltd.
Consideration of cash payment	\$ 125	\$ 112
Less: acquisition of cash balance	( 125 )	( 112 )
	<u>\$ -</u>	<u>\$ -</u>

Note:5 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.).

Note:6 On November 1, 2023, the Group has sold 100% of its shares in Wah Heng Energy Technology Corp. (WH Energy) and KSA Energy Corporation (KSA Corp.) to a subsidiary of Perpetual New Energy Co., Ltd., an associate, for the purpose of operation and development planning.

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Investments in associates</u>			
Material associates			
CWE Inc.	\$ 4,229,417	\$ 3,445,921	\$ 3,402,027
Associates that are not individually material	<u>2,642,611</u>	<u>2,640,236</u>	<u>2,646,899</u>
	6,872,028	6,086,157	6,048,926
<u>Investment in joint ventures</u>			
Joint ventures that are not individually material	<u>47,101</u>	<u>38,846</u>	<u>27,342</u>
	<u>\$ 6,919,129</u>	<u>\$ 6,125,003</u>	<u>\$ 6,076,268</u>

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

a. Material associates

Company Name	September 30, 2023	December 31, 2022	September 30, 2022
CWE Inc.	29.44%	29.17%	29.12%

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

Company Name	September 30, 2023	December 31, 2022	September 30, 2022
CWE Inc.	<u>\$ 6,144,863</u>	<u>\$ 5,996,436</u>	<u>\$ 6,214,129</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Current Assets	\$ 15,814,566	\$ 15,826,129	\$ 16,202,172
Non-current assets	19,962,106	17,295,137	16,751,579
Current Liabilities	( 8,691,336)	( 9,299,580)	( 10,854,585)
Non-current Liabilities	( 8,223,989)	( 7,434,740)	( 5,607,378)
Equity	18,861,347	16,386,946	16,491,788
Non-controlling Interests	( 4,722,463)	( 4,805,267)	( 5,041,129)
	<u>\$ 14,138,884</u>	<u>\$ 11,581,679</u>	<u>\$ 11,450,659</u>

Percentage of ownership held by the Company  
(%)

29.44                      29.17                      29.12

Equity attributable to the Company	\$ 4,161,990	\$ 3,378,494	\$ 3,334,600
Goodwill	<u>67,427</u>	<u>67,427</u>	<u>67,427</u>
Carrying amount of investment	<u>\$ 4,229,417</u>	<u>\$ 3,445,921</u>	<u>\$ 3,402,027</u>

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Operating Revenue	<u>\$ 3,974,681</u>	<u>\$ 5,513,111</u>	<u>\$ 12,319,605</u>	<u>\$ 16,988,021</u>
Net income for this period	\$ 777,928	\$ 1,286,054	\$ 1,999,207	\$ 3,136,203
Other comprehensive (loss) income for the year	757,811	( 240,966)	2,600,937	( 1,255,120)
Total comprehensive income for the year	<u>\$ 1,535,739</u>	<u>\$ 1,045,088</u>	<u>\$ 4,600,144</u>	<u>\$ 1,881,083</u>
Cash dividends received	<u>\$ 356,224</u>	<u>\$ 320,602</u>	<u>\$ 500,693</u>	<u>\$ 395,805</u>

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



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

	Three-month h period ended September 30, 2023	Three-month h period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
The Group's share				
Net income for this period	\$ 66,341	\$ 59,967	\$ 136,972	\$ 192,099
Other comprehensive (loss) income for the year	<u>92,493</u>	<u>16,994</u>	<u>20,999</u>	<u>34,722</u>
Total comprehensive income for the year	<u>\$ 158,834</u>	<u>\$ 76,961</u>	<u>\$ 157,971</u>	<u>\$ 226,821</u>

c. Changes in investment in associates and joint ventures

- 1) In March 2023, the Company invested in the newly established Perpetual New Energy Co., Ltd. with an investment amount of NT\$ 24,000 thousand 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) As of September 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 September 30, 2023 and 2022 was NT\$2,086,801 thousand and NT\$2,077,755 thousand, respectively, and the shares of affiliated enterprises and joint venture profits recognized under for the three and nine months ended September 30, 2023 and 2022 amounted to NT\$61,180 thousand, NT\$65,575 thousand, NT\$128,533 thousand, and NT\$182,399 thousand, respectively.

## 14. Property, Plant, and Equipment

For the nine months ended September 30, 2023

Cost	Land	Buildings	Power Generation Equipment	Others	Property under Construction and Equipment to be Inspected	Total
Balance at January 1, 2023	\$ 2,084,047	\$ 1,091,245	\$ 3,017,220	\$ 1,130,815	\$ 645,149	\$ 7,968,476
Additions	-	393	62,692	48,587	302,940	414,612
Disposals	-	( 369)	( 20,820)	( 8,834)	-	( 30,023)
Reclassified	-	1,634	25,528	5,674	( 32,836)	-
Effects of foreign currency exchange differences	( 3,663)	2,861	( 21,429)	( 702)	( 108)	( 23,041)
Balance at September 30, 2023	<u>\$ 2,080,384</u>	<u>\$ 1,095,764</u>	<u>\$ 3,063,191</u>	<u>\$ 1,175,540</u>	<u>\$ 915,145</u>	<u>\$ 8,330,024</u>
<b>Accumulated depreciation</b>						
Balance at January 1, 2023	\$ -	\$ 395,992	\$ 425,575	\$ 790,559	\$ -	\$ 1,612,126
Depreciation expenses	-	21,474	123,876	81,741	-	227,091
Disposals	-	( 369)	( 17,485)	( 4,926)	-	( 22,780)
Effects of foreign currency exchange differences	-	( 224)	( 6,568)	( 52)	-	( 6,844)
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 416,873</u>	<u>\$ 525,398</u>	<u>\$ 867,322</u>	<u>\$ -</u>	<u>\$ 1,809,593</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 September 30, 2023	<u>\$ 2,080,384</u>	<u>\$ 678,891</u>	<u>\$ 2,537,793</u>	<u>\$ 308,218</u>	<u>\$ 915,145</u>	<u>\$ 6,520,431</u>

For the nine months ended September 30, 2022

Cost	Land	Buildings	Power Generation Equipment	Others	Property under Construction and Equipment to be Inspected	Total
Balance at January 1, 2022	\$ 840,140	\$ 1,068,002	\$ 2,186,906	\$ 1,054,623	\$ 943,161	\$ 6,092,832
Acquisition of consolidation	-	-	-	3,312	-	3,312
Additions	1,245,738	-	62,763	81,026	395,048	1,784,575
Disposals	-	-	-	( 12,141)	( 15,465)	( 27,606)
Reclassified	-	-	717,901	( 9,893)	( 708,008)	-
Effects of foreign currency exchange differences	( 4,612)	28,300	( 26,984)	7,868	819	5,391
Balance at September 30, 2022	<u>\$ 2,081,266</u>	<u>\$ 1,096,302</u>	<u>\$ 2,940,586</u>	<u>\$ 1,124,795</u>	<u>\$ 615,555</u>	<u>\$ 7,858,504</u>
<b>Accumulated depreciation</b>						
Balance at January 1, 2022	\$ -	\$ 358,728	\$ 296,830	\$ 696,470	\$ -	\$ 1,352,028
Acquisition of consolidation	-	-	-	2,749	-	2,749
Depreciation expenses	-	23,173	114,588	78,343	-	216,104
Disposals	-	-	-	( 10,247)	-	( 10,247)
Reclassified	-	-	4,808	( 4,808)	-	-
Effects of foreign currency exchange differences	-	7,412	( 6,612)	4,557	-	5,357
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 389,313</u>	<u>\$ 409,614</u>	<u>\$ 767,064</u>	<u>\$ -</u>	<u>\$ 1,565,991</u>
Carrying amount at September 30, 2022	<u>\$ 2,081,266</u>	<u>\$ 706,989</u>	<u>\$ 2,530,972</u>	<u>\$ 357,731</u>	<u>\$ 615,555</u>	<u>\$ 6,292,513</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 nine months ended September 30, 2023	For the nine months ended September 30, 2022
Additions	\$ 414,612	\$ 1,784,575
Capitalization of interest and depreciation expense	( 8,863 )	( 5,436 )
Decrease in prepayments for equipment	( 3,240 )	( 27,564 )
Decrease (increase) in payables for equipment	( 7,315 )	6,168
Increase in provisions	( 2,888 )	( 13,911 )
Cash paid	<u>\$ 392,306</u>	<u>\$ 1,743,832</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
Power Generation Equipment	7 to 20 years
Others	2 to 15 years

- c. In January 2022, the board of directors approved the proposal to purchase the land located in the Zilong section of Jiali District, Tainan City from an unrelated party for \$1.2 billion to build the Southern Logistics Center. The transfer of land rights registration was completed in May 2022. Due to the statutory prohibition, the registration of agricultural land rights was registered in the name of Tsun-Hsien Chang, the related party who signed an agreement with the Group. As stipulated in the agreement, the related party will fully cooperate with the Group to transfer the agricultural land right to the Group or a specific person in the future free of charge. The agricultural land has been mortgaged to the Group with a maximum limit of \$200 million.
- d. Refer to Note 30 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.

## 15. Lease Agreements

### a. Right-of-use assets

For the nine months ended September 30, 2023

	<u>Land</u>	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Opening balance	\$ 63,168	\$ 477,285	\$ 23,712	\$ 564,165
Additions	40,612	59,234	12,010	111,856
Depreciation expenses	( 3,368)	( 68,220)	( 9,454)	( 81,042)
Lease modification	-	( 24,552)	-	( 24,552)
Effects of foreign currency exchange differences	( 63)	( 321)	( 21)	( 405)
Ending balance	<u>\$ 100,349</u>	<u>\$ 443,426</u>	<u>\$ 26,247</u>	<u>\$ 570,022</u>

For the nine months ended September 30, 2022

	<u>Land</u>	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Carrying value at the beginning of the period	\$ 41,098	\$ 599,828	\$ 16,926	\$ 657,852
Additions	-	63,217	18,875	82,092
Depreciation expenses	( 2,050)	( 76,551)	( 10,393)	( 88,994)
Lease modification	-	( 99,429)	-	( 99,429)
Effects of foreign currency exchange differences	77	1,952	100	2,129
Ending balance	<u>\$ 39,125</u>	<u>\$ 489,017</u>	<u>\$ 25,508</u>	<u>\$ 553,650</u>

### b. Lease liabilities

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Carrying amount of lease liabilities			
Current	<u>\$ 101,790</u>	<u>\$ 98,005</u>	<u>\$ 105,081</u>
Non-current	<u>\$ 500,316</u>	<u>\$ 500,877</u>	<u>\$ 481,772</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Land	1.85~2.50	1.85	1.85
Buildings	1.10~5.00	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 above-mentioned subjects for the use of office and warehouse, for installation of power generation equipment, and transportation equipment, which will expire from October 2023 to June 2043. 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 September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Expenses relating to short-term leases	<u>\$ 40,602</u>	<u>\$ 37,314</u>	<u>\$ 122,546</u>	<u>\$ 96,687</u>
Expenses relating to low-value asset leases	<u>\$ 507</u>	<u>\$ 754</u>	<u>\$ 1,701</u>	<u>\$ 1,740</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 5,695</u>	<u>\$ 1,078</u>	<u>\$ 8,820</u>	<u>\$ 3,819</u>
Total cash outflow for leases			<u>\$ 225,055</u>	<u>\$ 189,431</u>

The Group's leases of certain subjects qualify as short-term or low-value asset leases, and the Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 16. Borrowings

a. Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Secured bank borrowings (Note 30)	\$ 593,281	\$ 1,269,351	\$ 675,282
Unsecured bank borrowings	<u>9,434,815</u>	<u>8,497,939</u>	<u>9,247,578</u>
	<u>\$ 10,028,096</u>	<u>\$ 9,767,290</u>	<u>\$ 9,922,860</u>
Annual interest rate (%)	0.46~8.80	0.59~11.50	0.55~7.00

b. Short-term bills payable

	September 30, 2023	December 31, 2022	September 30, 2022
Commercial paper payable			
China Bills Finance Corporation	\$ 180,000	\$ 30,000	\$ 30,000
Less: Discounts on short-term bills payable	<u>112</u>	<u>30</u>	<u>343</u>
	<u>\$ 179,888</u>	<u>\$ 29,970</u>	<u>\$ 29,657</u>
Annual interest rate (%)	1.40~2.198	2.21	2.11

c. Long-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured borrowings			
Syndicated bank loans (Note 1)	\$ 2,000,000	\$ 2,000,000	\$ 1,800,000
Less: Syndicated loan fee	<u>3,833</u>	<u>4,583</u>	<u>4,833</u>
	1,996,167	1,995,417	1,795,167
Bank loans (Note 2)	<u>400,000</u>	<u>700,000</u>	<u>1,000,000</u>
	<u>2,396,167</u>	<u>2,695,417</u>	<u>2,795,167</u>
Secured borrowings (Note 30)			
Syndicated bank loans (Note 3)	-	1,582,420	1,640,284
Bank loans	2,518,680	1,349,369	1,311,682
Less: Management quota fee	<u>-</u>	<u>4,118</u>	<u>4,651</u>
	<u>2,518,680</u>	<u>2,927,671</u>	<u>2,947,315</u>
Less: Portion due within one year	<u>\$ 167,697</u>	<u>\$ 193,522</u>	<u>\$ 176,819</u>
	<u>\$ 4,747,150</u>	<u>\$ 5,429,566</u>	<u>\$ 5,565,663</u>
Annual interest rate (%)			
Syndicated bank loans	2.03	1.80~2.34	1.79~2.29
Bank loans	1.22~2.67	1.05~2.58	0.88~2.17
Expiration period			
Syndicated bank loans	2027.08	2024.10~2027.08	2024.10~2027.08
Bank loans	2024.10~2038.08	2024.06~2037.06	2022.10~2037.06

Note:1 The Company signed a syndicated loan agreement with seven banks led by Mega International Commercial Bank Co., Ltd. in August 2022. The main contents of the syndicated loan agreement are as follows:

- 1) The total amount of syndicated bank loans is \$5 billion, divided into credit limit A, credit limit B, credit limit C and credit limit D. The term of credit limit A, credit limit B and credit limit C is 5 years from the initial drawdown date (August 2022) and the fractional reserve and debt recycling is available within the total amount of syndicated loans, and the maximum term of credit limit D is from the date of receipt of corporate bond payments in full, and the drawdown of credit limit D may be made one or multiple times. However, it shall not be drawn on a revolving basis.
- 2) Pursuant to the bank loan agreement, the Group should maintain certain financial ratios which should be calculated based on audited annual consolidated financial statements. The Group had met the requirement as of December 31, 2022.

Note:2 Pursuant to certain bank loan agreements, the Group should maintain certain financial ratios which should be calculated based on audited annual and unreviewed semiannual consolidated financial statements. The 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 syndicated loan agreement was fully repaid in advance in March 2023.

## 17. Corporate bonds payable

	September 30, 2023	December 31, 2022	September 30, 2022
3rd domestic unsecured convertible bonds	\$ 2,010,033	\$ 1,994,084	\$ 1,988,729
Less: Portion due within one year	<u>2,010,033</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 1,994,084</u>	<u>\$ 1,988,729</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 September 30, 2023, the conversion price was \$85.4 per share.

If the closing price of the Company's common shares continues being at least 130% of the conversion price then in effect for 30 consecutive trading days or the aggregate outstanding balance of bonds payable is less than 10% of the original issuance amount, the Company has the right to redeem the outstanding bonds payable at par value in cash during the period from three months after the issuance date to the date 40 days prior to the maturity date.

The amount of the face value of the convertible bonds plus interest compensation (1.5075%) has to be fully paid off in cash by the Company on the maturity date.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate originally recognized as a component of the liability is 1.08%.

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Liability component at the beginning of the period	\$ 1,994,084	\$ 1,972,752
Interest charged at an effective interest rate	16,150	15,977
Less: Conversion of corporate bonds payable into ordinary shares	<u>201</u>	<u>-</u>
Components of ending liabilities	<u>\$ 2,010,033</u>	<u>\$ 1,988,729</u>

As of September 30, 2023, the aforementioned unsecured convertible corporate bonds, with a face value of NT\$100,000, have applied for conversion into 2,000 ordinary shares of the Company. The date for capital increase is pending the decision of the board of directors and has been included in the item of share capital collected in advance.

## 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

	September 30, 2023	December 31, 2022	September 30, 2022
Payable for salaries or bonuses	\$ 645,822	\$ 662,772	\$ 594,965
Payable for employees' compensation and remuneration of directors	225,353	329,262	363,442
Payable for indemnification	39,022	-	-
Payable for freight	38,740	39,042	25,163
Payable for commission	28,598	38,211	42,161
Payable for interest	33,548	55,944	39,660
Payable for equipment	44,481	37,166	49,523
Others	<u>229,414</u>	<u>214,575</u>	<u>211,464</u>
	<u>\$ 1,284,978</u>	<u>\$ 1,376,972</u>	<u>\$ 1,326,378</u>

## 20. Retirement benefit plans

The defined benefit plan-related pension expenses recognized for the three and nine months ended September 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\$1,236 thousand, NT\$834 thousand, NT\$3,692 thousand, and NT\$2,501 thousand, respectively.

## 21. Equity

### a. Ordinary share capital

	September 30, 2023	December 31, 2022	September 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

	September 30, 2023	December 31, 2022	September 30, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Issuance of share capital	\$ 1,114,422	\$ 1,114,241	\$ 1,114,241
Difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	56,059	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	448,292	412,979	418,066
<u>May not be used for any purpose</u>			
Share warrants	34,197	34,200	34,200
	<u>\$ 2,090,340</u>	<u>\$ 2,036,714</u>	<u>\$ 2,041,801</u>

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

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles after the amendment on May 27, 2022, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, except when the accumulated amount of such legal reserve equals to the Company's total issued capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and 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, when distributing the dividend through the issuance of new shares, should be resolved in the shareholders' meeting for the distribution. The common share dividends will be distributed after the distribution of preferred share dividends based on the Articles.

The amendments to the Articles which have been resolved in the meeting of shareholders held on May 27, 2022 provide that distributable dividends, bonuses, capital reserve and legal reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted to the shareholders' meeting. However,

the aforementioned distribution to be paid by issuing new shares shall be resolved by the meeting of shareholders.

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

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

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

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

The aforementioned cash dividends for the fiscal year 2022 have been distributed according to the resolution of the board of directors on March 16, 2023. The remaining earnings distribution items for the fiscal year 2022 and appropriations of earnings for the fiscal year 2021 have also been respectively approved at the shareholders' meetings on May 30, 2023 and June 30, 2022.

d. Other equity items

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

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Opening balance	(\$ 344,057)	(\$ 678,629)
Recognized for the period		
Exchange differences of foreign operations	121,638	384,243
Share from associates accounted for using the equity method	43,728	122,969
Effects of income taxes	(23,275)	(77,967)
Ending balance	(\$ 201,966)	(\$ 249,384)

2) Unrealized gain on financial assets at FVTOCI

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Opening balance	( \$ 104,502 )	\$ 494,006
Recognized for the period		
Unrealized (loss) gain - equity instruments	199,406	( 223,792 )
Share from associates accounted for using the equity method	682,745	( 467,284 )
Effects of income taxes	( 7,202 )	2,902
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal		
Investments in equity instruments designated as at fair value through other comprehensive income	( 62 )	-
Share from associates accounted for using the equity method	( 12,705 )	( 73,230 )
Ending balance	<u>\$ 757,680</u>	<u>( \$ 267,398 )</u>

e. Non-controlling Interests

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022 (revised, Note 26)
Opening balance	\$ 1,784,868	\$ 2,018,519
Other comprehensive (loss) income of the period		
Net income for this period	147,950	190,174
Exchange differences of foreign operations	( 11,394 )	46,743
Cash dividends distributed to non-controlling interests.	( 38,280 )	-
Acquisition of non-controlling interests in subsidiaries	( 120,474 )	-
Increase in non-controlling interests from the acquisition of subsidiaries	<u>60,000</u>	<u>135,835</u>
	<u>\$ 1,822,670</u>	<u>\$ 2,391,271</u>

## 22. Revenue

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Revenue from contracts with customers				
Revenue from sale of goods	\$ 18,629,350	\$ 18,779,346	\$ 48,397,017	\$ 55,954,085
Other operating revenues	<u>389,851</u>	<u>369,801</u>	<u>1,167,542</u>	<u>1,041,178</u>
	<u>\$ 19,019,201</u>	<u>\$ 19,149,147</u>	<u>\$ 49,564,559</u>	<u>\$ 56,995,263</u>

### a. Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Notes receivable	\$ 2,290,695	\$ 2,240,943	\$ 1,946,038	\$ 1,787,044
Accounts receivable, net (including related parties)	<u>17,752,939</u>	<u>14,595,538</u>	<u>16,717,463</u>	<u>16,871,481</u>
	<u>\$ 20,043,634</u>	<u>\$ 16,836,481</u>	<u>\$ 18,663,501</u>	<u>\$ 18,658,525</u>
Contract liabilities				
Sale of goods	<u>\$ 531,517</u>	<u>\$ 350,115</u>	<u>\$ 609,915</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 September 30, 2023 and 2022.

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

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Sale of goods	<u>\$ 218,802</u>	<u>\$ 518,861</u>

### b. Disaggregation of revenue from contracts with customers

Please refer to Note 34 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 29)

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Rent income	\$ 2,909	\$ 4,483	\$ 11,094	\$ 14,016
Consulting service income	1,130	2,991	6,470	15,645
Dividend income	5,100	4,574	11,243	9,456
Grants income	1,468	24,115	1,953	47,232
Other income	<u>12,741</u>	<u>9,878</u>	<u>34,467</u>	<u>31,901</u>
	<u>\$ 23,348</u>	<u>\$ 46,041</u>	<u>\$ 65,227</u>	<u>\$ 118,250</u>

b. Other gains and losses

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Net gain (loss) of financial instruments at FVTPL	\$ 2,087	\$ 13,821	\$ 15,084	\$ 14,574
Net foreign exchange gains	99,286	27,670	127,223	128,224
Gain (loss) on disposal of property, plant, and equipment	( 255)	( 1,857)	863	( 17,078)
Provisions for reversal losses	( 2,228)	( 76)	( 2,228)	17,082
Lease modification benefits	1,575	-	2,118	12,416
Others	<u>( 944)</u>	<u>( 260)</u>	<u>( 5,154)</u>	<u>( 4,696)</u>
	<u>\$ 99,521</u>	<u>\$ 39,298</u>	<u>\$ 137,906</u>	<u>\$ 150,522</u>

c. Financial costs

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Interest on bank loans	\$ 115,496	\$ 91,302	\$ 304,586	\$ 189,682
Amortization of borrowing facility management fee	250	2,861	4,868	4,647
Interest on lease liabilities	3,199	3,414	9,769	10,531
Corporate bond discount amortization and interest compensation	5,398	5,340	16,150	15,977
Less: Amount included in cost of qualifying assets	<u>6,012</u>	<u>939</u>	<u>8,863</u>	<u>3,906</u>
	<u>\$ 118,331</u>	<u>\$ 101,978</u>	<u>\$ 326,510</u>	<u>\$ 216,931</u>
Interest capitalized rate (%)	2.02~2.62	1.68~1.81	1.81~2.62	1.43~1.85

d. Depreciation and amortization

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Property, Plant, and Equipment	\$ 75,783	\$ 74,136	\$ 227,091	\$ 216,104
Right-of-use assets	26,300	32,134	81,042	88,994
Intangible Assets	9,013	11,279	34,900	32,327
Other non-current assets	506	511	1,551	1,593
Less: Amount included in cost of qualifying assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,530</u>
	<u>\$ 111,602</u>	<u>\$ 118,060</u>	<u>\$ 344,584</u>	<u>\$ 337,488</u>
An analysis of depreciation expense by function				
Operating costs	\$ 71,626	\$ 69,055	\$ 212,974	\$ 201,352
Operating expense	<u>30,457</u>	<u>37,215</u>	<u>95,159</u>	<u>102,216</u>
	<u>\$ 102,083</u>	<u>\$ 106,270</u>	<u>\$ 308,133</u>	<u>\$ 303,568</u>
An analysis of amortization expense by function				
Operating costs	\$ 2,302	\$ 2,328	\$ 6,938	\$ 7,025
Operating expense	<u>7,217</u>	<u>9,462</u>	<u>29,513</u>	<u>26,895</u>
	<u>\$ 9,519</u>	<u>\$ 11,790</u>	<u>\$ 36,451</u>	<u>\$ 33,920</u>

e. Employee benefits expense

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Short-term employee benefits	<u>\$ 450,880</u>	<u>\$ 412,311</u>	<u>\$ 1,263,220</u>	<u>\$ 1,316,178</u>
Post-employment benefits				
Defined contribution plans	18,855	15,371	56,646	45,841
Defined benefit plans (Note 20)	<u>1,236</u>	<u>834</u>	<u>3,692</u>	<u>2,501</u>
	<u>20,091</u>	<u>16,205</u>	<u>60,338</u>	<u>48,342</u>
	<u>\$ 470,971</u>	<u>\$ 428,516</u>	<u>\$ 1,323,558</u>	<u>\$ 1,364,520</u>
An analysis by function				
Operating costs	\$ 34,362	\$ 30,144	\$ 105,753	\$ 94,563
Operating expense	<u>436,609</u>	<u>398,372</u>	<u>1,217,805</u>	<u>1,269,957</u>
	<u>\$ 470,971</u>	<u>\$ 428,516</u>	<u>\$ 1,323,558</u>	<u>\$ 1,364,520</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 nine months ended September 30, 2023 and 2022 are as follows:

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
<u>Percentages for estimation</u>				
Employees' compensation (%)	9.00	8.98	9.00	9.00
Director's remuneration (%)	1.15	1.15	1.15	1.14
<u>Amount</u>				
Employees' compensation	<u>\$ 82,777</u>	<u>\$ 83,103</u>	<u>\$ 199,820</u>	<u>\$ 254,018</u>
Director's remuneration	<u>\$ 10,577</u>	<u>\$ 10,619</u>	<u>\$ 25,533</u>	<u>\$ 32,458</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 September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Current income taxes				
In respect of the current period	\$ 219,400	\$ 230,097	\$ 471,903	\$ 599,882
Surtax on undistributed earnings	-	-	30,914	81,479
Adjustments for prior years	( 897)	( 64)	( 1,306)	( 3,339)
	218,503	230,033	501,511	678,022
Deferred tax				
In respect of the current period	( 2,371)	( 26,457)	72,349	39,522
	<u>\$ 216,132</u>	<u>\$ 203,576</u>	<u>\$ 573,860</u>	<u>\$ 717,544</u>



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

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
<u>Deferred tax</u>				
Generated in the current period				
Unrealized gain on financial assets at FVTOCI	\$ 2,227	\$ 3,128	(\$ 7,202)	\$ 2,902
Exchange differences on the translation of financial statements of foreign operations	( 65,753)	( 31,084)	( 23,275)	( 77,967)
	<u>(\$ 63,526)</u>	<u>(\$ 27,956)</u>	<u>(\$ 30,477)</u>	<u>(\$ 75,065)</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 September 30, 2023	Three-month period ended September 30, 2022 (revised, Note 26)	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022 (revised, Note 26)
Profit for the year attributable to owners of the Company	\$ 712,016	\$ 729,411	\$ 1,690,334	\$ 2,154,368
Effect of convertible corporate bonds	<u>5,398</u>	<u>5,340</u>	<u>16,150</u>	<u>16,977</u>
Net income used in computation of basic and diluted EPS	<u>\$ 717,414</u>	<u>\$ 734,751</u>	<u>\$ 1,706,484</u>	<u>\$ 2,171,345</u>

b. Number of shares (in thousands)

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 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	2,146	3,042	3,052	3,936
Convertible corporate bonds	<u>23,419</u>	<u>20,387</u>	<u>23,419</u>	<u>20,387</u>
Weighted average number of shares outstanding used in computation of diluted EPS	<u>261,583</u>	<u>259,447</u>	<u>262,489</u>	<u>260,341</u>

The Company offers to settle the employees' compensation in cash or shares; thus, the Company assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted EPS, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

**26. business combination**

a. Acquisition of subsidiary

	Major operating activities	Date of Acquisition	Ownership interests with voting rights/ percentage of acquisition (%)	Transfer of consideration
Hightech	Trading business of industrial materials	September 1, 2022	51	<u>\$ 205,335</u>

To expand the distribution channels, the Company acquired 51% of the ordinary shares of Hightech from an unrelated party for \$205,335 thousand on September 1, 2022.

b. Assets acquired and liabilities assumed on the date of acquisition

	<u>Amount</u>
Current Assets	
Cash and cash equivalents	\$ 84,641
Financial assets at FVTPL - current	43
Net accounts receivable	213,186
Accounts receivable - related parties	1,546
Other receivables	329
Other receivables - related parties	48
Current tax assets	748
Merchandise inventories	154,915
Prepayments for purchases	207
Other financial assets - current	72,663
Other current assets	1,218
Non-current assets	
Property, Plant, and Equipment	563
Intangible Assets	57,367
Deferred tax assets	2,439
Other financial assets - non-current	1,869
Current Liabilities	
Short-term borrowings	( 243,710)
Accounts payable	( 50,044)
Accounts payable - related parties	( 7,926)
Other payables	( 12,525)
Other current liabilities	( 35)
Non-current Liabilities	
Guarantee deposits received	( <u>327</u> )
	<u>\$ 277,215</u>

c. Non-controlling Interests

The non-controlling interests of Hightech are measured based on the proportionate share of the recognized net assets of the acquiree.

d. Goodwill arising from the acquisition

	<u>Amount</u>
Transfer of consideration	\$ 205,335
Addition: Non-controlling interests (49% ownership interests)	135,835
Less: Fair value of identifiable net assets acquired	( <u>277,215</u> )
Goodwill arising from the acquisition	<u>\$ 63,955</u>

The goodwill generated from the acquisition of Hightech primarily stems from the ability to control premium. Additionally, the consideration paid in the merger includes anticipated revenue growth and future market development. However, as these benefits do not meet the recognition criteria for identifiable intangible assets, they are not recognized separately.

e. Net cash outflow from acquisition of subsidiaries

	<u>Amount</u>
Consideration of cash payment	\$ 205,335
Less: Cash and cash equivalents balance acquired	<u>( 84,641 )</u>
	<u>\$ 120,694</u>

- f. In the fourth quarter of the fiscal year 2022, the merged company completed the recognition of the difference between the investment cost and the net fair value portion of identifiable assets and liabilities acquired from Hightech. The financial statements of the merger were retrospectively amended. The amendments to the consolidated balance sheet and consolidated statements of comprehensive for the first three quarters of the fiscal year 2022 are as follows:

	<u>September 30, 2022</u>			
	<u>After retrospective amendment</u>	<u>Before retrospective amendment</u>		
<u>Consolidated Balance Sheets</u>				
Goodwill	<u>\$ 177,574</u>	<u>\$ 214,187</u>		
Other intangible assets	<u>\$ 234,859</u>	<u>\$ 178,448</u>		
	<u>Three-month period ended September 30, 2022</u>	<u>For the nine months ended September 30, 2022</u>		
	<u>After retrospective amendment</u>	<u>Before retrospective amendment</u>	<u>After retrospective amendment</u>	<u>Before retrospective amendment</u>
<u>Consolidated Statements of Comprehensive Income</u>				
Selling and marketing expenses	<u>\$ 601,777</u>	<u>\$ 600,821</u>	<u>\$ 1,791,425</u>	<u>\$ 1,790,469</u>
General and administrative expenses	<u>\$ 166,142</u>	<u>\$ 152,324</u>	<u>\$ 480,686</u>	<u>\$ 466,868</u>

The effects of the aforementioned retrospective amendments also decreased the retained earnings as of September 30, 2022, by NT\$7,843 thousand and increased non-controlling interests by NT\$27,641 thousand.

g. Effect of business combination on operating results

Since the date of acquisition, the operating results of Hightech for the past 3 quarters of the year 2022 are as follows:

	<u>Amount</u>
Operating Revenue	<u>\$ 91,005</u>
Net income for this period	<u>\$ 189</u>

If such business combinations occur on the first day of the fiscal year in which the acquisition date falls, the estimated consolidated operating revenues for the three and nine months ended September 30, 2022 are NT\$19,294,701 thousand and NT\$57,684,543 thousand, respectively. The estimated consolidated net profits for the same periods are NT\$785,448 thousand and NT\$2,355,206 thousand, respectively. These amounts cannot reflect the actual revenue and operating results that the Group can generate if the merger is completed on the starting date of the acquisition year, nor should they be used to forecast future operating results.

## **27. 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.

## **28. 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount	<u>\$ 2,010,033</u>	<u>\$ 1,994,084</u>	<u>\$ 1,988,729</u>
Fair value	<u>\$ 2,005,799</u>	<u>\$ 1,973,400</u>	<u>\$ 1,959,600</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

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificates	\$ 78,142	\$ -	\$ -	\$ 78,142
Structured deposits	-	499,705	-	499,705
Foreign exchange forward contracts	-	441	-	441
Investment in equity instruments				
Unlisted stocks	-	-	42,683	42,683
	<u>\$ 78,142</u>	<u>\$ 500,146</u>	<u>\$ 42,683</u>	<u>\$ 620,971</u>
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Domestic listed shares	\$ 196,968	\$ 223,219	\$ -	\$ 420,187
Unlisted stocks	-	-	502,065	502,065
Foreign listed shares	16,560	-	-	16,560
	<u>\$ 213,528</u>	<u>\$ 223,219</u>	<u>\$ 502,065</u>	<u>\$ 938,812</u>
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 1,467</u>	<u>\$ -</u>	<u>\$ 1,467</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificates	\$ 73,564	\$ -	\$ -	\$ 73,564
Structured deposits	-	549,458	-	549,458
Investment in equity instruments				
Unlisted stocks	-	-	43,479	43,479
	<u>\$ 73,564</u>	<u>\$549,458</u>	<u>\$ 43,479</u>	<u>\$ 666,501</u>
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Domestic listed shares	\$ 180,949	\$ 54,869	\$ -	\$ 235,818
Unlisted stocks	-	-	486,896	486,896
Foreign listed shares	\$ 20,128	\$ -	\$ -	\$ 20,128
	<u>\$ 201,077</u>	<u>\$ 54,869</u>	<u>\$ 486,896</u>	<u>\$ 742,842</u>
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 3,672</u>	<u>\$ -</u>	<u>\$ 3,672</u>

September 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	\$ 72,051	\$ -	\$ -	\$ 72,051
Structured time deposits	-	389,067	-	389,067
Foreign exchange forward contracts	-	4,416	-	4,416
Redemption options of convertible bonds	-	-	200	200
	<u>\$ 72,051</u>	<u>\$ 393,483</u>	<u>\$ 200</u>	<u>\$ 465,734</u>
<u>Financial assets at FVTOCI</u>				
<u>Investment in equity instruments</u>				
Domestic listed shares	\$ 175,091	\$ 47,875	\$ -	\$ 222,966
Unlisted stocks	-	-	477,183	477,183
Foreign listed shares	20,388	-	-	20,388
	<u>\$ 195,479</u>	<u>\$ 47,875</u>	<u>\$ 477,183</u>	<u>\$ 720,537</u>
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 313</u>	<u>\$ -</u>	<u>\$ 313</u>

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

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

	<u>For the nine months ended September 30, 2023</u>	<u>For the nine months ended September 30, 2022</u>
Opening balance	\$ 530,375	\$ 593,607
Purchases	15,369	5,000
Transfer out of level 3	( 47,852 )	-
Reduction of capital	( 18,714 )	( 5,000 )
Recognized in Profit or Loss	( 796 )	( 1,000 )
Recognized in Other Comprehensive Income and Loss	66,273	( 115,224 )
Foreign exchange translation differences	93	-
Ending balance	<u>\$ 544,748</u>	<u>\$ 477,383</u>

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

- (a) Structured deposits Based on the financial product information provided by financial institutions, the valuation method was based on the rate of return of the deposit principal and its linked targets.
- (b) Derivative financial assets the estimated future cash flows were based on the observable forward exchange rate at the end of the year and the exchange rate stipulated in the contract and are discounted separately at rates that reflects the credit risk of each counterparty.

- (c) Emerging market shares the fair value was assessed by reference to the transaction price supported by observable market prices.
- 4) Valuation techniques and inputs for Level 3 fair value measurement

(a) Investment in equity instruments

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

(b) Redemption options of convertible bonds

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

c. Categories of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
FVTPL			
Mandatorily classified at FVTPL	\$ 620,971	\$ 666,501	\$ 465,734
Financial assets at FVTOCI			
Investment in equity instruments	938,812	742,842	720,537
Measured at amortized cost (Note 1)	27,457,580	25,573,550	26,410,026
<u>Financial liabilities</u>			
FVTPL			
Held for trading	1,467	3,672	313
Measured at amortized cost (Note 2)	27,614,111	27,243,785	27,147,614

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 (including current portion), 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 32.

Sensitivity analysis

The Group was mainly exposed to the USD.

The sensitivity rate used when reporting foreign currency risk internally to key management personnel is 1%. The sensitivity analysis included only the outstanding foreign currency denominated monetary items at the balance sheet date. Had the functional currency weakened (strengthened) by 1% against the USD, the pre-tax profit for the nine months ended September 30, 2023 and 2022 would have been higher (lower) by NT\$46,139 thousand and NT\$9,667 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
Financial assets	\$ 2,728,583	\$ 4,363,071	\$ 4,139,773
Financial liabilities	5,636,057	6,453,132	6,721,726
Cash flow interest rate risk			
Financial assets	4,458,692	3,999,934	3,146,406
Financial liabilities	12,098,913	11,560,182	11,548,855

### 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 nine months ended September 30, 2023 and 2022 would have been lower/higher by NT\$57,302 thousand and NT\$63,018 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 nine months ended September 30, 2023 and 2022 would have been higher/lower by NT\$1,208 thousand and NT\$721 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 nine months ended September 30, 2023 and 2022 would have been higher/lower by NT\$9,388 thousand and NT\$7,205 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 to 5 years	5 to 10 years	10 to 20 years	Total
<u>September 30, 2023</u>					
Non-interest-bearing liabilities	\$ 10,478,227	\$ 3,019	\$ -	\$ -	\$ 10,481,246
Lease liabilities	127,117	246,452	157,597	183,929	715,095
Floating-rate instruments	7,694,104	4,665,238	119,016	20,369	12,498,727
Fixed-rate instruments	5,067,525	-	-	-	5,067,525
Financial guarantee liabilities	<u>627,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>627,044</u>
	<u>\$ 23,994,017</u>	<u>\$ 4,914,709</u>	<u>\$ 276,613</u>	<u>\$ 204,298</u>	<u>\$ 29,389,637</u>
<u>December 31, 2022</u>					
Non-interest-bearing liabilities	\$ 9,826,550	\$ 2,803	\$ -	\$ -	\$ 9,829,353
Lease liabilities	111,321	249,893	140,612	160,188	662,014
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	<u>905,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>905,691</u>
	<u>\$ 20,981,159</u>	<u>\$ 7,814,889</u>	<u>\$ 284,898</u>	<u>\$ 184,216</u>	<u>\$ 29,265,162</u>
<u>September 30, 2022</u>					
Non-interest-bearing liabilities	\$ 9,461,054	\$ 2,832	\$ -	\$ -	\$ 9,463,886
Lease liabilities	115,550	249,627	136,365	142,491	644,033
Floating-rate instruments	6,398,320	4,909,107	509,214	101,776	11,918,417
Fixed-rate instruments	3,860,669	2,335,622	-	-	6,196,291
Financial guarantee liabilities	<u>1,126,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,126,631</u>
	<u>\$ 20,962,224</u>	<u>\$ 7,497,188</u>	<u>\$ 645,579</u>	<u>\$ 244,267</u>	<u>\$ 29,349,258</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.

	September 30, 2023	December 31, 2022	September 30, 2022
Factoring bank	<u>\$ 395,491</u>	<u>\$ 1,006,841</u>	<u>\$ 412,072</u>
Endorsement transfer to suppliers	<u>\$ 166,844</u>	<u>\$ 181,986</u>	<u>\$ 190,127</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 September 30, 2023, December 31 and September 30, 2022, the face amount of these unsettled bills receivable was NT\$20,135 thousand, NT\$39,894 thousand, and NT\$34,261 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 nine months ending September 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.

## 29. Related Party Transactions

Except those discussed in Note 14, transactions between the Group and related parties were disclosed as follows:

a. Name of related parties and relationship with the Group

<u>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
HUAHSUAN GREEN ENERGY CO., LTD.	Associate (became an unrelated party after loss of significant influence in October 2022)
ORC Electrical Machinery Corp. (ORC Corp.)	Associate (Joint Venture)
Shanghai Chang Wah Electromaterials Inc.	Associate's subsidiary
Chang Wah International Trade (Shenzhen) Co., Ltd.	Associate's subsidiary
Chang Wah Technology Co. Ltd.	Associate's subsidiary
SIP Chang Hong Optoelectronics Ltd.	Associate's subsidiary
Sun Hong Optronics Ltd.	Associate's subsidiary
Wah Ma Chemical Sdn. Bhd.	Associate's subsidiary
Welo-tech Corp.	Other related party (use equity method for subsidiaries)
Daily Polymer Corp.	Other related parties (The Company is a corporate director of the company.)
Asahi Kasei Wah Lee Hi-tech Corp.	Other related parties (The Company is a corporate director of the company.)
JingYi Technology Co.	Other related parties (The Company is a corporate director of the company.)
Minima Co., Ltd.	Other related parties (The Company is a corporate director of the company.)
Forcera Materials Co., Ltd.	Other related parties (The Company is a corporate director of the company.)
Tien Li Offshore Wind Technology Co., Ltd.	Other related parties (The Company used to be a corporate director of the company, and it was no longer a related party after an election of all directors in June 2023.)
TaiGene Biotechnology Co., Ltd.	Other related parties (The Company is a corporate supervisor of the company.)
Bao Guang Investment Co., Ltd.	Other related parties (Its person in charge is a relative within the first degree of kinship of the Chairman of the Company and was in the Company's management before May 2023.)

Name of related party	Relations with the Group
Sin Hao Co., Ltd.	Other related parties (Its person in charge is a relative within the first degree of kinship of a director of the Company, and it was no longer a related party after the resignation of the director in September 2023.)
Raycon Industries Inc.	Other related parties (Its person in charge is a relative within the first degree of kinship of a director of the Company.)
Chen Chih-Yuan	Other related parties (a relative within the first degree of kinship of a director of the Company, no longer a related party after the resignation of the director in September 2023.)

b. Operating transactions

1) Operating Revenue

Categories of related parties	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Revenue from sale of goods				
Associates and their subsidiaries	\$ 93,256	\$ 95,190	\$ 258,477	\$ 310,443
Other related parties	<u>12,701</u>	<u>3,858</u>	<u>49,702</u>	<u>6,118</u>
	<u>\$105,957</u>	<u>\$ 99,048</u>	<u>\$308,179</u>	<u>\$ 316,561</u>
Other operating revenues				
Associates and their subsidiaries	\$ 5,121	\$ 7,567	\$ 14,977	\$ 23,656
Other related parties	<u>1,669</u>	<u>2,340</u>	<u>4,884</u>	<u>7,221</u>
	<u>\$ 6,790</u>	<u>\$ 9,907</u>	<u>\$ 19,861</u>	<u>\$ 30,877</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 September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Associates and their subsidiaries	\$ 63,211	\$ 157,315	\$ 209,893	\$ 486,710
Other related parties	<u>260,880</u>	<u>383,674</u>	<u>697,767</u>	<u>1,122,634</u>
	<u>\$ 324,091</u>	<u>\$ 540,989</u>	<u>\$ 907,660</u>	<u>\$ 1,609,344</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 September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Commissions expense				
Other related parties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35</u>
Service expense				
Other related parties	<u>\$ 2,839</u>	<u>\$ 2,712</u>	<u>\$ 8,344</u>	<u>\$ 7,853</u>

4) Receivables from related parties

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Accounts receivable - related parties</u>			
Associates and their subsidiaries	\$ 100,097	\$ 93,792	\$ 95,724
Other related parties	<u>11,841</u>	<u>4,393</u>	<u>4,873</u>
	111,938	98,185	100,597
Less: Allowance for losses	<u>579</u>	<u>543</u>	<u>793</u>
	<u>\$ 111,359</u>	<u>\$ 97,642</u>	<u>\$ 99,804</u>
<u>Other receivables - related parties</u>			
Associates and their subsidiaries			
CWE Inc.	\$ -	\$ 144,499	\$ -
Others	<u>2,546</u>	<u>4,405</u>	<u>388</u>
	2,546	148,904	388
Other related parties	<u>531</u>	<u>625</u>	<u>1,425</u>
	<u>\$ 3,077</u>	<u>\$ 149,529</u>	<u>\$ 1,813</u>

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

5) Payables to related parties

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Accounts payable - related parties</u>			
Associates and their subsidiaries	\$ 68,614	\$ 116,594	\$ 112,741
Other related parties	<u>271,871</u>	<u>313,431</u>	<u>271,544</u>
	<u>\$ 340,485</u>	<u>\$ 430,025</u>	<u>\$ 384,285</u>
<u>Other payables - related parties</u>			
Associates and their subsidiaries	\$ 331	\$ 113	\$ 112
Other related parties	<u>25</u>	<u>25</u>	<u>659</u>
	<u>\$ 356</u>	<u>\$ 138</u>	<u>\$ 771</u>

The outstanding payables to related parties are unsecured.

c. Other income

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Associate	\$ 3,778	\$ 5,939	\$ 13,417	\$ 15,361
Other related parties	3,954	7,754	5,019	9,484
Key management personnel	<u>-</u>	<u>-</u>	<u>24</u>	<u>24</u>
	<u>\$ 7,732</u>	<u>\$ 13,693</u>	<u>\$ 18,460</u>	<u>\$ 24,869</u>

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

d. Lease agreement - rental fees

	Three-month period ended September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Associates and their subsidiaries	\$ 46	\$ 39	\$ 143	\$ 39
Other related parties	<u>55</u>	<u>74</u>	<u>202</u>	<u>221</u>
	<u>\$ 101</u>	<u>\$ 113</u>	<u>\$ 345</u>	<u>\$ 260</u>



e. Endorsements and guarantees

Categories of related parties	September 30, 2023	December 31, 2022	September 30, 2022
Associate			
Amount endorsed	<u>\$ 1,974,309</u>	<u>\$ 1,763,507</u>	<u>\$ 1,796,475</u>
Amount utilized	<u>\$ 606,909</u>	<u>\$ 865,797</u>	<u>\$ 1,092,370</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 September 30, 2023	Three-month period ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Short-term employee benefits	\$ 36,136	\$ 32,745	\$ 85,926	\$ 107,740
Post-employment benefits	<u>204</u>	<u>226</u>	<u>611</u>	<u>556</u>
	<u>\$ 36,340</u>	<u>\$ 32,971</u>	<u>\$ 86,537</u>	<u>\$ 108,296</u>

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

### **30. Assets Pledged as Collateral**

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

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 562,335	\$ 1,188,827	\$ 602,199
Other financial assets - current	77,617	81,355	76,986
Other financial assets - non-current	120,550	151,646	151,230
Property, Plant, and Equipment			
Freehold land	1,751,646	1,755,309	1,752,528
Buildings	392,853	396,034	402,306
Power Generation Equipment	1,868,535	2,472,625	1,947,370
Others	<u>43,138</u>	<u>54,903</u>	<u>58,825</u>
	<u>\$ 4,816,674</u>	<u>\$ 6,100,699</u>	<u>\$ 4,991,444</u>

### 31. Significant contingent liabilities and unrecognized commitments

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

- a. The Group's unused letters of credit for the purchase of merchandise amounted to NT\$426,720 thousand.
- b. The unrecognized commitments for acquisition of property, plant and equipment were NT\$881,238 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. The lawsuit was ruled in favor of Kingstone Energy Technology Corporation (KS Corp.) in the first instance judgment in May 2023. Company B has filed an appeal and it is currently under review.

### 32. Significant assets and liabilities denominated in foreign currency

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

September 30, 2023	Foreign Currency Amount	Exchange Rate		Carrying Value
Monetary financial assets				
USD	\$ 308,439	32.27	(USD : NTD)	\$ 9,953,333
USD	100,192	7.827	(USD: HKD)	3,233,204
USD	25,366	7.304	(USD : RMB)	818,574
USD	710	24.634	(USD : VND)	22,897
USD	1,244	36.579	(USD: THB)	40,141
USD	2,100	4.909	(USD: MYR)	67,778
Nonmonetary financial assets				
Investment accounted for using the equity method				
USD	16,293	32.27	(USD : NTD)	525,787
RMB	182,384	4.4179	(RMB: NTD)	805,751
RMB	1,233,168	1.0715	(RMB : HKD)	5,447,995
JPY	588,447	0.2162	(JPY: NTD)	127,222
HKD	2,183,836	4.1230	(HKD: NTD)	9,003,954
THB	266,240	0.8822	(THB: NTD)	234,877
MYR	19,285	6.574	(MYR: NTD)	126,782

(Continued)

(Continued)

September 30, 2023	Foreign Currency		Exchange Rate	Carrying Value
	Amount			
Monetary financial liabilities				
USD	256,580	32.27	(USD : NTD)	8,279,831
USD	9,097	7.827	(USD: HKD)	293,555
USD	22,731	7.304	(USD : RMB)	733,533
USD	2,972	24,634	(USD : VND)	95,911
USD	1,472	36.579	(USD: THB)	47,502
USD	2,221	4.909	(USD: MYR)	71,669
<hr/>				
December 31, 2022				
Monetary financial assets				
USD	226,216	30.71	(USD : NTD)	6,947,104
USD	95,757	7.798	(USD: HKD)	2,940,704
USD	17,245	6.903	(USD : RMB)	529,596
USD	1,552	23,806	(USD : VND)	47,667
USD	1,201	34.35	(USD: THB)	36,882
USD	1,630	4.584	(USD: MYR)	50,044
Nonmonetary financial assets				
Investment accounted for using the equity method				
USD	\$ 13,971	30.71	(USD : NTD)	\$ 429,047
RMB	170,346	4.449	(RMB: NTD)	757,866
RMB	1,226,385	1.1298	(RMB : HKD)	5,456,165
JPY	567,984	0.2324	(JPY: NTD)	131,999
HKD	2,120,602	3.938	(HKD: NTD)	8,350,930
THB	269,829	0.8941	(THB: NTD)	241,254
MYR	16,677	6.699	(MYR: NTD)	111,722
Monetary financial liabilities				
USD	252,673	30.71	(USD : NTD)	7,759,576
USD	8,123	7.798	(USD: HKD)	249,472
USD	20,472	6.903	(USD : RMB)	628,697
USD	4,530	23,806	(USD : VND)	139,110
USD	1,141	34.35	(USD: THB)	35,031
USD	3,889	4.584	(USD: MYR)	119,446

(Continued)

(Concluded)

	Foreign Currency Amount		Exchange Rate	Carrying Value
<u>September 30, 2022</u>				
Monetary financial assets				
USD	257,259	31.75	(USD : NTD)	8,167,959
USD	50,294	7.8511	(USD: HKD)	1,596,824
USD	27,551	7.1217	(USD : RMB)	874,729
USD	1,034	24,053.03	(USD : VND)	32,834
USD	799	37.565	(USD: THB)	25,371
USD	1,983	4.814	(USD: MYR)	62,955
Nonmonetary financial assets				
Investment accounted for using the equity method				
USD	14,037	31.75	(USD : NTD)	445,671
RMB	224,129	4.4582	(RMB: NTD)	999,212
RMB	1,548,085	1.1024	(RMB : HKD)	6,901,679
JPY	559,310	0.2201	(JPY : NTD)	123,104
HKD	2,072,790	4.0440	(HKD: NTD)	8,382,363
THB	251,097	0.8452	(THB: NTD)	212,227
MYR	16,133	6.596	(MYR: NTD)	106,411
Monetary financial liabilities				
USD	262,674	31.75	(USD : NTD)	8,339,899
USD	12,006	7.8511	(USD: HKD)	381,178
USD	19,645	7.1217	(USD : RMB)	623,719
USD	7,145	24,053.03	(USD : VND)	226,847
USD	1,583	37.565	(USD: THB)	50,265
USD	5,419	4.814	(USD: MYR)	172,040

For the three and nine months ended September 30, 2023 and 2022, realized and unrealized net foreign exchange gains were NT\$99,286 thousand, NT\$27,670 thousand, NT\$127,223 thousand, and NT\$128,224 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group's entities.

### **33. Additional Disclosures**

a. Information about significant transactions

- 1) Financing provided to others: Table 1.
- 2) Endorsements/Guarantees provided: Table 2.
- 3) Marketable securities held (excluding investments in subsidiaries and associates): Table 3.
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: 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\$3,305 thousand on foreign exchange forward contracts during the nine months ended September 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 nine-month ended September 30, 2023 and September 30, 2023 were as follows:

Transaction Party	Line Item	Amount
Shanghai Yikang	Other income	\$ 22,660
Shanghai Yikang	Commission expenses and other operating expenses	120,547
Shanghai Yikang	Other receivables	22,813
Shanghai Yikang	Other payables	54,203

- 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.

### 34. Segment Information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance is distinguished by operating area and categories of merchandise and service. The Group's reportable segments were as follows:

- Wah Lee Industrial Corporation (“Wah Lee”) is mainly engaged in the import/export and agency business of composite materials, engineering plastic, printed circuit board, semiconductor, and computer related manufacturing materials and equipment.
- Raycong H.K., Dongguan Hua Gang and its subsidiary (“Raycong”) are mainly engaged in the trade of engineering plastic, composite materials and equipment.
- Shanghai Yikang and its subsidiary (“Yikang”) are mainly engaged in trade of manufacturing materials and import/export business.
- Others - Other subsidiaries which were below the quantitative threshold were not listed as reportable segments. Please refer to Note 12 for details.

#### Segment revenue and results

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 nine months ended September 30, 2023</u>						
Revenue from External Customers	\$ 28,053,838	\$ 8,956,683	\$ 8,678,344	\$ 3,875,694	\$ -	\$ 49,564,559
Inter-segment revenue	<u>1,285,040</u>	<u>64,410</u>	<u>214,301</u>	<u>109,076</u>	<u>( 1,672,827)</u>	<u>-</u>
Segment revenue	<u>\$ 29,338,878</u>	<u>\$ 9,021,093</u>	<u>\$ 8,892,645</u>	<u>\$ 3,984,770</u>	<u>( \$ 1,672,827)</u>	<u>\$ 49,564,559</u>
Departmental operating income	\$ 747,215	\$ 290,608	\$ 480,379	\$ 251,528	\$ 109,157	\$ 1,878,887
Interest income	13,278	120,751	14,651	32,233	( 60,186)	120,727
Other income	170,435	5,862	13,827	13,199	( 138,096)	65,227
Other gains and losses	90,128	5,363	( 5,385)	45,528	2,272	137,906
Financial costs	( 264,087)	( 37,534)	( 20,022)	( 67,134)	62,267	( 326,510)
Segment profit before tax	756,969	385,050	483,450	275,354	( 24,586)	1,876,237
Income tax expense	( 304,536)	( 88,820)	( 134,497)	( 46,037)	30	( 573,860)
Segment profit after tax	<u>\$ 452,433</u>	<u>\$ 296,230</u>	<u>\$ 348,953</u>	<u>\$ 229,317</u>	<u>( \$ 24,556)</u>	1,302,377
Share of profit and loss of associates under the equity method						535,907
Consolidated net profit						<u>\$ 1,838,284</u>
<u>September 30, 2023</u>						
Identifiable assets	<u>\$ 19,613,283</u>	<u>\$ 11,163,865</u>	<u>\$ 7,576,647</u>	<u>\$ 7,728,338</u>	<u>( \$ 2,231,537)</u>	\$ 43,850,596
Goodwill						177,960
Investment accounted for using the equity method						6,919,129
Total assets						<u>\$ 50,947,685</u>
<u>For the nine months ended September 30, 2022 (revised, Note 26)</u>						
Revenue from External Customers	\$ 32,082,563	\$ 10,176,436	\$ 10,776,275	\$ 3,959,989	\$ -	\$ 56,995,263
Inter-segment revenue	<u>2,097,552</u>	<u>77,992</u>	<u>262,978</u>	<u>81,609</u>	<u>( 2,520,131)</u>	<u>-</u>
Segment revenue	<u>\$ 34,180,115</u>	<u>\$ 10,254,428</u>	<u>\$ 11,039,253</u>	<u>\$ 4,041,598</u>	<u>( \$ 2,520,131)</u>	<u>\$ 56,995,263</u>
Departmental operating income	\$ 808,992	\$ 375,443	\$ 693,988	\$ 203,523	\$ 106,433	\$ 2,188,379
Interest income	406	10,511	61,401	2,082	( 16)	74,384
Other income	172,697	5,353	57,411	7,526	( 124,737)	118,250
Other gains and losses	153,130	( 8,803)	( 9,459)	12,566	3,088	150,522
Financial costs	( 114,205)	( 17,592)	( 36,757)	( 49,428)	1,051	( 216,931)
Segment profit before tax	1,021,020	364,912	766,584	176,269	( 14,181)	2,314,604
Income tax expense	395,616	105,123	195,505	43,743	( 22,443)	( 717,544)
Segment profit after tax	<u>\$ 625,404</u>	<u>\$ 259,789</u>	<u>\$ 571,079</u>	<u>\$ 132,526</u>	<u>\$ 8,262</u>	1,597,060
Share of profit or loss of associates under the equity method						747,482
Consolidated net profit						<u>\$ 2,344,542</u>
<u>September 30, 2022 (revised, Note 26)</u>						
Identifiable assets	<u>\$ 19,332,488</u>	<u>\$ 7,741,660</u>	<u>\$ 9,536,999</u>	<u>\$ 7,329,498</u>	<u>( \$ 653,614)</u>	\$ 43,287,031
Goodwill						177,574
Investment accounted for using the equity method						6,076,268
Total assets						<u>\$ 49,540,873</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 nine months ended September 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 (Note 2-5)	Aggregate Financing Limit (Note 2-5)	Remarks
													Item	Value			
0	the Company	KS Corp.	Other receivables - related parties	Yes	\$ 150,000	\$ -	\$ -	-	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 258,988	\$ 1,807,710	
1	Shanghai Yikang	Fenghuang Xingwah Shouzheng	Other receivables - related parties	Yes	28,893	28,716	20,322	5.61	Short-term financing	-	Operating capital	-	-	-	1,224,201	1,224,201	
1	Shanghai Yikang	Shanghai Yadi	Other receivables - related parties	Yes	221,465	110,448	59,642	5.03	Short-term financing	-	Operating capital	-	-	-	1,224,201	1,224,201	
2	Shenzhen Huaying	Xiamen Hua Chen Da Logistics	Other receivables - related parties	Yes	8,890	8,836	-	4.00	Short-term financing	-	Operating capital	-	-	-	66,864	66,864	
3	Dongguan Huagang	Guangjou Shing Shian	Other receivables - related parties	Yes	22,225	22,090	7,069	4.00	Short-term financing	-	Operating capital	-	-	-	710,594	710,594	
3	Dongguan Huagang	Anhua Huixinkang	Other receivables - related parties	Yes	22,225	22,089	13,254	4.00	Short-term financing	-	Operating capital	-	-	-	710,594	710,594	
4	KS Corp.	KSD Corp.	Other receivables - related parties	Yes	48,000	-	-	-	Short-term financing	-	Operating capital	-	-	-	194,241	194,241	
5	Wah Lee Holding Ltd.	the Company	Other receivables - related parties	Yes	709,940	709,940	709,940	5.00	Short-term financing	-	Operating capital	-	-	-	1,744,104	1,744,104	
6	Raycong H.K.	the Company	Other receivables - related parties	Yes	968,100	968,100	968,100	5.00	Short-term financing	-	Operating capital	-	-	-	3,601,582	3,601,582	

Note:1 RMB is converted by the spot exchange RMB1=NT\$4.4179; and HKD is converted by the spot exchange HKD1=NT\$4.123

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 nine months ended September 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 (Note 1-5)	Maximum Amount Endorsed/Guaranteed During the Year	Outstanding Endorsement/Guarantee at The End of the Year (Note 6)	Amount utilized (Note 6)	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/Guarantee Amount Allowable (Note 1-5)	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	\$ 5,423,129	\$ 411,480	\$ 338,835	\$ 96,810	\$ -	1.87	\$ 18,077,098	Y	N	N	
0	the Company	WL Vietnam.	Subsidiary of the Company	5,423,129	581,270	529,228	70,218	-	2.93	18,077,098	Y	N	N	
0	the Company	Regent King	Subsidiary of the Company	5,423,129	64,540	64,540	-	-	0.36	18,077,098	Y	N	N	
0	the Company	Sakuragawa Solar Ltd.	Subsidiary of the Company	3,615,420	67,108	62,836	41,041	-	0.35	18,077,098	Y	N	N	
0	the Company	Miyazaki Solar Ltd.	Subsidiary of the Company	3,615,420	199,627	186,918	159,590	-	1.03	18,077,098	Y	N	N	
0	the Company	WL Philippines Inc.	Subsidiary of the Company	3,615,420	120,140	64,540	-	-	0.36	18,077,098	Y	N	N	
0	the Company	WL Philippines Corp.	Subsidiary of the Company	3,615,420	64,540	64,540	-	-	0.36	18,077,098	Y	N	N	
0	the Company	WL India	Subsidiary of the Company	3,615,420	64,540	64,540	-	-	0.36	18,077,098	Y	N	N	
0	the Company	KS Corp.	Subsidiary of the Company	3,615,420	277,081	-	-	-	-	18,077,098	Y	N	N	
0	the Company	Raycong H.K, Shanghai Yikang, and Dongguan Hua Gang	Subsidiary of the Company	3,615,420	150,000	150,000	56,980	-	0.83	18,077,098	Y	N	Y	
0	the Company	WL Indonesia	Subsidiary of the Company	3,615,420	186,217	100,037	1,070	-	0.55	18,077,098	Y	N	N	
0	the Company	WT Industrial	Subsidiary of the Company	3,615,420	470,230	462,280	7,851	-	2.56	18,077,098	Y	N	N	
0	the Company	Hightech	Subsidiary of the Company	3,615,420	354,970	354,970	-	-	1.96	18,077,098	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	3,615,420	790,000	790,000	242,136	-	4.37	18,077,098	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	3,615,420	1,184,309	1,184,309	364,773	-	6.55	18,077,098	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	3,615,420	75,582	75,582	-	-	0.42	18,077,098	N	N	N	
1	Shanghai Yikang	Shanghai Yadi	Subsidiary of the Company	816,134	186,606	185,552	24,625	-	4.55	2,040,335	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	5,762	-	1.07	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	710,594	189,586	189,586	91,218	-	8.00	1,184,323	Y	N	Y	
4	Raycong H.K.	Xiamen Hua Chen Da Logistics	Subsidiary of the Company	1,800,791	32,270	32,270	9,576	-	0.36	4,501,977	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\$32.27 ; JPY was converted by spot exchange of JPY\$1=NT\$0.2162; RMB was converted by spot exchange of RMB\$1=NT\$4.4179; THB was converted by spot exchange of THB\$1=NT\$0.8822; and HKD was converted by spot exchange of HKD\$1=NT\$4.123.

**TABLE 3****WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

Marketable securities held at the end of the period

September 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>\$166,000</u>	-	<u>\$ 166,000</u>	
	Daily Polymer Corp.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,467,564	\$ 30,968	2.96	\$ 30,968	
	Wah Yuen Technology Holding Limited	-	Financial assets at FVTOCI - non-current	1,968,180	108,261	0.75	108,261	
	JingYi Technology Co.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,066,432	58,827	16.94	58,827	
	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	80,775	19.38	80,775	
	Forcera Materials Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,354,773	68,591	8.35	68,591	
	Univision Technology Holdings	-	Financial assets at FVTOCI - non-current	38,794,190	-	9.10	-	
	Minima Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	3,600,000	64,541	9.14	64,541	
	TaiGene Biotechnology Co., Ltd.	The Company is the supervisor of the company	Financial assets at FVTOCI - non-current	2,300,000	12,443	6.57	12,443	
	Shilian Fine Chemicals Co., Ltd.	-	Financial assets at FVTOCI - non-current	11,871,585	30,790	4.57	30,790	
	CDIB Capital Group.	-	Financial assets at FVTOCI - non-current	1,128,571	47,668	2.86	47,668	
	Darco Water Technologies Ltd.	-	Financial assets at FVTOCI - non-current	7,649,782	16,560	8.15	16,560	
	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	943,344	\$ 55,469	1.35	\$ 55,469	
	Locus Cell Co., Ltd.	-	Financial assets at FVTOCI - non-current	5,000,000	167,750	2.50	167,750	
	Phoenix II Venture Capital Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	1,000,000	10,883	2.34	10,883	
	Hong Yi Industrial Corp.	-	Financial assets at FVTOCI - non-current	500,000	3,823	16.67	3,823	
					<u>\$ 757,349</u>		<u>\$ 757,349</u>	
Shenzhen Huaying	Shanghai Junxiong Logistics Co., Ltd.	-	Financial assets at FVTOCI - non-current	-	\$ 15,463	19.90	\$ 15,463	
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	\$ 50,280	-	\$ 50,280	
	JPMorgan Funds-Income Fund A (dist) - USD	-	Financial assets at FVTPL - current	30,802	27,862	-	27,862	
					<u>\$ 78,142</u>		<u>\$ 78,142</u>	
KS Corp.	HUAHSUAN GREEN ENERGY CO., LTD.	-	Financial assets at FVTPL - non-current	4,482,000	\$ 42,683	5.71	\$ 42,683	

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital

For the nine months ended September 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	\$ 344,158	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	\$ 107,250	1	Note
	Raycong H.K.	Subsidiary	Sales	311,369	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	77,262	1	Note
	Dongguan Huagang	Subsidiary	Sales	195,240	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	15,555	-	Note
	Hightech	Subsidiary	Sales	160,270	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	36,585	-	Note
	CWE Inc.	Associate accounted for using the equity method	Sales	160,953	1	90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	61,535	1	
	Asahi Kasei Wah Lee Hi-tech Corp.	The Company is the director of the Company	Purchase of goods	( 628,421 )	( 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	( 250,263 )	( 6 )	
Raycong H.K.	Dongguan Huagang	Subsidiary	Sales	357,935	16	30 to 180 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	110,486	10	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****September 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	Shanghai Yikang	Subsidiary	\$ 130,063	3.52	\$ -	-	\$ 56,128	\$ -
	Raycong H.K.	Subsidiary	106,952	4.14	-	-	34,187	-
Raycong H.K.	the Company	Parent company	1,009,490	0.1	-	-	1,536	-
	Dongguan Huagang	Subsidiary	554,985	1.54	-	-	481,595	-
Wah Lee Holding Ltd.	the Company	Parent company	735,971	0.09	-	-	-	-

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

Note:2 Receivables from subsidiary were eliminated on consolidation.

**TABLE 6**

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**Information on investees**

**For the nine months ended September 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	\$ 5,859,338	\$ 366,604	\$ 366,619	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	4,888,776	543,214	291,685	Subsidiary
the Company	CWE Inc.	Taiwan	Agency of IC packaging material and equipment	449,349	449,349	197,902,180	29.44	4,229,417	1,360,383	398,937	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	697,310	90,435	36,174	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	1,119,544	166,312	44,106	Associate
the Company	ORC Technology Corp.	Taiwan	Trading business and service of exposure machine and parts	6,000	6,000	600,000	35.00	68,523	( 11,583 )	( 4,054 )	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	3,774	( 43 )	( 36 )	Subsidiary
the Company	WL Korea	South Korea	Trading business of synthetic resin, industrial plastic, molding machine and electromechanical parts	18,856	18,856	147,000	100.00	3,406	( 53 )	( 54 )	Subsidiary
the Company	Sakuragawa Solar Ltd.	Japan	Solar power generation business	46,008	46,008	-	99.99	84,539	2,489	2,489	Subsidiary
the Company	Miyazaki Solar Ltd.	Japan	Solar power generation business	82,103	82,103	-	99.99	38,909	2,178	2,178	Subsidiary
the Company	WL Indonesia	Indonesia	Trading business of industrial materials	48,261	48,261	1,610,000	70.00	29,012	( 8,215 )	( 5,751 )	Subsidiary
the Company	WL Vietnam	Vietnam	Trading business of industrial materials	16,293	16,293	-	100.00	39,439	( 2,486 )	( 2,486 )	Subsidiary
the Company	Tranceed Logistics	Taiwan	Freight forwarders and leasing business	95,000	95,000	9,500,000	63.33	178,921	25,582	16,202	Subsidiary
the Company	WT Industrial	Thailand	Trading business of industrial materials	200,000	200,000	7,650	51.00	234,877	71,699	32,714	Subsidiary
the Company	KS Corp.	Taiwan	Solar power generation business	763,392	661,053	33,346,604	94.68	795,737	8,312	2,765	Subsidiary
the Company	WL Philippines Corp.	Philippines	Trading business of industrial materials	7,755	7,755	127,495	99.99	5,892	( 456 )	( 456 )	Subsidiary
the Company	WL Philippines Inc.	Philippines	Trading business of industrial materials	7,747	7,747	126,997	99.99	8,109	2,669	2,669	Subsidiary
the Company	WH Energy	Taiwan	Solar power generation business	90,000	90,000	9,000,000	100.00	94,655	2,175	2,175	Subsidiary
the Company	ORC Corp.	Taiwan	Trading business of industrial materials	4,000	4,000	400,000	40.00	47,101	20,637	8,255	Joint Ventures
the Company	Evergreen New Energy Corporation	Taiwan	Solar power generation business	130,000	50,000	13,000,000	100.00	123,999	( 3,762 )	( 3,762 )	Subsidiary
the Company	Hightech	Malaysia	Trading business of industrial materials	205,335	205,335	7,650,000	51.00	213,656	33,452	12,672	Subsidiary
the Company	WL Singapore	Singapore	Agency of semiconductor materials and equipment	435,145	435,145	1,600,000	100.00	498,625	35,050	35,050	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	23,983	( 136 )	( 16 )	Associate
the Company	WL India	India	Trading business of industrial materials	14,575	-	3,861,000	99.00	14,795	( 173 )	( 173 )	Subsidiary
the Company	Advance Hightech	United States	Selling and distributing engineering plastics, high-performance composite materials, industrial materials and equipment	38,628	-	1,200,000	100.00	38,724	-	-	Subsidiary
the Company	High Tech Gas Company Ltd.	Taiwan	Chemical Materials Manufacturing	90,000	-	9,000,000	60.00	90,000	-	-	Subsidiary
Tranceed Logistics	Cyuancheng Logistics	Taiwan	Freight forwarders and leasing business	42,947	42,947	5,500,000	100.00	42,670	2,262	2,115	Subsidiary

(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						
KS Corp.	KSA Corp.	Taiwan	Solar power generation business	55,000	55,000	6,130,000	100.00	72,259	7,700	7,700	Subsidiary
KS Corp.	KSB Corp.	Taiwan	Solar power generation business	51,130	51,130	5,113,000	100.00	52,545	690	690	Subsidiary
KS Corp.	KSC Corp.	Taiwan	Solar power generation business	54,000	54,000	5,400,000	100.00	50,313	49	49	Subsidiary
KS Corp.	KSD Corp.	Taiwan	Solar power generation business	-	127,000	-	-	-	( 2,257 )	( 2,257 )	Note 3
Evergreen New Energy Corporation	Fanxin Development Co., Ltd.	Taiwan	Solar power generation business	44,825	-	4,500,000	100.00	44,349	( 477 )	( 477 )	Subsidiary
Evergreen New Energy Corporation	Fansheng Development Co., Ltd.	Taiwan	Solar power generation business	31,812	-	3,200,000	100.00	31,436	( 375 )	( 375 )	Subsidiary
Wah Lee Holding Ltd.	SHC Holding Ltd.	Republic of Mauritius	International investment	43,892	43,892	1,290,000	100.00	801,171	51,802	51,802	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	4,169,461	543,214	251,546	Subsidiary
Wah Lee Holding Ltd.	Regent King	Hong Kong	Selling and distributing engineering plastics, high-performance composite materials, industrial materials and equipment	39	39	10,000	100.00	4,580	1,072	1,072	Subsidiary
WT Industrial	WT Indonesia	Indonesia	Trading business of industrial materials	\$ 3,953	\$ 3,953	18,150	66.00	\$ 3,802	( \$ 777 )	( \$ 513 )	Subsidiary
WT Industrial	WL India	India	Trading business of industrial materials	147	-	39,000	1.00	149	( 173 )	( 2 )	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.

**TABLE 7****WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****Information on investments in mainland China****For the nine months ended September 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 September 30, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 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 September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 2023	Remarks
					Outward	Inward							
Dongguan Huagang	Trading business of industrial materials	\$ 1,151,530	Invested through the third region, Raycong H.K.	\$ -	\$ -	\$ -	\$ -	\$ 220,611	100.00	\$ 220,611	\$ 2,362,956	\$ -	
Shanghai Yikang	Trading business of industrial materials	1,003,483	Invested through the third region, Raycong H.K.	340,629	-	-	340,629	354,154	70.00	247,908	2,876,474	-	
Shenzhen Huaying	Supply chain management and consultancy service	24,394	Invested through the third region, Raycong H.K.	-	-	-	-	( 957 )	100.00	( 957 )	222,881	-	
Shanghai Hua Chang Trading Co., Ltd.	International trading and trading consulting; trading agent and commercial simple processing within enterprises in the bonded area	77,448	Invested through the third region, SHC Holding Ltd.	43,714	-	-	43,714	180,133	30.00	54,040	720,524	-	
Shanghai Yadi	Import and export of goods and technology	13,254	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	( 15,368 )	49.00	( 7,530 )	10,876	-	
Shanghai Lihuang	Trading business of medical devices and equipment	14,712	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	( 3,760 )	48.98	( 3,311 )	( 1,580 )	-	
Fenghuang Xingwah Shouzheng	Medical device manufacturing technology development and consulting business	22,089	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	( 6,243 )	52.50	( 3,278 )	4,967	-	
Guangjou Shing Shian	Medical consulting	22,089	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	1,284	100.00	1,284	55,793	-	
Anhua Huixinkang	Medical Service	4,418	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	( 1,656 )	100.00	( 1,656 )	2,136	-	
Kaiping Huaxinkang	Medical Service	1	Invested through Chinese corporation, Guangjou Shing Shian	-	-	-	-	-	90.00	-	-	-	
Xiamen Hua Chen Da Logistics	Warehouse logistics	13,254	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	( 2,031 )	70.00	( 1,422 )	4,796	-	
Xiamen Jian Yuan Rong Logistic Co., Ltd.	Warehouse logistics	35,343	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	( 5,177 )	30.00	( 1,553 )	9,573	-	
Xiamen Jia Cheng Yuan Trading and Development Co. Ltd.	Warehouse logistics	8,836	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	67	30.00	20	3,154	-	

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 nine months ended September 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	\$ 344,158	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	\$ 107,250	1	\$ 585	Note
		Purchase of goods	( 11,153 )	-	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	( 802 )	-	-	Note
	Dongguan Huagang	Sales	195,240	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	15,555	-	109	Note
		Purchase of goods	( 18,559 )	-	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	( 5,703 )	-	-	Note
Raycong H.K.	Dongguan Huagang	Sales	357,935	16	Normal trade terms	30 to 180 days after monthly closing	The terms with related parties are not significantly different from those to third parties	110,486	10	-	Note
		Purchase of goods	( 36,087 )	( 2 )	Normal trade terms	30 to 180 days after monthly closing	The terms with related parties are not significantly different from those to third parties	( 19,991 )	( 3 )	-	Note

Note: It was eliminated on consolidation.

**TABLE 9**

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**Intercompany relationships and significant intercompany transactions**

**For the nine months ended September 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	\$ 22,660	According to the contract	-
0	the Company	Shanghai Yikang	Parent to subsidiary	Other receivables	22,813	According to the contract	-
0	the Company	Shanghai Yikang	Parent to subsidiary	Operating Revenue	344,158	According to the contract	1
0	the Company	Shanghai Yikang	Parent to subsidiary	Accounts receivable	107,250	According to the contract	-
0	the Company	Dongguan Huagang	Parent to subsidiary	Operating Revenue	195,240	According to the contract	-
0	the Company	Dongguan Huagang	Parent to subsidiary	Accounts receivable	15,555	According to the contract	-
0	the Company	Raycong H.K.	Parent to subsidiary	Other income	53,395	According to the contract	-
0	the Company	Raycong H.K.	Parent to subsidiary	Other receivables	29,690	According to the contract	-
0	the Company	Raycong H.K.	Parent to subsidiary	Operating Revenue	311,369	According to the contract	1
0	the Company	Raycong H.K.	Parent to subsidiary	Accounts receivable	77,262	According to the contract	-
0	the Company	KS Corp.	Parent to subsidiary	Unearned sales revenue	63,990	According to the contract	-
0	the Company	KS Corp.	Parent to subsidiary	Operating Revenue	60,905	According to the contract	-
0	the Company	KSA Corp.	Parent to subsidiary	Unearned sales revenue	29,768	According to the contract	-
0	the Company	Tranceed Logistics	Parent to subsidiary	Other income	24,206	According to the contract	-
0	the Company	WT Industrial	Parent to subsidiary	Operating Revenue	74,101	According to the contract	-
0	the Company	WL Philippines Inc	Parent to subsidiary	Operating Revenue	21,377	According to the contract	-
0	the Company	WL Vietnam	Parent to subsidiary	Operating Revenue	30,932	According to the contract	-
0	the Company	WL Vietnam	Parent to subsidiary	Accounts receivable	14,777	According to the contract	-
0	the Company	WL Singapore	Parent to subsidiary	Operating Revenue	82,580	According to the contract	-
0	the Company	WL Singapore	Parent to subsidiary	Accounts receivable	15,262	According to the contract	-
0	the Company	Hightech	Parent to subsidiary	Operating Revenue	160,270	According to the contract	-
0	the Company	Hightech	Parent to subsidiary	Accounts receivable	36,585	According to the contract	-
1	Shanghai Yikang	the Company	Subsidiary to Parent	Other operating revenues	120,547	According to the contract	-
1	Shanghai Yikang	the Company	Subsidiary to Parent	Revenue from sales	11,153	According to the contract	-
1	Shanghai Yikang	the Company	Subsidiary to Parent	Accounts receivable	55,005	According to the contract	-
1	Shanghai Yikang	Dongguan Huagang	Subsidiary to subsidiary	Operating Revenue	75,941	According to the contract	-
1	Shanghai Yikang	Dongguan Huagang	Subsidiary to subsidiary	Accounts receivable	20,243	According to the contract	-
1	Shanghai Yikang	Fenghuang Xingwah Shouzheng	Parent to subsidiary	Other receivables	20,806	According to the contract	-
1	Shanghai Yikang	Shanghai Yadi	Parent to subsidiary	Other receivables	62,909	According to the contract	-

(Continued)

(Concluded)

No.	Trader	Counterparty	Relationship	Transaction Details			% of Total Sales or Assets
				Item	Amount	Transaction Details	
2	Dongguan Huagang	the Company	Subsidiary to Parent	Operating Revenue	18,559	According to the contract	-
2	Dongguan Huagang	Shanghai Yikang	Subsidiary to subsidiary	Operating Revenue	20,732	According to the contract	-
2	Dongguan Huagang	Raycong H.K.	Subsidiary to Parent	Operating Revenue	36,087	According to the contract	-
2	Dongguan Huagang	Raycong H.K.	Subsidiary to Parent	Accounts receivable	19,991	According to the contract	-
2	Dongguan Huagang	Anhua Huixinkang	Parent to subsidiary	Other receivables	13,297	According to the contract	-
3	Raycong H.K.	the Company	Subsidiary to Parent	Interest income	\$ 34,125	According to the contract	-
3	Raycong H.K.	the Company	Subsidiary to Parent	Other receivables	1,007,191	According to the contract	2
3	Raycong H.K.	Dongguan Huagang	Parent to subsidiary	Other receivables	444,499	According to the contract	1
3	Raycong H.K.	Dongguan Huagang	Parent to subsidiary	Operating Revenue	357,935	According to the contract	1
3	Raycong H.K.	Dongguan Huagang	Parent to subsidiary	Accounts receivable	110,486	According to the contract	-
4	Shenzhen Huaying	Shanghai Yikang	Subsidiary to subsidiary	Other operating revenues	10,150	According to the contract	-
4	Shenzhen Huaying	Dongguan Huagang	Subsidiary to subsidiary	Other operating revenues	30,540	According to the contract	-
5	Tranceed Logistics	the Company	Subsidiary to Parent	Other operating revenues	108,242	According to the contract	-
5	Tranceed Logistics	the Company	Subsidiary to Parent	Accounts receivable	50,383	According to the contract	-
6	Wah Lee Holding Ltd.	the Company	Subsidiary to Parent	Interest income	26,031	According to the contract	-
6	Wah Lee Holding Ltd.	the Company	Subsidiary to Parent	Other receivables	735,971	According to the contract	1

**TABLE 10****WAH LEE INDUSTRIAL CORPORATION****Information on major shareholders****September 30, 2023**

Shareholder	Share	
	Number of shares held	Percentage of Ownership (%)
Kang Tai Investment Co., Ltd.	19,903,338	8.43
Fu Shih Investment Co., Ltd.	15,996,494	6.77
Dragon Investment Co., Ltd.	12,749,950	5.40

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.