

**Wah Lee Industrial Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the Years  
Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

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## **DECLARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF AFFILIATES**

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

Very truly yours,

Wah Lee Industrial Corporation

By

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Tsun-Hsien Chang  
Chairman

March 14, 2024

## **INDEPENDENT AUDITORS' REPORT**

Wah Lee Industrial Corporation:

### **Opinion**

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

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

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of Wah Lee and its subsidiaries for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

### Occurrence of revenue from specific customers

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

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

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

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

### **Other Matter**

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

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

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche  
CPA Chiu-Yen Wu

CPA Jui-Hsuan Hsu

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Chin-Kuan-Zheng-Sheng-Tzu No. 1020025513

March 14, 2024

Notice to Readers

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

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

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

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

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

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



# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

From January 1 to December 31, 2023 and 2022

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

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

(Continued)

(Concluded)

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

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

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

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

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

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

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

(Continued)

(Concluded)

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

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

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

From January 1 to December 31, 2023 and 2022

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

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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 March 14, 2024.

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

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

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

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

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

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

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

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

b. IFRSs recognized by the FSC for 2024

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

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

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

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

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

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

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

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

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

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

#### **4. Summary of Significant Accounting Policies**

##### **a. Statement of Compliance**

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

##### **b. Basis of Preparation**

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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



d. Basis of Consolidation

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

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

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

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

e. Business Combinations

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

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

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

f. Foreign Currency Amount

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

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

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

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

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

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

g. Merchandise inventories

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

h. Investments in associates and joint ventures

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

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

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

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

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

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

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

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

i. Property, Plant, and Equipment

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

Freehold land is not depreciated.

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

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

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

j. Goodwill

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

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

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

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

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

(a) Measurement category

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

(b) Impairment of financial assets

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

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

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

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

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

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

(c) Derecognition of financial assets

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

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

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

## 2) Equity instruments

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

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

## 3) Financial liabilities

### (a) Subsequent measurement

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

### (b) Derecognition of financial liabilities

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

## 4) Convertible corporate bonds

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

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

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

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

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

#### 5) Derivative financial instruments

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

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

#### m. Provisions

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

#### n. Revenue recognition

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

##### 1) Revenue from sale of goods

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

##### 2) Revenue from the rendering of services

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

#### o. Leasing

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



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

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

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

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

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

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

p. Borrowing Costs

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

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

q. Government Grants

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

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

r. Employee benefits

1) Short-term employee benefits

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

2) Post-employment benefits

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

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

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

s. Income taxes

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

1) Current income taxes

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

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

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

2) Deferred tax

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

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

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

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

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

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

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

3) Current and deferred taxes for the year

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

## **5. Critical Accounting Judgments and Key Sources of Estimation Uncertainties**

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

Key sources of estimation uncertainty:

a. Estimated impairment of accounts receivable

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

b. Impairment of inventories

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

## 6. Cash and cash equivalents

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

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

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

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

## 7. Financial instruments at FVTPL

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

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

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

December 31, 2023

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

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

**8. Financial assets at FVTOCI**

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

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

**9. Notes receivable and accounts receivable, net**

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

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

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

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

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

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

## December 31, 2023

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

## December 31, 2022

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

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

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

## 10. Merchandise inventories

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

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

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

## 11. Other financial assets

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

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

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

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

## 12. Subsidiary

### The subsidiaries in the consolidated financial statements

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

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

(Continued)



(Concluded)

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

(Continued)

(Concluded)

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

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

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

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

Assets obtained

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

Net cash outflow from acquisition of subsidiaries

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

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

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Investments in associates</u>		
Material associates		
CWE Inc.	\$ 4,501,055	\$ 3,445,921
Associates that are not individually material	<u>2,591,457</u>	<u>2,640,236</u>
	<u>7,092,512</u>	<u>6,086,157</u>
<u>Investment in joint ventures</u>		
Joint ventures that are not individually material	<u>52,544</u>	<u>38,846</u>
	<u>\$ 7,145,056</u>	<u>\$ 6,125,003</u>

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

#### a. Material associates

<u>Company Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
CWE Inc.	29.54%	29.17%

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

<u>Company Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
CWE Inc.	<u>\$ 6,906,786</u>	<u>\$ 5,996,436</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current Assets	\$ 15,661,938	\$ 15,937,010
Non-current assets	20,604,238	17,184,256
Current Liabilities	( 9,936,473 )	( 9,299,580 )
Non-current Liabilities	( <u>6,790,647</u> )	( <u>7,434,740</u> )
Equity	19,539,056	16,386,946
Non-controlling Interests	( <u>4,528,075</u> )	( <u>4,805,267</u> )
	<u>\$ 15,010,981</u>	<u>\$ 11,581,679</u>
Percentage of ownership held by the Company (%)	29.45	29.17
Equity attributable to the Company	\$ 4,433,628	\$ 3,378,494
Goodwill	<u>67,427</u>	<u>67,427</u>
Carrying amount of investment	<u>\$ 4,501,055</u>	<u>\$ 3,445,921</u>

	2023	2022
Operating Revenue	<u>\$ 16,490,002</u>	<u>\$ 21,858,509</u>
Net income for this year	\$ 2,248,755	\$ 3,572,984
Other comprehensive (loss) income for the year	<u>3,724,543</u>	( <u>861,497</u> )
Total comprehensive income for the year	<u>\$ 5,973,298</u>	<u>\$ 2,711,487</u>
Cash dividends received	<u>\$ 500,693</u>	<u>\$ 395,805</u>

As of December 31, 2023 and 2022, the Company's dividends receivable were NT\$106,950 thousand and NT\$144,469 thousand, respectively, recognized as other receivables - related parties.

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

	2023	2022
The Group's share		
Net income for this year	\$ 186,279	\$ 255,748
Other comprehensive (loss) income for the year	( <u>27,128</u> )	<u>15,578</u>
Total comprehensive income for the year	<u>\$ 159,151</u>	<u>\$ 271,326</u>

c. Changes in investment in associates and joint ventures

- 1) In March 2023, the Company invested in the established Hengyuan New Energy Company with an investment amount of NTD 24,000,000 and a shareholding ratio of 12%. As the Company obtained two directors, it was assessed to have a significant influence on the Company and was classified as an investment under the equity method.
- 2) KS Corp.'s ownership percentage in HGE Co. reduced to 5.71% from 64.99% as KS Corp. did not subscribe to additional new shares of HGE Co. at the existing shareholding proportion in 2022, and in October 2022, KS Corp. lost its significant influence and discontinues the use of the equity method. Therefore the investment was reclassified to financial assets at FVTPL - non-current and the recognized gain from investment disposal was NT\$4,590 thousand.
- 3) For the year ended December 31, 2022, the Company purchased 7 thousand shares of Wah Hong Corp. in the open market for NT\$191 thousand in cash, which increased the Company's shareholding to 26.52%.

## 14. Property, Plant, and Equipment

### 2023

	Land	Buildings	Power Generation Equipment	Others	Property under Construction and Equipment to be Inspected	Total
<u>Cost</u>						
Balance at January 1, 2023	\$ 2,084,047	\$ 1,091,245	\$ 3,017,220	\$ 1,130,815	\$ 645,149	\$ 7,968,476
Disposal of subsidiaries (Note 27)	-	-	( 577,275 )	-	( 69,430 )	( 646,705 )
Additions	-	393	142,784	73,155	367,686	584,018
Disposals	-	( 369 )	( 19,513 )	( 15,813 )	( 47,750 )	( 83,445 )
Reclassified	-	1,634	118,772	5,675	( 126,081 )	-
Effects of foreign currency exchange differences	( 3,437 )	( 13,618 )	( 20,106 )	( 6,755 )	( 898 )	( 44,814 )
Balance at December 31, 2023	<u>\$ 2,080,610</u>	<u>\$ 1,079,285</u>	<u>\$ 2,661,882</u>	<u>\$ 1,187,077</u>	<u>\$ 768,676</u>	<u>\$ 7,777,530</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 395,992	\$ 425,575	\$ 790,559	\$ -	\$ 1,612,126
Disposal of subsidiaries (Note 27)	-	-	( 71,327 )	-	-	( 71,327 )
Depreciation expenses	-	28,220	162,182	109,947	-	300,349
Disposals	-	( 369 )	( 17,493 )	( 11,905 )	-	( 29,767 )
Effects of foreign currency exchange differences	-	( 6,176 )	( 6,097 )	( 3,651 )	-	( 15,924 )
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 417,667</u>	<u>\$ 492,840</u>	<u>\$ 884,950</u>	<u>\$ -</u>	<u>\$ 1,795,457</u>
Carrying amount at December 31, 2023	<u>\$ 2,080,610</u>	<u>\$ 661,618</u>	<u>\$ 2,169,042</u>	<u>\$ 302,127</u>	<u>\$ 768,676</u>	<u>\$ 5,982,073</u>

### 2022

	Land	Buildings	Power Generation Equipment	Others	Property under Construction and Equipment to be Inspected	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 840,140	\$ 1,068,002	\$ 2,186,906	\$ 1,054,623	\$ 943,161	\$ 6,092,832
Obtained from merger	-	-	-	3,322	-	3,322
Additions	1,245,739	-	35,375	90,774	544,602	1,916,490
Disposals	-	-	( 30,677 )	( 15,764 )	( 16,891 )	( 63,332 )
Reclassified	-	-	836,330	( 9,893 )	( 826,437 )	-
Effects of foreign currency exchange differences	( 1,832 )	23,243	( 10,714 )	7,753	714	19,164
Balance at December 31, 2022	<u>\$ 2,084,047</u>	<u>\$ 1,091,245</u>	<u>\$ 3,017,220</u>	<u>\$ 1,130,815</u>	<u>\$ 645,149</u>	<u>\$ 7,968,476</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ -	\$ 358,728	\$ 296,830	\$ 696,470	\$ -	\$ 1,352,028
Obtained from merger	-	-	-	2,759	-	2,759
Depreciation expenses	-	30,907	155,362	105,299	-	291,568
Disposals	-	-	( 29,399 )	( 13,862 )	-	( 43,261 )
Reclassified	-	-	4,808	( 4,808 )	-	-
Effects of foreign currency exchange differences	-	6,357	( 2,026 )	4,701	-	9,032
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 395,992</u>	<u>\$ 425,575</u>	<u>\$ 790,559</u>	<u>\$ -</u>	<u>\$ 1,612,126</u>
Carrying amount at December 31, 2022	<u>\$ 2,084,047</u>	<u>\$ 695,253</u>	<u>\$ 2,591,645</u>	<u>\$ 340,256</u>	<u>\$ 645,149</u>	<u>\$ 6,356,350</u>

- a. Reconciliation of the additions to property, plant and equipment and the cash paid stated in the statements of cash flows is as follows:

	2023	2022
Additions	\$ 584,018	\$ 1,916,490
Capitalization of interest and depreciation expense	( 12,882 )	( 8,945 )
Increase (decrease) in prepayments for equipment	43,713	( 20,515 )
Decrease (increase) in payables for equipment	( 21,311 )	18,525
Increase in provisions	( 6,159 )	( 14,216 )
Cash paid	<u>\$ 587,379</u>	<u>\$ 1,891,339</u>

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

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

- c. In January 2022, the board of directors approved the proposal to purchase the land located in the Zilong section of Jiali District, Tainan City from an unrelated party for \$1.2 billion to build the Southern Logistics Center. The transfer of land rights registration was completed in May 2022. Due to the statutory prohibition, the registration of agricultural land rights was registered in the name of Tsun-Hsien Chang, the related party who signed an agreement with the Group. As stipulated in the agreement, the related party will fully cooperate with the Group to transfer the agricultural land right to the Group or a specific person in the future free of charge. The agricultural land has been mortgaged to the Group with a maximum limit of \$200 million.
- d. Refer to Note 31 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.

## 15. Lease Agreements

- a. Right-of-use assets

### 2023

	Land	Buildings	Other equipment	Total
Carrying Value at year beginning	\$ 63,168	\$477,285	\$ 23,712	\$ 564,165
Disposal of subsidiaries (Note 27)	( 10,542 )	( 84,722 )	-	( 95,264 )
Additions	43,040	124,200	15,043	182,283
Depreciation expenses	( 4,681 )	( 92,105 )	( 12,020 )	( 108,806 )
Lease modification	( 1,929 )	( 28,044 )	( 915 )	( 30,888 )
Effects of foreign currency exchange differences	<u>7,200</u>	<u>( 7,217 )</u>	<u>( 1,256 )</u>	<u>( 1,273 )</u>
Carrying value at year end	<u>\$ 96,256</u>	<u>\$ 389,397</u>	<u>\$ 24,564</u>	<u>\$ 510,217</u>

2022

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

b. Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	<u>\$ 93,090</u>	<u>\$ 98,005</u>
Non-current	<u>\$ 449,617</u>	<u>\$ 500,877</u>

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

	December 31, 2023	December 31, 2022
Land	1.85-2.50	1.85
Buildings	1.10-5.67	1.10-5.67
Other equipment	1.43-4.30	0.98-4.80

c. Material leasing activities and terms

The Group leases above mentioned subjects for the use of office and warehouse, for installation of power generation equipment, and transportation equipment, which will expire from February 2024 to April 2045. At the end of the lease term, the Group has a right of first refusal to lease the subject portion of the lease, but none of them has a preferential right to purchase.

d. Other lease information

	2023	2022
Expenses relating to short-term leases	<u>\$ 162,317</u>	<u>\$ 138,293</u>
Expenses relating to low-value asset leases	<u>\$ 2,441</u>	<u>\$ 3,419</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 11,065</u>	<u>\$ 7,428</u>
Total cash outflow for leases	<u>\$ 291,418</u>	<u>\$ 265,036</u>

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

## 16. Borrowings

### a. Short-term borrowings

	December 31, 2023	December 31, 2022
Secured bank borrowings (Note 31)	\$ 742,776	\$ 1,269,351
Unsecured bank borrowings	<u>8,553,515</u>	<u>8,497,939</u>
	<u>\$ 9,296,291</u>	<u>\$ 9,767,290</u>
Annual interest rate (%)	0.59-7.25	0.59-11.50

### b. Short-term bills payable - December 31, 2022

	Amount
Commercial paper payable	
China Bills Finance Corporation	\$ 30,000
Less: Discounts on short-term bills payable	<u>30</u>
	<u>\$ 29,970</u>
Annual interest rate (%)	2.21

### c. Long-term borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings		
Syndicated bank loans (Note 1)	\$ 2,000,000	\$ 2,000,000
Less: Syndicated loan fee	<u>3,583</u>	<u>4,583</u>
	1,996,417	1,995,417
Bank loans (Note 2)	<u>400,000</u>	<u>700,000</u>
	<u>2,396,417</u>	<u>2,695,417</u>
Secured borrowings (Note 31)		
Syndicated bank loans (Note 3)	-	1,582,420
Bank loans (Note 2)	2,485,692	1,349,369
Less: Management quota fee	<u>-</u>	<u>4,118</u>
	<u>2,485,692</u>	<u>2,927,671</u>
Less: Portion due within one year	<u>171,081</u>	<u>193,522</u>
	<u>\$ 4,711,028</u>	<u>\$ 5,429,566</u>
Annual interest rate (%)		
Syndicated bank loans	2.03	1.80-2.34
Bank loans	1.22-2.67	1.05-2.58
Expiration period		
Syndicated bank loans	2027.08	2024.10-2027.08
Bank loans	2024.02-2037.06	2024.06-2037.06



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

- 1) The total amount of syndicated bank loans is \$5 billion, divided into credit limit A, credit limit B, credit limit C and credit limit D. The term of credit limit A, credit limit B and credit limit C is 5 years from the initial drawdown date (August 2022) and the fractional reserve and debt recycling is available within the total amount of syndicated loans, and the maximum term of credit limit D is from the date of receipt of corporate bond payments in full, and the drawdown of credit limit D may be made one or multiple times. However, it shall not be drawn on a revolving basis.
- 2) Pursuant to the bank loan agreement, the Group should maintain certain financial ratios which should be calculated based on audited annual consolidated financial statements. The Group had met the requirement as of December 31, 2023 and 2022.

Note 2: Certain bank loan agreements require the Company to maintain certain financial ratios based on annual or semi-annual consolidated financial statements examined or reviewed by a certified public accountant, and subsidiaries' annual individual or separate financial statements examined by a certified public accountant. The Group had met the requirement as of December 31, 2023 and 2022.

Note 3: The borrowing contract was fully repaid in March 2023 in advance.

## 17. Corporate bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
3rd domestic unsecured convertible bonds	\$ 1,996,598	\$ 1,994,084
Less: Portion due within one year	<u>1,996,598</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 1,994,084</u>

In August 2021, the Company issued 20,000 domestic 3rd three-year unsecured zero-coupon convertible bonds with an aggregate principal amount of \$2,005,000 thousand (100.25% of the face value) and a par value of \$100 thousand per bond certificate.

Bondholders have the right to convert the bonds into ordinary shares of the Company at the current conversion price per share from three months after the issuance date to the maturity date, except during the book closure period. The conversion price at the time of issuance was \$105.3 per share. In the case of ex-right or ex-dividends, the conversion price shall be adjusted according to the conversion price adjustment formula. As of December 31, 2023, the conversion price was NT\$85.4 per share.

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

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Liability component at the beginning of the year	\$ 1,994,084	\$ 1,972,752
Interest charged at an effective interest rate	21,529	21,332
Less: Conversion of bonds payable to ordinary shares	<u>19,015</u>	<u>-</u>
Components of ending liabilities	<u>\$ 1,996,598</u>	<u>\$ 1,994,084</u>

As of December 31, 2023, the above unsecured convertible bonds with an aggregate face value of NT\$18,900 thousand were applied for conversion into 221 thousand shares of the Company's common stock, of which 219 thousand shares with a capital increase date of February 5, 2024 were included in the prepaid-in capital.

## **18. Notes and accounts payable**

Notes and accounts payable (including related parties) are mainly related to operating activities. Trading conditions are negotiated separately. The Group has formulated a financial risk management policy, in order to ensure all payables are paid within the pre-agreed credit period, therefore no interest is required.

## **19. Other payables**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payable for salaries or bonuses	\$ 641,817	\$ 662,772
Payable for employees' compensation and remuneration of directors	280,063	329,262
Payable for freight	43,383	39,042
Payable for commission	36,535	38,211
Payable for interest	50,508	55,944
Payable for equipment	58,477	37,166
Others	<u>202,998</u>	<u>214,575</u>
	<u>\$ 1,313,781</u>	<u>\$ 1,376,972</u>

## **20. Retirement benefit plans**

### **a. Defined contribution plans**

The Company and its domestic subsidiaries adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Subsidiaries are required by local regulations to make contributions to central provident fund and retirement insurance, which are also considered defined contribution plans.

### **b. Defined benefit plans**

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the

length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 8% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The subsidiaries Raycong H.K. and WT Industrial both have pension plans covering eligible employees, which is also considered defined benefit plan.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 320,227	\$ 346,115
Fair value of plan assets	( <u>65,561</u> )	( <u>79,603</u> )
Net defined benefit liabilities	<u>\$ 254,666</u>	<u>\$ 266,512</u>

Movements in net defined benefit liabilities were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1, 2022	<u>\$ 383,468</u>	( <u>\$ 87,890</u> )	<u>\$ 295,578</u>
Service cost			
Current service cost	2,026	-	2,026
Past service cost	( 813 )	-	( 813 )
Net interest expense (income)	<u>2,492</u>	( <u>520</u> )	<u>1,972</u>
Recognized in Profit or Loss	<u>3,705</u>	( <u>520</u> )	<u>3,185</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	( 7,228 )	( 7,228 )
Actuarial gain - changes in financial assumptions	( 14,278 )	-	( 14,278 )
Actuarial loss - experience adjustments	( <u>362</u> )	-	( <u>362</u> )
Recognized in Other Comprehensive Income and Loss	( <u>14,640</u> )	( <u>7,228</u> )	( <u>21,868</u> )
Contributions from the employer	<u>-</u>	( <u>10,815</u> )	( <u>10,815</u> )
Benefits paid	( <u>27,718</u> )	<u>26,850</u>	( <u>868</u> )

(Continued)

(Concluded)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Exchange differences on foreign plans	<u>\$ 1,300</u>	<u>\$ -</u>	<u>\$ 1,300</u>
December 31, 2022	<u>346,115</u>	<u>( 79,603 )</u>	<u>266,512</u>
Service cost			
Current service cost	4,552	-	4,552
Past service cost	( 1,355 )	-	( 1,355 )
Net interest expense (income)	<u>4,011</u>	<u>( 1,047 )</u>	<u>2,964</u>
Recognized in Profit or Loss	<u>7,208</u>	<u>( 1,047 )</u>	<u>6,161</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	( 547 )	( 547 )
Actuarial loss - changes in financial assumptions	1,112	-	1,112
Actuarial loss - changes in demographic assumptions	( 2 )	-	( 2 )
Actuarial loss - experience adjustments	<u>( 8,223 )</u>	<u>-</u>	<u>( 8,223 )</u>
Recognized in Other Comprehensive Income and Loss	<u>( 7,113 )</u>	<u>( 547 )</u>	<u>( 7,660 )</u>
Contributions from the employer	<u>-</u>	<u>( 10,270 )</u>	<u>( 10,270 )</u>
Benefits paid	<u>( 26,013 )</u>	<u>25,906</u>	<u>( 107 )</u>
Exchange differences on foreign plans	<u>30</u>	<u>-</u>	<u>30</u>
December 31, 2023	<u>\$ 320,227</u>	<u>( \$ 65,561 )</u>	<u>\$ 254,666</u>

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

1) Investment risk

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

2) Interest rate risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate (%)	1.20	1.25
Expected rate of salary increase (%)	2.00	2.00

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
0.25% increase	( \$ 5,455 )	( \$ 6,139 )
0.25% decrease	<u>\$ 5,616</u>	<u>\$ 6,328</u>
Expected rate of salary		
0.25% increase	<u>\$ 5,558</u>	<u>\$ 6,265</u>
0.25% decrease	( <u>\$ 5,426</u> )	( <u>\$ 6,110</u> )

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected contributions to the plan for the next year	<u>\$ 27,784</u>	<u>\$ 27,551</u>
Average duration of the defined benefit obligation	7 years	7 years

## 21. Equity

### a. Ordinary share capital

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Number of authorized shares (in thousands)	<u>500,000</u>	<u>500,000</u>
Amount of authorized shares	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>236,020</u>	<u>236,018</u>
Amount of issued and fully paid shares	<u>\$ 2,360,203</u>	<u>\$ 2,360,179</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends. Based on the Company's articles of incorporation (the "Articles"), part of authorized shares can be issued as preferred shares.

### b. Capital Surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of share capital	\$ 1,131,365	\$ 1,114,241
Difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	56,059	37,924
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition from associates accounted for using the equity method	395,476	403,129
Expired share options	22,374	22,374
Donations	11,867	11,867
<u>May be used only to offset a deficit</u>		
Share of changes in capital surplus of associates	441,148	412,979
<u>May not be used for any purpose</u>		
Share warrants	<u>33,877</u>	<u>34,200</u>
	<u>\$ 2,092,166</u>	<u>\$ 2,036,714</u>

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

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles after the amendment on May 27, 2022, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, except when the accumulated amount of such legal reserve equals to the Company's total issued capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and if there is any unappropriated earnings remaining, together with the accumulated unappropriated earnings, the board of directors shall prepare a proposal for appropriation of the earnings, and if new shares are to be issued, the proposal shall be submitted to the shareholders' meeting for approval and distribution. The common share dividends will be distributed after the distribution of preferred share dividends based on the Articles.

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

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

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

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS" should be appropriated to or reversed from a special reserve by the Company. On the first-time adoption of IFRS Accounting Rules, the Company appropriated to the special reserve \$72,302 thousand.

The appropriations of earnings for 2022 and 2021 were as follows:

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

The above cash dividend for 2022 was resolved to be distributed by the Board of Directors on March 16, 2023, and the remaining appropriation of 2022 earnings and the appropriation of 2021 earnings were resolved by the shareholders at their regular meetings on May 30, 2023 and June 30, 2022, respectively.

On March 14, 2024, the Board of Directors of the Company proposed the distribution of the annual earnings of 2023 as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	<u>\$ 211,546</u>	
Reversal of special reserve	<u>\$ 376,257</u>	
Cash dividends to shareholders	<u>\$ 1,284,310</u>	<u>\$ 5.2</u>

The appropriations of earnings for 2023 are subject to the resolution of the shareholders in their meeting to be held on May 28, 2024.

d. Other equity items

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

	2023	2022
Balance at the beginning of the year	( \$ 344,057 )	( \$ 678,629 )
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	( 176,344 )	292,361
Share from associates accounted for using the equity method	( 57,276 )	83,095
Effects of income taxes	<u>18,349</u>	( <u>40,884</u> )
Balance at the end of the year	( <u>\$ 559,328</u> )	( <u>\$ 344,057</u> )

2) Unrealized gain on financial assets at FVTOCI

	2023	2022
Balance at the beginning of the year	( \$ 104,502 )	\$ 494,006
Recognized for the year		
Unrealized (loss) gain - equity instruments	253,282	( 200,999 )
Share from associates accounted for using the equity method	1,094,526	( 323,297 )
Effects of income taxes	( 10,095 )	2,247
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal		
Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.	( 62 )	( 82 )
Share from associates accounted for using the equity method	( <u>36,559</u> )	( <u>76,377</u> )
Balance at the end of the year	<u>\$ 1,196,590</u>	( <u>\$ 104,502</u> )



e. Non-controlling Interests

	2023	2022
Balance at the beginning of the year	\$ 1,784,868	\$ 2,018,519
Other comprehensive (loss) income of the year		
Net income for this year	202,458	241,472
Exchange differences on translating the financial statements of foreign operations	( 38,058 )	67,763
Cash dividends distributed to non-controlling interests	( 40,197 )	( 678,721 )
Acquisition of non-controlling interests in subsidiaries	( 120,474 )	-
Non-controlling interests arising from acquisition of subsidiaries	60,000	135,835
	<u>\$ 1,848,597</u>	<u>\$ 1,784,868</u>

## 22. Revenue

	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$ 65,264,988	\$ 72,192,578
Other operating revenues	1,517,422	1,377,718
	<u>\$ 66,782,410</u>	<u>\$ 73,570,296</u>

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	\$ 2,750,341	\$ 2,240,943	\$ 1,787,044
Accounts receivable, net (including related parties)	15,647,893	14,595,538	16,871,481
	<u>\$ 18,398,234</u>	<u>\$ 16,836,481</u>	<u>\$ 18,658,525</u>
Contract liabilities			
Sale of goods	\$ 550,887	\$ 350,115	\$ 562,914

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

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

	2023	2022
Sale of goods	<u>\$ 318,462</u>	<u>\$ 511,115</u>

- b. Disaggregation of revenue from contracts with customers

Please refer to Note 35 for information about the disaggregation of revenue.

## 23. Income before Tax

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

- a. Other income (Note 30)

	2023	2022
Rent income	\$ 13,364	\$ 17,946
Dividend income	13,231	12,956
Consulting service income	8,296	15,209
Grants income	36,507	47,328
Other income	<u>42,261</u>	<u>39,835</u>
	<u>\$ 113,659</u>	<u>\$ 133,274</u>

- b. Other gains and losses

	2023	2022
Net gain (loss) of financial instruments at FVTPL	\$ 15,789	\$ 2,614
Net foreign exchange gains	15,948	139,547
Net loss on disposal of property, plant and equipment	( 47,137 )	( 17,184 )
Gains from disposal of subsidiaries and investment accounted for using the equity method (Notes 13 and 27)	160,945	4,590
Loss provision recognized	( 1,587 )	( 19,711 )
Lease modification benefits	2,342	13,706
Others	<u>( 21,289 )</u>	<u>( 13,051 )</u>
	<u>\$ 125,011</u>	<u>\$ 110,511</u>

- c. Financial costs

	2023	2022
Interest on bank loans	\$ 425,459	\$ 308,718
Amortization of borrowing facility management fee	5,118	5,430
Interest on lease liabilities	13,454	13,840
Corporate bond discount amortization and interest compensation	21,529	21,332
Less: Amount included in cost of qualifying assets	<u>( 11,828 )</u>	<u>( 7,415 )</u>
	<u>\$ 453,732</u>	<u>\$ 341,905</u>
Capitalized rate (%)	1.81-2.62	1.43-2.34

d. Depreciation and amortization

	2023	2022
Property, Plant, and Equipment	\$ 300,349	\$ 291,568
Right-of-use assets	108,806	117,769
Intangible Assets	45,812	45,338
Other non-current assets	2,048	2,106
Less: Amount included in cost of qualifying assets	( <u>1,054</u> )	( <u>1,530</u> )
	<u>\$ 455,961</u>	<u>\$ 455,251</u>
 An analysis of depreciation expense by function		
Operating costs	\$ 280,922	\$ 272,054
Operating expense	<u>127,179</u>	<u>135,753</u>
	<u>\$ 408,101</u>	<u>\$ 407,807</u>
 An analysis of amortization expense by function		
Operating costs	\$ 8,862	\$ 13,157
Operating expense	<u>38,998</u>	<u>34,287</u>
	<u>\$ 47,860</u>	<u>\$ 47,444</u>

e. Employee benefits expense

	2023	2022
Short-term employee benefits	<u>\$ 1,636,220</u>	<u>\$ 1,666,375</u>
Post-employment benefits (Note 20)		
Defined contribution plans	75,952	69,578
Defined benefit plans	<u>6,161</u>	<u>3,185</u>
	<u>82,113</u>	<u>72,763</u>
	<u>\$ 1,718,333</u>	<u>\$ 1,739,138</u>
 An analysis by function		
Operating costs	\$ 141,870	\$ 130,571
Operating expense	<u>1,576,463</u>	<u>1,608,567</u>
	<u>\$ 1,718,333</u>	<u>\$ 1,739,138</u>

f. Compensation of employees and remuneration to directors

The Company accrued compensation of employees and remuneration of directors at the rates not less than 9% and 13% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which have been approved by the Company's board of directors on March 14, 2024 and March 16, 2023, were as follows:

	2023		2022	
	Withdrawal Rate (%)	Amount	Withdrawal Rate (%)	Amount
Compensation of employees paid in cash	9	\$ 248,332	9	\$ 291,956
Remuneration of directors paid in cash	1.15	31,731	1.15	37,306

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

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

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

## 24. Income taxes

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

	2023	2022
Current income taxes		
In respect of the current year	\$ 665,763	\$ 786,045
Surtax on undistributed earnings	31,575	81,479
Adjustments for prior years	( 1,804 )	( 3,806 )
	<u>695,534</u>	<u>863,718</u>
Deferred tax		
In respect of the current year	<u>66,903</u>	( <u>54,401</u> )
	<u>\$ 762,437</u>	<u>\$ 809,317</u>

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

	2023	2022
Income before Tax	<u>\$ 3,078,612</u>	<u>\$ 3,535,589</u>
Income tax expense calculated at the statutory rate	\$ 659,360	\$ 746,945
Nondeductible expenses in determining taxable income	10,694	9,241
Investment income excluded from income	( 149,756 )	( 163,135 )
Deferred tax effect of earnings of subsidiaries	143,247	112,260
Other adjustments	27,891	6,948
Difference in basic tax payable by subsidiaries	22,146	-
Income tax on unappropriated earnings	31,575	81,479
Adjustments for prior years	( 1,804 )	( 3,806 )
Nondeductible withholding tax	<u>19,084</u>	<u>19,385</u>
	<u>\$ 762,437</u>	<u>\$ 809,317</u>

The corporate income tax rate is 20%, the tax rate applicable to subsidiaries in China is 25%, the tax rate applicable to subsidiaries in Singapore is 17%, the tax rate applicable to subsidiaries in Thailand is 20%, the tax rate applicable to subsidiaries in Malaysia is 24%, and tax rates applicable to other entities in the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

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

	2023	2022
Deferred tax		
Disposal of unrealized gain on financial assets at FVTOCI	(\$ 10,095 )	\$ 2,247
Remeasurement on defined benefit plan	( 1,532 )	( 4,374 )
Exchange differences on the translation of financial statements of foreign operations	18,349	( 40,884 )
	<u>\$ 6,722</u>	<u>( \$ 43,011 )</u>

c. Income tax expense recognized directly in equity

	2023	2022
Deferred tax		
Share from associates accounted for using the equity method	( <u>\$ 5,791</u> )	<u>\$ -</u>

d. Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax assets	<u>\$ 1,395</u>	<u>\$ -</u>
Income tax payable	<u>\$ 268,235</u>	<u>\$ 337,138</u>

e. Deferred tax assets and liabilities

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

2023

	Balance at the beginning of the year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income and Loss	Recognized in equity	Disposal of subsidiaries	Exchange differences on foreign plans	Balance at the end of the year
Deferred tax assets							
Temporary differences							
Write-downs of inventories	\$ 126,028	(\$ 77,592)	\$ -	\$ -	\$ -	(\$ 1,788)	\$ 46,648
Unpaid bonuses	68,604	( 1,169)	-	-	-	( 870)	66,565
Refund liabilities	58,872	13,091	-	-	-	-	71,963
Defined benefit plan	50,185	( 1,508)	( 1,532)	-	-	-	47,145
Foreign operations loss and exchange differences	36,911	( 2,245)	3,731	-	-	-	38,397
Others	<u>89,015</u>	<u>8,509</u>	<u>-</u>	<u>-</u>	<u>( 2,602)</u>	<u>( 1,083)</u>	<u>93,839</u>
	429,615	( 60,914)	2,199	-	( 2,602)	( 3,741)	364,557
Loss carryforwards	<u>560</u>	<u>1,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,768</u>
	<u>\$ 430,175</u>	<u>( \$ 59,706)</u>	<u>\$ 2,199</u>	<u>\$ -</u>	<u>( \$ 2,602)</u>	<u>( \$ 3,741)</u>	<u>\$ 366,325</u>
Deferred tax liabilities							
Temporary differences							
Foreign operations income and exchange differences	\$ 1,320,360	(\$ 2,012)	(\$ 4,523)	(\$ 5,791)	\$ -	\$ -	\$ 1,308,034
Others	<u>25,739</u>	<u>9,209</u>	<u>-</u>	<u>-</u>	<u>( 2,351)</u>	<u>-</u>	<u>32,597</u>
	<u>\$ 1,346,099</u>	<u>\$ 7,197</u>	<u>( \$ 4,523)</u>	<u>( \$ 5,791)</u>	<u>( \$ 2,351)</u>	<u>\$ -</u>	<u>\$ 1,340,631</u>

## 2022

	Balance at the beginning of the year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income and Loss	Acquired through a business combination	Exchange differences on foreign plans	Balance at the end of the year
<u>Deferred tax assets</u>						
Temporary differences						
Provision for loss on inventories	\$ 63,381	\$ 61,542	\$ -	\$ 333	\$ 772	\$ 126,028
Unpaid bonuses	67,064	1,046	-	-	494	68,604
Refund liabilities	35,000	23,872	-	-	-	58,872
Defined benefit plan	56,347	( 1,788 )	( 4,374 )	-	-	50,185
Foreign operations loss and exchange differences	36,094	7,282	( 6,465 )	-	-	36,911
Others	90,597	( 5,444 )	-	2,106	1,756	89,015
	348,483	86,510	( 10,839 )	2,439	3,022	429,615
Loss carryforwards	411	149	-	-	-	560
	<u>\$ 348,894</u>	<u>\$ 86,659</u>	<u>( \$ 10,839 )</u>	<u>\$ 2,439</u>	<u>\$ 3,022</u>	<u>\$ 430,175</u>
<u>Deferred tax liabilities</u>						
Temporary differences						
Foreign operations income and exchange differences	\$ 1,268,816	\$ 19,372	\$ 32,172	\$ -	\$ -	\$ 1,320,360
Others	12,853	12,886	-	-	-	25,739
	<u>\$ 1,281,669</u>	<u>\$ 32,258</u>	<u>\$ 32,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,346,099</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Evaluation loss of foreign investments	<u>\$116,383</u>	<u>\$116,383</u>
Loss carryforwards		
Expiry in 2030	\$ 104	\$ 104
Expiry in 2031	432	432
Expiry in 2032	3,200	3,200
Expiry in 2033	47,701	-
	<u>\$ 51,437</u>	<u>\$ 3,736</u>

- g. Information about unused loss carryforwards

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

<u>Unused Amount</u>	<u>Expiry Year</u>
\$ 104	2030
432	2031
5,998	2032
53,740	2033
<u>\$ 60,274</u>	

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

As of December 31, 2023 and 2022, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$2,343,475 thousand and \$2,090,992 thousand.

i. Income tax assessments

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

Shanghai Yikang and Dongguan Hua Gang had completed the filing of their tax returns through 2022 with the tax authorities.

## 25. Earnings per share (EPS)

Earnings and weighted average number of shares outstanding used in the computation of EPS were as follows:

a. Net income for this year

	<u>2023</u>	<u>2022</u>
Profit for the year attributable to owners of the Company	\$ 2,113,717	\$ 2,484,800
Effect of convertible corporate bonds	<u>21,529</u>	<u>22,532</u>
Net profit used in computation of diluted EPS	<u>\$ 2,135,246</u>	<u>\$ 2,507,332</u>

b. Number of shares (in thousands)

	<u>2023</u>	<u>2022</u>
Weighted average number of shares outstanding used in computation of basic EPS	236,037	236,018
Effect of potentially dilutive shares		
Employees' compensation	3,196	4,153
Convertible corporate bonds	<u>23,400</u>	<u>20,387</u>
Weighted average number of shares outstanding used in computation of diluted EPS	<u>262,633</u>	<u>260,558</u>

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

## 26. Business Combinations

### a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Hightech	Trading business of industrial materials	September 1, 2022	51	<u>\$ 205,335</u>

In order to expand the distribution channels, the Company acquired 51% of the ordinary shares of Hightech from an unrelated party on September 1, 2022.

### b. Assets acquired and liabilities assumed at the date of acquisition

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

### c. Non-controlling Interests

The non-controlling interest of Hightech was measured at the proportionate share of the recognized identifiable net assets.



d. Goodwill recognized on acquisitions

	Amount
Consideration Transferred	\$ 205,335
Add: non-controlling interests (49% of the ownership interest)	135,835
Less: fair value of identifiable net assets acquired	( 277,215 )
Goodwill recognized on acquisitions	<u>\$ 63,955</u>

The goodwill recognized in the acquisitions mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected revenue growth and future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

e. Net cash outflow from acquisition of subsidiaries

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

f. Impact of acquisitions on the results of the Group

The financial results of the acquirees from Hightech in 2022 since the acquisition dates were as follows:

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

Had the company concluded the acquisition at the beginning of 2022, the Group's revenue would have been NT\$74,259,576 thousand and the profit would have been NT\$2,744,436 thousand for the year ended December 31, 2022. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2022, nor is it intended to be a projection of future results.

## 27. Disposal of subsidiaries

On November 1, 2023, the Group sold 100% of its subsidiaries, WH Energy and KSA Corp. to a related party, Eternity WH Energy.

a. Analysis of assets and liabilities for loss of control

	WH Energy	KSA Corp.	Total
Current Assets			
Cash and cash equivalents	\$ 555	\$ 16,881	\$ 17,436
Accounts receivable	1,396	4,853	6,249
Other receivables - related parties	-	17	17
Other current assets	3,361	6,114	9,475
Non-current assets			
Property, Plant, and Equipment	77,753	497,625	575,378

(Continued)

(Concluded)

	WH Energy	KSA Corp.	Total
Right-of-use assets	\$ 3,101	\$ 92,163	\$ 95,264
Intangible Assets	7,370	26,249	33,619
Deferred tax assets	400	2,202	2,602
Other financial assets - non-current	14,890	35,767	50,657
Current Liabilities			
Short-term borrowings	-	461,129	461,129
Other payables	647	4,663	5,310
Other payables - related parties	19	4,515	4,534
Current tax liabilities	341	1,425	1,766
Lease liabilities - current	189	5,093	5,282
Non-current Liabilities			
Lease liabilities - non-current	2,932	93,618	96,550
Deferred tax liabilities	340	2,011	2,351
Provisions - non-current	<u>2,001</u>	<u>11,012</u>	<u>13,013</u>
Net assets disposed of	<u>\$ 102,357</u>	<u>\$ 98,405</u>	<u>\$ 200,762</u>

b. Benefits from disposal of subsidiaries

	WH Energy	KSA Corp.	Total
Consideration received	\$ 116,230	\$ 245,477	\$ 361,707
Net assets disposed of	( <u>102,357</u> )	( <u>98,405</u> )	( <u>200,762</u> )
Benefit from disposals	<u>\$ 13,873</u>	<u>\$ 147,072</u>	<u>\$ 160,945</u>

The consideration for the above transactions was determined by reference to market value reports issued by outside experts.

c. Net cash inflow from disposal of subsidiaries

	WH Energy	KSA Corp.	Total
Consideration received in cash	\$ 116,230	\$ 245,477	\$ 361,707
Less: Cash and cash equivalent balances from disposals	( <u>555</u> )	( <u>16,881</u> )	( <u>17,436</u> )
	<u>\$ 115,675</u>	<u>\$ 228,596</u>	<u>\$ 344,271</u>

## 28. Capital risk management

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

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

The key management personnel of the Group periodically reviews the cost of capital and the risk associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed. The Group is not subject to any externally imposed capital requirements, except those discussed in Note 16.

## 29. Financial instruments

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

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount	<u>\$ 1,996,598</u>	<u>\$ 1,994,084</u>
Fair value	<u>\$ 1,993,977</u>	<u>\$ 1,973,400</u>

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

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

1) Fair value hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificates	\$ 79,208	\$ -	\$ -	\$ 79,208
Structured deposits	-	799,406	-	799,406
Investment in equity instruments				
Unlisted stocks	-	-	42,453	42,453
	<u>\$ 79,208</u>	<u>\$ 799,406</u>	<u>\$ 42,453</u>	<u>\$ 921,067</u>
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Domestic listed shares	\$ 198,955	\$ 336,446	\$ -	\$ 535,401
Unlisted stocks	-	-	438,063	438,063
Foreign listed shares	18,886	-	-	18,886
	<u>\$ 217,841</u>	<u>\$ 336,446</u>	<u>\$ 438,063</u>	<u>\$ 992,350</u>
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	\$ -	\$ 419	\$ -	\$ 419

December 31, 2022

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

There were no transfers between Level 1 and Level 2 fair values during 2023 and 2022.

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

	2023	2022
Balance at the beginning of the year	\$ 530,375	\$ 593,607
Investment transfer accounted for using the equity method	-	44,378
Purchases	15,369	5,000
Transfer from Level 3	( 116,443 )	-
Reduction of capital	( 18,714 )	( 5,000 )
Recognized in Profit or Loss	( 1,026 )	( 2,099 )
Recognized in Other Comprehensive Income and Loss	71,200	( 105,511 )
Foreign exchange translation differences	( 245 )	-
Balance at the end of the year	<u>\$ 480,516</u>	<u>\$ 530,375</u>

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

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

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

- (a) Investment in equity instruments

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

- (b) Redemption options of convertible bonds

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

c. Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified at FVTPL	\$ 921,067	\$ 666,501
Mandatorily classified at FVTPL		
Investment in equity instruments	992,350	742,842
Measured at amortized cost (Note 1)	27,195,739	25,573,550
<u>Financial liabilities</u>		
FVTPL		
Held for trading	419	3,672
Measured at amortized cost (Note 2)	26,289,749	27,243,785

Note 1: Including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties) and other financial assets, etc.

Note 2: Including short-term borrowings, short-term bills payable, notes payable, accounts payable (including related parties), other payables (including related parties), long-term borrowings (including current portion), bonds payable (including current portion) and guarantee deposits received, etc.

d. Financial risk management objectives and policies

The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk, and liquidity risk.

1) Market risk

The Group's activities expose it primarily to the market risks as follows:

(a) Foreign currency risk

The Group had foreign currency trades, which exposed the Group to foreign currency risk, and the carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 33.

Sensitivity analysis

The Group was mainly exposed to the USD.

The sensitivity rate used when reporting foreign currency risk internally to key management personnel is 1%. The sensitivity analysis included only the outstanding foreign currency denominated monetary items at the balance sheet date. Had the functional currency weakened (strengthened) by 1% against the USD, the pre-tax profit for the years ended December 31, 2023 and 2022 would have been higher (lower) by \$43,414 thousand and \$16,207 thousand, respectively.

(b) Interest rate risk

The Group was exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
Financial assets	\$ 2,493,393	\$ 4,363,071
Financial liabilities	5,798,113	6,453,132
Cash flow interest rate risk		
Financial assets	5,957,583	3,999,934
Financial liabilities	10,919,592	11,560,182

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for 2023 and 2022 would have been lower/higher by NT\$49,620 thousand and NT\$75,602 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate deposits and borrowings.

(c) Other price risks

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

Sensitivity analysis

The sensitivity analysis shows the exposure to equity price risk at the end of the reporting period. If equity prices had been 1% higher/lower, the pre-tax profit for 2023 and 2022 would have been higher/lower by NT\$1,217 thousand and NT\$1,170 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for 2023 and 2022 would have been higher/lower by NT\$9,924 thousand and NT\$7,428 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

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

There was no concentration of credit risk due to the fact that the customer base was large and that the customers are not related.

### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, liabilities with a repayment on demand clause were included in the earliest time band regardless of the probability of the counterparties choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed-upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate at the end of the year.

	Less than 1 year	1-5 years	5-10 years	10-20 years	Total
<b>December 31, 2023</b>					
Non-interest-bearing liabilities	\$ 10,111,579	\$ 3,172	\$ -	\$ -	\$ 10,114,751
Lease liabilities	115,634	215,239	145,720	151,635	628,228
Floating-rate instruments	6,318,064	4,017,594	860,538	19,011	11,215,207
Fixed-rate instruments	5,289,992	-	-	-	5,289,992
Financial guarantee liabilities	544,943	-	-	-	544,943
	<u>\$ 22,380,212</u>	<u>\$ 4,236,005</u>	<u>\$ 1,006,258</u>	<u>\$ 170,646</u>	<u>\$ 27,793,121</u>
<b>December 31, 2022</b>					
Non-interest-bearing liabilities	\$ 9,826,550	\$ 2,803	\$ -	\$ -	\$ 9,829,353
Lease liabilities	111,321	249,893	140,612	160,188	662,014
Floating-rate instruments	6,484,782	5,227,365	144,286	24,028	11,880,461
Fixed-rate instruments	3,652,815	2,334,828	-	-	5,987,643
Financial guarantee liabilities	905,691	-	-	-	905,691
	<u>\$ 20,981,159</u>	<u>\$ 7,814,889</u>	<u>\$ 284,898</u>	<u>\$ 184,216</u>	<u>\$ 29,265,162</u>

The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement with an option to demand the full guaranteed amount if that amount is claimed by the counterparty of the financial guarantee contract. Based on expectations at the end of the year, the Group considers that it is more likely than not that no amount will be payable under the arrangement.

The amounts included above for variable interest rate non-derivative financial liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates at the end of the year.

e. Transfers of financial assets

1) Recognition of notes receivable that had been transferred

The Group discounted commercial acceptance bills to banks and transferred a portion of commercial acceptance bills in China to some of its suppliers in order to settle the accounts payable to these banks or suppliers. If these commercial acceptance bills are not recoverable at maturity, banks or suppliers have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these commercial acceptance bills, it continues to recognize the full carrying amounts of these commercial acceptance bills and treats these commercial acceptance bills that have been transferred as collateral.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Factoring bank	<u>\$ 616,943</u>	<u>\$ 1,006,841</u>
Endorsement transfer to suppliers	<u>\$ 231,649</u>	<u>\$ 181,986</u>

2) Derecognition of notes receivable that had been transferred

The Group transferred a portion of its banker's acceptance bills in China to some of its suppliers in order to settle the accounts payable to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated accounts payable. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request the Group to pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amount of the transferred but unsettled bills receivable, and December 31, 2023 and 2022, the face amount of these unsettled bills receivable was NT\$15,582 thousand, and NT\$39,894 thousand, respectively. The unsettled bills receivable will be due in 1-6 months. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair value of its continuing involvement is not significant.

For 2023 and 2022, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the year or cumulatively.

### **30. Related Party Transactions**

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



a. Name of related parties and relationship with the Group

Name of related party	Relations with the Group
CWE Inc.	Associate
Nagase Wahlee Plastics Corp.	Associate
Wah Hong Corp.	Associate
ORC Technology Corp.	Associate
Shanghai Hua Chang Trading Co., Ltd.	Associate
Xiamen JianYuan Rung Logistic Co., Ltd.	Associate
Eternity WH Energy	Associate's subsidiary
Huahsuan Green Energy Co., Ltd.	Associate (became an unrelated party after loss of significant influence in October 2022)
KSA Corp.	Associate's subsidiary (Subsidiary before October 2023)
WH Energy	Associate's subsidiary (Subsidiary before October 2023)
ORC Corp.	Joint Ventures
Shanghai Chang Wah Electromaterials Inc.	Associate's subsidiary
Chang Wah International Trade (Shenzhen) Co., Ltd.	Associate's subsidiary
Chang Wah Technology Co. Ltd.	Associate's subsidiary
SIP Chang Hong Optoelectronics Ltd.	Associate's subsidiary
Sun Hong Optronics Ltd.	Associate's subsidiary
Wah Ma Chemical Sdn. Bhd.	Associate's subsidiary
Welo-tech Corp.	Other related party (use equity method for subsidiaries)
Daily Polymer Corp.	Other related parties (The Company is a corporate director of the company.)
Asahi Kasei Wah Lee Hi-Tech Corp.	Other related parties (The Company is a corporate director of the company.)
JingYi Technology Co.	Other related parties (The Company is a corporate director of the company.)
Minima Technology Co., Ltd.	Other related parties (The Company is a corporate director of the company.)
Forcera Materials Co., Ltd.	Other related parties (The Company is a corporate director of the company.)
Tien Li Offshore Wind Technology Co., Ltd.	Other related parties (The Company used to be a corporate director of the company, and it was no longer a related party after an election of all directors in June 2023.)
TaiGene Biotechnology Co., Ltd.	Other related parties (The Company is a corporate supervisor of the company.)
Bao Guang Investment Co., Ltd.	Other related parties (Its person in charge is a relative within the first degree of kinship of the Chairman of the Company and was in the Company's management before May 2023.)
Sin Hao Co., Ltd.	Other related parties (Its person in charge is a relative within the first degree of kinship of a director of the Company, and he is no longer a related party after the director had resigned in September 2023.)
Raycon Industries Inc.	Other related parties (Its person in charge is a relative within the first degree of kinship of a director of the Company.)
Chen Chih-Yuan	Other related parties (He is a relative within the first degree of kinship of a director of the Company, and he is no longer a related party after the director had resigned in September 2023.)

b. Operating transactions

1) Operating Revenue

<u>Categories of related parties</u>	<u>2023</u>	<u>2022</u>
Revenue from sale of goods		
Associates and their subsidiaries	\$ 360,633	\$ 405,609
Other related parties	<u>51,590</u>	<u>7,483</u>
	<u>\$ 412,223</u>	<u>\$ 413,092</u>
Other operating revenues		
Associates and their subsidiaries	\$ 19,693	\$ 29,169
Other related parties	<u>6,642</u>	<u>9,344</u>
	<u>\$ 26,335</u>	<u>\$ 38,513</u>

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

2) Purchase of goods

<u>Categories of related parties</u>	<u>2023</u>	<u>2022</u>
Associates and their subsidiaries	\$ 278,732	\$ 631,083
Other related parties	<u>958,338</u>	<u>1,429,940</u>
	<u>\$ 1,237,070</u>	<u>\$ 2,061,023</u>

The prices of purchases from related parties were made under arm's length terms and there were no similar transactions with third parties for comparison; payment terms were similar to third parties.

3) Operating expense

<u>Categories of related parties</u>	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$ 11,271</u>	<u>\$ 10,987</u>

These transactions include commissions, freight, labor, and import/export charges.

4) Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Accounts receivable - related parties</u>		
Associates and their subsidiaries	\$ 124,054	\$ 93,792
Other related parties	<u>1,896</u>	<u>4,393</u>
	125,950	98,185
Less: Allowance for losses	<u>502</u>	<u>543</u>
	<u>\$ 125,448</u>	<u>\$ 97,642</u>
 <u>Other receivables - related parties</u>		
Associates and their subsidiaries		
CWE Inc.	\$ 106,950	\$ 144,499
Others	<u>2,696</u>	<u>4,405</u>
	109,646	148,904
Other related parties	<u>515</u>	<u>625</u>
	<u>\$ 110,161</u>	<u>\$149,529</u>

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

5) Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Accounts payable - related parties</u>		
Associates and their subsidiaries	\$ 72,792	\$ 116,594
Other related parties	<u>267,884</u>	<u>313,431</u>
	<u>\$ 340,676</u>	<u>\$430,025</u>
 <u>Other payables - related parties</u>		
Associates and their subsidiaries	\$ 892	\$ 113
Other related parties	<u>25</u>	<u>25</u>
	<u>\$ 917</u>	<u>\$ 138</u>

The outstanding payables to related parties are unsecured.

c. See Note 27 for a disposal of equity of subsidiaries.

d. Other income

<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
Associates and their subsidiaries	\$ 17,175	\$ 16,779
Other related parties	<u>5,680</u>	<u>10,261</u>
	<u>\$ 22,855</u>	<u>\$ 27,040</u>

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

e. Leasing agreements - rent expense

	2023	2022
Associates and their subsidiaries	\$ 194	\$ 91
Other related parties	<u>220</u>	<u>294</u>
	<u>\$ 414</u>	<u>\$ 385</u>

f. Endorsements and guarantees

Categories of related parties	December 31, 2023	December 31, 2022
Associate		
Amount endorsed	\$ 1,923,776	\$ 1,763,507
Amount utilized	<u>\$ 529,361</u>	<u>\$ 865,797</u>
Other related parties		
Amount endorsed	\$ 25,194	\$ 25,194
Amount utilized	<u>\$ -</u>	<u>\$ -</u>

g. Remuneration of key management personnel

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

	2023	2022
Short-term employee benefits	\$ 99,719	\$ 129,371
Post-employment benefits	<u>40,814</u>	<u>714</u>
	<u>\$ 140,533</u>	<u>\$ 130,085</u>

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

### 31. Assets Pledged as Collateral

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

	December 31, 2023	December 31, 2022
Notes receivable	\$ 848,592	\$ 1,188,827
Other financial assets - current	95,098	81,355
Other financial assets - non-current	59,165	151,646
Property, Plant, and Equipment		
Freehold land	1,751,872	1,755,309
Buildings	385,114	396,034
Power Generation Equipment	2,049,688	2,472,625
Others	<u>35,167</u>	<u>54,903</u>
	<u>\$ 5,224,696</u>	<u>\$ 6,100,699</u>

In addition to the above assets as collaterals, the Group used some of its subsidiaries' stocks as collaterals for borrowings as of December 31, 2022.

### **32. Significant contingent liabilities and unrecognized commitments**

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

- a. The Group's unused letters of credit for the purchase of merchandise amounted to NT\$489,785 thousand.
- b. The unrecognized commitments for acquisition of property, plant and equipment were NT\$1,449,270 thousand.
- c. Company A filed a lawsuit with the court against KS Corp. for failing to fulfill its obligation of placing orders under a purchase agreement and demanded compensation of \$50,363 thousand. In October 2020, a judgment entered in the first instance was announced that Company A won the case; KS Corp. appealed and recognized the related loss provision of \$50,363 thousand in 2021. As of the date the consolidated financial statements were approved, the case is still under trial, and the outcome of the final trial is highly uncertain.
- d. Company B filed a letter to KS Corp. in November 2020 to terminate a lease agreement, requested KS Corp. to pay a default penalty of \$41,704 thousand and confiscate the guarantee deposit. KS Corp., based on the advice from the legal counsel, believed that there were unavoidable reasons for it to waive the default penalty. Therefore, KS Corp. derecognized the aforementioned guarantee deposit and related construction in progress and recorded losses in 2020, but no loss related to the default penalty was recognized. In addition, KS Corp. has filed a lawsuit against the request of Company B. In May 2023, the first trial of the lawsuit was ruled in favor of KS Corp., and Company B filed an appeal in the second trial.

### **33. Significant assets and liabilities denominated in foreign currency**

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

	Foreign Currency Amount	Exchange Rate	Carrying Value
December 31, 2023			
Monetary financial assets			
USD	\$ 267,162	30.705 (USD : NTD)	\$ 8,203,214
USD	101,765	7.815 (USD: HKD)	3,124,704
USD	22,162	7.106 (USD : RMB)	680,495
USD	737	24,564 (USD : VND)	22,641
USD	1,498	34.052 (USD: THB)	45,982
USD	1,453	4.789 (USD: MYR)	44,613
Nonmonetary financial assets			
Investment accounted for using the equity method			
USD	16,842	30.705 (USD : NTD)	517,130
RMB	161,809	4.3211 (RMB: NTD)	699,192
RMB	1,272,023	1.0998 (RMB : HKD)	5,496,559
JPY	598,996	0.2172 (JPY: NTD)	130,102
HKD	2,157,470	3.929 (HKD: NTD)	8,476,701
THB	269,481	0.9017 (THB: NTD)	242,991
MYR	19,540	6.411 (MYR: NTD)	125,272

(Continued)

	Foreign Currency				
	Amount		Exchange Rate		Carrying Value
<u>December 31, 2023</u>					
Monetary financial liabilities					
USD	\$	222,277	30.705	(USD : NTD)	\$ 6,825,021
USD		7,227	7.815	(USD: HKD)	221,898
USD		18,995	7.106	(USD : RMB)	583,240
USD		2,541	24,564	(USD : VND)	78,028
USD		1,107	34.052	(USD: THB)	33,993
USD		1,240	4.789	(USD: MYR)	38,079
<u>December 31, 2022</u>					
Monetary financial assets					
USD		226,216	30.71	(USD : NTD)	6,947,104
USD		95,757	7.798	(USD: HKD)	2,940,704
USD		17,245	6.903	(USD : RMB)	529,596
USD		1,552	23,806	(USD : VND)	47,667
USD		1,201	34.35	(USD: THB)	36,882
USD		1,630	4.584	(USD: MYR)	50,044
Nonmonetary financial assets					
Investment accounted for using the equity method					
USD		13,971	30.71	(USD : NTD)	429,047
RMB		170,346	4.449	(RMB: NTD)	757,866
RMB		1,226,385	1.1298	(RMB : HKD)	5,456,165
JPY		567,984	0.2324	(JPY: NTD)	131,999
HKD		2,120,602	3.938	(HKD: NTD)	8,350,930
THB		269,829	0.8941	(THB: NTD)	241,254
MYR		16,677	6.699	(MYR: NTD)	111,722
Monetary financial liabilities					
USD		252,673	30.71	(USD : NTD)	7,759,576
USD		8,123	7.798	(USD: HKD)	249,472
USD		20,472	6.903	(USD : RMB)	628,697
USD		4,530	23,806	(USD : VND)	139,110
USD		1,141	34.35	(USD: THB)	35,031
USD		3,889	4.584	(USD: MYR)	119,446

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange profit and loss were net gain \$15,948 thousand and net loss \$139,547 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group.

### 34. Additional Disclosures

#### a. Information about significant transactions

- 1) Lending Funds to Other Parties: Table 1.
- 2) Endorsements/Guarantees provided: Table 2.
- 3) Marketable securities held (excluding investments in subsidiaries and associates): Table 3.
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
  - 9) Trading in derivative instruments: Note 7, in addition, the Group incurred a net gain of NT\$2,714 thousand on foreign exchange forward contracts for 2023.
  - 10) Others: Intercompany relationships and significant intercompany transactions: Table 9.
- b. Information on investees: Table 6.
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7.
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
    - (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 8.
    - (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8.
    - (c) The amount of property transactions and the amount of the resultant gains or losses: None.
    - (d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2.
    - (e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.
    - (f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

The Company's other significant transactions with investee companies in mainland China as of December 31, 2023 and 2023 were as follows:

Transaction Party	Line Item	Amount
Shanghai Yikang	Other income	\$ 30,125
Shanghai Yikang	Commissions expense and other operating expenses	171,277
Shanghai Yikang	Other receivables	28,992
Shanghai Yikang	Other payables	62,971

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

### 35. Segment Information

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

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

#### Segment revenue and results

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

	The Company	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
2023						
Revenue from External Customers	\$37,493,837	\$12,295,675	\$11,871,769	\$ 5,121,129	\$ -	\$66,782,410
Inter-segment revenue	<u>1,734,027</u>	<u>88,681</u>	<u>318,629</u>	<u>144,281</u>	<u>( 2,285,618)</u>	-
Segment revenue	<u>\$39,227,864</u>	<u>\$12,384,356</u>	<u>\$12,190,398</u>	<u>\$ 5,265,410</u>	<u>( \$ 2,285,618)</u>	<u>\$66,782,410</u>
Departmental operating income	\$ 992,292	\$ 410,729	\$ 673,655	\$ 295,270	\$ 129,609	\$ 2,501,555
Interest income	25,130	162,545	19,799	43,077	( 78,037)	172,514
Other income	207,443	6,607	52,132	14,791	( 167,314)	113,659
Other gains and losses	45,089	4,364	( 7,549)	102,893	( 19,786)	125,011
Financial costs	( 367,918)	( 52,135)	( 28,596)	( 84,463)	79,380	( 453,732)
Segment profit before tax	902,036	532,110	709,441	371,568	( 56,148)	2,459,007
Income tax expense	( 365,464)	( 124,244)	( 193,871)	( 79,062)	204	( 762,437)
Segment profit after tax	<u>\$ 536,572</u>	<u>\$ 407,866</u>	<u>\$ 515,570</u>	<u>\$ 292,506</u>	<u>( \$ 55,944)</u>	1,696,570
Share of profit or loss of associates under the equity method						619,605
Consolidated net profit						<u>\$ 2,316,175</u>

(Continued)



(Concluded)

	The Company	Raycong	Shanghai Yikang	Others	Adjustment and Elimination	Total
<b>December 31, 2023</b>						
Identifiable assets	<u>\$18,230,628</u>	<u>\$10,632,738</u>	<u>\$ 7,773,471</u>	<u>\$ 6,758,637</u>	<u>( \$ 536,232)</u>	\$42,859,242
Goodwill						177,013
Investment accounted for using the equity method						<u>7,145,056</u>
Total assets						<u>\$50,181,311</u>
<b>2022</b>						
Revenue from External Customers	\$41,398,923	\$12,977,953	\$13,834,520	\$ 5,358,900	\$ -	\$73,570,296
Inter-segment revenue	<u>2,639,393</u>	<u>98,974</u>	<u>354,790</u>	<u>112,471</u>	<u>( 3,205,628)</u>	-
Segment revenue	<u>\$44,038,316</u>	<u>\$13,076,927</u>	<u>\$14,189,310</u>	<u>\$ 5,471,371</u>	<u>( \$ 3,205,628)</u>	<u>\$73,570,296</u>
Departmental operating income	\$ 947,881	\$ 441,113	\$ 857,194	\$ 259,409	\$ 137,838	\$ 2,643,435
Interest income	3,012	22,679	76,177	8,283	( 21)	110,130
Other income	219,026	6,150	60,556	8,567	( 161,025)	133,274
Other gains and losses	139,331	( 11,067)	( 19,713)	( 24)	1,984	110,511
Financial costs	( 193,940)	( 27,959)	( 48,765)	( 72,636)	1,395	( 341,905)
Segment profit before tax	1,115,310	430,916	925,449	203,599	( 19,829)	2,655,445
Income tax expense	( 429,897)	( 199,663)	( 238,241)	( 41,800)	100,284	( 809,317)
Segment profit after tax	<u>\$ 685,413</u>	<u>\$ 231,253</u>	<u>\$ 687,208</u>	<u>\$ 161,799</u>	<u>\$ 80,455</u>	1,846,128
Share of profit or loss of associates under the equity method						<u>\$ 880,144</u>
Consolidated net profit						<u>\$ 2,726,272</u>
<b>December 31, 2022</b>						
Identifiable assets	<u>\$18,615,940</u>	<u>\$ 9,563,306</u>	<u>\$ 7,574,658</u>	<u>\$ 7,885,434</u>	<u>( \$ 772,841)</u>	\$42,866,497
Goodwill						177,057
Investment accounted for using the equity method						<u>6,125,003</u>
Total assets						<u>\$49,168,557</u>

Segment profit represented the profit before tax earned by each segment without share of profits of associates. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purpose of monitoring segment performance and allocating resources between segments; all assets are allocated to reportable segments other than interests in associates accounted for using the equity method.

b. Revenue from major products and services

Revenues from the Group's major products and services are analyzed as follows:

	2023	2022
Information and Communication		
Technology Industry	\$ 19,119,118	\$ 21,722,131
FPD (Flat Panel Display) Industry	19,212,160	20,273,854
Semiconductor Industry	17,148,976	18,614,568
PCB industry	6,017,479	6,965,753
Opto-electronics	1,480,853	2,574,136
Others	<u>3,803,824</u>	<u>3,419,854</u>
	<u>\$ 66,782,410</u>	<u>\$ 73,570,296</u>

c. Geographical information

The Group's revenue from external customers by location of customers and information about its non-current assets by location of assets are detailed below:

	Revenue from External		Non-current assets	
	Customers		December 31,	December 31,
	2023	2022	2023	2022
Taiwan	\$ 17,494,320	\$ 19,519,742	\$ 5,844,565	\$ 6,204,922
China	33,615,528	36,432,429	455,223	498,768
Others	<u>15,672,562</u>	<u>17,618,125</u>	<u>434,236</u>	<u>483,701</u>
	<u>\$ 66,782,410</u>	<u>\$ 73,570,296</u>	<u>\$ 6,734,024</u>	<u>\$ 7,187,391</u>

Non-current assets exclude investments under the equity method, financial assets, deferred tax assets, and goodwill.

d. Information about major customers

No single customer contributed 10% or more of the Group's revenue for the years ended December 31, 2023 and 2022.

**TABLE 1**

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**LENDING FUNDS TO OTHER PARTIES**

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

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

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending balance (Note 1)	Amount utilized (Notes 1 and 6)	Interest Rate ( % )	Nature of Financing	Business Transaction Amount	Reasons for Short-Term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 2 to 4)	Aggregate Financing Limit (Notes 2 to 4)	Remarks
													Name	Value			
0	The Company	KS Corp.	Other receivables - related parties	Yes	\$ 150,000	\$ -	\$ -	-	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 285,243	\$ 1,857,502	
1	Shanghai Yikang	Fenghuang Xingwah Shouzheng	Other receivables - related parties	Yes	36,730	36,730	23,766	5.31	Short-term financing	-	Operating capital	-	-	-	1,246,841	1,246,841	
1	Shanghai Yikang	Shanghai Yadi	Other receivables - related parties	Yes	221,465	108,028	55,742	5.03	Short-term financing	-	Operating capital	-	-	-	1,246,841	1,246,841	
2	Shenzhen Huaying	Xiamen Huashengda Logistics	Other receivables - related parties	Yes	8,890	8,642	-	-	Short-term financing	-	Operating capital	-	-	-	52,873	52,873	
3	Dongguan Huagang	Guangzhou Xingxian	Other receivables - related parties	Yes	22,225	21,606	-	-	Short-term financing	-	Operating capital	-	-	-	720,227	720,227	
3	Dongguan Huagang	Anhua Huixinkang	Other receivables - related parties	Yes	22,225	21,606	12,963	4.00	Short-term financing	-	Operating capital	-	-	-	720,227	720,227	
4	KS Corp.	KSD Corp	Other receivables - related parties	Yes	48,000	-	-	-	Short-term financing	-	Operating capital	-	-	-	213,932	213,932	
5	Wah Lee Holding Ltd.	the Company	Other receivables - related parties	Yes	713,350	675,510	-	-	Short-term financing	-	Operating capital	-	-	-	1,630,216	1,630,216	
6	Raycong H.K.	the Company	Other receivables - related parties	Yes	972,750	921,150	-	-	Short-term financing	-	Operating capital	-	-	-	3,390,680	3,390,680	

Note 1: RMB was converted by the spot exchange of RMB\$1=NT\$4.3211; and HKD was converted by the spot exchange of HKD\$1=NT\$3.929.

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

Note 3: The individual and aggregate financing limit for the parent company and subsidiaries by Wah Lee Holding Ltd., Shanghai Yikang, Shenzhen Huaying, Dongguan Huagang and KS Corp. included in the consolidated financial statements of the parent company shall not exceed 30% of the parent company's equity.

Note 4: The individual and aggregate financing limit for the parent company and the subsidiaries by Raycong H.K. included in the consolidated financial statements of the parent company shall not exceed 40% of the parent company's equity.

Note 5: It was eliminated on consolidation.

TABLE 2

# WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## ENDORSEMENTS AND GUARANTEES

For the period from January 1 to December 31, 2023

Unit: In Thousands of New Taiwan Dollars

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Benefit of Each Party (Notes 1 to 5)	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at The End of the Year (Note 6)	Amount utilized (Note 6)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1 to 5)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Remarks
		Company Name	Relationship											
0	the Company	WL Singapore	Subsidiary of the Company	\$ 5,572,505	\$ 411,480	\$ 322,403	\$ 61,410	\$ -	1.74	\$ 18,575,018	Y	N	N	
0	the Company	WL Vietnam.	Subsidiary of the Company	5,572,505	581,270	503,562	38,308	-	2.71	18,575,018	Y	N	N	
0	the Company	Regent King	Subsidiary of the Company	5,572,505	93,765	92,115	-	-	0.50	18,575,018	Y	N	N	
0	the Company	Sakuragawa Solar Ltd.	Subsidiary of the Company	3,715,004	67,108	63,126	25,461	-	0.34	18,575,018	Y	N	N	
0	the Company	Miyazaki Solar Ltd.	Subsidiary of the Company	3,715,004	199,627	187,783	143,653	-	1.01	18,575,018	Y	N	N	
0	the Company	WL Philippines Inc.	Subsidiary of the Company	3,715,004	120,140	92,115	2,763	-	0.50	18,575,018	Y	N	N	
0	the Company	WL Philippines Corp.	Subsidiary of the Company	3,715,004	64,850	30,705	-	-	0.17	18,575,018	Y	N	N	
0	the Company	WL India	Subsidiary of the Company	3,715,004	64,850	61,410	-	-	0.33	18,575,018	Y	N	N	
0	the Company	KS Corp.	Subsidiary of the Company	3,715,004	277,081	-	-	-	-	18,575,018	Y	N	N	
0	the Company	Raycong H.K., Shanghai Yikang, and Dongguan Hua Gang	Subsidiary of the Company	3,715,004	150,000	150,000	53,743	-	0.81	18,575,018	Y	N	Y	
0	the Company	WL Indonesia	Subsidiary of the Company	3,715,004	186,217	156,595	-	-	0.84	18,575,018	Y	N	N	
0	the Company	WT Industrial	Subsidiary of the Company	3,715,004	470,230	4,000	1,071	-	0.02	18,575,018	Y	N	N	
0	the Company	Hightech	Subsidiary of the Company	3,715,004	356,675	337,755	-	-	1.82	18,575,018	Y	N	N	
0	the Company	Nagase Wahlee Plastics Corp.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	3,715,004	790,000	790,000	185,375	-	4.25	18,575,018	N	N	N	
0	the Company	Shanghai Hua Chang Trading Co., Ltd.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	3,715,004	1,189,998	1,126,874	338,657	-	6.07	18,575,018	N	N	Y	
0	the Company	Asahi Kasei Wah Lee Hi-Tech Corp.	Shareholder of an investee provides endorsements/guarantees to the company in proportion to the shareholding percentage	3,715,004	75,582	25,194	-	-	0.14	18,575,018	N	N	N	
1	Shanghai Yikang	Shanghai Yadi	Subsidiary of the Company	831,227	186,606	181,486	54,634	-	4.37	2,078,068	Y	N	Y	
2	KS Corp.	KSA Corp.	Associates (Note 6)	2,113,128	500,000	-	-	-	-	3,521,880	Y	N	N	
2	KS Corp.	KSA Corp.	Associates (Note 6)	176,094	6,902	6,902	5,329	-	0.97	352,188	Y	N	N	
2	KS Corp.	KSB Corp.	Subsidiary of the Company	2,113,128	200,000	-	-	-	-	3,521,880	Y	N	N	
2	KS Corp.	KSC Corp.	Subsidiary of the Company	2,113,128	1,500,000	-	-	-	-	3,521,880	Y	N	N	
2	KS Corp.	KSD Corp.	Subsidiary of the Company	2,113,128	500,000	-	-	-	-	3,521,880	Y	N	N	
3	Dongguan Huagang	Guangzhou Xingxian	Subsidiary of the Company	720,227	19,306	182,858	58,831	-	7.62	1,200,379	Y	N	Y	
4	Raycong H.K.	Xiamen Huashengda Logistics	Subsidiary of the Company	1,695,340	32,425	30,705	7,471	-	0.36	4,238,351	Y	N	Y	

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

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

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

Note 4: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of Raycong H.K.. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Raycong H.K..

Note 5: The limit on endorsement/guarantee given to each party, based on the construction project, shall not exceed 600% of the paid-in capital of KS Corp.; the maximum total amount of endorsement/guarantee shall not exceed 1000% of the paid-in capital of KS Corp. The limit on endorsement/guarantee given to each party, not based on the construction project, shall not exceed 50% of the paid-in capital of KS Corp. The total amount of endorsement/guarantee shall not exceed 100% of the paid-in capital of KS Corp.

Note 6: It used to be the subsidiary of the Company, and is no longer a subsidiary after selling all equities in it on November 1, 2023. Please refer to Note 27

Note 7: USD was converted by spot exchange of US\$1=NT\$30.705 ; JPY was converted by spot exchange of JPY\$1=NT\$0.2172; RMB was converted by spot exchange of RMB\$1=NT\$4.3211; THB was converted by spot exchange of THB\$1=NT\$0.9017; and HKD was converted by spot exchange of HKD\$1=NT\$3.929.

**TABLE 3****WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****MARKETABLE SECURITIES HELD AT THE END OF THE PERIOD****December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	Period end				Remarks
				Number of shares/units	Carrying Value	Percentage of Ownership ( % )	Fair value	
the Company	Stock							
	Chang Wah Technology Co. Ltd.	Associate's subsidiary	Financial assets at FVTOCI - current	5,000,000	<u>\$167,000</u>	0.53	<u>\$167,000</u>	
	Daily Polymer Corp.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,467,564	\$ 31,955	2.96	\$ 31,955	
	Wah Yuen Technology Holding Limited	-	Financial assets at FVTOCI - non-current	1,968,180	105,906	0.75	105,906	
	JingYi Technology Co.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,066,432	59,044	16.94	59,044	
	High Power Optoelectronics Inc.	-	Financial assets at FVTOCI - non-current	67,991	-	0.12	-	
	Asahi Kasei Wah Lee Hi-Tech Corp.	The Company is the director of the company	Financial assets at FVTOCI - non-current	9,497	86,502	19.38	86,502	
	Forcera Materials Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,354,773	131,114	8.35	131,114	
	Univision Technology Holdings	-	Financial assets at FVTOCI - non-current	38,794,190	-	9.10	-	
	Minima Technology Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	3,600,000	62,007	9.14	62,007	
	TaiGene Biotechnology Co., Ltd.	The Company is the supervisor of the company	Financial assets at FVTOCI - non-current	2,300,000	12,698	6.57	12,698	
	Shilian Fine Chemicals Co., Ltd.	-	Financial assets at FVTOCI - non-current	11,871,585	25,308	4.57	25,308	
	CDIB Capital Group.	-	Financial assets at FVTOCI - non-current	1,128,571	54,760	2.86	54,760	
	Darco Water Technologies Ltd.	-	Financial assets at FVTOCI - non-current	7,649,782	18,886	8.15	18,886	
	Eleocom Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,500,000	-	10.71	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	Period end				Remarks
				Number of shares/units	Carrying Value	Percentage of Ownership ( % )	Fair value	
	Tien Li Offshore Wind Technology Co., Ltd.	-	Financial assets at FVTOCI - non-current	943,344	\$ 47,932	1.35	\$ 47,932	
	Locus Cell Co., Ltd.	-	Financial assets at FVTOCI - non-current	5,000,000	157,400	2.50	157,400	
	Phoenix II Venture Capital Innovation Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	1,000,000	11,553	2.34	11,553	
	Hong Yi Industrial Corp.	-	Financial assets at FVTOCI - non-current	500,000	3,776	16.67	3,776	
					<u>\$808,841</u>		<u>\$808,841</u>	
Shenzhen Huaying	Shanghai Junxiong Logistics Co., Ltd	-	Financial assets at FVTOCI - non-current	-	<u>\$ 16,510</u>	19.90	<u>\$ 16,510</u>	
SHC Holding Ltd.	Guangzhou Yonguang Optoelectronics Co., Ltd.	-	Financial assets at FVTOCI - non-current		<u>\$ -</u>	12.82	<u>\$ -</u>	
Wah Lee Holding Ltd.	Mutual funds							
	JPMorgan Funds-Multi-Revenue Fund-A (acc) - USD	-	Financial assets at FVTPL - current	7,737	\$ 51,099		\$ 51,099	
	JPMorgan Funds-Income Fund A (dist) - USD	-	Financial assets at FVTPL - current	30,802	28,109		28,109	
					<u>\$ 79,208</u>		<u>\$ 79,28</u>	
KS Corp.	Huahsuan Green Energy Co., Ltd.	-	Financial assets at FVTPL - non-current	4,482,000	<u>\$ 42,453</u>	5.71	<u>\$ 42,453</u>	

(Concluded)

**TABLE 4**

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

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

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

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

Buyer/Seller	Transaction Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Remarks
			Purchase/Sale	Amount	% of Total	Credit period			Balance	% of Total	
							Unit price	Credit period			
the Company	Shanghai Yikang	Subsidiary	Sales	\$ 465,380	0.90	30 to 120 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	\$ 81,950	0.40	Note
	Raycong H.K.	Subsidiary	Sales	393,772	0.80	30 to 90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	48,740	0.26	Note
	Dongguan Huagang	Subsidiary	Sales	268,715	0.50	30 to 120 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	47,833	0.26	Note
	KS Corp.	Subsidiary	Sales	105,997	0.20	14 to 60 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	33,142	0.18	Note
	Hightech	Subsidiary	Sales	198,747	0.40	30 to 60 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	20,763	0.11	Note
	WT Industrial	Subsidiary	Sales	105,382	0.20	30 to 60 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	7,238	-	Note
	WL Singapore	Subsidiary	Sales	116,237	0.20	30 to 60 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	14,893	-	Note
	CWE Inc.	Associate accounted for using the equity method	Sales	228,452	0.50	90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	71,964	0.39	
	Asahi Kasei Wah Lee Hi-Tech Corp.	The Company is the director of the Company	Purchase of goods	( 863,104 )	1.46	105 days after monthly closing	No comparable transactions with third party	The terms with related parties are not significantly different from those with third parties	( 246,418 )	2.80	
Raycong H.K.	Dongguan Huagang	Subsidiary	Sales	501,571	1.00	30 to 180 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	108,131	0.59	Note
Shanghai Yikang	Dongguan Huagang	Brother	Sales	120,073	0.20	30 to 180 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	41,260	0.22	Note

Note: It was eliminated on consolidation.

**TABLE 5****WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

Company Name of Accounts Receivable	Transaction Party	Relationship	Ending Balance (Notes 1 and 2)	Turnover Rate (times)	Overdue receivable from related party		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
the Company	Shanghai Yikang	Subsidiary	\$110,942	3.85	\$ -	-	\$ 41,336	\$ -
	CWE Inc.	Associate accounted for using the equity method	178,914	1.20	-	-	151,110	-
Raycong H.K.	Dongguan Huagang	Subsidiary	108,958	5.74	-	-	92,601	-

Note 1: Including accounts receivable and other receivables. Other receivables are mainly dividends receivable.

Note 2: Receivables from subsidiary were eliminated on consolidation.



**TABLE 6**

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES**

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

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

Investee company name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares	Ratio (%)	Carrying amount (Note 2)	Net Income (Loss) of the Investee for the current period	Share of Profit (Loss)(Notes 1 and 2)	Remarks
				End of the year	December 31, 2022						
the Company	Wah Lee Holding Ltd.	BVI	International investment	\$ 430,666	\$ 430,666	13,070,000	100.00	\$ 5,478,251	\$ 449,223	\$ 449,318	Subsidiary
the Company	Raycong H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	304,113	304,113	56,000,000	53.69	4,604,001	772,827	415,064	Subsidiary
the Company	CWE Inc.	Taiwan	Agency of IC packaging material and equipment	449,349	449,349	197,902,180	29.54	4,501,055	1,477,213	433,326	Associate
the Company	Nagase Wahlee Plastics Corp.	Taiwan	Trading business of synthetic resin product and related material, agency of domestic and international products distribution quotation and bidding business	20,810	20,810	4,000,000	40.00	686,672	143,466	57,386	Associate
the Company	Wah Hong Corp.	Taiwan	Manufacturing of LCD material, BMC (bulk molding compound) material and molded product	943,223	943,223	26,129,978	26.52	1,110,342	201,549	53,451	Associate
the Company	ORC Technology Corp.	Taiwan	Trading business and service of exposure machine and parts	6,000	6,000	600,000	35.00	68,621	( 11,304 )	( 3,956 )	Associate
the Company	WL Japan	Japan	Trading business of synthetic resin, industrial plastic, molding machine, and electromechanical parts	21,490	21,490	1,500	83.33	3,792	( 43 )	( 36 )	Subsidiary
the Company	WL Korea	South Korea	Trading business of synthetic resin, industrial plastic, molding machine, and electromechanical parts	18,856	18,856	147,000	100.00	3,399	( 43 )	( 43 )	Subsidiary
the Company	Sakuragawa Solar Ltd.	Japan	Solar power generation business	46,008	46,008	-	99.99	85,772	3,321	3,321	Subsidiary
the Company	Miyazaki Solar Ltd.	Japan	Solar power generation business	82,103	82,103	-	99.99	40,538	3,614	3,614	Subsidiary
the Company	WL Indonesia	Indonesia	Trading business of industrial materials	48,261	48,261	1,610,000	70.00	26,807	( 9,418 )	( 6,593 )	Subsidiary
the Company	WL Vietnam	Vietnam	Trading business of industrial materials	16,293	16,293	-	100.00	40,836	827	827	Subsidiary
the Company	Tranceed Logistics	Taiwan	Freight forwarders and leasing business	95,000	95,000	9,500,000	63.33	180,696	28,385	17,977	Subsidiary
the Company	WT Industrial	Thailand	Trading business of industrial materials	200,000	200,000	7,650	51.00	242,991	77,720	35,785	Subsidiary
the Company	KS Corp.	Taiwan	Solar power generation business	763,392	661,053	33,346,604	94.68	824,738	73,951	31,766	Subsidiary
the Company	WL Philippines Corp.	Philippines	Trading business of industrial materials	7,755	7,755	127,495	99.99	5,661	( 565 )	( 565 )	Subsidiary
the Company	WL Philippines Inc.	Philippines	Trading business of industrial materials	7,747	7,747	126,997	99.99	8,856	3,619	3,619	Subsidiary
the Company	WH Energy	Taiwan	Solar power generation business	-	90,000	-	-	-	-	2,507	Note 4
the Company	ORC Corp.	Taiwan	Trading business of industrial materials	4,000	4,000	400,000	40.00	52,544	34,246	13,698	Joint Ventures
the Company	Evergreen New Energy Corporation	Taiwan	Solar power generation business	130,000	50,000	13,000,000	100.00	122,955	( 4,807 )	( 4,807 )	Subsidiary
the Company	Hightech	Malaysia	Trading business of industrial materials	205,335	205,335	7,650,000	51.00	210,683	40,402	14,754	Subsidiary
the Company	WL Singapore	Singapore	Agency of semiconductor materials and equipment	435,145	435,145	1,600,000	100.00	494,891	55,743	55,743	Subsidiary
the Company	HengYuan Green Energy Technology Co., Ltd.	Taiwan	Renewable energy self-use power generation and energy technology business	24,000	-	2,400,000	12.00	23,475	( 4,373 )	( 525 )	Associate
the Company	WL India	India	Trading business of industrial materials	14,575	-	3,861,000	99.00	11,551	( 2,776 )	( 2,749 )	Subsidiary
the Company	Advance Hightech	The United States	Trading business of engineering plastic, composite materials and equipment	38,628	-	1,200,000	100.00	33,800	( 3,136 )	( 3,136 )	Subsidiary
the Company	High Tech Gas	Taiwan	Chemical Materials Manufacturing	90,000	-	9,000,000	60.00	90,029	49	29	Subsidiary

(Continued)

(Concluded)

Investee company name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares	Ratio (%)	Carrying amount (Note 2)	Net Income (Loss) of the Investee for the current period	Share of Profit (Loss)(Notes 1 and 2)	Remarks
				End of the year	December 31, 2022						
Tranceed Logistic	Cyuancheng Logistics	Taiwan	Freight forwarders and leasing business	\$ 42,947	\$ 42,947	5,500,000	100.00	\$ 42,903	\$ 2,543	\$ 2,348	Subsidiary
KS Corp.	KSA Corp.	Taiwan	Solar power generation business	-	55,000	-	-	-	-	7,854	Note 4
KS Corp.	KSB Corp.	Taiwan	Solar power generation business	51,130	51,130	5,113,000	100.00	52,338	483	483	Subsidiary
KS Corp.	KSC Corp.	Taiwan	Solar power generation business	54,000	54,000	5,400,000	100.00	2,563	( 47,701 )	( 47,701 )	Subsidiary
KS Corp.	KSD Corp	Taiwan	Solar power generation business	-	127,000	-	-	-	( 2,257 )	( 2,257 )	Note 3
ENE Corp.	Fanxin	Taiwan	Solar power generation business	44,825	-	4,500,000	100.00	44,726	( 99 )	( 99 )	Subsidiary
ENE Corp.	Fansheng	Taiwan	Solar power generation business	31,812	-	3,200,000	100.00	31,716	( 96 )	( 96 )	Subsidiary
Wah Lee Holding Ltd.	SHC Holding Ltd.	Republic of Mauritius	International investment	43,892	43,892	1,290,000	100.00	694,842	72,311	72,311	Subsidiary
Wah Lee Holding Ltd.	Raycong H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	943,164	943,164	48,296,655	46.31	3,925,291	772,827	357,873	Subsidiary
Wah Lee Holding Ltd.	Regent King	Hong Kong	Trading business of engineering plastic, composite materials and equipment	39	39	10,000	100.00	4,350	940	940	Subsidiary
WT Industrial	WT Indonesia	Indonesia	Trading business of industrial materials	3,953	3,953	18,150	66.00	2,906	( 1,900 )	( 1,254 )	Subsidiary
WT Industrial	WL India	India	Trading business of industrial materials	147	-	39,000	1.00	117	( 2,776 )	( 28 )	Subsidiary
Raycong H.K.	RC Vietnam	Vietnam	Trading business of industrial materials	6,141	-	1,358	100.00	5,336	( 780 )	( 780 )	Subsidiary

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

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

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

Note 4: All equities have been sold out by November 1, 2023. Please refer to Note 27 for related description.

Note 5: Please refer to Table 7 for the information on investees in mainland China.

**TABLE 7**

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**

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

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

Investee Company in mainland China	Main Businesses and Products	Paid-in capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee for the year	% Ownership of Direct or Indirect Investment	Investment Gain(Loss) recognized for this year (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Remarks
					Outward	Inward							
Dongguan Huagang	Trading business of industrial materials	\$ 1,126,308	Invested through the third region, Raycong H.K.	\$ -	\$ -	\$ -	\$ -	\$ 304,209	100.00	\$ 304,209	\$ 2,395,335	\$ 425,949	
Shanghai Yikang	Trading business of industrial materials	981,504	Invested through the third region, Raycong H.K.	340,629	-	-	340,629	522,105	70.00	365,473	2,928,358	-	
Shenzhen Huaying	Supply chain management and consultancy service	23,860	Invested through the third region, Raycong H.K.	-	-	-	-	( 887 )	100.00	( 887 )	176,242	42,174	
Shanghai Hua Chang Trading Co., Ltd.	International trading and trading consulting; trading agent and commercial simple processing within enterprises in the bonded area	73,692	Invested through the third region, SHC Holding Ltd.	43,714	-	-	43,714	225,900	30.00	67,770	689,911	56,137	
Shanghai Yadi	Import and export of goods and technology	12,963	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	( 18,693 )	49.00	( 9,159 )	9,047	-	
Shanghai Lihuang	Trading business of medical devices and equipment	14,389	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	( 5,609 )	48.98	( 4,707 )	( 2,915 )	-	
Fenghuang Xingwah Shouzheng	Medical device manufacturing technology development and consulting business	21,606	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	( 8,174 )	52.50	( 4,292 )	3,862	-	
Guangzhou Xingxian	Medical consulting	21,606	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	( 976 )	100.00	( 976 )	52,359	-	
Anhua Huixinkang	Medical service industry	17,198	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	( 2,932 )	100.00	( 2,932 )	13,712	-	
Kaiping Huaxinkang	Medical service industry	1	Invested through Chinese corporation, Guangzhou Xingxian	-	-	-	-	-	90.00	-	-	-	
Xiamen Huashengda Logistics	Warehousing and logistics	12,963	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	( 3,443 )	70.00	( 2,410 )	3,722	-	
Xiamen Jian Yuan Rong Logistic Co., Ltd.	Warehousing and logistics	34,569	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	( 5,573 )	30.00	( 1,672 )	9,246	-	
Xiamen Jia Cheng Yuan Trading and Development Co. Ltd.	Warehousing and logistics	8,642	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	423	30.00	127	3,191	-	

Investee company name	Accumulated Outward Remittance for Investment in Mainland China at the end of the year (Note 3)	Investment Amount Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
Wah Lee Industrial Corporation	\$ 384,343	\$ 2,480,528	\$ -

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

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

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

Note 3: Under the “Principles Governing the Review of Investments or Technical Cooperation in Mainland China” issued by the Investment Commission on August 29, 2008 under 0970460680, the Company had obtained the certificate issued by the Industrial Bureau of the Ministry of Economic Affairs in accordance with the business scope of the operating headquarters; thus, the amount that can be invested in companies located in mainland China is unlimited.

TABLE 8

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA,  
AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES**

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

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

Buyer/Seller	Investee Company in mainland China	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Remarks
			Amount	Percentage (%)		Payment Terms	Comparison with Normal Transactions	Amount	Percentage (%)		
the Company	Shanghai Yikang	Sales	\$ 465,380	0.90	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	\$ 81,950	0.45	\$ 3,427	Note
		Purchase of goods	( 12,291 )	-	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	( 1,112 )	-	-	Note
	Dongguan Huagang	Sales	268,715	0.50	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	47,833	0.26	659	Note
		Purchase of goods	( 21,535 )	-	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	( 2,533 )	-	-	Note
Raycong H.K.	Dongguan Huagang	Sales	501,571	1.00	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	108,131	0.59	-	Note
		Purchase of goods	( 43,603 )	-	Normal trade terms	120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	( 1,625 )	-	-	Note

Note: It was eliminated on consolidation.

**TABLE 9****WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS:****For the period from January 1 to December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

No.	Trader	Counterparty	Relationship	Transaction Details			
				Item	Amount	Transaction Details	% of Total Sales or Assets
0	the Company	Shanghai Yikang	Parent to subsidiary	Other income	\$ 30,125	According to the contract	-
0	the Company	Shanghai Yikang	Parent to subsidiary	Other receivables	28,992	According to the contract	-
0	the Company	Shanghai Yikang	Parent to subsidiary	Operating Revenue	465,380	According to the contract	1
0	the Company	Shanghai Yikang	Parent to subsidiary	Accounts receivable, net	81,950	According to the contract	-
0	the Company	Dongguan Huagang	Parent to subsidiary	Operating Revenue	268,715	According to the contract	1
0	the Company	Dongguan Huagang	Parent to subsidiary	Accounts receivable, net	47,833	According to the contract	-
0	the Company	Raycong H.K.	Parent to subsidiary	Other income	63,199	According to the contract	-
0	the Company	Raycong H.K.	Parent to subsidiary	Other receivables	36,507	According to the contract	-
0	the Company	Raycong H.K.	Parent to subsidiary	Operating Revenue	393,772	According to the contract	1
0	the Company	Raycong H.K.	Parent to subsidiary	Accounts receivable, net	48,740	According to the contract	-
0	the Company	KS Corp.	Parent to subsidiary	Other receivables	16,303	According to the contract	-
0	the Company	KS Corp.	Parent to subsidiary	Receipts in advance	50,462	According to the contract	-
0	the Company	KS Corp.	Parent to subsidiary	Operating Revenue	105,997	According to the contract	-
0	the Company	KS Corp.	Parent to subsidiary	Accounts receivable, net	33,142	According to the contract	-
0	the Company	Tranceed Logistics	Parent to subsidiary	Other income	30,374	According to the contract	-
0	the Company	WT Industrial	Parent to subsidiary	Operating Revenue	105,382	According to the contract	-
0	the Company	WL Philippines Inc	Parent to subsidiary	Operating Revenue	29,447	According to the contract	-
0	the Company	WL Vietnam	Parent to subsidiary	Operating Revenue	44,804	According to the contract	-
0	the Company	WL Vietnam	Parent to subsidiary	Accounts receivable, net	19,108	According to the contract	-
0	the Company	WL Singapore	Parent to subsidiary	Operating Revenue	116,237	According to the contract	-
0	the Company	WL Singapore	Parent to subsidiary	Accounts receivable, net	14,893	According to the contract	-
0	the Company	Hightech	Parent to subsidiary	Operating Revenue	198,747	According to the contract	-
0	the Company	Hightech	Parent to subsidiary	Accounts receivable, net	20,763	According to the contract	-
1	Shanghai Yikang	the Company	Subsidiary to Parent	Other operating revenues	171,277	According to the contract	-
1	Shanghai Yikang	the Company	Subsidiary to Parent	Operating Revenue	12,291	According to the contract	-
1	Shanghai Yikang	the Company	Subsidiary to Parent	Accounts receivable, net	64,083	According to the contract	-
1	Shanghai Yikang	Dongguan Huagang	Subsidiary to subsidiary	Operating Revenue	120,073	According to the contract	-
1	Shanghai Yikang	Dongguan Huagang	Subsidiary to subsidiary	Accounts receivable, net	41,260	According to the contract	-
1	Shanghai Yikang	Fenghuang Xingwah Shouzheng	Parent to subsidiary	Other receivables	24,079	According to the contract	-
1	Shanghai Yikang	Shanghai Yadi	Parent to subsidiary	Other receivables	57,320	According to the contract	-

(Continued)

(Concluded)

No.	Trader	Counterparty	Relationship	Transaction Details			
				Item	Amount	Transaction Details	% of Total Sales or Assets
2	Dongguan Huagang	the Company	Subsidiary to Parent	Operating Revenue	\$ 21,535	According to the contract	-
2	Dongguan Huagang	Shanghai Yikang	Subsidiary to subsidiary	Operating Revenue	28,074	According to the contract	-
2	Dongguan Huagang	Raycong H.K.	Subsidiary to Parent	Operating Revenue	43,603	According to the contract	-
2	Dongguan Huagang	Anhua Huixinkang	Parent to subsidiary	Other receivables	13,130	According to the contract	-
3	Raycong H.K.	the Company	Subsidiary to Parent	Interest income	44,487	According to the contract	-
3	Raycong H.K.	the Company	Subsidiary to Parent	Operating Revenue	12,625	According to the contract	-
3	Raycong H.K.	Dongguan Huagang	Parent to subsidiary	Operating Revenue	501,571	According to the contract	1
3	Raycong H.K.	Dongguan Huagang	Parent to subsidiary	Accounts receivable, net	108,131	According to the contract	-
4	Tranceed Logistics	the Company	Subsidiary to Parent	Other operating revenues	141,093	According to the contract	-
4	Tranceed Logistics	the Company	Subsidiary to Parent	Accounts receivable, net	46,727	According to the contract	-
5	Shenzhen Huaying	Shanghai Yikang	Subsidiary to subsidiary	Other operating revenues	13,309	According to the contract	-
6	Wah Lee Holding Ltd.	the Company	Subsidiary to Parent	Interest income	33,510	According to the contract	-

**WAH LEE INDUSTRIAL CORPORATION**

**December 31, 2023**

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