

# **Wah Lee Industrial Corporation**

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

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Wah Lee Industrial Corporation

### Opinion

We have audited the accompanying parent company only financial statements of Wah Lee Industrial Corporation (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, based on our audits and the reports of other auditors (refer to Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### 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 parent company only Financial Statements section of our report. We are independent of the Company 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 parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only 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's parent company only financial statements for the year ended December 31, 2022 is described as follows:

#### Occurrence of revenue from specific customers

The operating revenue and gross profit from specific customers of the Company for the year ended December 31, 2022 showed significant growth over the past year. In addition, based on the Standards on Auditing of the Republic of China, revenue recognition is presumed to have a significant risk. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

Refer to Note 4 to the parent company only 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's parent company only financial statements for the years ended December 31, 2022 and 2021 were audited by other independent auditors; accordingly, our opinion insofar as it relates to the amounts and information disclosed, is based solely on the reports of other independent auditors.

The carrying values of the investments accounted for using the equity method as of December 31, 2022 and 2021 were NT\$735,824 thousand and NT\$811,217 thousand, respectively, both representing 2% of total parent company only assets; the amounts of the share of profit of associates for the years ended December 31, 2022 and 2021 were NT\$83,373 thousand and NT\$188,987 thousand, representing 3% and 6% of parent company only profit before income tax, respectively.

### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 Company'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 Company'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 parent company only 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only 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 Company to express an opinion on the parent company only 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 parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Chiu Yen Wu

Jui-Hsuan Hsu

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 16, 2023

Notice to Readers

*The accompanying parent company only financial statements are intended only to present the parent company only 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 parent company only financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.*

# WAH LEE INDUSTRIAL CORPORATION

## PARENT COMPANY ONLY BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Note 6)	\$ 1,713,281	5	\$ 1,656,213	5
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	1,200	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	148,500	-	209,000	1
Notes receivable (Notes 4 and 9)	106,006	-	173,345	-
Accounts receivable, net (Notes 4, 5 and 9)	7,572,241	21	9,019,030	27
Accounts receivable - related parties (Notes 4, 5, 9 and 27)	435,034	1	955,337	3
Other receivables	23,148	-	39,869	-
Other receivables - related parties (Note 27)	229,100	1	187,351	1
Merchandise (Notes 4, 5 and 10)	3,455,972	10	2,090,639	6
Prepayments for purchases	1,093,884	3	1,841,991	5
Other current assets	36,319	-	11,848	-
Total current assets	14,813,485	41	16,185,823	48
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	594,342	2	735,329	2
Investments accounted for using the equity method (Notes 4, 11 and 28)	17,451,656	48	15,263,525	45
Property, plant and equipment (Notes 4, 12, 27 and 28)	2,379,243	7	885,210	3
Right-of-use assets (Notes 4 and 13)	60,505	-	19,348	-
Investment properties (Notes 4, 14 and 28)	429,341	1	432,970	1
Other intangible assets	11,002	-	17,020	-
Deferred tax assets (Notes 4 and 23)	274,434	1	226,916	1
Refundable deposits	53,588	-	52,284	-
Total non-current assets	21,254,111	59	17,632,602	52
<b>TOTAL</b>	<b>\$ 36,067,596</b>	<b>100</b>	<b>\$ 33,818,425</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 15)	\$ 5,288,387	15	\$ 5,206,357	15
Contract liabilities - current (Notes 21 and 27)	295,004	1	356,220	1
Notes payable (Note 17)	23,079	-	37,996	-
Accounts payable (Note 17)	4,335,276	12	4,731,417	14
Accounts payable - related parties (Notes 17 and 27)	366,352	1	488,737	1
Other payables (Notes 18 and 27)	823,816	2	851,900	3
Other payables - related parties (Note 27)	105,336	-	76,982	-
Current tax liabilities (Note 23)	228,842	1	207,672	1
Provisions - current (Notes 4 and 29)	36,793	-	30,086	-
Lease liabilities - current (Notes 4 and 13)	17,742	-	11,110	-
Current portion of long-term borrowings (Note 15)	21,003	-	21,203	-
Refund liabilities - current	294,362	1	175,002	1
Other current liabilities	18,613	-	20,530	-
Total current liabilities	11,854,605	33	12,215,212	36
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 16)	1,994,084	6	1,972,752	6
Long-term borrowings (Note 15)	3,699,765	10	2,342,319	7
Provision - non-current	15,311	-	14,760	-
Deferred tax liabilities (Notes 4 and 23)	1,446,269	4	1,281,669	4
Lease liabilities - non-current (Notes 4 and 13)	47,880	-	8,569	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	250,925	1	281,736	1
Guarantee deposits received	2,973	-	3,109	-
Total non-current liabilities	7,457,207	21	5,904,914	18
Total liabilities	19,311,812	54	18,120,126	54
<b>EQUITY (Note 20)</b>				
Share capital	2,360,179	6	2,360,179	7
Capital surplus	2,036,714	6	1,690,292	5
Retained earnings				
Legal reserve	2,710,197	8	2,412,040	7
Special reserve	184,623	-	636,618	2
Unappropriated earnings	9,912,630	27	8,783,793	26
Total retained earnings	12,807,450	35	11,832,451	35
Other equity	(448,559)	(1)	(184,623)	(1)
Total equity	16,755,784	46	15,698,299	46
<b>TOTAL</b>	<b>\$ 36,067,596</b>	<b>100</b>	<b>\$ 33,818,425</b>	<b>100</b>

The accompanying notes are an integral part of the parent company only financial statements.

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

# WAH LEE INDUSTRIAL CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 27)	\$ 44,038,316	100	\$ 42,882,108	100
OPERATING COSTS (Notes 10, 22 and 27)	<u>41,237,812</u>	<u>94</u>	<u>39,900,737</u>	<u>93</u>
GROSS PROFIT	2,800,504	6	2,981,371	7
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(2,867)	-	(6,949)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>6,949</u>	<u>-</u>	<u>2,234</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>2,804,586</u>	<u>6</u>	<u>2,976,656</u>	<u>7</u>
OPERATING EXPENSES (Notes 9, 22 and 27)				
Selling and marketing expenses	1,473,177	3	1,406,309	4
General and administrative expenses	416,753	1	407,557	1
Expected credit loss recognized (reversed)	<u>(33,225)</u>	<u>-</u>	<u>28,107</u>	<u>-</u>
Total operating expenses	<u>1,856,705</u>	<u>4</u>	<u>1,841,973</u>	<u>5</u>
OPERATING INCOME	<u>947,881</u>	<u>2</u>	<u>1,134,683</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 27)				
Interest income	3,012	-	602	-
Other income	219,026	1	196,524	-
Other gains and losses	139,331	-	(45,560)	-
Finance costs	(193,940)	-	(70,499)	-
Share of profit of subsidiaries, associates and joint ventures	<u>1,799,387</u>	<u>4</u>	<u>2,078,285</u>	<u>5</u>
Total non-operating income and expenses	<u>1,966,816</u>	<u>5</u>	<u>2,159,352</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	2,914,697	7	3,294,035	7
INCOME TAX EXPENSE (Notes 4 and 23)	<u>429,897</u>	<u>1</u>	<u>450,758</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>2,484,800</u>	<u>6</u>	<u>2,843,277</u>	<u>6</u>

(Continued)

# WAH LEE INDUSTRIAL CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Notes 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 21,868	-	\$ 8,080	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	(200,999)	-	135,795	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(322,129)	(1)	677,658	2
Income tax relating to items that will not be reclassified subsequently to profit or loss	(2,127)	-	(2,131)	-
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive gain (loss) of subsidiaries and associates accounted for using the equity method	375,456	-	(119,286)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(40,884)</u>	<u>-</u>	<u>20,462</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(168,815)</u>	<u>(1)</u>	<u>720,578</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,315,985</u>	<u>5</u>	<u>\$ 3,563,855</u>	<u>8</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 10.53</u>		<u>\$ 12.05</u>	
Diluted	<u>\$ 9.62</u>		<u>\$ 11.64</u>	

The accompanying notes are an integral part of the parent company only financial statements.

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

(Concluded)



# WAH LEE INDUSTRIAL CORPORATION

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

			Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Subtotal	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2021	\$ 2,313,901	\$ 1,331,725	\$ 2,228,083	\$ 980,087	\$ 6,660,831	\$ (583,633)	\$ (52,985)	\$ (636,618)	\$ 12,878,009
Appropriation of 2020 earnings									
Legal reserve	-	-	183,957	-	(183,957)	-	-	-	-
Reversal of special reserve	-	-	-	(343,469)	343,469	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,018,117)	-	-	-	(1,018,117)
	-	-	183,957	(343,469)	(858,605)	-	-	-	(1,018,117)
Equity component of convertible bond issued by the Company (Note 16)	-	34,200	-	-	-	-	-	-	34,200
Changes in capital surplus from investments in associates accounted for using the equity method	-	359,432	-	-	(98,681)	3,828	(35,031)	(31,203)	229,548
Issuance of share dividends from capital surplus	46,278	(46,278)	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	2,843,277	-	-	-	2,843,277
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	6,441	(98,824)	812,961	714,137	720,578
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	2,849,718	(98,824)	812,961	714,137	3,563,855
Disposals of investments accounted for using the equity method	-	(26,711)	-	-	-	-	-	-	(26,711)
Actual disposal or acquisition of interest in subsidiaries (Note 11)	-	37,924	-	-	(409)	-	-	-	37,515
Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	230,939	-	(230,939)	(230,939)	-
BALANCE AT DECEMBER 31, 2021	2,360,179	1,690,292	2,412,040	636,618	8,783,793	(678,629)	494,006	(184,623)	15,698,299
Appropriation of 2021 earnings									
Legal reserve	-	-	298,157	-	(298,157)	-	-	-	-
Reversal of special reserve	-	-	-	(451,995)	451,995	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,604,922)	-	-	-	(1,604,922)
	-	-	298,157	(451,995)	(1,451,084)	-	-	-	(1,604,922)
Changes in capital surplus from investments in associates accounted for using the equity method	-	346,422	-	-	-	-	-	-	346,422
Net profit for the year ended December 31, 2022	-	-	-	-	2,484,800	-	-	-	2,484,800
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	18,662	334,572	(522,049)	(187,477)	(168,815)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	2,503,462	334,572	(522,049)	(187,477)	2,315,985
Disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	76,459	-	(76,459)	(76,459)	-
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

The accompanying notes are an integral part of the parent company only financial statements.

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

# WAH LEE INDUSTRIAL CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<b>For the Years Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,914,697	\$ 3,294,035
Adjustments for:		
Depreciation expense	76,544	58,199
Amortization expense	6,118	6,977
Expected credit loss recognized (reversed)	(33,225)	28,107
Net loss (gain) of financial assets at fair value through profit or loss	1,200	(1,000)
Finance costs	193,940	70,499
Interest income	(3,012)	(602)
Dividend income	(12,956)	(23,888)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(1,799,387)	(2,078,285)
Gain on disposal of investments accounted for using the equity method	-	(8,491)
Impairment loss on inventories	190,518	55,979
Unrealized gain on transactions with subsidiaries	2,867	6,949
Realized gain on transactions with subsidiaries	(6,949)	(2,234)
Net loss (gain) on foreign currency exchange	(67,122)	1,066
Loss provision recognized	19,711	30,086
Others	(33)	(30)
Changes in operating assets and liabilities		
Notes receivable	67,339	(41,731)
Accounts receivable	1,480,575	(2,513,322)
Accounts receivable - related parties	519,742	(153,775)
Other receivables	16,721	2,553
Other receivables - related parties	29,660	90,220
Merchandise	(1,555,851)	(321,717)
Prepayments for purchases	748,107	(837,836)
Other current assets	(24,471)	288
Contract liabilities	(61,216)	51,116
Notes payable	(14,917)	7,839
Accounts payable	(396,141)	1,129,001
Accounts payable - related parties	(122,385)	217,074
Other payables	(50,925)	120,349
Other payables - related parties	27,926	23,977
Provisions	(13,004)	-
Refund liabilities	119,360	1,046
Other current liabilities	(1,917)	5,172
Net defined benefit liabilities	(8,943)	(10,193)
Cash generated from (used in) operations	2,242,571	(792,572)
Interest received	3,012	602
Dividends received	646,805	583,655
Interest paid	(149,415)	(61,313)
Income tax paid	(334,656)	(171,220)
Net cash generated from (used in) operating activities	2,408,317	(440,848)

(Continued)

# WAH LEE INDUSTRIAL CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<b>For the Years Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (5,000)	\$ (59,836)
Proceeds from disposal of financial assets at fair value through other comprehensive income	488	-
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	5,000	15,000
Purchase of investments accounted for using the equity method	(191)	(106)
Proceeds from disposal of investments accounted for using the equity method	-	97,840
Acquisition of a subsidiary	(205,335)	(500)
Proceeds from the capital reduction of investments accounted for using equity method	-	700
Payments for property, plant and equipment	(1,538,742)	(204,362)
Proceeds from disposal of property, plant and equipment	-	30
Decrease (increase) in refundable deposits	(1,304)	1,830
Increase in other intangible assets	<u>(100)</u>	<u>(378)</u>
Net cash used in investing activities	<u>(1,745,184)</u>	<u>(149,782)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	149,152	1,191,797
Proceeds from issuance of convertible bonds	-	1,999,693
Proceeds from long-term borrowings	3,377,029	1,000,000
Repayment of long-term borrowings	(2,023,080)	(1,856,743)
Decrease in guarantee deposits received	(136)	-
Repayment of the principal portion of lease liabilities	(19,463)	(11,822)
Cash dividends	(1,604,922)	(1,018,117)
Acquisition of additional interests in subsidiaries	<u>(484,645)</u>	<u>(252,669)</u>
Net cash generated from (used in) financing activities	<u>(606,065)</u>	<u>1,052,139</u>
<b>NET INCREASE IN CASH</b>	<b>57,068</b>	<b>461,509</b>
<b>CASH AT THE BEGINNING OF THE YEAR</b>	<u><b>1,656,213</b></u>	<u><b>1,194,704</b></u>
<b>CASH AT THE END OF THE YEAR</b>	<u><b>\$ 1,713,281</b></u>	<u><b>\$ 1,656,213</b></u>

The accompanying notes are an integral part of the parent company only financial statements.

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

(Concluded)

# WAH LEE INDUSTRIAL CORPORATION

## NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (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 parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

As of the date the parent company only financial statements were approved, the Company assessed that the application of the above standards and interpretations would not have a material impact on the Company's financial position and financial performance.

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

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

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

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

As of the date the parent company only financial statements were approved, the Company is continuously assessing the possible impact of the application of the above standards and interpretations on the Company'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 parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

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

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

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

The subsidiaries and associates or joint venture are incorporated in the parent company only financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the parent company only financial statements equal to those attributed to owners of the

Company on the consolidated financial statements, the effect of the differences between the parent company only basis and the consolidated basis are adjusted in the parent company only investments accounted for using equity method, the related share of the profit or loss, the related share of other comprehensive income of subsidiaries, associates and joint venture and related equity.

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 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. 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.

e. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company'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 Company'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.

f. Merchandise

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

g. Investments in subsidiaries

Investments in subsidiaries are accounted for using the equity method.

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment in subsidiaries is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiaries. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company'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 Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary recognized 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 Company'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.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between

subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

h. Investments in associates and joint ventures

An associate is an entity over which the Company 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 Company and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Company 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 Company'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 Company'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 Company'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 Company 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 Company 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 Company continues to apply the equity method and does not remeasure the retained interest.

When the Company transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Company's parent company only



financial statements only to the extent of interests in the associate and joint venture that are not related to the Company.

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. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Impairment of property, plant and equipment and investment properties

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and investment properties 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating unit on a reasonable and consistent basis of allocation.

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

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

## 1. Financial instruments

Financial assets and financial liabilities are recognized when the Company 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 are derivative instruments.

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

##### ii Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

##### iii Investments in equity instruments at FVTOCI

On initial recognition, the Company 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 Company'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 Company 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 Company 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 Company 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.

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 Company 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 Company are recognized at the proceeds received, net of direct issue costs.

## 3) Financial liabilities

### a) Subsequent measurement

The Company's financial liabilities are measured at amortized cost using the effective interest method.

### b) Derecognition of financial liabilities

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

## 4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company 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.

## 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 Company 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 Company 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 Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Company as a lessee

The Company 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 parent company only 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 Company 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 parent company only 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. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expenses in the period in which they occur. Remeasurement, is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

r. Taxation

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

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of 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 Company 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## 3) Current and deferred taxes for the year

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

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

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

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

affect both current and future years.

#### Key sources of estimation uncertainty

##### a. Estimated impairment of accounts receivable

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise. Furthermore, the estimate of the probability of default is subject to greater uncertainties due to the impact on credit risk of financial assets arising from the uncertain impact and volatility in markets caused by the COVID-19 pandemic.

##### b. Impairment of inventories

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

## 6. CASH

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 254	\$ 392
Demand deposits	1,711,129	1,653,944
Checking accounts	<u>1,898</u>	<u>1,877</u>
	<u>\$ 1,713,281</u>	<u>\$ 1,656,213</u>

The Company 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 - CURRENT

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Mandatorily classified as at FVTPL		
Derivative instruments (not designated for hedge)		
Redemption of convertible bonds	<u>\$ -</u>	<u>\$ 1,200</u>



## 8. FINANCIAL ASSETS AT FVTOCI

	December 31	
	2022	2021
<hr/>		
Current		
Domestic investments in equity instruments		
Listed shares	\$ 148,500	\$ 209,000
<hr/>		
Non-current		
Domestic investments in equity instruments		
Listed shares	\$ 87,318	\$ 119,445
Unlisted shares	<u>418,212</u>	<u>515,838</u>
	<u>505,530</u>	<u>635,283</u>
Foreign investments in equity instruments		
Listed shares	20,128	23,477
Unlisted shares	<u>68,684</u>	<u>76,569</u>
	<u>88,812</u>	<u>100,046</u>
	<u>\$ 594,342</u>	<u>\$ 735,329</u>

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

## 9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2022	2021
Notes receivable		
Notes receivable - operating	\$ 106,006	\$ 173,345
Accounts receivable - unrelated parties		
At amortized cost		
Gross carrying amount	\$ 7,603,037	\$ 9,087,145
Less: Allowance for impairment loss	<u>30,796</u>	<u>68,115</u>
	<u>\$ 7,572,241</u>	<u>\$ 9,019,030</u>
Accounts receivable - related parties		
At amortized cost		
Gross carrying amount	\$ 435,733	\$ 955,475
Less: Allowance for impairment loss	<u>699</u>	<u>138</u>
	<u>\$ 435,034</u>	<u>\$ 955,337</u>

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 Company 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 Company 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 Company's credit risk was significantly reduced.

The Company 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 Company'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 Company's different customer base.

The Company 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 Company 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 Company's provision matrix:

#### December 31, 2022

	Customers without Signs of Default				Customers With Signs of Default	Total
	Not Past Due	Past Due 1-60 Days	Past Due 61-180 Days	Past Due Over 180 Days		
Expected credit loss rate (%)	0.1	0.5-3	12-30	50	100	
Gross carrying amount	\$ 7,374,281	\$ 652,254	\$ 116,381	\$ 1,012	\$ 848	\$ 8,144,776
Loss allowance (Lifetime ECLs)	(9,532)	(5,474)	(15,135)	(506)	(848)	(31,495)
Amortized cost	<u>\$ 7,364,749</u>	<u>\$ 646,780</u>	<u>\$ 101,246</u>	<u>\$ 506</u>	<u>\$ -</u>	<u>\$ 8,113,281</u>

#### December 31, 2021

	Customers without Signs of Default				Customers With Signs of Default	Total
	Not Past Due	Past Due 1-60 Days	Past Due 61-180 Days	Past Due Over 180 Days		
Expected credit loss rate (%)	0.1	1-5	10-35	50	100	
Gross carrying amount	\$ 9,473,806	\$ 627,446	\$ 49,865	\$ 63,453	\$ 1,395	\$ 10,215,965
Loss allowance (Lifetime ECLs)	(10,529)	(15,596)	(9,007)	(31,726)	(1,395)	(68,253)
Amortized cost	<u>\$ 9,463,277</u>	<u>\$ 611,850</u>	<u>\$ 40,858</u>	<u>\$ 31,727</u>	<u>\$ -</u>	<u>\$ 10,147,712</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 68,253	\$ 43,780
Impairment losses recognized (reversal)	(33,225)	28,107
Amounts written off	<u>(3,533)</u>	<u>(3,634)</u>
Balance at December 31	<u>\$ 31,495</u>	<u>\$ 68,253</u>

## 10. MERCHANDISE

The costs of inventories recognized in cost of goods sold for the years ended December 31, 2022 and 2021 were \$41,229,214 thousand and \$39,884,548 thousand respectively, which included the following items:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Write-downs of inventories	\$ 190,518	\$ 55,979
Others	<u>(8,030)</u>	<u>(2,573)</u>
	<u>\$ 182,488</u>	<u>\$ 53,406</u>

# 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Investments in subsidiaries	\$ 12,069,183	\$ 10,068,477
Investments in associates	5,343,627	5,179,110
Investment in joint ventures	<u>38,846</u>	<u>15,938</u>
	<u>\$ 17,451,656</u>	<u>\$ 15,263,525</u>

See Tables 8 and 9 for the information on investments accounted for using the equity method and the nature of activities and countries of incorporation of the associates.

## a. Investments in subsidiaries

	<b>December 31</b>			
	<b>2022</b>		<b>2021</b>	
<b>Unlisted Company</b>	<b>Book Value</b>	<b>Percentage of Ownership</b>	<b>Book Value</b>	<b>Percentage of Ownership</b>
Wah Lee Holding Ltd.	\$ 5,446,260	100.00	\$ 4,769,943	100.00
Raycong Industrial (H.K.) Ltd. (Raycong H.K.)	4,537,436	53.69	3,966,512	53.69
Wah Lee Japan Corp. (WL Japan)	4,093	83.33	4,285	83.33
Wah Lee Korea Ltd. (WL Korea)	3,538	100.00	2,214	100.00
Sakuragawa Solar Ltd.	88,360	99.99	82,913	99.99
Miyazaki Solar Ltd.	39,546	99.99	36,475	99.99
PT. Wah Lee Indonesia (WL Indonesia)	33,094	70.00	36,017	70.00
Wha Lee Vietnam Co., Ltd. (WL Vietnam)	41,394	100.00	59,395	100.00
Tranceed Logistics Co., Ltd. (Tranceed Logistics)	162,719	63.33	139,048	63.33
Wah Tech Industrial Co., Ltd. (WT Industrial)	245,107	51.00	198,042	51.00
Kingstone Energy Technology Corporation (KS Corp.)	672,498	78.67	669,945	78.67
Wah Heng Energy Technology Corp. (WH Energy)	92,480	100.00	93,206	100.00
Evergreen New Energy Corporation (ENE Corp.)	47,762	100.00	500	100.00

(Continued)

Unlisted Company	December 31			
	2022		2021	
	Book Value	Percentage of Ownership	Book Value	Percentage of Ownership
Wah Lee Philippines International Corp. (WL Philippines Corp.)	\$ 6,108	99.99	\$ 6,263	99.99
Wah Lee Philippines Inc. (WL Philippines Inc.)	5,195	99.99	3,719	99.99
Hightech Polymer SDN. BHD. (Hightech)	202,984	51.00	-	-
Wah Lee Tech (Singapore) Pte. Ltd. (WL Singapore)	<u>440,609</u>	100.00	<u>-</u>	-
	<u>\$ 12,069,183</u>		<u>\$ 10,068,477</u>	

(Concluded)

Note 1: In order to develop operation, the board of directors of the Company resolved to acquire 100% shares of WL Singapore from Wah Lee Holding Ltd. for \$435,145 thousand in November 2022, which was accounted for as a restructuring transaction under common control.

Note 2: In order to expand the distribution channels, the Company acquired 51% of the ordinary shares of Hightech from an unrelated party for \$205,335 thousand in September 2022. For the description of the acquisition of Hightech, refer to Note 26 to the consolidated financial statements for the year ended December 31, 2022.

Note 3: In December 2021, the Company invested \$500 thousand in ENE Corp., which was established in Taiwan. The Company subscribed for additional new shares of ENE Corp. at the existing shareholding proportion in June 2022 for \$49,500 thousand.

Note 4: In September 2021, the Company's ownership percentage in KS Corp. increased to 78.67% as the Company acquired 27.67% equity from unrelated parties for \$192,669 thousand in cash. As the transaction did not change the control of the Group over KS Corp., the Group processed the equity transaction by increasing the capital surplus by \$37,924 thousand.

Note 5: In April 2021, WL Green Corp. had completed liquidation, and returned cash capital of \$700 thousand.

Note 6: Refer to Note 28 for information relating to investments in subsidiaries pledged as collateral for borrowings.

b. Investments accounted for using the equity method

	December 31	
	2022	2021
Investments in associates		
Material associates		
Chang Wah Electromaterials Inc.	\$ 3,445,921	\$ 3,194,774
Associates that are not individually material	<u>1,897,706</u>	<u>1,984,336</u>
	<u>5,343,627</u>	<u>5,179,110</u>

(Continued)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<hr/>		
Investments in joint ventures		
Joint ventures that are not individually material	\$ 38,846	\$ 15,938
	<u>\$ 5,382,473</u>	<u>\$ 5,195,048</u>
		(Concluded)

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

1) Material associates

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

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

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

	<b>December 31</b>	
<b>Name of Associate</b>	<b>2022</b>	<b>2021</b>
CWE Inc.	<u>\$ 5,996,436</u>	<u>\$ 7,698,395</u>

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

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

(Continued)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Equity attributable to the Company	\$ 3,378,494	\$ 3,127,347
Goodwill	<u>67,427</u>	<u>67,427</u>
Carrying amount	<u>\$ 3,445,921</u>	<u>\$ 3,194,774</u> (Concluded)

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

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

- 2) Aggregate information of associates and joint ventures that are not individually material

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
The Company's share of		
Net profit for the year	\$ 175,547	\$ 346,300
Other comprehensive loss for the year	<u>(2,142)</u>	<u>(2,251)</u>
Total comprehensive income for the year	<u>\$ 173,405</u>	<u>\$ 344,049</u>

c. Changes in investment in associates and joint ventures

- 1) The Company sold all of its equity in Eco Energy Corp. to an unrelated party in September 2021 for \$97,840 thousand and recognized a gain on disposal of \$12,319 thousand, which included the transfer of capital surplus from long-term equity investments of \$14,950 thousand to the gain.
- 2) The Company's ownership percentage in Wah Hong Corp. reduced to 26.51% as Wah Hong Corp. transferred the treasury shares to employees in August 2021. Due to the change in ownership, the Company decreased the capital surplus by \$635 thousand, transferred the unrealized loss on financial assets at FVTOCI of \$76 thousand to retained earnings and transferred exchange differences on translating the financial statements of foreign operations of \$490 thousand to loss on disposal of investments accounted for using the equity method. The Company purchased 7 thousand and 4 thousand shares of Wah Hong Corp. from the open market in the amount of \$191 thousand and \$106 thousand in cash in 2022 and 2021, respectively, and the ownership percentage increased to 26.52% on December 31, 2022.

## 12. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2022

	Freehold Land	Buildings	Power Generation Equipment	Office and Miscellaneous Equipment	Other Equipment	Property under Construction and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 517,348	\$ 311,978	\$ -	\$ 518,535	\$ 49,799	\$ 77,246	\$ 1,474,906
Additions	1,245,739	-	15,658	28,669	-	252,600	1,542,666
Disposals	-	-	-	(7,790)	(504)	-	(8,294)
Reclassified	-	-	88,807	(9,893)	-	(78,914)	-
Balance at December 31, 2022	<u>\$ 1,763,087</u>	<u>\$ 311,978</u>	<u>\$ 104,465</u>	<u>\$ 529,521</u>	<u>\$ 49,295</u>	<u>\$ 250,932</u>	<u>\$3,009,278</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 142,237	\$ -	\$ 400,894	\$ 46,565	\$ -	\$ 589,696
Depreciation expense	-	5,552	3,452	38,719	910	-	48,633
Disposals	-	-	-	(7,790)	(504)	-	(8,294)
Reclassified	-	-	4,808	(4,808)	-	-	-
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 147,789</u>	<u>\$ 8,260</u>	<u>\$ 427,015</u>	<u>\$ 46,971</u>	<u>\$ -</u>	<u>\$ 630,035</u>
Carrying amount at December 31, 2022	<u>\$ 1,763,087</u>	<u>\$ 164,189</u>	<u>\$ 96,205</u>	<u>\$ 102,506</u>	<u>\$ 2,324</u>	<u>\$ 250,932</u>	<u>\$ 2,379,243</u>

For the year ended December 31, 2021

	Freehold Land	Buildings	Office and Miscellaneous Equipment	Other Equipment	Property under Construction and Equipment to be Inspected	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 413,343	\$ 288,675	\$ 526,703	\$ 49,046	\$ -	\$ 1,277,767
Additions	104,005	23,303	11,540	753	77,246	216,847
Disposals	-	-	(19,708)	-	-	(19,708)
Balance at December 31, 2021	<u>\$ 517,348</u>	<u>\$ 311,978</u>	<u>\$ 518,535</u>	<u>\$ 49,799</u>	<u>\$ 77,246</u>	<u>\$ 1,474,906</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2021	\$ -	\$ 136,856	\$ 384,344	\$ 45,508	\$ -	\$ 566,708
Depreciation expense	-	5,381	36,258	1,057	-	42,696
Disposals	-	-	(19,708)	-	-	(19,708)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 142,237</u>	<u>\$ 400,894</u>	<u>\$ 46,565</u>	<u>\$ -</u>	<u>\$ 589,696</u>
Carrying amount at December 31, 2021	<u>\$ 517,348</u>	<u>\$ 169,741</u>	<u>\$ 117,641</u>	<u>\$ 3,234</u>	<u>\$ 77,246</u>	<u>\$ 885,210</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:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to property, plant and equipment	\$ 1,542,666	\$ 216,847
Capitalization of interest	(4,577)	(182)
Decrease (increase) in payables for equipment	1,204	(12,303)
Increase in provisions	<u>(551)</u>	<u>-</u>
Cash paid	<u>\$ 1,538,742</u>	<u>\$ 204,362</u>

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

Buildings	
Office	41-61 years
Office interior decoration	5 years
Power generation equipment	7-20 years
Office and miscellaneous equipment	
Cylinder	5-9 years
Warehouse	8 years
Other	2-8 years
Others	6-11 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 Company. As stipulated in the agreement, the related party will fully cooperate with the Company to transfer the agricultural land right to the Company or a specific person in the future free of charge. The agricultural land has been mortgaged to the Company with a maximum limit of \$200 million.
- d. Refer to Note 28 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.

### 13. LEASE ARRANGEMENTS

- a. Right-of-use assets

For the year ended December 31, 2022

	<b>Buildings</b>	<b>Other Equipment</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2022	\$ 33,530	\$ 9,392	\$ 42,922
Additions	54,104	17,600	71,704
Lease modification	<u>(5,815)</u>	<u>(450)</u>	<u>(6,265)</u>
Balance at December 31, 2022	<u>\$ 81,819</u>	<u>\$ 26,542</u>	<u>\$ 108,361</u>

(Continued)



	<b>Buildings</b>	<b>Other Equipment</b>	<b>Total</b>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ 18,393	\$ 5,181	\$ 23,574
Depreciation expense	<u>18,240</u>	<u>6,042</u>	<u>24,282</u>
Balance at December 31, 2022	<u>\$ 36,633</u>	<u>\$ 11,223</u>	<u>\$ 47,856</u>
Carrying amount at December 31, 2022	<u>\$ 45,186</u>	<u>\$ 15,319</u>	<u>\$ 60,505</u> (Concluded)

For the year ended December 31, 2021

	<b>Buildings</b>	<b>Other Equipment</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2021	\$ 27,307	\$ 5,820	\$ 33,127
Additions	<u>6,223</u>	<u>3,572</u>	<u>9,795</u>
Balance at December 31, 2021	<u>\$ 33,530</u>	<u>\$ 9,392</u>	<u>\$ 42,922</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ 9,684	\$ 2,016	\$ 11,700
Depreciation expense	<u>8,709</u>	<u>3,165</u>	<u>11,874</u>
Balance at December 31, 2021	<u>\$ 18,393</u>	<u>\$ 5,181</u>	<u>\$ 23,574</u>
Carrying amount at December 31, 2021	<u>\$ 15,137</u>	<u>\$ 4,211</u>	<u>\$ 19,348</u>

b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Carrying amount		
Current	<u>\$ 17,742</u>	<u>\$ 11,110</u>
Non-current	<u>\$ 47,880</u>	<u>\$ 8,569</u>

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Buildings	1.43-1.80	1.43-1.80
Other equipment	0.98-1.80	0.98-1.80

c. Material leasing activities and terms

The Company leases abovementioned subjects for the use of office and warehouse, for installation of power generation equipment, and transportation equipment, which will expire from February 2024 to

December 2029. The Company does not have bargain purchase options to acquire the leasehold subjects at the end of the lease terms.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 72,096</u>	<u>\$ 67,302</u>
Expenses relating to low-value asset leases	<u>\$ 2,094</u>	<u>\$ 882</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,093</u>	<u>\$ -</u>
Total cash outflow for leases	<u>\$ 95,901</u>	<u>\$ 80,406</u>

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

#### 14. INVESTMENT PROPERTY

For the year ended December 31, 2022

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1 and December 31, 2022	<u>\$ 268,412</u>	<u>\$ 185,076</u>	<u>\$ 453,488</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 20,518	\$ 20,518
Depreciation expense	<u>-</u>	<u>3,629</u>	<u>3,629</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 24,147</u>	<u>\$ 24,147</u>
Carrying amount at December 31, 2022	<u>\$ 268,412</u>	<u>\$ 160,929</u>	<u>\$ 429,341</u>

For the year ended December 31, 2021

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1 and December 31, 2021	<u>\$ 268,412</u>	<u>\$ 185,076</u>	<u>\$ 453,488</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$ 16,889	\$ 16,889
Depreciation expense	<u>-</u>	<u>3,629</u>	<u>3,629</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 20,518</u>	<u>\$ 20,518</u>
Carrying amount at December 31, 2021	<u>\$ 268,412</u>	<u>\$ 164,558</u>	<u>\$ 432,970</u>

The abovementioned investment properties are units of land and buildings located in Hsinchu County and leased under operating leases to subsidiaries with lease terms which will expire from June 2023 to June 2025. Lessees do not have bargain purchase options to acquire the leasehold subjects at the end of the lease terms.

The maturity analysis of lease payments receivable under non-cancellable operating leases of investment properties was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Within 1 year	\$ 8,632	\$ 8,496
More than 1 year but not more than 5 years	<u>1,511</u>	<u>2,325</u>
	<u>\$ 10,143</u>	<u>\$ 10,821</u>

All of the Company's investment properties are held under freehold interests, buildings are depreciated using the straight-line method over their estimated useful life of 51 years; for the carrying amount of investment properties pledged as collateral for borrowing, refer to Note 28.

The fair value of the Company's investment properties was around \$500 million as of December 31, 2022 and 2021. The fair value of the land and buildings was not valued by independent valuer; the Company's management determined the fair value with reference to the replacement cost of similar properties in the vicinity of the Company's investment properties.

## 15. BORROWINGS

### a. Short-term borrowings

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unsecured borrowings	<u>\$ 5,288,387</u>	<u>\$ 5,206,357</u>
Annual interest rate (%)	0.59-6.01	0.53-0.91

### b. Long-term borrowings

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unsecured borrowings		
Syndicated bank loans (Note 1)	\$ 2,000,000	\$ 1,298,149
Less: Syndicated loan fee	<u>4,583</u>	<u>2,880</u>
	1,995,417	1,295,269
Bank loans (Note 2)	<u>700,000</u>	<u>800,000</u>
	2,695,417	2,095,269
Secured borrowings (Note 28)		
Bank loans	<u>1,025,351</u>	<u>268,253</u>
	3,720,768	2,363,522
Less: Current portion	<u>21,003</u>	<u>21,203</u>
	<u>\$ 3,699,765</u>	<u>\$ 2,342,319</u>

(Continued)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Annual interest rate (%)		
Syndicated bank loans	1.80	0.62
Bank loans	1.05-1.96	0.88-1.43
Expiration period		
Syndicated bank loans	2027.08	2024.01
Bank loans	2024.06-2037.06	2023.04-2037.06 (Concluded)

Note 1: The Company signed a syndicated loan agreement with eleven banks led by the Bank of Taiwan in December 2018, and it prepaid all the loans in August 2022. The Company signed a syndicated loan agreement with seven banks led by Mega International Commercial Bank Co., Ltd. in August 2022. The main contents of the syndicated loan agreement are as follows:

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

Note 2: Pursuant to certain bank loan agreements, the Company should maintain certain financial ratios which should be calculated based on audited annual and unreviewed semiannual consolidated financial statements.

The Company had met the requirement as of December 31, 2022 and 2021.

## 16. BONDS PAYABLE

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

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

Bondholders have the right to convert the bonds into ordinary shares of the Company at the current conversion price per share from three months after the issuance date to the maturity date, except during the book closure period. The conversion price at the time of issuance was \$105.3 per share. In the case of ex-right or ex-dividends, the conversion price shall be adjusted according to the conversion price adjustment formula. As of December 31, 2022, the conversion price was \$91.7 per share.

If the closing price of the Company's common shares continues being at least 130% of the conversion price then in effect for 30 consecutive trading days or the aggregate outstanding balance of bonds payable is less than 10% of the original issuance amount, the Company has the right to redeem the outstanding bonds

payable at par value in cash during the period from three months after the issuance date to the date 40 days prior to the maturity date.

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

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

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

## **17. NOTES AND ACCOUNTS PAYABLE**

Notes and accounts payable (including related parties) are mainly related to operating activities. Trading conditions are negotiated separately. The Company 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.

## **18. OTHER PAYABLES**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Payable for salaries or bonuses	\$ 306,102	\$ 265,165
Payable for employees' compensation and remuneration of directors	329,262	372,114
Payable for commission	37,457	93,481
Interest payable	30,896	6,423
Others	<u>120,099</u>	<u>114,717</u>
	<u><u>\$ 823,816</u></u>	<u><u>\$ 851,900</u></u>

## **19. RETIREMENT BENEFIT PLANS**

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

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

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 amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 330,528	\$ 369,626
Fair value of plan assets	<u>(79,603)</u>	<u>(87,890)</u>
Net defined benefit liabilities	<u>\$ 250,925</u>	<u>\$ 281,736</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2021	<u>\$ 399,857</u>	<u>\$ (99,848)</u>	<u>\$ 300,009</u>
Service cost			
Current service cost	1,801	-	1,801
Past service cost	(1,564)	-	(1,564)
Net interest expense (income)	<u>1,154</u>	<u>(294)</u>	<u>860</u>
Recognized in profit or loss	<u>1,391</u>	<u>(294)</u>	<u>1,097</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,447)	(1,447)
Actuarial gain - changes in financial assumptions	(12,248)	-	(12,248)
Actuarial loss - changes in demographic assumptions	348	-	348
Actuarial loss - experience adjustments	<u>5,267</u>	<u>-</u>	<u>5,267</u>
Recognized in other comprehensive loss	<u>(6,633)</u>	<u>(1,447)</u>	<u>(8,080)</u>
Contributions from the employer	<u>-</u>	<u>(11,290)</u>	<u>(11,290)</u>
Benefits paid	<u>(24,989)</u>	<u>24,989</u>	<u>-</u>
Balance at December 31, 2021	<u>369,626</u>	<u>(87,890)</u>	<u>281,736</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Service cost			
Current service cost	\$ 1,363	\$ -	\$ 1,363
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>3,042</u>	<u>(520)</u>	<u>2,522</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,228)	(7,228)
Actuarial gain - changes in financial assumptions	(14,278)	-	(14,278)
Actuarial gain - experience adjustments	<u>(362)</u>	<u>-</u>	<u>(362)</u>
Recognized in other comprehensive loss	<u>(14,640)</u>	<u>(7,228)</u>	<u>(21,868)</u>
Contributions from the employer	<u>-</u>	<u>(10,815)</u>	<u>(10,815)</u>
Benefits paid	<u>(27,500)</u>	<u>26,850</u>	<u>(650)</u>
Balance at December 31, 2022	<u>\$ 330,528</u>	<u>\$ (79,603)</u>	<u>\$ 250,925</u> (Concluded)

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

1) Investment risk

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

2) Interest risk

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

3) Salary risk

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

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate (%)	1.25	0.70
Expected rate of salary increase (%)	2.00	2.00

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

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

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

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

## 20. EQUITY

### a. Share capital

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Number of authorized shares (in thousands)	<u>500,000</u>	<u>500,000</u>
Amount of authorized shares	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>236,018</u>	<u>236,018</u>
Amount of issued and fully paid shares	<u>\$ 2,360,179</u>	<u>\$ 2,360,179</u>

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



b. Capital surplus

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<hr/>		
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Issuance of share capital	\$ 1,114,241	\$ 1,114,241
Difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	37,924	37,924
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition from associates accounted for using the equity method	403,129	1,808
Expired share options	22,374	22,374
Donations	11,867	11,867
<hr/>		
May be used only to offset a deficit		
Share of changes in capital surplus of associates	412,979	467,878
<hr/>		
May not be used for any purpose		
Share warrants	<u>34,200</u>	<u>34,200</u>
	<u>\$ 2,036,714</u>	<u>\$ 1,690,292</u>

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles before the amendment, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, except when the accumulated amount of such legal reserve equals to the Company's total issued capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The common share dividends will be distributed after the distribution of preferred share dividends based on the Articles.

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

The dividend policy of the Company is based on the current and future development plans, investment environment, capital requirements and competition in the domestic and foreign markets, as well as the benefits of shareholders, etc. The dividends to shareholders shall be not less than 10% of the distributable earnings each year, but if the distributable earnings are less than 1% of the Company's paid-in capital, the Company should not make appropriation for dividends. The dividends to

shareholders can be paid in cash or/and issued shares, but cash dividends shall be not less than 50% of the total dividends.

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

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

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

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

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

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

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

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

d. Other equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (678,629)	\$ (583,633)
Recognized for the year		
Share from subsidiaries and associates accounted for using the equity method	375,456	(119,286)
Income tax	(40,884)	20,462
		(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Reclassification adjustment		
Share from the disposal of subsidiaries and associates accounted for using the equity method	\$ -	\$ 3,828
Balance at December 31	<u>\$ (344,057)</u>	<u>\$ (678,629)</u> (Concluded)

2) Unrealized gain on financial assets at FVTOCI

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

## 21. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue from contracts with customers		
Revenue from sale of goods	\$ 43,960,927	\$ 42,798,007
Other operating revenue	<u>77,389</u>	<u>84,101</u>
	<u>\$ 44,038,316</u>	<u>\$ 42,882,108</u>

### Contract balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Notes receivable	\$ 106,006	\$ 173,345	\$ 131,614
Accounts receivable, net (including related parties)	<u>8,007,275</u>	<u>9,974,367</u>	<u>7,335,377</u>
	<u>\$ 8,113,281</u>	<u>\$ 10,147,712</u>	<u>\$ 7,466,991</u> (Continued)

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities			
Sale of goods	<u>\$ 295,004</u>	<u>\$ 356,220</u>	<u>\$ 305,104</u> (Concluded)

The changes in the balance of contract liabilities primarily resulted from the timing difference between the date the Company fulfills its performance obligation and the date the customer's payment is received. There are no significant changes for the years ended December 31, 2022 and 2021.

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Sale of goods	<u>\$ 326,776</u>	<u>\$ 277,082</u>

## 22. NET PROFIT

The details of net profit were as follows:

### a. Other income (Note 27)

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Rental income	\$ 33,677	\$ 38,257
Dividend income	12,956	23,888
Consulting service income	151,490	108,878
Others	<u>20,903</u>	<u>25,501</u>
	<u>\$ 219,026</u>	<u>\$ 196,524</u>

### b. Other gains and losses

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Net gain (loss) of financial assets at FVTPL	\$ (1,200)	\$ 1,000
Gain on disposals of associates (Note 11)	-	8,491
Net foreign exchange gain (loss)	162,966	(6,703)
Loss provision recognized	(19,711)	(30,086)
Others	<u>(2,724)</u>	<u>(18,262)</u>
	<u>\$ 139,331</u>	<u>\$ (45,560)</u>

c. Financial costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on loans	\$ 172,733	\$ 61,782
Syndicated loan fee amortization	3,297	1,440
Interest on lease liabilities	1,155	400
Interest on convertible bonds	21,332	7,059
Less: Amount included in cost of qualifying assets	<u>(4,577)</u>	<u>(182)</u>
	<u>\$ 193,940</u>	<u>\$ 70,499</u>
Capitalized rate (%)	1.43-1.81	1.43

d. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 48,633	\$ 42,696
Right-of-use assets	24,282	11,874
Investment property	3,629	3,629
Intangible assets	<u>6,118</u>	<u>6,977</u>
	<u>\$ 82,662</u>	<u>\$ 65,176</u>
An analysis of depreciation by function		
Operating costs	\$ 3,452	\$ 632
Operating expenses	69,463	53,938
Non-operating income and expenses	<u>3,629</u>	<u>3,629</u>
	<u>\$ 76,544</u>	<u>\$ 58,199</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 6,118</u>	<u>\$ 6,977</u>

e. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	<u>\$ 900,400</u>	<u>\$ 895,101</u>
Post-employment benefits (Note 19)		
Defined contribution plans	18,713	18,519
Defined benefit plans	<u>2,522</u>	<u>1,097</u>
	<u>21,235</u>	<u>19,616</u>
	<u>\$ 921,635</u>	<u>\$ 914,717</u>
An analysis by function		
Operating expenses	<u>\$ 921,635</u>	<u>\$ 914,717</u>

f. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at the rates between 9% and 13% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 which have been approved by the Company's board of directors on March 16, 2023 and March 22, 2022, were as follows:

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

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

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

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

## 23. INCOME TAX

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 274,213	\$ 244,496
Income tax on unappropriated earnings	81,479	51,567
Adjustments for prior years	<u>134</u>	<u>508</u>
	<u>355,826</u>	<u>296,571</u>
Deferred tax		
In respect of the current year	74,071	154,584
Adjustments for prior years	<u>-</u>	<u>(397)</u>
	<u>74,071</u>	<u>154,187</u>
	<u>\$ 429,897</u>	<u>\$ 450,758</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax	<u>\$ 2,914,697</u>	<u>\$ 3,294,035</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Income tax expense calculated at the statutory rate 20%	\$ 582,939	\$ 658,807
Nondeductible expenses in determining taxable income	3,897	2,097
Domestic investment income	(167,808)	(176,652)
Unrecognize the taxable temporary differences associated with investments in subsidiaries	(82,401)	(101,036)
Income tax on unappropriated earnings	81,479	51,567
Adjustments for prior years	134	111
Nondeductible withholding tax	<u>11,657</u>	<u>15,864</u>
	<u>\$ 429,897</u>	<u>\$ 450,758</u>

(Concluded)

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

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

c. Current tax liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Income tax payable	<u>\$ 228,842</u>	<u>\$ 207,672</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income and Loss</b>	<b>Closing Balance</b>
<b>Deferred tax assets</b>				
Temporary differences				
Provision for loss on inventories	\$ 30,187	\$ 31,226	\$ -	\$ 61,413
Unpaid bonuses	41,878	(3,557)	-	38,321
Refund liabilities	35,000	23,872	-	58,872
Defined benefit plan	56,347	(1,788)	(4,374)	50,185

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income and Loss	Closing Balance
Foreign operations loss and exchange differences	\$ 36,094	\$ 7,282	\$ (6,465)	\$ 36,911
Others	<u>27,410</u>	<u>1,322</u>	<u>-</u>	<u>28,732</u>
	<u>\$ 226,916</u>	<u>\$ 58,357</u>	<u>\$ (10,839)</u>	<u>\$ 274,434</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Foreign operations income and exchange differences	\$ 1,268,816	\$ 119,542	\$ 32,172	\$ 1,420,530
Others	<u>12,853</u>	<u>12,886</u>	<u>-</u>	<u>25,739</u>
	<u>\$ 1,281,669</u>	<u>\$ 132,428</u>	<u>\$ 32,172</u>	<u>\$ 1,446,269</u> (Concluded)

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income and Loss	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Provision for loss on inventories	\$ 20,422	\$ 9,765	\$ -	\$ 30,187
Unpaid bonuses	64,432	(22,554)	-	41,878
Refund liabilities	34,791	209	-	35,000
Defined benefit plan	60,002	(2,039)	(1,616)	56,347
Foreign operations loss and exchange differences	35,843	(5,441)	5,692	36,094
Others	<u>20,965</u>	<u>6,445</u>	<u>-</u>	<u>27,410</u>
	<u>\$ 236,455</u>	<u>\$ (13,615)</u>	<u>\$ 4,076</u>	<u>\$ 226,916</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Foreign operations income and exchange differences	\$ 1,145,608	\$ 137,463	\$ (14,255)	\$ 1,268,816
Others	<u>9,744</u>	<u>3,109</u>	<u>-</u>	<u>12,853</u>
	<u>\$ 1,155,352</u>	<u>\$ 140,572</u>	<u>\$ (14,255)</u>	<u>\$ 1,281,669</u>

- e. Deductible temporary differences for which no deferred tax assets have been recognized in the parent company only balance sheets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Evaluation loss of foreign investments	<u>\$ 116,383</u>	<u>\$ 116,383</u>



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

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

- g. Income tax assessments

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

## 24. EARNINGS PER SHARE (EPS)

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

- a. Net profit for the year

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

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of shares outstanding used in computation of basic EPS	236,018	236,018
Effect of potentially dilutive shares		
Employees' compensation	4,153	3,658
Convertible bonds	<u>20,387</u>	<u>4,760</u>
Weighted average number of shares outstanding used in computation of diluted EPS	<u>260,558</u>	<u>244,436</u>

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

## 25. CAPITAL MANAGEMENT

The Company 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 Company consists of net debt and equity.

The key management personnel of the Company 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 Company 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 Company is not subject to any externally imposed capital requirements, except those discussed in Note 15.

## 26. FINANCIAL INSTRUMENTS

### a. Fair values of financial instruments not measured at fair value

The Company'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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Carrying amount	<u>\$ 1,994,084</u>	<u>\$ 1,972,752</u>
Fair value	<u>\$ 1,973,400</u>	<u>\$ 1,969,200</u>

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

### b. Fair value of financial instruments measured at fair value on a recurring basis

#### 1) Fair value hierarchy

##### December 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 180,949	\$ 54,869	\$ -	\$ 235,818
Unlisted shares	-	-	486,896	486,896
Foreign listed shares	<u>20,128</u>	<u>-</u>	<u>-</u>	<u>20,128</u>
	<u>\$ 201,077</u>	<u>\$ 54,869</u>	<u>\$ 486,896</u>	<u>\$ 742,842</u>

##### December 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL</u>				
Redemption options of convertible bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,200</u>	<u>\$ 1,200</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 241,532	\$ 86,913	\$ -	\$ 328,445
Unlisted shares	-	-	592,407	592,407
Foreign listed shares	<u>23,477</u>	<u>-</u>	<u>-</u>	<u>23,477</u>
	<u>\$ 265,009</u>	<u>\$ 86,913</u>	<u>\$ 592,407</u>	<u>\$ 944,329</u>
				(Concluded)

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

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

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ 593,607	\$ 504,180
Purchases	5,000	60,000
Reduction of capital	(5,000)	(15,000)
Recognized in profit or loss	(1,200)	1,200
Recognized in other comprehensive (loss) income	<u>(105,511)</u>	<u>43,227</u>
Balance at December 31	<u>\$ 486,896</u>	<u>\$ 593,607</u>

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

The emerging market shares' fair value was assessed by reference to the transaction price supported by observable market prices.

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

a) Investments in equity instruments

The fair value of the unlisted shares held by the Company 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

	December 31	
	2022	2021
<hr/> Financial assets <hr/>		
FVTPL		
Mandatorily classified at FVTPL	\$ -	\$ 1,200
FVTOCI		
Equity instruments	742,842	944,329
Measured at amortized cost (Note 1)	10,132,398	12,083,429
<hr/> Financial liabilities <hr/>		
Measured at amortized cost (Note 2)	16,660,071	15,732,772
Note 1: Including cash, notes receivable, accounts receivable (including related parties), other receivables (including related parties), and refundable deposits, etc.		
Note 2: Including short-term borrowings, notes payable, accounts payable (including related parties), other payables (including related parties), long-term borrowings (including current portion), bonds payable, and guarantee deposits received, etc.		

d. Financial risk management objectives and policies

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

a) Foreign currency risk

The Company had foreign currency trades, which exposed the Company to foreign currency risk, and the carrying amounts of the Company'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 30.

Sensitivity analysis

The Company 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 by 1% against the USD, the pre-tax profit for the years ended December 31, 2022 and 2021 would have been lower by \$8,444 thousand and higher by \$306 thousand, respectively.

b) Interest rate risk

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

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial liabilities	\$ 3,748,034	\$ 4,826,943
Cash flow interest rate risk		
Financial assets	1,711,129	1,653,944
Financial liabilities	7,320,827	4,735,367

Sensitivity analysis

The sensitivity analysis below shows the Company'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 Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have been lower/higher by \$56,097 thousand and \$30,814 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its variable-rate deposits and borrowings.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. The Company manages this exposure by maintaining a portfolio of investments with different risks. The Company'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 other comprehensive income for the years ended December 31, 2022 and 2021 would have been higher/lower by \$7,428 thousand and \$9,443 thousand, 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 Company. At the end of the reporting period, the Company'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 parent company only balance sheets; and

- b) The amount of contingent liabilities in relation to financial guarantees provided by the Company.

The Company 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 Company's exposure and the credit ratings of its counterparties are continuously monitored and credit exposure is controlled by setting credit limits of counterparties annually.

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

### 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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 Company'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 Company 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.

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-20 Years</b>	<b>Total</b>
<b>December 31, 2022</b>					
Non-interest bearing liabilities	\$ 5,653,859	\$ 2,973	\$ -	\$ -	\$ 5,656,832
Lease liabilities	18,570	42,594	6,720	-	67,884
Variable interest rate liabilities	3,983,811	3,345,590	122,897	24,028	7,476,326
Fixed interest rate liabilities	1,400,867	2,334,828	-	-	3,735,695
Financial guarantee contracts	<u>1,942,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,942,745</u>
	<u>\$ 12,999,852</u>	<u>\$ 5,725,985</u>	<u>\$ 129,617</u>	<u>\$ 24,028</u>	<u>\$ 18,879,482</u>
<b>December 31, 2021</b>					
Non-interest bearing liabilities	\$ 6,187,032	\$ 3,109	\$ -	\$ -	\$ 6,190,141
Lease liabilities	11,331	8,656	-	-	19,987
Variable interest rate liabilities	3,998,590	608,062	124,501	43,138	4,774,291
Fixed interest rate liabilities	1,257,093	3,630,355	-	-	4,887,448
Financial guarantee contracts	<u>2,309,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,309,705</u>
	<u>\$ 13,763,751</u>	<u>\$ 4,250,182</u>	<u>\$ 124,501</u>	<u>\$ 43,138</u>	<u>\$ 18,181,572</u>

The amounts included above for financial guarantee contracts were the maximum amounts the Company 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 Company 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.

## 27. RELATED PARTY TRANSACTIONS

Except those discussed in Note 12, the transactions between the Company and related parties were disclosed as follows:

### a. Name of related parties and relationships with the Company

<u>Related Party</u>	<u>Relationship with the Company</u>
Raycong H.K.	Subsidiary
Shanghai Yikang Co. Ltd. (Shanghai Yikang)	Subsidiary
Dongguan Huagang Co. Ltd. (Dongguan Huagang)	Subsidiary
Tranceed Logistics	Subsidiary
WL Indonesia	Subsidiary
WL Vietnam	Subsidiary
WT Industrial	Subsidiary
WL Singapore	Subsidiary
WL Korea	Subsidiary
Regent King International Limited (Regent King)	Subsidiary
Shanghai Yadi Co. Ltd. (Shanghai Yadi)	Subsidiary
Shanghai Lihuang Co. Ltd. (Shanghai Lihuang)	Subsidiary
Xiamen Hua Chen Da Logistics Co. Ltd. (Xiamen Hua Chen Da)	Subsidiary
KS Corp.	Subsidiary
KSA Energy Corporation (KSA Crop.)	Subsidiary
KSD Energy Corporation (KSD Crop.)	Subsidiary
Sakuragawa Solar Ltd.	Subsidiary
Miyazaki Solar Ltd.	Subsidiary
Cyuancheng Logistics Co., Ltd.	Subsidiary
WL Philippines Inc.	Subsidiary
Hightech	Subsidiary
ENE Corp.	Subsidiary
CWE Inc.	Associate
Nagase Wahlee Plastics Corp.	Associate
Wah Hong Corp.	Associate
ORC Technology Corp.	Associate
Shanghai Hua Chang Trading Co. Ltd.	Associate
Eco Energy Corporation	Associate (became an unrelated party after selling shares in September 2021)
HGE Co.	Associate (became an unrelated party after loss of significant influence in October 2022)
ORC Electrical Machinery Corp. (ORC Crop.)	Associate (Joint Venture)
Chang Wah Technology Co. Ltd.	Associate's subsidiary
SIP Chang Hong Optoelectronics Ltd.	Associate's subsidiary
Sun Hong Optronics Ltd.	Associate's subsidiary
Wah Ma Chemical Sdn. Bhd.	Associate's subsidiary
PT. Wah Hong Indonesia	Associate's subsidiary
Bao Guang Investment Co., Ltd.	Key management personnel (Director of the Company)

(Continued)

<u>Related Party</u>	<u>Relationship with the Company</u>
Daily Polymer Corp.	Other related party
Asahi Kasei Wah Lee Hi-tech Corp.	Other related party
JingYi Technology Co.	Other related party
Minima Co., Ltd.	Other related party
Forcera Materials Co., Ltd.	Other related party
Tien Li Offshore Wind Technology Co., Ltd.	Other related party
TaiGene Biotechnology Co., Ltd.	Other related party
Sin Hao Co., Ltd.	Other related party
Raycon Industries Inc.	Other related party
Chih-Yuan, Chen	Other related party
	(Concluded)

b. Operating transactions

1) Operating revenues

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Sale of goods		
Subsidiaries	\$ 2,633,628	\$ 3,978,489
Associates and their subsidiaries	298,855	341,200
Other related parties	<u>7,483</u>	<u>15,475</u>
	<u>\$ 2,939,966</u>	<u>\$ 4,335,164</u>
Other operating revenues		
Subsidiaries	<u>\$ 5,765</u>	<u>\$ 9,294</u>

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

2) Purchase of goods

<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ 60,775	\$ 71,679
Associates	253,806	241,054
Other related parties	<u>1,418,607</u>	<u>1,467,170</u>
	<u>\$ 1,733,188</u>	<u>\$ 1,779,903</u>

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



3) Operating expense

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Commission expense		
Subsidiaries		
Shanghai Yikang	\$ 159,913	\$ 139,854
Others	242	337
Associates	-	1,418
Other related parties	<u>75</u>	<u>155</u>
	<u>\$ 160,230</u>	<u>\$ 141,764</u>
Freight Fee		
Subsidiaries		
Tranceed Logistics	\$ 61,818	\$ 46,091
Others	<u>-</u>	<u>173</u>
	<u>\$ 61,818</u>	<u>\$ 46,264</u>
Service fee		
Other related parties	<u>\$ 10,695</u>	<u>\$ 10,100</u>

4) Receivables from related parties

	December 31	
	2022	2021
<u>Accounts receivable - related parties</u>		
Subsidiaries	\$ 367,602	\$ 860,516
Associates and their subsidiaries	65,177	93,624
Other related parties	<u>2,954</u>	<u>1,335</u>
	435,733	955,475
Less: Allowance for losses	<u>699</u>	<u>138</u>
	<u>\$ 435,034</u>	<u>\$ 955,337</u>
<u>Other receivables - related parties</u>		
Subsidiaries		
Raycong H.K.	\$ 29,060	\$ 24,569
Shanghai Yikang	29,063	52,394
Others	<u>21,448</u>	<u>24,124</u>
	<u>79,571</u>	<u>101,087</u>
Associates and their subsidiaries		
CWE Inc.	144,499	75,203
Others	<u>4,405</u>	<u>10,368</u>
	<u>148,904</u>	<u>85,571</u>
Other related parties	<u>625</u>	<u>693</u>
	<u>\$ 229,100</u>	<u>\$ 187,351</u>

The outstanding receivables from related parties are unsecured.

5) Payables to related parties

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<hr/> <b>Accounts payable - related parties</b> <hr/>		
Subsidiaries	\$ 5,273	\$ 2,476
Associates	49,372	63,446
Other related parties	<u>311,707</u>	<u>422,815</u>
	<u>\$ 366,352</u>	<u>\$ 488,737</u>
<hr/> <b>Other payables</b> <hr/>		
Subsidiaries		
Shanghai Yikang	\$ 63,598	\$ 46,212
Others	<u>41,738</u>	<u>29,127</u>
	105,336	75,339
Associates	-	1,198
Other related parties	<u>-</u>	<u>445</u>
	<u>\$ 105,336</u>	<u>\$ 76,982</u>

The outstanding payables to related parties are unsecured and will be paid in cash.

6) Contract liabilities

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Subsidiaries	<u>\$ 54,980</u>	<u>\$ 24,446</u>

c. Acquisitions of property, plant and equipment- only for the year ended December 31, 2021

<b>Related Party Category/Name</b>	<b>Amount</b>
Associates	
ORC Technology Corp.	<u>\$ 127,104</u>

d. Other income

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Subsidiaries		
Raycong H.K.	\$ 59,155	\$ 37,378
Shanghai Yikang	28,972	28,030
Tranceed Logistics	29,248	18,896
Others	<u>42,755</u>	<u>33,418</u>
	<u>160,130</u>	<u>117,722</u>
Associates and their subsidiaries	16,779	16,711

(Continued)

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Other related parties	\$ 10,237	\$ 3,627
Key management personnel	<u>24</u>	<u>24</u>
	<u>\$ 187,170</u>	<u>\$ 138,084</u> (Concluded)

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

e. Lease arrangements

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Lease expense		
Subsidiaries		
Tranceed Logistics	\$ 45,769	\$ 35,570
Associates	39	-
Other related parties	<u>222</u>	<u>175</u>
	<u>\$ 46,030</u>	<u>\$ 35,745</u>

f. Loans to related parties (Including principal and interest) - only for the year ended December 31, 2021

Interest income

Related Party Category/Name	Amount
Subsidiaries	
KS Corp.	<u>\$ 177</u>

The loans provided to related parties was unsecured, and the loan interest rate was 2%.

g. Endorsements and guarantees

Related Party Category	December 31	
	2022	2021
Subsidiaries		
Amount endorsed	<u>\$ 2,386,362</u>	<u>\$ 2,192,121</u>
Amount utilized	<u>\$ 1,076,948</u>	<u>\$ 1,265,385</u>
Associates		
Amount endorsed	<u>\$ 1,763,507</u>	<u>\$ 1,422,096</u>
Amount utilized	<u>\$ 865,797</u>	<u>\$ 1,044,320</u>
Other related parties		
Amount endorsed	<u>\$ 25,194</u>	<u>\$ 25,194</u>
Amount utilized	<u>\$ -</u>	<u>\$ -</u>

h. Remuneration of key management personnel

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 115,753	\$ 139,764
Post-employment benefits	<u>507</u>	<u>607</u>
	<u>\$ 116,260</u>	<u>\$ 140,371</u>

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

## 28. ASSETS PLEDGED AS COLLATERAL

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment		
Freehold land	\$ 1,434,349	\$ 188,610
Buildings	<u>133,440</u>	<u>138,181</u>
	<u>\$ 1,567,789</u>	<u>\$ 326,791</u>
Investment property		
Land	\$ 268,412	\$ 268,412
Buildings	<u>160,929</u>	<u>164,558</u>
	<u>\$ 429,341</u>	<u>\$ 432,970</u>
Investments accounted for using the equity method	<u>\$ 672,498</u>	<u>\$ 669,945</u>

## 29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- The Company's unused letters of credit for purchase of merchandise were \$49,135 thousand.
- The unrecognized commitments for acquisition of property, plant and equipment were \$186,492 thousand.
- Company A filed a lawsuit with the court against the Company for the contract dispute and demanded compensation of RMB 7,146 thousand and interest payment. In December 2022, a judgment entered in the first instance was announced that Company A won the case; the Company appealed and recognized the related loss provision of \$36,793 thousand in 2022. As of the date the parent company only financial statements were approved, the case is still under trial, and the outcome of the final trial is highly uncertain.

- d. For details of the litigation of KS Corp., a subsidiary of the Company, refer to Note 31 to the consolidated financial statements for the year ended December 31, 2022.

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

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

	Foreign Currency Amount	Exchange Rate		Carrying Amount
<hr/> December 31, 2022				
Monetary financial assets USD	\$ 225,176	30.71	(USD:NTD)	\$ 6,915,153
Nonmonetary financial assets Investments accounted for using the equity method HKD	1,138,615	3.938	(HKD:NTD)	4,483,865
Monetary financial liabilities USD	252,673	30.71	(USD:NTD)	7,759,576
<hr/> December 31, 2021				
Monetary financial assets USD	291,316	27.68	(USD:NTD)	8,063,627
Nonmonetary financial assets Investments accounted for using the equity method HKD	1,118,337	3.5490	(HKD:NTD)	3,968,978
Monetary financial liabilities USD	290,212	27.68	(USD:NTD)	8,033,068

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange profit and loss were net gain \$162,966 thousand and net loss \$6,703 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 Company.

### 31. ADDITIONAL DISCLOSURES

- a. Information about significant transactions

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: Table 2
- 3) Marketable securities held (excluding investments in subsidiaries and associates): Table 3

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

The Company's other significant transactions with investee companies in mainland China as of and for the year ended December 31, 2022 were as follows:

Counterparty	Line Item	Amount
Shanghai Yikang	Other income	\$ 28,972
Shanghai Yikang	Commission expense	159,913
		(Continued)

Counterparty	Line Item	Amount
Shanghai Yikang	Other receivables	\$ 29,063
Shanghai Yikang	Other payables	63,598
		(Concluded)

- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 11.

**TABLE 1****WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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

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

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

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



**TABLE 2**

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

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

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

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

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

(Continued)

- Note 3: The limit on endorsement/guarantee given on behalf of each party shall not exceed 30% of the equity of Dongguan Hua Gang. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Dongguan Hua Gang.
- Note 4: The limit on endorsement/guarantee given on behalf of each party shall not exceed 20% of the equity of Raycong H.K.. The maximum total amount of endorsement/guarantee shall not exceed 50% of the equity of Raycong H.K..
- Note 5: The limit on endorsement/guarantee given to each party, based on the construction project, shall not exceed 600% of the paid-in capital of KS Corp.; the maximum total amount of endorsement/guarantee shall not exceed 1000% of the paid-in capital of KS Corp. The limit on endorsement/guarantee given to each party, not based on the construction project, shall not exceed 50% of the paid-in capital of KS Corp. The total amount of endorsement/guarantee shall not exceed 100% of the paid-in capital of KS Corp.
- Note 6: USD is converted by spot exchange USD1=NT\$30.71; JPY is converted by spot exchange JPY1=NT\$0.2324; RMB is converted by spot exchange RMB=NT\$4.4489; THB is converted by spot exchange THB1=NT\$0.8941; HKD is converted by spot exchange HKD1=NT\$3.938.

(Concluded)

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

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Company	Stock							
	Chang Wah Technology Co. Ltd.	Associate's subsidiary	Financial assets at FVTOCI - current	5,000,000	<u>\$ 148,500</u>	-	<u>\$ 148,500</u>	
	Daily Polymer Corp.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,467,564	\$ 32,449	2.96	\$ 32,449	
	Wah Yuen Technology Holding Limited	-	Financial assets at FVTOCI - non-current	1,968,180	68,684	0.75	68,684	
	JingYi Technology Co.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,066,432	73,769	16.94	73,769	
	High Power Optoelectronics Inc.	-	Financial assets at FVTOCI - non-current	67,991	-	0.12	-	
	Asahi Kasei Wah Lee Hi-tech Corp.	The Company is the director of the company	Financial assets at FVTOCI - non-current	9,497	75,773	19.38	75,773	
	Forcera Materials Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,102,476	36,678	8.83	36,678	
	Univision Technology Holdings	-	Financial assets at FVTOCI - non-current	38,794,190	-	9.10	-	
	Minima Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	3,600,000	58,442	9.17	58,442	
	TaiGene Biotechnology Co., Ltd.	The Company is the supervisor of the company	Financial assets at FVTOCI - non-current	2,300,000	10,981	6.57	10,981	
	Shilian Fine Chemicals Co., Ltd.	-	Financial assets at FVTOCI - non-current	11,871,585	44,843	4.57	44,843	
	CDIB Capital Group.	-	Financial assets at FVTOCI - non-current	3,000,000	55,529	2.86	55,529	
	Darco Water Technologies Ltd.	-	Financial assets at FVTOCI - non-current	7,649,782	20,128	8.15	20,128	
	Eleocom Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,500,000	-	10.71	-	
	Tien Li Offshore Wind Technology Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	946,344	54,869	1.35	54,869	
	Locus Cell Co., Ltd.	-	Financial assets at FVTOCI - non-current	5,000,000	47,852	2.50	47,852	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Value	Percentage of Ownership (%)	Fair Value	
SHC Holding Ltd.  Wah Lee Holding Ltd.  KS Corp.	Phoenix II Venture Capital Co., Ltd. Hong Yi Industrial Corp.	The Company is the director of the company -	Financial assets at FVTOCI - non-current Financial assets at FVTOCI - non-current	1,000,000 500,000	\$ 9,955 4,390	2.34 16.67	\$ 9,955 4,390	
					<u>\$ 594,342</u>		<u>\$ 594,342</u>	
	Guangzhou Yonguang Optoelectronics Co., Ltd.	-	Financial assets at FVTOCI - non-current	-	<u>\$ -</u>	12.82	<u>\$ -</u>	
	Mutual funds JPMorgan Funds-Multi-Revenue Fund-A (acc) - USD	-	Financial assets at FVTPL - current	7,737	\$ 47,144	-	\$ 47,144	
	JPMorgan Funds-Income Fund A (dist) - USD	-	Financial assets at FVTPL - current	29,965	26,420	-	26,420	
					<u>\$ 73,564</u>		<u>\$ 73,564</u>	
	HGE Co.	-	Financial assets at FVTPL - non-current	4,482,000	<u>\$ 43,479</u>	5.71	<u>\$ 43,479</u>	

(Concluded)

**TABLE 4****WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

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

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

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

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

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

**TABLE 6****WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**
**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Raycong H.K.	Asahi Kasei Wah Lee Hi-Tech Corp.	The Company is the director of the Company	Purchase	\$ (1,269,475 )	(3 )	105 days after monthly closing	No comparable transactions with third party	The terms with related parties are not significantly different from those with third parties	\$ (286,204 )	(1 )	
	Forcera Materials Co., Ltd.	The Company is the director of the Company	Purchase	(102,068 )	-	105 days after monthly closing	No comparable transactions with third party	The terms with related parties are not significantly different from those with third parties	(14,175 )	-	
	Dongguan Hua Gang	Subsidiary	Sales	603,597	15	30 to 180 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	65,773	6	
	Shanghai Yikang	Associated	Purchase	(148,174 )	(1 )	60 to 90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	(18,520 )	(1 )	
	Dongguan Hua Gang	Brother Company	Sales	137,931	1	30 to 90 days after monthly closing	Normal trade terms	The terms with related parties are not significantly different from those with third parties	15,609	-	

(Concluded)



**TABLE 7****WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**DECEMBER 31, 2022**  
(In Thousands of New Taiwan Dollars)

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

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

**TABLE 8****WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

Company Name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares	%	Carrying Amount (Note 2)	Net Income (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 2)	Note
				December 31, 2022	December 31, 2021						
The Company	Wah Lee Holding Ltd.	BVI	International investment business	\$ 430,666	\$ 430,666	13,070,000	100.00	\$ 5,446,260	\$ 481,793	\$ 528,232	Subsidiary
The Company	Raycong H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	304,113	304,113	56,000,000	53.69	4,537,436	723,613	442,375	Subsidiary
The Company	CWE Inc.	Taiwan	Agency of IC packaging material and equipment	449,349	449,349	197,902,180	29.17	3,445,921	2,163,818	624,396	Associate
The Company	Nagase Wahlee Plastics Corp.	Taiwan	Trading business of synthetic resin product and related material, agency of domestic and international products distribution quotation and bidding business	20,810	20,810	4,000,000	40.00	735,824	203,762	83,373	Associate
The Company	Wah Hong Corp.	Taiwan	Manufacturing of LCD material, BMC (bulk molding compound) material and molded product	943,223	943,032	26,129,978	26.52	1,089,305	276,315	73,279	Associate
The Company	ORC Technology Corp.	Taiwan	Trading business and service of exposure machine and parts	6,000	6,000	600,000	35.00	72,577	(11,802 )	(4,013 )	Associate
The Company	WL Japan	Japan	Trading business of synthetic resin, industrial plastic, molding machine, electromechanical parts	21,490	21,490	1,500	83.33	4,093	(56 )	(47 )	Subsidiary
The Company	WL Korea	South Korea	Trading business of synthetic resin, industrial plastic, molding machine, electromechanical parts	18,856	18,856	147,000	100.00	3,538	1,191	1,191	Subsidiary
The Company	Sakuragawa Solar Ltd.	Japan	Solar power generation business	46,008	46,008	-	99.99	88,360	8,050	8,050	Subsidiary
The Company	Miyazaki Solar Ltd.	Japan	Solar power generation business	82,103	82,103	-	99.99	39,546	4,179	4,179	Subsidiary
The Company	WL Indonesia	Indonesia	Trading business of industrial materials	48,261	48,261	1,610,000	70.00	33,094	(4,235 )	(2,965 )	Subsidiary
The Company	WL Vietnam	Vietnam	Trading business of industrial materials	16,293	16,293	-	100.00	41,394	(22,267 )	(22,267 )	Subsidiary
The Company	Tranceed Logistics	Taiwan	Freight forwarders and leasing business	95,000	95,000	9,500,000	63.33	162,719	37,374	23,670	Subsidiary
The Company	WT Industrial	Thailand	Trading business of industrial materials	200,000	200,000	7,650	51.00	245,107	78,397	32,278	Subsidiary
The Company	KS Corp.	Taiwan	Solar power generation business	661,053	661,053	27,708,077	78.67	672,498	10,288	2,553	Subsidiary
The Company	WL Philippines Corp.	Philippines	Trading business of industrial materials	7,755	7,755	127,495	99.99	6,108	(259 )	(259 )	Subsidiary
The Company	WL Philippines Inc.	Philippines	Trading business of industrial materials	7,747	7,747	126,997	99.99	5,195	1,409	1,409	Subsidiary
The Company	WH Energy	Taiwan	Solar power generation business	90,000	90,000	9,000,000	100.00	92,480	2,154	2,154	Subsidiary
The Company	ORC Corp.	Taiwan	Trading business of industrial materials	4,000	4,000	400,000	40.00	38,846	60,625	22,908	Joint Venture
The Company	ENE Corp.	Taiwan	Solar power generation business	50,000	500	5,000,000	100.00	47,762	(2,238 )	(2,238 )	Subsidiary
The Company	Hightech	Malaysia	Trading business of industrial materials	205,335	-	7,650,000	51.00	202,984	(6,211 )	(5,118 )	Subsidiary
The Company	WL Singapore	Singapore	Agency of semiconductor materials and equipment	435,145	-	1,600,000	100.00	440,609	33,785	(13,753 )	Subsidiary
Tranceed Logistics	Cyuan Cheng Logistics	Taiwan	Freight forwarders and leasing business	42,947	42,947	5,500,000	100.00	40,555	42	(154 )	Subsidiary
KS Corp.	KSA Corp.	Taiwan	Solar power generation business	55,000	55,000	6,130,000	100.00	68,895	3,869	3,869	Subsidiary
KS Corp.	KSB Corp.	Taiwan	Solar power generation business	51,130	11,130	5,113,000	100.00	51,854	367	367	Subsidiary
KS Corp.	KSC Corp.	Taiwan	Solar power generation business	54,000	1,000	5,400,000	100.00	50,264	(3,307 )	(3,307 )	Subsidiary
KS Corp.	KSD Corp.	Taiwan	Solar power generation business	127,000	67,000	12,700,000	100.00	134,683	8,903	8,903	Subsidiary
KS Corp.	HGE Co.	Taiwan	Solar power generation business	-	44,820	-	-	-	(4,502 )	(2,926 )	Note 4

(Continued)

Company Name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares	%	Carrying Amount (Note 2)	Net Income (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 2)	Note
				December 31, 2022	December 31, 2021						
Wah Lee Holding Ltd.	SHC Holding Ltd.	Mauritius	International investment business	\$ 43,892	\$ 43,892	1,290,000	100.00	\$ 754,343	\$ 102,142	\$ 102,142	Subsidiary
Wah Lee Holding Ltd.	WL Singapore	Singapore	Agency of semiconductor materials and equipment	-	51,639	-	-	-	33,785	47,538	Subsidiary
Wah Lee Holding Ltd.	Raycong H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	943,164	943,164	48,296,655	46.31	3,867,065	723,613	335,084	Subsidiary
Wah Lee Holding Ltd.	Regent King	Hong Kong	Trading business of engineering plastic, composite materials and equipment	39	39	10,000	100.00	3,523	347	347	Subsidiary
WT Industrial	WT Indonesia	Indonesia	Trading business of industrial materials	3,953	3,953	18,150	66.00	4,102	383	253	Subsidiary
WL Singapore	Gishine Tech Pte. Ltd.	Singapore	Research and development of environmental protection and cleaning technology	-	-	-	49.00	-	-	-	Associate

(Concluded)

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

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

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

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

**TABLE 9****WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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

(Continued)

<b>Investee Company</b>	<b>Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (Note 3)</b>	<b>Investment Amount Authorized by Investment Commission, MOEA (Note 2)</b>	<b>Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)</b>
The Company	\$ 384,343	\$ 2,480,528	\$ -

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

1. Dongguan Hua Gang and Shanghai Yikang: audited by the Company's CPA.
2. Others are based on unaudited financial statements.

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

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

(Concluded)

**TABLE 10****WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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

(Continued)

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

(Concluded)

**TABLE 11**

**WAH LEE INDUSTRIAL CORPORATION**

## INFORMATION OF MAJOR SHAREHOLDERS

**DECEMBER 31, 2022**[illegible]

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



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**STATEMENT 1****WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF CASH****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Amount</b>
Cash on hand	
	\$ 254
Cash in banks	
Checking accounts	1,898
Demand deposits	874,599
Foreign currency deposits	
Demand deposits	
USD25,491 thousand	782,835
JPY166,438 thousand	38,680
RMB954 thousand	4,246
EUR329 thousand	10,768
HKD0.4 thousand	<u>1</u>
	<u>\$ 1,713,281</u>

Note: Exchange rate:

USD1=NTD30.71

JPY1=NTD0.2324

RMB1=NTD4.4489

EUR1=NTD32.72

HKD1=NTD3.938

**STATEMENT 2**

**WAH LEE INDUSTRIAL CORPORATION**

**STATEMENT OF NOTES RECEIVABLE**

**DECEMBER 31, 2022**

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

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<b>Client Name</b>	<b>Amount</b>
Unrelated parties	
We Ye Enterprise Ltd.	\$ 6,178
Others (Note)	<u>99,828</u>
	<u>\$ 106,006</u>

Note: The amount of individual client included in others did not exceed 5% of the account balance.

**STATEMENT 3****WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

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<b>Client Name</b>	<b>Amount</b>
Related parties (Note)	\$ 435,733
Less: Allowance for impairment loss	<u>699</u>
	<u>435,034</u>
Unrelated parties	
Taiwan Semiconductor Manufacturing Co., Ltd.	638,380
Others (Note)	<u>6,964,657</u>
	<u>7,603,037</u>
Less: Allowance for impairment loss	<u>30,796</u>
	<u>7,572,241</u>
	<u>\$ 8,007,275</u>

Note: The amount of individual client included in others did not exceed 5% of the account balance.

**STATEMENT 4****WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF OTHER RECEIVABLES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

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<b>Client Name</b>	<b>Amount</b>
Related parties	
Consulting service income	\$ 74,526
Dividends receivable	147,969
Others (Note)	<u>6,605</u>
	<u>229,100</u>
Non-related parties	
Tax refund receivable	12,798
Others (Note)	<u>10,350</u>
	<u>23,148</u>
	<u>\$ 252,248</u>

Note: The amount of individual item included in others did not exceed 5% of the account balance.

**STATEMENT 5**

**WAH LEE INDUSTRIAL CORPORATION**

**STATEMENT OF INVENTORIES**

**DECEMBER 31, 2022**

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

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<b>Item</b>	<b>Amount</b>	
	<b>Carrying Amount</b>	<b>Net Realizable Value</b>
Merchandise	<u>\$ 3,455,972</u>	<u>\$ 3,899,752</u>

## WAH LEE INDUSTRIAL CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (In Thousands of New Taiwan Dollar)

Investees	Balance, January 1, 2022		Additions in Investment (Note)		Decrease in Investment (Note)		Balance, December 31, 2022		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	
Stock									
Daily Polymer Corp.	2,154,410	\$ 32,532	313,154	\$ -	-	\$ 83	2,467,564	\$ 32,449	None
Wah Yuen Technology Holding Limited	1,968,180	76,569	-	-	-	7,885	1,968,180	68,684	None
Jing Yi Technology Co.,	2,066,432	106,833	-	-	-	33,064	2,066,432	73,769	None
High Power Optoelectronics Inc.	67,991	-	-	-	-	-	67,991	-	None
Asahi Kasei Wah Lee Hi-tech Corp.	9,497	90,752	-	-	-	14,979	9,497	75,773	None
Forcera Materials Co., Ltd.	2,102,476	56,557	-	-	-	19,879	2,102,476	36,678	None
Univision Technology Holdings	38,794,190	-	-	-	-	-	38,794,190	-	None
Minima Technology Co., Ltd.	3,600,000	66,223	-	-	-	7,781	3,600,000	58,442	None
Taigene Biotechnology Co., Ltd.	2,300,000	11,883	-	-	-	902	2,300,000	10,981	None
Shilian Fine Chemicals Co., Ltd.	11,871,585	79,046	-	-	-	34,203	11,871,585	44,843	None
CDIB Capital Group.	3,500,000	44,544	-	15,985	500,000	5,000	3,000,000	55,529	None
Darco Water Technologies Ltd.	7,649,782	23,477	-	-	-	3,349	7,649,782	20,128	None
Eleocom Co., Ltd.	1,500,000	-	-	-	-	-	1,500,000	-	None
Tien Li Offshore Wind Technology Co., Ltd.	956,344	86,913	-	-	10,000	32,044	946,344	54,869	None
Locus Cell Co., Ltd.	5,000,000	50,000	-	-	-	2,148	5,000,000	47,852	None
Phoenix II Venture Capital Innovation Co., Ltd.	1,000,000	10,000	-	-	-	45	1,000,000	9,955	None
Hong Yi Industrial Corp.	-	-	500,000	5,000	-	610	500,000	4,390	None
		<u>\$ 735,329</u>		<u>\$ 20,985</u>		<u>\$ 161,972</u>		<u>\$ 594,342</u>	

Note: Including increase in investment, proceeds from the capital reduction, sale of shares of Tien Li Offshore Wind Technology Co., Ltd. and adjusted for fair value, etc..

## WAH LEE INDUSTRIAL CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (In Thousands of New Taiwan Dollar, Except Unit Price)

Name	Balance, January 1, 2022		Additions in Investment (Note 1)		Decrease in Investment (Note 1)		Balance, December 31, 2022			Market Value or Net Assets Value		
							% of			(Note 2)		
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Ownership	Amount	Unit Price (NT\$)	Total Amount	Collateral
Wah Lee Holding Ltd.	13,070,000	\$ 4,769,943	-	\$ 1,133,293	-	\$ 456,976	13,070,000	100.00	\$ 5,446,260	413.25	\$ 5,401,215	None
Raycong H.K.	56,000,000	3,966,512	-	570,924	-	-	56,000,000	53.69	4,537,436	80.07	4,483,865	None
CWE Inc.	197,902,180	3,194,774	-	251,147	-	-	197,902,180	29.17	3,445,921	30.30	5,996,436	None
Nagase Wahlee Plastics Corp.	4,000,000	811,217	-	-	-	75,393	4,000,000	40.00	735,824	183.96	735,824	None
Wah Hong Corp.	26,122,978	1,096,529	7,000	191	-	7,415	26,129,978	26.52	1,089,305	28.80	752,543	None
ORC Technology Corp.	600,000	76,590	-	-	-	4,013	600,000	35.00	72,577	127.63	76,577	None
WL Japan	1,500	4,285	-	-	-	192	1,500	83.33	4,093	2,729.33	4,093	None
WL Korea	147,000	2,214	-	1,324	-	-	147,000	100.00	3,538	24.07	3,538	None
Sakuragawa Solar Ltd.	-	82,913	-	5,447	-	-	-	99.99	88,360	-	88,360	None
Miyazaki Solar Ltd.	-	36,475	-	3,071	-	-	-	99.99	39,546	-	39,546	None
WL Indonesia	1,610,000	36,017	-	-	-	2,923	1,610,000	70.00	33,094	20.56	33,094	None
WL Vietnam	-	59,395	-	-	-	18,001	-	100.00	41,394	-	41,394	None
Tranceed Logistics	9,500,000	139,048	-	23,671	-	-	9,500,000	63.33	162,719	17.13	162,719	None
WT Industrial	7,650	198,042	-	47,065	-	-	7,650	51.00	245,107	31,536.47	241,254	None
KS Corp.	27,708,077	669,945	-	2,553	-	-	27,708,077	78.67	672,498	18.15	502,852	Note 3
WL Philippines Corp.	127,495	6,263	-	-	-	155	127,495	99.99	6,108	47.91	6,108	None
WL Philippines Inc.	126,977	3,719	-	1,476	-	-	126,977	99.99	5,195	40.91	5,195	None
WH Energy	9,000,000	93,206	-	-	-	726	9,000,000	100.00	92,480	10.28	92,480	None
ORC Corp.	400,000	15,938	-	22,908	-	-	400,000	40.00	38,846	97.12	38,846	None
ENE Corp.	50,000	500	4,950,000	49,500	-	2,238	5,000,000	100.00	47,762	9.55	47,762	None
Hightech	-	-	7,650,000	205,335	-	2,351	7,650,000	51.00	202,984	14.60	111,722	None
WL Singapore	-	-	1,600,000	456,976	-	16,367	1,600,000	100.00	440,609	268.15	429,047	None
		<u>\$ 15,263,525</u>		<u>\$ 2,774,881</u>		<u>\$ 586,750</u>			<u>\$ 17,451,656</u>		<u>\$ 19,294,471</u>	

Note 1: Changes in this year include acquisition or disposal investments, cash dividends received, adjustments to changes in the shareholding ratio of the investee company, the share of profits and losses and other comprehensive gains and losses of subsidiaries, affiliates and joint ventures recognized by the equity method, and the unrealized profit and loss.

Note 2: The market price is the closing price of the stock on the balance sheet date; the net equity value is calculated based on the financial statements of each invested company and the Company's shareholding ratio.

Note 3: The Company pledged 27,708,077 shares of KS Corp. to the bank as a guarantee for the syndicated loan of KS Corp.



## WAH LEE INDUSTRIAL CORPORATION

## STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Type/Bank Name	Contract Period	Interest Rate (%)	Balance, December 31, 2022	Loan Commitments	Collateral
Unsecured Borrowings					
The Shanghai Commercial & Savings Bank, Ltd.	2022.10-2023.03	5.43	\$ 511,565	\$ 921,300	None
CTBC Bank	2022.09-2023.06	5.13-5.31	521,254	800,000	None
Sumitomo Mitsui Banking Corporation	2022.11-2023.05	5.27-5.31	36,668	614,200	None
MUFG	2022.12-2023.01	5.34	30,260	500,000	None
Mizuho Bank	2022.09-2023.06	5.41	1,138,899	1,535,500	None
Fubon Bank	2022.10-2023.03	5.26-5.32	165,769	300,000	None
Taishin Bank	2022.10-2023.01	5.02-5.19	50,383	100,000	None
E. SUN Commercial Bank	2022.10-2023.03	0.6-5.39	199,380	500,000	None
Mega Bank	2022.10-2023.03	5.55	406,201	800,000	None
HSBC Hong Kong Bank	2022.09-2023.04	1.55-5.32	487,514	859,880	None
Cathay United Bank	2022.10-2023.01	4.98-5.12	139,807	500,000	None
First Commercial Bank	2022.09-2023.03	5.01-5.78	289,506	600,000	None
United Overseas Bank	2022.12-2023.01	5.29-5.31	118,791	307,100	None
Land Bank of Taiwan	2022.10-2023.03	0.59-6.01	550,206	1,000,000	None
Taiwan Business Bank	2022.11-2023.03	5.72-5.93	281,581	522,070	None
Bank of Taiwan	2022.02-2023.04	5.16-5.93	260,603	500,000	None
Export-Import Bank of the Republic of China	2022.03-2023.07	1.44	100,000	200,000	None
			<u>\$ 5,288,387</u>		

**STATEMENT 9****WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF CONTRACT LIABILITIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

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<b>Customer Name</b>	<b>Amount</b>
Related parties	
KS Corp.	\$ 41,905
KSA Corp.	<u>13,075</u>
	<u>54,980</u>
Unrelated parties	
Eco Energy Corporation	27,872
Taiwan Semiconductor Manufacturing Co., Ltd.	27,477
Mirle Automation Corporation	25,789
United Microelectronics Corporation	22,067
Teinco Technology Co., Ltd.	20,707
Fewm Co., Ltd.	19,312
Wouarf Sarl Company	17,725
Clevertouch B.V.	17,456
Others (Note)	<u>61,619</u>
	<u>240,024</u>
	<u>\$ 295,004</u>

Note: The amount of individual vendor included in others did not exceed 5% of the account balance.

**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF NOTES PAYABLE****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

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<b>Vendor Name</b>	<b>Amount</b>
Unrelated parties	
Shinkong Synthetic Fibers Corp.	\$ 13,991
Gheng Yang Transportation Co., Ltd.	4,164
Sheng Yang Auto Freight Co., Ltd.	2,503
Nan Ya Plastics Corporation	1,961
Others (Note)	<u>460</u>
	<u>\$ 23,079</u>

Note: The amount of individual vendor included in others did not exceed 5% of the account balance.

**STATEMENT 11****WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

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<b>Vendor Name</b>	<b>Amount</b>
Related parties	
Asahi Kasei Wah Lee Hi-tech Corp.	\$ 286,204
Others (Note)	<u>80,148</u>
	<u>366,352</u>
Unrelated parties	
JSR Corp.	1,053,530
Mitsubishi Chemical Taiwan Co., Ltd.	738,557
Chi Mei Corporation	519,821
Others (Note)	<u>2,023,368</u>
	<u>4,335,276</u>
	<u>\$ 4,701,628</u>

Note: The amount of individual vendor included in others did not exceed 5% of the account balance.

## WAH LEE INDUSTRIAL CORPORATION

STATEMENT OF LONG-TERM BORROWINGS  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (In Thousands of New Taiwan Dollars)

Bank Name	Contract Period and Repayment Terms	Interest Rate (%)	Balance, December 31, 2022			Collateral
			Current	Non-current	Total	
Syndicated Bank Loans						
Mega Bank	Revolving until August 2027	1.80	\$ -	\$ 2,000,000	\$ 2,000,000	None
Less: Syndicated loan free			-	4,583	4,583	
			-	1,995,417	1,995,417	
Unsecured Borrowing						
HSBC Bank	Revolving until October 2024 and repayable	1.55	-	200,000	200,000	None
MUFG Bank	Repayable in June 2024	1.05	-	300,000	300,000	None
Taipei Fubon Bank	Repayable in December 2024	1.91	-	200,000	200,000	None
			-	700,000	700,000	
Collate raised Borrowing						
Land Bank of Taiwan	Repayable monthly to June 2037	1.93	4,073	63,414	67,487	Land and Buildings
Land Bank of Taiwan	Repayable monthly to September 2032	1.93	16,930	162,934	179,864	Land and Buildings
Land Bank of Taiwan	Repayable in May 2027	1.96	-	778,000	778,000	Land and Buildings
			21,003	1,004,348	1,025,351	
			\$ 21,003	\$ 3,699,765	\$ 3,720,768	

**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF OPERATING REVENUES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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<b>Item (Note 1)</b>	<b>Quantities</b>	<b>Amount</b>
FPD (Flat Panel Display) Industry	Note 2	\$ 17,282,629
Semiconductor Industry	Note 2	15,034,212
Information and Communication Technology Industry	Note 2	6,133,787
Other (Note 3)		<u>5,587,688</u>
		<u>\$ 44,038,316</u>

Note 1: The operating revenue items were classified by the industry to which the terminal application of the sales item belongs.

Note 2: As there are many sales items and different units, the quantity was not listed.

Note 3: The amount of individual item included in others did not exceed 10% of the account balance.

**STATEMENT 14****WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>
Cost of goods sold	
Inventories, beginning of year	\$ 2,090,639
Add: Purchases	42,639,927
Less: Transfer to operating expenses	(37,296)
Transfer to other loss	(54)
Write-down of inventories	(190,518)
Inventories, end of year	<u>(3,455,972)</u>
	41,046,726
Write-down of inventories	190,518
Others	<u>(8,030)</u>
Cost of goods sold	<u>41,229,214</u>
Other operating costs	<u>8,598</u>
	<u><u>\$ 41,237,812</u></u>

**WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Marketing Expense</b>	<b>General and Administrative Expense</b>	<b>Total</b>
Employee benefits	\$ 678,561	\$ 243,074	\$ 921,635
Commission expense	253,476	-	253,476
Import/export expense	132,998	-	132,998
Freight Fee	123,216	129	123,345
Miscellaneous purchases	1,535	83,262	84,797
Depreciation and amortization	49,849	25,732	75,581
Rent expense	72,896	1,288	74,184
Others	<u>160,646</u>	<u>63,268</u>	<u>223,914</u>
	<u>\$ 1,473,177</u>	<u>\$ 416,753</u>	1,889,930
Reversal of impairment loss			<u>(33,225 )</u>
			<u>\$ 1,856,705</u>



## WAH LEE INDUSTRIAL CORPORATION

**STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021**  
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31							
	2022				2021			
	Operating Cost	Operating Expense	Non- operating Expenses	Total	Operating Cost	Operating Expense	Non- operating Expenses	Total
Employee benefit								
Salaries	\$ -	\$ 776,798	\$ -	\$ 776,798	\$ -	\$ 767,396	\$ -	\$ 767,396
Labor and health insurance	-	43,704	-	43,704	-	42,862	-	42,862
Pension	-	21,235	-	21,235	-	19,616	-	19,616
Remuneration of directors	-	37,306	-	37,306	-	42,161	-	42,161
Others	-	42,592	-	42,592	-	42,682	-	42,682
	<u>\$ -</u>	<u>\$ 921,635</u>	<u>\$ -</u>	<u>\$ 921,635</u>	<u>\$ -</u>	<u>\$ 914,717</u>	<u>\$ -</u>	<u>\$ 914,717</u>
Depreciation	\$ 3,452	\$ 69,463	\$ 3,629	\$ 76,544	\$ 632	\$ 53,938	\$ 3,629	\$ 58,199
Amortization	-	6,118	-	6,118	-	6,977	-	6,977

Note 1: The average number of the Company's employees was 412 and 421, including 5 and 4 non-employee directors in 2022 and 2021, respectively.

Note 2: The average employee benefits and salaries of the Company were as follows:

- a. The average employee benefits for the years ended December 31, 2022 and 2021 were \$2,173 thousand and \$2,092 thousand, respectively.
- b. The average salaries for the years ended December 31, 2022 and 2021 were \$1,909 thousand and \$1,840 thousand, respectively.
- c. The average salaries increased by 4% year-on-year.
- d. The Company has set up an audit committee replace supervisors.
- e. The Company's salary and remuneration policies (including directors, executive officers and employees) are as follows:

1) Directors

The salaries and remuneration of directors are determined and proposed by the remuneration committee in accordance with the following policies, and submitted to the board of directors for resolution.

a) Remuneration of directors

According to the Company's Articles, where the Company made a profit in a fiscal year, the compensation of employees and remuneration of directors shall be accrued at the rates between 9% and 13% and no higher than 2%, respectively.

(Continued)

b) Transport allowance

According to the Company's remuneration and compensation policy, 1) the transport allowance per person (one-time payment) for attending the board of directors' meeting is \$10 thousand; 2) directors who do not attend the board of directors' meeting in person are not allowed to be paid the transport allowance; 3) the adjustment for transport allowance shall be proposed by the remuneration committee and submitted to the board of directors for approval.

c) Other remuneration

According to the Company's Articles, the remuneration of directors for participating in the Company's daily operations is determined and proposed by the remuneration committee based on their participation and contribution to the Company, and submitted to the board of directors for approval.

2) Executive officers

The salaries and remuneration of executive officers are determined and proposed by the remuneration committee in accordance with the following policies, and submitted to the board of directors for resolution.

- a) The salary and remuneration policy for executive officers should be competitive in the market. The overall compensation includes fixed salary, incentive bonus, welfare, and other indirect compensation.
- b) The salary and remuneration policy for executive officers should meet the Company's business strategies, and the remuneration of executive officers should be highly correlated with the Company's performance indicators.

3) Employees

- a) The salary and remuneration of employees include fixed salary, bonuses, compensation, stock options, share dividends, retirement benefits, various allowances, and other incentives and rewards, etc.
- b) The salary and remuneration are determined based on each employee's job responsibilities and the Company's policies.

According to the Company's Articles, where the Company made a profit in a fiscal year, the compensation of employees shall be accrued at the rates between 9% and 13%. The compensation paid to each employee is determined based on each employee's job responsibilities, individual performance and the overall level of the contribution to the Company.

(Concluded)