

## Wah Lee Industrial Corporation

Parent Company Only Financial Statements for the Years  
Ended December 31, 2023 and 2022 and Independent  
Auditors' Report

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## Table of Contents

Item	Page	Notes to Financial Statements
I. Cover	1	-
II. Table of Contents	2	-
III. Independent Auditors' Report	3-6	-
IV. Parent Company Only Balance Sheets	7	-
V. Parent Company Only Statements of Comprehensive Income	8-9	-
VI. Parent Company Only Statements of Changes in Equity	10	-
VII. Parent Company Only Statements of Cash Flows	11-12	-
VIII. Notes to Parent Company Only Financial Statements		
1. Organization	13	1
2. Date and Procedures for Approval of Financial Statements	13	2
3. Application of New, Amended and Revised Standards and Interpretations	13-15	3
4. Summary of Significant Accounting Policies	15-26	4
5. Critical Accounting Judgments and Key Sources of Estimation Uncertainties	26	5
6. Summary of Significant Accounting Policies	26-53	6-25
7. Related Party Transactions	53-58	26
8. Assets Pledged as Collateral	58	27
9. Significant contingent liabilities and unrecognized commitments	58	28
10. Material Disaster Loss	-	-
11. Information about Significant Transactions After the Period	-	-
12. Significant assets and liabilities denominated in foreign currency	58-59	29
13. Additional Disclosures		
a. Information about Significant Transactions	59-60, 61-66	30
b. Information on Investees	60, 67-68	30
c. Information on investments in mainland China	60, 69-70	30
d. Information on major shareholders	60, 71	30
IX. List of Significant Accounting Policies	72-87	-

## **INDEPENDENT AUDITORS' REPORT**

Wah Lee Industrial Corporation:

### **Opinion**

We have audited the accompanying parent only financial statements of Wah Lee Industrial Corporation (collectively referred to as the “Company”), which comprise the balance sheets as of December 31, 2023 and 2022, 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 “parent company only 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, 2023 and 2022, 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 of Wah Lee for the year ended December 31, 2023. 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, 2023 is described as follows:

#### Occurrence of revenue from specific customers

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

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

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

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

#### Other Matter

The financial statements of some investees accounted for using the equity method in the Company's parent company only financial statements for the years ended December 31, 2023 and 2022 were audited by other independent auditors; accordingly, our opinion insofar as it relates to the amounts and information disclosed, is based solely on the reports of other independent auditors. The carrying values of the investments accounted for using the equity method as of December 31, 2023 and 2022 were NT\$686,672 thousand and NT\$735,824 thousand, respectively, both representing 2% of total parent company only assets; the amounts of the share of profit of associates for the years ended December 31, 2023 and 2022 were NT\$57,386 thousand and NT\$83,373 thousand, representing 2% and 3% 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, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche  
CPA Chiu-Yen Wu

CPA Jui-Hsuan Hsu

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March 14, 2024

Notices to Readers

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

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

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

# WAH LEE INDUSTRIAL CORPORATION

## PARENT COMPANY ONLY BALANCE SHEETS

Unit: In Thousands of New Taiwan Dollars

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash (Note 6)	\$ 1,703,009	5	\$ 1,713,281	5
Financial assets at fair value through other comprehensive income - current (Notes 4 and 7)	167,000	-	148,500	-
Notes receivable (Notes 4 and 8)	103,355	-	106,006	-
Accounts receivable, net (Notes 4, 5 and 8)	7,751,764	21	7,572,241	21
Accounts receivable - related parties (Notes 4, 5, 8 and 26)	380,031	1	435,034	1
Other receivables	34,688	-	23,148	-
Other receivables - related parties (Note 26)	200,076	1	229,100	1
Merchandise (Notes 4, 5 and 9)	2,322,315	6	3,455,972	10
Prepayments for purchases	1,440,421	4	1,093,884	3
Other current assets	34,796	-	36,319	-
Total current assets	14,137,455	38	14,813,485	41
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	808,840	2	594,342	2
Investments accounted for using the equity method (Notes 4, 10 and 27)	18,952,956	51	17,451,656	48
Property, plant and equipment (Notes 4, 11, 26 and 27)	2,492,567	7	2,379,243	7
Right-of-use assets (Notes 4 and 12)	60,384	-	60,505	-
Net investment property (Notes 4, 13 and 27)	440,020	1	429,341	1
Intangible Assets	8,899	-	11,002	-
Deferred tax assets (Notes 4 and 22)	232,741	1	274,434	1
Refundable deposits	49,722	-	53,588	-
Total non-current assets	23,046,129	62	21,254,111	59
Total assets	\$ 37,183,584	100	\$ 36,067,596	100
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Short-term borrowings (Note 14)	\$ 5,549,045	15	\$ 5,288,387	15
Contract liabilities - current (Notes 20 and 26)	410,836	1	295,004	1
Notes payable (Note 16)	15,355	-	23,079	-
Accounts payable (Note 16)	3,751,198	10	4,335,276	12
Accounts payable - related parties (Notes 16 and 26)	293,452	1	366,352	1
Other payables (Notes 17 and 26)	786,644	2	823,816	2
Other payables - related parties (Note 26)	110,515	-	105,336	-
Current tax liabilities (Note 22)	165,585	1	228,842	1
Provisions - current (Notes 4 and 28)	-	-	36,793	-
Lease liabilities - current (Notes 4 and 12)	14,937	-	17,742	-
Bonds due within one year	1,996,598	5	-	-
Current portion of long-term borrowings (Note 14)	21,194	-	21,003	-
Refund liability - current	359,814	1	294,362	1
Other current liabilities	24,818	-	18,613	-
Total current liabilities	13,499,991	36	11,854,605	33
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 15)	-	-	1,994,084	6
Long-term borrowings (Note 14)	3,379,791	9	3,699,765	10
Provisions - non-current	17,200	-	15,311	-
Deferred tax liabilities (Notes 4 and 22)	1,421,452	4	1,446,269	4
Lease liabilities - on-current (Notes 4 and 12)	51,203	-	47,880	-
Net defined benefit liability - non-current (Notes 4 and 18)	235,726	1	250,925	1
Guarantee deposits received	3,203	-	2,973	-
Total non-current liabilities	5,108,575	14	7,457,207	21
Total liabilities	18,608,566	50	19,311,812	54
<b>EQUITY (Note 19)</b>				
Ordinary share capital	2,360,203	6	2,360,179	6
Pre-acquired capital (Note 15)	2,190	-	-	-
Total capital	2,362,393	6	2,360,179	6
Capital Surplus	2,092,166	6	2,036,714	6
<b>Retained Earnings</b>				
Legal reserve	2,968,189	8	2,710,197	8
Special reserve	448,559	1	184,623	-
Undistributed earnings	10,066,449	27	9,912,630	27
Total retained earnings	13,483,197	36	12,807,450	35
Other Equity	637,262	2	(448,559)	(1)
Total equity	18,575,018	50	16,755,784	46
TOTAL LIABILITIES AND EQUITY	\$ 37,183,584	100	\$ 36,067,596	100

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

(Please refer to Deloitte & Touche auditors' report dated March 14, 2024)

# Wah Lee Industrial Corporation

## Parent Company Only Statements of Comprehensive Income

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 26)	\$ 39,227,864	100	\$ 44,038,316	100
OPERATING COSTS (Notes 9, 21 and 26)	36,389,618	93	41,237,812	94
GROSS PROFIT	2,838,246	7	2,800,504	6
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(4,896)	-	(2,867)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	2,867	-	6,949	-
REALIZED GROSS PROFIT	2,836,217	7	2,804,586	6
OPERATING EXPENSES (Notes 8, 21 and 26)				
Selling and marketing expenses	1,414,709	4	1,473,177	3
General and administrative expenses	421,560	1	416,753	1
Expected credit loss recognized (reversed)	7,656	-	(33,225)	-
Total operating expenses	1,843,925	5	1,856,705	4
OPERATING INCOME	992,292	2	947,881	2
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 26)				
Interest income	25,130	-	3,012	-
Other income	207,443	1	219,026	1
Other gains and losses	45,089	-	139,331	-
Financial costs	(367,918)	(1)	(193,940)	-
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	1,577,145	4	1,799,387	4
Total	1,486,889	4	1,966,816	5

(Continued)



# Wah Lee Industrial Corporation

## Parent Company Only Statements of Comprehensive Income

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

	2023		2022	
	Amount	%	Amount	%
INCOME BEFORE TAX	\$2,479,181	6	\$2,914,697	7
INCOME TAX EXPENSES (Notes 4 and 22)	365,464	1	429,897	1
Net income for this year	2,113,717	5	2,484,800	6
OTHER COMPREHENSIVE INCOME (Notes 19 and 22)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasured amount of defined benefit plans	7,660	-	21,868	-
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	251,897	-	(200,999)	-
Share of other comprehensive income (loss) of subsidiaries, associates accounted for using the equity method	1,096,002	3	(322,129)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(11,627)	-	(2,127)	-
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries, associates accounted for using the equity method	(233,620)	-	375,456	-
Income tax relating to items that may be reclassified subsequently to profit or loss	18,349	-	(40,884)	-
Other Comprehensive Income of the Year (net of tax)	1,128,661	3	(168,815)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$3,242,378	8	\$2,315,985	5
EARNINGS PER SHARE (Note 23)				
Basic	\$8.96		\$10.53	
Diluted	\$8.13		\$9.62	

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

(Please refer to Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)

**Wah Lee Industrial Corporation**

**Parent Company Only Statements of Changes in Equity  
From January 1 to December 31, 2023 and 2022**

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

	Capital			Retained Earnings			Other equity items			
	Ordinary share capital	Pre-acquired capital	Capital Surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gain on financial assets at FVTOCI	Total	Total Equity
Balance at January 1, 2022	\$ 2,360,179	\$ -	\$ 1,690,292	\$ 2,412,040	\$ 636,618	\$ 8,783,793	( \$ 678,629 )	\$ 494,006	( \$ 184,623 )	\$ 15,698,299
Appropriation and distribution for 2021 earnings										
Legal reserve	-	-	-	298,157	-	( 298,157 )	-	-	-	-
Special reserve reversed	-	-	-	-	( 451,995 )	451,995	-	-	-	-
Cash dividends distributed to the shareholders of the Company	-	-	-	-	-	( 1,604,922 )	-	-	-	( 1,604,922 )
	-	-	-	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 2022	-	-	-	-	-	2,484,800	-	-	-	2,484,800
Other comprehensive income(loss) after tax for 2022	-	-	-	-	-	18,662	334,572	( 522,049 )	( 187,477 )	( 168,815 )
Total comprehensive income (loss) for 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
Appropriation and distribution for 2022 earnings										
Legal reserve	-	-	-	257,992	-	( 257,992 )	-	-	-	-
Special reserve	-	-	-	-	263,936	( 263,936 )	-	-	-	-
Cash dividends distributed to the shareholders of the Company	-	-	-	-	-	( 1,439,709 )	-	-	-	( 1,439,709 )
	-	-	-	257,992	263,936	( 1,961,637 )	-	-	-	( 1,439,709 )
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	20,516	-	-	( 41,101 )	-	-	-	( 20,585 )
Net profit for 2023	-	-	-	-	-	2,113,717	-	-	-	2,113,717
Other comprehensive income(loss) after tax for 2023	-	-	-	-	-	6,219	( 215,271 )	1,337,713	1,122,442	1,128,661
Total comprehensive income (loss) for 2023	-	-	-	-	-	2,119,936	( 215,271 )	1,337,713	1,122,442	3,242,378
Conversion of convertible corporate bonds	24	2,190	16,801	-	-	-	-	-	-	19,015
Difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition or disposal (Note 10)	-	-	18,135	-	-	-	-	-	-	18,135
Disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	36,621	-	( 36,621 )	( 36,621 )	-
Balance at December 31, 2023	\$ 2,360,203	\$ 2,190	\$ 2,092,166	\$ 2,968,189	\$ 448,559	\$ 10,066,449	( \$ 559,328 )	\$ 1,196,590	\$ 637,262	\$ 18,575,018

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

(Please refer to Deloitte & Touche auditors' report dated March 14, 2024)

**Wah Lee Industrial Corporation**

**Parent Company Only Statements of Cash Flows**

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

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for this year before tax	\$ 2,479,181	\$ 2,914,697
Adjustments for:		
Depreciation expenses	74,517	76,544
Amortization expenses	3,983	6,118
Expected credit loss recognized (reversed)	7,656	( 33,225 )
Loss of financial assets at FVTPL	-	1,200
Financial costs	367,918	193,940
Interest income	( 25,130 )	( 3,012 )
Dividend income	( 13,231 )	( 12,956 )
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	( 1,577,145 )	( 1,799,387 )
Benefits from disposal of equity in subsidiaries	( 13,873 )	-
Write-down (Gain from price recovery) of inventories	( 178,526 )	190,518
Unrealized gain on transactions with subsidiaries	4,896	2,867
Realized gain on transactions with subsidiaries	( 2,867 )	( 6,949 )
Unrealized gains on foreign currency translation	( 59,633 )	( 67,122 )
Loss provision recognized	1,587	19,711
Others	( 201 )	( 33 )
Net changes in operating assets and liabilities		
Notes receivable	2,651	67,339
Accounts receivable	( 186,813 )	1,480,575
Accounts receivable - related parties	54,637	519,742
Other receivables	( 11,491 )	16,721
Other receivables - related parties	( 9,995 )	29,660
Merchandise inventories	1,312,183	( 1,555,851 )
Prepayments for purchases	( 346,537 )	748,107
Other current assets	1,523	( 24,471 )
Contract liabilities	115,832	( 61,216 )
Notes payable	( 7,724 )	( 14,917 )
Accounts payable	( 584,078 )	( 396,141 )
Accounts payable - related parties	( 72,900 )	( 122,385 )
Other payables	( 39,598 )	( 50,925 )
Other payables - related parties	5,607	27,926
Provisions	( 38,380 )	( 13,004 )
Refund liabilities	65,452	119,360
Other current liabilities	6,205	( 1,917 )
Net defined benefit liabilities	( 7,539 )	( 8,943 )
Cash generated from operations	1,328,167	2,242,571
Interest received	25,081	3,012
Dividends received	1,227,390	646,805
Interest paid	( 342,099 )	( 149,415 )
Income tax paid	( 399,330 )	( 334,656 )
Net cash generated from operating activities	<u>1,839,209</u>	<u>2,408,317</u>

(Continued)

**Wah Lee Industrial Corporation****Parent Company Only Statements of Cash Flows****Unit: In Thousands of New Taiwan Dollars**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ -	(\$ 5,000)
Price of disposal of financial assets at FVTOCI	185	488
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	18,714	5,000
Obtained investment accounted for using the equity method	( 24,000 )	( 191 )
Investment accounted for disposal using the equity method	116,230	-
Payment for subsidiaries	( 143,203 )	( 205,335 )
Payment for property, plant, and equipment	( 176,920 )	( 1,538,742 )
Proceeds from disposal of property, plant, and equipment	531	-
Decrease (increase) of refundable deposits	3,866	( 1,304 )
Acquisition of other intangible assets	( <u>1,880</u> )	( <u>100</u> )
Net cash used in investing activities	( <u>206,477</u> )	( <u>1,745,184</u> )
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	320,291	149,152
Proceeds from long-term borrowings	200,000	3,377,029
Repayment of long-term borrowings	( 520,783 )	( 2,023,080 )
Decrease in guarantee deposits received	230	( 136 )
Repayment of the principal portion of lease liabilities	( 20,694 )	( 19,463 )
Distributed cash dividends to shareholders	( 1,439,709 )	( 1,604,922 )
Payment for equity in subsidiaries	( <u>182,339</u> )	( <u>484,645</u> )
Net cash used in financing activities	( <u>1,643,004</u> )	( <u>606,065</u> )
NET INCREASE (DECREASE) IN CASH	( 10,272 )	57,068
BALANCE IN CASH AT THE BEGINNING OF THE YEAR	<u>1,713,281</u>	<u>1,656,213</u>
BALANCE IN CASH AT THE END OF THE YEAR	<u>\$ 1,703,009</u>	<u>\$ 1,713,281</u>

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

(Please refer to Deloitte &amp; Touche auditors' report dated March 14, 2024)

(Concluded)

# **WAH LEE INDUSTRIAL CORPORATION**

## **Notes to Parent Company Only Financial Statements**

**From January 1 to December 31, 2023 and 2022**

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

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### **1. Organization**

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

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

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

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

The parent company only financial statements were approved by the Board of Directors on March 14, 2024.

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

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

Except as described below, the application of the amended IFRSs endorsed by the FSC and published as effective will not result in significant changes in the Company’s accounting policies:

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

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

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

The amendment introduces an exception to IAS 12 that specifies that the Company shall not recognize deferred income tax assets and liabilities related to Pillar II income taxes and shall not disclose information about such deferred income taxes, but shall disclose that it has applied the exception and shall separately disclose current income tax expense (benefit) related to Pillar Two income taxes. In addition, during the period in which the Pillar Two Act has been legislated or has been substantially legislated but has not yet become effective, the Company shall disclose qualitative and quantitative information that

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

b. IFRSs recognized by the FSC for 2024

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

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

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

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

As of the date the 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

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

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

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

As of the date the 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 Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

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

The 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 the financial instruments measured at fair value, and the net defined benefit liabilities measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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 Currency Amount

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 inventories

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

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.

When the Company loses control of a subsidiary, the gain or loss on disposal is the difference between (1) the aggregate of the fair value of the consideration received and the remaining investment in the former subsidiary based on the fair value at the date of loss of control, and (2) the aggregate of the former subsidiary's assets (including goodwill) and liabilities and noncontrolling interest based on the carrying amount at the date of loss of control.

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.

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

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 corporate 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) Post-employment benefits

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

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

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

r. Income taxes

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

1) Current income taxes

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

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

3) Current and deferred taxes for the year

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

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

In the application of the 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.

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.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 223	\$ 254
Demand deposits in banks	1,700,994	1,711,129
Check accounts in banks	<u>1,792</u>	<u>1,898</u>
	<u>\$ 1,703,009</u>	<u>\$ 1,713,281</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 assets at FVTOCI

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Domestic investments in equity instruments		
TPEX-listed stocks	<u>\$ 167,000</u>	<u>\$ 148,500</u>
<u>Non-current</u>		
Domestic investments in equity instruments		
Listed and Emerging Shares	\$ 368,401	\$ 87,318
Unlisted stocks	<u>315,647</u>	<u>418,212</u>
	<u>684,048</u>	<u>505,530</u>
Foreign investments in equity instruments		
TWSE-listed stocks	18,886	20,128
TWSE-unlisted stocks	<u>105,906</u>	<u>68,684</u>
	<u>124,792</u>	<u>88,812</u>
	<u>\$ 808,840</u>	<u>\$594,342</u>

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

## 8. Notes receivable and accounts receivable, net

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable - unrelated parties		
Notes receivable - operating	<u>\$ 103,355</u>	<u>\$ 106,006</u>
Accounts receivable - unrelated parties		
At amortized cost		
Gross carrying amount	\$ 7,789,850	\$ 7,603,037
Less: Allowance for losses	<u>38,086</u>	<u>30,796</u>
	<u>\$ 7,751,764</u>	<u>\$ 7,572,241</u>
Accounts receivable - related parties		
At amortized cost		
Gross carrying amount	\$ 381,096	\$ 435,733
Less: Allowance for losses	<u>1,065</u>	<u>699</u>
	<u>\$ 380,031</u>	<u>\$ 435,034</u>

The main credit period of sales of goods was 30-120 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, 2023

Cost	Counterparty without signs of default				Counterparty with signs of default	Total
	Not past due	Past due by 1-60 days	Past due by 61-180 days	Past due over 181 days		
Expected credit loss rate (%)	0.01	1-5	10-40	50	100	
Gross carrying amount	\$ 7,707,699	\$ 504,009	\$ 12,994	\$ 49,342	\$ 257	\$ 8,274,301
Loss allowance (Lifetime ECLs)	( 6,179)	( 6,061)	( 1,983)	( 24,671)	( 257)	( 39,151)
Amortized cost	<u>\$ 7,701,520</u>	<u>\$ 497,948</u>	<u>\$ 11,011</u>	<u>\$ 24,671</u>	<u>\$ -</u>	<u>\$ 8,235,150</u>

#### December 31, 2022

Cost	Counterparty without signs of default				Counterparty with signs of default	Total
	Not past due	Past due by 1-60 days	Past due by 61-180 days	Past due over 181 days		
Expected credit loss rate (%)	0.1	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>

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

	2023	2022
Balance at the beginning of the year	\$ 31,495	\$ 68,253
Provision (reversal) for the year	7,656	( 33,225 )
Amounts written off for the year	-	( 3,533 )
Balance at the end of the year	<u>\$ 39,151</u>	<u>\$ 31,495</u>

## 9. Merchandise inventories

The costs of inventories recognized in cost of goods sold for 2023 and 2022 were \$36,379,121 thousand and \$41,229,214 thousand respectively, which included the following items:

	2023	2022
Write-down (Gain from price recovery) of inventories	( \$ 178,526 )	\$ 190,518
Others	( 40,540 )	( 8,030 )
	<u>( \$ 219,066 )</u>	<u>\$ 182,488</u>

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

## 10. Investment accounted for using the equity method

	December 31, 2023	December 31, 2022
Investments in subsidiaries	\$ 12,510,247	\$ 12,069,183
Investments in associates	6,390,165	5,343,627
Investment in joint ventures	52,544	38,846
	<u>\$ 18,952,956</u>	<u>\$ 17,451,656</u>

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

### a. Investments in subsidiaries

	December 31, 2023		December 31, 2022	
	Carrying Value	Equity %	Carrying Value	Equity %
<u>Unlisted (over-the-counter) companies</u>				
Wah Lee Holding Ltd.	\$ 5,478,251	100.00	\$ 5,446,260	100.00
Raycong Industrial (H.K.) Ltd. (Raycong H.K.)	4,604,001	53.69	4,537,436	53.69
Wah Lee Japan Corp. (WL Japan)	3,792	83.33	4,093	83.33
Wah Lee Korea Ltd. (WL Korea)	3,399	100.00	3,538	100.00
Sakuragawa Solar Ltd.	85,772	99.99	88,360	99.99
Miyazaki Solar Ltd.	40,538	99.99	39,546	99.99
PT. Wah Lee Indonesia (WL Indonesia)	26,807	70.00	33,094	70.00
Wah Lee Vietnam Co., Ltd. (WL Vietnam)	40,836	100.00	41,394	100.00
Tranceed Logistics Co., Ltd. (Tranceed Logistics)	180,696	63.33	162,719	63.33
Wah Tech Industrial Co., Ltd. (WT Industrial)	242,991	51.00	245,107	51.00
Kingstone Energy Technology Corporation (KS Corp.)	824,738	94.68	672,498	78.67
Wah Heng Energy Technology Corp. (WH Energy)	-	-	92,480	100.00
Evergreen New Energy Corporation	122,955	100.00	47,762	100.00
Wah Lee Philippines International Corp. (WL Philippines Corp.)	5,661	99.99	6,108	99.99
Wah Lee Philippines Inc. (WL Philippines Inc.)	8,856	99.99	5,195	99.99
Hightech Polymer Sdn. Bhd. (Hightech)	210,683	51.00	202,984	51.00
Wah Lee Tech (Singapore) Pte. Ltd. (WL Singapore)	494,891	100.00	440,609	100.00
High Tech Gas Company Ltd. (High Tech Gas)	90,029	60.00	-	-
Advance Hightech Solutions Inc. (Advance Hightech)	33,800	100.00	-	-
Wah Lee Innovation Materials Private Limited (WL India)	11,551	99.00	-	-
	<u>\$ 12,510,247</u>		<u>\$ 12,069,183</u>	

- 1) On November 1, 2023, the Company sold all of its 100% equity interest in WH Energy to a related party, Eternity WH Energy for NT\$116,230 thousand in cash, resulting in a gain of NT\$13,873 thousand from the disposal of the investment. Please refer to Note 27 to the Company's Consolidated Financial Statements for 2023.
  - 2) In September 2023, the Company made a new investment of NT\$90,000 thousand in High Tech Gas in Taiwan.
  - 3) In September 2023, the Company invested NT\$38,628 thousand (US\$1,200 thousand) to establish Advance Hightech in the United States.
  - 4) In May 2023, the Company invested NT\$14,575 thousand (US\$474 thousand) to establish WL India in India.
  - 5) In August 2023, the Company purchased 16.01% of the shares of KS Corp. from a non-affiliated party for \$102,339 thousand in cash, resulting in an increase in the Company's shareholding to 94.68%. Since the above transaction did not change the Group's control over KS Corp., the Company accounted for it as an equity transaction and increased capital surplus by NT\$18,135 thousand.
  - 6) For operational development needs, the board of directors of the Company resolved to acquire 100% shares of WL Singapore from Wah Lee Holding Ltd. in November 2022, which was accounted for as a restructuring transaction under common control, for the price of NT\$435,145 thousand.
  - 7) 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 a description of the acquisition of Hightech, see Note 26 to the Company's Consolidated Financial Statements of 2023.
  - 8) To cope with the operation plan, the subsidiary, ENE Corp., had a cash capital increase of NT\$80,000 thousand and NT\$49,500 thousand in May 2023 and 2022, respectively, which was fully subscribed by the Company.
  - 9) As of December 31, 2022, the amount set up as a guarantee for loans from subsidiaries by investing in subsidiaries' stocks is shown in Note 27 to the financial statements.
- b. Investments in associates and joint ventures

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Investments in associates</u>		
Material associates		
CWE Inc.	\$ 4,501,055	\$ 3,445,921
Associates that are not individually material	<u>1,889,110</u>	<u>1,897,706</u>
	6,390,165	5,343,627
<u>Investment in joint ventures</u>		
Joint ventures that are not individually material	<u>\$ 52,544</u>	<u>\$ 38,846</u>
	<u>\$6,442,709</u>	<u>\$5,382,473</u>

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

1) Material associates

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

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

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current Assets	\$ 15,661,938	\$ 15,937,010
Non-current assets	20,604,238	17,184,256
Current Liabilities	( 9,936,473 )	( 9,299,580 )
Non-current Liabilities	( 6,790,647 )	( 7,434,740 )
Equity	19,539,056	16,386,946
Non-controlling Interests	( 4,528,075 )	( 4,805,267 )
	<u>\$ 15,010,981</u>	<u>\$ 11,581,679</u>
Percentage of ownership held by the Company (%)	29.54	29.17
Equity attributable to the Company	\$ 4,433,628	\$ 3,378,494
Goodwill	<u>67,427</u>	<u>67,427</u>
Carrying amount of investment	<u>\$ 4,501,055</u>	<u>\$ 3,445,921</u>
Operating Revenue	<u>\$ 16,490,002</u>	<u>\$ 21,858,509</u>
Net income for this year	\$ 2,248,755	\$ 3,572,984
Other comprehensive (loss) income for the year	<u>3,724,543</u>	( <u>861,497</u> )
Total comprehensive income for the year	<u>\$ 5,973,298</u>	<u>\$ 2,711,487</u>
Cash dividends received	<u>\$ 500,693</u>	<u>\$ 395,805</u>

(Concluded)

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

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

	<u>2023</u>	<u>2022</u>
Shares attributable to the Company		
Net income for this year	\$ 120,054	\$ 175,547
Other comprehensive (loss) income for the year	( <u>6,197</u> )	( <u>2,142</u> )
Total comprehensive income for the year	<u>\$ 113,857</u>	<u>\$ 173,405</u>

3) Changes in investment in associates and joint ventures

- a) In March 2023, the Company invested in the established Hengyuan New Energy Company with an investment amount of NTD 24,000,000 and a shareholding ratio of 12%. As the Company obtained two directors, it was assessed to have a significant influence on the Company and was classified as an investment under the equity method.
- b) For the year ended December 31, 2022, the Company purchased 7 thousand shares of Wah Hong Corp. in the open market for NT\$191 thousand in cash, which increased the Company's shareholding to 26.52%.

## 11. Property, Plant, and Equipment

### 2023

	Land	Buildings	Power Generation Equipment	Others	Property under Construction and Equipment to be Inspected	Total
<b>Cost</b>						
Balance at the beginning of the year	\$ 1,763,087	\$ 311,978	\$ 104,465	\$ 578,816	\$ 250,932	\$ 3,009,278
Additions	-	393	4,069	5,826	167,229	177,517
Disposals	-	( 369 )	( 85 )	( 1,276 )	-	( 1,730 )
Reclassified	( 10,345 )	( 7,611 )	23,697	1,233	( 26,564 )	( 19,590 )
Balance at the end of the year	<u>\$ 1,752,742</u>	<u>\$ 304,391</u>	<u>\$ 132,146</u>	<u>\$ 584,599</u>	<u>\$ 391,597</u>	<u>\$ 3,165,475</u>
<b>Accumulated depreciation</b>						
Balance at the beginning of the year	\$ -	\$ 147,789	\$ 8,260	\$ 473,986	\$ -	\$ 630,035
Depreciation expenses	-	5,521	4,540	39,293	-	49,354
Disposals	-	( 369 )	( 7 )	( 994 )	-	( 1,370 )
Reclassified	-	( 5,111 )	-	-	-	( 5,111 )
Balance at the end of the year	<u>\$ -</u>	<u>\$ 147,830</u>	<u>\$ 12,793</u>	<u>\$ 512,285</u>	<u>\$ -</u>	<u>\$ 672,908</u>
Net amount at the end of the year	<u>\$ 1,752,742</u>	<u>\$ 156,561</u>	<u>\$ 119,353</u>	<u>\$ 72,314</u>	<u>\$ 391,597</u>	<u>\$ 2,492,567</u>

### 2022

	Land	Buildings	Power Generation Equipment	Others	Property under Construction and Equipment to be Inspected	Total
<b>Cost</b>						
Balance at the beginning of the year	\$ 517,348	\$ 311,978	\$ -	\$ 568,334	\$ 77,246	\$ 1,474,906
Additions	1,245,739	-	15,658	28,669	252,600	1,542,666
Disposals	-	-	-	( 8,294 )	-	( 8,294 )
Reclassified	-	-	88,807	( 9,893 )	( 78,914 )	-
Balance at the end of the year	<u>\$ 1,763,087</u>	<u>\$ 311,978</u>	<u>\$ 104,465</u>	<u>\$ 578,816</u>	<u>\$ 250,932</u>	<u>\$ 3,009,278</u>
<b>Accumulated depreciation</b>						
Balance at the beginning of the year	\$ -	\$ 142,237	\$ -	\$ 447,459	\$ -	\$ 589,696
Depreciation expenses	-	5,552	3,452	39,629	-	48,633
Disposals	-	-	-	( 8,294 )	-	( 8,294 )
Reclassified	-	-	4,808	( 4,808 )	-	-
Balance at the end of the year	<u>\$ -</u>	<u>\$ 147,789</u>	<u>\$ 8,260</u>	<u>\$ 473,986</u>	<u>\$ -</u>	<u>\$ 630,035</u>
Net amount at the end of the year	<u>\$ 1,763,087</u>	<u>\$ 164,189</u>	<u>\$ 96,205</u>	<u>\$ 104,830</u>	<u>\$ 250,932</u>	<u>\$ 2,379,243</u>

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



	2023	2022
Additions	\$ 177,517	\$ 1,542,666
Interest capitalization	( 5,869 )	( 4,577 )
Decrease in payables for equipment	6,733	1,204
Payable for equipment - related parties	428	-
Increase in provisions	( 1,889 )	( 551 )
Cash paid	<u>\$ 176,920</u>	<u>\$ 1,538,742</u>

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

Buildings	
Offices	41-61 years
Office interior decoration	5
Power Generation Equipment	7-20 years
Others	
Cylinders	5-9 years
Container warehouse	8
Others	2-11 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 27 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.

## 12. Lease Agreements

- a. Right-of-use assets

2023

	Buildings	Other equipment	Total
Cost			
Balance at January 1, 2023	\$ 81,819	\$ 26,542	\$ 108,361
Additions	22,336	3,619	25,955
Derecognition	( 4,751 )	( 1,348 )	( 6,099 )
Lease modification	( 4,713 )	-	( 4,713 )
Balance at December 31, 2023	<u>\$ 94,691</u>	<u>\$ 28,813</u>	<u>\$ 123,504</u>
Accumulated depreciation			
Balance at January 1, 2023	\$ 36,633	\$ 11,223	\$ 47,856
Depreciation expenses	15,627	5,736	21,363
Derecognition	( 4,751 )	( 1,348 )	( 6,099 )
Balance at December 31, 2023	<u>\$ 47,509</u>	<u>\$ 15,611</u>	<u>\$ 63,120</u>
Carrying amount at December 31, 2023	<u>\$ 47,182</u>	<u>\$ 13,202</u>	<u>\$ 60,384</u>

## 2022

	Buildings	Other equipment	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 33,530	\$ 9,392	\$ 42,922
Additions	54,104	17,600	71,704
Lease modification	( 5,815 )	( 450 )	( 6,265 )
Balance at December 31, 2022	<u>\$ 81,819</u>	<u>\$ 26,542</u>	<u>\$ 108,361</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ 18,393	\$ 5,181	\$ 23,574
Depreciation expenses	18,240	6,042	24,282
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>

### b. Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	<u>\$ 14,937</u>	<u>\$ 17,742</u>
Non-current	<u>\$ 51,203</u>	<u>\$ 47,880</u>

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

	December 31, 2023	December 31, 2022
Buildings	1.43-2.03	1.43-1.80
Other equipment	1.43-1.92	0.98-1.80

### c. Material leasing activities and terms

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

### d. Other lease information

	2023	2022
Expenses relating to short-term leases	<u>\$ 88,282</u>	<u>\$ 72,096</u>
Expenses relating to low-value asset leases	<u>\$ 924</u>	<u>\$ 2,094</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 2,061</u>	<u>\$ 1,093</u>
Total cash outflow for leases	<u>\$ 113,229</u>	<u>\$ 95,901</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.

### 13. Investment properties

#### 2023

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 268,412	\$ 185,076	\$ 453,488
Reclassified	<u>10,345</u>	<u>9,245</u>	<u>19,590</u>
Balance at December 31, 2023	<u>\$ 278,757</u>	<u>\$ 194,321</u>	<u>\$ 473,078</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 24,147	\$ 24,147
Reclassified	-	5,111	5,111
Depreciation expenses	-	<u>3,800</u>	<u>3,800</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 33,058</u>	<u>\$ 33,058</u>
Carrying amount at December 31, 2023	<u>\$ 278,757</u>	<u>\$ 161,263</u>	<u>\$ 440,020</u>

#### 2022

	Land	Buildings	Total
<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 expenses	-	<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>

The above investment properties are mainly land and buildings located in Hsinchu County leased to subsidiaries, and the lease periods will expire from June 2024 to June 2025, respectively. The lessee does not have a preferential right to take over the real estate at the end of the lease period.

Total future lease payments to be received for non-cancelable operating leases to lease investment property are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Less than 1 year	\$ 9,226	\$ 8,632
More than 1 year but not more than 5 years	<u>533</u>	<u>1,511</u>
	<u>\$ 9,759</u>	<u>\$ 10,143</u>

All investment properties are owned by the Company. Buildings and structures are depreciated on a straight-line basis over 51 years. Please refer to Note 27 for the amount of investment properties pledged as collaterals for loans.

The fair value of the Company's investment real estate was approximately NT\$500 million at both December 31, 2023 and 2022, respectively. The fair values of land, buildings and structures have not been evaluated by independent appraisers and have been measured only by the Company's management with reference to market evidence of similar real estate transaction prices.

## 14. Borrowings

### a. Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank borrowings	<u>\$ 5,549,045</u>	<u>\$ 5,288,387</u>
Annual interest rate (%)	0.59-6.56	0.59-6.01

### b. Long-term borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings		
Syndicated bank loans (Note 1)	\$ 2,000,000	\$ 2,000,000
Less: Syndicated loan fee	<u>3,583</u>	<u>4,583</u>
	1,996,417	1,995,417
Bank loans (Note 2)	<u>400,000</u>	<u>700,000</u>
	2,396,417	2,695,417
Secured borrowings (Note 27)		
Bank loans	<u>1,004,568</u>	<u>1,025,351</u>
	3,400,985	3,720,768
Less: Portion due within one year	<u>21,194</u>	<u>21,003</u>
	<u>\$ 3,379,791</u>	<u>\$ 3,699,765</u>
Annual interest rate (%)		
Syndicated bank loans	2.03	1.80
Bank loans	1.68-2.22	1.05-1.96
Expiration period		
Syndicated bank loans	116.08	116.08
Bank loans	114.04-126.06	113.06-126.06

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

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

Note 2: Pursuant to certain bank loan agreements, the Group should maintain certain financial ratios which should be calculated based on audited annual and unreviewed semiannual consolidated financial statements. The Group had met the requirement as of December 31, 2023 and 2022.

## 15. Corporate bonds payable

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

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

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

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

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

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

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

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

## 16. 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.

## 17. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payable for salaries or bonuses	\$ 273,576	\$ 306,102
Payable for employees' compensation and remuneration of directors	280,063	329,262
Payable for commission	35,154	37,457
Payable for interest	40,055	30,896
Others	<u>157,796</u>	<u>120,099</u>
	<u>\$ 786,644</u>	<u>\$ 823,816</u>

## 18. 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 301,287	\$ 330,528
Fair value of plan assets	( <u>65,561</u> )	( <u>79,603</u> )
Net defined benefit liabilities	<u>\$ 235,726</u>	<u>\$ 250,925</u>

Movements in net defined benefit liabilities were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1, 2022	<u>\$ 369,626</u>	<u>( \$ 87,890 )</u>	<u>\$ 281,736</u>
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 loss - experience adjustments	( 362 )	-	( 362 )
Recognized in Other Comprehensive Income and Loss	<u>( 14,640 )</u>	<u>( 7,228 )</u>	<u>( 21,868 )</u>
Contributions from the employer	<u>-</u>	<u>( 10,815 )</u>	<u>( 10,815 )</u>
Benefits paid	<u>( 27,500 )</u>	<u>26,850</u>	<u>( 650 )</u>
December 31, 2022	<u>330,528</u>	<u>( 79,603 )</u>	<u>250,925</u>
Service cost			
Current service cost	1,122	-	1,122
Past service cost	( 1,355 )	-	( 1,355 )
Net interest expense (income)	<u>4,011</u>	<u>( 1,047 )</u>	<u>2,964</u>
Recognized in Profit or Loss	<u>3,778</u>	<u>( 1,047 )</u>	<u>2,731</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	( 547 )	( 547 )
Actuarial loss - changes in financial assumptions	1,112	-	1,112
Actuarial loss - changes in demographic assumptions	( 2 )	-	( 2 )
Actuarial loss - experience adjustments	( 8,223 )	-	( 8,223 )
Recognized in Other Comprehensive Income and Loss	<u>( 7,113 )</u>	<u>( 547 )</u>	<u>( 7,660 )</u>
Contributions from the employer	<u>-</u>	<u>( 10,270 )</u>	<u>( 10,270 )</u>
Benefits paid	<u>( 25,906 )</u>	<u>25,906</u>	<u>-</u>
December 31, 2023	<u>\$ 301,287</u>	<u>( \$ 65,561 )</u>	<u>\$ 235,726</u>

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

1) Investment risk

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

2) Interest rate risk

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

3) Salary risk

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

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

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

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

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

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

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



## 19. Equity

### a. Ordinary share capital

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

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

### b. Capital Surplus

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

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

### c. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

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

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

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

d. Other equity items

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

	2023	2022
Balance at the beginning of the year	( \$ 344,057 )	( \$ 678,629 )
Recognized for the year		
Share from subsidiaries and associates accounted for using the equity method	( 233,620 )	375,456
Effects of income taxes	<u>18,349</u>	( <u>40,884</u> )
Balance at the end of the year	( <u>\$ 559,328</u> )	( <u>\$ 344,057</u> )

2) Unrealized gain on financial assets at FVTOCI

	2023	2022
Balance at the beginning of the year	( \$ 104,502 )	\$ 494,006
Recognized for the year		
Unrealized (loss) gain - equity instruments	251,897	( 200,999 )
Share from associates accounted for using the equity method	1,095,911	( 323,297 )
Effects of income taxes	( 10,095 )	2,247
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal		
Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.	( 62 )	( 82 )
Share from associates accounted for using the equity method	( <u>36,559</u> )	( <u>76,377</u> )
Balance at the end of the year	<u>\$ 1,196,590</u>	( <u>\$ 104,502</u> )

**20. Revenue**

	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$ 39,149,913	\$ 43,960,927
Other operating revenues	<u>77,951</u>	<u>77,389</u>
	<u>\$ 39,227,864</u>	<u>\$ 44,038,316</u>

Contract balances

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Notes receivable	\$ 103,355	\$ 106,006	\$ 173,345
Accounts receivable, net (including related parties)	<u>8,131,795</u>	<u>8,007,275</u>	<u>9,974,367</u>
	<u>\$ 8,235,150</u>	<u>\$ 8,113,281</u>	<u>\$ 10,147,712</u>
Contract liabilities			
Sale of goods	<u>\$ 410,836</u>	<u>\$ 295,004</u>	<u>\$ 356,220</u>

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

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

	2023	2022
Sale of goods	<u>\$ 257,488</u>	<u>\$ 326,776</u>

## 21. Income before Tax

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

### a. Other income (Note 26)

	2023	2022
Rent income	\$ 29,358	\$ 33,677
Dividend income	13,231	12,956
Consulting service income	149,191	151,490
Others	<u>15,663</u>	<u>20,903</u>
	<u>\$ 207,443</u>	<u>\$219,026</u>

### b. Other gains and losses

	2023	2022
Loss of financial assets at FVTPL	\$ -	(\$ 1,200)
Benefits from disposal of equity in subsidiaries (Note 10)	13,873	-
Net foreign exchange gains	36,753	162,966
Loss provision recognized	( 1,587)	( 19,711)
Others	<u>( 3,950)</u>	<u>( 2,724)</u>
	<u>\$ 45,089</u>	<u>\$ 139,331</u>

### c. Financial costs

	2023	2022
Interest on bank loans	\$ 271,993	\$ 172,733
Interest on financing from related parties (Note 26)	77,997	-
Syndicated loan fee amortization	1,000	3,297
Interest on lease liabilities	1,268	1,155
Corporate bond discount amortization and interest compensation	21,529	21,332
Less: Amount included in cost of qualifying assets	<u>( 5,869)</u>	<u>( 4,577)</u>
	<u>\$ 367,918</u>	<u>\$ 193,940</u>

Interest capitalized rate (%)	1.81-2.18	1.43-1.81
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### d. Depreciation and amortization

	2023	2022
Property, Plant, and Equipment	\$ 49,354	\$ 48,633
Right-of-use assets	21,363	24,282
Investment properties	3,800	3,629
Intangible Assets	<u>3,983</u>	<u>6,118</u>
	<u>\$ 78,500</u>	<u>\$ 82,662</u>

(Continued)

	2023	2022
An analysis of depreciation expense by function		
Operating costs	\$ 5,240	\$ 3,452
Operating expense	65,477	69,463
Non-operating expenses	<u>3,800</u>	<u>3,629</u>
	<u>\$ 74,517</u>	<u>\$ 76,544</u>
An analysis of amortization expense by function		
Operating expense	<u>\$ 3,983</u>	<u>\$ 6,118</u>
		(Concluded)

e. Employee benefits expense

	2023	2022
Short-term employee benefits	<u>\$ 867,331</u>	<u>\$ 900,400</u>
Post-employment benefits (Note 18)		
Defined contribution plans	19,293	18,713
Defined benefit plans	<u>2,731</u>	<u>2,522</u>
	<u>22,024</u>	<u>21,235</u>
	<u>\$ 889,355</u>	<u>\$ 921,635</u>
An analysis by function		
Operating expense	<u>\$ 889,355</u>	<u>\$ 921,635</u>

f. Compensation of employees and remuneration to directors

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

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

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

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

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

## 22. Income taxes

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

	2023	2022
Current income taxes		
In respect of the current year	\$ 309,820	\$ 274,213
Surtax on undistributed earnings	30,914	81,479
Adjustments for prior years	( 4,659 )	134
	<u>336,075</u>	<u>355,826</u>
Deferred tax		
In respect of the current year	<u>29,389</u>	<u>74,071</u>
	<u>\$ 365,464</u>	<u>\$ 429,897</u>

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

	2023	2022
Income before Tax	<u>\$ 2,479,181</u>	<u>\$ 2,914,697</u>
Income tax expense calculated at the statutory rate 20%	\$ 495,836	\$ 582,939
Nondeductible expenses in determining taxable income	11,586	3,897
Domestic investment income	( 126,844 )	( 167,808 )
Unrecognize the taxable temporary differences associated with investments in subsidiaries	( 47,294 )	( 82,401 )
Income tax on unappropriated earnings	30,914	81,479
Adjustments for prior years	( 4,659 )	134
Nondeductible withholding tax	<u>5,925</u>	<u>11,657</u>
	<u>\$ 365,464</u>	<u>\$ 429,897</u>

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

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

- c. Income tax expense recognized directly in equity

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

- d. Current tax liabilities

	December 31, 2023	December 31, 2022
Income tax payable	<u>\$ 165,585</u>	<u>\$ 228,842</u>

e. Deferred tax assets and liabilities

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

2023

	Balance at the beginning of the year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income and Loss	Recognized in equity	Balance at the end of the year
<u>Deferred tax assets</u>					
Temporary differences					
Write-downs of inventories	\$ 61,413	(\$ 42,015)	\$ -	\$ -	\$ 19,398
Unpaid bonuses	38,321	4,352	-	-	42,673
Refund liabilities	58,872	13,091	-	-	71,963
Defined benefit plan	50,185	( 1,508)	( 1,532)	-	47,145
Foreign operations loss and exchange differences	36,911	( 2,245)	3,731	-	38,397
Others	<u>28,732</u>	<u>( 15,567)</u>	<u>-</u>	<u>-</u>	<u>13,165</u>
	<u>\$ 274,434</u>	<u>(\$ 43,892)</u>	<u>\$ 2,199</u>	<u>\$ -</u>	<u>\$ 232,741</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Foreign operations income and exchange differences	\$ 1,420,530	(\$ 2,012)	(\$ 4,523)	(\$ 5,791)	\$ 1,408,204
Others	<u>25,739</u>	<u>( 12,491)</u>	<u>-</u>	<u>-</u>	<u>13,248</u>
	<u>\$ 1,446,269</u>	<u>(\$ 14,503)</u>	<u>(\$ 4,523)</u>	<u>(\$ 5,791)</u>	<u>\$ 1,421,452</u>

2022

	Balance at the beginning of the year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income and Loss	Balance at the end of the year
<u>Deferred tax assets</u>				
Temporary differences				
Write-downs of 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
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>

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

	December 31, 2023	December 31, 2022
Evaluation loss of foreign investments	<u>\$ 116,383</u>	<u>\$ 116,383</u>

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

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

h. Income tax assessments

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

## 23. Earnings per share (EPS)

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

a. Net income for this year

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

b. Number of shares (in thousands)

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

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

## 24. Capital risk 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 14.

## 25. Financial instruments

a. Information on fair values - 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:

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

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

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

1) Fair value hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Domestic listed shares	\$ 198,955	\$ 336,446	\$ -	\$ 535,401
Unlisted stocks	-	-	421,553	421,553
Foreign listed shares	<u>18,886</u>	<u>-</u>	<u>-</u>	<u>18,886</u>
	<u>\$ 217,841</u>	<u>\$ 336,446</u>	<u>\$ 421,553</u>	<u>\$ 975,840</u>

December 31, 2022

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

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

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

	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	\$ 486,896	\$ 593,607
Purchases	-	5,000
Transfer from Level 3	( 116,443 )	-
Reduction of capital	( 18,714 )	( 5,000 )
Recognized in Profit or Loss	-	( 1,200 )
Recognized in Other Comprehensive		
Income and Loss	<u>69,814</u>	<u>( 105,511 )</u>
Balance at the end of the year	<u>\$ 421,553</u>	<u>\$ 486,896</u>

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

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.

c. Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Mandatorily classified at FVTPL		
Investment in equity instruments	\$ 975,840	\$ 742,842
Measured at amortized cost (Note 1)	10,222,645	10,132,398
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	15,906,995	16,660,071

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 29.

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, 2023 and 2022 would have been higher by NT\$6,476 thousand and lower by NT\$8,444 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
Financial liabilities	\$ 3,776,963	\$ 3,748,034
Cash flow interest rate risk		
Financial assets	1,700,994	1,711,129
Financial liabilities	7,235,805	7,320,827

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for 2023 and 2022 would have been lower/higher by NT\$55,348 thousand and NT\$56,097 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its variable-rate deposits and borrowings.

c) Other price risks

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, 2023 and 2022 would have been higher/lower by NT\$9,758 thousand and NT\$7,428 thousand, as a result of the changes in fair value of financial assets at FVTOCL.

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 independent 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.

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

### 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash 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.

	Less than 1 year	1-5 years	5-10 years	10-20 years	Total
<b>December 31, 2023</b>					
Non-interest-bearing liabilities	\$ 4,957,164	\$ 3,203	\$ -	\$ -	\$ 4,960,367
Lease liabilities	15,877	36,645	8,562	9,445	70,529
Floating-rate instruments	3,918,288	3,331,872	103,998	19,011	7,373,169
Fixed-rate instruments	3,739,077	-	-	-	3,739,077
Financial guarantee liabilities	850,441	-	-	-	850,441
	<u>\$ 13,480,847</u>	<u>\$ 3,371,720</u>	<u>\$ 112,560</u>	<u>\$ 28,456</u>	<u>\$ 16,993,583</u>
<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
Floating-rate instruments	3,983,811	3,345,590	122,897	24,028	7,476,326
Fixed-rate instruments	1,400,867	2,334,828	-	-	3,735,695
Financial guarantee liabilities	1,942,745	-	-	-	1,942,745
	<u>\$ 12,999,852</u>	<u>\$ 5,725,985</u>	<u>\$ 129,617</u>	<u>\$ 24,028</u>	<u>\$ 18,879,482</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.

## 26. Related Party Transactions

Except those discussed in Note 11, transactions between the Company and related parties were disclosed as follows:

### a. Name of related parties and relationship with the Group

Name of related party	Relations with the Company
Raycong H.K.	Subsidiary
Shanghai Yikang Chemicals and Industries Co., Ltd. (Shanghai Yikang)	Subsidiary
Hua Gang International Trading Co., Ltd. (Dongguan Hua Gang)	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
Yadi International Trading Co., (Shanghai) 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
Sakuragawa Solar Ltd.	Subsidiary
Miyazaki Solar Ltd.	Subsidiary
Cyuancheng Logistics Co., Ltd. (Cyuan Cheng Logistics)	Subsidiary
WL Philippines Inc.	Subsidiary
Hightech	Subsidiary
Evergreen New Energy Corporation	Subsidiary
Advance Hightech	Subsidiary
Huaying Supply Chain Management (Shenzhen) Co., Ltd. (Shenzhen Huaying)	Subsidiary
Eternal New Energy Co., Ltd.	Associate's subsidiary
KSA Energy Corporation (KSA Corp.)	Associate's subsidiary (Subsidiary before October 2022)
CWE Inc.	Associate
Nagase Wahlee Plastics Corp.	Associate
Wah Hong Corp.	Associate
ORC Technology Corp.	Associate
Shanghai Hua Chang Trading Co., Ltd.	Associate
Huahsuan Green Energy Co., Ltd.	Associate (became an unrelated party after loss of significant influence in October 2022)
ORC Corp.	Joint Ventures
Chang Wah Technology Co. Ltd.	Associate's subsidiary
SIP Chang Hong Optoelectronics Ltd.	Associate's subsidiary
Sun Hong Optronics Ltd.	Associate's subsidiary

(Continued)

Name of related party	Relations with the Company
Bao Guang Investment Co., Ltd.	Other related parties (Its person in charge is a relative within the first degree of kinship of the Chairman of the Company and was in the Company's management before May 2023.)
Daily Polymer Corp.	Other related parties (The Company is a corporate director of the company.)
Asahi Kasei Wah Lee Hi-Tech Corp.	Other related parties (The Company is a corporate director of the company.)
JingYi Technology Co.	Other related parties (The Company is a corporate director of the company.)
Minima Technology Co., Ltd.	Other related parties (The Company is a corporate director of the company.)
Forcera Materials Co., Ltd.	Other related parties (The Company is a corporate director of the company.)
Tien Li Offshore Wind Technology Co., Ltd.	Other related parties (The Company used to be a corporate director of the company, and it was no longer a related party after an election of all directors in June 2023.)
TaiGene Biotechnology Co., Ltd.	Other related parties (The Company is a corporate supervisor of the company.)
Sin Hao Co., Ltd.	Other related parties (Its person in charge is a relative within the first degree of kinship of a director of the Company, and he is no longer a related party after the director had resigned in September 2023.)
Raycon Industries Inc.	Other related parties (Its person in charge is a relative within the first degree of kinship of a director of the Company.)
Chen Chih-Yuan	Other related parties (He is a relative within the first degree of kinship of a director of the Company, and he is no longer a related party after the director had resigned in September 2023.)
	(Concluded)

b. Operating transactions

1) Operating Revenue

<u>Categories of related parties</u>	<u>2023</u>	<u>2022</u>
Income from sale of goods		
Subsidiary	\$ 1,733,971	\$ 2,633,628
Associates and their subsidiaries	267,770	298,855
Other related parties	<u>51,590</u>	<u>7,483</u>
	<u>\$ 2,053,331</u>	<u>\$ 2,939,966</u>
Other operating revenues		
Subsidiary	\$ 55	\$ 5,765
Associates and their subsidiaries	<u>1,039</u>	<u>-</u>
	<u>\$ 1,094</u>	<u>\$ 5,765</u>

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

2) Purchase of goods

<u>Categories of related parties</u>	<u>2023</u>	<u>2022</u>
Subsidiary	\$ 49,371	\$ 60,775
Associates and their subsidiaries	78,341	253,806
Other related parties	<u>943,419</u>	<u>1,418,607</u>
	<u>\$ 1,071,131</u>	<u>\$ 1,733,188</u>

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

3) Operating expense

<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
Commissions expense		
Subsidiary		
Shanghai Yikang	\$158,709	\$ 159,913
Others	237	242
Other related parties	<u>-</u>	<u>75</u>
	<u>\$ 158,946</u>	<u>\$ 160,230</u>
Others		
Subsidiary	\$ 93,516	\$ 74,526
Other related parties	<u>11,271</u>	<u>10,912</u>
	<u>\$ 104,787</u>	<u>\$ 85,438</u>

Other includes freight, labor, import and export charges, etc.

4) Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Accounts receivable - related parties</u>		
Subsidiary	\$ 276,950	\$ 367,602
Associates and their subsidiaries	103,443	65,177
Other related parties	<u>703</u>	<u>2,954</u>
	381,096	435,733
Less: Allowance for losses	<u>1,065</u>	<u>699</u>
	<u>\$ 380,031</u>	<u>\$435,034</u>
 <u>Other receivables - related parties</u>		
Subsidiary		
Raycong H.K.	\$ 36,507	\$ 29,060
Shanghai Yikang	28,992	29,063
Others	<u>24,416</u>	<u>21,448</u>
	<u>89,915</u>	<u>79,571</u>
Associates and their subsidiaries		
CWE Inc.	106,950	144,499
Others	<u>2,696</u>	<u>4,405</u>
	<u>109,646</u>	<u>148,904</u>
Other related parties	<u>515</u>	<u>625</u>
	<u>\$ 200,076</u>	<u>\$ 229,100</u>

The outstanding receivables from related parties are unsecured.

5) Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Accounts payable - related parties</u>		
Subsidiary	\$ 7,713	\$ 5,273
Associates and their subsidiaries	19,813	49,372
Other related parties	<u>265,926</u>	<u>311,707</u>
	<u>\$ 293,452</u>	<u>\$ 366,352</u>
 <u>Other payables</u>		
Subsidiary	<u>\$ 110,515</u>	<u>\$ 105,336</u>

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

6) Contract liabilities

<u>Related Party Category/Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary	\$ 51,665	\$ 54,980
Associates and their subsidiaries	<u>20,978</u>	<u>-</u>
	<u>\$ 72,643</u>	<u>\$ 54,980</u>

c. See Note 10 for a disposal of equity of subsidiaries.



d. Other income

<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
Subsidiary		
Raycong H.K.	\$ 63,199	\$ 59,155
Shanghai Yikang	30,125	28,972
Tranceed Logistics Co., Ltd. (Tranceed Logistics)	30,374	29,248
Others	<u>39,049</u>	<u>42,755</u>
	162,747	160,130
Associates and their subsidiaries	17,325	16,779
Other related parties	<u>5,680</u>	<u>10,261</u>
	<u>\$ 185,752</u>	<u>\$ 187,170</u>

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

e. Leasing agreements

<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
Lease expense		
Subsidiary		
Tranceed Logistics Co., Ltd. (Tranceed Logistics)	\$ 56,223	\$ 45,769
Others	<u>20</u>	<u>-</u>
	56,243	45,769
Associates and their subsidiaries	37	39
Other related parties	<u>148</u>	<u>222</u>
	<u>\$ 56,428</u>	<u>\$ 46,030</u>

f. Lending to related parties - Only 2023

Net interest expense

<u>Related Party Category/Name</u>	<u>Amount</u>
Subsidiary	
Wah Lee Holding	\$ 33,510
Raycong H.K.	<u>44,487</u>
	<u>\$ 77,997</u>

In January 2023, the Company borrowed a short-term unsecured loan from a related party with an agreed-upon interest rate of 5%, which was fully repaid in December 2023.

g. Endorsements and guarantees

<u>Categories of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary		
Amount endorsed	<u>\$ 2,001,569</u>	<u>\$ 2,386,362</u>
Amount utilized	<u>\$ 326,409</u>	<u>\$ 1,076,948</u>
Associate		
Amount endorsed	<u>\$ 1,916,874</u>	<u>\$ 1,763,507</u>
Amount utilized	<u>\$ 524,032</u>	<u>\$ 865,797</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:

	2023	2022
Short-term employee benefits	\$ 86,974	\$ 115,753
Post-employment benefits	<u>40,579</u>	<u>507</u>
	<u>\$ 127,553</u>	<u>\$ 116,260</u>

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

**27. Assets Pledged as Collateral**

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

	December 31, 2023	December 31, 2022
Property, Plant, and Equipment		
Land	\$ 1,434,349	\$ 1,434,349
Buildings	<u>124,797</u>	<u>133,440</u>
	<u>\$ 1,559,146</u>	<u>\$ 1,567,789</u>
Investment properties		
Land	\$ 268,412	\$ 268,412
Buildings	<u>161,219</u>	<u>160,929</u>
	<u>\$ 429,631</u>	<u>\$ 429,341</u>
Investment accounted for using the equity method	<u>\$ -</u>	<u>\$ 672,498</u>

**28. Significant contingent liabilities and unrecognized commitments**

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

- a. The unrecognized commitments for acquisition of property, plant and equipment were NT\$900,362 thousand.
- b. For details of the litigation of KS Corp., a subsidiary of the Company, refer to Note 32 to the consolidated financial statements for the year ended December 31, 2023.

**29. Significant assets and liabilities denominated in foreign currency**

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

	Foreign Currency Amount	Exchange Rate		Carrying Value
December 31, 2023				
Monetary financial assets				
USD	\$ 243,369	30.705	(USD : NTD)	\$7,472,649
Nonmonetary financial assets				
Investment accounted for using the equity method				
HKD	1,158,411	3.929	(HKD: NTD)	4,551,410
Monetary financial liabilities				
USD	222,277	30.705	(USD : NTD)	6,825,021
December 31, 2022				
Monetary financial assets				
USD	225,176	30.71	(USD : NTD)	6,915,153
Nonmonetary financial assets				
Investment 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

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange profit and loss were net gain \$36,753 thousand and net loss \$162,966 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.

### 30. Additional Disclosures

#### a. Information about significant transactions

- 1) Lending Funds to Other Parties: Table 1.
- 2) Endorsements/Guarantees provided: Table 2.
- 3) Marketable securities held (excluding investments in subsidiaries and associates): Table 3.
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.

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

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

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

- d. Information on major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9.

**TABLE 1****WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**Lending Funds to Other Parties**  
**For the period from January 1 to December 31, 2023**  
**Unit: In Thousands of New Taiwan Dollars**

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

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

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

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

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

**TABLE 2**

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**Endorsements and guarantees**

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

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

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

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

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

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

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

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

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

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

**TABLE 3****WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES****Marketable securities held at the end of the period****December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

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

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	Period end				Remarks
				Number of shares/units	Carrying Value	Percentage of Ownership (%)	Fair value	
	Tien Li Offshore Wind Technology Co., Ltd.	-	Financial assets at FVTOCI - non-current	943,344	\$ 47,932	1.35	\$ 47,932	
	Locus Cell Co., Ltd.	-	Financial assets at FVTOCI - non-current	5,000,000	157,400	2.50	157,400	
	Phoenix II Venture Capital Innovation Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	1,000,000	11,553	2.34	11,553	
	Hong Yi Industrial Corp.	-	Financial assets at FVTOCI - non-current	500,000	3,775	16.67	3,775	
					<u>\$808,840</u>		<u>\$808,840</u>	
Shenzhen Huaying	Shanghai Junxiong Logistics Co., Ltd	-	Financial assets at FVTOCI - non-current	-	<u>\$ 16,510</u>	19.90	<u>\$ 16,510</u>	
SHC Holding Ltd.	Guangzhou Yonguang Optoelectronics Co., Ltd.	-	Financial assets at FVTOCI - non-current		<u>\$ -</u>	12.82	<u>\$ -</u>	
Wah Lee Holding Ltd.	Mutual funds							
	JPMorgan Funds-Multi-Revenue Fund-A (acc) - USD	-	Financial assets at FVTPL - current	7,737	\$ 51,099		\$ 51,099	
	JPMorgan Funds-Income Fund A (dist) - USD	-	Financial assets at FVTPL - current	30,802	28,109		28,109	
					<u>\$ 79,208</u>		<u>\$ 79,208</u>	
KS Corp.	Huahsuan Green Energy Co., Ltd.	-	Financial assets at FVTPL - non-current	4,482,000	<u>\$ 42,453</u>	5.71	<u>\$ 42,453</u>	

(Concluded)



**TABLE 4**

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

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

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

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

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

**TABLE 5**

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

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

December 31, 2023

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

[illegible]

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

**TABLE 6**

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**Information on investees**

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

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

Investee company name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares	%	Carrying Value	Net Income (Loss) of the Investee for the current period	Investment (loss) gain recognized for the period (Note 1)	Remarks
				End of the year	December 31, 2022						
the Company	Wah Lee Holding Ltd.	BVI	International investment	\$ 430,666	\$ 430,666	13,070,000	100.00	\$ 5,478,251	\$ 449,223	\$ 449,318	Subsidiary
the Company	Raycong H.K.	Hong Kong	Trading business of engineering plastic, composite materials and equipment	304,113	304,113	56,000,000	53.69	4,604,001	772,827	415,064	Subsidiary
the Company	CWE Inc.	Taiwan	Agency of IC packaging material and equipment	449,349	449,349	197,902,180	29.54	4,501,055	1,477,213	433,326	Associate
the Company	Nagase Wahlee Plastics Corp.	Taiwan	Trading business of synthetic resin product and related material, agency of domestic and international products distribution quotation and bidding business	20,810	20,810	4,000,000	40.00	686,672	143,466	57,386	Associate
the Company	Wah Hong Corp.	Taiwan	Manufacturing of LCD material, BMC (bulk molding compound) material and molded product	943,223	943,223	26,129,978	26.52	1,110,342	201,549	53,451	Associate
the Company	ORC Technology Corp.	Taiwan	Trading business and service of exposure machine and parts	6,000	6,000	600,000	35.00	68,621	( 11,304 )	( 3,956 )	Associate
the Company	WL Japan	Japan	Trading business of synthetic resin, industrial plastic, molding machine, and electromechanical parts	21,490	21,490	1,500	83.33	3,792	( 43 )	( 36 )	Subsidiary
the Company	WL Korea	South Korea	Trading business of synthetic resin, industrial plastic, molding machine, and electromechanical parts	18,856	18,856	147,000	100.00	3,399	( 43 )	( 43 )	Subsidiary
the Company	Sakuragawa Solar Ltd.	Japan	Solar power generation business	46,008	46,008	-	99.99	85,772	3,321	3,321	Subsidiary
the Company	Miyazaki Solar Ltd.	Japan	Solar power generation business	82,103	82,103	-	99.99	40,538	3,614	3,614	Subsidiary
the Company	WL Indonesia	Indonesia	Trading business of industrial materials	48,261	48,261	1,610,000	70.00	26,807	( 9,418 )	( 6,593 )	Subsidiary
the Company	WL Vietnam	Vietnam	Trading business of industrial materials	16,293	16,293	-	100.00	40,836	827	827	Subsidiary
the Company	Tranceed Logistics	Taiwan	Freight forwarders and leasing business	95,000	95,000	9,500,000	63.33	180,696	28,385	17,977	Subsidiary
the Company	WT Industrial	Thailand	Trading business of industrial materials	200,000	200,000	7,650	51.00	242,991	77,720	35,785	Subsidiary
the Company	KS Corp.	Taiwan	Solar power generation business	763,392	661,053	33,346,604	94.68	824,738	73,951	31,766	Subsidiary
the Company	WL Philippines Corp.	Philippines	Trading business of industrial materials	7,755	7,755	127,495	99.99	5,661	( 565 )	( 565 )	Subsidiary
the Company	WL Philippines Inc.	Philippines	Trading business of industrial materials	7,747	7,747	126,997	99.99	8,856	3,619	3,619	Subsidiary
the Company	WH Energy	Taiwan	Solar power generation business	-	90,000	-	-	-	-	2,507	Note 3
the Company	ORC Corp.	Taiwan	Trading business of industrial materials	4,000	4,000	400,000	40.00	52,544	34,246	13,698	Joint Ventures
the Company	Evergreen New Energy Corporation	Taiwan	Solar power generation business	130,000	50,000	13,000,000	100.00	122,955	( 4,807 )	( 4,807 )	Subsidiary
the Company	Hightech	Malaysia	Trading business of industrial materials	205,335	205,335	7,650,000	51.00	210,683	40,402	14,754	Subsidiary
the Company	WL Singapore	Singapore	Agency of semiconductor materials and equipment	435,145	435,145	1,600,000	100.00	494,891	55,743	55,743	Subsidiary
the Company	HengYuan Green Energy Technology Co., Ltd.	Taiwan	Renewable energy self-use power generation and energy technology business	24,000	-	2,400,000	12.00	23,475	( 4,373 )	( 525 )	Associate
the Company	WL India	India	Trading business of industrial materials	14,575	-	3,861,000	99.00	11,551	( 2,776 )	( 2,749 )	Subsidiary
the Company	Advance Hightech	The United States	Trading business of engineering plastic, composite materials and equipment	38,628	-	1,200,000	100.00	33,800	( 3,136 )	( 3,136 )	Subsidiary
the Company	High Tech Gas	Taiwan	Chemical Materials Manufacturing	90,000	-	9,000,000	60.00	90,029	49	29	Subsidiary
Tranceed Logistics Co., Ltd. (Tranceed Logistics)	Cyuancheng Logistics	Taiwan	Freight forwarders and leasing business	42,947	42,947	5,500,000	100.00	42,903	2,543	2,348	Subsidiary

(Continued)

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

(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: For a simple merger.

Note 3: All equities have been sold out by November 1, 2023.

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

TABLE 7

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**
**Information on investments in mainland China**
**For the period from January 1 to December 31, 2023**
**Unit: In Thousands of New Taiwan Dollars**

Investee Company in mainland China	Main Businesses and Products	Paid-in capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee for the year	% Ownership of Direct or Indirect Investment	Investment Gain(Loss) recognized for this year (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Remarks
					Outward	Inward							
Dongguan Huagang	Trading business of industrial materials	\$ 1,126,308	Invested through the third region, Raycong H.K.	\$ -	\$ -	\$ -	\$ -	\$ 304,209	100.00	\$ 304,209	\$ 2,395,335	\$ 399,132	
Shanghai Yikang	Trading business of industrial materials	981,504	Invested through the third region, Raycong H.K.	340,629	-	-	340,629	522,105	70.00	365,473	2,928,358	-	
Shenzhen Huaying	Supply chain management and consultancy service	23,860	Invested through the third region, Raycong H.K.	-	-	-	-	( 887 )	100.00	( 887 )	176,242	39,913	
Shanghai Hua Chang Trading Co., Ltd.	International trading and trading consulting; trading agent and commercial simple processing within enterprises in the bonded area	73,692	Invested through the third region, SHC Holding Ltd.	43,714	-	-	43,714	225,900	30.00	67,770	689,911	72,125	
Shanghai Yadi	Import and export of goods and technology	12,963	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	( 18,693 )	49.00	( 9,159 )	9,047	-	
Shanghai Lihuang	Trading business of medical devices and equipment	14,389	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	( 5,609 )	48.98	( 4,707 )	( 2,915 )	-	
Fenghuang Xingwah Shouzheng	Medical device manufacturing technology development and consulting business	21,606	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	( 8,174 )	52.50	( 4,292 )	3,862	-	
Guangzhou Xingxian	Medical consulting	21,606	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	( 976 )	100.00	( 976 )	52,359	-	
Anhua Huixinkang	Medical service industry	17,198	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	( 2,932 )	100.00	( 2,932 )	13,712	-	
Kaiping Huaxinkang	Medical service industry	1	Invested through Chinese corporation, Guangzhou Xingxian	-	-	-	-	-	90.00	-	-	-	
Xiamen Huashengda Logistics	Warehousing and logistics	12,963	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	( 3,443 )	70.00	( 2,410 )	3,722	-	
Xiamen Jian Yuan Rong Logistic Co., Ltd.	Warehousing and logistics	34,569	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	( 5,573 )	30.00	( 1,672 )	9,246	-	
Xiamen Jia Cheng Yuan Trading and Development Co. Ltd.	Warehousing and logistics	8,642	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	423	30.00	127	3,190	-	

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

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

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

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

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

**TABLE 8**

**WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES**

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

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

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

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

**WAH LEE INDUSTRIAL CORPORATION**

**December 31, 2023**

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

## List of Significant Accounting Policies Table of Contents

Item	No./Index
MAJOR ACCOUNTING ITEMS IN ASSETS, LIABILITIES AND EQUITY	
STATEMENT OF CASH	1
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME -CURRENT	Note 3
STATEMENT OF ACCOUNTS RECEIVABLE	2
STATEMENT OF OTHER RECEIVABLES	3
STATEMENT OF INVENTORIES	4
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT	5
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	6
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT	Note 11
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	Note 11
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS	Note 12
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS	Note 12
STATEMENT OF CHANGES IN INVESTMENT PROPERTY	Note 13
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF INVESTMENT PROPERTY	Note 13
STATEMENT OF DEFERRED TAX ASSETS	Note 22
STATEMENT OF SHORT-TERM BORROWINGS	7
STATEMENT OF CONTRACT LIABILITIES	8
STATEMENT OF ACCOUNTS PAYABLE	9
STATEMENT OF OTHER PAYABLES	Note 17 and 28
STATEMENT OF LONG-TERM BORROWINGS	10
STATEMENT OF DEFERRED TAX LIABILITIES	Note 22
MAJOR ACCOUNTING ITEMS IN PROFIT OR LOSS	
STATEMENT OF OPERATING REVENUES	11
STATEMENT OF OPERATING COSTS	12
STATEMENT OF OPERATING EXPENSES	13
STATEMENT OF OTHER GAINS AND LOSSES	Note 21
STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION	14



**STATEMENT 1****WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF CASH****December 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Amount
Cash on hand	\$ 223
Deposits in banks	
Checking accounts	1,792
Demand deposits	677,470
Foreign currency deposits	
USD 31,926 thousand	980,301
JPY 177,324 thousand	38,515
RMB 126 thousand	542
EUR 123 thousand	4,164
HKD 0.4 thousand	<u>2</u>
	<u>\$ 1,703,009</u>

Note:   USD1=NTD30.705  
          JPY1=NTD0.2172  
          RMB1=NTD4.3211  
          EUR1=NTD33.98  
          HKD1=NTD3.929

**STATEMENT 2****WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF ACCOUNTS RECEIVABLE****December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

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<u>Client Name</u>	<u>Amount</u>
Related parties (Note)	\$ 381,096
Less: Allowance for losses	<u>1,065</u>
	<u>380,031</u>
Unrelated parties	
Taiwan Semiconductor Manufacturing Company	428,108
Others (Note)	<u>7,361,742</u>
	<u>7,789,850</u>
Less: Allowance for losses	<u>38,086</u>
	<u>7,751,764</u>
	<u>\$ 8,131,795</u>

Note: The balance of each item not exceed 5% of the account balance.

**STATEMENT 3****WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF OTHER RECEIVABLES****December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

<u>Item</u>	<u>Amount</u>
Related parties	
Consulting service income	\$ 83,585
Dividends receivable	108,950
Others (Note)	<u>7,541</u>
	<u>200,076</u>
Unrelated parties	
Tax refund receivable	14,011
Others (Note)	<u>20,677</u>
	<u>34,688</u>
	<u>\$ 234,764</u>

Note: The balance of each item not exceed 5% of the account balance.

**STATEMENT 4**

**WAH LEE INDUSTRIAL CORPORATION**

**STATEMENT OF INVENTORIES**

**December 31, 2023**

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

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Item	Amount	
	Carrying Value	Net Realizable Value
Merchandise	<u>\$ 2,322,315</u>	<u>\$ 2,419,309</u>

**STATEMENT 5****WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT****2023****Unit: In Thousands of New Taiwan Dollars**

Name	Balance at the beginning of the year		Additions in Investment (Note)		Decrease in Investment (Note)		Balance at the end of the year		Provide guarantee or pledge situation
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	
Stock									
Daily Polymer Corp.	2,467,564	\$ 32,449	-	\$ -	-	\$ 494	2,467,564	\$ 31,955	None
Wah Yuen Technology Holding Limited	1,968,180	68,684	-	37,222	-	-	1,968,180	105,906	None
JingYi Technology Co.	2,066,432	73,769	-	-	-	14,725	2,066,432	59,044	None
High Power Optoelectronics Inc.	67,991	-	-	-	-	-	67,991	-	None
Asahi Kasei Wah Lee Hi-Tech Corp.	9,497	75,773	-	10,729	-	-	9,497	86,502	None
Forcera Materials Co., Ltd.	2,102,476	36,678	252,297	94,436	-	-	2,354,773	131,114	None
Univision Technology Holdings	38,794,190	-	-	-	-	-	38,794,190	-	None
Minima Technology Co., Ltd.	3,600,000	58,442	-	3,565	-	-	3,600,000	62,007	None
TaiGene Biotechnology Co., Ltd.	2,300,000	10,981	-	1,717	-	-	2,300,000	12,698	None
Shilian Fine Chemicals Co., Ltd.	11,871,585	44,843	-	-	-	19,535	11,871,585	25,308	None
CDIB Capital Group.	3,000,000	55,529	-	17,945	1,871,429	18,714	1,128,571	54,760	None
Darco Water Technologies Ltd.	7,649,782	20,128	-	-	-	1,242	7,649,782	18,886	None
Eleocom Co., Ltd.	1,500,000	-	-	-	-	-	1,500,000	-	None
Tien Li Offshore Wind Technology Co., Ltd.	946,344	54,869	-	-	3,000	6,937	943,344	47,932	None
Locus Cell Co., Ltd.	5,000,000	47,852	-	109,548	-	-	5,000,000	157,400	None
Phoenix II Venture Capital Innovation Co., Ltd.	1,000,000	9,955	-	1,598	-	-	1,000,000	11,553	None
Hong Yi Industrial Corp.	500,000	<u>4,390</u>	-	<u>-</u>	-	<u>615</u>	500,000	<u>3,775</u>	None
		<u>\$ 594,342</u>		<u>\$ 276,760</u>		<u>\$ 62,262</u>		<u>\$ 808,840</u>	

Note: Including the return of capital from capital reduction, sale of shares, and fair value adjustments.

**STATEMENT 6**

**WAH LEE INDUSTRIAL CORPORATION**

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

**2023**

**(In Thousands of New Taiwan Dollar, Except Unit Price)**

	Balance at the beginning of the year		Additions in Investment (Note 1)		Decrease in Investment (Note 1)		Balance at the end of the year			Market Value or Net Assets Value (Note 2)		Provide guarantee or pledge situation
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	% of Ownership	Amount	Unit price (NT\$)	Total amount	
Wah Lee Holding Ltd.	13,070,000	\$ 5,446,260	-	\$ 31,991	-	\$ -	13,070,000	100.00	\$ 5,478,251	\$ 415.77	\$ 5,434,052	None
Raycong H.K.	56,000,000	4,537,436	-	66,565	-	-	56,000,000	53.69	4,604,001	81.28	4,551,410	None
CWE Inc.	197,902,180	3,445,921	-	1,055,134	-	-	197,902,218	29.54	4,501,055	34.90	6,906,786	None
Nagase Wahlee Plastics Corp.	4,000,000	735,824	-	-	-	49,152	4,000,000	40.00	686,672	171.67	686,672	None
Wah Hong Corp.	26,129,978	1,089,305	-	21,036	-	-	26,129,978	26.52	1,110,342	34.85	910,630	None
ORC Technology Corp.	600,000	72,577	-	-	-	3,956	600,000	35.00	68,621	114.37	68,621	None
WL Japan	1,500	4,093	-	-	-	301	1,500	83.33	3,792	2,528.00	3,792	None
WL Korea	147,000	3,538	-	-	-	138	147,000	100.00	3,399	23.12	3,400	None
Sakuragawa Solar Ltd.	-	88,360	-	-	-	2,588	-	99.99	85,772	-	85,772	None
Miyazaki Solar Ltd.	-	39,546	-	992	-	-	-	99.99	40,538	-	40,538	None
WL Indonesia	1,610,000	33,094	-	-	-	6,287	1,610,000	70.00	26,807	16.65	26,807	None
WL Vietnam	-	41,394	-	-	-	558	-	100.00	40,836	-	40,836	None
Tranceed Logistics	9,500,000	162,719	-	17,977	-	-	9,500,000	63.33	180,696	19.02	180,696	None
WT Industrial	7,650	245,107	-	-	-	2,116	7,650	51.00	242,991	31,763.51	242,991	None
KS Corp.	27,708,077	672,498	5,638,527	152,240	-	-	33,346,604	94.68	824,738	20.25	675,200	None
WL Philippines Corp.	127,495	6,108	-	-	-	447	127,495	99.99	5,661	44.40	5,661	None
WL Philippines Inc.	126,977	5,195	-	3,661	-	-	126,977	99.99	8,856	69.74	8,856	None
WH Energy	9,000,000	92,480	-	2,507	9,000,000	94,987	-	-	-	-	-	None
ORC Corp.	400,000	38,846	-	13,698	-	-	400,000	40.00	52,544	131.36	52,544	None
ENE Corp.	5,000,000	47,762	8,000,000	80,000	-	4,807	13,000,000	100.00	122,955	9.46	122,955	None
Hightech	7,650,000	202,984	-	7,699	-	-	7,650,000	51.00	210,683	16.38	125,272	None
WL Singapore	1,600,000	440,609	-	54,282	-	-	1,600,000	100.00	494,891	302.08	483,330	None
HengYuan Green Energy Technology Co., Ltd.	-	-	2,400,000	24,000	-	525	2,400,000	12.00	23,475	9.78	23,475	None
WL India	-	-	3,861,000	14,575	-	3,024	3,861,000	99.00	11,551	2.99	11,551	None
Advance Hightech	-	-	1,200,000	38,628	-	4,828	1,200,000	100.00	33,800	28.17	33,800	None
High Tech Gas	-	-	9,000,000	90,029	-	-	9,000,000	60.00	90,029	10.00	90,029	None
		<u>\$ 17,451,656</u>		<u>\$ 1,675,014</u>		<u>\$ 173,714</u>			<u>\$ 18,952,956</u>		<u>\$ 20,815,676</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.

**STATEMENT 7****WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF SHORT-TERM BORROWINGS****December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

Type/Bank Name	Contract Period	Annual interest rate (%)	Balance	Loan Commitments	Mortgage or guarantee
Credit borrowing					
The Shanghai Commercial & Savings Bank, Ltd.	2023.10-2024.02	6.15	\$ 498,865	\$ 921,150	None
CTBC Bank	2023.08-2024.02	1.75	100,000	800,000	None
Sumitomo Mitsui Banking Corporation	2023.07-2024.04	6.35-6.41	141,697	767,625	None
Mizuho Bank	2023.09-2024.06	0.60-6.34	1,329,735	1,535,250	None
Fubon Bank	2023.10-2024.03	6.24-6.56	102,039	200,000	None
Taishin Bank	2023.11-2024.03	6.28-6.41	63,551	200,000	None
E. SUN Commercial Bank	2023.12-2024.01	1.73	50,000	880,000	None
Mega Bank	2023.10-2024.06	6.26-6.56	352,492	800,000	None
HSBC Hong Kong Bank	2023.09-2024.04	1.65-6.25	656,827	951,855	None
Cathay United Bank	2023.10-2024.03	6.22-6.26	305,938	500,000	None
Land Bank of Taiwan	2023.10-2024.03	0.59-3.35	303,007	1,000,000	None
Taiwan Business Bank	2023.10-2024.03	6.15-6.31	436,168	500,000	None
Bank of Taiwan	2023.11-2024.06	1.75-6.49	165,336	500,000	None
Export-Import Bank of the Republic of China	2023.03-2024.06	1.79	300,000	300,000	None
Yuanta Bank	2023.11-2024.02	6.39	90,181	200,000	None
Taiwan Cooperative Bank	2023.07-2024.07	1.80	50,000	400,000	None
Citibank	2023.12-2024.03	6.26	115,342	200,000	None
Hua Nan Bank	2023.07-2024.03	0.60-6.40	487,867	1,200,000	None
			<u>\$ 5,549,045</u>		

**STATEMENT 8****WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF CONTRACT LIABILITIES****December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

<u>Client Name</u>	<u>Amount</u>
Related parties	
KS Corp.	\$ 50,462
KSA Corp.	20,978
Others (Note)	<u>1,203</u>
	<u>72,643</u>
Unrelated parties	
Teinco Technology Co., Ltd.	63,736
Clear Touch Interactive, Inc.	48,293
Eco Energy Corporation	27,872
Tecorp Electronics Co., Ltd.	24,680
BoxLight Inc.	29,498
Pengxinwei Integrated Circuit Manufacturing Co., Ltd.	26,375
Others (Note)	<u>117,739</u>
	<u>338,193</u>
	<u>\$ 410,836</u>

Note: The balance of each item not exceed 5% of the account balance.



**STATEMENT 9****WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF ACCOUNTS PAYABLE****December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

<u>Vendor Name</u>	<u>Amount</u>
Related parties	
Asahi Kasei Wah Lee Hi-Tech Corp.	\$ 246,418
Others (Note)	<u>47,034</u>
	<u>293,452</u>
Unrelated parties	
JSR Corp.	1,164,426
Mitsubishi Chemical Taiwan Co., Ltd.	413,568
Chi Mei Corporation	301,540
JSR Micro Taiwan Co., Ltd	287,624
Others (Note)	<u>1,584,040</u>
	<u>3,751,198</u>
	<u>\$ 4,044,650</u>

Note: The balance of each item not exceed 5% of the account balance.

**STATEMENT 10****WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF LONG-TERM BORROWINGS****December 31, 2023****Unit: In Thousands of New Taiwan Dollars**

Bank Name	Contract Period and Repayment Terms	Annual interest rate (%)	Amount			Mortgage or guarantee
			Expire within one year	Expire in one year	Total	
Syndicated bank loans						
Mega Bank	Revolving until August 2027	2.03	\$ -	\$ 2,000,000	\$ 2,000,000	None
Less: Syndicated loan fee			-	3,583	3,583	
			-	1,996,417	1,996,417	
Credit borrowing						
HSBC Bank	Revolving until December 2025 and repayable	1.68	-	200,000	200,000	None
Mizuho Bank	Revolving until April 2025 and repayable	1.83	-	200,000	200,000	None
			-	400,000	400,000	
Collate raised Borrowing						
Land Bank of Taiwan	Repayable monthly to June 2037	2.18	4,089	59,384	63,473	Land and Buildings
Land Bank of Taiwan	Repayable monthly to September 2032	2.18	17,105	145,990	163,095	Land and Buildings
Land Bank of Taiwan	Repayable in May 2027	2.22	-	778,000	778,000	Land and Buildings
			21,194	983,374	1,004,568	
			\$ 21,194	\$ 3,379,791	\$ 3,400,985	

**STATEMENT 11****WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF OPERATING REVENUES****2023****Unit: In Thousands of New Taiwan Dollars**

<u>Item (Note 1)</u>	<u>Quantities</u>	<u>Amount</u>
FPD (Flat Panel Display) Industry	Note 2	\$ 16,823,356
Semiconductor Industry	Note 2	13,780,929
Information and Communication Technology Industry	Note 2	4,194,508
Others (Note 3)		<u>4,429,071</u>
		<u>\$ 39,227,864</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 12****WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF OPERATING COSTS****2023****Unit: In Thousands of New Taiwan Dollars**

<u>Item</u>	<u>Amount</u>
Cost of goods sold	
Inventories, beginning of year	\$ 3,455,972
Add: Purchases	35,311,568
Less: Transfer to operating expenses	( 25,402 )
Transfer to other loss	( 162 )
Write-down of inventories	178,526
Inventories, end of year	( <u>2,322,315</u> )
	36,598,187
Write-down of inventories	( 178,526 )
Others	( <u>40,540</u> )
Cost of goods sold	<u>36,379,121</u>
Other operating costs	<u>10,497</u>
	<u><u>\$ 36,389,618</u></u>

**STATEMENT 13****WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF OPERATING EXPENSES****2023****Unit: In Thousands of New Taiwan Dollars**

Item	Selling and marketing expenses	General and administrative expenses	Total
Employee benefits expense	\$ 644,954	\$ 244,401	\$ 889,355
Commissions expense	211,431	-	211,431
Import/export expense	114,309	-	114,309
Freight Fee	132,735	133	132,868
Rent expense	87,626	1,563	89,189
Depreciation and amortization	46,168	23,292	69,460
Service expense	17,640	28,493	46,133
Software maintenance expense	169	81,839	82,008
Others	<u>159,677</u>	<u>41,839</u>	<u>201,516</u>
	<u>\$ 1,414,709</u>	<u>\$ 421,560</u>	1,836,269
Expected credit impairment loss			<u>7,656</u>
			<u>\$ 1,843,925</u>

**STATEMENT 14****WAH LEE INDUSTRIAL CORPORATION****STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION  
AND AMORTIZATION BY FUNCTION****FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022****Unit: In Thousands of New Taiwan Dollars**

	2023				2022			
	Operating costs	Operating expense	Non-operating expenses	Total	Operating costs	Operating expense	Non-operating expenses	Total
Employee benefits expense								
Salaries	\$ -	\$ 755,999	\$ -	\$ 755,999	\$ -	\$ 776,798	\$ -	\$ 776,798
Labor and health insurance	-	42,916	-	42,916	-	43,704	-	43,704
Pension	-	22,024	-	22,024	-	21,235	-	21,235
Director's remuneration	-	31,731	-	31,731	-	37,306	-	37,306
Others	-	36,685	-	36,685	-	42,592	-	42,592
	<u>\$ -</u>	<u>\$ 889,355</u>	<u>\$ -</u>	<u>\$ 889,355</u>	<u>\$ -</u>	<u>\$ 921,635</u>	<u>\$ -</u>	<u>\$ 921,635</u>
Depreciation expenses	\$ 5,240	\$ 65,477	\$ 3,800	\$ 74,517	\$ 3,452	\$ 69,463	\$ 3,629	\$ 76,544
Amortization expenses	-	3,983	-	3,983	-	6,118	-	6,118

Note 1: The average number of the Company's employees was 411 and 412, including 6 and 5 non-employee directors in 2023 and 2022, 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, 2023 and 2022 were NT\$2,118 thousand and NT\$2,173 thousand, respectively.
- b. The average salaries for the years ended December 31, 2023 and 2022 were NT\$1,867 thousand and NT\$1,909 thousand, respectively.
- c. The average salaries decreased by 2% 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)