

Stock Code: **3010**



**WAH LEE  
INDUSTRIAL CORP.**

# 2024 Shareholders' Meeting Handbook

Date: May 28, 2024

Venue: 5F., No. 211, Chung-Cheng 4th Rd., Qianjin Dist., Kaohsiung City

(South Region Employee Training Center of Mega International Commercial Bank)

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# **WAH LEE INDUSTRIAL CORP.**

## **Procedure for the 2024 Shareholders' Meeting**

**One. Call Meeting to Order**

**Two. Chairman's Remarks**

**Three. Report Items**

**Four. Proposals for Ratification**

**Five. Discussion Items**

**Six. Extemporaneous Motions**

**Seven. Adjournment**

# **WAH LEE INDUSTRIAL CORP.**

## **2024 Shareholders' Meeting Procedure**

**Time: 9:30 a.m. on Tuesday, May 28, 2024**

**Venue: 5F., No. 211, Chung-Cheng 4th Rd., Qianjin Dist., Kaohsiung City South Region  
Employee Training Center of Mega International Commercial Bank**

**Convention of physical shareholders' meeting**

**One. Call Meeting to Order (Report Attendance)**

**Two. Chairman's Remarks**

**Three. Report Items**

1. 2023 Business Report
2. 2023 Audit Committee's Review Report
3. 2023 Distribution of Employees' Compensation and Remuneration to Directors.
4. 2023 Earnings Distribution and Cash Dividends Report.
5. 2023 Loan Endorsement and Guarantee.
6. Lending Funds to Other Parties
7. 2023 Summary of Investments in Mainland China.

**Four. Proposals for Ratification**

1. 2023 Business Report and Financial Statements.
2. 2023 Earnings Distribution Report.

**Five. Discussion Items**

Amendments to the "Articles of Incorporation".

**Six. Extemporaneous Motions**

**Seven. Adjournment**

## Report Items

1. To report the 2023 Business Report.

Explanatory Note: Please refer to Pages 9-13 of this Handbook (Annex 1).

2. To report the 2023 Audit Committee's Review Report.

Explanatory Note: Please refer to Page 14 (Annex 2) of this Handbook.

3. To report the 2023 Distribution of Employees' Compensation and Directors' Remuneration.

Note: According to Article 20 of the Articles of Incorporation and the resolution of the Board of Directors (the "Board") on March 14, 2024, the directors' remuneration ratio for the year ended December 31, 2023 was 1.15% of the net profit before tax, accounting for NT \$31,731,000, and the employees' compensation ratio was 9% of the net profit before tax, NT \$248,332,000, both paid in cash.

4. To report the 2023 Appropriation of Earnings Distribution in Cash Dividends.

Explanatory Note: 1. According to the Company Act and Articles 20-1 of the Articles of Incorporation of the Company (the "Articles of Incorporation"), the Board is authorized to distribute cash dividends to shareholders in the presence of more than two-thirds, and as affirmed by more than half of the directors, and report to the Shareholders's meeting.

2. Following the resolution of the Board of Directors on March 14, 2024, based on the undistributed earnings as of the end of 2023 and the number of outstanding shares of 246,982,650 shares as of March 13, 2024, the Company will distribute cash dividends to shareholders of NT\$5.2 per share. The amount of cash dividends for common shares is

NT\$1,284,309,780 where the Chairman is authorized to determine the dividend record date, distribution date and other related matters for cash dividend distribution.

3. If the dividend payout ratio changes and is revised due to changes in the number of outstanding shares of the Company, it is proposed to authorize the Chairman to adjust the distribution ratio according to the total amount of distribution based on the actual number of shares outstanding on the dividend record date.

5. To report the Status of Loan Endorsement and Guarantee of 2023.

Explanatory Note: Please refer to Page 15-16 (Annex 3) of this Handbook.

6. To report the 2023 Lending Funds to Other Parties.

Explanatory Note: Please refer to Page 17-18 (Annex 4) of this Handbook.

7. To report 2023 Summary of Investments in Mainland China.

Explanatory Note: Please refer to Page 19-20 (Annex 5) of this Handbook.

## **Proposals for Ratification**

Item 1 (Proposed by the Board of Directors)

Proposal: Adoption of the 2023 Business Report and Financial Statements.

Explanatory Note: 1. The Company has compiled the business report and both the parent company only and consolidated financial statements for the year ended December 31, 2023. The financial statements were audited by Chiu-Yen Wu and Ruei-Shiuan Shiu, two certified public accountants from Deloitte & Touche.

2. For the 2023 Business Report, The Parent Company Only Financial Statements, Consolidated Financial Statements, and Independent Auditors' Report, please refer to Pages 9~13 & 21~48 of this Handbook.

Resolution:

Item 2 (Proposed by the Board of Directors)

Proposal: Adoption of the 2023 Distribution of Net Earnings.

Explanatory Note: 1. The proposal for earnings distribution is based on for the earnings available for distribution in 2023. with the number of outstanding shares of 246,982,650 on March 13, 2024. It is planned to distribute cash dividends to shareholders of NT\$5.2 per share, and the amount of common shares cash dividends NT\$1,284,309,780.

2. The amount of cash dividends, calculated by the distribution ratio, is accurate to the nearest whole number in NTD if below NT\$1, and the amount below NT\$1 is rounded off. The total amount of cash dividend for less than NT\$1 is adjusted from the decimal point number from large to small and the account number from front to back, until it conforms to the total cash dividend distribution.

3. If it is necessary to amend the dividend payout ratio because of any subsequent change in the Company's share capital, which

affects the number of shares outstanding, the Chairman s is authorized to dispose of it at its sole discretion.

4. For the 2023 Earnings Distribution Table, please refer to Page 49 (Annex 7) of this Handbook.

Resolution:



## **Discussion Items**

(Proposed by the Board of Directors)

Proposal 1: Please approve the amendments to the Articles of Incorporation.

Explanatory Note:1. The employees' compensation is adjusted and the 'Articles of Incorporation' is revised in accordance with the Company's needs.

2. For the amendments to the “Articles of Incorporation” and the Comparisons , please refer to Page 50 (Annex 8) of this Handbook .

3. For the “Articles of Incorporation” before amendments, please refer to Page 62 to 68 (Appendix 2) of this Handbook.

Resolution:

## **Extemporaneous Motions**

## **Adjournment**

# WAH LEE INDUSTRIAL CORP.

## 2023 Business Report

The 2023 economy experienced a downturn characterized by ongoing customer destocking, which impacted various sectors. Wah Lee's total consolidated revenue in 2023 was NT\$ 66.7 billion, a slight decline of approximately 9.2% from the previous year. The net operating profit is NT\$ 2.5 billion, a slight decrease of 5.4% from the previous year. Compared to the Electronic material distributor industry's net operating profit decline of 10% to 30%, Wah Lee's profit performance remained relatively stable. In 2023, the Company achieved earnings per share (EPS) of NT\$ 8.96. Wah Lee is optimistic about the future, expecting revenue to rebound and grow in the upcoming year. The following is a summary of the 2023 operational results and the business plans for 2024.

In terms of its financial performance in 2023, Wah Lee's consolidated debt ratio stood at 59%, and the consolidated current and quick ratios were 151% and 122%, respectively. Its tangible net worth was NT\$20.08 billion, and the return on stockholders' equity was 11.89%, indicating satisfactory profitability. The cash flow turnover were 82 days, the net cash inflow from consolidated operating activities was NT\$3.17 billion. These metrics collectively demonstrated Wah Lee's overall financial structure and debt servicing ability to remain stable and healthy.

The following is a summary of the 2023 operational results, business plans for 2024, the Company's future development, and the impact of external competition, the regulatory environment, and the general economic environment.

### I. 2023 Business Report

#### (I) Business Plan Implementation Results

Unit: NTD thousands

Items	2023	2022	Difference	
			Amount	%
Net Operating Revenues	66,782,410	73,570,296	(6,787,886)	(9.2%)
Operating costs	61,256,065	68,003,687	(6,747,622)	(9.9%)
Gross Profit	5,526,345	5,566,609	(40,264)	(0.7%)
Operating expense	3,024,790	2,923,174	101,616	3.5%
Net operating profit	2,501,555	2,643,435	(141,880)	(5.4%)
Non-operating income and expenses	577,057	892,154	(315,097)	(35.3%)
Net profit before tax	3,078,612	3,535,589	(456,977)	(12.9%)
Income tax expense	762,437	809,317	(46,880)	(5.8%)
Net profit for the year	2,316,175	2,726,272	(410,097)	(15.0%)

#### (II) Budget Execution Performance: The Company has not announced any financial forecast for 2023.

### (III) Profitability Analysis:

Analysis Items \ year		Financial Information for Most Recent 5 Years				
		2019	2020	2021	2022	2023
Profitability	Return on total assets (%)	5.35	6.01	7.66	6.29	5.35
	Return on equity (%)	12.14	14.52	19.06	15.04	11.89
	Income before tax as a percentage of paid-in capital (%)	84.97	113.90	170.16	149.80	130.32
	Net profit rate (%)	2.85	3.46	4.41	3.71	3.47
	Earnings per share (\$)	6.12	7.88	12.05	10.53	8.96

### (IV) Income and Expenditure

For the year 2023, the Company's operating revenues were NT\$ 66,782,410 thousand, gross profit was NT\$ 5,526,345 thousand, operating expenses were NT\$ 3,024,790 thousand, net operating profit was NT\$ 2,501,555 thousand, non-operating revenue and expenses were NT\$ 577,057 thousand, net profit before tax was NT\$ 3,078,612 thousand, and net income after tax was NT\$ 2,316,175 thousand.

### (V) Research and Development

#### (1) 2023 Research and Development Expenditure

As the Company primarily operates as a sales channel distributor/operator, research and development activities predominantly occur on the supplier side. Consequently, the Company does not incur research and development expenses as per accounting principles.

#### (2) Future Product Development

With the ongoing advancements in social civilization and technology and the increasing importance of environmental protection, Wah Lee remains committed to its founding principle of being a "Material Pioneer, Technology Navigator." The Company consistently endeavors to develop next-generation materials and equipment, ensuring a steady output each year. Moreover, Wah Lee continuously strives to meet evolving customer demands while further enhancing its leadership in research and development capabilities through collaborations with suppliers. Moving forward, Wah Lee remains dedicated to advancing and meeting the evolving needs of our customers across various industries. Our commitment lies in providing high-end materials, equipment, and comprehensive solutions to cater to the demands of these mainstream sectors, including, but not limited to, 5G communications, AI servers and high-performance computing, high-end semiconductors, carrier boards, displays, new energy and electric vehicles, low-orbit satellite communications, the green economy, biotechnology, and healthcare.

## II. 2024 Business Plan

### (I) Impact of the External Competitive Landscape, the Regulatory Environment, and the General Economic Environment

#### (1) The External Competitive Landscape

Wah Lee distributes and sells a wide range of products. There are no direct competitors in the market, but there are competitors in specific sectors. Looking ahead

to 2024, Wah Lee will not only continue to expand its existing products into various emerging applications and emerging regional markets, but will also continue to develop new suppliers and new product sectors. In response to external competition, Wah Lee will persist in developing high-threshold, next-generation products to raise the entry barriers of competitors, develop more value-added services, and build strong synergies by reaching out to various industries and geographies.

(2) The Regulatory Environment

Adherence to the RE100 requirement is becoming increasingly prominent across mainstream markets worldwide in today's rapidly evolving global trade landscape. To address concerns related to refrigerants, plastics usage, and the imperative for energy conservation and carbon reduction, Wah Lee has introduced a comprehensive range of products designed to align with these requirements. Furthermore, as globalization trends shift towards regionalization, potentially evolving into two major trade hubs within the G2 framework, Wah Lee has strategically positioned itself with a comprehensive presence in China. With established local supply chains and exports in China and deep cultivation and expansion efforts in the Southeast Asian market, Wah Lee has also ventured into markets in India, Japan, the Americas, and Europe in recent years. These endeavors aim to sustain Wah Lee's competitive edge amidst increasingly stringent regulations and rules on a global scale.

(3) The General Economic Environment

Wah Lee is strategically positioned in markets experiencing rapid recovery and growth. China, for instance, has seen a GDP growth rate of 5.2% in 2023, which is projected to increase to 5.3% in 2024, according to the National Bureau of Statistics. Similarly, Southeast Asian market (ASEAN) anticipates an overall GDP growth rate of 4.9% in 2024, while the Indian market is poised for a remarkable 7% growth rate during the same period. Large markets such as the United States, Japan, Mexico, and Europe are also expected to witness robust growth rates. Wah Lee aims to capitalize on these opportunities by aggressively expanding its sales share in these lucrative markets.

(II) Expected Sales Volume and Important Production and Marketing Policies

(1) Expected Sales Volume

Given the variability across product units, the Company does not have published financial forecasts and cannot provide precise sales volume estimates for each business unit. While specific sales volume estimates are unavailable, we can outline the growth direction/trajectory of several key industry segments: smartphone sales are projected to increase by 3% in 2024, the NB and PC markets are expected to grow by 3~5%, and global AI server shipments are anticipated to grow at an average rate of 45% from 2022 to 2026.

(2) Important Production and Marketing Policies

Wah Lee's suppliers primarily focus on research, development, and production activities. Wah Leelap conducts regular production and sales coordination meetings with its suppliers to foster innovation and growth. These collaborative efforts aim to identify breakthrough applications in specific markets, expanding sales opportunities for Wah Lee and its suppliers.

(III) Specific Business Objectives and Development Strategies

As previously mentioned, the annual growth rate of AI servers is projected to exceed 45% in recent years. This surge in demand for these advanced server platforms is expected to fuel substantial growth in high-end PCBs and IC carrier boards. The application of high-

performance computing (HPC), data centers, and 5G communication requires high-end servers, routers, switches, antenna modules, communication equipment, and other cutting-edge equipment. This infrastructure segment is expected to experience significant growth. Wah Lee's sales of materials and equipment, including 5G high-frequency copper-clad substrates with low dielectric value, direct imaging DI high-resolution electroplated dry film for high-end processes, and PCB equipment, are anticipated to maintain steady growth. As numerous PCB manufacturers shift their production bases to Southeast Asian market, Wah Lee has already established a comprehensive marketing and logistics infrastructure across various Southeast Asian countries to supply the high-end materials and equipment to nearby PCB customers. Wah Lee is also involved in low-orbit satellite communications, and positioning itself to capitalize this very potential terminal application market. The automotive market is poised for significant growth in the future, presenting a key opportunity for Wah Lee. The Company has already made strides in supplying high-end engineering plastics automotive parts, including ECU connectors, navigation systems, speedometers, camera connectors, transmission components, and charging stations. With the electric vehicle market projected to grow at a CAGR of 17.3% until 2030, Wah Lee anticipates a surge in the sales of related materials. Furthermore, Wah Lee has successfully introduced the third-generation compound semiconductor components, such as GaN and SiC, which possess high voltage endurance, into crucial next-generation semiconductor materials. In 2023, the revenue from the third-generation semiconductor-related products surged by 46% compared to the previous year. High-voltage components inside electric vehicles and fast-charging facilities are in great demand and will certainly have a place in the future era when electric vehicles and alternative energy generators will become ever more popular.

In recent years, the world's top plastic manufacturers have started to supply PCR (Post-Consumer Recycled) plastics in response to increased environmental awareness. Wah Lee has secured the privilege of providing PCR to several companies, and the escalating demand is set to accelerate and broaden. This initiative aligns with the Company's commitment to contributing to the planet's sustainability. In 2023, Wah Lee sold 66 tons of PCR plastics, generating approximately NT\$ 5 million in revenue. This marks a remarkable 3.53-fold increase from the previous year.

Amidst the globalization trend and expansion of the semiconductor industry, Wah Lee is positioned ahead of its competitors in terms of the breadth and pace of globalization. The Company has established operations in the United States, Japan, Korea, Mainland China, and Southeast Asia. Furthermore, Wah Lee is also expanding its presence into the European and Indian markets, positioning itself as a frontrunner in these markets. The semiconductor industry's key customers are experiencing rapid advancements in their processes, leading to increased demand for raw materials for various advanced processes. Forecasts suggest that revenue growth for major customers in 2024 is expected to range between 20% and 25%, while the foundry industry is expected to grow around 20%. As the largest supplier of consumables to major semiconductor customers, including electronic grade chemicals, photoresists, strippers, CMP grinding fluids, special gases, equipment component consumables, and wafers, Wah Lee is well-positioned to sustain its growth trajectory. This is fueled by the steady growth in long-term global demand for wafers and ongoing technological advancements. In recent years, as the supply chain trend moves towards regionalization, Wah Lee has secured semiconductor orders from Japan and the U.S. Additionally, Coupled with the recent explosion in demand for AI applications, sales of related semiconductor materials are bound to be booming.

Wah Lee's early-stage development and extensive expertise in green power have been

recognized by receiving the Top Solar Award for high-quality solar power from the President in person. As the demand for green power and green power certificates surges, Wah Lee's solar power capacity will accelerate from 65MW (at the end of 2023), and to provide customers with a full range of solutions, including green power certificates, carbon trading, and material and service production. These offerings will assist customers to comply with the international carbon neutrality requirements.

The logistics services of Taiwan's technology industry will continue to be in short supply in the next five years. Based on Wah Lee's comprehensive solution provider business philosophy, the Company is establishing Taiwan's largest high-tech professional logistics center to solve some of the significant shortfall in logistics services in Taiwan. The Company continues to strengthen its core competitive advantages by investing in the establishment of the Southern Logistics Center. This move will further consolidate Wah Lee's leading position in the logistics operation center and increase Wah Lee's added value to customer services. Wah Lee has expanded its revenue scale in Logistics services across China, and expanding to all over the world along with its customers.

The report above outlines Wah Lee's 2023 business performance and future development strategy. Looking forward to the future, the company will commit to sound corporate governance, complying with laws and regulations, fulfilling social responsibilities, implementing environmental protection and taking into account the goals of profitable growth to ensure the company's innovation, sustainable development and enhance shareholder value. We sincerely thank all our shareholders for their enduring trust and support in Wah Lee.

Chairman:  
Chang Tsun-Hsien

President:  
Chang Tsun-Hsien

Accounting Director:  
Lee Kuo-Ping

## Audit Committee's Audit Report

The Board of Directors has prepared, and submitted to the shareholders' meeting, the business report, financial statements, and the proposal for earnings distribution for 2023. The financial statements have been duly audited by Chiu-Yen Wu and Ruei-Shiuan Shiu, two certified public accountants from Deloitte & Touche, and an independent audit report has been issued. The Audit Committee has audited the above-mentioned business report, financial statements and the proposal for earnings distribution and found no discrepancies. Therefore, the relevant contents are reported as above in accordance with the relevant provisions of the Securities Exchange Law and the Company Law.

Wah Lee Industrial Corporation

Convener of the Audit Committee:



Shyu, So-De

March 14, 2024



## WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

Endorsements / Guarantees provided

January 1 to December 31, 2023

(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/Guarantee Given on Benefit of Each Party (Notes 1~5)	Maximum Amount Endorsed/Guaranteed During the Year	Outstanding Endorsement/Guarantee at The End of the Year (Note 6)	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 1~5)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		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	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	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 International	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	KingstoneCorp.	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 Meditek	Subsidiary of the Company	831,227	186,606	181,486	54,634	-	4.37	2,078,068	Y	N	Y	
2	Kingstone Corp.	KSA Corp.	Related Companies (Note 6)	2,113,128	500,000	-	-	-	-	3,521,880	Y	N	N	
2	Kingstone Corp.	KSA Corp.	Related Companies (Note 6)	176,094	6,902	6,902	5,329	-	0.97	352,188	Y	N	N	
2	Kingstone Corp.	KSB Corp.	Subsidiary of the Company	2,113,128	200,000	-	-	-	-	3,521,880	Y	N	N	

2	Kingstone Corp.	KSC Corp.	Subsidiary of the Company	2,113,128	1,500,000	-	-	-	-	3,521,880	Y	N	N	
2	Kingstone Corp.	KSD Corp	Subsidiary of the Company	2,113,128	500,000	-	-	-	-	3,521,880	Y	N	N	
3	Dongguan Huagang	Guangjou Shing Shian	Subsidiary of the Company	720,227	19,306	182,858	58,831	-	7.62	1,200,379	Y	N	Y	
4	Raycong H.K.	Xiamen Hua Chen Da 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 Kingstone Corp.; the maximum total amount of endorsement/guarantee shall not exceed 1000% of the paid-in capital of Kingstone 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 Kingstone Corp. The total amount of endorsement/guarantee shall not exceed 100% of the paid-in capital of Kingstone Corp.
- Note:6 Previously a subsidiary of the Company, but the Company has sold all its equity on November 1, 2023. Please refer to Note 27.
- Note:7 USD is converted by spot exchange rate US\$1 = NT\$30.705; JPY is converted by spot exchange rate JPY1 = NT\$0.2172; RMB is converted by spot exchange rate RMB1 = NT\$4.3211; THB is converted by spot exchange rate THB1 = NT\$0.9017; and HKD is converted by spot exchange rate HK\$1 = NT\$3.929.

## WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## Lending Funds to Other Parties

January 1 to December 31, 2023

(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending balance (Note 1)	Amount utilized (Notes 1,6)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-Term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 2 to 4)	Aggregate Financing Limit (Notes 2 to 4)	Note
													Item	Value			
0	the Company	Kingstone 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 Meditek	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	Guangjou Shing Shian	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	Kingstone 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 rate of RMB\$1=NT\$4.3211; and HKD was converted by the spot exchange rate of HKD\$1=NT\$3.929.
- Note:2 The aggregate lending limit for the company in need of short-term lending shall not exceed 10% of the Company's equity; the lending 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 lending limit for the parent company and subsidiaries by Wah Lee Holding Ltd., Shanghai Yikang, Shenzhen Huaying, Dongguan Hua Gang 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 lending limit for the parent company and the subsidiaries by Raycong H.K. included in the consolidated financial statements of the parent company shall not exceed 40% of the parent company's equity.
- Note:5 It was eliminated on consolidation.

## WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

## Information on investments in Mainland China

January 1 to December 31, 2023

(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain(Loss) recognized for this year (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Dongguan Huagang	Trading business of industrial materials	\$ 1,126,308	Invested through the third region, Raycong H.K.	\$ -	\$ -	\$ -	\$ -	\$ 304,209	100.00	\$ 304,209	\$ 2,395,335	\$ 425,949	
Shanghai Yikang	Trading business of industrial materials	981,504	Invested through the third region, Raycong H.K.	340,629	-	-	340,629	522,105	70.00	365,473	2,928,358	-	
Shenzhen Huaying	Supply chain management and consultancy service	23,860	Invested through the third region, Raycong H.K.	-	-	-	-	( 887 )	100.00	( 887 )	176,242	42,174	
Shanghai Hua Chang Trading Co., Ltd.	International trading and trading consulting; trading agent and commercial simple processing within enterprises in the bonded area	73,692	Invested through the third region, SHC Holding Ltd.	43,714	-	-	43,714	225,900	30.00	67,770	689,911	56,137	
Shanghai Meditek	Import and export of goods and technology	12,963	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	( 18,693 )	49.00	( 9,159 )	9,047	-	
Shanghai Crown Medical Equipment Co. Ltd. (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	-	
Guangjou Shing Shian	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, Guangjou Shing Shian	-	-	-	-	-	90.00	-	-	-	
Xiamen Huashengda Logistics	Warehousing and logistics	12,963	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	( 3,443 )	70.00	( 2,410 )	3,722	-	
Xiamen Jian Yuan Rong Logistic Co., Ltd.	Warehousing and logistics	34,569	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	( 5,573 )	30.00	( 1,672 )	9,246	-	
Xiamen Jia Cheng Yuan Trading and Development Co. Ltd.	Warehousing and logistics	8,642	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	423	30.00	127	3,191	-	

Investee Company	Accumulated Outward Remittance for Investment from Taiwan to Mainland China as of December 31, 2023 (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)
The Company	\$ 384,343	\$ 2,480,528	\$ -

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

1. Dongguan Raycong and Shanghai Yikang, as audited by certified accountants from the parent company in Taiwan.
2. The rest has not been verified by certified accountants from the parent company in Taiwan .

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

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

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Wah Lee Industrial Corporation:

### **Opinion**

The standalone balance sheet of WAH LEE INDUSTRIAL CORP. (the "Company") as of December 31, 2023 and 2022, and the STANDALONE STATEMENTS OF COMPREHENSIVE INCOME, standalone equity statement, standalone cash flow statement and notes for the standalone financial statements (including the summary of major accounting policies) as of January 1 to December 31, 2023 and 2022, have been audited and completed by us.

In our opinion, based on our audits and the reports of other auditors (please refer to the paragraph Other Matters), the accompanying standalone financial statements present are prepared according to the Financial Reporting standards of the securities issuer in all material aspects, which are sufficient to properly express the standalone financial situation of the Company as of December 31, 2023 and 2022, and the standalone financial performance and standalone cash flow of the Company as of January 1 to December 31, 2023 and 2022.

### **Basis for Opinion**

The accountant performs the audit according to the auditing of visa financial statements rules and auditing standards, and our responsibilities under these standards will be further explained in the responsibility section of our auditing of the standalone financial statements. 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. Based on the auditor's findings and other audit reports, the auditor is confident that they have obtained sufficient and appropriate audit evidence to form the basis for expressing an audit opinion.

## **Key Audit Matters**

Key audit matters refers to the most important matters in the professional judgment of we, the audit of the Standalone Financial Statements of the Company in 2023. These matters have been dealt with in auditing the overall financial statements of individuals and forming an audit opinion, and we do not express an opinion on these matters separately.

The key audit matters of the Company's 2023 standalone financial statements are as follows:

### Occurrence of revenue from specific customers

The net operating income of the Company in 2023 from the sales of goods to specific customers and the increase in gross profit or margin has increased significantly compared with the previous year. Therefore, the authenticity of the sales revenue of such specific customers is listed as a key audit item according to the audit standard bulletin on assuming revenue as a significant risk.

For accounting policies related to revenue recognition, please refer to Note 4 to the Financial Statements.

The main audit procedures conducted by our accountants to authenticate the aforementioned sales revenue include:

1. Understand and test the effectiveness of relevant internal control procedures such as shipment and entry operations that are relevant to the authenticity of revenue recognition.
2. We verified, on a sampling basis, the occurrence of recorded revenue from specific customers against supporting documents, including shipping and collection documents, and we checked whether the payer is the same as the buyer.

## **Other matters**

In the standalone financial statements of the Company for the years 2023 and 2022, the investee's financial statements companies that partially adopt the equity method are audited by other accountants. Therefore, our opinions on the Standalone Financial Statements are based on Independent Auditors' Report regarding the amounts and disclosures listed in the investee's financial statements. The carrying values of the investments accounted for using the equity method as of December 31, 2023 and 2022 was NT \$686,672,000 and NT \$735,824,000, respectively, accounting for 2% of the total assets at the end of each year, and the shares recognized as profit or



loss of the investee in 2023 and 2022 were NT \$57,386,000 and NT \$83,373,000, respectively, accounting for 2% and 3% of the net profit before tax for each year.

### **Management and Governance Responsibilities for Standalone Financial Statements**

It is the responsibility of management to prepare fairly expressed Standalone Financial Statements according to the Financial Reporting Report for Securities Issuers and to maintain the necessary internal controls concerning the preparation of standalone financial statements to ensure that Standalone Financial Statements do not contain material misrepresentations resulting from fraud or error.

In preparing the standalone 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, of the Company were responsible for overseeing the financial reporting process.

### **Accountants' Responsibilities for Auditing Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone 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 not a guarantee that an audit conducted under the auditing standards generally accepted in 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 based on the standalone financial statements.

As part of an audit under the auditing standards generally accepted in 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 standalone 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 to design audit procedures that are appropriate in the circumstances, but not to express 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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 standalone financial statements. We are responsible for the direction, supervision, and performance of the Company's 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 decided on the key audit matters for the auditing of the Company's Standalone Financial Statements for the year as of December 31, 2023. We disclose any of such matters in our auditors' report, unless law or regulation precludes public disclosure about it or where in extremely rare circumstances, we hold that it must not be disclosed in our report because of adverse consequences of doing so that would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

CPA Chiu-Yen Wu

CPA Jui-Hsuan Hsu

Document No. approved by Securities and  
Futures Commission

Taicai Zheng Liu Zi No. 0920123784

Document No. approved by Financial  
Supervisory Commission

Jin Guan Zheng Jian Zi No. 1020025513

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  
THE PARENT COMPANY ONLY BALANCE SHEETS  
December 31, 2023 and 2022  
Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current Assets				
1100	Cash (Note 6)	\$ 1,703,009	5	\$ 1,713,281	5
1120	Financial assets at fair value through other comprehensive income - current (Notes 4,7)	167,000	-	148,500	-
1150	Notes receivable (Notes 4,8)	103,355	-	106,006	-
1170	Net accounts receivable (Notes 4,5,8)	7,751,764	21	7,572,241	21
1180	Accounts receivable - related parties (Notes 4,5,8,26)	380,031	1	435,034	1
1200	Other receivables	34,688	-	23,148	-
1210	Other receivables - related parties (Note 26)	200,076	1	229,100	1
130X	Merchandise (Notes 4,5,9)	2,322,315	6	3,455,972	10
1421	Prepayments for purchases	1,440,421	4	1,093,884	3
1470	Other current assets	34,796	-	36,319	-
11XX	Total current assets	14,137,455	38	14,813,485	41
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4,7)	808,840	2	594,342	2
1550	Investments using the equity method (Notes 4,10,27)	18,952,956	51	17,451,656	48
1600	Property, plant and equipment (Notes 4,11,26,27)	2,492,567	7	2,379,243	7
1755	Right-of-use assets (Notes 4,12)	60,384	-	60,505	-
1760	Investment properties (Notes 4,13,27)	440,020	1	429,341	1
1822	Intangible Assets	8,899	-	11,002	-
1840	Deferred income tax assets (Notes 4,22)	232,741	1	274,434	1
1920	Refundable deposits	49,722	-	53,588	-
15XX	Total non-current assets	23,046,129	62	21,254,111	59
1XXX	Total assets	\$ 37,183,584	100	\$ 36,067,596	100
	Liabilities and Equity				
	Current Liabilities				
2100	Short-term borrowings (Note 14)	\$ 5,549,045	15	\$ 5,288,387	15
2130	Contract liabilities - current (Notes 20, 26)	410,836	1	295,004	1
2150	Notes payable (Note 16)	15,355	-	23,079	-
2170	Accounts payable (Note 16)	3,751,198	10	4,335,276	12
2180	Accounts payable - related parties (Notes 16 and 26)	293,452	1	366,352	1
2200	Other payables (Note 17 and 26)	786,644	2	823,816	2
2220	Other payables - related parties (Note 26)	110,515	-	105,336	-
2230	Current tax liabilities (Note 22)	165,585	1	228,842	1
2250	Provision for liabilities-current (Notes 4,28)	-	-	36,793	-
2280	Lease liabilities - current (Notes 4,12)	14,937	-	17,742	-
2321	Corporate bonds maturing within 1 year	1,996,598	5	-	-
2322	Current portion of long-term borrowings (Note 14)	21,194	-	21,003	-
2365	Refund liability - current	359,814	1	294,362	1
2399	Other current liabilities	24,818	-	18,613	-
21XX	Total current liabilities	13,499,991	36	11,854,605	33
	Non-current Liabilities				
2530	Corporate bonds payable (Notes 4,15)	-	-	1,994,084	6
2540	Long-term borrowings (Note 14)	3,379,791	9	3,699,765	10
2550	Provisions - non-current	17,200	-	15,311	-
2570	Deferred tax liabilities (Notes 4,22)	1,421,452	4	1,446,269	4
2580	Lease liabilities - non-current (Notes 4,12)	51,203	-	47,880	-
2640	Net defined benefit liabilities - non-current (Notes 4,18)	235,726	1	250,925	1
2645	Guarantee deposits received	3,203	-	2,973	-
25XX	Total non-current liabilities	5,108,575	14	7,457,207	21
2XXX	Total liabilities	18,608,566	50	19,311,812	54
	Equity (Note 19)				
3110	Ordinary share capital	2,360,203	6	2,360,179	6
3140	Capital collected in advance (Note 15)	2,190	-	-	-
3100	Total Capital	2,362,393	6	2,360,179	6
3200	Capital Surplus	2,092,166	6	2,036,714	6
	Retained Earnings				
3310	Legal reserve	2,968,189	8	2,710,197	8
3320	Special reserve	448,559	1	184,623	-
3351	Undistributed earnings	10,066,449	27	9,912,630	27
3300	Total retained earnings	13,483,197	36	12,807,450	35
3400	Other Equity	637,262	2	( 448,559 )	( 1 )
3XXX	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 part of the parent company only financial statements.  
(Refer to Deloitte & Touche auditors' report dated March 14, 2024)

WAH LEE INDUSTRIAL CORPORATION

THE PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

From January 1 to December 31, 2023 and 2022

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

Code		2023		2022	
		Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 4,20,26)	\$ 39,227,864	100	\$ 44,038,316	100
5000	OPERATING COSTS (Notes 9,21,26)	<u>36,389,618</u>	<u>93</u>	<u>41,237,812</u>	<u>94</u>
5900	Gross Profit	2,838,246	7	2,800,504	6
5910	UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	( 4,896 )	-	( 2,867 )	-
5920	REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	<u>2,867</u>	<u>-</u>	<u>6,949</u>	<u>-</u>
5950	REALIZED GROSS PROFIT	<u>2,836,217</u>	<u>7</u>	<u>2,804,586</u>	<u>6</u>
	Operating expenses (Notes 8, 21, and 26)				
6100	Selling and marketing expenses	1,414,709	4	1,473,177	3
6200	General and administrative expenses	421,560	1	416,753	1
6450	Expected credit loss recognized (reversed)	<u>7,656</u>	<u>-</u>	( <u>33,225</u> )	<u>-</u>
6000	Total operating expenses	<u>1,843,925</u>	<u>5</u>	<u>1,856,705</u>	<u>4</u>
6900	PROFIT FROM OPERATIONS	<u>992,292</u>	<u>2</u>	<u>947,881</u>	<u>2</u>
	Non-operating income and expenses (Notes 21 and 26)				
7100	Interest income	25,130	-	3,012	-
7010	Other income	207,443	1	219,026	1
7020	Other gains and losses	45,089	-	139,331	-

(Continued)

(Concluded)

Code		2023		2022	
		Amount	%	Amount	%
7050	Financial costs	( \$ 367,918 )	( 1 )	( \$ 193,940 )	-
7070	Share of profit or loss of subsidiaries, associates and joint ventures using the equity method	<u>1,577,145</u>	<u>4</u>	<u>1,799,387</u>	<u>4</u>
7000	Total	<u>1,486,889</u>	<u>4</u>	<u>1,966,816</u>	<u>5</u>
7900	Income before Tax	2,479,181	6	2,914,697	7
7950	Income tax (Notes 4,22)	<u>365,464</u>	<u>1</u>	<u>429,897</u>	<u>1</u>
8200	Net profit for the year	<u>2,113,717</u>	<u>5</u>	<u>2,484,800</u>	<u>6</u>
	Other comprehensive income (Notes 19,22)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Re-measurement of defined benefit plan	7,660	-	21,868	-
8316	Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	251,897	-	( 200,999 )	-
8330	Share of other comprehensive gain (loss) of subsidiaries and associates accounted for using the equity method	1,096,002	3	( 322,129 )	( 1 )
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	( 11,627 )	-	( 2,127 )	-

(Continued)

(Concluded)

<u>Code</u>		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8380	Share of other comprehensive gain (loss) of subsidiaries and associates accounted for using the equity method	( \$ 233,620 )	-	\$ 375,456	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	<u>18,349</u>	<u>-</u>	( <u>40,884</u> )	<u>-</u>
8300	Other comprehensive income for the year (net after tax)	<u>1,128,661</u>	<u>3</u>	( <u>168,815</u> )	( <u>1</u> )
8500	Total comprehensive income for the year	<u>\$ 3,242,378</u>	<u>8</u>	<u>\$ 2,315,985</u>	<u>5</u>
	Earnings per share (Note 23)				
9750	Basic	<u>\$ 8.96</u>		<u>\$ 10.53</u>	
9850	Diluted	<u>\$ 8.13</u>		<u>\$ 9.62</u>	

The accompanying notes are part of the parent company only financial statements.  
(Refer to Deloitte & Touche auditors' report dated March 14, 2024)

WAH LEE INDUSTRIAL CORPORATION

THE PARENT COMPANY ONNLY STATEMENT OF CHANGES IN EQUITY

From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		Other equity items									
		Share capital		Capital Surplus	Retained Earnings			Exchange differences on translating the financial statements of foreign operations	Unrealized gain on financial assets at FVTOCI	Total	Total Equity
		Ordinary share capital	Capital collected in advance		Legal reserve	Special reserve	Undistributed earnings				
A1	Balance at January 1, 2022	\$ 2,360,179	\$ -	\$ 1,690,292	\$ 2,412,040	\$ 636,618	\$ 8,783,793	( \$ 678,629 )	\$ 494,006	( \$ 184,623 )	\$ 15,698,299
	Appropriation and distribution of earnings for the year ended December 31, 2021										
B1	Legal reserve	-	-	-	298,157	-	( 298,157 )	-	-	-	-
B3	Special reserve reversed	-	-	-	-	( 451,995 )	451,995	-	-	-	-
B5	Cash dividends distributed to the shareholders of the Company	-	-	-	-	-	( 1,604,922 )	-	-	-	( 1,604,922 )
		-	-	-	298,157	( 451,995 )	( 1,451,084 )	-	-	-	( 1,604,922 )
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	-	346,422	-	-	-	-	-	-	346,422
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	2,484,800	-	-	-	2,484,800
D3	Other comprehensive income after tax for the year ended December 31, 2022	-	-	-	-	-	18,662	334,572	( 522,049 )	( 187,477 )	( 168,815 )
D5	Total comprehensive profit or loss for the year ended December 31, 2022	-	-	-	-	-	2,503,462	334,572	( 522,049 )	( 187,477 )	2,315,985
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	76,459	-	( 76,459 )	( 76,459 )	-
Z1	Balance as of 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 of earnings for the year ended December 31, 2022										
B1	Legal reserve	-	-	-	257,992	-	( 257,992 )	-	-	-	-
B3	Special reserve	-	-	-	-	263,936	( 263,936 )	-	-	-	-
B5	Cash dividends distributed to the shareholders of the Company	-	-	-	-	-	( 1,439,709 )	-	-	-	( 1,439,709 )
		-	-	-	257,992	263,936	( 1,961,637 )	-	-	-	( 1,439,709 )
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	-	20,516	-	-	( 41,101 )	-	-	-	( 20,585 )
D1	Net profit for the year ended December 31, 2023	-	-	-	-	-	2,113,717	-	-	-	2,113,717
D3	Other comprehensive income after tax for the year ended December 31, 2023	-	-	-	-	-	6,219	( 215,271 )	1,337,713	1,122,442	1,128,661
D5	Total comprehensive profit or loss for the year ended December 31, 2023	-	-	-	-	-	2,119,936	( 215,271 )	1,337,713	1,122,442	3,242,378
I1	Convertible corporate bond conversion	24	2,190	16,801	-	-	-	-	-	-	19,015
(Continued)											

(Continued)



(Concluded)

								Other equity items			
Code		Share capital		Capital Surplus	Retained Earnings			Exchange differences on translating the financial statements of foreign operations	Unrealized gain on financial assets at FVTOCI	Total	Total Equity
		Ordinary share capital	Capital collected in advance		Legal reserve	Special reserve	Undistributed earnings				
M5	Difference between acquisition or disposal of equity price and book value of subsidiary (Note 10)	-	-	\$ 18,135	-	-	-	-	-	-	\$ 18,135
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	36,621	-	( 36,621 )	( 36,621 )	-
Z1	Balance as of December 31, 2023	<u>\$ 2,360,203</u>	<u>\$ 2,190</u>	<u>\$ 2,092,166</u>	<u>\$ 2,968,189</u>	<u>\$ 448,559</u>	<u>\$ 10,066,449</u>	<u>( \$ 559,328 )</u>	<u>\$ 1,196,590</u>	<u>\$ 637,262</u>	<u>\$ 18,575,018</u>

The accompanying notes are part of the parent company only financial statements.  
(Refer to Deloitte & Touche auditors’ report dated March 14, 2024)

WAH LEE INDUSTRIAL CORPORATION

THE PARENT COMPANY ONLY STATEMENTS OF CASH FLOW

From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		2023	2022
	Cash flows from operating activities		
A10000	Net income before tax for the year	\$2,479,181	\$2,914,697
A20010	Adjustments for:		
A20100	Depreciation expenses	74,517	76,544
A20200	Amortization expenses	3,983	6,118
A20300	Expected credit loss recognized (reversed)	7,656	( 33,225 )
A20400	Loss of financial asset at fair value through profit or loss	-	1,200
A20900	Financial costs	367,918	193,940
A21200	Interest income	( 25,130 )	( 3,012 )
A21300	Dividend income	( 13,231 )	( 12,956 )
A22400	Share of profit or loss of subsidiaries, associates and joint ventures using the equity method	( 1,577,145 )	( 1,799,387 )
A23200	Gain on the disposal of the subsidiary	( 13,873 )	-
A23700	Write-down (Gain from price recovery) of inventories	( 178,526 )	190,518
A23900	UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	4,896	2,867
A24000	REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	( 2,867 )	( 6,949 )
A24100	Gain on unrealized foreign currency exchange	( 59,633 )	( 67,122 )
A22900	Provision for loss	1,587	19,711
A22900	Other	( 201 )	( 33 )
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	2,651	67,339
A31150	Accounts receivable	( 186,813 )	1,480,575
A31160	Accounts receivable - related parties	54,637	519,742
A31180	Other receivables	( 11,491 )	16,721
A31190	Other receivables - related parties	( 9,995 )	29,660
A31200	Merchandise inventories	1,312,183	( 1,555,851 )
A31230	Prepayments for purchases	( 346,537 )	748,107
A31240	Other current assets	1,523	( 24,471 )
A32125	Contract liabilities	115,832	( 61,216 )

(Continued)

(Concluded)

Code		2023	2022
A32130	Notes payable	(\$ 7,724)	(\$ 14,917)
A32150	Accounts payable	( 584,078)	( 396,141)
A32160	Accounts payable - related parties	( 72,900)	( 122,385)
A32180	Other payables	( 39,598)	( 50,925)
A32190	Other payables - related parties	5,607	27,926
A32200	Provision for liabilities	( 38,380)	( 13,004)
A32200	Refund liabilities	65,452	119,360
A32230	Other current liabilities	6,205	( 1,917)
A32240	Net defined benefit liabilities	( <u>7,539</u> )	( <u>8,943</u> )
A33000	Cash generated from operations	1,328,167	2,242,571
A33100	Interest received	25,081	3,012
A33200	Dividends received	1,227,390	646,805
A33300	Interest paid	( 342,099)	( 149,415)
A33500	Income tax paid	( <u>399,330</u> )	( <u>334,656</u> )
AAAA	Net cash generated from operating activities	<u>1,839,209</u>	<u>2,408,317</u>
Cash flow from investing activities			
B00010	Purchase of financial assets at fair value through other comprehensive income	-	( 5,000)
B00020	Disposal of financial assets at fair value through other comprehensive profit or loss	185	488
B00030	Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	18,714	5,000
B01800	Purchase of investments accounted for using the equity method	( 24,000)	( 191)
B01900	Disposal of investments using the equity method	116,230	-
B02200	Acquisition of subsidiaries	( 143,203)	( 205,335)
B02700	Payment for property, plant, and equipment	( 176,920)	( 1,538,742)
B02800	Proceeds from disposal of property, plant, and equipment	531	-
B03700	Decrease (increase) in refundable deposits	3,866	( 1,304)
B04500	Acquisition of other intangible assets	( <u>1,880</u> )	( <u>100</u> )
BBBB	Net cash used in investing activities	( <u>206,477</u> )	( <u>1,745,184</u> )
Cash flow from financing activities			
C00100	Increase in short-term borrowings	320,291	149,152
C01600	Proceeds from long-term borrowings	200,000	3,377,029
C01700	Repayment of long-term borrowings	( 520,783)	( 2,023,080)
C03000	Deposit margin decrease	230	( 136)
C04020	Repayment of the principal portion of lease liabilities	( 20,694)	( 19,463)
C04500	Distribution of cash dividends	( 1,439,709)	( 1,604,922)

(Continued)

(Concluded)		2023	2022
Code			
C05400	Acquisition of equity of subsidiary	(\$ <u>182,339</u> )	(\$ <u>484,645</u> )
CCCC	Net cash generated used in financing activities	( <u>1,643,004</u> )	( <u>606,065</u> )
EEEE	Net increase (decrease) in cash	( 10,272)	57,068
E00100	Cash balance at the beginning of the year	<u>1,713,281</u>	<u>1,656,213</u>
E00200	Cash balance at the end of the year	<u>\$1,703,009</u>	<u>\$1,713,281</u>

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

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

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Wah Lee Industrial Corporation:

### **Opinion**

The consolidated balance sheets of the Company and its subsidiaries as of December 31, 2023 and 2022, and the consolidated profit and loss statement, consolidated statement of changes in equity, consolidated cash flow statement and notes to the consolidated financial statements (including the summary of major accounting policies) for the years from January 1 to December 31, 2023 and 2022 have been audited and completed by our auditors.

In our opinion, based on our audits and the reports of other auditors (please refer to the paragraph Other Matters), the Consolidated Financial Statements are prepared according to the Financial Reporting Standards of Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretations approved by the Financial Supervisory Commission and issued with effect in all material respects, which are sufficient to express the consolidated financial situation of the Company and its subsidiaries as of December 31, 2023 and 2022, and the consolidated financial results and consolidated cash flows as of January 1 to December 31, 2023 and 2022.

### **Basis for Opinion**

The accountant performs the audit according to the auditing of visa financial statements rules and auditing standards, and our responsibilities under these standards will be further explained in the responsibility section of our auditing of the standalone financial statements. 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. Based on the auditor's findings and other audit reports, the auditor is confident that

they have obtained sufficient and appropriate audit evidence to form the basis for expressing an audit opinion.

### **Key Audit Matters**

Key audit matters refers to the most important matters in the professional judgment of we, the audit of the Consolidated Financial Statements of the Company and its subsidiaries in 2023. These matters have been dealt with in auditing the standalone financial statements and forming an audit opinion, and we do not express an opinion on these matters separately.

The key audit matters of the Consolidated Financial Statements of the Company and its subsidiaries for the year ended December 31, 2023 are as follows:

#### Occurrence of revenue from specific customers

The net operating income of the Company and its subsidiaries in 2023 from the sales of goods to specific customers and the increase in gross profit or margin has increased significantly compared with the previous year. Therefore, the authenticity of the sales revenue of such specific customers is listed as a key audit item according to the audit standard bulletin on assuming revenue as a significant risk.

For accounting policies related to revenue recognition, please refer to Note 4 to the Financial Statements.

The main audit procedures conducted by our accountants to authenticate the aforementioned sales revenue include:

1. Understand and test the effectiveness of relevant internal control procedures such as shipment and entry operations that are relevant to the authenticity of revenue recognition.
2. We verified, on a sampling basis, the occurrence of recorded revenue from specific customers against supporting documents, including shipping and collection documents, and we checked whether the payer is the same as the buyer.

### **Other matters**

In the consolidated financial statements of the Company for the years 2023 and 2022, the investee's financial statements companies that partially adopt the equity method are audited by other

accountants. Therefore, our opinions on the Consolidated Financial Statements are based on Independent Auditors' Report regarding the amounts and disclosures listed in the investee's financial statements. The carrying values of the investments accounted for using the equity method as of December 31, 2023 and 2022 was NT \$686,672,000 and NT \$735,824,000, respectively, accounting for 1% of the total consolidated assets at the end of each year, and the shares recognized as profit or loss of the investee in 2023 and 2022 were NT \$57,386,000 and NT \$83,373,000, respectively, accounting for 2% of the consolidated net profit before tax for each year.

The Company has compiled the Standalone Financial Statements for the years 2023 and 2022, and the audit report issued by this accountant with unqualified opinions and other matters paragraphs has been filed for reference.

### **Management and Governance Responsibilities for Consolidated Financial Reporting**

Management's responsibility is to prepare fairly expressed Consolidated Financial Statements according to the Financial Reporting Standards of the Securities Issuer and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretations approved and issued by the Financial Supervisory Commission in effect, and to maintain the necessary internal controls in connection with the preparation of the Consolidated Financial Statements to ensure that the Consolidated Financial Statements do not contain material misrepresentations resulting from fraud or error.

In preparing the consolidated financial statements, management's responsibilities also include assessing the ability of the Company and its subsidiaries to continue to operate, disclosing relevant matters, and continuing to operate the accounting basis, unless the management intends to liquidate the Company and its subsidiaries or cease to operate, or there is no practical alternative to liquidation or suspension of operations.

Those charged with governance (including the audit committee) of the Company and its subsidiaries is responsible for overseeing the financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted under the auditing standards generally

accepted in 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 based on the consolidated financial statements.

As part of an audit under the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain the necessary understanding of the internal controls related to the audit to design the appropriate audit procedures under the circumstances, but the purpose is not to express an opinion on the effectiveness of the internal controls of the Company and its subsidiaries.
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 and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements



represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the audit direction, supervision, and performance of the Company and its subsidiaries. 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 decided on the key audit matters for the auditing of the Consolidated Financial Statements of the Company and its subsidiaries for the year as of December 31, 2022. We disclose any of such matters in our auditors' report, unless law or regulation precludes public disclosure about it or where in extremely rare circumstances, we hold that it must not be disclosed in our report because of adverse consequences of doing so that would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

CPA Chiu-Yen Wu

CPA Jui-Hsuan Hsu

Document No. approved by Securities and  
Futures Commission

Document No. approved by Financial  
Supervisory Commission

March 14, 2024

Notice to Readers

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

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

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

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 6,456,514	13	\$ 6,715,280	14
1110	Financial assets at fair value through profit or loss - current (Notes 4,7)	878,614	2	623,022	1
1120	Financial assets at fair value through other comprehensive income - current (Notes 4,8)	167,000	-	148,500	-
1150	Notes receivable (Notes 9,31)	2,750,341	6	2,240,943	5
1170	Net accounts receivable (Notes 5,9)	15,522,445	31	14,497,896	30
1180	Accounts receivable - related parties (Notes 5,9,30)	125,448	-	97,642	-
1200	Other receivables	94,777	-	66,041	-
1210	Other receivables - related parties (Note 30)	110,161	-	149,529	-
1220	Income tax assets for the current period (Note 24)	1,395	-	-	-
130X	Merchandise (Notes 4,5,10)	4,695,049	9	6,428,237	13
1421	Prepayments for purchases	1,779,384	4	1,643,719	3
1476	Other financial assets - current (Notes 11,31)	1,976,879	4	1,537,457	3
1479	Other current assets	173,909	-	194,082	1
11XX	Total current assets	<u>34,731,916</u>	<u>69</u>	<u>34,342,348</u>	<u>70</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Notes 4,7)	42,453	-	43,479	-
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4,8)	825,350	2	594,342	1
1550	Investments using the equity method (Notes 4,13)	7,145,056	14	6,125,003	12
1600	Property, plant and equipment (Notes 4,14,31,32)	5,982,073	12	6,356,350	13
1755	Right-of-use assets (Notes 4,15)	510,217	1	564,165	1
1805	Goodwill (Notes 4, 26)	177,013	1	177,057	-
1822	Other intangible assets	161,914	-	226,823	1
1840	Deferred income tax assets (Notes 4,24)	366,325	1	430,175	1
1915	Prepayments for equipment	53,925	-	10,212	-
1980	Other financial assets - non-current (Notes 11,31)	159,174	-	268,762	1
1990	Other non-current assets	25,895	-	29,841	-
15XX	Total non-current assets	<u>15,449,395</u>	<u>31</u>	<u>14,826,209</u>	<u>30</u>
1XXX	Total assets	<u>\$ 50,181,311</u>	<u>100</u>	<u>\$ 49,168,557</u>	<u>100</u>
	Liabilities and Equity				
	Current Liabilities				
2100	Short-term borrowings (Note 16)	\$ 9,296,291	19	\$ 9,767,290	20
2110	Short-term bills payable (Note 16)	-	-	29,970	-
2120	Financial liabilities at fair value through profit or loss - current (Notes 4,7)	419	-	3,672	-
2130	Contract liabilities - current (Note 22)	550,887	1	350,115	1
2150	Notes payable (Note 18)	1,237,384	2	511,712	1
2170	Accounts payable (Note 18)	7,218,821	14	7,507,703	15
2180	Accounts payable - related parties (Notes 18,30)	340,676	1	430,025	1
2219	Other payables (Note 19)	1,313,781	3	1,376,972	3
2220	Other payables - related parties (Note 30)	917	-	138	-
2230	Current tax liabilities (Note 24)	268,235	1	337,138	1
2250	Provision for liabilities-current (Notes 4,32)	50,363	-	87,157	-
2280	Lease liabilities - current (Notes 4,15)	93,090	-	98,005	-
2321	Corporate bonds maturing within 1 year (Notes 4,17)	1,996,598	4	-	-
2322	Current portion of long-term borrowings (Note 16)	171,081	-	193,522	-
2365	Refund liability - current	365,130	1	298,028	1
2399	Other current liabilities	35,540	-	30,294	-
21XX	Total current liabilities	<u>22,939,213</u>	<u>46</u>	<u>21,021,741</u>	<u>43</u>
	Non-current Liabilities				
2530	Corporate bonds payable (Notes 4,17)	-	-	1,994,084	4
2540	Long-term borrowings (Note 16)	4,711,028	9	5,429,566	11
2550	provision for liabilities - non-current (Note 4)	59,369	-	66,223	-
2580	Lease liabilities - non-current (Notes 4,15)	449,617	1	500,877	1
2640	Net defined benefit liabilities - non-current (Notes 4,20)	254,666	-	266,512	-
2645	Guarantee deposits received	3,172	-	2,803	-
2570	Deferred tax liabilities (Notes 4,24)	1,340,631	3	1,346,099	3
25XX	Total non-current liabilities	<u>6,818,483</u>	<u>13</u>	<u>9,606,164</u>	<u>19</u>
2XXX	Total liabilities	<u>29,757,696</u>	<u>59</u>	<u>30,627,905</u>	<u>62</u>
	Equity attributable to owners of the Company (Note 21)				
	Share capital				
3110	Ordinary share capital	2,360,203	5	2,360,179	5
3140	Capital collected in advance (Note 17)	2,190	-	-	-
3100	Total Capital	<u>2,362,393</u>	<u>5</u>	<u>2,360,179</u>	<u>5</u>
3200	Capital Surplus	<u>2,092,166</u>	<u>4</u>	<u>2,036,714</u>	<u>4</u>
	Retained Earnings				
3310	Legal reserve	2,968,189	6	2,710,197	6
3320	Special reserve	448,559	1	184,623	-
3350	Undistributed earnings	10,066,449	20	9,912,630	20
3300	Total retained earnings	<u>13,483,197</u>	<u>27</u>	<u>12,807,450</u>	<u>26</u>
3400	Other Equity	<u>637,262</u>	<u>1</u>	<u>( 448,559 )</u>	<u>( 1 )</u>
31XX	Total equity attributable to owners of the Company	18,575,018	37	16,755,784	34
36XX	Non-controlling interests (Note 21)	<u>1,848,597</u>	<u>4</u>	<u>1,784,868</u>	<u>4</u>
3XXX	Total equity	<u>20,423,615</u>	<u>41</u>	<u>18,540,652</u>	<u>38</u>
	Total liabilities and equity	<u>\$ 50,181,311</u>	<u>100</u>	<u>\$ 49,168,557</u>	<u>100</u>

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

(Refer to Deloitte &Touche auditors' report dated March14, 2024)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

From January 1 to December 31, 2023 and 2022

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

Code		2023		2022	
		Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 4,22,30)	\$ 66,782,410	100	\$ 73,570,296	100
5000	Operating costs (Notes 10, 23, and 30)	<u>61,256,065</u>	<u>92</u>	<u>68,003,687</u>	<u>92</u>
5900	Gross Profit	<u>5,526,345</u>	<u>8</u>	<u>5,566,609</u>	<u>8</u>
	Operating expenses (Notes 9, 23, and 30)				
6100	Selling and marketing expenses	2,259,583	4	2,341,164	3
6200	General and administrative expenses	642,186	1	617,524	1
6450	Expected credit loss recognized (reversed)	<u>123,021</u>	<u>-</u>	<u>( 35,514)</u>	<u>-</u>
6000	Total operating expenses	<u>3,024,790</u>	<u>5</u>	<u>2,923,174</u>	<u>4</u>
6900	OPERATING REVENUE	<u>2,501,555</u>	<u>3</u>	<u>2,643,435</u>	<u>4</u>
	Non-operating income and expenses (Notes 23 and 30)				
7100	Interest income	172,514	-	110,130	-
7010	Other income	113,659	-	133,274	-
7020	Other gains and losses	125,011	-	110,511	-
7050	Financial costs	<u>( 453,732)</u>	<u>-</u>	<u>( 341,905)</u>	<u>-</u>
7060	Share of profit of associates and joint ventures accounted for using the equity method	<u>619,605</u>	<u>1</u>	<u>880,144</u>	<u>1</u>
7000	Total	<u>577,057</u>	<u>1</u>	<u>892,154</u>	<u>1</u>
7900	Income before Tax	3,078,612	4	3,535,589	5
7950	Income tax expenses (Notes 4 and 24)	<u>762,437</u>	<u>1</u>	<u>809,317</u>	<u>1</u>

(Continued)

(Concluded)

Code		2023		2022	
		Amount	%	Amount	%
8200	Net profit for the year	<u>\$ 2,316,175</u>	<u>3</u>	<u>\$ 2,726,272</u>	<u>4</u>
	Other comprehensive income (Notes 21 and 24)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Re-measurement of defined benefit plan	7,660	-	21,868	-
8316	Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	253,282	-	( 200,999)	-
8320	Share of other comprehensive income (loss) of associates accounted for using the equity method	1,094,617	2	( 322,129)	( 1)
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	( 11,627)	-	( 2,127)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	( 214,402)	-	360,124	1

(Continued)

(Concluded)

Code		2023		2022	
		Amount	%	Amount	%
8370	Share of other comprehensive gain (loss) of associates accounted for using the equity method	( 57,276 )	-	83,095	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	18,349	-	( 40,884 )	-
8300	Other comprehensive income for the year (net after tax)	1,090,603	2	( 101,052 )	-
8500	Total comprehensive income for the year	<u>\$ 3,406,778</u>	<u>5</u>	<u>\$ 2,625,220</u>	<u>4</u>
	Net profit attributable to:				
8610	Owners of the Company	\$ 2,113,717	3	\$ 2,484,800	4
8620	Non-controlling Interests	202,458	-	241,472	-
8600		<u>\$ 2,316,175</u>	<u>3</u>	<u>\$ 2,726,272</u>	<u>4</u>
	Total comprehensive income attributable to:				
8710	Owners of the Company	\$ 3,242,378	5	\$ 2,315,985	3
8720	Non-controlling Interests	<u>\$ 164,400</u>	<u>-</u>	<u>\$ 309,235</u>	<u>1</u>
8700		<u>\$ 3,406,778</u>	<u>5</u>	<u>\$ 2,625,220</u>	<u>4</u>
	Earnings per share (Note 25)				
9750	Basic	<u>\$ 8.96</u>		<u>\$ 10.53</u>	
9850	Diluted	<u>\$ 8.13</u>		<u>\$ 9.62</u>	

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

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

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

		Equity attributable to the owners of the Company											
								Other Equity					
Code		Retained Earnings						Exchange differences on translating the financial statements of foreign operations	Unrealized gain on financial assets at FVTOCI	Total	Total	Non-controlling Interests	Total Equity
		Ordinary share capital	Capital collected in advance	Capital Surplus	Legal reserve	Special reserve	Undistributed earnings						
A1	Balance at January 1, 2022	\$ 2,360,179	\$ -	\$ 1,690,292	\$ 2,412,040	\$ 636,618	\$ 8,783,793	( \$ 678,629 )	\$ 494,006	( \$ 184,623 )	\$ 15,698,299	\$ 2,018,519	\$ 17,716,818
	Appropriation and distribution of earnings for the year ended December 31, 2021												
B1	Legal reserve	-	-	-	298,157	-	( 298,157 )	-	-	-	-	-	-
B3	Special reserve reversed	-	-	-	-	( 451,995 )	451,995	-	-	-	-	-	-
B5	Cash dividends distributed to the shareholders of the Company	-	-	-	-	-	( 1,604,922 )	-	-	-	( 1,604,922 )	-	( 1,604,922 )
		-	-	-	298,157	( 451,995 )	( 1,451,084 )	-	-	-	( 1,604,922 )	-	( 1,604,922 )
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	-	346,422	-	-	-	-	-	-	346,422	-	346,422
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	2,484,800	-	-	-	2,484,800	241,472	2,726,272
D3	Other comprehensive income after tax for the year ended December 31, 2022	-	-	-	-	-	18,662	334,572	( 522,049 )	( 187,477 )	( 168,815 )	67,763	( 101,052 )
D5	Total comprehensive profit or loss for the year ended December 31, 2022	-	-	-	-	-	2,503,462	334,572	( 522,049 )	( 187,477 )	2,315,985	309,235	2,625,220
O1	Cash dividends to shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	( 678,721 )	( 678,721 )
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	76,459	-	( 76,459 )	( 76,459 )	-	-	-
O1	Increase in non-controlling interest (Note 26)	-	-	-	-	-	-	-	-	-	-	135,835	135,835
Z1	Balance as of December 31, 2022	2,360,179	-	2,036,714	2,710,197	184,623	9,912,630	( 344,057 )	( 104,502 )	( 448,559 )	16,755,784	1,784,868	18,540,652
	Appropriation and distribution of earnings for the year ended December 31, 2022												
B1	Legal reserve	-	-	-	257,992	-	( 257,992 )	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	263,936	( 263,936 )	-	-	-	-	-	-
B5	Cash dividends distributed to the shareholders of the Company	-	-	-	-	-	( 1,439,709 )	-	-	-	( 1,439,709 )	-	( 1,439,709 )
		-	-	-	257,992	263,936	( 1,961,637 )	-	-	-	( 1,439,709 )	-	( 1,439,709 )
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	-	20,516	-	-	( 41,101 )	-	-	-	( 20,585 )	-	( 20,585 )
D1	Net profit for the year ended December 31, 2023	-	-	-	-	-	2,113,717	-	-	-	2,113,717	202,458	2,316,175
D3	Other comprehensive income after tax for the year ended December 31, 2023	-	-	-	-	-	6,219	( 215,271 )	1,337,713	1,122,442	1,128,661	( 38,058 )	1,090,603
D5	Total comprehensive profit or loss for the year ended December 31, 2023	-	-	-	-	-	2,119,936	( 215,271 )	1,337,713	1,122,442	3,242,378	164,400	3,406,778
I1	Convertible corporate bond conversion	24	2,190	16,801	-	-	-	-	-	-	19,015	-	19,015
M5	Difference between acquisition or disposal of equity price and book value of subsidiary (Note 12)	-	-	18,135	-	-	-	-	-	-	18,135	( 120,474 )	( 102,339 )
O1	Cash dividends to shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	( 40,197 )	( 40,197 )
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	36,621	-	( 36,621 )	( 36,621 )	-	-	-
O1	Increase in non-controlling interest (Note 21)	-	-	-	-	-	-	-	-	-	-	60,000	60,000
Z1	Balance as of December 31, 2023	\$ 2,360,203	\$ 2,190	\$ 2,092,166	\$ 2,968,189	\$ 448,559	\$ 10,066,449	( \$ 559,328 )	\$ 1,196,590	\$ 637,262	\$ 18,575,018	\$ 1,848,597	\$ 20,423,615

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

(Refer to Deloitte &Touche auditors' report dated March14, 2024)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

From January 1 to December 31, 2023 and 2022

Unit: In Thousands of New Taiwan Dollars

Code		2023	2022
	Cash flows from operating activities		
A10000	Net income before tax for the year	\$3,078,612	\$3,535,589
A20010	Adjustments for:		
A20100	Depreciation expenses	408,101	407,807
A20200	Amortization expenses	47,860	47,444
A20300	Expected credit loss recognized (reversed)	123,021	( 35,514)
A20400	Net gain (loss) of financial instruments at FVTPL	( 15,789)	( 2,614)
A20900	Financial costs	453,732	341,905
A21200	Interest income	( 172,514)	( 110,130)
A21300	Dividend income	( 13,231)	( 12,956)
A22300	Share of profit of associates and joint ventures accounted for using the equity method	( 619,605)	( 880,144)
A22500	Net loss on disposal of property, plant and equipment	47,137	17,184
A23200	Disposal of subsidiaries or investments accounted for using equity method	( 160,945)	( 4,590)
A23700	Write-down (Gain from price recovery) of inventories	( 234,848)	342,699
A24100	Net gain on unrealized foreign currency exchange	( 67,916)	( 60,274)
A22900	Provision for loss	1,587	19,711
A29900	Lease modification benefits	( 2,342)	( 13,706)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at fair value through profit or loss	7,187	26,415
A31130	Notes receivable	( 509,484)	( 453,876)
A31150	Accounts receivable	( 1,148,255)	2,498,932
A31160	Accounts receivable - related parties	( 27,765)	20,694
A31180	Other receivables	( 9,930)	12,584
A31190	Other receivables - related parties	332	8,226
A31200	Merchandise inventories	1,975,005	( 1,430,175)
A31230	Prepayments for purchases	( 135,665)	646,369
A31240	Other current assets	10,698	( 32,045)
A32110	Financial liabilities held for trading	( 7,726)	( 23,726)
A32125	Contract liabilities	200,772	( 212,799)
A32130	Notes payable	725,672	121,031

(Continued)



(Concluded)

Code		2023	2022
A32150	Accounts payable	(\$ 288,882)	(\$ 588,253)
A32160	Accounts payable - related parties	( 89,349)	( 145,782)
A32180	Other payables	( 73,757)	( 18,582)
A32190	Other payables - related parties	5,313	( 2,739)
A32200	Provision for liabilities	( 38,380)	( 13,004)
A32200	Refund liabilities	67,102	119,252
A32230	Other current liabilities	5,246	3,988
A32240	Net defined benefit liabilities	( 4,216)	( 8,498)
A33000	Cash generated from operations	3,536,778	4,120,423
A33100	Interest received	153,708	115,752
A33200	Dividends received	686,768	721,213
A33300	Interest paid	( 444,319)	( 281,891)
A33500	Income tax paid	( 764,066)	( 896,830)
AAAA	Net cash generated from operating activities	<u>3,168,869</u>	<u>3,778,667</u>
Cash flow from investing activities			
B00010	Purchase of financial assets at fair value through other comprehensive income	( 15,369)	( 5,000)
B00020	Disposal of financial assets at fair value through other comprehensive profit or loss	185	488
B00030	Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	18,714	5,000
B00100	Acquisition of financial assets at FVTPL	( 1,797,576)	( 1,080,596)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	1,538,054	629,294
B01800	Acquired associate	( 24,000)	( 191)
B02200	Net cash outflow on acquisition of subsidiaries	-	( 120,694)
B02300	Net cash inflow on disposal of subsidiaries	344,271	-
B02700	Payment for property, plant, and equipment	( 587,379)	( 1,891,339)
B02800	Proceeds from disposal of property, plant, and equipment	6,541	59,012
B04500	Acquisition of other intangible assets	( 15,547)	( 5,385)
B06500	Decrease (increase) in other financial assets	( 380,491)	<u>1,154,553</u>
BBBB	Net cash used in investing activities	<u>( 912,597)</u>	<u>( 1,254,858)</u>
Cash flow from financing activities			
C00100	Increase in short-term borrowings	158,916	1,199,864
C00500	Decrease in short-term bills payable	( 30,000)	( 30,000)
C01600	Proceeds from long-term borrowings	1,542,381	3,862,555

(Continued)

(Concluded)

<u>Code</u>		<u>2023</u>	<u>2022</u>
C01700	Repayment of long-term borrowings	(\$2,273,397)	(\$2,174,931)
C03000	Increase (decrease) in guarantee deposits received	369	( 158)
C04020	Repayment of the principal portion of lease liabilities	( 102,141)	( 102,056)
C04500	Distribution of cash dividends	( 1,439,709)	( 1,604,922)
C05800	Changes in non-controlling interests	( 82,536)	( 678,721)
CCCC	Net cash generated from (used in) financing activities	( 2,226,117)	471,631
DDDD	Effect of exchanges rate changes on the balance of cash and cash equivalents	( 288,921)	444,503
EEEE	Net increase (decrease) in cash and cash equivalents	( 258,766)	3,439,943
E00100	Cash and cash equivalents at the beginning of the year	6,715,280	3,275,337
E00200	Cash and cash equivalents at the end of the year	\$6,456,514	\$6,715,280

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

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

## WAH LEE INDUSTRIAL CORP.

## Earnings Distribution Table

2023

Unit: NTD

Items	Amount	
	Subtotal	Total
Beginning balance of retained earnings		\$ 7,950,992,798
Add: Disposal of investment in equity instruments at fair value through other comprehensive income, accumulated income transferred directly to retained earnings	36,620,972	
Less: Retained earnings due to investment adjustment using the equity method	( 41,100,702)	
Add: Remeasurement of defined benefit plan recognized in retained earnings	6,220,225	
Less: Changes in ownership interest in subsidiaries recognized in retained earnings	-	
Unappropriated retained earnings after adjustment		7,952,733,293
Add: Net profit after tax for the year	2,113,716,232	
Less: Provision for 10% legal reserve	( 211,545,673)	
Add : Reverse of special reserve	376,258,275	
Earnings available for distribution for the period		10,231,162,127
Assigned Items:		
Shareholder dividends – in cash(NT\$ 5.2 per share)	(1,284,309,780)	
Unappropriated retained earnings at the end of period		8,946,852,347

Note:1 The distribution of earnings for the year is based on the earnings for the year ended December 31, 2023.

Note:2 This shareholder dividend is calculated based on the number of outstanding shares of 246,982,650 as of March 13, 2024. If it is necessary to amend the dividend payout ratio because of any subsequent change in the Company's share capital, which affects the number of shares outstanding, the Chairman is authorized to dispose of it at its sole discretion.

Chairman: Chang Tsun-Hsien

President: Chang Tsun-Hsien

Accounting Director: Lee Kuo-Ping

## WAH LEE INDUSTRIAL CORP.

## Amendments to the Articles of Incorporation and the Comparisons

Article	Content		Amendment Basis and reasons
	Before amendment	After amendment	
Article 20	<p>The Company shall set aside <u>9%~13%</u> and no more than 2%, respectively, from profit as employee compensation and directors' remuneration. However, the profit shall be retained when there are accumulated losses, not yet covered.</p> <p>Employee compensation stated above may be made in cash or stock and shall be allocated to employees fitted to the certain criteria.</p> <p>The two items above shall be executed according to the Board resolution and reported in the shareholders' meeting.</p>	<p>The Company shall set aside <u>no less than</u> and no more than 2% respectively, from profit as employee compensation and directors' remuneration. However, the profit shall be retained when there are accumulated losses, not yet covered.</p> <p>Employee compensation stated above may be made in cash or stock and shall be allocated to employees fitted to the certain criteria.</p> <p>The two items above shall be executed according to the Board resolution and reported in the shareholders' meeting.</p>	<p>The employee remuneration is adjusted in accordance with the Company's needs.</p>
Article 24	<p>The Articles of Incorporation was established on August 22, 1968. The first amendment was made on July 13, 1974,..... , 40th on June 8, 2010, 41st on June 3, 2013, 42nd on June 17, 2016, 43rd on May 26, 2017, 44th on May 30, 2019, 45th on May 28, 2020, 46th on July 28, 2021, and 47th on May 27, 2022.</p>	<p>The Articles of Incorporation was established on August 22, 1968. The first amendment was made on July 13, 1974,..... , 40th on June 8, 2010, 41st on June 3, 2013, 42nd on June 17, 2016, 43rd on May 26, 2017, 44th on May 30, 2019, 45th on May 28, 2020, 46th on July 28, 2021, 47th on May 27, 2022, <u>and 48th on May 28, 2024.</u></p>	<p>Date and revision number are added.</p>

## WAH LEE INDUSTRIAL CORP.

### Rules of Procedure for Shareholders' Meetings

Amendment approved in the Shareholders' Meeting on May 30, 2023

1. Shareholders' meeting convened by the Company will follow the rules, unless the laws or regulation specify others.

2. Shareholders or proxies attending the meeting shall sign in by signing the sign-in cards.  
The number of shares represented by shareholders attending the meeting shall be calculated in accordance with the attendance cards handed in, plus the number of shares exercising voting rights in writing or by electronic transmission. Shareholders or proxies present in a shareholders' meeting shall carry along documents for identity verification at attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

3. Unless specified in laws or regulations, the shareholders' meeting shall be convened by the Board of Directors.

Changes in the method of convening the shareholders' meeting of the Company shall be resolved by the Board of directors and no later than before the notice of the meeting is sent.

The Company shall, thirty (30) days before the shareholders' meeting or fifteen (15) days before the extraordinary shareholders' meeting, send the meeting notice of the shareholders' meeting, the paper of proxy, the relevant recognition proposal, the discussion proposal, the election or dismissal of the directors and other proposals to the Public Information Observatory in electronic form. And the Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the Market Observation Post System 21 days before the date of the shareholders' meeting or 15 days before the date of the extraordinary shareholders' meeting. Fifteen (15) days before the shareholders' meeting, the handbook of meeting and supplementary materials of the meeting shall be prepared for the shareholders' request at any time, be displayed in the Company and the professional stock transfer agency appointed by the Company, and be distributed on-site at the shareholders' meeting.

The handbook and the supplementary information of the meeting set forth in the preceding paragraph shall be provided by the Company to shareholders for reference on the day of the shareholders' meeting in the following manner:

- I. When a physical meeting of shareholders is convened, it shall be issued on the site at the meeting of shareholders.
- II. When a video-assisted shareholders' meeting is convened, it shall be distributed on the site at the shareholders' meeting and sent in electronic files to the video conference platform.
- III. When convening a video shareholders' meeting, electronic files shall be sent to the video conferencing platform.

The reasons for convening a shareholders' meeting shall be specified in the meeting notice and

public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be proposed by an extraordinary motion.

The shareholders' meeting has been stated for the full re-election of directors and the date of appointment. After the re-election of the shareholders' meeting is completed, the same meeting shall not change the date of appointment by extemporary motions or other means.

A shareholder holding one percent or more of the total number of issued shares may submit a written proposal for discussion to the Company at an annual shareholders' meeting. The number of items so proposed, however, is limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

A shareholder may propose a proposal to urge the Company to promote the public interest or to fulfill its social responsibilities, and the procedure shall be limited to one proposal according to the relevant provisions of Article 172-1 of the Companies Act. Any proposal with more than one proposal shall not be included in the proposal.

The Company shall announce the acceptance of the shareholder's proposal, written or electronic acceptance method, acceptance place and acceptance period before the book closure date of the shareholders's meeting; its acceptance period shall not be less than 10 days.

Proposals raised by shareholders shall be limited to 300 words, any content of more than 300 words may not be included in the proposals, and the shareholders shall be personally or entrusted to others to attend the shareholders' meeting and participate in the discussion of the proposals.

The Company shall notify the proposing shareholders of the handling results before the date of the shareholders' meeting notice and list the motions conforming to the provisions of this article in the meeting notice. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not listed in the agenda.

4. The shareholders may issue a power of attorney issued by the Company at each shareholders' meeting, specifying the scope of authorization and entrusting an agent to attend the shareholders' meeting.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting and deliver the proxy form to the Company at least five days before the date of the shareholders' meeting. If duplicate proxy forms are delivered, the one received earliest shall prevail. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written

notice of proxy cancellation shall be submitted to the Company at least two days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting by video conference, a written notice of proxy cancellation shall be submitted to the Company at least two days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

5. The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

When the Company convenes a video shareholders' meeting, it is not subject to the place where the preceding paragraph is convened.

6. The Company shall indicate the reporting time, reporting location and other precautions of the accepting shareholder, the solicitor and the entrusted agent (hereinafter referred to as the shareholder) in the notification of the meeting.

The shareholder attendance registrations set out in the preceding paragraph shall be accepted at least 30 minutes prior to the time the meeting commences. There shall be clear marks of the reporting place and appropriate personnel to be assigned to accept such registrations. Shareholders who intend to attend the meeting by video conference shall handle such matters 30 minutes prior to the time the meeting commences and report it on the video conference platform of the shareholders' meeting. The shareholders who have completed the reporting shall be deemed to have attended the shareholders' meeting in person.

The shareholder shall attend the shareholders' meeting with the attendance certificate, the attendance signing card or other attendance documents, and the Company shall not arbitrarily ask other supporting documents to the supporting documents on which the shareholder's attendance depends; the solicitor of the request for proxy shall bring the identity documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall deliver the meeting handbook, annual report, certificate of attendance, speaker's slips, ballot and other meeting materials to the shareholders attending the shareholders' meeting, and if there is a election for directors, additional ballot shall be accompanied.

When the government or a legal entity is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a legal entity is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Shareholders who wish to attend the shareholders' meeting by video conference shall register with the Company two days prior to the meeting of the shareholders' meeting.

If the shareholders' meeting is convened by video conference, the Company shall upload the aforesaid information to the video conference platform of the shareholders' meeting at least 30

minutes prior to the time the meeting commences, and continue to disclose it until the end of the meeting.

6-1 The Company shall convene a video conference of the shareholders' meeting, and the following matters shall be stated in the notice of the call at the shareholders' meeting:

- I. Participation of shareholders in video conferences and methods of exercising their rights.
- II. Handling of obstacles arising from video conferencing platforms or participation by means of video conferencing due to natural disasters, incidents or other force majeure, shall include, the following items at least:
  - (I) The time at which the adjournment or continuation of the meeting is necessary cannot be ruled out, and the date at which the adjournment or continuation of the meeting is necessary.
  - (II) Shareholders who have not registered to participate in the original shareholders' meeting by video conference shall not participate in the postponement or continuation of the meeting.
  - (III) To convene a video-assisted shareholders' meeting, if it is not possible to continue the video conference, after deducting the number of shares present at the shareholders' meeting by video and the total number of shares present reaches the statutory quota for the shareholders' meeting, the shareholders' meeting shall continue to participate in the shareholders' meeting by video, and the number of shares present shall be included in the total number of shares of the shareholders present, and all proposals of the shareholders' meeting shall be deemed to be abstentions.
  - (IV) Where all the motions have been announced and no extemporary motion has been made, the handling method thereof.
- III. Convene a video shareholders' meeting and set out the appropriate alternative measures for shareholders who have difficulty in participating in the shareholders' meeting by video conference.

7. If a shareholders' meeting is convened by the Board of directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise his/her authority, the Vice Chairman shall act on his/her behalf; if the Vice Chairman also asks for leave or is unable to exercise his/her authority, the Chairman shall appoint one of the directors to act on his/her behalf; if the Chairman does not appoint an agent, the directors shall push one of them to act on his/her behalf.

Any director who serves as chair as referred above shall hold that position for 6 months or more and understand the financial and business conditions of the Company. The same shall be true for a representative of a legal entity director that serves as chair.

The shareholders' meetings convened by the Board of directors shall be chaired by the Chairman in person and attended by a majority of the directors in person with at one representative in person from each functional committee. The attendance shall be recorded in the meeting minutes.

When a shareholders' meeting is convened by the person other than the Board of directors having the convening right, he/she shall act as the chairman of that meeting. If there are two or more persons having the convening right, the meeting chair shall be elected from among themselves.



The Company may appoint its attorneys, certified public accountants, or related persons to attend shareholders' meetings.

8. The Company, beginning from the time it accepts shareholder attendance registrations, shall make a non-stop audio and video recording of the registration procedure, the proceedings of the meeting and the voting and vote counting procedures.

The aforementioned audio and video recording shall be kept for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

The shareholders' meeting shall be convened by means of a video conference. The Company shall record and preserve the registration, check in, questioning, voting and voting results of the shareholders, and continuously record and record the video conference.

For the information and audio-visual recordings in the preceding paragraph, the Company shall keep them properly for the duration of their existence and provide them to the person entrusted with the videoconferencing business for preservation.

9. The attendance at the shareholders' meeting shall be calculated on the basis of the shares. The number of shares present shall be calculated according to the number of shares reported on the signature book or the signature card and the video conference platform submitted, and the number of shares exercising voting rights in writing or electronically shall be added.

When it is time to convene a shareholders meeting, the chairman shall immediately convene the meeting, provided, however, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, this Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Company in accordance with Article 6.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 under the Company Act.

10. If the shareholders' meeting is convened by the Board of directors, its agenda shall be determined by the Board, and relevant bills (including extemporary motions and amendments to the original motions) shall be voted on a case-by-case basis. The meeting shall be conducted according to the

scheduled agenda and shall not be changed without a resolution of the shareholders' meeting.

The provisions aforementioned apply to a shareholders' meeting convened by a party with the power to convene other than the Board of directors.

The meeting chair may not declare the adjournment prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extemporary motions), except by a resolution of the shareholders' meeting.

If the chairman violates the Rules and announces the adjournment of the meeting, the other members of the Board shall promptly assist the attending shareholders in electing one person as chairman, as approved by more than half of the voting rights represented at the shareholder meeting, according to the statutory procedures.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extemporary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

11. Before the attending shareholder speaks, it is necessary to fill in the speaker's slip indicating the subject of the speech, the shareholder's account number (or attendance card number) and the account name, and the chairman shall set the order of their speech.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Each shareholder of the same motion may speak no more than twice without the consent of the chairman, and no more than three minutes at a time; provided, however, that if the shareholder speaks in violation of the provisions, overdue or beyond the scope of the agenda, or breaks the order of the meeting, the chairman may stop him from speaking.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When appointing two or more representatives to attend a meeting, only one of the representatives appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Shareholders who participate by video conference may, after the chairman has announced the meeting and before the announcement of the adjournment of the meeting, ask questions in writing on the video conference platform of the shareholders' meeting, and the number of questions in each motion shall not exceed two times, each time limited to two hundred words, and the provisions of Paragraphs 1 to 5 shall not apply.

12. The votes of the board of shareholders shall be based on shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

13. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, Paragraph 2 of the Company Act.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights in writing.

The method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights in writing or electronic means will be deemed to have attended the meeting in person but they have waived his/her/its rights with respect to the extraordinary motions and amendments to original proposals of that meeting. It is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals. In case a shareholder elects to exercise the voting power in writing or by way of electronic transmission, the declaration of intention shall be served to the Company two days prior to the shareholders' meeting.

When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

In case a shareholder who has exercised the voting power in writing or by way of electronic transmission intends to attend the shareholders' meeting in person, he/she/it shall, two days prior to the shareholders' meeting and in the same manner previously used in exercising the voting power, serve a separate declaration of intention to rescind the previous declaration of intention made in exercising the voting power under the previous section. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail. In case a shareholder has exercised the voting power in writing or by way of electronic transmission, and has also authorized a proxy to attend the shareholders' meeting in his/her/its behalf, then the voting power exercised by the authorized proxy for the said shareholder shall prevail.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting by video conference, a written notice of proxy cancellation shall be submitted to the Company two days prior to the shareholders' meeting. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Unless otherwise provided in the Company Act and the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

When voting on a proposal, the monitoring and counting personnel shall be appointed by the chairman, provided that all monitoring personnel shall be shareholders of the Company.

The counting of the votes or election proposals of the shareholders' meeting shall be done in a public place in the shareholders' meeting, and after the counting is completed, the election results shall be announced on the spot, including the rights of statistics, and records shall be made.

The Company shall hold a videoconference of the shareholders' meeting, in which the shareholders participating by videoconference shall, after the Chairman's announcement of the meeting, vote on various motions and electoral motions through the videoconference platform, which shall be completed before the Chairman's announcement of the conclusion of the voting, and the late shareholders shall be deemed to have abstained.

The shareholders' meeting shall be convened by videoconference and shall be a one-time counting of votes after the chairman announces the end of the voting and announces the voting and election results.

When the Company holds a video-assisted shareholders' meeting, shareholders who have registered to attend the shareholders' meeting by video according to Article 6 and who wish to attend the entity shareholders' meeting in person shall register with the Company two days before the meeting of the shareholders' meeting. In the absence of a timely rescission, the voting power exercised by the authorized proxy agent at the meeting shall prevail.

Those who exercise their voting rights in writing or electronically, have not withdrawn their intention, and participate in the shareholders' meeting by video, shall not exercise their voting rights on the original proposal or propose amendments to the original proposal or exercise their voting rights on the amendments to the original proposal except for extemporary motions.

14. When the shareholders' meeting has the election of directors, it shall be conducted according to the relevant electoral rules established by the Company, and the election results shall be announced on the spot, including the list of elected directors and their elective rights and the list of unelected directors and the number of electoral rights they have obtained.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If,

however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

15. The resolution matters of the shareholders' meeting shall be made into minutes, signed or sealed by the chairman, and the minutes shall be distributed to the shareholders within 20 days after the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The minutes of the meeting shall indeed be recorded according to the year, month, day, place, name of the chairman, resolution method, summary of the proceedings and the result of the vote (including the number of statistical rights). When there are elections of directors, the number of votes each candidate received shall be disclosed. The minutes shall be kept persistently throughout the life of the Company.

In addition to the matters to be recorded according to the preceding paragraph, the minutes of the shareholders' meeting shall record the time until the meeting of the shareholders' meeting, the method of convening the meeting, the chairman and the name of the record, and the handling and handling of the videoconference platform or video participation in the event of obstacles due to natural disasters, incidents or other force majeure.

In addition to the provisions of the preceding paragraph, the Company shall convene a video shareholders' meeting, and shall state in the minutes of the meeting that there are alternative measures provided by shareholders who have difficulties in participating in the shareholders' meeting by video.

16. The number of shares solicited, the number of shares represented by the entrusted agent and the number of shares attended by the shareholders in writing or electronically shall be clearly disclosed in the shareholders' meeting venue on the day of the meeting of the shareholders' meeting in the statistical table prepared according to the prescribed format; if the shareholders' meeting is convened by video conference, the Company shall upload the aforesaid information to the video conference platform of the shareholders' meeting at least 30 minutes prior to the time the meeting commences, and continue to disclose it until the end of the meeting.

When the Company holds a video conference of the shareholders' meeting and announces the meeting, the total number of the shareholders' shares present shall be disclosed on the video conference platform. The same shall apply whenever a new tally of the total number of shares represented at the meeting and the number of voting rights thereof is made during the meeting.

17. Personnel handling shareholder meetings shall wear identification cards or armbands. The chair may direct the proctors or security guards to help maintain order at the meeting place. When proctors or security guards help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the venue of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the Rules and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to drive the shareholder from the venue.

18. While the meeting is in progress, the President may, at his discretion, declare a recess and, in the event of an irresistible circumstance, rule to suspend the meeting temporarily and, as the case may be, declare the time for its resumption.

Before the meeting (including Extemporaneous Motions) is finalized on the agenda set by the shareholders' meeting, and the meeting venue cannot be used at that time, the shareholders' meeting may decide to find another venue to continue the meeting.

The shareholders' meeting may, according to Article 182 of the Companies Act, decide to postpone or continue the meeting within five days.

19. If the shareholders' meeting is convened by video conference, the Company shall immediately disclose the voting results and election results of the various resolutions to the video conference platform of the shareholders' meeting according to the regulations after the voting is over, and shall continue to disclose the results for at least 15 minutes after the chairman has announced the adjournment of the meeting.

20. When the Company convenes a video shareholders' meeting, the chairman and the recording personnel shall be at the same place in the country.

21. When the shareholders' meeting is convened by video conference, the chairman shall, at the time of the announcement of the meeting, separately announce that, in addition to the circumstances stipulated in Article 44-20, paragraph 4, of the Rules for the Public Offering of Shares of a Stock Company that do not require postponement or continuation of the meeting, the date of postponement or continuation of the meeting shall be within five days, and the provisions of Article 182 of the Companies Act shall not apply when the chairman announces the adjournment of the meeting due to natural disasters, incidents or other circumstances of force majeure, resulting in the occurrence of obstacles to the platform for video conference or participation in the form of video for more than 30 minutes.

The meeting shall be postponed or continued according to the preceding paragraph, and shareholders who have not registered to participate in the original shareholders' meeting by video shall not participate in the postponement or continuation of the meeting.

The number of shares, voting rights exercised and voting rights of shareholders present at the original shareholders' meeting shall be included in the total number of shares, voting rights and voting rights of shareholders present at the postponed or continuing meeting.

When the shareholders' meeting is postponed or resumed according to the first paragraph, there is no need to revisit the discussion and resolutions on the completed voting and counting, and announce the voting results or the list of directors and supervisors elected.

When the Company convenes a video-assisted shareholders' meeting and the first video conference cannot be continued, if after deducting the number of shares attending the

shareholders' meeting by video, the total number of shares attending the shareholders' meeting still reaches the statutory quota, the shareholders' meeting shall continue without postponing or continuing the meeting according to the first paragraph.

In the event of the occurrence of the preceding paragraph, the meeting shall continue to be held, and the shareholders participating in the shareholders' meeting by video shall be included in the total number of shares attended by the shareholders, but all the resolutions of the shareholders' meeting shall be deemed to be abstentions.

The Company shall postpone or continue the meeting according to Paragraph 1 according to Paragraph 27 of Article 44 of the Standards for the Handling of Shares of Public Offering Companies, and handle the relevant preliminary operations according to the date of the original shareholders' meeting and the provisions of the respective Articles.

During the period specified in the second paragraph of Article 12 and the third paragraph of Article 13 of the Rules for the Use of Authorization by Public Issuing Companies at Shareholders' Meetings, the second paragraph of Article 44-5, the fifteenth paragraph of Article 44-15, and the first paragraph of Article 44-17 of the Rules for the Treatment of Shareholders of Public Issuing Companies, the Company shall, according to paragraph 2, postpone or continue the date of the shareholders' meeting.

22. When the Company convenes a video shareholders' meeting, it shall provide appropriate alternative measures for shareholders who have difficulties in attending the shareholders' meeting via video.
23. Matters not stipulated in the Rules shall be handled according to the Company Law, the Articles of Incorporation, and other relevant laws and regulations.
24. These rules, and any amendments hereto, shall be implemented from the date it is adopted by the shareholders' meeting.

## WAH LEE INDUSTRIAL CORP.

### Articles of Incorporation

#### Chapter I General Provisions

- Article 1: The Company, under the Company Act, shall name this entity WAH LEE INDUSTRIAL CORP in Chinese language and WAH LEE INDUSTRIAL CORP. in English language.
- Article 2: The business scope of the Company is as follows:
1. F401010 International Trade.
  2. F119010 Wholesale of Electronic Materials.
  3. F113110 Wholesale of Batteries.
  4. F113070 Wholesale of Telecommunication Apparatus.
  5. F213010 Retail Sale of Electrical Appliances.
  6. F108031 Wholesale of Medical Devices.
  7. F107170 Wholesale of Industrial Catalyst.
  8. F113100 Wholesale of Pollution Controlling Equipments.
  9. F120010 Wholesale of Refractory Materials.
  10. F107990 Wholesale of Other Chemical Products.
  11. F113030 Wholesale of Precision Instruments.
  12. F103010 Wholesale of Animal Feeds.
  13. F202010 Retail Sale of Feeds.
  14. D101060 Self-usage Power Generation Equipment Utilizing Renewable Energy Industry.
  15. E601010 Electric Appliance Construction
  16. IG03010 Energy Technical Services
  17. I301010 Information Software Services
  18. I301020 Data Processing Services
  19. J101040 Waste Treatment
  20. J101060 Wastewater (Sewage) Treatment.
  21. J101080 Resource Recycling
  22. F106040 Wholesale of Plumbing Materials
  23. F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures
  24. F106050 Wholesale of Ceramic and Glassware.
  25. F107200 Wholesale of Chemical Raw Materials.
  26. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company has its head office in Kaohsiung City, Taiwan, and may set up branches at home and abroad upon resolution of the board of directors when necessary.
- Article 4: The company's announcement method shall be handled in accordance with the relevant provisions of the Company Law.

#### Chapter II Capital Stock



Article 5: The total authorized capital stock of the Company shall be in the amount of NT\$5,000,000,000, divided into 500,000,000 shares, at NT10 each, of which, the unissued portion shall be authorized by the Board of directors to make issuance plan through various lots, either in common shares or preferred shares.

An amount of NT\$100,000,000 of the capital stock stated above shall be reserved for issuances of 10,000,000 shares, through various shares, including stock warrant, convertible bond, preferred stock with warrant, at NT10 each, upon Board's resolutions.

Article 5-1: The rights and obligations and other important issuance terms of preferred shares of the Company are as follows:

1. The dividend for preferred stock shall be capped at 8% per annum, calculated by the issue price per share, and the dividend may be distributed in cash once every year. After the financial statements and the profit distribution proposal are approved by the general shareholders' meeting, the Board shall determine a record date to pay the distributable dividends of the previous year. The distribution amount of dividends in the year of issuance and redemption shall be calculated by the actual number of issue days the preferred stock remained outstanding in that year. The issue date shall be defined as the record date for the capital increase via issuance of preferred stock.
2. The Company has sole discretion over the dividend distribution of preferred stock. The Company may decide not to distribute dividends of preferred stock, as resolved in the shareholders' meeting. If there are no earnings for the fiscal year or if the shareholders' meeting resolves not to distribute dividends, the undistributed dividends shall not be cumulative and shall not be paid in arrears in a future year when there are earnings.
3. Except for the dividends prescribed in Subparagraph 2 of this Article, preferred stock shareholders may not participate in the distribution of cash or stock dividends for common shares derived from earnings or capital reserves.
4. Preferred stock shareholders are entitled to distribution priority on the residual property of the Company compared with common shareholders and shall rank *pari passu* with holders of other preferred stock issued by the Company, and the preferential right of the preferred shareholders shall be only inferior to general creditors; the amount of such distribution shall not exceed the amount of the issued and outstanding preferred stock at the time of such distribution calculated by the issue price.
5. Preferred stock shareholders have no voting right at the shareholders' meeting but may be elected as directors and have the right to vote in preferred stock shareholders' meetings or shareholders' meetings that involve the rights and obligations of preferred stock shareholders.
6. Preferred stock are not convertible to common shares.
7. Preferred stocks have no maturity date, and preferred stock shareholders shall not request the Company to redeem preferred stock held thereby. Notwithstanding the foregoing, the Company may redeem all or part of the preferred stock at any time on the next day after five years of issuance at the original issue price. The rights and obligations set forth in the in the foregoing paragraphs will remain unchanged to the unredeemed preferred stock. If the Company decides to distribute dividends in a year, the amount of dividends that shall be distributed until the redemption date shall be calculated based on the actual days in the redemption year up to the redemption date.

8. The capital reserve received from the issuance of preferred stock in excess of par value shall not be capitalized during the issue period of the preferred stock. The Board of directors is authorized to determine the name, issuance date and specific issuance terms upon actual issuance after considering the situation of capital market and the willingness of investors in accordance with this Articles of Incorporation and related laws and regulations.

Article 6: The Company's stock certificates shall be in registered form and signed by three or more Directors or having their seals affixed to the certificate, and issued upon certification by the regulating authority or the agency authorized to handle the registration of issuance of stock certificates.

Article 7: All matters related to the Company's shares shall be handled in accordance with the relevant regulations of the governing authority.

Article 8: (Deleted)

### Chapter III Shareholders' Meeting

Article 9: The shareholders' meeting shall be divided into two types: Annual General meeting of shareholders and Extraordinary General meeting of shareholders. Annual General meeting of shareholders will be held once every year within six months after close of each fiscal year. The Extraordinary General meeting of shareholders will be called, in accordance with applicable laws and regulations, when necessary.

Meeting of the preferred stock shareholders can be convened in accordance with applicable laws and regulations when necessary.

Article 10: If a shareholder is unable to attend the shareholders' meeting in person, such shareholder may appoint a proxy to attend by showing a proxy issued by the Company and specifying therein the scope of power authorized to the proxy. The proxy provision is stipulated in accordance with "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies," as well as Company Act.

Article 10-1: The Company may transmit documents related to convening of shareholders' meetings and other notices via electronic documents.

Article 11: Every shareholder of the Company shall be entitled to one vote per share. The Company has no voting power when it is under Article 179 of the Company Act.

Article 12: A shareholders' meeting shall be convened by the Board of directors and chaired by the Chairman. When the Chairman is unable to do so, the vice chairman shall act in place of the chairman. If there is no Vice Chairman or the Vice Chairman is for any reason unable to exercise the powers of the duty, the Chairman shall appoint one director to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair. A shareholders' meeting convened by any other person, outside of the Board, having the convening right, he/she shall act as the chairman of that meeting. If there are two or more persons having the convening right, the meeting chair shall be elected from among themselves.

Article 12-1: When the company's shareholders' meeting is held, it may be held via video conferencing or other means announced by the central competent authority and shall be handled in accordance with the relevant regulations of the securities competent authority.

#### Chapter IV Directors and the Audit Committee

Article 13: The Company shall have seven to eleven Directors. All Directors shall have a term of three years and be eligible for re-election upon expiry of such term. In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office. The percentage of all directors' shareholdings is subject to the provisions separately prescribed by the competent authority in charge of securities affairs.

Of the number of seats for Directors mentioned above, there shall be three Independent Directors, who shall be elected by a shareholders' meeting from a list of independent director candidates. The relevant professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination and election, and other matters of compliance with respect to Independent Directors shall be governed by the relevant laws and regulations.

Article 13-1: The Audit Committee of the Company shall be composed solely by all Independent Directors in accordance with Article 14-4 under Securities and Exchange Act and is in charge of exercising supervisor duties prescribed under Company Act, Securities and Exchange Act, and related laws and regulations.

The composition of the Audit Committee, their duties and other matter for compliance shall be handled in accordance with the relevant regulations with its rule of organization stipulated by the Board.

The Company shall form a compensation committee or committees of other functions when requested by the relevant regulations or for the operation needs.

Article 13-2: (Deleted)

Article 14: The Board of directors shall elect a chairman of the Board, from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, to handle all business matter of the Company.

The Company may elect another among themselves to serve as the Vice Chairman of the Board.

Article 14-1: A notice setting forth the purpose of the meeting shall be given to each Director no later than seven days prior to a Board meeting; however, a Board meeting may be convened at any time in case of emergency.

The Board meeting shall be called in writing, via e-mail or facsimile.

Article 15: All shareholders' and Board meetings shall be presided over by the Chairman. When the Chairman is unable to do so, the Vice Chairman shall act in place of the chairman. If there is no Vice Chairman or the Vice Chairman is for any reason unable to exercise the powers of the duty, the Chairman shall appoint one director to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

Article 16: Unless otherwise specified in the Company Act, the Board meetings shall be convened by the Chairman of the Board. Directors may appoint another director to attend a the Board meeting in his/her/ behalf, he/she/ shall, in each time, shall issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. However, a director may act as the proxy of only one other director.

When an independent director is unable to attend in person, he or she shall not appoint another non-independent director to attend as his or her proxy, but shall issue a written opinion in advance, which shall be recorded in the meeting minutes.

Article 16:1 Resolutions of the Board meeting shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. The meeting minutes shall be affixed with a signature or seal from the meeting chair.

Article 16:2 (Deleted)

Article 16:3 (Deleted)

#### Chapter V Managerial officers

Article 17: The Company may institute a chief executive officer and a vice chief executive officer, upon the Board's resolution, to lead and be responsible for operation matters and decisions in the Company and all affiliated companies.

The Company may appoint the president to execute business and operation matters within the authorized scope through the Board's guidance.

Employing, dismissing and compensating managerial officers of the Company is handled in accordance with Article 29 in the Company Act.

#### Chapter VI Accounting

Article 18: At the end of each accounting year, the Board shall compile 1) a business reports; 2) financial statements; 3) proposal distribution of profits or appropriation of losses and submit for the approval from the general shareholder's meeting.

Article 19: The Directors shall be compensated, regardless of earnings results, for their service to the Company. The compensation scheme is authorized to the Board of directors for decision with reference to their participation in and contribution to the Company's operation, but shall not exceed the highest salary range defined by the salary policy of the Company. In addition, distribution shall be made in accordance with Article 20 when there is operating earnings.

During the director's term of office, the director shall authorize the board of directors to purchase liability insurance for him/her in respect of his/her liability for compensation within the scope of his business execution.

Article 20: The Company shall set aside 9%~13% and no more than 2%, respectively, from profit as employees' compensation and directors' remuneration. However, the profit shall be retained when there are accumulated losses not yet covered.

Employees' compensation stated above may be made in cash or stock and shall be allocated to employees fitted to the certain criteria.

The two items above shall be executed according to the Board resolution and reported in the shareholders' meeting.

Article 20-1: When the company makes a profit, after all taxes have been paid and accumulated losses have been covered, it shall first set aside 10% of such profits as a legal reserve to the point that such legal reserve has reached the Company's total paid-in capital. However, when the statutory surplus reserve has reached the company's paid-in capital, it may no longer be set aside, and the remainder will be appropriated or reversed to the special surplus reserve in accordance with legal provisions. After that, if there is still a balance, it will accumulate

undistributed surplus. After special stock dividends are distributed in accordance with Article 5-1 of these Articles, ordinary stock dividends will be distributed, and the Board shall draw up a surplus earnings distribution proposal to be resolved in shareholders' meeting. When it is done by issuing new shares, the distribution shall be submitted to the Shareholders' Meeting for resolution; when it is done by cash, it shall be approved by the Board of Directors.

In accordance with Articles 240 and 241 of the Company Act, the Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses, capital surplus or legal reserve in the form of cash by the presence of at least two-thirds of the directors and a resolution of a majority of the directors present, and to report such distribution to the Shareholders' Meeting; when it is done by issuing new shares, it shall be handled by a resolution of the Shareholders' Meeting in accordance with regulations. The Company's dividend policy is based on its current and future development plans, consideration of the investment environment, capital requirements, domestic and international competition, and shareholders' interests. Distribution to common shareholders shall not be less than 10% of distributable earnings, no distribution shall be made if the balance is less than 1% of paid-in capital. Dividends may be distributed to shareholders in cash or in shares, with cash dividends being no less than 50% of the total dividends.

Article 20-2: If the Company is to repurchases its own shares for the purpose of transferring them to its employees at less than the average actual share repurchase price, it shall handle the transaction in accordance with Article 10-1 and 13 under “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” after the consent of at least two-thirds of the voting rights present at the most recent shareholders' meeting attended by shareholders representing a majority of total issued shares.

Article 20-3: If the Company is to issue employee stock option for an exercise price less than the actual share price (net book value/share), it shall handle the transaction in accordance with Article 56-1 and 76 under “Regulations Governing the Offering and Issuance of Securities by Securities Issuers” after the resolution from the shareholders' meeting.

#### Chapter VII Supplementary Provisions

Article 21: Loan guarantee made by the Company may proceed in accordance with “Rules Governing Making Grantee and Endorsement” of the Company.

Article 22: Investments made by the Company shall be handled in accordance with “Rules Governing Long/Short Investment” of the Company and is not subject to the limit of 40% of invitee's paid-in capital.

Article 23: Matters not covered in these Articles of Incorporation, the Company Act shall govern.

Article 24: These Articles of Incorporation were established on August 22, 1968. The 1st amendment was made on July 13, 1974, 2nd on September 21, 1974, 3rd on February 5, 1975, 4th on July 13, 1977, 5th on August 29, 1981, 6th on September 18, 1983, 7th on November 22, 1984, 8th on October 8, 1976, 9th on September 25, 1979, 10th on December 7, 1989, 11th on September 7, 1990, 12th on September 15, 1991, 13th on January 24, 1992, 14th on October 20, 1993, 15th on November 20, 1997, 16th on January 27, 1994, the 17th on November 5, 1995, 18th on June 25, 1996, 19th on July

31, 1996, 20th on October 3, 1996, 21st on December 29, 1996, 22nd on June 15, 1997, 23rd on September 4, 1997, 24th on October 17, 1997, 25th on November 22, 1997, 26th on May 19, 1998, 27th on June 11, 1998, 28th on October 17, 1998, 29th on June 11, 1999, 30th on May 15, 2000, 31st on April 30, 2001, 32nd on May 30, 2002, 33rd on May 30, 2002, and the 34th on June 18, 2003, 35th on May 18th, 2004, 36th on June 7th, 2005, 37th correction May 24, 2005, 38th on June 13th, 2007, 39th on June 18, 2004, 40th on June 8, 2010, 41st on June 3, 2013, 42nd on June 17, 2016, 43rd on May 26, 2017, 44th on May 30, 2019, 45th on May 28, 2020, 46th on July 28, 2021, and 47th on May 27, 2022.

WAH LEE INDUSTRIAL CORP.

Chairman: Chang Tsun-Hsien

# WAH LEE INDUSTRIAL CORP.

## Current Shareholding of Directors

1. The total paid-in capital of the Company is NT\$2,507,671,170 with 250,767,117 shares issued. In accordance with “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies,” total shares held by the Board of directors shall be 12,000,000 units or more.
2. As of the book closure date for the shareholders' meeting (March 30, 2024) total numbers of shares held by the directors in the shareholders' list has met the requirement of the minimum percentages of registered shares to be held by directors under Article 26 in Securities and Exchange Act as listed below:

Position	Name	No. of shares held on the book closure date		Name of proxy
		Shares	Shareholding %	
Chairman	Kang Tai Investment Corporation	20,011,338	7.98%	Chang Tsun-Hsien
Director	Kang Tai Investment Corporation	20,011,338	7.98%	Ray-Ching Chang
Director	Chun-Ying Chen (Note 2)	2,529,934	1.01%	—
Director	Lin, Yu-Chin	2,118,625	0.84%	—
Director	Yeh, Ching-Pin	3,423,388	1.37%	—
Independent Director	Yea-Kang Wang	—	—	—
Independent Director	Shyu, So-De	—	—	—
Independent Director	Guu, Yuan-Kuang	—	—	—
Independent Director	Chi-Nan Chang	102,030	0.04%	—
	<b>Directors shareholding, subtotal</b>	<b>28,083,285</b>	<b>11.20%</b>	

Note: 1. Total share ownership figures calculated for Board of directors other than the independent directors is decreased by 20% as there are four independent directors in the Company's Board.

2. Resigned on September 1, 2023 for personal career planning.

## Other explanation notes

Shareholder proposals in this Shareholders' Meeting:

Note: 1. According to Article 172-1 under the Company Act, shareholders holding 1% or more of the total number of outstanding shares of the Company may make a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed and the word count of the proposal is limited to 300.

2. The period of taking shareholders' proposals for the 2024 meeting starting from March 18, 2024 to March 28, 2024 and is posted on Market Observation Post System.
3. No shareholder proposal has been received as of the last day of the taking period.