

Wah Lee Industrial Corporation
and Subsidiaries

Consolidated Financial
Statements and Independent
Auditors' Report
2024 and 2023 Q1

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INDEPENDENT AUDITORS' REPORT

Wah Lee Industrial Corporation

Preface

We have audited the accompanying consolidated financial statements of Wah Lee Industrial Corporation and its subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheets as of March 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). The preparation of fairly expressed consolidated financial reports in accordance with the Financial Reporting Standards of the Securities Issuer and IAS 34 “Interim Financial Reporting” as approved by the Financial Supervisory Commission and issued for effect is the responsibility of management, and the responsibility of the accountant is to draw conclusions on the consolidated financial reports based on the results of the review.

Scope

Except as set out in the Fundamental Paragraph of the Retention Conclusions, the Accountant performed the audit in accordance with the Review of Financial Statements, Standard 2410. The procedures performed in reviewing the consolidated financial statements include inquiries (primarily of persons responsible for financial and accounting matters), analytical procedures and other review procedures. A review is significantly less in scope than an audit and, accordingly, we may not be able to discern all significant matters that might be identified by an audit, and, accordingly, we cannot express an audit opinion.

Basis for the conclusion of the reservation

As described in note 12 to the consolidated financial statements, the financial statement of the non-material subsidiaries included in the first consolidated financial statement for the same period have not been reviewed by the CPAs. Its total assets as of March 31, 2024 and 2023 were NT\$7,470,750 thousand and NT\$8,456,770 thousand, respectively, accounting for 15% and 19% of the total consolidated assets, respectively. Total liabilities amounted to NT\$3,121,962 thousand and NT\$4,186,872 thousand, respectively, accounting for 11% and 15% of the total consolidated liabilities. The comprehensive profit and loss from January 1 to March 31, 2024 and 2023 were NT\$10,201 thousand and NT\$26,089 thousand respectively, accounting for 1% and 3% of the consolidated comprehensive profit and loss, respectively. In addition, as described in note 13 of the consolidated financial statement, the investment balance of Wah Lee Industrial Corporation and its subsidiaries under the equity method as of March 31, 2024 and 2023 was NT\$2,137,433 thousand and NT\$2,139,572 thousand, respectively, and from January 1 to March 31, 2024 and 2023, the shares of related party enterprises and joint venture profits and losses recognized under the equity method were NT\$27,427 thousand and NT\$20,284 thousand, respectively, which are recognized and disclosed on the basis of the financial statements of the invested companies that have not been reviewed by the CPAs during the same period.

Retain Conclusion

Based on the results of CPA's review, apart from the non-material subsidiaries mentioned in the foundation paragraph of the retention conclusions and the financial statements of the investee companies that partially adopt the equity method, which have been reviewed by the CPAs and may have an impact on the consolidated financial reports, it has not been found that the consolidated financial statements have not been prepared in accordance with the financial reporting standards of securities issuers in all material aspects and the International Accounting Standard No. 34 "Interim Financial Report" approved by the Financial Supervisory Commission and issued for effect, which makes it impossible to express the consolidated financial situation of Warwick Enterprises and its subsidiaries as of March 31, 2024 and 2023, and the consolidated financial performance and consolidated cash flow of January 1 to March 31, 2024 and 2023.

Deloitte & Touche
CPA Chiu-Yen Wu

CPA Jui-Hsuan Hsu

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Futures Commission
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May 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

March 31, 2024, December 31, 2023 and March 31, 2023

Unit: In Thousands of New Taiwan Dollars

Code	Assets	March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%
Current assets							
1100	Cash and cash equivalents (Note 6)	\$ 5,240,384	11	\$ 6,456,514	13	\$ 3,827,404	8
1110	Financial assets at fair value through profit or loss - current (Note 7)	441,677	1	878,614	2	739,525	2
1120	Financial assets at fair value through other comprehensive income - current (Note 8)	170,000	-	167,000	-	224,250	1
1150	Notes receivable (Notes 9 and 29)	2,675,120	6	2,750,341	6	2,335,288	5
1170	Accounts receivable, net (Note 9)	15,776,165	32	15,522,445	31	12,534,056	28
1180	Accounts receivable - related parties (Notes 9 and 28)	149,234	-	125,448	-	104,036	-
1200	Other receivables	111,726	-	94,777	-	74,169	-
1210	Other receivables - related parties (Notes 13 and 28)	4,309	-	110,161	-	396,592	1
1220	Current tax assets	9,098	-	1,395	-	-	-
130X	Merchandise (Notes 10)	4,798,026	10	4,695,049	9	5,979,671	13
1421	Prepayments for purchases	2,004,476	4	1,779,384	4	1,482,477	3
1476	Other financial assets - current (Notes 11 and 29)	1,430,699	3	1,976,879	4	2,057,046	5
1479	Other current assets	165,254	-	173,909	-	183,464	-
11XX	Total current assets	<u>32,976,168</u>	<u>67</u>	<u>34,731,916</u>	<u>69</u>	<u>29,937,978</u>	<u>66</u>
Non-current assets							
1510	Financial assets at fair value through profit or loss - non-current (Note 7)	42,731	-	42,453	-	43,186	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	802,612	2	825,350	2	623,938	1
1550	Investments accounted for using the equity method (Notes 13)	8,079,291	16	7,145,056	14	6,338,973	14
1600	Property, plant and equipment (Notes 14, 29, and 30)	6,080,439	12	5,982,073	12	6,469,292	14
1755	Right-of-use assets (Note 15)	492,847	1	510,217	1	565,535	1
1805	Goodwill	177,794	1	177,013	1	176,769	1
1822	Other intangible assets	153,336	-	161,914	-	213,568	1
1840	Deferred tax assets	371,926	1	366,325	1	460,984	1
1915	Prepayments for equipment	49,173	-	53,925	-	-	-
1980	Other financial assets - non-current (Notes 11 and 29)	141,439	-	159,174	-	352,727	1
1990	Other non-current assets	24,732	-	25,895	-	28,855	-
15XX	Total non-current assets	<u>16,416,320</u>	<u>33</u>	<u>15,449,395</u>	<u>31</u>	<u>15,273,827</u>	<u>34</u>
1XXX	Total assets	<u>\$ 49,392,488</u>	<u>100</u>	<u>\$ 50,181,311</u>	<u>100</u>	<u>\$ 45,211,805</u>	<u>100</u>
Liabilities and Equity							
Current liabilities							
2100	Short-term borrowings (Note 16)	\$ 7,308,499	15	\$ 9,296,291	19	\$ 7,147,066	16
2110	Short-term bills payable (Note 16)	-	-	-	-	39,949	-
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	12	-	419	-	415	-
2130	Contract liabilities - current (Note 22)	552,369	1	550,887	1	337,858	1
2150	Notes payable (Note 18)	1,109,385	2	1,237,384	2	533,375	1
2170	Accounts payable (Note 18)	7,131,237	14	7,218,821	14	5,948,103	13
2180	Accounts payable - related parties (Notes 18 and 28)	332,681	1	340,676	1	203,417	1
2216	Dividends payable (Note 21)	1,284,310	3	-	-	1,439,709	3
2219	Other payables (Note 19)	1,332,973	3	1,313,781	3	1,241,908	3
2220	Other payables - related parties (Note 28)	237	-	917	-	148	-
2230	Current tax liabilities	367,053	1	268,235	1	404,934	1
2250	Provisions - current (Note 30)	51,117	-	50,363	-	87,157	-
2280	Lease liabilities - current (Note 15)	90,078	-	93,090	-	100,390	-
2321	Current portion of bonds (Note 17)	748,201	1	1,996,598	4	-	-
2322	Current portion of long-term borrowings (Note 16)	170,526	-	171,081	-	156,490	-
2365	Refund liability - current	427,841	1	365,130	1	303,173	1
2399	Other current liabilities	15,437	-	35,540	-	28,057	-
21XX	Total current liabilities	<u>20,921,956</u>	<u>42</u>	<u>22,939,213</u>	<u>46</u>	<u>17,972,149</u>	<u>40</u>
Non-current liabilities							
2530	Bonds payable (Notes 17)	-	-	-	-	1,999,452	4
2540	Long-term borrowings (Note 16)	4,666,943	10	4,711,028	9	5,070,431	11
2550	Provisions - non-current	58,590	-	59,369	-	68,498	-
2580	Lease liabilities - non-current (Note 15)	428,331	1	449,617	1	493,347	1
2640	Net defined benefit liability - non-current	208,394	-	254,666	-	264,955	1
2645	Guarantee deposits received	3,305	-	3,172	-	3,222	-
2570	Deferred tax liabilities	1,389,534	3	1,340,631	3	1,357,789	3
25XX	Total non-current liabilities	<u>6,755,097</u>	<u>14</u>	<u>6,818,483</u>	<u>13</u>	<u>9,257,694</u>	<u>20</u>
2XXX	Total liabilities	<u>27,677,053</u>	<u>56</u>	<u>29,757,696</u>	<u>59</u>	<u>27,229,843</u>	<u>60</u>
Equity attributable to owners of the Company (Note 21)							
Share capital							
3110	Ordinary share capital	2,362,393	5	2,360,203	5	2,360,179	5
3140	Capital collected in advance (Note 17)	145,278	-	2,190	-	-	-
3100	Total share capital	<u>2,507,671</u>	<u>5</u>	<u>2,362,393</u>	<u>5</u>	<u>2,360,179</u>	<u>5</u>
3200	Capital surplus	3,184,910	6	2,092,166	4	2,045,648	5
Retained earnings							
3310	Legal reserve	2,968,189	6	2,968,189	6	2,710,197	6
3320	Special reserve	448,559	1	448,559	1	184,623	1
3350	Undistributed earnings	9,247,811	19	10,066,449	20	8,773,078	19
3300	Total retained earnings	<u>12,664,559</u>	<u>26</u>	<u>13,483,197</u>	<u>27</u>	<u>11,667,898</u>	<u>26</u>
3400	Other equity	1,602,540	3	637,262	1	93,411	-
31XX	Total equity attributable to owners of the Company	<u>19,959,680</u>	<u>40</u>	<u>18,575,018</u>	<u>37</u>	<u>16,167,136</u>	<u>36</u>
36XX	Non-controlling interests (Note 21)	1,755,755	4	1,848,597	4	1,814,826	4
3XXX	Total equity	<u>21,715,435</u>	<u>44</u>	<u>20,423,615</u>	<u>41</u>	<u>17,981,962</u>	<u>40</u>
Total liabilities and equity		<u>\$ 49,392,488</u>	<u>100</u>	<u>\$ 50,181,311</u>	<u>100</u>	<u>\$ 45,211,805</u>	<u>100</u>

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

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

From January 1 to March 31, 2024 and 2023

Unit: (In Thousands of New Taiwan Dollars, Except Earnings Per Share in New Taiwan Dollars)

Code		From January 1 to March 31, 2024		From January 1 to March 31, 2023	
		Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 22 and 28)	\$ 17,250,871	100	\$ 14,378,284	100
5000	OPERATING COSTS (Notes 10, 23 and 28)	<u>15,929,390</u>	<u>92</u>	<u>13,283,952</u>	<u>92</u>
5900	GROSS PROFIT	<u>1,321,481</u>	<u>8</u>	<u>1,094,332</u>	<u>8</u>
	OPERATING EXPENSES (Notes 9, 23 and 28)				
6100	Selling and marketing expenses	580,692	4	508,428	4
6200	General and administrative expenses	153,596	1	162,278	1
6450	Expected credit loss recognized (reversed)	<u>28,851</u>	<u>-</u>	<u>(7,151)</u>	<u>-</u>
6000	Total operating expenses	<u>763,139</u>	<u>5</u>	<u>663,555</u>	<u>5</u>
6900	OPERATING INCOME	<u>558,342</u>	<u>3</u>	<u>430,777</u>	<u>3</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 23 and 28)				
7100	Interest income	36,900	-	22,205	-
7010	Other income	28,558	-	18,667	-
7020	Other gains and losses	32,586	-	12,772	-
7050	Financial costs	(109,153)	-	(111,615)	(1)
7060	Share of profit of associates and joint ventures accounted for using the equity method	<u>123,360</u>	<u>1</u>	<u>74,533</u>	<u>1</u>
7000	Non-operating income and expenses	<u>112,251</u>	<u>1</u>	<u>16,562</u>	<u>-</u>
7900	NET PROFIT	670,593	4	447,339	3
7950	INCOME TAX EXPENSE (Notes 4 and 24)	<u>174,083</u>	<u>1</u>	<u>123,305</u>	<u>1</u>

(Continued)

(Concluded)

Code		From January 1 to March 31, 2024		From January 1 to March 31, 2023	
		Amount	%	Amount	%
8200	Net income for this period	<u>\$ 496,510</u>	<u>3</u>	<u>\$ 324,034</u>	<u>2</u>
	OTHER COMPREHENSIVE INCOME (Notes 21 and 24)				
	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	(26,652)	-	110,446	1
8320	Share of other comprehensive income (loss) of associates accounted for using the equity method	661,227	4	499,543	3
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>9,112</u>	<u>-</u>	(<u>975</u>)	<u>-</u>
8310		<u>643,687</u>	<u>4</u>	<u>609,014</u>	<u>4</u>
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	347,601	2	(78,697)	-
8370	Share of other comprehensive gain (loss) of associates accounted for using the equity method	105,052	-	2,379	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	(<u>66,803</u>)	<u>-</u>	<u>15,355</u>	<u>-</u>
8360		<u>385,850</u>	<u>2</u>	(<u>60,963</u>)	<u>-</u>
8300	Other comprehensive income (loss) for the period, net of income tax	<u>1,029,537</u>	<u>6</u>	<u>548,051</u>	<u>4</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 1,526,047</u>	<u>9</u>	<u>\$ 872,085</u>	<u>6</u>
	NET PROFIT ATTRIBUTABLE TO:				
8610	Owners of the Company	\$ 432,658	3	\$ 288,844	2
8620	Non-Controlling interests	<u>63,852</u>	<u>-</u>	<u>35,190</u>	<u>-</u>
8600		<u>\$ 496,510</u>	<u>3</u>	<u>\$ 324,034</u>	<u>2</u>

(Continued)

(Concluded)

Code		From January 1 to March 31, 2024		From January 1 to March 31, 2023	
		Amount	%	Amount	%
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Owners of the Company	\$ 1,430,950	8	\$ 842,127	6
8720	Non-Controlling interests	<u>95,097</u>	<u>1</u>	<u>29,958</u>	<u>-</u>
8700		<u>\$ 1,526,047</u>	<u>9</u>	<u>\$ 872,085</u>	<u>6</u>
	EARNINGS PER SHARE (Note 25)				
9750	Basic	<u>\$ 1.80</u>		<u>\$ 1.22</u>	
9850	Diluted	<u>\$ 1.67</u>		<u>\$ 1.13</u>	

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

(With Deloitte & Touche auditors' report dated May 14, 2024)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

From January 1 to March 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

		Equity Attributable to Owners of the Company						Other equity					
		Retained earnings						Exchange differences on translating the financial statements of foreign operations	Unrealized gain on financial assets at FVTOCI	Total	Total	Non-Controlling interests	Total equity
Code		Ordinary share capital	Capital collected in advance	Capital surplus	Legal reserve	Special reserve	Undistributed earnings						
A1	Balance at January 1, 2024	\$ 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
	Appropriation and distribution for 2023 earnings (Note 21)												
B5	Cash dividends distributed to the shareholders of the Company	-	-	-	-	-	(1,284,310)	-	-	-	(1,284,310)	-	(1,284,310)
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	-	(14,160)	-	-	-	-	-	-	(14,160)	-	(14,160)
D1	From January 1 to March 31, 2024, net income	-	-	-	-	-	432,658	-	-	-	432,658	63,852	496,510
D3	Other comprehensive income (loss) from January 1 to March 31, 2024	-	-	-	-	-	-	354,605	643,687	998,292	998,292	31,245	1,029,537
D5	From January 1 to March 31, 2024, Total comprehensive income (loss)	-	-	-	-	-	432,658	354,605	643,687	998,292	1,430,950	95,097	1,526,047
I1	Convert the convertible bonds (Note 17)	2,190	143,088	1,106,904	-	-	-	-	-	-	1,252,182	-	1,252,182
O1	Cash dividends distributed to the shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(187,939)	(187,939)
Q1	Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	33,014	-	(33,014)	(33,014)	-	-	-
Z1	Balance at March 31, 2024	\$ 2,362,393	\$ 145,278	\$ 3,184,910	\$ 2,968,189	\$ 448,559	\$ 9,247,811	(\$ 204,723)	\$ 1,807,263	\$ 1,602,540	\$19,959,680	\$ 1,755,755	\$21,715,435
A1	Balance at January 1, 2023	\$ 2,360,179	\$ -	\$ 2,036,714	\$ 2,710,197	\$ 184,623	\$ 9,912,630	(\$ 344,057)	(\$ 104,502)	(\$ 448,559)	\$16,755,784	\$ 1,784,868	\$18,540,652
	Appropriation and distribution for 2022 earnings (Note 21)												
B5	Cash dividends distributed to the shareholders of the Company	-	-	-	-	-	(1,439,709)	-	-	-	(1,439,709)	-	(1,439,709)
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	-	8,934	-	-	-	-	-	-	8,934	-	8,934
D1	From January 1 to March 31, 2023, net income	-	-	-	-	-	288,844	-	-	-	288,844	35,190	324,034
D3	From January 1 to March 31, 2023, other comprehensive income (loss) after tax	-	-	-	-	-	-	(55,731)	609,014	553,283	553,283	(5,232)	548,051
D5	From January 1 to March 31, 2023, total comprehensive income	-	-	-	-	-	288,844	(55,731)	609,014	553,283	842,127	29,958	872,085
Q1	Associates disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	11,313	-	(11,313)	(11,313)	-	-	-
Z1	Balance at March 31, 2023	\$ 2,360,179	\$ -	\$ 2,045,648	\$ 2,710,197	\$ 184,623	\$ 8,773,078	(\$ 399,788)	\$ 493,199	\$ 93,411	\$16,167,136	\$ 1,814,826	\$17,981,962

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

(With Deloitte & Touche auditors' report dated May 14, 2024)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

From January 1 to March 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

Code		From January 1 to March 31, 2024	From January 1 to March 31, 2023
	Cash flows from operating activities		
A10000	Net profit before tax for the period	\$ 670,593	\$ 447,339
A20010	Adjustments for:		
A20100	Depreciation expenses	96,725	101,312
A20200	Amortization expense	10,075	13,617
A20300	Expected credit loss recognized (reversed)	28,851	(7,151)
A20400	Net gain (loss) of financial instruments at FVTPL	(14,901)	(4,542)
A20900	Financial costs	109,153	111,615
A21200	Interest income	(36,900)	(22,205)
A21300	Dividend income	(2,627)	(464)
A22300	Share of profit of associates and joint ventures accounted for using the equity method	(123,360)	(74,533)
A22500	Disposals of property, plant and equipment	(3,719)	(288)
A23700	Write-downs of inventories	14,134	78,610
A24100	Net unrealized loss on foreign currency exchange	214,105	109,949
A22900	Recognize provisions for losses	749	-
A29900	Other	(19)	(543)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at fair value through profit or loss	4,333	441
A31130	Notes receivable	75,230	(94,400)
A31150	Accounts receivable	(286,801)	1,971,564
A31160	Accounts receivable - related parties	(25,936)	(6,099)
A31180	Other receivables	(32,657)	(15,980)
A31190	Other receivables - related parties	(1,098)	387
A31200	Merchandise inventories	(119,562)	368,407
A31230	Prepayments for purchases	(225,092)	161,242
A31240	Other current assets	8,655	10,618
A32110	Financial liabilities held for trading	(105)	(4,812)
A32125	Contract liabilities	1,482	(12,257)
A32130	Notes payable	(127,999)	21,663
A32150	Accounts payable	(87,584)	(1,559,600)
A32160	Accounts payable - related parties	(7,995)	(226,608)
A32180	Other payables	21,719	(95,476)
A32190	Other payables - related parties	(680)	10
A32200	Refund liabilities	62,711	5,145
A32230	Other current liabilities	(20,103)	(2,237)
A32240	Net defined benefit liabilities	(46,516)	(1,443)
A33000	Cash generated from operations	154,861	1,273,281
A33100	Interest received	52,608	30,057
A33200	Dividends received	109,577	148,433
A33300	Interest paid	(126,061)	(132,797)
A33500	Income tax paid	(94,947)	(60,831)
AAAA	Net cash generated from operating activities	<u>96,038</u>	<u>1,258,143</u>

(Continued)

(Concluded)

Code		From January 1 to March 31, 2024	From January 1 to March 31, 2023
	Cash flows from investing activities		
B00010	Purchase of financial assets at fair value through other comprehensive income	(\$ 6,409)	\$ -
B00030	Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	-	5,100
B00100	Acquisition of financial assets at FVTPL	(90,161)	(376,331)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	548,341	264,624
B01800	Acquired associate	(58,756)	(24,000)
B02700	Payment for property, plant, and equipment	(139,553)	(192,384)
B02800	Proceeds from disposal of property, plant, and equipment	4,241	1,681
B04500	Acquisition of other intangible assets	(132)	-
B06500	Decrease (increase) in other financial assets	<u>563,915</u>	<u>(603,554)</u>
BBBB	Net cash generated from (used in) investing activities	<u>821,486</u>	<u>(924,864)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Decrease in short-term borrowings	(2,292,829)	(2,710,452)
C00500	Increase in short-term bills payable	-	10,000
C01600	Proceeds from long-term borrowings	200,000	1,440,884
C01700	Repayment of long-term borrowings	(240,465)	(1,837,796)
C03000	Increase in guarantee deposits received	133	419
C04020	Repayment of the principal portion of lease liabilities	(33,234)	(32,389)
C05800	Change in non-controlling interests	<u>(187,939)</u>	<u>-</u>
CCCC	Net cash used in financing activities	<u>(2,554,334)</u>	<u>(3,129,334)</u>
DDDD	Effect of exchange rate changes on the balance of cash and cash equivalents	<u>420,680</u>	<u>(91,821)</u>
EEEE	Net increase (decrease) in cash and cash equivalents	(1,216,130)	(2,887,876)
E00100	Cash and cash equivalents at the beginning of the period	<u>6,456,514</u>	<u>6,715,280</u>
E00200	Cash and cash equivalents at the end of the period	<u>\$ 5,240,384</u>	<u>\$ 3,827,404</u>

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

(With Deloitte & Touche auditors' report dated May 14, 2024)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

From January 1 to March 31, 2024 and 2023

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

1. ORGANIZATION

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

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

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

2. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were approved by the board of directors on May 14, 2024.

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

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

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
Amendment to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: Effective for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendment, comparative periods shall not be restated. Instead, the effects shall be recognized in retained earnings or the cumulative translation adjustment of foreign operations (as appropriate) under equity as of the initial application date, as well as in the affected assets and liabilities.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 replaces IAS 1 "Presentation of Financial Statements". The key changes of the standard are as follow:

- Items in the statement of profit or loss will need to be classified into one of five categories: operating, investing, financing, income taxes and discontinued operations.
- The statement shall present the operating profit or loss, profit or loss before financing and income taxes and totals and subtotals of profit or loss.
- Provides enhanced guidance on the principles of aggregation and disaggregation: The Group must identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate them based on shared characteristics, so that each line item presented in the primary financial statements has at least one similar characteristic. Items with different characteristics should be disaggregated in the primary financial statements and notes. The Group shall only label such items as "other" when no more informative label can be found.
- Increase disclosure of management-defined performance measures: When the Group publicly communicate outside the financial statements and discuss with users of the financial statements management's view of an aspect of the Group's overall financial performance, they should disclose in a single note to the financial statements the relevant information about management-defined performance measures. This includes a description of the measure, how it is calculated, a reconciliation to the most directly comparable subtotal or total specified by IFRS standards, and the related tax and non-controlling interest effects of each reconciling item.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. This consolidated financial report does not contain all IFRS disclosures required by the full annual financial report.

b. Basis of Preparation

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

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

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

c. Basis of Consolidation

The preparation principles adopted in this consolidated financial report are the same as those used in the 2023 consolidated financial report. For the detailed information of subsidiaries (including the percentage of ownership and main business), refer to Note 12, and Tables 6 and 7.

d. Other significant accounting policies

In addition to the descriptions below, please refer to the summary of significant accounting policies in the 2023 consolidated financial statements.

- 1) Standard for the Classification of Assets and Liabilities into Current and Non-current

Current assets include:

- (a) Assets held primarily for the purpose of trading
- (b) Assets that are expected to be realized within 12 months after the balance sheet date.

- (c) Assets are cash and cash equivalents (unless the assets are to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the balance sheet date).

Current liabilities include:

- (a) Liabilities held primarily for trading purposes;
- (b) settled within twelve months after the maturity of the debt; and
- (c) that the Company on the balance sheet date does not have in substance the right to defer settlement of the liability for at least 12 months after the balance sheet date.

Assets and liabilities not classified as current assets or current liabilities are classified as non-current assets or non-current liabilities.

2) Defined welfare and post-employment benefits

The pension cost during the interim period is calculated on the basis of the actuarial determination pension cost rate at the end of the previous year, from the beginning of the year to the end of the current period, and adjusted for major market fluctuations, major plan revisions, repayments or other major one-time events in the current period.

3) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax during the interim period is assessed on an annual basis and is calculated on the basis of the pre-verified earnings for the interim period at the tax rate applicable to the expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the significant accounting judgments, estimates and key sources of assumption uncertainty used in the consolidated financial statements, please refer to the 2023 Consolidated Financial Statements.

6. Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 1,161	\$ 1,052	\$ 1,251
Demand deposits in banks	4,707,113	5,291,761	3,168,011
Check accounts in banks	15,679	40,494	15,729
Cash equivalents - time deposits with original maturities of 3 months or less	<u>516,431</u>	<u>1,123,207</u>	<u>642,413</u>
	<u>\$ 5,240,384</u>	<u>\$ 6,456,514</u>	<u>\$ 3,827,404</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits (%)	2.55~6.25	1.55~6.73	1.30~4.81

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

7. Financial instruments at FVTPL

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets - current</u>			
Mandatorily classified at FVTPL			
Hybrid instruments - structured deposits (a)	\$ 354,286	\$ 799,406	\$ 664,701
Non-derivative financial assets - mutual funds	84,450	79,208	74,824
Derivatives instruments (not designated for hedge) (b)			
Foreign exchange forward contracts	<u>2,941</u>	<u>-</u>	<u>-</u>
	<u>\$ 441,677</u>	<u>\$ 878,614</u>	<u>\$ 739,525</u>
<u>Financial assets - non-current</u>			
Mandatorily classified at FVTPL			
Non-derivative financial assets			
Domestic unlisted shares	<u>\$ 42,731</u>	<u>\$ 42,453</u>	<u>\$ 43,186</u>
<u>Financial liabilities - current</u>			
Held for trading			
Derivatives instruments (not designated for hedge) (b)			
Foreign exchange forward contracts	<u>\$ 12</u>	<u>\$ 419</u>	<u>\$ 415</u>

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

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

March 31, 2024

<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (In Thousands)</u>
Buy USD/Sell RMB	2024.04~2024.05	USD10,671/RMB76,750
Buy USD/Sell MYR	2024.04~2024.05	USD323/MYR1,523

December 31, 2023

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

March 31, 2023

<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (In Thousands)</u>
Buy USD/Sell RMB	2023.04~2023.06	USD2,620/RMB18,000
Buy USD/Sell MYR	2023.05~2023.06	USD1,000/MYR4,446

8. Financial assets at FVTOCI

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Current</u>			
Domestic investments in equity instruments			
TPEX-listed stocks	<u>\$ 170,000</u>	<u>\$ 167,000</u>	<u>\$ 224,250</u>
<u>Non-current</u>			
Domestic investments in equity instruments			
Listed and Emerging Shares	\$ 342,477	\$ 368,401	\$ 91,044
Unlisted stocks	<u>328,492</u>	<u>315,647</u>	<u>439,207</u>
	<u>670,969</u>	<u>684,048</u>	<u>530,251</u>
Foreign investments in equity instruments			
TWSE-listed stocks	14,698	18,886	16,825
TWSE-unlisted stocks	<u>116,945</u>	<u>122,416</u>	<u>76,862</u>
	<u>131,643</u>	<u>141,302</u>	<u>93,687</u>
	<u>\$ 802,612</u>	<u>\$ 825,350</u>	<u>\$ 623,938</u>

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

9. Notes receivable and accounts receivable, net

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Notes receivable - unrelated parties			
Notes receivable - operating	\$ 2,675,197	\$ 2,750,427	\$ 2,335,343
Less: Allowance for losses	<u>77</u>	<u>86</u>	<u>55</u>
	<u>\$ 2,675,120</u>	<u>\$ 2,750,341</u>	<u>\$ 2,335,288</u>
Accounts receivable - unrelated parties			
At amortized cost			
Gross carrying amount	\$ 16,040,895	\$ 15,760,854	\$ 12,707,498
Less: Allowance for losses	<u>264,730</u>	<u>238,409</u>	<u>173,442</u>
	<u>\$ 15,776,165</u>	<u>\$ 15,522,445</u>	<u>\$ 12,534,056</u>
Accounts receivable - related parties			
At amortized cost			
Gross carrying amount	\$ 151,886	\$ 125,950	\$ 104,284
Less: Allowance for losses	<u>2,652</u>	<u>502</u>	<u>248</u>
	<u>\$ 149,234</u>	<u>\$ 125,448</u>	<u>\$ 104,036</u>

For the information on factored notes receivable pledged as collateral for borrowings, refer to Notes 27 and 29.

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

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

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

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

March 31, 2024

Cost	Counterparty without signs of default				Counterparty with signs of default	Total
	Not past due	Past due by 1-60 days	Past due by 61-180 days	Past due over 181 days		
Expected credit loss rate (%)	0.01~3	0.5~20	5~40	40~50	50~100	
Gross carrying amount	\$ 17,239,776	\$ 1,176,430	\$ 210,693	\$ 115,294	\$ 125,785	\$ 18,867,978
Loss allowance (Lifetime ECLs)	(24,321)	(26,401)	(30,610)	(61,440)	(124,687)	(267,459)
Amortized cost	<u>\$ 17,215,455</u>	<u>\$ 1,150,029</u>	<u>\$ 180,083</u>	<u>\$ 53,854</u>	<u>\$ 1,098</u>	<u>\$ 18,600,519</u>

December 31, 2023

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

March 31, 2023

Cost	Counterparty without signs of default				Counterparty with signs of default	Total
	Not past due	Past due by 1-60 days	Past due by 61-180 days	Past due over 181 days		
Expected credit loss rate (%)	0.02~1	0.35~20	1~40	40~50	100	
Gross carrying amount	\$ 13,888,700	\$ 944,371	\$ 193,219	\$ 36,813	\$ 84,022	\$ 15,147,125
Loss allowance (Lifetime ECLs)	(16,947)	(28,158)	(32,750)	(11,868)	(84,022)	(173,745)
Amortized cost	<u>\$ 13,871,753</u>	<u>\$ 916,213</u>	<u>\$ 160,469</u>	<u>\$ 24,945</u>	<u>\$ -</u>	<u>\$ 14,973,380</u>

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

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Opening balance	\$238,997	\$181,709
Impairment losses recognized (reversed) of the period	28,851	(7,151)
Amounts written off of the period	(6,760)	-
Foreign exchange translation differences	<u>6,371</u>	<u>(813)</u>
Ending balance	<u>\$267,459</u>	<u>\$173,745</u>

10. Merchandise inventories

The costs of inventories recognized in cost of goods sold From January 1 to March 31, 2024 and 2023 were \$15,616,075 thousand and \$12,968,554 thousand respectively, which included the following items:

	<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>
Write-downs of inventories	<u>\$ 14,134</u>	<u>\$ 78,610</u>

11. Other financial assets

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ 1,083,447	\$ 1,060,733	\$ 879,441
Structured deposits	261,286	821,012	1,098,463
Pledged deposits	85,926	95,098	78,861
Refundable deposits	<u>40</u>	<u>36</u>	<u>281</u>
	<u>\$ 1,430,699</u>	<u>\$ 1,976,879</u>	<u>\$ 2,057,046</u>
<u>Non-current</u>			
Pledged deposits	\$ 46,210	\$ 59,165	\$ 235,850
Refundable deposits	<u>95,229</u>	<u>100,009</u>	<u>116,877</u>
	<u>\$ 141,439</u>	<u>\$ 159,174</u>	<u>\$ 352,727</u>

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Deposits in bank (%)	0.48~6.00	0.48~6.00	0.42~5.45

- b. The counterparties of the Group's deposits were banks with good credit and no significant default concerns, hence, there was no expected credit loss.
- c. Refer to Note 29 for information on other financial assets pledged as collateral.

12. Subsidiary

The subsidiaries in the consolidated financial statements

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

Investee company name	Name of subsidiary	Main business	Percentage of Ownership (%)			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Wah Lee Holding Ltd.	International investment business	100.00	100.00	100.00	Note 1
	Raycong Industrial (H.K.) Ltd. (Raycong H.K.)	Trading business of engineering plastic, composite materials, industrial materials and equipment	53.69	53.69	53.69	
	Wah Lee Japan Corp. (WL Japan)	Trading business of synthetic resin, industrial plastic, molding machine, and electromechanical parts	83.33	83.33	83.33	Note 1
	Wah Lee Korea Ltd. (WL Korea)	Trading business of synthetic resin, industrial plastic, molding machine, and electromechanical parts	100.00	100.00	100.00	Note 1
	Sakuragawa Solar Ltd.	Solar power generation business	99.99	99.99	99.99	Note 1
	Miyazaki Solar Ltd.	Solar power generation business	99.99	99.99	99.99	Note 1
	PT. Wah Lee Indonesia (WL Indonesia)	Trading business of industrial raw materials	70.00	70.00	70.00	Note 1
	Wah Lee Vietnam Co., Ltd. (WL Vietnam)	Trading business of industrial raw materials	100.00	100.00	100.00	Note 1
	Tranceed Logistics Co., Ltd. (Tranceed Logistics)	Freight forwarders and leasing business	63.33	63.33	63.33	Note 1
	Wah Tech Industrial Co., Ltd. (WT Industrial)	Trading business of industrial raw materials	51.00	51.00	51.00	Note 1
	Kingstone Energy Technology Corporation (KS Corp.)	Solar power generation business	94.68	94.68	78.67	Notes 1 and 2
	Wah Heng Energy Technology Corp. (WH Energy)	Solar power generation business	-	-	100.00	Notes 1 and 5
	Evergreen New Energy Corporation	Solar power generation business	100.00	100.00	100.00	Note 1
	Wah Lee Philippines International Corp. (WL Philippines Corp.)	Trading business of industrial raw materials	99.99	99.99	99.99	Note 1
	Wah Lee Philippines Inc. (WL Philippines Inc.)	Trading business of industrial raw materials	99.99	99.99	99.99	Note 1
	Hightech Polymer Sdn. Bhd. (Hightech)	Trading business of industrial materials	51.00	51.00	51.00	Note 1
	Wah Lee Tech (Singapore) Pte. Ltd. (WL Singapore)	Agency of semiconductor materials and equipment	100.00	100.00	100.00	Note 1
	Wah Lee Innovation Materials Private Limited (WL India)	Trading business of industrial raw materials	99.00	99.00	-	Established in May 2023; Note 1

(Continued)

(Concluded)

Investee company name	Name of subsidiary	Main business	Percentage of Ownership (%)			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
Evergreen New Energy Corporation	Advance Hightech Solutions Inc. (Advance Hightech)	Trading business of engineering plastic materials, composite materials, industrial materials, semiconductor materials and equipment.	100.00	100.00	-	Established in September 2023; Note 1
	High Tech Gas Company Ltd.(High Tech Gas)	Chemical Materials Manufacturing	60.00	60.00	-	Established in September 2023; Note 1
	Fanxin Development Co., Ltd.(Fanxin)	Solar power generation business	100.00	100.00	-	Notes 1 and 3
	Fansheng Development Co., Ltd.(Fansheng)	Solar power generation business	100.00	100.00	-	Notes 1 and 3
Wah Lee Holding Ltd.	SHC Holding Ltd.	International investment business	100.00	100.00	100.00	Note 1
Raycong H.K.	Raycong H.K.	Trading business of engineering plastic, composite materials, industrial materials and equipment	46.31	46.31	46.31	
	Regent King International Limited (Regent King)	Trading business of engineering plastic, composite materials, industrial materials and equipment	100.00	100.00	100.00	Note 1
	Hua Gang International Trading Co., Ltd. (Dongguan Hua Gang)	Sale of industrial raw materials	100.00	100.00	100.00	
	Shanghai Yikang Chemicals and Industries Co., Ltd. (Shanghai Yikang)	Purchase and sale of industrial materials and trade	70.00	70.00	70.00	
Shanghai Yikang	Huaying Supply Chain Management (Shenzhen) Co., Ltd. (Shenzhen Huaying)	Supply chain management and consultancy service	100.00	100.00	100.00	Note 1
	Raycong (Vietnam) Company Limited (RC Vietnam)	Trading business of industrial raw materials	100.00	100.00	-	Established in November 2023; Note 1
	Anhua Huixinkang Hemodialysis Co., Ltd (Anhua Huixinkang)	Medical service	77.78	74.87	-	Notes 1 and 4
	Meditek (Shanghai) Co., Ltd. (Meditek Shanghai)	Import and export business of goods and techniques	70.00	70.00	70.00	Note 1
Lee Huang Medical Equipment (Shanghai) Co., Ltd. (Lee Huang Shanghai)	Lee Huang Medical Equipment (Shanghai) Co., Ltd. (Lee Huang Shanghai)	Trading business of medical devices and equipment	69.97	69.97	69.97	Note 1
	Fenghuang Xingwah Shouzheng Health Management Co., Ltd (Fenghuang Xingwah Shouzheng)	Medical devices manufacturing technology developing and consulting	75.00	75.00	75.00	Note 1

(Continued)

(Concluded)

Investee company name	Name of subsidiary	Main business	Percentage of Ownership (%)			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
Dongguan Hua Gang	Guang Jou Xingxian Medical Management Consulting Co., Ltd. (Guangjou Xingxian)	Hospital management, medical equipment repair, wholesale of medical supplies	100.00	100.00	100.00	Note 1
	Anhua Huixinkang Hemodialysis Co., Ltd (Anhua Huixinkang)	Medical service	22.22	25.13	100.00	Notes 1 and 4
Guangzhou Xingxian	Kaiping Huaxinkang Medical Service Co., Ltd. (Kaiping Huaxinkang)	Medical service	90.00	90.00	90.00	Note 1
Shenzhen Huaying	Xiamen Huashengda Logistics Co., Ltd. (Xiamen Huashengda)	Warehouse logistics	70.00	70.00	70.00	Note 1
Kingstone Energy Technology Corporation (KS Corp.)	KSA Energy Corporation (KSA Corp.)	Solar power generation business	-	-	100.00	Notes 1 and 5
	KSB Energy Corporation (KSB Corp.)	Solar power generation business	100.00	100.00	100.00	Note 1
	KSC Energy Corporation (KSC Corp.)	Solar power generation business	100.00	100.00	100.00	Note 1
WT Industrial	P.T. Wah Tech Indonesia (WT Indonesia)	Trading business of industrial raw materials	66.00	66.00	66.00	Note 1
	Wah Lee Innovation Materials Private Limited (WL India)	Trading business of industrial raw materials	1.00	1.00	-	Established in May 2023; Note 1
Tranceed Logistics Co., Ltd. (Tranceed Logistics)	Cyuancheng Logistics Co., Ltd. (Cyuancheng Logistics)	Freight forwarders and leasing business	100.00	100.00	100.00	Note 1

Note 1: It is a non-critical subsidiary whose financial statements have not been reviewed by an accountant.

Note 2: In August 2023, the Company purchased a 16.01% equity in Kingstone Energy Technology Corporation from an unrelated party for NT\$102,339 thousand in cash, increasing its ownership to 94.68%.

Note 3: To obtain power sales contracts, Evergreen new energy corporation acquired 100% equity in Fanxin Development Co., Ltd.(Fanxin) and Fansheng Development Co., Ltd.(Fansheng) on July 21, 2023, for cash considerations of NT\$125 thousand and NT\$112 thousand, respectively. This equity acquisition transaction was assessed under IFRS 3 "Business Combinations" and determined not to constitute a business. Therefore, it should be accounted for as an asset acquisition.

Note 4: Anhua Huixinkang Co., Ltd. received capital increases of RMB 520,000 and RMB 5,000,000 from Raycong H.K. in February 2024 and November 2023 respectively. As of March 31, 2024, Raycong H.K. and Dongguan Hua Gang International

Trading Co., Ltd. hold 77.78% and 22.22% equity in Anhua Huixinkang Co., Ltd. respectively.

Note 5: On November 1, 2023, the Group sold its 100% equity interests in its subsidiaries, Wah Heng Energy Technology Corp. and KSA Energy Corporation, to the related party, Eternal New Energy Co., Ltd..

13. Investment accounted for using the equity method

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Investments in associates</u>			
Material associates			
CWE Inc.	\$ 5,264,843	\$ 4,501,055	\$ 3,657,891
Associates that are not individually material	<u>2,763,025</u>	<u>2,591,457</u>	<u>2,640,717</u>
	<u>8,027,868</u>	<u>7,092,512</u>	<u>6,298,608</u>
<u>Investment in joint ventures</u>			
Joint ventures that are not individually material	<u>51,423</u>	<u>52,544</u>	<u>40,365</u>
	<u>\$ 8,079,291</u>	<u>\$ 7,145,056</u>	<u>\$ 6,338,973</u>

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

a. Material associates

Company Name	March 31, 2024	December 31, 2023	March 31, 2023
CWE Inc.	29.60%	29.54%	29.32%

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

Company Name	March 31, 2024	December 31, 2023	March 31, 2023
CWE Inc.	<u>\$ 7,935,877</u>	<u>\$ 6,906,786</u>	<u>\$ 7,322,381</u>

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

	<u>March 31, 2024</u>	December 31, 2023	<u>March 31, 2023</u>
Current assets	\$ 16,295,413	\$ 15,661,938	\$ 15,689,388
Non-current assets	22,277,611	20,604,238	19,047,236
Current liabilities	(9,393,790)	(9,936,473)	(11,724,012)
Non-current liabilities	<u>(8,264,957)</u>	<u>(6,790,647)</u>	<u>(6,223,217)</u>
Equity	20,914,277	19,539,056	16,789,395
Non-Controlling interests	<u>(4,728,691)</u>	<u>(4,528,075)</u>	<u>(4,543,764)</u>
	<u>\$ 16,185,586</u>	<u>\$ 15,010,981</u>	<u>\$ 12,245,631</u>
Percentage of ownership held by the Company (%)	29.60	29.54	29.32
Equity attributable to the Company	\$ 5,197,416	\$ 4,433,628	\$ 3,590,464
Goodwill	<u>67,427</u>	<u>67,427</u>	<u>67,427</u>
Carrying amount of investment	<u>\$ 5,264,843</u>	<u>\$ 4,501,055</u>	<u>\$ 3,657,891</u>

	<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>
Operating revenues	<u>\$4,019,134</u>	<u>\$4,165,670</u>
Net income for this period	\$ 545,075	\$ 383,119
Other comprehensive (loss) income for the year	<u>2,465,572</u>	<u>1,765,584</u>
Total comprehensive income for the year	<u>\$3,010,647</u>	<u>\$2,148,703</u>
Cash dividends received	<u>\$ 106,950</u>	<u>\$ 144,469</u>

As of December 31 and March 31, 2023, the Company's dividends receivable were \$106,950 thousand and \$356,224 thousand, respectively, recognized as other receivables - related parties.

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

	<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>
The Group's share		
Net income for this period	\$ 28,907	\$ 12,329
Other comprehensive (loss) income for the year	<u>83,259</u>	<u>4,863</u>
Total comprehensive income for the year	<u>\$112,166</u>	<u>\$ 17,192</u>

- c. Changes in investment in associates and joint ventures
- 1) The Company purchased 1,066 thousand shares of Wah Hong Industrial Corp. from the open market for NT\$34,756 thousand from January 1 to March 31, 2024, increasing its ownership to 27.54%.
 - 2) In March 2023, the Company invested NT\$24,000 thousand in the newly established HengYuan Green Energy Technology Co., Ltd., acquiring a 12% stake. In January 2024, the Company made an additional investment of NT\$24,000 thousand, maintaining the same shareholding ratio. As the Company obtained two board seats, it was assessed to have significant influence over HengYuan Green Energy Technology Co., Ltd. and thus the investment is accounted for using the equity method.
- d. The share of profit or loss and other comprehensive profit or loss enjoyed by the consolidated company on the above equity method of the investee company is partially recognized and disclosed according to the financial statements not reviewed by the accountants. The book value of its investment as of March 31, 2024 and 2023 was NT\$2,137,433 thousand and NT\$2,139,572 thousand, respectively, and the shares of affiliated enterprises and joint venture profits and losses recognized under the equity method from January 1 to March 31, 2024 and 2023 were NT\$27,427 thousand and NT\$20,284 thousand, respectively.

14. Property, plant and equipment

From January 1 to March 31, 2024

	Land	Buildings	Power Generation Equipment	Other	Property under Construction and Equipment to be Inspected	Total
<u>Cost</u>						
Balance at January 1, 2024	\$ 2,080,610	\$ 1,079,285	\$ 2,661,882	\$ 1,187,077	\$ 768,676	\$ 7,777,530
Additions	-	-	2,021	56,267	104,164	162,452
Disposals	-	(166)	-	(10,988)	(522)	(11,676)
Reclassified	-	-	17,390	1,049	(18,439)	-
Effects of foreign currency exchange differences	(1,289)	16,490	(7,540)	6,353	872	14,886
Balance at March 31, 2024	<u>\$ 2,079,321</u>	<u>\$ 1,095,609</u>	<u>\$ 2,673,753</u>	<u>\$ 1,239,758</u>	<u>\$ 854,751</u>	<u>\$ 7,943,192</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ -	\$ 417,667	\$ 492,840	\$ 884,950	\$ -	\$ 1,795,457
Depreciation expenses	-	6,711	34,701	29,506	-	70,918
Disposals	-	(166)	-	(10,988)	-	(11,154)
Effects of foreign currency exchange differences	-	6,328	(2,595)	3,799	-	7,532
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 430,540</u>	<u>\$ 524,946</u>	<u>\$ 907,267</u>	<u>\$ -</u>	<u>\$ 1,862,753</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 2,080,610</u>	<u>\$ 661,618</u>	<u>\$ 2,169,042</u>	<u>\$ 302,127</u>	<u>\$ 768,676</u>	<u>\$ 5,982,073</u>
Carrying amount at March 31, 2024	<u>\$ 2,079,321</u>	<u>\$ 665,069</u>	<u>\$ 2,148,807</u>	<u>\$ 332,491</u>	<u>\$ 854,751</u>	<u>\$ 6,080,439</u>

From January 1 to March 31, 2023

Cost	Land	Buildings	Power Generation Equipment	Other	Property under Construction and Equipment to be Inspected	Total
Balance at January 1, 2023	\$ 2,084,047	\$ 1,091,245	\$ 3,017,220	\$ 1,130,815	\$ 645,149	\$ 7,968,476
Additions	-	-	58,614	11,506	126,060	196,180
Disposals	-	(369)	(18,012)	(552)	-	(18,933)
Reclassified	-	-	90	4,400	(4,490)	-
Effects of foreign currency exchange differences	(814)	(3,147)	(4,762)	(1,222)	(119)	(10,064)
Balance at March 31, 2023	<u>\$ 2,083,233</u>	<u>\$ 1,087,729</u>	<u>\$ 3,053,150</u>	<u>\$ 1,144,947</u>	<u>\$ 766,600</u>	<u>\$ 8,135,659</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 395,992	\$ 425,575	\$ 790,559	\$ -	\$ 1,612,126
Depreciation expenses	-	7,551	39,810	27,534	-	74,895
Disposals	-	(369)	(16,619)	(552)	-	(17,540)
Effects of foreign currency exchange differences	-	(1,099)	(1,375)	(640)	-	(3,114)
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 402,075</u>	<u>\$ 447,391</u>	<u>\$ 816,901</u>	<u>\$ -</u>	<u>\$ 1,666,367</u>
Carrying amount at March 31, 2023	<u>\$ 2,083,233</u>	<u>\$ 685,654</u>	<u>\$ 2,605,759</u>	<u>\$ 328,046</u>	<u>\$ 766,600</u>	<u>\$ 6,469,292</u>

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

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Additions	\$162,452	\$196,180
Capitalization of interest and depreciation expense	(2,750)	(1,296)
Decrease in prepayments for equipment	(4,752)	(10,212)
Decrease (increase) in payables for equipment	(16,176)	9,987
Decrease (increase) in provisions	<u>779</u>	<u>(2,275)</u>
Cash paid	<u>\$139,553</u>	<u>\$192,384</u>

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

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

- c. The portion of land in Zilong section of Jiali District, Tainan City, on which the Company is located is designated for farming and grazing lands. Due to legal restrictions, the farming land is registered under the name of related party Tsun-Hsien Chang. However, the Group has signed a contract with the party, agreeing to provide assistance in the future for the transfer registration to be completed under the Group or the designated individual, without charge, and has set a maximum limit of mortgage rights of NT\$200 million to the Group.

- d. Refer to Note 29 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.

15. Lease Agreements

- a. Right-of-use assets

From January 1 to March 31, 2024

	<u>Land</u>	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Opening balance	\$ 96,256	\$389,397	\$ 24,564	\$510,217
Additions	52	5,608	3,282	8,942
Depreciation expenses	(1,337)	(22,048)	(2,932)	(26,317)
Lease modification	-	-	(1,524)	(1,524)
Effects of foreign currency exchange differences	<u>62</u>	<u>1,004</u>	<u>463</u>	<u>1,529</u>
Ending balance	<u>\$ 95,033</u>	<u>\$373,961</u>	<u>\$ 23,853</u>	<u>\$492,847</u>

From January 1 to March 31, 2023

	<u>Land</u>	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Opening balance	\$ 63,168	\$477,285	\$ 23,712	\$564,165
Additions	-	35,008	7,141	42,149
Depreciation expenses	(1,036)	(22,470)	(2,911)	(26,417)
Lease modification	-	(14,080)	-	(14,080)
Effects of foreign currency exchange differences	<u>(12)</u>	<u>(263)</u>	<u>(7)</u>	<u>(282)</u>
Ending balance	<u>\$ 62,120</u>	<u>\$475,480</u>	<u>\$ 27,935</u>	<u>\$565,535</u>

- b. Lease liabilities

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Carrying amount of lease liabilities			
Current	<u>\$ 90,078</u>	<u>\$ 93,090</u>	<u>\$100,390</u>
Non-current	<u>\$428,331</u>	<u>\$449,617</u>	<u>\$493,347</u>

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Land	1.85~2.50	1.85~2.50	1.85~2.34
Building	1.10~5.61	1.10~5.67	1.10~5.67
Other equipment	1.43~4.30	1.43~4.30	1.43~4.80

c. Material leasing activities and terms

The Group leases aforementioned subjects for the use of office and warehouse, for installation of power generation equipment, and transportation equipment, which will expire from May 2024 to April 2045. Upon the end of lease terms, the Group has preferential lease right for the leased property, but there is no right of first refusal.

d. Other lease information

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Expenses relating to short-term leases	<u>\$ 33,692</u>	<u>\$ 42,276</u>
Expenses relating to low-value asset leases	<u>\$ 644</u>	<u>\$ 672</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 2,946</u>	<u>\$ 1,345</u>
Total cash outflow for leases	<u>\$ 73,486</u>	<u>\$ 80,072</u>

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

16. Borrowings

a. Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Secured bank borrowings (Note 29)	\$ 315,722	\$ 742,776	\$ 722,360
Unsecured bank borrowings	<u>6,992,777</u>	<u>8,553,515</u>	<u>6,424,706</u>
	<u>\$ 7,308,499</u>	<u>\$ 9,296,291</u>	<u>\$ 7,147,066</u>
Annual interest rate (%)	0.35~7.25	0.59~7.25	0.52~8.60

b. Short-term bills payable - as of March 31, 2023 only

	<u>Amount</u>
Commercial paper payable	
China Bills Finance Corporation	\$ 40,000
Less: Discounts on short-term bills payable	<u>51</u>
	<u>\$ 39,949</u>
Annual interest rate (%)	1.89

c. Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured borrowings			
Syndicated bank loans (Note 1)	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Less: Syndicated loan fee	<u>3,333</u>	<u>3,583</u>	<u>4,333</u>
	1,996,667	1,996,417	1,995,667
Bank loans (Note 2)	<u>400,000</u>	<u>400,000</u>	<u>700,000</u>
	<u>2,396,667</u>	<u>2,396,417</u>	<u>2,695,667</u>
Secured borrowings (Note 29)			
Bank loans (Note 2)	<u>2,440,802</u>	<u>2,485,692</u>	<u>2,531,254</u>
Less: Portion due within one year	<u>170,526</u>	<u>171,081</u>	<u>156,490</u>
	<u>\$ 4,666,943</u>	<u>\$ 4,711,028</u>	<u>\$ 5,070,431</u>
Annual interest rate (%)			
Syndicated bank loans	2.03	2.03	1.92~2.62
Bank loans	1.39~2.67	1.22~2.67	1.05~2.54
Expiration period			
Syndicated bank loans	2027.08	2027.08	2027.08
Bank loans	2024.08~ 2037.06	2024.02~ 2037.06	2024.06~ 2037.06

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

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

Note 2: Pursuant to certain bank loan agreements, the Company shall maintain specific financial ratios based on audited or reviewed annual or semi-annual consolidated financial statements of the Company, and audited parent company only financial statements or individual financial statements of

subsidiaries. The Company and its subsidiaries had met the requirement as of December 31, 2023.

17. Corporate bonds payable

	March 31, 2024	December 31, 2023	March 31, 2023
3rd domestic unsecured convertible bonds	\$ 748,201	\$ 1,996,598	\$ 1,999,452
Less: Portion due within one year	<u>748,201</u>	<u>1,996,598</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,999,452</u>

In August 2021, the Company issued its 3rd domestic unsecured convertible bonds, totaling 20,000 units with a par value of NT\$100 thousand each, at an issue price of 100.25% of the par value. The total issuance amount was NT\$2,005,000 thousand, with a coupon rate of 0% and a maturity period of 3 years.

Bondholders have the right to convert the bonds into ordinary shares of the Company at the current conversion price per share from three months after the issuance date to the maturity date, except during the book closure period. The conversion price at the time of issuance was \$105.3 per share. In the case of ex-right or ex-dividends, the conversion price shall be adjusted according to the conversion price adjustment formula. As of March 31, 2024, the conversion price was \$85.4 per share.

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

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

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

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Liability component at the beginning of the period	\$ 1,996,598	\$ 1,994,084
Interest charged at an effective interest rate	3,785	5,368
Less: Bonds payable converted into common stock	<u>1,252,182</u>	<u>-</u>
Components of ending liabilities	<u>\$ 748,201</u>	<u>\$ 1,999,452</u>

As of March 31, 2024, the aforementioned unsecured convertible bonds totaled a par value of NT\$1,259,600 thousand, which were converted into 14,749 thousand shares of common stock of the Company. Among these, 14,528 thousand shares were included under the account of capital collected in advance, with the capital increase base date being May 14, 2024.

18. Notes and accounts payable

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

19. Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Payable for salaries or bonuses	\$ 594,897	\$ 641,817	\$ 577,287
Payable for employees' compensation and remuneration of directors	336,054	280,063	367,594
Payable for freight	45,391	43,383	32,850
Payable for interest	31,805	50,508	26,343
Payable for commission	36,983	36,535	34,854
Payable for equipment	74,653	58,477	27,179
Other	<u>213,190</u>	<u>202,998</u>	<u>175,801</u>
	<u>\$ 1,332,973</u>	<u>\$ 1,313,781</u>	<u>\$ 1,241,908</u>

20. Retirement benefit plans

The defined benefit plan-related pension expenses recognized from January 1 to March 31, 2024 and 2023 were calculated based on the pension cost rate as actuarial determination at December 31, 2023 and 2022, respectively, amounting to NT\$292 thousand and NT\$1,227 thousand.

21. Equity

a. Share capital

	March 31, 2024	December 31, 2023	March 31, 2023
Number of authorized shares (in thousands)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Amount of authorized shares	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>250,767</u>	<u>236,239</u>	<u>236,018</u>
Amount of issued and fully paid shares	<u>\$ 2,507,671</u>	<u>\$ 2,362,393</u>	<u>\$ 2,360,179</u>

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

The Company's authorized capital includes NT\$100,000 thousand reserved for the issuance of warrants, bond with warrant, or preferred shares with warrants, totaling 10,000 thousand shares.

b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Issuance of share capital	\$ 2,259,485	\$ 1,131,365	\$ 1,114,241
Difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	56,059	56,059	37,924
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition from associates accounted for using the equity method	386,304	395,476	403,129
Expired share options	22,374	22,374	22,374
Donations	11,867	11,867	11,867
<u>May be used only to offset a deficit</u>			
Share of changes in capital surplus of associates	436,160	441,148	421,913
<u>May not be used for any purpose</u>			
Share warrants	<u>12,661</u>	<u>33,877</u>	<u>34,200</u>
	<u>\$ 3,184,910</u>	<u>\$ 2,092,166</u>	<u>\$ 2,045,648</u>

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

c. Retained earnings and dividend policy

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

The Company's Articles of Incorporation also authorize the board of directors, with the presence of two-thirds or more of the directors and a majority of the attending directors, to decide on the distribution of dividends, bonuses, capital surplus, or legal reserves, in whole or in part, in cash, and report to the shareholders' meeting. If distribution is to be made by issuing new shares, it shall be resolved by the shareholders' meeting.

The dividend policy of the Company is based on the current and future development plans, investment environment, capital requirements and competition in the domestic and foreign markets, as well as the benefits of shareholders, etc. The dividends to shareholders shall be not less than 10% of the distributable earnings each year, but if the distributable earnings are less than 1% of the Company's paid-in capital, the Company should not make appropriation for dividends. The dividends to shareholders can be paid in cash or/and issued shares, but cash dividends shall be not less than 50% of the total dividends.

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

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

In March 2024, the Board of Directors proposed and in June 2023, the Annual Shareholders' Meeting approved the profit distribution plan for 2023 and 2022 as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Legal reserve	<u>\$ 211,546</u>	<u>\$ 257,992</u>		
Appropriation of special reserve	<u>\$ 376,257</u>	<u>\$ 263,936</u>		
Cash dividends to shareholders	<u>\$1,284,310</u>	<u>\$1,439,709</u>	<u>\$ 5.2</u>	<u>\$ 6.1</u>

The cash dividends for the 2023 and 2022 were approved and allocated by the board of directors on March 14, 2024 and March 16, 2023, respectively, and were classified under the "dividend payable" account. The distribution of the remaining profits for 2023 is pending approval at the annual shareholders' meeting scheduled for May 28, 2024.

d. Other equity items

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

	<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>
Opening balance	(\$ 559,328)	(\$ 344,057)
Recognized for the period		
Exchange differences on foreign operations	316,356	(73,465)
Share from associates accounted for using the equity method	105,052	2,379
Effects of income taxes	(<u>66,803</u>)	<u>15,355</u>
Ending balance	(<u>\$ 204,723</u>)	(<u>\$ 399,788</u>)

2) Unrealized gain on financial assets at FVTOCI

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Opening balance	\$ 1,196,590	(\$ 104,502)
Recognized for the period		
Unrealized (loss) gain - equity instruments	(26,652)	110,446
Share from associates accounted for using the equity method	661,227	499,543
Effects of income taxes	9,112	(975)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal		
Share from associates accounted for using the equity method	(33,014)	(11,313)
Ending balance	<u>\$ 1,807,263</u>	<u>\$ 493,199</u>

e. Non-Controlling interests

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Opening balance	\$1,848,597	\$1,784,868
Other comprehensive (loss) income of the period		
Net income for this period	63,852	35,190
Exchange differences on foreign operations	31,245	(5,232)
Cash dividends distributed to non-controlling interests	(187,939)	-
	<u>\$1,755,755</u>	<u>\$1,814,826</u>

22. Revenue

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Revenue from contracts with customers		
Revenue from sale of goods	\$ 16,881,762	\$ 13,997,274
Other operating revenues	<u>369,109</u>	<u>381,010</u>
	<u>\$ 17,250,871</u>	<u>\$ 14,378,284</u>

a. Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Notes receivable	\$ 2,675,120	\$ 2,750,341	\$ 2,335,288	\$ 2,240,943
Accounts receivable, net (including related parties)	<u>15,952,399</u>	<u>15,647,893</u>	<u>12,638,092</u>	<u>14,595,538</u>
	<u>\$ 18,600,519</u>	<u>\$ 18,398,234</u>	<u>\$ 14,973,380</u>	<u>\$ 16,836,481</u>
Contract liabilities				
Sale of goods	<u>\$ 552,369</u>	<u>\$ 550,887</u>	<u>\$ 337,858</u>	<u>\$ 350,115</u>

The changes in the balance of contract liabilities primarily resulted from the timing difference between the date the Group fulfills its performance obligation and the date the customer's payment is received. There are no significant changes from January 1 to March 31, 2024 and 2023.

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

	<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>
Sale of goods	<u>\$241,222</u>	<u>\$177,809</u>

- b. Disaggregation of revenue from contracts with customers

Please refer to Note 33 for information about the disaggregation of revenue.

23. NET PROFIT

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

- a. Other income (Note 28)

	<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>
Rent income	\$ 2,844	\$ 4,387
Consulting service income	2,894	1,484
Dividend income	2,627	464
Other income	<u>20,193</u>	<u>12,332</u>
	<u>\$ 28,558</u>	<u>\$ 18,667</u>

- b. Other gains and losses

	<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>
Net gain (loss) of financial instruments at FVTPL	\$ 14,901	\$ 4,542
Net foreign exchange gains	17,929	9,122
Disposals of property, plant and equipment	3,719	288
Lease modification benefits	19	543
Other	<u>(3,982)</u>	<u>(1,723)</u>
	<u>\$ 32,586</u>	<u>\$ 12,772</u>

c. Financial costs

	<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>
Interest on bank loans	\$104,388	\$ 99,785
Amortization of borrowing facility management fee	250	4,368
Interest on lease liabilities	2,970	3,390
Corporate bond discount amortization and interest compensation	3,785	5,368
Less: Amount included in cost of qualifying assets	<u>2,240</u>	<u>1,296</u>
	<u>\$109,153</u>	<u>\$111,615</u>
Capitalized rate (%)	2.18~2.50	1.43~2.06

d. Depreciation and amortization

	<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>
Property, plant and equipment	\$ 70,918	\$ 74,895
Right-of-use assets	26,317	26,417
Intangible assets	9,585	13,088
Other non-current assets	490	529
Less: Amount included in cost of qualifying assets	<u>510</u>	<u>-</u>
	<u>\$106,800</u>	<u>\$114,929</u>
An analysis of depreciation expense by function		
Operating costs	\$ 67,917	\$ 69,387
Operating expense	<u>28,808</u>	<u>31,925</u>
	<u>\$ 96,725</u>	<u>\$101,312</u>
An analysis of amortization expense by function		
Operating costs	\$ 1,731	\$ 5,193
Operating expense	<u>8,344</u>	<u>8,424</u>
	<u>\$ 10,075</u>	<u>\$ 13,617</u>

e. Employee benefits expense

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Short-term employee benefits	<u>\$431,879</u>	<u>\$374,508</u>
Post-employment benefits (Note 20)		
Defined contribution plans	19,443	18,907
Defined benefit plans	<u>292</u>	<u>1,227</u>
	<u>19,735</u>	<u>20,134</u>
	<u>\$451,614</u>	<u>\$394,642</u>
An analysis by function		
Operating costs	\$ 39,947	\$ 35,907
Operating expense	<u>411,667</u>	<u>358,735</u>
	<u>\$451,614</u>	<u>\$394,642</u>

f. Compensation of employees and remuneration to directors

The Company accrued compensation of employees and remuneration of directors at the rates between 9% and 13% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. Estimated employee remuneration and director remuneration from January 1 to March 31, 2024 and 2023 are as follows:

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
<u>Percentages for estimation</u>		
Employees' compensation (%)	9	9
Director's remuneration (%)	1.15	1.15
<u>Amount</u>		
Employees' compensation	<u>\$ 49,647</u>	<u>\$ 33,989</u>
Director's remuneration	<u>\$ 6,344</u>	<u>\$ 4,343</u>

The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which have been approved by the Company's board of directors on March 14, 2024 and March 16, 2023, were as follows:

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

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

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

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

24. Income taxes

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

	<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>
Current income taxes		
In respect of the current period	\$ 171,962	\$ 123,977
Adjustments for prior years	<u>14,100</u>	<u>4,650</u>
	<u>186,062</u>	<u>128,627</u>
Deferred tax		
In respect of the current period	(<u>11,979</u>)	(<u>5,322</u>)
	<u>\$ 174,083</u>	<u>\$ 123,305</u>

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

	<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>
<u>Deferred tax</u>		
Generated in the current period		
Unrealized gain on financial assets at FVTOCI	\$ 9,112	(\$ 975)
Exchange differences on the translation of financial statements of foreign operations	(<u>66,803</u>)	<u>15,355</u>
	<u>(\$ 57,691)</u>	<u>\$ 14,380</u>

- c. Income tax assessments

The income tax returns of the Company and the domestic subsidiaries through 2022 have been assessed by the tax authorities.

25. Earnings per share (EPS)

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

a. Net income for this period

	<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>
Profit for the year attributable to owners of the Company	\$432,658	\$288,844
Effect of convertible corporate bonds	<u>3,785</u>	<u>5,368</u>
Net profit used in computation of diluted EPS	<u>\$436,443</u>	<u>\$294,212</u>

b. Number of shares (in thousands)

	<u>From January 1 to March 31, 2024</u>	<u>From January 1 to March 31, 2023</u>
Weighted average number of shares outstanding used in computation of basic EPS	240,448	236,018
Effect of potentially dilutive shares		
Employees' compensation	2,250	3,135
Convertible corporate bonds	<u>18,989</u>	<u>21,810</u>
Weighted average number of shares outstanding used in computation of diluted EPS	<u>261,687</u>	<u>260,963</u>

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

26. Capital risk management

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

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

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

27. Financial instruments

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

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

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

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount	<u>\$ 748,201</u>	<u>\$ 1,996,598</u>	<u>\$ 1,999,452</u>
Fair value	<u>\$ 748,692</u>	<u>\$ 1,993,977</u>	<u>\$ 1,989,400</u>

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

- b. Information on fair values - financial instruments measured at fair value on a recurring basis
- 1) Fair value hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificates	\$ 84,450	\$ -	\$ -	\$ 84,450
Structured deposits	-	354,286	-	354,286
Foreign exchange forward contracts	-	2,941	-	2,941
Investment in equity instruments				
Unlisted stocks	-	-	42,731	42,731
	<u>\$ 84,450</u>	<u>\$ 357,227</u>	<u>\$ 42,731</u>	<u>\$ 484,408</u>
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Domestic listed shares	\$ 203,436	\$ 309,041	\$ -	\$ 512,477
Unlisted stocks	-	-	445,437	445,437
Foreign listed shares	14,698	-	-	14,698
	<u>\$ 218,134</u>	<u>\$ 309,041</u>	<u>\$ 445,437</u>	<u>\$ 972,612</u>
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 12</u>

December 31, 2023

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

March 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificates	\$ 74,824	\$ -	\$ -	\$ 74,824
Structured deposits	-	664,701	-	664,701
Investment in equity instruments				
Unlisted stocks	<u>-</u>	<u>-</u>	<u>43,186</u>	<u>43,186</u>
	<u>\$ 74,824</u>	<u>\$ 664,701</u>	<u>\$ 43,186</u>	<u>\$ 782,711</u>
<u>Financial assets at FVTOCI</u>				
Investment in equity instruments				
Domestic listed shares	\$ 255,835	\$ 59,459	\$ -	\$ 315,294
Unlisted stocks	-	-	516,069	516,069
Foreign listed shares	<u>16,825</u>	<u>-</u>	<u>-</u>	<u>16,825</u>
	<u>\$ 272,660</u>	<u>\$ 59,459</u>	<u>\$ 516,069</u>	<u>\$ 848,188</u>
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 415</u>	<u>\$ -</u>	<u>\$ 415</u>

There were no transfers between Level 1 and Level 2 for the years ended from January 1 to March 31, 2024 and 2023.

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

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Opening balance	\$480,516	\$530,375
Purchases	6,409	-
Reduction of capital	-	(5,100)
Recognized in Profit or Loss	278	(293)
Recognized in Other Comprehensive Income and Loss	460	34,273
Foreign exchange translation differences	<u>505</u>	<u>-</u>
Ending balance	<u>\$488,168</u>	<u>\$559,255</u>

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

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

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

(a) Investment in equity instruments

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

(b) Redemption options of convertible bonds

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

c. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
FVTPL			
Mandatorily classified at FVTPL	\$ 484,408	\$ 921,067	\$ 782,711
Financial assets at FVTOCI			
Investment in equity instruments	972,612	992,350	848,188
Measured at amortized cost (Note 1)	25,529,076	27,195,739	21,681,318
<u>Financial liabilities</u>			
FVTPL			
Held for trading	12	419	415
Measured at amortized cost (Note 2)	22,803,987	26,289,749	22,343,561

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

(a) Foreign currency risk

The Group had foreign currency trades, which exposed the Group to foreign currency risk, and the carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Group was mainly exposed to the USD.

The sensitivity rate used when reporting foreign currency risk internally to key management personnel is 1%. The sensitivity analysis included only the outstanding foreign currency denominated monetary items at the balance sheet date. Had the functional currency weakened (strengthened) by 1% against the

USD, the pre-tax profit from January 1 to March 31, 2024 and 2023 would have been higher (lower) by \$31,199 thousand and \$32,986 thousand, respectively.

(b) Interest rate risk

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

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

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial assets	\$1,684,104	\$2,493,393	\$2,727,673
Financial liabilities	4,501,778	5,798,113	5,727,227
Cash flow interest rate risk			
Financial assets	5,016,309	5,957,583	3,375,366
Financial liabilities	8,910,800	10,919,592	9,279,898

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit from January 1 to March 31, 2024 and 2023 would have been lower/higher by \$9,736 thousand and \$14,761 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate deposits and borrowings.

(c) Other price risks

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

Sensitivity analysis

The sensitivity analysis shows the exposure to equity price risk at the end of the reporting period. If equity prices had been 1% higher/lower, the pre-tax profit from January 1 to March 31, 2024 and 2023 would have been higher/lower by \$1,272 thousand and \$1,180 thousand, respectively, as a result

of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income from January 1 to March 31, 2024 and 2023 would have been higher/lower by \$9,726 thousand and \$8,482 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

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

There was no concentration of credit risk due to the fact that the customer base was large and unrelated to each other.

3) Liquidity risk

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

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

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

	Less than 1 Year	1-5 Years	5-10 Years	10-20 Years	Total
<u>March 31, 2024</u>					
Non-interest-bearing liabilities	\$ 11,190,823	\$ 3,305	\$ -	\$ -	\$ 11,194,128
Lease liabilities	113,303	205,984	141,871	145,506	606,664
Floating-rate instruments	4,281,498	3,996,822	826,274	17,653	9,122,247
Fixed-rate instruments	4,078,284	-	-	-	4,078,284
Financial guarantee liabilities	487,030	-	-	-	487,030
	<u>\$ 20,150,938</u>	<u>\$ 4,206,111</u>	<u>\$ 968,145</u>	<u>\$ 163,159</u>	<u>\$ 25,488,353</u>
<u>December 31, 2023</u>					
Non-interest-bearing liabilities	\$ 10,111,579	\$ 3,172	\$ -	\$ -	\$ 10,114,751
Lease liabilities	115,634	215,239	145,720	151,635	628,228
Floating-rate instruments	6,318,064	4,017,594	860,538	19,011	11,215,207
Fixed-rate instruments	5,289,992	-	-	-	5,289,992
Financial guarantee liabilities	544,943	-	-	-	544,943
	<u>\$ 22,380,212</u>	<u>\$ 4,236,005</u>	<u>\$ 1,006,258</u>	<u>\$ 170,646</u>	<u>\$ 27,793,121</u>
<u>March 31, 2023</u>					
Non-interest-bearing liabilities	\$ 9,366,660	\$ 3,222	\$ -	\$ -	\$ 9,369,882
Lease liabilities	108,833	243,268	138,064	130,725	620,890
Floating-rate instruments	4,550,582	4,603,644	422,224	22,898	9,599,348
Fixed-rate instruments	2,901,366	2,334,051	-	-	5,235,417
Financial guarantee liabilities	709,484	-	-	-	709,484
	<u>\$ 17,636,925</u>	<u>\$ 7,184,185</u>	<u>\$ 560,288</u>	<u>\$ 153,623</u>	<u>\$ 25,535,021</u>

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

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

e. Transfers of financial assets

1) Recognition of notes receivable that had been transferred

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

	March 31, 2024	December 31, 2023	March 31, 2023
Factoring bank	<u>\$ 233,657</u>	<u>\$ 616,943</u>	<u>\$ 508,477</u>
Endorsement transfer to suppliers	<u>\$ 187,516</u>	<u>\$ 231,649</u>	<u>\$ 128,808</u>

2) Derecognition of notes receivable that had been transferred

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

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amount of the transferred but unsettled bills receivable, and March 31, 2024, December 31 and March 31, 2023, the face amount of these unsettled bills receivable was \$47,708 thousand, \$15,582 thousand, and \$18,877 thousand, respectively. The unsettled bills receivable will be due in 1-6 months. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair value of its continuing involvement is not significant.

During the period from January 1 to March 31, 2024 and 2023, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

28. Related Party Transactions

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

a. Name of related parties and relationship with the Group

<u>Name of related party</u>	<u>Relations with the Group</u>
CWE Inc.	Associate
Nagase Wahlee Plastics Corp.	Associate
Wah Hong Corp.	Associate
ORC Technology Corp.	Associate
Shanghai Hua Chang Trading Co., Ltd.	Associate
Xiamen JianYuan Rung Logistic Co., Ltd.	Associate
Eternal New Energy Co., Ltd.	Associate's subsidiary
KSA Corp.	Subsidiaries of associates (as of October 2023)
WH Energy	Subsidiaries of associates (as of October 2023)
ORC Electrical Machinery Corp. (ORC Corp.)	Joint venture
Shanghai Chang Wah Electromaterials Inc.	Associate's subsidiary

(Continued)

(Concluded)

<u>Name of related party</u>	<u>Relations with the Group</u>
Chang Wah International Trade (Shenzhen) Co., Ltd.	Associate's subsidiary
Chang Wah Technology Co. Ltd.	Associate's subsidiary
SIP Chang Hong Optoelectronics Ltd.	Associate's subsidiary
Sun Hong Optronics Ltd.	Associate's subsidiary
Wah Ma Chemical Sdn. Bhd.	Associate's subsidiary
Welo-tech Corp.	Other related party (use equity method for subsidiaries)
Daily Polymer Corp.	Other related parties (The Company is a corporate director of the company.)
Asahi Kasei Wah Lee Hi-Tech Corp.	Other related parties (The Company is a corporate director of the company.)
JingYi Technology Co.	Other related parties (The Company is a corporate director of the company.)
Forcera Materials Co., Ltd.	Other related parties (The Company is a corporate director of the company.)
Tien Li Offshore Wind Technology Co., Ltd.	Other related parties (The Company used to be a corporate director of the company, and it was no longer a related party after an election of all directors in June 2023.)
TaiGene Biotechnology Co., Ltd.	Other related parties (The Company is a corporate supervisor of the company.)
Bao Guang Investment Co., Ltd.	Other related parties (Its person in charge is a relative within the first degree of kinship of the Chairman of the Company and was in the Company's management before May 2023.)
Sin Hao Co., Ltd.	Other related parties (Its person in charge is a relative within the first degree of kinship of a director of the Company. After the director resigned in September 2023, they are no longer a related party.)
Raycon Industries Inc.	Other related parties (Its person in charge is a relative within the first degree of kinship of a director of the Company.)

b. Operating transactions

1) Operating revenues

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Categories of related parties		
Revenue from sale of goods		
Associates and their subsidiaries	\$124,189	\$ 87,015
Other related parties	<u>5,113</u>	<u>17,675</u>
	<u>\$129,302</u>	<u>\$104,690</u>
Other operating revenues		
Associates and their subsidiaries	\$ 2,754	\$ 5,391
Other related parties	<u>1,732</u>	<u>1,581</u>
	<u>\$ 4,486</u>	<u>\$ 6,972</u>

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

2) Purchase of goods

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Categories of related parties		
Associates and their subsidiaries	\$ 70,206	\$ 60,959
Other related parties	<u>241,516</u>	<u>221,380</u>
	<u>\$311,722</u>	<u>\$282,339</u>

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

3) Operating expense

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Categories of related parties		
Associates and their subsidiaries	\$ 101	\$ 71
Other related parties	<u>2,818</u>	<u>2,741</u>
	<u>\$ 2,919</u>	<u>\$ 2,812</u>

This includes transactions such as labor costs, import and export expenses, and inspection fees.

4) Receivables from related parties

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Accounts receivable - related parties</u>			
Associates and their subsidiaries	\$ 145,502	\$ 124,054	\$ 91,095
Other related parties	<u>6,384</u>	<u>1,896</u>	<u>13,189</u>
	151,886	125,950	104,284
Less: Allowance for losses	<u>2,652</u>	<u>502</u>	<u>248</u>
	<u>\$ 149,234</u>	<u>\$ 125,448</u>	<u>\$ 104,036</u>
<u>Other receivables - related parties</u>			
Associates and their subsidiaries			
CWE Inc.	\$ -	\$ 106,950	\$ 356,224
Other	<u>3,849</u>	<u>2,696</u>	<u>40,172</u>
	3,849	109,646	396,396
Other related parties	<u>460</u>	<u>515</u>	<u>196</u>
	<u>\$ 4,309</u>	<u>\$ 110,161</u>	<u>\$ 396,592</u>

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

5) Payables to related parties

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Accounts payable - related parties</u>			
Associates and their subsidiaries	\$ 88,104	\$ 72,792	\$ 52,033
Other related parties	<u>244,577</u>	<u>267,884</u>	<u>151,384</u>
	<u>\$ 332,681</u>	<u>\$ 340,676</u>	<u>\$ 203,417</u>
<u>Other payables - related parties</u>			
Associates and their subsidiaries	\$ 211	\$ 892	\$ 129
Other related parties	<u>26</u>	<u>25</u>	<u>19</u>
	<u>\$ 237</u>	<u>\$ 917</u>	<u>\$ 148</u>

The outstanding payables to related parties are unsecured.

c. Disposal of property, plant and equipment - only from January 1 to March 31, 2024

<u>Categories of related parties</u>	<u>Disposal proceeds</u>	<u>Disposal of gains and losses</u>
Associate	<u>\$ 527</u>	<u>\$ 5</u>

d. Other income

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Associate	<u>\$ 5,135</u>	<u>\$ 1,168</u>
Other related parties	<u>563</u>	<u>573</u>
	<u>\$ 5,698</u>	<u>\$ 1,741</u>

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

e. Lease agreement - Rental expenses

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Associates and their subsidiaries	<u>\$ 44</u>	<u>\$ 45</u>
Other related parties	<u>18</u>	<u>74</u>
	<u>\$ 62</u>	<u>\$ 119</u>

f. Endorsements and guarantees

Categories of related parties	March 31, 2024	December 31, 2023	March 31, 2023
Associate			
Amount endorsed	<u>\$ 1,395,502</u>	<u>\$ 1,923,776</u>	<u>\$ 1,907,515</u>
Amount utilized	<u>\$ 439,322</u>	<u>\$ 529,361</u>	<u>\$ 690,607</u>
Other related parties			
Amount endorsed	<u>\$ 25,194</u>	<u>\$ 25,194</u>	<u>\$ 75,582</u>
Amount utilized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

g. Remuneration of key management personnel

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

	From January 1 to March 31, 2024	From January 1 to March 31, 2023
Short-term employee benefits	<u>\$ 20,538</u>	<u>\$ 20,490</u>
Post-employment benefits	<u>161</u>	<u>204</u>
	<u>\$ 20,699</u>	<u>\$ 20,694</u>

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

29. Assets Pledged as Collateral

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

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ 421,173	\$ 848,592	\$ 637,285
Other financial assets - current	85,926	95,098	78,861
Other financial assets - non-current	46,210	59,165	235,850
Property, plant and equipment			
Freehold land	1,750,583	1,751,872	1,754,495
Buildings	386,610	385,114	392,373
Power Generation Equipment	2,017,769	2,049,688	1,936,303
Other	35,295	35,167	54,048
	<u>\$ 4,743,566</u>	<u>\$ 5,224,696</u>	<u>\$ 5,089,215</u>

30. Significant contingent liabilities and unrecognized commitments

Significant commitments and contingencies of the Group as of March 31, 2024 were as follows:

- a. The Group's unused letters of credit for the purchase of merchandise amounted to \$62,064 thousand.
- b. The unrecognized commitments for acquisition of property, plant and equipment were \$2,016,831 thousand.
- c. Company A filed a lawsuit with the court against KS Corp. for failing to fulfill its obligation of placing orders under a purchase agreement and demanded compensation of \$50,363 thousand. In October 2020, a judgment entered in the first instance was announced that Company A won the case; KS Corp. appealed and recognized the related loss provision of \$50,363 thousand in 2021. As of the date the consolidated financial statements were approved, the case is still under trial, and the outcome of the final trial is highly uncertain.
- d. Company B filed a letter to KS Corp. in November 2020 to terminate a lease agreement, requested KS Corp. to pay a default penalty of \$41,704 thousand and confiscate the guarantee deposit. KS Corp., taking into account legal advice, believes that there are circumstances for which it cannot be held liable, and therefore, the determination of related breach penalties can be waived. Therefore, the financial statements do not include an estimated loss for related breach penalties. The lawsuit was filed in May 2023, and KS Corp. won in the first instance. The second instance appealed by Company B is currently under review.

31. Significant assets and liabilities denominated in foreign currency

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

March 31, 2024	Foreign Currency Amount	Exchange Rate		Carrying Value
Monetary financial assets				
USD	\$ 248,319	32.00	(USD: NTD)	\$ 7,946,219
USD	114,481	7.826	(USD: HKD)	3,663,393
USD	23,359	7.226	(USD: RMB)	744,290
USD	579	25,197	(USD: VND)	18,517
USD	1,591	36.199	(USD: THB)	50,919
USD	1,539	4.926	(USD: MYR)	49,257
Nonmonetary financial assets				
Investment accounted for using the equity method				
USD	194,707	32.00	(USD: NTD)	6,230,633
RMB	164,591	0.1384	(RMB: USD)	728,906
RMB	1,147,149	1.0830	(RMB: HKD)	5,080,235
JPY	612,042	0.2115	(JPY: NTD)	129,448
HKD	1,165,073	4.0890	(HKD: NTD)	4,763,982
HKD	1,004,805	0.1278	(HKD: USD)	4,108,649
THB	280,852	0.8840	(THB: NTD)	248,274
MYR	19,859	6.4960	(MYR: NTD)	129,004
Monetary financial liabilities				
USD	261,355	32.00	(USD: NTD)	8,363,345
USD	5,981	7.826	(USD: HKD)	191,384
USD	21,363	7.226	(USD: RMB)	683,612
USD	758	25,197	(USD: VND)	24,244
USD	1,527	36.199	(USD: THB)	48,867
USD	1,288	4.926	(USD: MYR)	41,202
December 31, 2023				
Monetary financial assets				
USD	267,162	30.705	(USD: NTD)	8,203,214
USD	101,765	7.815	(USD: HKD)	3,124,704
USD	22,162	7.106	(USD: RMB)	680,495
USD	737	24,564	(USD: VND)	22,641
USD	1,498	34.052	(USD: THB)	45,982
USD	1,453	4.789	(USD: MYR)	44,613
Nonmonetary financial assets				
Investment accounted for using the equity method				
USD	16,842	30.705	(USD: NTD)	517,130
RMB	161,809	4.3211	(RMB: NTD)	699,192
RMB	1,272,023	1.0998	(RMB: HKD)	5,496,559
JPY	598,996	0.2172	(JPY: NTD)	130,102
HKD	2,157,470	3.929	(HKD: NTD)	8,476,701
THB	269,481	0.9017	(THB: NTD)	242,991
MYR	19,540	6.411	(MYR: NTD)	125,272
Monetary financial liabilities				
USD	222,277	30.705	(USD: NTD)	6,825,021
USD	7,227	7.815	(USD: HKD)	221,898
USD	18,995	7.106	(USD: RMB)	583,240

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(Concluded)

	Foreign Currency		Exchange Rate	Carrying Value
	Amount			
USD	\$ 2,541	24,564	(USD: VND)	\$ 78,028
USD	1,107	34.052	(USD: THB)	33,993
USD	1,240	4.789	(USD: MYR)	38,079
<hr/>				
March 31, 2023				
Monetary financial assets				
USD	207,582	30.45	(USD: NTD)	6,320,871
USD	92,671	7.850	(USD: HKD)	2,821,827
USD	17,264	6.875	(USD: RMB)	525,699
USD	814	23,789	(USD: VND)	24,783
USD	1,295	33.94	(USD: THB)	39,442
USD	1,890	4.601	(USD: MYR)	57,563
Nonmonetary financial assets				
Investment accounted for using the equity method				
USD	14,247	30.45	(USD: NTD)	433,812
RMB	172,779	4.4293	(RMB: NTD)	765,286
RMB	1,250,740	1.1419	(RMB: HKD)	5,539,881
JPY	576,613	0.2288	(JPY: NTD)	131,928
HKD	2,172,987	3.879	(HKD: NTD)	8,429,016
THB	280,219	0.8973	(THB: NTD)	251,440
MYR	17,322	6.618	(MYR: NTD)	114,635
Monetary financial liabilities				
USD	181,936	30.45	(USD: NTD)	5,539,949
USD	9,291	7.850	(USD: HKD)	282,905
USD	13,496	6.875	(USD: RMB)	410,945
USD	3,550	23,789	(USD: VND)	108,110
USD	1,168	33.94	(USD: THB)	35,569
USD	3,748	4.601	(USD: MYR)	114,116

For the period from January 1 to March 31, 2024 and 2023, realized and unrealized net foreign exchange gains were \$17,929 thousand and \$9,122 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group's entities.

32. Additional Disclosures

a. Information about significant transactions

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

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
 - 9) Trading in derivative instruments: Note 7, in addition, the Group generated a net profit of NT\$7,543 thousand from trading in derivative instrument from January 1 to March 31, 2024.
 - 10) Others: Intercompany relationships and significant intercompany transactions: Table 9.
- b. Information on investees: Table 6.
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
 - (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 8.
 - (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8.
 - (c) The amount of property transactions and the amount of the resultant gains or losses: None.
 - (d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2.
 - (e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.
 - (f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

The Company's other significant transactions with investee companies in mainland China as of and for the period from January 1 to March 31 and March 31, 2024 were as follows:

Transaction Party	Line Item	Amount
Shanghai Yikang	Other income	\$ 7,767
Shanghai Yikang	Operating expense	51,599
Shanghai Yikang	Other receivables	37,946
Shanghai Yikang	Other payables	70,762

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

33. Segment Information

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

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

Segment revenue and results

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

From January 1 to March 31, 2024	The Company	Raycong	Shanghai Yikang	Other	Adjustment and Elimination	Total
Revenue from External Customers	\$ 9,651,728	\$ 2,909,165	\$ 3,409,373	\$ 1,280,605	\$ -	\$17,250,871
Inter-segment revenue	335,915	16,532	110,838	32,819	(496,104)	-
Segment revenue	<u>\$ 9,987,643</u>	<u>\$ 2,925,697</u>	<u>\$ 3,520,211</u>	<u>\$ 1,313,424</u>	<u>(\$ 496,104)</u>	<u>\$17,250,871</u>
Departmental operating income	\$ 177,252	\$ 53,414	\$ 236,274	\$ 55,757	\$ 35,645	\$ 558,342
Interest income	5,883	42,040	3,206	1,607	(15,836)	36,900
Other income	63,210	812	4,216	2,112	(41,792)	28,558
Other gains and losses	10,818	6,262	5,668	9,144	694	32,586
Financial costs	(90,965)	(14,694)	(8,030)	(11,636)	16,172	(109,153)
Segment profit before tax	166,198	87,834	241,334	56,984	(5,117)	547,233
Income tax expense	(62,981)	(73,140)	(59,189)	(14,688)	35,915	(174,083)
Segment profit after tax	<u>\$ 103,217</u>	<u>\$ 14,694</u>	<u>\$ 182,145</u>	<u>\$ 42,296</u>	<u>\$ 30,798</u>	373,150
Share of profit or loss of associates under the equity method						123,360
Consolidated net profit						<u>\$ 496,510</u>

(Continued)

(Concluded)

	The Company	Raycong	Shanghai Yikang	Other	Adjustment and Elimination	Total
<u>March 31, 2024</u>						
Identifiable assets	<u>\$18,813,263</u>	<u>\$11,192,829</u>	<u>\$ 7,553,521</u>	<u>\$ 6,763,259</u>	<u>(\$ 3,187,469)</u>	\$41,135,403
Goodwill						177,794
Investment accounted for using the equity method						<u>8,079,291</u>
Total assets						<u>\$49,392,488</u>
<u>From January 1 to March 31, 2023</u>						
Revenue from External Customers	\$ 7,901,032	\$ 2,566,273	\$ 2,638,447	\$ 1,272,532	\$ -	\$14,378,284
Inter-segment revenue	<u>477,157</u>	<u>14,490</u>	<u>65,391</u>	<u>34,400</u>	<u>(591,438)</u>	-
Segment revenue	<u>\$ 8,378,189</u>	<u>\$ 2,580,763</u>	<u>\$ 2,703,838</u>	<u>\$ 1,306,932</u>	<u>(\$ 591,438)</u>	<u>\$14,378,284</u>
Departmental operating income	\$ 128,203	\$ 71,994	\$ 128,626	\$ 62,638	\$ 39,316	\$ 430,777
Interest income	88	27,027	3,631	9,306	(17,847)	22,205
Other income	59,144	488	4,723	4,384	(50,072)	18,667
Other gains and losses	(1,257)	19,871	(3,618)	(3,107)	883	12,772
Financial costs	<u>(82,424)</u>	<u>(10,265)</u>	<u>(8,016)</u>	<u>(28,997)</u>	<u>18,087</u>	<u>(111,615)</u>
Segment profit before tax	103,754	109,115	125,346	44,224	(9,633)	372,806
Income tax expense	<u>50,472</u>	<u>23,880</u>	<u>37,535</u>	<u>11,625</u>	<u>(207)</u>	<u>123,305</u>
Segment profit after tax	<u>\$ 53,282</u>	<u>\$ 85,235</u>	<u>\$ 87,811</u>	<u>\$ 32,599</u>	<u>(\$ 9,426)</u>	249,501
Share of profit or loss of associates under the equity method						<u>74,533</u>
Consolidated net profit						<u>\$ 324,034</u>
<u>March 31, 2023</u>						
Identifiable assets	<u>\$16,855,326</u>	<u>\$ 9,793,450</u>	<u>\$ 6,601,316</u>	<u>\$ 7,515,486</u>	<u>(\$ 2,069,515)</u>	\$38,696,063
Goodwill						176,769
Investment accounted for using the equity method						<u>6,338,973</u>
Total assets						<u>\$45,211,805</u>

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

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

TABLE 1

Wah Lee Industrial Corporation and Subsidiaries

LENDING FUNDS TO OTHER PARTIES

For the period from January 1 to March 31, 2024

Unit: In Thousands of New Taiwan Dollars

No.	Financing Company	Counterparty	Current Account	Related Party	Maximum Balance for the Year	Ending balance (Note 1)	Amount utilized (Notes 1 and 4)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-Term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 2 and 3)	Aggregate Financing Limit (Notes 2 and 3)	Note
													Item	Value			
1	Shanghai Yikang	Fenghuang Xingwah Shouzheng	Other receivables - related parties	Yes	\$ 37,643	\$ 37,643	\$ 24,357	5.31	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,147,672	\$ 1,147,672	
1	Shanghai Yikang	Meditek Shanghai	Other receivables - related parties	Yes	110,715	110,715	19,929	5.03	Short-term financing	-	Operating capital	-	-	-	1,147,672	1,147,672	
2	Shenzhen Huaying	Xiamen Huashengda Logistics	Other receivables - related parties	Yes	8,857	8,857	-	-	Short-term financing	-	Operating capital	-	-	-	30,091	30,091	
3	Dongguan Hua Gang	Guangzhou Xingxian	Other receivables - related parties	Yes	22,143	22,143	10,540	4.00	Short-term financing	-	Operating capital	-	-	-	687,016	687,016	
3	Dongguan Hua Gang	Anhua Huixinkang	Other receivables - related parties	Yes	22,143	22,143	13,286	4.00	Short-term financing	-	Operating capital	-	-	-	687,016	687,016	
6	Wah Lee Holding Ltd.	The Company	Other receivables - related parties	Yes	704,000	704,000	704,000	-	Short-term financing	-	Operating capital	-	-	-	1,705,045	1,705,045	
7	Raycong H.K.	The Company	Other receivables - related parties	Yes	1,920,000	1,920,000	1,920,000	5.22	Short-term financing	-	Operating capital	-	-	-	3,549,053	3,549,053	

Note 1: RMB is converted by the spot exchange RMB1 = \$4.4286; and HKD is converted by the spot exchange HKD1 = NT\$4.089

Note 2: The individual and aggregate financing limit for the parent company and subsidiaries by Shanghai Yi Kang Co., Ltd., Huaying (SZ) Co., Ltd., Dong Guan Hua Gang Co., Ltd. and Wah Lee Holding Ltd. included in the consolidated financial statements of the parent company shall not exceed 30% of the parent company's equity.

Note 3: The individual and aggregate financing limit for the parent company and the subsidiaries by Raycong H.K. included in the consolidated financial statements of the parent company shall not exceed 40% of the parent company's equity.

Note 4: It was eliminated on consolidation.

TABLE 2

Wah Lee Industrial Corporation and Subsidiaries

Endorsements and guarantees

For the period from January 1 to March 31, 2024

Unit: In Thousands of New Taiwan Dollars

No.	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Benefit of Each Party (Notes 1-5)	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	\$ 5,987,904	\$ 336,000	\$ 336,000	\$ 48,000	\$ -	1.68	\$ 19,959,680	Y	N	N	
0	The Company	WL Vietnam.	Subsidiary of the Company	5,987,904	979,377	544,000	31,660	-	2.73	19,959,680	Y	N	N	
0	The Company	Regent King	Subsidiary of the Company	5,987,904	96,000	96,000	-	-	0.48	19,959,680	Y	N	N	
0	The Company	Sakuragawa Solar Ltd.	Subsidiary of the Company	3,991,936	61,615	61,470	22,128	-	0.31	19,959,680	Y	N	N	
0	The Company	Miyazaki Solar Ltd.	Subsidiary of the Company	3,991,936	183,287	182,854	136,334	-	0.92	19,959,680	Y	N	N	
0	The Company	WL India	Subsidiary of the Company	3,991,936	64,000	64,000	-	-	0.32	19,959,680	Y	N	N	
0	The Company	WL Philippines Inc.	Subsidiary of the Company	3,991,936	96,000	96,000	2,843	-	0.48	19,959,680	Y	N	N	
0	The Company	WL Philippines Corp.	Subsidiary of the Company	3,991,936	32,000	32,000	-	-	0.16	19,959,680	Y	N	N	
0	The Company	Raycong H.K., Shanghai Yikang, and Dongguan Hua Gang	Subsidiary of the Company	3,991,936	150,000	150,000	53,501	-	0.75	19,959,680	Y	N	Y	
0	The Company	WL Indonesia	Subsidiary of the Company	3,991,936	159,579	115,200	-	-	0.58	19,959,680	Y	N	N	
0	The Company	WT Industrial	Subsidiary of the Company	3,991,936	4,000	-	-	-	-	19,959,680	Y	N	N	
0	The Company	Hightech	Subsidiary of the Company	3,991,936	352,000	352,000	34,065	-	1.76	19,959,680	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	3,991,936	790,000	467,000	134,499	-	2.34	19,959,680	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	3,991,936	1,158,986	921,600	299,703	-	4.62	19,959,680	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	3,991,936	25,194	25,194	-	-	0.13	19,959,680	N	N	N	
1	Shanghai Yikang	Meditek Shanghai	Subsidiary of the Company	765,114	186,001	186,001	59,453	-	4.86	1,912,786	Y	N	Y	
2	KS Corp.	KSA Corp.	Companies with which the Company has business transactions.	176,094	6,902	6,902	5,120	-	0.97	352,188	N	N	N	
3	Dongguan Hua Gang	Guangzhou Xingxian	Subsidiary of the Company	687,016	186,953	93,001	42,098	-	4.06	1,145,027	Y	N	Y	
4	Raycong H.K.	Xiamen Huashengda Logistics	Subsidiary of the Company	1,774,526	32,000	32,000	12,671	-	0.36	4,436,316	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: KS Corp. does not endorse guarantees for project contract performance bonds in excess of 50% of its paid-in capital for a single enterprise. The total amount of endorsed guarantees shall not exceed 100% of its paid-in capital.

Note 6: USD is converted by spot exchange USD1=NT\$32.000; JPY is converted by spot exchange JPY1=NT\$0.2115; RMB is converted by spot exchange RMB1=NT\$4.4286; THB is converted by spot exchange THB1=NT\$0.8840; HKD is converted by spot exchange HKD1=NT\$4.089.

TABLE 3

Wah Lee Industrial Corporation and Subsidiaries

Marketable securities held at the end of the period

March 31, 2024

Unit: In Thousands of New Taiwan Dollars

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	End of the period				Note
				Number of shares/units	Carrying Value	Percentage of Ownership (%)	Fair value	
The Company	Stock							
	Chang Wah Technology Co. Ltd.	Associate's subsidiary	Financial assets at FVTOCI - current	5,000,000	<u>\$170,000</u>	0.53	<u>\$170,000</u>	
	Daily Polymer Corp.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,467,564	\$ 33,436	2.96	\$ 33,436	
	Wah Yuen Technology Holding Limited	-	Financial assets at FVTOCI - non-current	1,968,180	105,908	0.75	105,908	
	JingYi Technology Co.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,066,432	52,093	16.94	52,093	
	High Power Optoelectronics Inc.	-	Financial assets at FVTOCI - non-current	67,991	-	0.12	-	
	Asahi Kasei Wah Lee Hi-Tech Corp.	The Company is the director of the company	Financial assets at FVTOCI - non-current	9,497	95,831	19.38	95,831	
	Forcera Materials Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	2,354,773	137,802	8.35	137,802	
	Univision Technology Holdings	-	Financial assets at FVTOCI - non-current	38,794,190	-	9.10	-	
	Minima Technology Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	3,600,000	63,671	9.14	63,671	
	TaiGene Biotechnology Co., Ltd.	The Company is the supervisor of the company	Financial assets at FVTOCI - non-current	2,300,000	12,874	6.57	12,874	
	Shilian Fine Chemicals Co., Ltd.	-	Financial assets at FVTOCI - non-current	11,871,585	20,601	4.57	20,601	
	CDIB Capital Group.	-	Financial assets at FVTOCI - non-current	1,128,571	65,201	2.86	65,201	
	Darco Water Technologies Ltd.	-	Financial assets at FVTOCI - non-current	7,649,782	14,698	8.15	14,698	
	Eleocom Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,500,000	-	10.71	-	

(Continued)

(Concluded)

Holding Company Name	Type and Name of Marketable Securities	Relationship with The Holding Company	Financial Statement Account	End of the period				Note
				Number of shares/units	Carrying Value	Percentage of Ownership (%)	Fair value	
	Tien Li Offshore Wind Technology Co., Ltd.	-	Financial assets at FVTOCI - non-current	943,344	\$ 46,639	1.35	\$ 46,639	
	Locus Cell Co., Ltd.	-	Financial assets at FVTOCI - non-current	5,000,000	124,600	2.50	124,600	
	Phoenix II Venture Capital Innovation Co., Ltd.	The Company is the director of the company	Financial assets at FVTOCI - non-current	1,000,000	14,281	2.34	14,281	
	Hong Yi Industrial Corp.	-	Financial assets at FVTOCI - non-current	500,000	3,940	16.67	3,940	
					<u>\$791,575</u>		<u>\$791,575</u>	
Shenzhen Huaying	Shanghai Junxiong Logistics Co., Ltd.	-	Financial assets at FVTOCI - non-current	-	<u>\$ 11,037</u>	19.90	<u>\$ 11,037</u>	
SHC Holding Ltd.	Guangzhou Yonguang Optoelectronics Co., Ltd.	-	Financial assets at FVTOCI - non-current	-	<u>\$ -</u>	12.82	<u>\$ -</u>	
Wah Lee Holding Ltd.	Mutual funds							
	JPMorgan Funds-Multi-Revenue Fund-A (acc) - USD	-	Financial assets at FVTPL - current	7,737	\$ 54,643	-	\$ 54,643	
	JPMorgan Funds-Income Fund A (dist) - USD	-	Financial assets at FVTPL - current	30,802	29,807	-	29,807	
					<u>\$ 84,450</u>		<u>\$ 84,450</u>	
KS Corp.	Huahsuan Green Energy Co., Ltd.	-	Financial assets at FVTPL - non-current	4,482,000	<u>\$ 42,731</u>	5.71	<u>\$ 42,731</u>	

TABLE 4

Wah Lee Industrial Corporation and Subsidiaries

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

For the period from January 1 to March 31, 2024

Unit: In Thousands of New Taiwan Dollars

Buyer/Seller	Transaction Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total Purchase/Sale	Credit period	Unit price	Credit period	Balance	% of Total Notes/Accounts Receivable (Payable)	
The Company	Shanghai Yikang	Subsidiary	Sales	\$ 102,285	1	30 to 120 days after monthly closing	Normal trade terms	The payment terms do not significantly differ from those of regular customers.	\$ 88,946	1	Note
	Asahi Kasei Wah Lee Hi-Tech Corp.	The Company is the director of the Company	Purchase of goods	(210,000)	2	105 days after monthly closing	No comparable transactions with third party	The payment terms do not significantly differ from those of regular suppliers.	(220,484)	5	
Raycong H.K.	Dongguan Hua Gang	Subsidiary	Sales	108,130	26	30 to 120 days after monthly closing	Normal trade terms	The payment terms do not significantly differ from those of regular customers.	92,721	13	Note

Note: It was eliminated on consolidation.

TABLE 5

Wah Lee Industrial Corporation and Subsidiaries

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

March 31, 2024

Unit: In Thousands of New Taiwan Dollars

Company Name of Accounts Receivable	Transaction Party	Relationship	Ending Balance (Notes 1 and 2)	Turnover Rate (times)	Overdue receivable from related party		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Shanghai Yikang	Subsidiary	\$ 126,892	3.44	\$ -	-	\$ -	\$ -
Raycong H.K.	The Company	Parent company	1,941,831	0.07	-	-	382	-
Wah Lee Holding Ltd.	The Company	Parent company	704,000	-	-	-	-	-

Note 1: Including accounts receivable and other receivables, with the latter mainly consisting of loans receivable.

Note 2: Receivables from subsidiary were eliminated on consolidation.

TABLE 6

Wah Lee Industrial Corporation and Subsidiaries

INFORMATION ON INVESTEEES

For the period from January 1 to March 31, 2024

Unit: In Thousands of New Taiwan Dollars

Investee company name	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares	%	Carrying amount (Note 2)	Net Income (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 2)	Note
				End of this period	End of the previous year						
The Company	Wah Lee Holding Ltd.	BVI	International investment business	\$ 430,666	\$ 430,666	13,070,000	100.00	\$ 5,744,608	\$ 80,861	\$ 97,492	Subsidiary
The Company	Raycong H.K.	Hong Kong	Trading business of engineering plastic, composite materials, industrial materials and equipment	304,113	304,113	56,000,000	53.69	4,836,199	143,786	96,487	Subsidiary
The Company	CWE Inc.	Taiwan	Agency of IC packaging material and equipment	449,349	449,349	197,902,180	29.60	5,264,843	319,789	94,453	Associate
The Company	Nagase Wahlee Plastics Corp.	Taiwan	Trading business of synthetic resin product and related material, agency of domestic and international products distribution quotation and bidding business	20,810	20,810	4,000,000	40.00	710,144	23,439	9,376	Associate
The Company	Wah Hong Corp.	Taiwan	Manufacturing of LCD material, BMC (bulk molding compound) material and molded product	977,979	943,223	27,135,978	27.54	1,205,694	35,650	9,556	Associate
The Company	ORC Technology Corp.	Taiwan	Trading business and service of exposure machine and parts	6,000	6,000	600,000	35.00	67,803	(2,336)	(818)	Associate
The Company	WL Japan	Japan	Trading business of synthetic resin, industrial plastic, molding machine, and electromechanical parts	21,490	21,490	1,500	83.33	3,665	(33)	(28)	Subsidiary
The Company	WL Korea	South Korea	Trading business of synthetic resin, industrial plastic, molding machine, and electromechanical parts	18,856	18,856	147,000	100.00	3,389	(14)	(14)	Subsidiary
The Company	Sakuragawa Solar Ltd.	Japan	Solar power generation business	46,008	46,008	-	99.99	85,570	2,064	2,064	Subsidiary
The Company	Miyazaki Solar Ltd.	Japan	Solar power generation business	82,103	82,103	-	99.99	40,213	739	739	Subsidiary
The Company	WL Indonesia	Indonesia	Trading business of industrial raw materials	48,261	48,261	1,610,000	70.00	27,099	(559)	(392)	Subsidiary
The Company	WL Vietnam	Vietnam	Trading business of industrial raw materials	16,293	16,293	-	100.00	44,689	3,178	3,178	Subsidiary
The Company	Tranceed Logistics	Taiwan	Freight forwarders and leasing business	95,000	95,000	9,500,000	63.33	183,504	4,435	2,809	Subsidiary
The Company	WT Industrial	Thailand	Trading business of industrial raw materials	200,000	200,000	7,650	51.00	248,274	19,649	10,021	Subsidiary
The Company	KS Corp.	Taiwan	Solar power generation business	763,392	763,392	33,346,604	94.68	822,329	(1,338)	(2,409)	Subsidiary
The Company	WL Philippines Corp.	Philippines	Trading business of industrial raw materials	7,755	7,755	127,495	99.99	5,695	(116)	(116)	Subsidiary
The Company	WL Philippines Inc.	Philippines	Trading business of industrial raw materials	7,747	7,747	126,997	99.99	11,372	2,254	2,254	Subsidiary
The Company	ORC Corp.	Taiwan	Trading business of industrial raw materials	4,000	4,000	400,000	40.00	51,423	(2,803)	(1,121)	Joint Venture
The Company	Evergreen New Eenergy Corporation	Taiwan	Solar power generation business	130,000	130,000	13,000,000	100.00	121,311	(1,644)	(1,644)	Subsidiary
The Company	Hightech	Malaysia	Trading business of industrial raw materials	205,335	205,335	7,650,000	51.00	212,952	3,995	574	Subsidiary
The Company	WL Singapore	Singapore	Agency of semiconductor materials and equipment	435,145	435,145	1,600,000	100.00	528,121	12,642	12,642	Subsidiary
The Company	HengYuan Green Energy Technology Co., Ltd.	Taiwan	Renewable energy self-use power generation and energy technology business	48,000	24,000	4,800,000	12.00	47,074	(3,340)	(401)	Associate
The Company	WL India	India	Trading business of industrial raw materials	14,575	14,575	3,861,000	99.00	11,289	(710)	(703)	Subsidiary
The Company	Advance Hightech	United States	Trading business of engineering plastic materials, composite materials, industrial materials, semiconductor materials and equipment.	38,628	38,628	1,200,000	100.00	30,591	(4,556)	(4,556)	Subsidiary
The Company	High Tech Gas	Taiwan	Chemical Materials Manufacturing	90,000	90,000	9,000,000	60.00	90,028	(2)	(1)	Subsidiary
Tranceed Logistics	Cyuancheng Logistics	Taiwan	Freight forwarders and leasing business	42,947	42,947	5,500,000	100.00	43,294	440	391	Subsidiary
KS Corp.	KSB Corp.	Taiwan	Solar power generation business	51,130	51,130	5,113,000	100.00	53,356	18	18	Subsidiary
KS Corp.	KSC Corp.	Taiwan	Solar power generation business	54,000	54,000	5,400,000	100.00	2,563	-	-	Subsidiary
ENE Corp.	Fanxin	Taiwan	Solar power generation business	44,825	44,825	4,500,000	100.00	44,710	(16)	(16)	Subsidiary
ENE Corp.	Fansheng	Taiwan	Solar power generation business	31,812	31,812	3,200,000	100.00	31,700	(16)	(16)	Subsidiary
Wah Lee Holding Ltd.	SHC Holding Ltd.	Republic of Mauritius	International investment business	43,892	43,892	1,290,000	100.00	724,401	12,099	12,099	Subsidiary
Wah Lee Holding Ltd.	Raycong H.K.	Hong Kong	Trading business of engineering plastic, composite materials, industrial materials and equipment	943,164	943,164	48,296,655	46.31	4,108,649	143,786	66,583	Subsidiary
Wah Lee Holding Ltd.	Regent King	Hong Kong	Trading business of engineering plastic, composite materials, industrial materials and equipment	39	39	10,000	100.00	4,505	46	46	Subsidiary
WT Industrial	WT Indonesia	Indonesia	Trading business of industrial raw materials	3,953	3,953	18,150	66.00	2,966	(21)	(14)	Subsidiary
WT Industrial	WL India	India	Trading business of industrial raw materials	147	147	39,000	1.00	114	(710)	(7)	Subsidiary
Raycong H.K.	RC Vietnam	Vietnam	Trading business of industrial raw materials	6,141	6,141	1,358	100.00	4,824	(596)	(596)	Subsidiary

Note 1: The share of profit (loss) recognized for three months ended March 31, 2024 included eliminated unrealized gains or losses and amortization of investment premium.

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

Note 3: Please refer to Table 7 for the information on investees in mainland China.

TABLE 7

Wah Lee Industrial Corporation and Subsidiaries
Information on investments in mainland China
For the period from January 1 to March 31, 2024
Unit: In Thousands of New Taiwan Dollars

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024	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 March 31, 2024	Accumulated Repatriation of Investment Income as of March 31, 2024	Note
					Outward	Inward							
Dongguan Hua Gang	Sale of industrial materials	\$ 1,154,317	Invested through the third region, Raycong H.K.	\$ -	\$ -	\$ -	\$ -	\$ 50,221	100.00	\$ 50,221	\$ 2,284,410	\$ 425,949	
Shanghai Yikang	Purchase and sale of industrial materials and trade	1,005,912	Invested through the third region, Raycong H.K.	340,629	-	-	340,629	183,515	70.00	128,461	2,697,740	-	
Shenzhen Huaying	Supply chain management and consultancy service	24,453	Invested through the third region, Raycong H.K.	-	-	-	-	(1,479)	100.00	(1,479)	100,304	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	76,800	Invested through the third region, SHC Holding Ltd.	43,714	-	-	43,714	40,043	30.00	12,013	719,260	56,137	
Meditek (Shanghai)	Import and export of goods and technology	13,286	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(4,823)	49.00	(2,363)	6,878	-	
Lee Huang Shanghai	Trading business of medical devices and equipment	14,747	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(512)	48.98	(738)	(3,736)	-	
Fenghuang Xingwah Shouzheng	Medical devices manufacturing technology developing and consulting	22,143	Invested through Chinese corporation, Shanghai Yikang	-	-	-	-	(1,857)	52.50	(975)	2,971	-	
Guangzhou Xingxian	Hospital management, medical equipment repair, wholesale of medical supplies	22,143	Invested through Chinese corporation, Dongguan Hua Gang	-	-	-	-	(3,836)	100.00	(3,836)	49,779	-	
Anhua Huixinkang	Medical service	19,929	Reinvested through Raycong H.K. and Dongguan Hua Gang in Mainland China.	-	-	-	-	(944)	100.00	(944)	15,400	-	
Kaiping Huaxinkang	Medical service	1	Invested through Chinese corporation, Guangjou Xingxian	-	-	-	-	-	90.00	-	-	-	
Xiamen Huashengda Logistics	Warehouse logistics	13,286	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	(1,096)	70.00	(767)	3,038	-	
Xiamen Jian Yuan Rong Logistic Co., Ltd.	Warehouse logistics	35,429	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	889	30.00	267	9,745	-	
Xiamen Jia Cheng Yuan Trading and Development Co. Ltd.	Warehouse logistics	8,857	Invested through Chinese corporation, Shenzhen Huaying	-	-	-	-	116	30.00	35	3,305	-	

Investee company name	Accumulated Outward Remittance for Investment in Mainland China at the end of the period (Note 3)	Investment Amount Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
WAH LEE INDUSTRIAL CORPORATION	\$ 384,343	\$ 2,495,938	\$ -

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

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

Note 2: The difference of \$2,111,595 thousand between accumulated outward remittance for investment in mainland China and investment amount authorized by investment commission, MOEA is due to investment of \$1,354,096 thousand (USD8,488 thousand, HKD267,000 thousand and RMB3,500 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: According to the revised "Principles Governing the Review of Investments or Technical Cooperation in Mainland China" issued by the Ministry of Economic Affairs on August 29, 2008 (MOEA Jing-Shen-Zi No. 0970460680), the Company has obtained certification from the Industrial Bureau of the Ministry of Economic Affairs, confirming that the Company meet the business scope of an operational headquarters. Therefore, there is no upper limit on the investment amount in Mainland China.

TABLE 8

Wah Lee Industrial Corporation and Subsidiaries

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

For the period from January 1 to March 31, 2024

Unit: In Thousands of New Taiwan Dollars

Buyer/Seller	Information on investments in mainland China	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount (Note)	%		Payment Terms	Comparison with Normal Transactions	Amount	Percentage (%)		
The Company	Shanghai Yikang	Sales	\$ 102,285	1	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	\$ 88,946	1	\$ 3,173	Note
	Dongguan Hua Gang	Sales	88,473	1	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	31,419	-	362	Note
Raycong H.K.	Dongguan Hua Gang	Sales	108,130	26	Normal trade terms	30 to 120 days after monthly closing	The terms with related parties are not significantly different from those to third parties	92,721	13	-	Note

Note: It was eliminated on consolidation.

TABLE 9

Wah Lee Industrial Corporation and Subsidiaries

Intercompany relationships and significant intercompany transactions

For the period from January 1 to March 31, 2024

Unit: In Thousands of New Taiwan Dollars

No.	Trader	Counterparty	Relationship	Transaction Details			% of Total Sales or Assets
				Items	Amount	Transaction Details	
0	The Company	Shanghai Yikang	Parent to subsidiary	Other receivables	\$ 37,946	According to the contract	-
0	The Company	Shanghai Yikang	Parent to subsidiary	Operating revenues	102,285	According to the contract	-
0	The Company	Shanghai Yikang	Parent to subsidiary	Accounts receivable, net	88,946	According to the contract	-
0	The Company	Dongguan Hua Gang	Parent to subsidiary	Operating revenues	88,473	According to the contract	-
0	The Company	Dongguan Hua Gang	Parent to subsidiary	Accounts receivable, net	31,419	According to the contract	-
0	The Company	Raycong H.K.	Parent to subsidiary	Other income	16,326	According to the contract	-
0	The Company	Raycong H.K.	Parent to subsidiary	Other receivables	51,889	According to the contract	-
0	The Company	Raycong H.K.	Parent to subsidiary	Operating revenues	38,394	According to the contract	-
0	The Company	Raycong H.K.	Parent to subsidiary	Accounts receivable, net	33,436	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Advance sales receipts	63,832	According to the contract	-
0	The Company	KS Corp.	Parent to subsidiary	Accounts receivable, net	47,503	According to the contract	-
0	The Company	WT Industrial	Parent to subsidiary	Other receivables	12,528	According to the contract	-
0	The Company	WT Industrial	Parent to subsidiary	Operating revenues	19,258	According to the contract	-
0	The Company	WL Vietnam	Parent to subsidiary	Operating revenues	12,150	According to the contract	-
0	The Company	WL Vietnam	Parent to subsidiary	Accounts receivable, net	15,892	According to the contract	-
0	The Company	WL Singapore	Parent to subsidiary	Operating revenues	23,715	According to the contract	-
0	The Company	WL Singapore	Parent to subsidiary	Accounts receivable, net	14,258	According to the contract	-
0	The Company	Hightech	Parent to subsidiary	Operating revenues	41,276	According to the contract	-
0	The Company	Hightech	Parent to subsidiary	Accounts receivable, net	25,905	According to the contract	-
1	Shanghai Yikang	Fenghuang Xingwah Shouzheng	Parent to subsidiary	Other receivables	25,005	According to the contract	-
1	Shanghai Yikang	Meditek Shanghai	Parent to subsidiary	Other receivables	22,039	According to the contract	-
1	Shanghai Yikang	Dongguan Hua Gang	Subsidiary to subsidiary	Operating revenues	43,836	According to the contract	-
1	Shanghai Yikang	Dongguan Hua Gang	Subsidiary to subsidiary	Accounts receivable, net	12,346	According to the contract	-
1	Shanghai Yikang	The Company	Subsidiary to Parent	Other operating revenues	51,599	According to the contract	-
1	Shanghai Yikang	The Company	Subsidiary to Parent	Accounts receivable, net	72,242	According to the contract	-
2	Dongguan Hua Gang	Guangzhou Xingxian	Parent to subsidiary	Other receivables	10,748	According to the contract	-
2	Dongguan Hua Gang	Anhua Huixinkang	Parent to subsidiary	Other receivables	13,584	According to the contract	-
3	Raycong H.K.	Dongguan Hua Gang	Parent to subsidiary	Operating revenues	108,130	According to the contract	-
3	Raycong H.K.	Dongguan Hua Gang	Parent to subsidiary	Accounts receivable, net	92,721	According to the contract	-
3	Raycong H.K.	The Company	Subsidiary to Parent	Interest income	15,826	According to the contract	-
3	Raycong H.K.	The Company	Subsidiary to Parent	Other receivables	1,941,438	According to the contract	4
4	Tranced Logistics	The Company	Subsidiary to Parent	Other operating revenues	31,468	According to the contract	-
4	Tranced Logistics	The Company	Subsidiary to Parent	Accounts receivable, net	44,306	According to the contract	-
5	Wah Lee Holding Ltd.	The Company	Subsidiary to Parent	Other receivables	704,000	According to the contract	1

TABLE 10

WAH LEE INDUSTRIAL CORPORATION
INFORMATION ON MAJOR SHAREHOLDERS
March 31, 2024

Name of Major Shareholder	Shares	
	Number of Shareholding	Percentage of Ownership (%)
Kang Tai Investment Co., Ltd.	20,011,338	7.98
Fortune Investment Co., Ltd.	15,996,494	6.37
Dragon Investment Co., Ltd.	12,749,950	5.08

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