

Stock Code: 8240



WAH HONG INDUSTRIAL  
CORPORATION

# 2024 Annual Shareholders' Meeting Handbook

Date: May 29, 2024

Address: 5F., No. 211, Zhongzheng 4th Rd., Qianjin Dist.,  
Kaohsiung City (Mega Bank South District Staff  
Training Centre)

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# **Wah Hong Industrial Corporation**

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

- 1. Chair Calls the Meeting to Order**
- 2. Chair Remarks**
- 3. Reporting Items**
- 4. Acknowledged Items**
- 5. Extemporaneous Motions**
- 6. Adjournment of the Meeting**

**Wah Hong Industrial Corporation**  
**2024 Annual Shareholders' Meeting Agenda**

**Time: 9: 30 a.m., May 29, 2024 (Wednesday)**

**Address: 5F., No. 211, Zhongzheng 4th Rd., Qianjin Dist., Kaohsiung City (Mega Bank South District Staff Training Centre)**

**Form of Shareholders' Meeting: Physical**

- 1. Chair Calls the Meeting to order [Report the number of shares represented]**
- 2. Chair Remarks**
- 3. Reporting Items**
  - (1) 2023 Business Report.
  - (2) 2023 Audit report of auditing committee.
  - (3) 2023 Distribution report of remuneration to directors and employees.
  - (4) 2023 Appropriated earnings cash dividends report.
  - (5) Cash distribution from capital reserves.
  - (6) 2023 Endorsement guarantee.
  - (7) 2023 Loaning of funds to others.
  - (8) 2023 Investment in Mainland China.
- 4. Acknowledged Items**
  - (1) 2023 Business report and financial statements.
  - (2) Proposal for the 2023 earnings distribution.
- 5. Extemporary Motions**
- 6. Adjournment of the Meeting**

## Reporting Items

1. 2023 Business Report is submitted for review.

Description: Please refer to Attachment 1 Pages 8 to 12 of this Handbook.

2. 2023 Audit report of Auditing Committee is submitted for review.

Description: Please refer to Attachment 2 Page 13 of this Handbook.

3. 2023 Report of Distribution Remuneration to Directors and Employees is submitted for review.

Description: According to the provisions of Article 23 of the Company's Articles of Incorporation and the resolution of the board of directors on March 13, 2024, the distribution of directors' remuneration ratio in 2023 was 2.5% of the net profit before tax, NT\$6,916,630, employee remuneration ratio is 15% of net profit before tax, NT\$41,499,775, are all distributed in cash.

4. 2023 Appropriated earnings cash dividends report is submitted for review.

Description: 1. According to the Company Act and Article 23-1 of the Company's Articles of Incorporation, the Company shall authorize the board of directors to be attended by over two-thirds of the directors, and half of those attending directors must approve the case if the Company makes cash distribution of dividends to shareholders, it should report to the Shareholders' Meeting.

2. The Company approved the resolution of the board of directors on March 13, 2024, it has distributed cash dividends of NT\$118,224,497 from the undistributed earnings at the end of 2023 and distributed NT\$1.2 per share, and authorized the board of directors to formulate dividend record date, distribution date and other related matters for cash dividend distribution.

3. The cash dividends distribution is calculated up to unit NT\$, rounded up below NT\$1, and the total amount of allotment less

than NT\$1 shall be adjusted from the largest to the smallest of the decimal point and the order of the account number from the front to the last, until it meets the total amount of cash dividend distribution.

4. If the dividend payout ratio subsequently changes due to changes in the number of outstanding shares of the Company, it is proposed to authorize the board of directors to adjust the dividend payout ratio according to the total distribution amount and the actual number of outstanding shares of the Company on the dividend record date.

5. Report on cash distribution from capital reserves is submitted for review.

Description: 1. According to the Company Act and Article 23-1 of the Company's Articles of Incorporation, the Company shall authorize the board of directors to be attended by over two-thirds of the directors, and half of those attending directors must approve the case if the Company make cash distribution of capital surplus, it should report to the Shareholders' Meeting.

2. As resolved by the board of directors on March 13, 2024, the Company appropriated the capital reserve in excess of par value from the issuance of shares as the amount of NT\$29,556,125, and based on the shareholders and their shareholding in the shareholders register on the base date of issuance, and the current number of outstanding shares of 98,520,414 shares, a cash distribution of NT \$0.3 per share was made.

3. Capital reserve in cash is calculated up to unit NT\$, rounded up below NT\$1, and the total amount of allotment less than NT\$1 shall be adjusted from the largest to the smallest of the decimal point and the order of the account number from the front to the last, until it meets the total cash distribution amount of capital reserve.

4. If the dividend allotment ratio subsequently changes due to changes in the number of outstanding shares of the Company, it is

proposed to authorize the board of directors to adjust the dividend allotment ratio according to the total distribution amount and the actual number of outstanding shares of the Company on the dividend record date.

6. 2023 Endorsement guarantee is submitted for review.

Description: Please refer to Attachment 3 Page 14 of this Handbook.

7. 2023 Loaning of funds to others is submitted for review.

Description: Please refer to Attachment 4 Page 15 of this Handbook.

8. 2023 Investment in mainland is submitted for review.

Description: Please refer to Attachment 5 Pages 16 to 17 of this Handbook.

## **Acknowledged Items**

Proposal 1 (Made by board of directors)

Reason: 2023 Business report and financial statements are submitted for approval.

Description: 1. The Company's 2023 business report, individual financial statements, and consolidated financial statements have been prepared. Among them, the financial statements have been audited by independent auditor, Chiu-Yen, Wu and Chen-Li, Chen of Deloitte & Touche.

2. 2023 Business report, individual financial reports, consolidated financial reports, and CPA's audit report, please refer to Attachment 1 Pages 8 to 12 and Attachment 6 Pages 18 to 41 of this Handbook.

Resolution:

Proposal 2 (Made by board of directors)

Reason: 2023 earnings distribution are submitted for approval.

Description: 1. This earnings distribution plan is to distribute the surplus available for distribution in the year 2023. Based on the current number of outstanding shares of 98,520,414 shares, it is proposed to distribute a dividend of NT\$118,224,497 to shareholders and NT\$1.2 per common share to cash dividends.

2. Description: Please refer to Attachment 7 Page 42 of this Handbook for appropriation of 2023 earnings schedule.

Resolution:



## **Extemporaneous Motions**

## **Adjournment of the Meeting**

## Wah Hong Industrial Corporation

## 2023 Business Report

In 2023, the overall consumption environment was affected by unfavorable factors such as intensified geopolitical conflicts and high inflation and interest rate hikes, which resulted in weak demand from global end markets and lengthened the inventory adjustment time of the industrial chain. In addition, the industry also faced the impacts and challenges of climate change in various regions. The consolidated revenue in 2023 was NT\$7.52 billion, an annual decrease of about 18.13%. In terms of profitability, the operating net income amounted to NT\$248 million, full-year consolidated net income after tax was NT\$221 million, current net income attributable to the Company's shareholders amounted to NT\$202 million, and after-tax earnings per share were NT\$2.05.

In terms of financial position, the consolidated debt ratio was 46%, the consolidated current and quick ratios were 189% and 163% respectively, the ratio of long-term capital to fixed assets was 343%, and the return on shareholders' equity was 5%. The overall financial structure and solvency were stable and healthy. The annual R&D expenses was NT\$229 million, accounting for 3% of the consolidated revenue, mainly including development of high-end coating technology, various niche functional films and highly insulating thermal conductive materials to satisfy customers' needs with customized services and maintain industry competitiveness through differentiation.

The following is the brief report of 2023 annual business results, 2024 annual business plan, future company development, the impact from external competition, regulatory environment and the overall economic environment:

## I. 2023 Business Report

## (I) Implementation results of the business plan

Unit: NT\$ thousand

Item	2023	2022	Difference	
			Amount	%
Operating revenue - net	7,518,472	9,183,092	(1,664,620)	-18.13%
Operating costs	6,467,054	8,005,893	(1,538,839)	-19.22%
Gross profit	1,051,418	1,177,199	(125,781)	-10.68%
Operating expenses	802,993	829,984	(26,991)	-3.25%
Operating income	248,425	347,215	(98,790)	-28.45%
Non-operating income and expenses	42,616	75,777	(33,161)	-43.76%
Profit before income tax	291,041	422,992	(131,951)	-31.19%

Income tax expenses	(69,610)	(138,821)	69,211	-49.86%
Net profit for the year	221,431	284,171	(62,740)	-22.08%

(II) Budget execution: The Company did not publish 2023 financial forecast.

(III) Profitability analysis:

Unit: NT\$ thousand

Analysis item		Year	Financial information for the latest 5 years				
			2019	2020	2021	2022	2023
Profitability	Return on assets (%)		3.62	3.17	5.23	3.56	3.36
	Return on equity (%)		6.59	6.19	11.08	6.69	5.18
	Percentage of net profit before tax to the paid-in capital (%)		30.70	33.43	71.45	42.30	29.10
	Net profit rate (%)		2.57	2.36	4.17	3.09	2.95
	Earnings per share (NT\$)		2.1	2.21	4.39	2.66	2.05

(IV) Financial revenue and expenditure

The Company booked operating revenue of NT\$7,518,472 thousand in 2023, operating cost of NT\$6,467,054 thousand, operating gross profit of NT\$1,051,418 thousand, operating expenses of NT\$802,993 thousand, operating net profit of NT\$248,425 thousand, non-operating income and expenses of NT\$42,616 thousand, net profit before tax of NT\$291,041 thousand, and net profit after tax of NT\$221,431 thousand.

(V) Research and development

1. 2023 Research and development expenditures

Unit: NT\$ thousand

Item	2022	2023
R&D expenditure	214,336	229,285
Operating revenues	9,183,092	7,518,472
R&D expenditure / Operating revenue %	2.33%	3.05%

2. Future product development direction

The overall economic environment continued to be impacted by inflation in 2023. With high prices and high inventory levels, end-customer demand decreased, and global sales of panels and displays declined compared to 2022. In response to these changes in the external environment, Wah Hong continued to develop high value-added products and work with customers to facilitate the transformation. For example, the

development of various types of optical films used in automotive displays, customized coating materials, and battery modules for drones has made product innovations and applications more diversified, bringing more possibilities for the Company's future.

## II. 2024 Business plan outline

### (I) Impact from external competitive environment, regulatory environment, and overall macroeconomic environment

#### 1. External competitive environment

Compared with the competitors, Wah Hong has economies of scale, and large-scale production can reduce long-term average costs over time. In addition, Wah Hong has more diversified products (coatings, functional materials, thermal conduction products, etc.) than our competitors, which allows us to expand into different areas of the industry to seize market opportunities and gain priority in obtaining development opportunities with more potential customers. In addition, Wah Hong also has the opportunity to get closer to our customers and even collaborate with them in research and development.

Therefore, diversifying our business operations and sales channels, strengthening our customized and differentiated marketing strategies, and providing products that match industry trends and market demands have always been our goals.

#### 2. Regulatory environment

In recent years, there have been certain standards and regulations regarding the sustainable development and ESG issues in the world. In accordance with the requirements of the competent authorities and laws and regulations, in addition to obtaining international management system standard certifications such as ISO 9000, 14001, 50001, and 27001, Wah Hong has also begun to carry out the ISO 14064-1 Greenhouse Gas Inventory and the ISO 14067 Carbon Footprint Certification, and has completed the setup of air pollution prevention equipment and wastewater treatment system. The Company's products comply with relevant laws and regulations and international standards, such as EU RoHS, halogen-free and flame-resistant standards, and many plastic products have obtained UL or SGS certification without any hazardous substances, minimizing their environmental impact.

#### 3. Macro economic environment

In response to the global economic demands, each business division of Wah Hong has made continuous promotion plans for target markets for its existing major products, in the hope of increasing its market share. Among them, the market for automotive-related optical films is expected to grow by more than 10% year by year. With the rapid

expansion of the electronic paper display market, the electronic optical functional film market will expand from US\$3.4 billion in 2023 to US\$4.48 billion in 2024, with a compound annual growth rate (CAGR) of 31.9%. The EV power module packaging market will also grow at a CAGR of 14.1% along with power components. As for thermal conduction materials, the market value of the heat dissipation market is expected to grow by 13% annually and by 29% in 2024, driven by the increase in the embedded value of fans and heat dissipation modules.

## (II) Specific policies and business strategies

### 1. Customized coating materials:

- (1) For EV applications: Focusing on the development of materials related to automotive panels (smart cockpit), such as anti-shatter film and automotive sunroof dimming film.
- (2) For electronic readers: Customized special optical films.
- (3) Others: Composite UV peptization protection film.

### 2. Materials of DAP:

- (1) For EV: EV electronic power supply frame, 3C transformer, EV motor rotor.
- (2) For passive component packaging.

### 3. Battery module:

For various customized drones.

### 4. Thermal conduction materials:

- (1) For passive component packaging.
- (2) For networking products/servers: graphite composite heat dissipation new materials, newly developed heat dissipation modules.

The above concludes Wah Hong's 2023 operating results and future development strategies. Looking ahead, due to the external economic factors that bring certain influence to the Company, we will continue to develop and expand products, technologies and channels, establish a long-term partnership of coexistence and co-prosperity with customers and suppliers, and achieve the four major missions of developing new technologies, producing forward-looking materials, protecting environment, and fulfilling social responsibilities. Finally, the Company would like to thank all shareholders for their who have long-term trusted and supported to Wah Hong so long.

Sincerely

Good health good luck

Chairman:  
Tsuen-Hsien, Chang

President:  
Ching-Pin, Yeh

Chief Accounting Officer:  
Hui-Jung, Chang-Chien

## Auditing Committee's Audit Report

The Board of Directors submitted the Company's business report, financial statements, and profit distribution proposal for the year 2023. The financial statements have been audited by CPA Chiu-Yen, Wu and CPA Chen-Li, Chen of Deloitte & Touche and an audit report has been issued. The aforementioned business report, financial statements, and profit distribution proposal have been audited by our Audit Committee, and no discrepancies have been found. Therefore, in accordance with relevant regulations of the Securities and Exchange Act and the Company Act, this report is hereby submitted for your review.

Wah Hong Industrial Corporation

Auditing Committee Convener: Chen-Chi, Ma

March 13, 2024

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES  
 ENDORSEMENTS/ GUARANTEES PROVIDED  
 FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Benefit of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at the End of the Period	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in mainland China	Remark
		Name	Relationship											
0	The Company	Sun Hong Optronics Ltd.	Subsidiary of the Company	\$ 1,259,452	\$ 551,225	\$ 521,985	\$ 248,530	\$ -	12.44	\$ 2,938,722	Y	N	Y	
0	The Company	Wah Ma Technology Sdn.Bhd. (Wah Ma)	Subsidiary of the Company	1,259,452	9,426	5,770	1,783	-	0.14	2,938,722	Y	N	N	
0	The Company	Xiamen Guang Hong Optronics Ltd.	Subsidiary of the Company	1,259,452	162,125	153,525	-	-	3.66	2,938,722	Y	N	Y	
0	The Company	Wah Hong Holding Limited	Subsidiary of the Company	1,259,452	97,275	92,115	-	-	2.20	2,938,722	Y	N	N	
0	The Company	SuZhou Alliance Material.Co., Ltd.	Subsidiary of the Company	839,635	35,826	30,705	-	-	0.73	2,938,722	Y	N	Y	
0	The Company	SIP Chang Jun Trading Limited	Subsidiary of the Company	1,259,452	119,257	114,449	114,449	-	2.73	2,938,722	Y	N	Y	
0	The Company	PT. Wah Hong Indonesia ("WH Indonesia")	Subsidiary of the Company	1,259,452	35,668	33,776	-	-	0.81	2,938,722	Y	N	N	

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.

Note 2: The maximum total amount of endorsement/guarantee shall not exceed 70% of the equity of the Company.

Note 3: USD is converted at spot exchange US\$1= NT\$30.705; RMB is converted at USD spot exchange US\$1 = RMB7.0827; MYR is converted at spot exchange MYR\$1 = NTD\$6.4110; IDR is converted at the spot exchange rate IDR\$1=NTD\$0.00198.



WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES  
LENDING FUNDS TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-Term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 2)	Remark
													Item	Value			
1	SIP Chang Hong Optoelectronics Ltd.	SIP Chang Jun Trading Limited	Other receivables - related parties	Yes	\$ 9,035	\$ -	\$ -	3.50	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 325,977	\$ 869,271	Note 4
2	SIP Chang Hong Optoelectronics Ltd.	Ningbo Changhong Optoelectronics Ltd.	Other receivables - related parties	Yes	17,626	-	-	3.50	Short-term financing	-	Operating capital	-	-	-	325,977	869,271	Note 4
3	Ningbo Changhong Optoelectronics Ltd.	Ningbo Changli New Material Limited	Other receivables - related parties	Yes	17,979	6,503	6,503	3.50	Short-term financing	-	Operating capital	-	-	-	112,567	300,178	Note 4

Note 1: Loan and limit of funds for individual objects: For SIP Chang Hong and Ningbo Changhong, if the single guarantee object is a subsidiary that the Company directly or indirectly holds 100% of the voting shares, the limit shall not exceed 30% of the Company's net value.

Note 2: Loan and total limit: For SIP Chang Hong and Ningbo Changhong, it shall not exceed 80% of the company's net value.

Note 3: USD is converted by spot exchange US\$1 = NT\$30.705, RMB is converted by USD spot exchange with US\$1 = RMB7.0827.

Note 4: It was eliminated on consolidation.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES  
INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Remark
					Outward	Inward							
SIP Chang Hong Optoelectronics Ltd. ("SIP Chang Hong")	Production and trading business of BMC materials and finished products, diffusion films, reflectors and other LCD materials	\$ 621,776	Reinvestment in mainland China through companies registered in a third region.	\$ 257,482	\$ -	\$ -	\$ 257,482	\$ 21,204	100.00	\$ 21,204	\$ 1,086,589	\$ 644,286	
Ningbo Changhong Optoelectronics Ltd. ("Ningbo Changhong")	Production and trading of panel display compound and LCD optical film etc.	184,844	Reinvestment in mainland China through companies registered in a third region.	95,820	-	-	95,820	25,907	100.00	25,907	375,222	288,636	
Qingdao Changhong Optoelectronics Ltd. ("Qingdao Changhong")	Production and trading of panel display compound and LCD optical film etc.	61,410	Reinvestment in mainland China through companies registered in a third region.	300,950	-	255,960	44,990	47,450	100.00	47,450	344,713	-	Note 3
SIP Chang Jun Trading Limited ("SIP Chang Jun")	Sale of BMC materials and finished products, diffusion films, reflectors and other LCD products	4,335	Reinvestment in mainland China through companies registered in a third region.	-	-	-	-	17,455	100.00	17,455	44,053	-	Note 1
SuZhou Alliance Material Co., Ltd. ("Suzhou Alliance")	Production and trading business of LCD materials	124,355	Reinvestment in mainland China through companies registered in a third region.	-	-	-	-	58,614	67.50	39,564	234,014	117,421	Note 2
Sun Hong Optronics Ltd. ("Sun Hong")	Production and trading business of BMC materials and finished products, diffusion films, reflectors and other LCD materials	420,659	Reinvestment in mainland China through companies registered in a third region.	238,092	-	-	238,092	19,484	100.00	19,484	804,354	488,880	
Xiamen Guang Hong Optronics Ltd. ("Xiamen Guang Hong")	Production and processing of optical film products for LCD displays, assembly and design for LCD modules	260,993	Reinvestment in mainland China through companies registered in a third region.	227,204	-	-	227,204	( 1,669 )	100.00	( 1,669 )	214,599	-	
Guangzhou Youguang Optoelectronics Co., Ltd. ("Guangzhou Youguang")	Production of light box, LED Opto-electronic compound and lighting products	122,851	Reinvestment in mainland China through companies registered in a third region.	15,095	-	-	15,095	-	12.82	-	-	-	
Ningbo Changli New Material Limited ("Ningbo Changli")	Trading business of LCD material and BMC material	6,503	Reinvestment in mainland China through companies registered in a third region.	-	-	-	-	10,989	100.00	10,989	18,812	-	

(Continued)

(Continued from previous page)

Investor	Accumulated Outward Remittance for Investment in mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA (Note 4)	Limit on the amount of investment in the mainland China area (Note 5)
Wah Hong Industrial Corp.	\$ 878,683	\$ 1,937,956	\$ 2,518,905

Note 1: Investments through Wah Hong Holding Ltd. and then invest through Wah Hong Technology Ltd.

Note 2: Investments through Wah Hong Holding Ltd. and then through Allied Royal LLC.

Note 3: Qingdao Changhong refunded the share capital of US\$8,000 thousand by capital reduction in May 2023 as resolved by the Shareholders' Meeting, and repatriated it to Wah Hong Technology Ltd., its investor, in September 2023.

Note 4: The difference between the investment amount of NT\$1,937,956 thousand approved by the Investment Committee of the Ministry of Economic Affairs and the accumulated investment amount of NT\$878,683 thousand repatriated from Taiwan is NT\$1,059,273 thousand, which is due to the capital increase of NT\$553,139 thousand from the sub-subsidiary surplus in mainland China. The reinvestment of NT\$250,174 thousand from Wah Hong Holding Ltd. and the refunded share capital from Qingdao Changhong by capital reduction of NT\$255,960 thousand have yet to be declared to the Investment Committee of the Ministry of Economic Affairs for review.

Note 5: The upper limit on investment in mainland China is determined by sixty percent (60%) of the Company's net worth.

## Independent Auditor 's Report

The Board of Directors and Shareholders

Wah Hong Industrial Corporation

### **Audit Opinion**

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

In our opinion, the said individual financial statements were prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and present fairly and sufficiently the position of the Company as of December 31, 2023 and 2022, and its performance and its cash flows for the years then ended.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

The key audit matter of the Company's individual financial statements for the year ended December 31, 2023 is discussed as follows:

Occurrence of revenue from specific customers

The main revenue of the Company comes from the sales of LCD optical materials and other products. As the sales revenue from specific customers had a significant increase compared with the previous year, the auditor regards the authenticity of the sales revenue of these specific customers as a key audit item in accordance with the provisions of auditing standards on presupposing revenue as a significant risk.

For the revenue-recognition accounting policies, please refer to Note IV of the financial report.

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

- I. We understood and tested the design and operating effectiveness of the internal controls relevant to shipment and revenue recognition.
- II. Obtain detailed information on sales revenue from specific customers and select appropriate samples, review the documents such as shipment declaration or receipt, and check the proof of receipt of payment and whether it is consistent with the target of the shipment to confirm that the revenue has actually occurred.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

**Auditors' Responsibilities for the Individual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but

is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect any material misstatement in the individual statements. Misstatements may be a result of fraud or error. Misrepresentation of individual amounts or aggregated amounts is considered material if it can reasonably be expected to affect economic decisions made by users of financial statements.

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

- I. Identify and assess the risks of material misstatement of the individual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or go beyond the internal control.
- II. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- V. Evaluate the overall presentation, structure and content of the individual financial statements, including the disclosures, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- VI. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the individual financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chiu-Yen, Wu and Chen-Li, Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 13, 2024

**Notice to Readers**

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

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

WAH HONG INDUSTRIAL CORP.  
INDIVIDUAL BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents (Notes IV and VI)	\$ 229,950	4	\$ 387,558	6
1110	Financial assets at fair value through profit or loss – current (Notes IV, VII and XXVI)	82,736	1	90,360	1
1150	Notes receivable (Notes IV, IX and XXI)	24,981	-	20,249	-
1170	Accounts receivable, net (Notes IV, IX and XXI)	687,815	10	666,666	9
1180	Accounts receivable – related parties (Notes IV, IX, XXI and XXVII)	760,740	12	590,073	8
1200	Other receivables (Note XXVII)	15,073	-	14,791	-
130X	Inventories (Notes IV and X)	199,550	3	337,972	5
1479	Other current assets	16,875	-	6,927	-
11XX	Total current assets	<u>2,017,720</u>	<u>30</u>	<u>2,114,596</u>	<u>29</u>
	<b>NON-CURRENT ASSETS</b>				
1510	Financial assets at fair value through other comprehensive income (Notes IV, VIII and XXVI)	678,180	10	599,515	9
1550	Investments accounted for using equity method (Notes IV and XI)	3,330,001	50	3,818,008	53
1600	Property, plant and equipment (Notes IV, XII, XXVII, XXVIII and XXIX)	543,300	8	573,521	8
1755	Right-of-use assets (Notes IV and XIII)	19,665	-	13,959	-
1780	Other intangible assets	27,098	1	16,878	-
1840	Deferred income tax assets (Notes IV and XXIII)	50,261	1	78,310	1
1920	Refundable deposits	3,250	-	3,172	-
1990	Other non-current assets	2,361	-	1,218	-
15XX	Total non-current assets	<u>4,654,116</u>	<u>70</u>	<u>5,104,581</u>	<u>71</u>
1XXX	TOTAL	<u>\$ 6,671,836</u>	<u>100</u>	<u>\$ 7,219,177</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
2100	Short-term loans (Note XIV)	\$ 775,068	12	\$ 1,484,467	21
2110	Short-term bills payable (Note XV)	170,000	3	-	-
2170	Accounts payable (Note XVI)	500,205	7	491,904	7
2180	Accounts Payables to related parties (Notes XVI and XXVII)	16,991	-	28,102	-
2219	Other payables (Note XVII)	327,436	5	335,747	5
2280	Lease liabilities – current (Notes IV and XIII)	9,118	-	5,161	-
2230	Current tax liabilities (Note IV)	11,112	-	19,325	-
2399	Other current liabilities (Notes IV and XXI)	9,758	-	11,433	-
21XX	Total current liabilities	<u>1,819,688</u>	<u>27</u>	<u>2,376,139</u>	<u>33</u>
	<b>NON-CURRENT LIABILITIES</b>				
2540	Long-term loans (Notes XVIII and XXVIII)	458,802	7	458,144	6
2570	Deferred income tax liabilities (Notes IV and XXIII)	156,272	2	218,125	3
2580	Lease liabilities – non-current (Notes IV and XIII)	10,949	-	9,092	-
2640	Net defined benefit liability (Notes IV and XIX)	27,073	1	37,508	1
2645	Guarantee deposits received	877	-	1,317	-
25XX	Total non-current liabilities	<u>653,973</u>	<u>10</u>	<u>724,186</u>	<u>10</u>
2XXX	Total liabilities	<u>2,473,661</u>	<u>37</u>	<u>3,100,325</u>	<u>43</u>
	<b>EQUITY (Note XX)</b>				
3100	Share capital	1,000,044	15	1,000,044	14
3200	Capital surplus	2,048,734	31	2,048,734	28
	Retained earnings				
3310	Legal reserve	497,824	7	470,193	7
3320	Special reserve	368,706	6	310,734	4
3350	Unappropriated earnings	666,247	10	698,081	10
3300	Total retained earnings	<u>1,532,777</u>	<u>23</u>	<u>1,479,008</u>	<u>21</u>
3400	Other equity	( 343,152 )	( 5 )	( 368,706 )	( 5 )
3500	Treasury stock (Note XX)	( 40,228 )	( 1 )	( 40,228 )	( 1 )
3XXX	Total equity	<u>4,198,175</u>	<u>63</u>	<u>4,118,852</u>	<u>57</u>
	TOTAL	<u>\$ 6,671,836</u>	<u>100</u>	<u>\$ 7,219,177</u>	<u>100</u>

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



WAH HONG INDUSTRIAL CORP.  
INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Code		2023		2022	
		Amount	%	Amount	%
4100	OPERATING REVENUE (Notes IV, XXI and XXVII)	\$3,661,241	100	\$4,080,783	100
5110	OPERATING COSTS (Notes X, XXII and XXVII)	<u>3,145,782</u>	<u>86</u>	<u>3,587,244</u>	<u>88</u>
5900	GROSS PROFIT	515,459	14	493,539	12
5910	Unrealized gross profit of associate company	( 11,660)	-	( 13,938)	-
5920	Realized gross profit of associate company	<u>15,837</u>	<u>-</u>	<u>20,009</u>	<u>-</u>
5950	Realized gross profit	<u>519,636</u>	<u>14</u>	<u>499,610</u>	<u>12</u>
	OPERATING EXPENSES (Notes IX and XXII)				
6100	Selling and marketing expenses	106,960	3	118,751	3
6200	General and administrative expenses	216,089	6	217,311	5
6300	Research and development	154,267	4	141,852	4
6450	Expected credit impairment loss (reversal of benefits)	<u>87</u>	<u>-</u>	<u>( 120)</u>	<u>-</u>
6000	Total operating expenses	<u>477,403</u>	<u>13</u>	<u>477,794</u>	<u>12</u>
6900	OPERATING INCOME	<u>42,233</u>	<u>1</u>	<u>21,816</u>	<u>-</u>
	NON-OPERATING INCOME AND EXPENSES (Notes XXII and XXVII)				
7100	Interest revenue	3,104	-	575	-
7010	Other revenue	100,863	3	103,104	2
7020	Other gains and losses	2,744	-	( 1,267)	-
7050	Finance costs	( 64,985)	( 2)	( 41,928)	( 1)
7070	Share of profits of subsidiaries and associates	<u>144,291</u>	<u>4</u>	<u>231,397</u>	<u>6</u>
7000	Total non-operating income and expenses	<u>186,017</u>	<u>5</u>	<u>291,881</u>	<u>7</u>

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Code		2023		2022	
		Amount	%	Amount	%
7900	Profit before income tax	\$ 228,250	6	\$ 313,697	7
7950	INCOME TAX EXPENSE (Notes IV and XXIII)	( 25,869)	( 1)	( 51,224)	( 1)
8200	NET PROFIT FOR THE YEAR	<u>202,381</u>	<u>5</u>	<u>262,473</u>	<u>6</u>
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes XIX, XX and XXIII)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	( 1,039)	-	17,301	1
8316	Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	69,937	2	( 107,746)	( 3)
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>208</u>	<u>-</u>	( <u>3,460</u> )	<u>-</u>
		<u>69,106</u>	<u>2</u>	( <u>93,905</u> )	( <u>2</u> )
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	( 21)	-	305	-
8380	Share of other comprehensive gain (loss) of subsidiaries accounted for using the equity method	( 55,457)	( 1)	61,911	1
8399	Income tax relating to items that may be reclassified	<u>11,095</u>	<u>-</u>	( <u>12,442</u> )	<u>-</u>
		( <u>44,383</u> )	( <u>1</u> )	<u>49,774</u>	<u>1</u>
8300	Other comprehensive gain (loss) for the year, net of income tax	<u>24,723</u>	<u>1</u>	( <u>44,131</u> )	( <u>1</u> )

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Code		2023		2022	
		Amount	%	Amount	%
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 227,104</u>	<u>6</u>	<u>\$ 218,342</u>	<u>5</u>
	EARNINGS PER SHARE (Note XXIV)				
9710	Basic	<u>\$ 2.05</u>		<u>\$ 2.66</u>	
9810	Diluted	<u>\$ 2.02</u>		<u>\$ 2.60</u>	

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

WAH HONG INDUSTRIAL CORP.  
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		Share capital	Capital surplus	Retained earnings			Other equity		Total	Treasury stock	Total equity
				Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized gain/(loss) on financial assets at fair value through other comprehensive income			
A1	BALANCE AT JANUARY 1, 2022	\$ 1,000,044	\$ 2,048,734	\$ 427,464	\$ 311,174	\$ 710,357	(\$ 289,782)	(\$ 20,952)	(\$ 310,734)	(\$ 40,228)	\$ 4,146,811
	Appropriation of 2021 earnings (Note XX)										
B1	Legal reserve	-	-	42,729	-	( 42,729)	-	-	-	-	-
B3	Reversal of special surplus reserve	-	-	-	( 440)	440	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	( 246,301)	-	-	-	-	( 246,301)
		-	-	42,729	( 440)	( 288,590)	-	-	-	-	( 246,301)
D1	Net profit for the year ended December 31, 2022	-	-	-	-	262,473	-	-	-	-	262,473
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	13,841	49,774	( 107,746)	( 57,972)	-	( 44,131)
D5	Total comprehensive income for the year ended December 31, 2022	-	-	-	-	276,314	49,774	( 107,746)	( 57,972)	-	218,342
Z1	BALANCE AT DECEMBER 31, 2022	1,000,044	2,048,734	470,193	310,734	698,081	( 240,008)	( 128,698)	( 368,706)	( 40,228)	4,118,852
	Appropriation of 2022 earnings (Note XX)										
B1	Legal reserve	-	-	27,631	-	( 27,631)	-	-	-	-	-
B3	Special reserve	-	-	-	57,972	( 57,972)	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	( 147,781)	-	-	-	-	( 147,781)
		-	-	27,631	57,972	( 233,384)	-	-	-	-	( 147,781)
D1	Net profit for the year ended December 31, 2023	-	-	-	-	202,381	-	-	-	-	202,381
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	( 831)	( 44,383)	69,937	25,554	-	24,723
D5	Total comprehensive income for the year ended December 31, 2023	-	-	-	-	201,550	( 44,383)	69,937	25,554	-	227,104
Z1	BALANCE AT DECEMBER 31, 2023	\$ 1,000,044	\$ 2,048,734	\$ 497,824	\$ 368,706	\$ 666,247	(\$ 284,391)	(\$ 58,761)	(\$ 343,152)	(\$ 40,228)	\$ 4,198,175

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

WAH HONG INDUSTRIAL CORP.  
INDIVIDUAL STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Profit before income tax	\$228,250	\$313,697
A20010	Adjustments for:		
A20100	Depreciation expense	82,683	119,528
A20200	Amortization expense	37,457	31,166
A20300	Expected credit impairment loss (reversal of benefits)	87	( 120)
A20400	Gain (Loss) on financial instruments at fair value through profit or loss	( 6,605)	42,735
A20900	Finance costs	64,985	41,928
A21200	Interest income	( 3,104)	( 575)
A21300	Dividend income	( 43,831)	( 44,541)
A22400	Share of profit of associates accounted for using the equity method	( 144,291)	( 231,397)
A22500	Loss (Gain) on disposal of property, plant and equipment, net	91	( 806)
A23700	Inventory loss (benefit recovery)	( 10,374)	33,880
A23900	Unrealized gross profit of associate company	11,660	13,938
A24000	Realized gross profit of associate company	( 15,837)	( 20,009)
A24100	Unrealized net gain on foreign exchange	( 12,759)	( 11,938)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	( 4,732)	8,219
A31150	Accounts receivable	( 191,903)	543,210
A31180	Other receivables	( 1,193)	4,676
A31200	Inventories	148,796	5,604
A31230	Other current assets	( 9,948)	858
A32150	Accounts payable	( 2,810)	( 322,160)
A32180	Other payables	( 4,006)	( 26,454)
A32230	Other current liabilities	( 1,675)	( 4,209)
A32240	Net defined benefit liabilities	( 11,474)	( 11,147)
A33000	Cash generated from operations	109,467	486,083
A33100	Interest received	3,104	575
A33200	Dividends received	44,743	42,400
A33300	Interest paid	( 56,771)	( 33,889)
A33500	Income tax paid	( 56,583)	( 21,546)
AAAA	Net cash generated from operating activities	<u>43,960</u>	<u>473,623</u>

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Code		2023	2022
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
B00010	Purchase of financial assets at fair value through other comprehensive income	(\$ 8,728)	(\$444,401)
B00200	Disposal of financial assets at fair value through profit or loss	14,230	8,003
B01800	Investment obtained using the equity method	-	( 10,000)
B02700	Payments for property, plant and equipment	( 52,123)	( 39,745)
B02800	Proceeds from disposal of property, plant and equipment	2,701	38
B03800	Increase in guarantee deposits paid	( 78)	( 1,772)
B04500	Acquisitions of Intangible assets	( 48,821)	( 31,096)
B07600	Cash Dividend on acquisition of subsidiaries	<u>383,686</u>	<u>195,068</u>
BBBB	Net cash inflows (outflows) from investing activities	<u>290,867</u>	( <u>323,905</u> )
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
C00100	Increase (decrease) in short-term borrowings	( 703,391)	518,326
C00500	Increase (decrease) in short-term notes payable	170,000	( 280,000)
C01600	Increase in long-term borrowings	-	501,116
C01700	Repayments of long-term borrowings	-	( 557,547)
C03100	Decrease in guarantee deposits received	( 440)	( 438)
C04020	Repayment of the principal portion of lease liabilities	( 8,898)	( 7,977)
C04500	Cash dividends	( 147,781)	( 246,301)
C05400	Payment of ownership interests in subsidiaries	( 57,885)	-
C09900	Refund of stock capital from capital reduction of subsidiaries	<u>255,960</u>	<u>-</u>
CCCC	Net cash used in financing activities	( <u>492,435</u> )	( <u>72,821</u> )
EEEE	<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	( 157,608)	76,897
E00100	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>387,558</u>	<u>310,661</u>
E00200	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$229,950</u>	<u>\$387,558</u>

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

## Independent Auditors' Report

The Board of Directors and Shareholders

Wah Hong Industrial Corporation

### **Audit Opinion**

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

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

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those CPA's professional judgments, which are also the most significance matters in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements

as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2023 is discussed as follows:

Occurrence of revenue from specific customers

The main revenue of the Group comes from the sales of LCD optical materials and other products. As the sales revenue from specific customers had a significant increase compared with the previous year, the auditor regards the authenticity of the sales revenue of these specific customers as a key audit item in accordance with the provisions of auditing standards on presupposing revenue as a significant risk.

For the revenue-recognition accounting policies, please refer to Note IV of the financial report.

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

- I. We understood and tested the design and operating effectiveness of the internal controls relevant to shipment and revenue recognition.
- II. Obtain detailed information on sales revenue from specific customers and select appropriate samples, review the documents such as shipment declaration or receipt, and check the proof of receipt of payment and whether it is consistent with the target of the shipment to confirm that the revenue has actually occurred.

**Other Matter**

We have also audited the parent company - Wah Hong Industrial Corporation's financial report as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and accounting principles adopted for going concern basis, unless management either



intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable confidence is high confidence, but there is no guarantee that the audit work performed in accordance with the auditing standards will be able to detect material misrepresentations in the consolidated financial report. Misstatements may be a result of fraud or error. Misrepresentation of individual amounts or aggregated amounts is considered material if it can reasonably be expected to affect economic decisions made by users of consolidated financial statements.

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

- I. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. Implement an appropriate countermeasures based on the assessment of risk design; and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or go beyond the internal control.
- II. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- IV. Regarding the appropriateness of the going concern that management adopted, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, we have to make a conclusion according to the evidence audited. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future

events or conditions might cause the Group to cease the continue as a going concern.

- V. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- VI. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chiu-Yen, Wu and Chen-Li, Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 13, 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.*

*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 HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					
1100	Cash and cash equivalents (Notes IV and VI)	\$ 1,182,925	15	\$ 1,583,015	19
1110	Financial assets at fair value through profit or loss - current (Notes IV, VII and XXVIII)	432,536	5	697,872	8
1150	Notes receivable (Notes IV, IX and XXIII)	360,135	4	189,249	2
1170	Accounts receivable, net (Notes IV, IX, XXIII and XXIX)	2,526,933	32	2,517,030	30
1200	Other receivables, net (Notes IV, IX, and XXIX)	18,207	-	19,782	-
1220	Current tax assets (Notes IV and XXV)	3,660	-	1,322	-
130X	Inventories (Notes IV and X)	691,426	9	998,476	12
1476	Other financial assets (Notes XII and XXX)	151,694	2	78,445	1
1479	Other current assets	56,152	1	35,531	-
11XX	Total current assets	<u>5,423,668</u>	<u>68</u>	<u>6,120,722</u>	<u>72</u>
<b>NON-CURRENT ASSETS</b>					
1517	Financial assets at fair value through other comprehensive income - non-current (Notes IV, VIII, and XXVIII)	691,920	9	601,031	7
1550	Investments accounted for using equity method (Notes IV and XI)	5,298	-	10,447	-
1600	Property, plant and equipment (Notes IV, XIV, XXX and XXXI)	1,474,132	19	1,520,620	18
1755	Right-of-use assets (Notes IV and XV)	206,218	3	136,815	2
1780	Other intangible assets (Note IV)	39,527	-	21,893	-
1840	Deferred tax assets (Notes IV and XXV)	66,237	1	96,356	1
1920	Refundable deposits	25,623	-	25,784	-
1990	Other non-current assets	2,362	-	1,218	-
15XX	Total non-current assets	<u>2,511,317</u>	<u>32</u>	<u>2,414,164</u>	<u>28</u>
1XXX	TOTAL	<u>\$ 7,934,985</u>	<u>100</u>	<u>\$ 8,534,886</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
2100	Short-term borrowings (Note XVI)	\$ 780,049	10	\$ 1,511,876	18
2110	Short-term bills payable (Note XVII)	170,000	2	-	-
2150	Notes payable (Note XVIII)	251,463	3	113,667	1
2170	Accounts payable (Notes XVIII and XXIX)	1,088,691	14	1,192,361	14
2200	Other payables (Note XIX)	508,377	6	541,708	6
2230	Current tax liabilities (Notes IV and XXV)	16,193	-	117,843	2
2280	Lease liabilities - current (Notes IV and XV)	41,559	1	21,998	-
2399	Other current liabilities (Note XXIII)	15,490	-	16,463	-
21XX	Total current liabilities	<u>2,871,822</u>	<u>36</u>	<u>3,515,916</u>	<u>41</u>
<b>NON-CURRENT LIABILITIES</b>					
2540	Long-term borrowings (Notes XX and XXX)	458,802	6	458,144	5
2570	Deferred tax liabilities (Notes IV and XXV)	157,253	2	219,404	3
2580	Lease liabilities - non-current (Notes IV and XV)	107,298	2	68,437	1
2640	Net defined benefit liabilities - non-current (Notes IV and XXI)	27,073	-	37,508	-
2645	Guarantee deposits received	1,887	-	2,361	-
25XX	Total non-current liabilities	<u>752,313</u>	<u>10</u>	<u>785,854</u>	<u>9</u>
2XXX	Total liabilities	<u>3,624,135</u>	<u>46</u>	<u>4,301,770</u>	<u>50</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> (Note XXII)					
3100	Share capital	1,000,044	13	1,000,044	12
3200	Capital surplus	2,048,734	26	2,048,734	24
Retained earnings					
3310	Legal reserve	497,824	6	470,193	5
3320	Special reserve	368,706	5	310,734	4
3350	Unappropriated earnings	666,247	8	698,081	8
3300	Total retained earnings	<u>1,532,777</u>	<u>19</u>	<u>1,479,008</u>	<u>17</u>
3400	Other equity	(343,152)	(4)	(368,706)	(4)
3500	Treasury stock (Note XXII)	(40,228)	(1)	(40,228)	(1)
31XX	Total equity attributable to owners of the Company	<u>4,198,175</u>	<u>53</u>	<u>4,118,852</u>	<u>48</u>
36XX	NON-CONTROLLING INTERESTS (Note XXII)	<u>112,675</u>	<u>1</u>	<u>114,264</u>	<u>2</u>
3XXX	Total equity	<u>4,310,850</u>	<u>54</u>	<u>4,233,116</u>	<u>50</u>
TOTAL		<u>\$ 7,934,985</u>	<u>100</u>	<u>\$ 8,534,886</u>	<u>100</u>

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

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Code		2023		2022	
		Amount	%	Amount	%
4100	OPERATING REVENUE (Notes IV, XXIII and XXIX)	\$ 7,518,472	100	\$ 9,183,092	100
5110	OPERATING COSTS (Notes X, XXIV and XXIX)	<u>6,467,054</u>	<u>86</u>	<u>8,005,893</u>	<u>87</u>
5900	GROSS PROFIT	<u>1,051,418</u>	<u>14</u>	<u>1,177,199</u>	<u>13</u>
	OPERATING EXPENSES (Notes IX and XXIV)				
6100	Selling and marketing expenses	223,262	3	258,581	3
6200	General and administrative expenses	356,390	5	363,952	4
6300	Research and development	229,285	3	214,336	2
6450	Benefits from reversal of expected credit impairment loss	( <u>5,944</u> )	<u>-</u>	( <u>6,885</u> )	<u>-</u>
6000	Total operating expenses	<u>802,993</u>	<u>11</u>	<u>829,984</u>	<u>9</u>
6900	OPERATING INCOME	<u>248,425</u>	<u>3</u>	<u>347,215</u>	<u>4</u>
	NON-OPERATING INCOME AND EXPENSES (Note XXIV)				
7100	Interest revenue	24,709	1	19,473	-
7010	Other revenue	69,850	1	81,965	1
7020	Other gains and losses	22,235	-	20,899	-
7050	Finance costs	( 69,029)	( 1)	( 47,007)	-
7060	Share of profit and loss of affiliated enterprises recognized by equity method	( <u>5,149</u> )	<u>-</u>	<u>447</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>42,616</u>	<u>1</u>	<u>75,777</u>	<u>1</u>
7900	Profit before income tax	291,041	4	422,992	5
7950	INCOME TAX EXPENSE (Notes IV and XXV)	<u>69,610</u>	<u>1</u>	<u>138,821</u>	<u>2</u>

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Code		2023		2022	
		Amount	%	Amount	%
8200	NET PROFIT FOR THE YEAR	<u>\$ 221,431</u>	<u>3</u>	<u>\$ 284,171</u>	<u>3</u>
	OTHER COMPREHENSIVE INCOME (Notes XXI, XXII and XXV)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	( 1,039)	-	17,301	-
8316	Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	69,937	1	( 107,746)	( 1)
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>208</u>	<u>-</u>	<u>( 3,460)</u>	<u>-</u>
8310		<u>69,106</u>	<u>1</u>	<u>( 93,905)</u>	<u>( 1)</u>
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	( 57,827)	( 1)	63,969	1
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	<u>11,095</u>	<u>-</u>	<u>( 12,442)</u>	<u>-</u>
8360		<u>( 46,732)</u>	<u>( 1)</u>	<u>51,527</u>	<u>1</u>
8300	Other comprehensive gain (loss) for the year, net of income tax	<u>22,374</u>	<u>-</u>	<u>( 42,378)</u>	<u>-</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 243,805</u>	<u>3</u>	<u>\$ 241,793</u>	<u>3</u>

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Code		2023		2022	
		Amount	%	Amount	%
	NET PROFIT ATTRIBUTABLE				
	TO:				
8610	Owners of the Company	\$ 202,381	3	\$ 262,473	3
8620	Non-controlling interests	<u>19,050</u>	<u>-</u>	<u>21,698</u>	<u>-</u>
8600		<u>\$ 221,431</u>	<u>3</u>	<u>\$ 284,171</u>	<u>3</u>
	TOTAL COMPREHENSIVE				
	INCOME ATTRIBUTABLE				
	TO:				
8710	Owners of the Company	\$ 227,104	3	\$ 218,342	3
8720	Non-controlling interests	<u>16,701</u>	<u>-</u>	<u>23,451</u>	<u>-</u>
8700		<u>\$ 243,805</u>	<u>3</u>	<u>\$ 241,793</u>	<u>3</u>
	EARNINGS PER SHARE (Note				
	XXVI)				
9710	Basic	<u>\$ 2.05</u>		<u>\$ 2.66</u>	
9810	Diluted	<u>\$ 2.02</u>		<u>\$ 2.60</u>	

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

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Equity Attributable to Owners of the Company													
Code		Share capital	Capital surplus	Retained earnings			Exchange differences on translation of the financial statements of foreign operations	Other equity		Treasury stock	Total	Non-controlling interests	Total equity
				Legal reserve	Special reserve	Unappropriated earnings		Unrealized loss on financial assets at fair value through other comprehensive income	Total				
A1	BALANCE AT JANUARY 1, 2022	\$ 1,000,044	\$ 2,048,734	\$ 427,464	\$ 311,174	\$ 710,357	(\$ 289,782)	(\$ 20,952)	(\$ 310,734)	(\$ 40,228)	\$ 4,146,811	\$ 109,687	\$ 4,256,498
	Appropriation of 2021 earnings (Note XXII)												
B1	Legal reserve	-	-	42,729	-	( 42,729 )	-	-	-	-	-	-	-
B3	Reversal of special surplus reserve	-	-	-	( 440 )	440	-	-	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	( 246,301 )	-	-	-	-	( 246,301 )	-	( 246,301 )
		-	-	42,729	( 440 )	( 288,590 )	-	-	-	-	( 246,301 )	-	( 246,301 )
D1	Net profit for the year ended December 31, 2022	-	-	-	-	262,473	-	-	-	-	262,473	21,698	284,171
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	13,841	49,774	( 107,746 )	( 57,972 )	-	( 44,131 )	1,753	( 42,378 )
D5	Total comprehensive income for the year ended December 31, 2022	-	-	-	-	276,314	49,774	( 107,746 )	( 57,972 )	-	218,342	23,451	241,793
O1	Decrease in non-controlling interests (Note XXII)	-	-	-	-	-	-	-	-	-	-	( 18,874 )	( 18,874 )
Z1	BALANCE AT DECEMBER 31, 2022	1,000,044	2,048,734	470,193	310,734	698,081	( 240,008 )	( 128,698 )	( 368,706 )	( 40,228 )	4,118,852	114,264	4,233,116
	Appropriation of 2022 earnings (Note XXII)												
B1	Legal reserve	-	-	27,631	-	( 27,631 )	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	57,972	( 57,972 )	-	-	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	( 147,781 )	-	-	-	-	( 147,781 )	-	( 147,781 )
		-	-	27,631	57,972	( 233,384 )	-	-	-	-	( 147,781 )	-	( 147,781 )
D1	Net profit for the year ended December 31, 2023	-	-	-	-	202,381	-	-	-	-	202,381	19,050	221,431
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	( 831 )	( 44,383 )	69,937	25,554	-	24,723	( 2,349 )	22,374
D5	Total comprehensive income for the year ended December 31, 2023	-	-	-	-	201,550	( 44,383 )	69,937	25,554	-	227,104	16,701	243,805
O1	Decrease in non-controlling interests (Note XXII)	-	-	-	-	-	-	-	-	-	-	( 18,290 )	( 18,290 )
Z1	BALANCE AT DECEMBER 31, 2023	\$ 1,000,044	\$ 2,048,734	\$ 497,824	\$ 368,706	\$ 666,247	(\$ 284,391)	(\$ 58,761)	(\$ 343,152)	(\$ 40,228)	\$ 4,198,175	\$ 112,675	\$ 4,310,850

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



WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Profit before income tax	\$ 291,041	\$ 422,992
A20010	Adjustments for:		
A20100	Depreciation expense	245,856	294,864
A20200	Amortization expense	30,381	34,322
A20300	Benefits from reversal of expected credit impairment loss	( 5,944)	( 6,885)
A20400	Gain (Loss) on financial instruments at fair value through profit or loss	( 22,041)	29,999
A20900	Finance costs	69,029	47,007
A21200	Interest revenue	( 24,709)	( 19,473)
A21300	Dividend income	( 43,831)	( 44,541)
A22300	Share of profit and loss of affiliated enterprises recognized by equity method	5,149	( 447)
A22500	Loss on disposal of property, plant and equipment	3,577	1,365
A23700	Inventories losses	5,279	129,463
A24100	Unrealized net gain on foreign exchange	( 12,528)	( 10,951)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	( 171,405)	80,026
A31150	Accounts receivable	( 8,508)	1,136,250
A31180	Other receivables	6,186	24,978
A31200	Inventories	302,777	174,701
A31240	Other current assets	( 20,621)	23,971
A32130	Notes payable	137,796	( 65,059)
A32150	Accounts payable	( 103,670)	( 769,991)
A32180	Other payables	( 31,224)	( 141,281)
A32230	Other current liabilities	( 973)	( 1,343)
A32240	Net defined benefit liabilities	( 11,474)	( 11,147)
A33000	Cash generated from operations	640,143	1,328,820
A33100	Interest received	24,381	17,196
A33200	Dividends received	44,743	42,400
A33300	Interest paid	( 67,610)	( 38,631)
A33500	Income tax paid	( 195,604)	( 121,352)
AAAA	Net cash generated from operating activities	<u>446,053</u>	<u>1,228,433</u>

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Code		2023	2022
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
B00010	Purchase of financial assets at fair value through other comprehensive income	(\$ 20,952)	(\$ 444,401)
B00100	Purchase of financial assets at fair value through profit or loss	( 773,296)	( 1,228,722)
B00200	Disposal of financial assets at fair value through profit or loss	1,054,021	909,630
B01800	Investment obtained using the equity method	-	( 10,000)
B02700	Payments for property, plant and equipment	( 181,895)	( 106,874)
B02800	Proceeds from disposal of property, plant and equipment	10,683	1,418
B03700	Decrease (increase) in guarantee deposits paid	( 229)	8,504
B04200	Decrease in other receivables	-	266,926
B04500	Acquisitions of Intangible assets	( 49,499)	( 32,200)
B06500	Increase in other financial assets	( 73,249)	( 37,880)
BBBB	Net cash used in investing activities	<u>( 34,416)</u>	<u>( 673,599)</u>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
C00100	Increase (decrease) in short-term borrowings	( 726,076)	407,025
C00500	Increase (decrease) in short-term notes payable	170,000	( 280,000)
C01600	Increase in long-term borrowings	-	501,116
C01700	Repayments of long-term borrowings	-	( 557,547)
C03100	Decrease in guarantee deposits received	( 455)	( 304)
C04020	Repayment of the principal portion of lease liabilities	( 62,725)	( 48,920)
C04500	Cash dividends	( 147,781)	( 246,301)
C05800	Change in non-controlling interests	( 18,290)	( 18,874)
CCCC	Net cash used in financing activities	<u>( 785,327)</u>	<u>( 243,805)</u>
DDDD	<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS</b>	<u>( 26,400)</u>	<u>51,015</u>
EEEE	<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>( 400,090)</u>	<u>362,044</u>
E00100	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>1,583,015</u>	<u>1,220,971</u>

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<u>Code</u>		<u>2023</u>	<u>2022</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$1,182,925</u>	<u>\$1,583,015</u>

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

Wah Hong Industrial Corporation  
Appropriation of Earnings Schedule  
2023

Unit: NT\$

Item	Amount	
	Subtotal	Total
Unappropriated earnings at the beginning of a period		464,694,985
Add: Current net income after tax	202,380,013	
Less: Remeasurement of defined benefit plans included in retained earnings	(831,008)	
Current net profit after tax plus items other than net profit after tax for the current period		201,549,005
Less: Legal reserve		(20,154,901)
Add: Special surplus reserve (reverse)		25,555,587
Appropriable earnings		671,644,676
Distribution items		
Divisions of shareholders -- cash (distribute NT\$ 1.2 per share)		(118,224,497)
Unappropriated earnings at the end of a period		553,420,179

Note:

This amount of earnings distribution is the preferential distribution for 2023 earnings.

Chairman:  
Tsuen-Hsien, Chang

President:  
Ching-Pin, Yeh

Chief Accounting Officer:  
Hui-Jung, Chang-Chien

Wah Hong Industrial Corporation  
Rules of Procedure for Meeting of Shareholder

Approved the amendment by Shareholders' Meeting on May 29, 2023.

1. Unless otherwise stipulated by laws and regulations, the Shareholders' Meeting of the Company shall be conducted in accordance with these rules.

2. Shareholders or proxies attending the Shareholders' Meeting shall sign in, and the sign-in procedures shall be replaced by the sign-in card.

The number of shares represented by the shareholders in session shall be based on the quantity of shares stated in the attendance cards being submitted, plus the quantity of voting shares cast in writing or electronic mean. Shareholders or their proxies shall attend a Shareholders' Meeting with certifying identification documents to be checked. The Company shall not arbitrarily raise additional requirements for other certifying documents beyond those showing eligibility to attend as presented by shareholders. A solicitor soliciting a Power of Attorney shall also take identification documents for verification.

3. Unless otherwise provided by law or regulation, the Company's Shareholders' Meeting shall be convened by the board of directors.

Any change in the mode of convention of the Shareholders' Meeting shall be subject to the resolution of the Board and shall be made known to the shareholders no later than the scheduled date of the convention.

In calling for an Annual Shareholders' Meeting, transmit the notice of meeting, the documents for power of attorney, and specify the causes of motions for recognition, discussion, election or relief of the Directors and explanation with compilation into electronic format to MOPS 30 days prior to the scheduled date of regular session and 15 days prior to the schedule date of special session. The Company shall also prepare the Shareholders' Meeting Procedure Handbook and supplementary information in electronic format for sending to MOPS 21 days prior to the scheduled date of regular session and 15 days prior to the schedule date of special session. 15 days prior to the schedule date of the Shareholders' Meeting, the Company shall make available the aforementioned Procedure Handbook and supplementary information for the viewing of the shareholders at any time, and exhibit the said documents at the business place of the Company and the office of the Company entrust professional share registrar and investor service agents.

The Company shall make available the aforementioned Procedure Handbook and supplementary information for the reference of the shareholders on the day of the meeting of shareholders in session:

- (1) Release at the venue where the physical meeting was held.
- (2) Release at the venue where the physical meeting was held, and transmit in electronic file to the videoconference platform if videoconferencing was simultaneously held.
- (3) Transmit in electronic file to the videoconference platform is the session is held via videoconferencing.

The reasons for convening a Shareholders' Meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the Shareholders' Meeting. None of the above matters may be raised by an extemporary motion.

The reason for the convening of the Shareholders' Meeting has stated the overall re-election of directors and the date of their inauguration. After the re-election of the Shareholders' Meeting is completed, the same meeting shall not change the date of their inauguration by extemporary motion or other means.

Shareholder(s) holding 1% or more of the total number of outstanding shares of a company may propose to the Company a proposal for discussion at an Annual Shareholders' Meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. Shareholders may submit a suggestive proposal to urge the Company to promote public interests or fulfill social responsibilities. The procedures shall be provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda subject to the relevant provisions of Article 172-1 of the Company Act.

Prior to the date on which share transfer registration is suspended before the convention of an Annual Shareholders' Meeting, the Company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than 10 days.

The number of words of a proposal to be submitted by a shareholder shall be limited to not more than 300 words, and any proposal containing more than 300 words shall not be included in the agenda of the Annual Shareholders' Meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular Shareholders' Meeting whereat his proposal is to be discussed and shall take part in the discussion of such proposal.

The Company shall, prior to preparing and delivering the Shareholders' Meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the Shareholders' Meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made

by the board of directors at the Shareholders' Meeting to be convened.

4. A shareholder may appoint a proxy to attend a Shareholders' Meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy.

A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the Company no later than 5 days prior to the meeting date of the Shareholders' Meeting. In case two or more written proxies are received from one shareholder, the first one received by the Company shall prevail. Unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later.

If the power of attorney has been delivered to the Company, and the shareholders concerned intend to attend the Shareholders' Meeting to exercise his/her/its voting power in writing or by way of electronic transmission, they shall notify the Company in writing to revoke the previous authorization of agent 2 days prior to the scheduled date of the meeting. Shareholders who cannot revoke the previous authorization of agent beyond the deadline may only attend the meeting by the proxy and vote by the proxy.

If the power of attorney has been delivered to the Company, and the shareholders concerned intend to attend the Shareholders' Meeting via videoconferencing, they shall notify the Company in writing to revoke the previous authorization of agent 2 days prior to the scheduled date of the meeting. Shareholders who cannot revoke the previous authorization of agent beyond the deadline may only attend the meeting by the proxy and vote by the proxy.

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

Shareholders' Meeting of the Company convenes via videoconferencing shall not be governed by the aforementioned restriction.

6. The Company shall specify, in the meeting notice, acceptance shareholder, solicitor, the sign-in time of a proxy (hereinafter referred to as shareholder), sign-in place, and other matters for attention.

The processing of shareholder registration for the meeting shall be started 30 minutes before the scheduled time of the meeting. The registration desk shall be properly marked and staffed with sufficient service personnel. Shareholders shall register for attendance at the videoconference platform 30 minutes prior to the scheduled meeting time if the Shareholder Meeting is held via videoconferencing. Shareholders who completed the registration shall be deemed attending the meeting in person.

Shareholders shall attend a Shareholders' Meeting based on attendance cards, sign-in cards, or other certificates of attendance. The Company shall not arbitrarily raise additional requirements for other certifying documents beyond those showing eligibility to attend as presented by shareholders. A solicitor soliciting a Power of Attorney shall also take identification documents for verification.

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

The Company shall furnish attending shareholders with the Procedure Handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

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

If the Shareholder Meeting convenes via videoconferencing, and the shareholders elect to attend the videoconference, they shall register with the Company 2 days prior to the scheduled date of meeting.

If Shareholders' Meeting is held by videoconference, the Company shall upload the Procedure Handbook, annual report, and other related information to the videoconference platform of Shareholders' Meeting at least 30 minutes prior to the commencement of the meeting until the conclusion.

6-1. If the Company elects to hold the Shareholders' Meeting via videoconferencing, specify the following in the Shareholder Meeting Notice:

- (1) Shareholders participating in videoconferencing and the exercise of rights.
- (2) In case the videoconference platform or the means of participating in videoconference is interrupted due to force majeure such as natural disasters or specific incidents, the Company shall proceed with at least the following to eliminate the situations:
  - A. The aforementioned interruption continued and cannot be eliminated that the videoconference has to be postponed or extended. Specify the date of the postponed meeting or the extended meeting.
  - B. Shareholders who did not register for the videoconference in the first place are not entitled to participate in the deferred or extended videoconference.
  - C. If the Shareholder' Meeting convenes in physical meeting and supported by videoconferencing but the videoconference cannot be continued, and the total quantity of shares represented by the shareholders in both the physical session and videoconference net of the quantity of shares represented by shareholders in videoconference is sufficient to qualify for a quorum, the Shareholder Meeting shall continue. The quantity of shares represented by shareholders participating in videoconference of the session shall be counted as an integral part of the total quantity of shares represented in the meeting. However, these shareholders shall be deemed abstained from participating in all the motions presented in the session.
  - D. If all the motions were resolved and the results were announced pending on the presentation of extemporary motions, the Company shall proceed with the following.
- (3) Appropriate substitution plan shall be provided to shareholders participating in videoconferencing when encountering problems and should be explicitly stated.

7. If the Shareholders' Meeting convenes to the call of the Board, the chairman shall be the chair. In the absence of the chairman due to leave or for other reasons, a director shall be appointed for



this purpose. If the chairman did not appoint any director to preside over the meeting, the directors shall nominate one among themselves to act as the chair.

If a director acts as the chair as mentioned, this director must be in office for at least 6 months and understand the financial position and operation of the Company. The same principle and procedure is applicable to circumstances where the chair is the representative of an Institutional Director.

If a Shareholders' Meeting is convened by the board of directors, the meeting shall be presided over by the chairman in person, and there shall be over half of the directors from the board of directors and at least one member of various functional committees attending the meeting on behalf of these committees, and the attendance status shall be recorded in the minutes of the Shareholders' Meeting.

If the Shareholders' Meeting convenes to the call of a third party other than the Board who is entitled to call for the meeting, this party shall act as the chair in the meeting. If there are two or more persons having the convening right, the chair of the meeting shall be elected from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a Shareholders' Meeting in a non-voting capacity.

8. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the Shareholders' Meeting, and the voting and vote counting procedures.

The preceding video data shall be kept at least one year. If there is legal proceeds instated by shareholders under Article 189 of the Company Act, the said document shall be kept until the final ruling of the proceedings.

If the meeting of shareholders convenes via videoconferencing, the Company shall keep the information on the enrollment, registration, sing-in, query, voting and the vote count result on record and the entire course of meeting shall be voice recorded and videotaped without interruption.

The Company shall properly keep the aforementioned information and voice record and videotape in its perpetuity, and refer the voice record and the videotape to the commissioned professional videoconference service provider for safekeeping.

9. The attendance of shareholders in Shareholders' Meeting shall be accounted for by the quantity of shareholding represented. The number of shares being represented in the meeting is based on the record of the sign-in register or the attendance card being submitted, and the number of shares represented by shareholders registered for videoconferencing, plus the number of voting shares exercised in writing or through electronic voting.

When the time of a meeting has arrived, the chair shall call the meeting to order. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If there are only the shareholders representing less than 1/3 of the total issued shares present after 2 postponements, the chair shall

announce for the lack of quorum for the session. Likewise, the Company shall also announce for the lack of a quorum for the session via videoconferencing.

If session is delayed twice as previously mentioned and the total quantity of shares represented by the attending shareholders falls below 1/3 of the total outstanding shares, provisional resolution may be made pursuant to Paragraph 1 under Article 175 of the Company Act and inform all shareholders of the provision resolution and call for the session of the Shareholders' Meeting again within 1 month thereafter. If the Shareholders' Meeting convenes via videoconferencing, and the shareholders desire to attend via videoconferencing, register again with the Company pursuant to Article 6.

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

10. If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on the proposals on the agenda one by one (including extempore motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution by the Shareholders' Meeting.

If the Shareholders' Meeting convenes to the call of a third party other than the Board who is entitled to call for the meeting shall apply to the provisions of the preceding paragraph.

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

During the session of a Shareholders' Meeting, if the chair declares the adjournment of the meeting in a manner in violation of such rules governing the proceedings of meetings, the other members of the board of directors shall promptly assist the attending shareholders in accordance with statutory procedures, the other members of the board of directors shall promptly assist the attending shareholders in accordance with statutory procedures, a new chair of the meeting may be elected by a resolution to be adopted by a majority of the voting rights represented by the shareholders attending the said meeting to continue the proceedings of the meeting.

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

11. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her/its shareholder account number( or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

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

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 3 minutes. If the shareholder's speech violates the rules or exceeds the scope of the proposal, the chair may terminate the speech.

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

When a juristic person shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one of the representatives so appointed may speak on the same proposal.

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

If the Shareholders' Meeting convenes via videoconferencing, shareholders entitled to participate by videoconferencing may raise questions in text form at the videoconference platform of the Shareholders' Meeting from the commencement to the conclusion of the meeting. No more than two questions could be raised on the same proposal and the length of each question is no more than 200 words where the rules under Paragraphs 1 to 5 could be exempted.

12. The voting of shareholders in Shareholders' Meeting shall be accounted for by the quantity of shareholding represented.

The shares held by shareholders having no voting right shall not be counted in the total number of issued shares while adopting a resolution at a Shareholders' Meeting.

Shareholders shall recuse from voting on motions that may relate to their private interest that would prejudice the interests of the Company and cannot act on behalf of other shareholders in voting.

In the preceding, shares for which voting rights cannot be exercised shall not be counted in the number of votes of shareholders present at the meeting.

Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

13. The Company's shareholders shall be entitled to one vote for each share held by it, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Shareholders' Meeting of the Company is in session, it shall adopt the exercise of voting rights by electronic means and may adopt the exercise of voting rights in writing. When voting rights are exercised in writing or electronic means, the method of exercise shall be specified in the Shareholders' Meeting notice. A shareholder who exercises his/her/its voting power at a Shareholders' Meeting in writing or by way of electronic transmission shall be deemed to have attended the said Shareholders' Meeting in person. But to have waived his/her/its rights with respect to the extemporary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extemporary motions and amendments to original proposals.

In case a shareholder elects to exercise his/her/its voting power in writing or by way of electronic transmission, his/her/its declaration of intention shall be served to the company two days prior to the scheduled meeting date of the Shareholders' Meeting, whereas if two or more declarations of the same intention are served to the company, the first declaration of such intention received shall prevail. Unless an explicit statement to revoke the previous declaration of intent is made in the declaration which comes later.

If a shareholder intends to attend the Shareholders' Meeting in person after having exercised voting rights in writing or electronically, it shall cancel its intention showed in or related to the said exercising of voting rights two days before the meeting date in the same way as it has exercised voting rights. In case of overdue cancellation, it shall be subject to the voting rights exercised in writing or electronically. In case a shareholder has exercised his/her/its voting power in writing or by way of electronic transmission, and has also authorized a proxy to attend the Shareholders' Meeting in his/her/its behalf, then the voting power exercised by the authorized proxy for the said shareholder shall prevail.

If the power of attorney has been delivered to the Company, and the shareholders concerned intend to attend the Shareholders' Meeting via videoconferencing, they shall notify the Company in writing to revoke the previous authorization of agent 2 days prior to the scheduled date of the meeting. Shareholders who cannot revoke the previous authorization of agent beyond the deadline may only attend the meeting by the proxy and vote by the proxy.

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

If it is due for voting, the chair or the designated personnel shall announce the total quantity of voting rights represented by the shareholders in session. Shareholders shall cast their votes on the motions one-by-one. On the day after the adjournment of the Shareholders' Meeting, the result of the yes and no votes, and the abstention, shall be entered into MOPS.

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

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

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

If the Shareholders' Meeting convenes via videoconferencing, shareholders attending the meeting via videoconferencing may cast votes on the motions and election through the videoconference platform after the chair has announced the meeting in session, and complete the voting before the chair announce for the adjournment of the meeting or shall be taken as abstention.

Votes cast in Shareholders' Meeting convenes in via videoconferencing shall be counted at one

time after the chair has announced for the end of voting. The voting and election result shall be announced at the same time.

If the Shareholders' Meeting convenes in physical session and supported by videoconferencing, and the shareholders who have previously registered for attending the meeting through videoconferencing under the Article 6, but later intend to attend the physical session in person, they may cancel the registration in the same manner as registration for attending the meeting through videoconference 2 days prior to the schedule date of the meeting. Shareholders who cancel the previous registration for attending the meeting through videoconference before the deadline may only attend the Shareholders' Meeting via videoconferencing.

Shareholders who cast votes cast in writing or electronic mean without revoking the previous expression of intent cannot vote on the previous motion for a second time, propose amendment to the previous motion, or vote again on the amendment to the previous motion except for extemporary motion.

14. Election of directors at a Shareholders' Meeting, if any, shall be subject to the related election rules formulated by the Company, and the election results shall be announced on the spot, including the list of those elected as directors and the numbers of votes they won and list of those lose the election as directors and the numbers of votes they gained.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If there is legal proceeds instated by shareholders under Article 189 of the Company Act, the said document shall be kept until the final ruling of the proceedings.

15. Resolutions adopted at a Shareholders' Meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chair of the meeting and shall be distributed to all shareholders of the Company within 20 days after the close of the meeting. The preparation and distribution of the minutes of Shareholders' Meeting as required in the preceding paragraph may be effected by means of electronic transmission.

The distribution of the minute of the meeting on record as mentioned may be made by the Company through an announcement by entry into MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of votes won by each candidate in the event of an election of directors. The minutes shall be kept persistently throughout the life of the Company.

If the Shareholders' Meeting convenes via videoconferencing, information on the starting and ending time of the meeting, how the meeting is unfolded, the names of the chair and the record clerk should be inscribed in the minutes of meeting on record further to the particulars to be inscribed as mentioned in the preceding paragraph. In addition, the plan in response to the interruption of the videoconference platform or participation via videoconferencing due to natural disaster, specific incidents or other forms of force majeure, and the status of the response. Further to the aforementioned requirement, if the Shareholders' Meeting is to be convened via

videoconferencing, a substitution plan should be provided for the shareholders who participate via videoconferencing have problems in participating in the meeting , which should be inscribed as an integral part of the minute of meeting on record.

16. The Company shall expressly disclose the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies, and the number of shares represented by the shareholders attending the meeting in writing or electronically, in the meeting place, by using the statistical statement prepared in the stipulated format, on the current day of the Shareholders' Meeting. If a Shareholders' Meeting will be held by videoconference, the Company shall upload the preceding materials to the videoconference platform of Shareholders' Meeting at least 30 minutes before the meeting, and shall continue to disclose them, until the end of the meeting.

When a Company convenes a Shareholders' Meeting with videoconferencing, when the meeting is called to order, the total number of shares represented by shareholders attending the meeting shall be disclosed on the videoconferencing platform. The same shall apply whenever a new tally of the total number of shares represented at the meeting and the number of voting rights thereof is made during the meeting.

17. Staff handling administrative affairs of a Shareholders' Meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel maintain order at the meeting place, they shall wear armband bearing the word "Proctor" or wear identification cards.

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

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

18. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extemporaneous motions) on the meeting agenda have been addressed, the Shareholders' Meeting may adopt a resolution to resume the meeting at another venue.

Under Article 182 of the Company Act, the Shareholders' Meeting resolves to postpone the meeting for not more than or to reconvene the meeting within five days.

19. If the Shareholders' Meeting convenes via videoconferencing, the Company shall disclose the result of voting on each motion and election at the videoconference platform of the Shareholders' Meeting after the voting is concluded, and shall continue the disclosure for at least 15 minutes

after the chair has announced for the adjournment of the meeting.

20. If the Shareholders' Meeting is in session, the chair and the record clerk shall be at the same location in Taiwan.

21. If the Shareholders' Meeting is to be convened via videoconferencing, and there is the occurrence of natural disasters, specific incidents or other forms of force majeure from the time the chair announces the meeting in session to the time the chair announces for the adjournment of the meeting, to the effect that the videoconference platform or the mean of participation in videoconferencing for the meeting is interrupted for more than 30 minutes consecutively, the meeting shall be postponed or extended within 5 days thereafter except under Paragraph 4 under Article 44-20 of the "Regulations Governing the Administration of Shareholder Services of Public Companies" that postponement or extension of the meeting is not required thereby Article 182 of the "Company Act" shall not be applicable to this context.

Shareholders who have not registered for participation in the original meeting of shareholders via videoconferencing cannot participate in the postponed or extended meeting if the meeting is to be postponed or extended.

If the Shareholder Meeting is to be postponed or extended under Paragraph 1, shareholders who have registered to participate through videoconference and have completed the registration for the meeting but are absent for the postponed or extended part of the meeting, the quantity of shares they represented, the voting rights and election rights being exercised in the meeting before postponement or extension shall be included in the total quantity of shares, the voting rights and election rights represented by shareholders attending the postponed or extended part of the meeting.

If the Shareholders' Meeting is to be postponed or extended under Paragraph 1, proposals that have been voted and counted and the result was announced or the list of candidates elected to the seats of directors and supervisors is passed, it will not be necessary to go for a new round of discussion and resolution.

If the Shareholders' Meeting of the Company convenes in physical session supported by videoconferencing at the same time, and the videoconference was interrupted as stated in Paragraph 1, if the quantity of shares represented by the shareholders participating via videoconferencing were deducted and the quantity of shares represented by the shareholders in the physical session can still qualify for a quorum, the meeting shall be continued and the postponement or extension of meeting as stated in Paragraph 1 will not be necessary.

If the Shareholders' Meeting is to be continued as stated in the previous paragraph, the quantity of shares represented by shareholders participating in the meeting via videoconferencing shall be counted as a part of the total quantity of shares represented by shareholders in session. However, these shareholders shall be deemed abstained from the voting in the motions presented to this session of the Shareholders' Meeting.

In postponing or extending the Shareholders' Meeting under Paragraph 1, the Company shall proceed with Paragraph 7 under Article 44-20 of the "Regulations Governing the Administration of Shareholder Services of Public Companies" thereby proceed to preparatory work on the basis

of the original date scheduled for the meeting and others as set forth in the article.

For public companies attending shareholders meeting under the rear section of Article 12 and Paragraph 3 under Article 13 of the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies”, Paragraph 2 under Article 44-5, Article 44-15, Paragraph 1 under Article 44-17 of the “Regulations Governing the Administration of Shareholder Services of Public Companies”, the Company shall hold the meeting on the date of the postponement or extension under Paragraph 2.

22. If the Shareholders’ Meeting of the Company is to be convened via videoconferencing and the shareholders participating in the meeting have problems in accessing to videoconferencing, the Company shall provide a substitute.
23. Matters not stipulated in these rules shall be handled under the provisions of the Company Act, the Company’s Articles of Incorporation, and other relevant laws and regulations.
24. These Rules of Procedure shall come into force after passing by the resolution of the Shareholders’ Meeting. The same procedure is applicable to any amendment thereto.



## Wah Hong Industrial Corporation

## Articles of Incorporation

- Chapter 1 General Provisions
- Article 1. Subject to the Company Act, the Company shall organize named Wah Hong Industrial Corporation And the English named Wah Hong Industrial Corporation
- Article 2. The Company's businesses are as follows:
1. C801100 Synthetic Resin and Plastic Manufacturing.
  2. C802200 Coating, Paint, Dye and Pigment Manufacturing.
  3. C805070 Reinforced Plastic Products Manufacturing.
  4. CD01020 Tramway Cars Manufacturing.
  5. C805010 Manufacture of Plastic Sheets, Pipes and Tubes.
  6. CB01010 Mechanical Equipment Manufacturing.
  7. CD01060 Aircraft and Parts Manufacturing.
  8. C801990 Other Chemical Materials Manufacturing.
  9. CC01090 Manufacture of Batteries and Accumulators.
  10. C802990 Other Chemical Products Manufacturing.
  11. CC01080 Electronics Components Manufacturing.
  12. F401010 International Trade.
  13. F108031 Wholesale of Drugs, Medical Goods.
  14. F113070 Wholesale of Telecommunication Apparatus.
  15. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import.
  16. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1. The Company's investment may not be subject to Article 13 of the Company Act, which may not exceed 40% of the amount of its paid-up capital. The related investment shall be a resolution by the board of directors.
- Article 3. The Company is headquartered in Kaohsiung City, and may establish subsidiaries at home and abroad by the resolution of its board of directors if necessary.
- Article 4. The Company's announcement method shall be subject to the Company Act and competent securities authority.
- Chapter 2 Shares
- Article 5. The Company's total capital is registered at NT\$1.5 billion, which is composed of 150 million shares with a par value of NT\$10 only per share. The board of directors is authorized to issue the shares in batches.  
NT\$50 million is reserved in the total capital in the preceding paragraph for the stock warrant, corporate bonds with warrants, or preferred shares with warrants, totaling 5 million shares at NT\$10 per share, which may issue in batches according to the resolution of the board of directors.
- Article 6. The shares of the Company are issued in a non-substantial form and are kept or

registered by the centralized securities depository enterprise.

Article 7. The Company's governing the administration of shareholder services are in accordance with the relevant regulations stipulated by the competent authority unless otherwise stipulated by laws or securities regulations.

### Chapter 3 Shareholders' Meeting

Article 8. Meeting of shareholders are composed of the regular session and special session. The regular session shall be held within six months after the end of each fiscal year under the board of directors legally. The special session shall be held legally if necessary.

Article 9. A shareholder cannot attend due to any reason and may appoint a proxy to attend a shareholders' meeting on his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. In addition to the provisions of Article 177 of the Company Act, the procedures for shareholders to entrust attendance shall be subject to the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authority.

Article 9-1. The Company may send Shareholders' Meeting related files and other notifications in the form of electronic documents.

Article 10. For the Shareholders' Meeting convened by the board of directors, the chairman shall act as the chair in the meeting. In absence of the chairman, he shall designate a director to act as chairman for him. If no proxy is designated by the chairman, the directors shall elect among themselves, a chair to act on his behalf. If the Shareholders' Meeting convenes to the call of a third party other than the Board who is entitled to call for the meeting, this party shall act as the chair in the meeting. If two or more persons are having the convening right, the chair of the meeting shall be elected from among themselves.

Article 11. The Company's shareholders shall be entitled to one vote for each share held by it, except for any shareholder who is entitled to no voting right as specified under Article 179 of the Company Act.

Article 12. Unless otherwise provided for in the Company Act, resolutions of the Shareholders' Meeting shall be approved by the shareholders representing more than half of the voting rights of the shareholders attending such meeting as is attended by the shareholders representing over half of the total number of issued shares.

Article 12-1. The Shareholders' Meeting may be held via videoconferencing or other forms announced by central competent authority, and affairs shall be subject to the relevant provisions stipulated by the competent securities authority.

### Chapter 4 Directors and Audit Committee

Article 13. The Company engages seven to eleven directors, with a three-year term, who is to be elected can be re-elected. The total shareholding ratio of all directors of the Company shall be handled in accordance with the regulations of the competent securities authority.

The number of independent directors in the preceding paragraph includes no less than

three. The election of directors adopts a candidate nomination system, and the Shareholders' Meeting will select director candidates selected from the list. Among them, the professional qualifications, shareholding, restriction on concurrent positions, and nomination and election methods of, and other provisions that shall be complied with regarding, independent directors shall be subject to the relevant regulations of competent securities authority.

Article 13-1. The Company set up an audit committee in accordance with Article 14-4 of the Securities and Exchange Act, which is composed of all independent directors and is responsible for exercising powers of supervisors under the Company Act, Securities and Exchange Act and other laws.

The members of the audit committee, the exercise of powers and other matters to be complied with shall be handled in accordance with relevant laws and regulations, and its organization regulations shall be separately formulated by the board of directors.

The Company shall set up remuneration committees or other functional committees according to the laws and regulations or business needs.

Article 13-2. Delete.

Article 14. In case of failure to conduct a re-election timely upon expiration of the tenure of a director, the tenure of such director shall be extended, until a newly elected director takes office legally.

Article 15. Directors shall organize the board of directors to elect a chairman among them as approved by more than half of the directors attending such meeting as is attended by over two-thirds of all the directors. To execute all affairs of the Company in accordance with the law, the Articles of Incorporation, and the resolutions of the Shareholders' Meeting and the Board of Directors.

Article 15-1. The Company convene the board of directors shall notify all directors seven days in advance, and may convene the board of directors at any time in case of emergency.

The board of directors' meeting notice shall be notified in writing or by e-mail or fax.

Article 16. In case of a vacancy of directors, a by-election shall be conducted legally, but the term of office of the directors who are elected by by-election shall be limited to making up for the original term of office.

Article 17. Unless otherwise stipulated by the Company Act, the board of directors shall be convened by the chairman and the chairman shall be the chair. When the chairman is unable to perform his duties, a director shall be appointed for this purpose. If the chairman did not appoint any director to preside over the meeting, the directors shall nominate one among themselves to act as the chair.

Article 18. Unless otherwise stipulated by the Company Act, resolutions of the board of directors shall be approved by more than half of the voting rights of the directors attending the such meeting as is attended by over half the directors, and the minutes of the meeting shall be signed or sealed by the chairman. If a director cannot attend in person due to any reason that may entrust other directors to attend a meeting for him/her/its, he/she/it shall issue a Power of Attorney each time, specifying authorization scope based on the reasons for holding the meeting, the director shall be present in person or entrust other

director representatives to attend. A director may accept the appointment to act as the proxy of one other director only.

In addition, when an independent director is unable to attend the board meeting to express objection or reserved opinion due to any reason, he/she/it shall not appoint a non-independent director to attend the board meeting on his/her/it behalf and shall issue a written opinion and record it in the minutes of the board meeting.

Article 19. When the directors of the Company perform their duties, the Company may pay remuneration regardless of its operating profit or loss. The remuneration authorizes the board of directors to pay no more than the maximum salary scale formulated in the Company's salary assessment standard according to the participation in the operations and the value of its contribution. If the Company has surplus profits, the remuneration shall be distributed under Article 23.

During the term of office, the directors authorize the board of directors to purchase liability insurance for the compensation liabilities resulting from exercising their duties legally.

Article 20. Delete.

#### Chapter 5 Managerial Officers

Article 21. The Company may appoint a chief executive officer under the resolution of the board of directors to take overall responsibility for the operation and decision-making of the Company and all its affiliated enterprises.

The Company has a general manager who follows the supervision of the board of directors and is responsible for the overall business and operation within the scope of authorization.

The Company may engage managers, whose appointment, dismissal, and remuneration shall be handled in accordance with Article 29 of the Company Act.

#### Chapter 6 Financial Statement

Article 22. At the end of each fiscal year, the board of directors shall prepare (1) Business reports, (2) Financial statements, and (3) Surplus earnings distribution or deficit compensation proposals, etc., and submit them to the Annual Shareholders' Meeting for approval legally.

Article 23. If the Company makes a profit for the year, it should allocate no less than 10% as employee remuneration and no more than 3% as directors remuneration. But if the Company has accumulated a deficit, the profit shall be reserved for deficit compensation.

Employee remuneration in the preceding paragraph may be distributed in the form of shares or cash, and the recipients of the payment include employees of affiliated enterprises who meet certain conditions.

The preceding two paragraphs shall be implemented by the resolution of the board of directors and reported to the Shareholders' Meeting.

Article 23-1. If 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 paid-in capital, setting aside or reversing a special reserve under 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 in the form of new shares to be issued shall be resolved in the shareholders' meeting for the distribution of dividends; in the form of cash shall be resolved in the board of directors.

According to Articles 240 and 241 of the Company Act, the Company authorize board of directors must attend by over two-thirds of the directors, and half of those attending directors must approve the case if the Company cash distribution of dividends, bonuses, and capital surplus or surplus reserve all or partial, it should report to the Shareholders' Meeting. However, if the Company issues new stocks for distribution, it shall be resolved by the Shareholders' Meeting by regulations.

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 can be paid in cash or/and issued shares, but cash dividends shall be not less than 10% of the total dividends.

Article 23-2. If the Company intends to transfer the repurchased shares of the Company to employees at a price lower than the average price of the actual repurchased shares, it shall follow Article 10-1 and Article 13 of Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies. The transfer can only be handled after the resolution of the latest Shareholders' Meeting (with the attendance of shareholders representing more than half of the total number of issued shares and the consent of more than two-thirds of the voting rights of shareholders present).

Article 23-3. If the Company intends to issue employee stock option certificates at an exercise price lower than the market price (net value per share), it shall comply with Article 56-1 and Article 76 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers stipulate that the issuance may only be released after the resolution of the Shareholders' Meeting.

#### Chapter 7 Supplementary Provisions

Article 24. The Company may have an external endorsement guarantee, and its operations shall be handled under the Company's endorsement guarantee operations.

Article 25. The Company's organization and operational regulations shall be determined separately by the board of directors.

Article 26. Matters not covered in the Articles of Incorporation shall be handled in accordance with the Company Act and other laws and regulations.

Article 27. The Articles of Incorporation shall come into force after the resolution of the Shareholders' Meeting and the approval of the competent authorities.

Article 28. The Articles of Incorporation shall be formulated on June 29, 1973. The 1st

amendment was made on September 29, 1979. The 2nd amendment was made on November 24, 1979. The 3rd amendment was made on November 21, 1981. The 4th amendment was made on May 25, 1982. The 5th amendment was made on April 6, 1984. The 6th amendment was made on November 7, 1984. The 7th amendment was made on May 31, 1986. The 8th amendment was made on July 6, 1986. The 9th amendment was made on December 10, 1987. The 10th amendment was made on November 16, 1988. The 11th amendment was made on October 6, 1989. The 12th amendment was made on December 15, 1990, The 13th amendment was made on May 10, 1991, The 14th amendment was on August 30, 1991. The 15th amendment was made on March 10, 1994. The 16th amendment was made on June 27, 1994. The 17th amendment was made on May 18, 1995. The 18th amendment was made on December 4, 1995. The 19th amendment was made on August 18, 1996. The 20th amendment was made on December 31, 1996. The 21st amendment was made on February 13, 1997. The 22nd amendment was made on March 21, 1997. The 23rd amendment was made on October 15, 1997. The 24th amendment was made on December 15, 1997. The 25th amendment was made on February 8, 1998. The 26th amendment was made on June 24, 1998. The 27th amendment was made on May 24, 1999. The 28th amendment was made on April 27, 2000. The 29th amendment was made on November 27, 2000. The 30th amendment was made on June 5, 2002. The 31st amendment was made on October 24, 2003. The 32nd amendment was made on June 16, 2004. The 33rd amendment was made on June 8, 2005. The 34th amendment was made on June 1, 2006. The 35th amendment was made on June 25, 2007. The 36th amendment was made on June 12, 2008. The 37th amendment was made on June 10, 2009. The 38th amendment was made on June 9, 2010. The 39th amendment was made on June 4, 2013. The 40th amendment was made on June 15, 2015. The 41st amendment was made on June 21, 2016. The 42nd amendment was made on May 31, 2018. The 43rd amendment was made on May 29, 2019. The 44th amendment was made on July 28, 2021, and the 45th amendment was made on May 26, 2022.

## Wah Hong Industrial Corporation

## Directors' Shareholding

1. The Company's paid-in capital is NT\$1,000,044,140, and the number of shares issued is 100,004,414, under the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies. The minimum number of shares held by all directors is 8,000,000.
2. As of the book closure date of this Annual Shareholders' Meeting (March 31, 2024), the shareholder roster has recorded the number of shares held by directors as follows, which has met the percentage standards in Article 26 of the Securities and Exchange Act.

Title	Name	The Book Closure Date Number of Shares		Representatives Name
		Shares	Percentage of Holding	
Chairman	Wah Lee Industrial Corporation	27,135,978	27.13%	Tsuen-Hsien, Chang
Director	Polycon Investment Limited	1,427,357	1.43%	Ray-Ching, Chang
Director	Ching-Pin, Yeh	1,494,994	1.49%	—
Director	Chih-Cheng, Wu	571,129	0.57%	—
Independent Director	Chen-Chi, Ma	—	—	—
Independent Director	Liang-Chien, Li	—	—	—
Independent Director	Kuan-Neng, Chen	—	—	—
	<b>Subtotal of directors' shareholding</b>	<b>30,629,458</b>	<b>30.62%</b>	

Note: If more than two independent directors are elected, the shareholding ratio of all directors other than independent directors shall be calculated at a 20% discount.

## Additional Information

Description for approving of shareholder proposals at this Annual Shareholders' Meeting:

- Description: 1. Subject to Article 172-1 of the Company Act, shareholder(s) holding 1% or more of the total number of outstanding shares of a company may propose to the Company a proposal shall be in writing for discussion at a general Shareholders' Meeting, provided that only one matter shall be allowed in every single proposal, and the number of words in the proposal shall be allowed limited to no more than 300 words.
2. The Company announced that the 2024 Annual Shareholders' Meeting will approve applications for shareholder proposal. The period is from March 22, 2024, to April 1, 2024, and has been announced on MOPS according to law.
3. As of the deadline for approving proposals, the Company has not received any proposals from shareholders.