

Wah Hong Industrial Corporation And Subsidiaries

Consolidated Financial Statements for the
Nine Months Ended September 30, 2023
and 2022 and Independent Auditors'
Review Report

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Wah Hong Industrial Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Wah Hong Industrial Corporation (the “Company”) and its subsidiaries (collectively, the “Group”) as of September 30, 2023 and 2022, the consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022, and nine months ended September 30, 2023 and 2022, and the consolidated statements of changes in equity and cash flows for the nine months then ended September 30, 2023 and 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2023 and 2022, its consolidated

financial performance for the three months ended September 30, 2023 and 2022, and nine months ended September 30, 2023 and 2022, and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China
November 7, 2023

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 review such consolidated financial statements are those generally applied in the Republic of China.

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

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

Code	Assets	September 30, 2023 (Reviewed)		December 31, 2022 (Audited)		September 30, 2022 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Notes 6)	\$ 1,196,687	14	\$ 1,583,015	19	\$ 1,419,419	16
1110	Financial assets at fair value through profit or loss – current (Notes 7)	434,870	5	697,872	8	573,893	7
1150	Notes receivable, net (Notes 9 and 23)	268,774	3	189,249	2	185,022	2
1170	Accounts receivable, net (Notes 9, 23 and 29)	2,872,998	35	2,517,030	30	2,845,501	32
1200	Other receivables, net (Notes 9, 14 and 29)	19,737	-	19,782	-	26,221	-
1220	Current tax assets	5,516	-	1,322	-	1,623	-
130X	Inventories (Notes 10)	831,872	10	998,476	12	1,141,165	13
1476	Other financial assets (Notes 11)	79,611	1	78,445	1	77,239	1
1479	Other current assets	60,899	1	35,531	-	74,710	1
11XX	Total current assets	<u>5,770,964</u>	<u>69</u>	<u>6,120,722</u>	<u>72</u>	<u>6,344,793</u>	<u>72</u>
	NON-CURRENT ASSETS						
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8)	665,112	8	601,031	7	567,685	7
1550	Investments accounted for using equity method (Notes 12)	5,429	-	10,447	-	-	-
1600	Property, plant and equipment (Notes 14, 30 and 31)	1,534,050	18	1,520,620	18	1,555,983	18
1755	Right-of-use assets (Notes 15)	225,978	3	136,815	2	148,561	2
1780	Other intangible assets	40,500	1	21,893	-	30,133	-
1840	Deferred tax assets	56,693	1	96,356	1	107,815	1
1920	Refundable deposits	25,192	-	25,784	-	27,447	-
1990	Other non-current assets	951	-	1,218	-	1,307	-
15XX	Total non-current assets	<u>2,553,905</u>	<u>31</u>	<u>2,414,164</u>	<u>28</u>	<u>2,438,931</u>	<u>28</u>
1XXX	TOTAL	<u>\$ 8,324,869</u>	<u>100</u>	<u>\$ 8,534,886</u>	<u>100</u>	<u>\$ 8,783,724</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term borrowings (Note 16)	\$ 723,864	9	\$ 1,511,876	18	\$ 1,642,398	19
2110	Short-term bills payable (Note 17)	200,000	2	-	-	100,000	1
2120	Financial liabilities at fair value through profit or loss - current (Notes 7)	2,654	-	-	-	5,255	-
2150	Notes payable (Note 18)	209,955	3	113,667	1	111,969	1
2170	Accounts payable (Notes 18 and 29)	1,401,771	17	1,192,361	14	1,155,032	13
2219	Other payables (Notes 19)	548,740	7	541,708	6	533,046	6
2230	Current tax liabilities	28,779	-	117,843	2	134,924	2
2280	Lease liabilities - current (Notes 15)	42,514	-	21,998	-	30,935	-
2399	Other current liabilities (Note 23)	19,196	-	16,463	-	18,945	-
21XX	Total current liabilities	<u>3,177,473</u>	<u>38</u>	<u>3,515,916</u>	<u>41</u>	<u>3,732,504</u>	<u>42</u>
	NON-CURRENT LIABILITIES						
2540	Long-term borrowings (Notes 20 and 30)	482,094	6	458,144	5	473,562	5
2570	Deferred tax liabilities	168,841	2	219,404	3	232,225	3
2580	Lease liabilities - non-current (Notes 15)	118,900	2	68,437	1	68,983	1
2640	Net defined benefit liabilities - non-current	28,903	-	37,508	-	57,587	1
2645	Guarantee deposits received	2,386	-	2,361	-	2,813	-
25XX	Total non-current liabilities	<u>801,124</u>	<u>10</u>	<u>785,854</u>	<u>9</u>	<u>835,170</u>	<u>10</u>
2XXX	Total liabilities	<u>3,978,597</u>	<u>48</u>	<u>4,301,770</u>	<u>50</u>	<u>4,567,674</u>	<u>52</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)						
3100	Share Capital	1,000,044	12	1,000,044	12	1,000,044	12
3200	Capital Surplus	2,048,734	25	2,048,734	24	2,048,734	23
	Retained earnings						
3310	Legal reserve	497,824	6	470,193	5	470,193	5
3320	Special reserve	368,706	4	310,734	4	310,734	4
3350	Unappropriated earnings	631,010	8	698,081	8	647,981	7
3300	Total retained earnings	<u>1,497,540</u>	<u>18</u>	<u>1,479,008</u>	<u>17</u>	<u>1,428,908</u>	<u>16</u>
3400	Other equity	(273,218)	(3)	(368,706)	(4)	(330,628)	(4)
3500	Treasury stock	(40,228)	(1)	(40,228)	(1)	(40,228)	-
31XX	Total equity attributable to owners of the Company	<u>4,232,872</u>	<u>51</u>	<u>4,118,852</u>	<u>48</u>	<u>4,106,830</u>	<u>47</u>
36XX	NON-CONTROLLING INTERESTS (Note 22)	<u>113,400</u>	<u>1</u>	<u>114,264</u>	<u>2</u>	<u>109,220</u>	<u>1</u>
3XXX	Total equity	<u>4,346,272</u>	<u>52</u>	<u>4,233,116</u>	<u>50</u>	<u>4,216,050</u>	<u>48</u>
	TOTAL	<u>\$ 8,324,869</u>	<u>100</u>	<u>\$ 8,534,886</u>	<u>100</u>	<u>\$ 8,783,724</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

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

Code		For the Three Months Ended September 30				For the Nine Months Ended September 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4100	OPERATING REVENUE (Notes 23 and 29)	\$ 2,095,606	100	\$ 2,169,422	100	\$ 5,665,101	100	\$ 7,187,156	100
5110	OPERATING COSTS (Notes 10, 24 and 29)	<u>1,772,163</u>	<u>84</u>	<u>1,913,896</u>	<u>89</u>	<u>4,877,087</u>	<u>86</u>	<u>6,268,207</u>	<u>87</u>
5900	GROSS PROFIT	<u>323,443</u>	<u>16</u>	<u>255,526</u>	<u>11</u>	<u>788,014</u>	<u>14</u>	<u>918,949</u>	<u>13</u>
	OPERATING EXPENSES (Notes 9 and 24)								
6100	Selling and marketing expenses	60,225	3	62,966	3	167,929	3	201,858	3
6200	General and administrative expenses	103,385	5	81,209	4	275,441	5	291,835	4
6300	Research and development expenses	62,855	3	54,374	2	168,149	3	157,425	2
6450	Benefits from reversal of expected credit impairment loss	(1,352)	-	(2,557)	-	(4,850)	-	(6,148)	-
6000	Total operating expenses	<u>225,113</u>	<u>11</u>	<u>195,992</u>	<u>9</u>	<u>606,669</u>	<u>11</u>	<u>644,970</u>	<u>9</u>
6900	OPERATING INCOME (LOSS)	<u>98,330</u>	<u>5</u>	<u>59,534</u>	<u>2</u>	<u>181,345</u>	<u>3</u>	<u>273,979</u>	<u>4</u>
	NON-OPERATING INCOME AND EXPENSES (Note 24)								
7100	Interest income	6,089	-	4,686	-	17,768	-	13,427	-
7010	Other income	14,212	-	13,456	1	63,113	1	64,447	1
7020	Other gains and losses	(5,279)	-	35,424	2	35,242	1	51,757	1
7050	Finance costs	(18,961)	(1)	(14,813)	(1)	(51,616)	(1)	(32,591)	(1)
7060	Share of profit and loss of affiliated enterprises recognized by equity method	(2,921)	-	-	-	(5,018)	-	-	-
7000	Total non-operating income and expenses	<u>(6,860)</u>	<u>(1)</u>	<u>38,753</u>	<u>2</u>	<u>59,489</u>	<u>1</u>	<u>97,040</u>	<u>1</u>
7900	PROFIT BEFORE INCOME TAX	91,470	4	98,287	4	240,834	4	371,019	5
7950	INCOME TAX EXPENSE (Notes 4 and 25)	<u>25,772</u>	<u>1</u>	<u>31,284</u>	<u>1</u>	<u>58,860</u>	<u>1</u>	<u>129,700</u>	<u>2</u>
8200	NET PROFIT FOR THE PERIOD	<u>65,698</u>	<u>3</u>	<u>67,003</u>	<u>3</u>	<u>181,974</u>	<u>3</u>	<u>241,319</u>	<u>3</u>
	OTHER COMPREHENSIVE INCOME (Notes 22 and 25)								
8310	Items that will not be reclassified subsequently to profit or loss:								
8316	Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	<u>64,394</u>	<u>3</u>	<u>(5,887)</u>	<u>-</u>	<u>43,129</u>	<u>1</u>	<u>(110,568)</u>	<u>(1)</u>

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Code	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
	Items that may be reclassified subsequently to profit or loss:							
8361	Exchange differences on translation of the financial statements of foreign operations							
8399	\$ 156,836	7	\$ 41,718	2	\$ 67,222	1	\$ 116,644	1
8360	Income tax relating to items that may be reclassified subsequently to profit or loss							
8300	(30,473)	(1)	(8,120)	(1)	(13,098)	-	(22,668)	-
	<u>126,363</u>	<u>6</u>	<u>33,598</u>	<u>1</u>	<u>54,124</u>	<u>1</u>	<u>93,976</u>	<u>1</u>
8300	Other comprehensive gain (loss) for the period, net of income tax							
	<u>190,757</u>	<u>9</u>	<u>27,711</u>	<u>1</u>	<u>97,253</u>	<u>2</u>	(16,592)	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD							
	<u>\$ 256,455</u>	<u>12</u>	<u>\$ 94,714</u>	<u>4</u>	<u>\$ 279,227</u>	<u>5</u>	<u>\$ 224,727</u>	<u>3</u>
	NET PROFIT ATTRIBUTABLE TO:							
8610	Owners of the Company							
8620	\$ 58,947		\$ 61,435		\$ 166,313		\$ 226,214	
8600	<u>6,751</u>		<u>5,568</u>		<u>15,661</u>		<u>15,105</u>	
	<u>\$ 65,698</u>		<u>\$ 67,003</u>		<u>\$ 181,974</u>		<u>\$ 241,319</u>	
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:							
8710	Owners of the Company							
8720	\$ 245,200		\$ 88,030		\$ 261,801		\$ 206,320	
8700	<u>11,255</u>		<u>6,684</u>		<u>17,426</u>		<u>18,407</u>	
	<u>\$ 256,455</u>		<u>\$ 94,714</u>		<u>\$ 279,227</u>		<u>\$ 224,727</u>	
	EARNINGS PER SHARE (Note 26)							
9710	Basic							
9810	\$ 0.60		\$ 0.62		\$ 1.69		\$ 2.30	
	<u>\$ 0.59</u>		<u>\$ 0.61</u>		<u>\$ 1.66</u>		<u>\$ 2.24</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
(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company										
		Retained earnings					Other Equity				Non-controlling	Total Equity
Code		Share Capital	Capital Surplus	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	Treasury Stock	Subtotal	Interests	
A1	BALANCE AT JANUARY 1, 2023	\$ 1,000,044	\$ 2,048,734	\$ 470,193	\$ 310,734	\$ 698,081	(\$ 240,008)	(\$ 128,698)	(\$ 40,228)	\$ 4,118,852	\$ 114,264	\$ 4,233,116
	Appropriation of 2022 earnings (Note 22)											
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 nine months ended September 30, 2023	-	-	-	-	166,313	-	-	-	166,313	15,661	181,974
D3	Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	52,359	43,129	-	95,488	1,765	97,253
D5	Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	166,313	52,359	43,129	-	261,801	17,426	279,227
O1	Adjustments of non-controlling interests (Note 22)	-	-	-	-	-	-	-	-	-	(18,290)	(18,290)
Z1	BALANCE AT SEPTEMBER 30, 2023	\$ 1,000,044	\$ 2,048,734	\$ 497,824	\$ 368,706	\$ 631,010	(\$ 187,649)	(\$ 85,569)	(\$ 40,228)	\$ 4,232,872	\$ 113,400	\$ 4,346,272
A1	BALANCE AT JANUARY 1, 2022	\$ 1,000,044	\$ 2,048,734	\$ 427,464	\$ 311,174	\$ 710,357	(\$ 289,782)	(\$ 20,952)	(\$ 40,228)	\$ 4,146,811	\$ 109,687	\$ 4,256,498
	Appropriation of 2021 earnings											
B1	Legal reserve	-	-	42,729	-	(42,279)	-	-	-	-	-	-
B3	Special 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 nine months ended September 30, 2022	-	-	-	-	226,214	-	-	-	226,214	15,105	241,319
D3	Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	90,674	(110,568)	-	(19,894)	3,302	(16,592)
D5	Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	226,214	90,674	(110,568)	-	206,320	18,407	224,727
O1	Adjustments of non-controlling interests (Note 22)	-	-	-	-	-	-	-	-	-	(18,874)	(18,874)
Z1	BALANCE AT SEPTEMBER, 2022	\$ 1,000,044	\$ 2,048,734	\$ 470,193	\$ 310,734	\$ 647,981	(\$ 199,108)	(\$ 131,520)	(\$ 40,228)	\$ 4,106,830	\$ 109,220	\$ 4,216,050

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

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

Code		For the Nine Months Ended	
		September 30	
		2023	2022
	CASH FLOWS FROM OPERATING		
	ACTIVITIES		
A10000	Profit before income tax	\$ 240,834	\$ 371,019
A20010	Adjustments for:		
A20100	Depreciation expense	184,667	220,201
A20200	Amortization expense	22,795	26,990
A20300	Benefits from reversal of expected credit impairment loss	(4,850)	(6,148)
A20400	Gain on financial instruments at fair value through profit or loss	(5,123)	35,551
A20900	Finance costs	51,616	32,591
A21200	Interest income	(17,768)	(13,427)
A21300	Dividend income	(42,602)	(42,400)
A22300	Share of profit and loss of affiliated enterprises recognized by equity method	5,018	-
A22500	Loss on disposal of property, plant and equipment	(1,373)	838
A23700	Inventories losses	8,641	99,846
A24100	Unrealized gain on foreign exchange	39,431	17,642
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(79,784)	84,241
A31150	Accounts receivable	(355,272)	808,628
A31180	Other receivables	(255)	22,387
A31200	Inventories	156,775	60,532
A31240	Other current assets	(25,368)	(15,208)
A32130	Notes payable	96,288	(66,757)
A32150	Accounts payable	209,410	(807,320)
A32180	Other payables	4,478	(139,846)
A32230	Other current liabilities	2,733	1,140
A32240	Net defined benefit liabilities	(8,605)	(8,369)
A33000	Cash generated from operations	481,686	682,131
A33100	Interest received	16,165	12,583
A33200	Dividends received	44,743	42,400
A33300	Interest paid	(49,779)	(28,371)
A33500	Income tax paid	(173,062)	(102,133)
AAAA	Net cash generated from operating activities	<u>319,753</u>	<u>606,610</u>

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Code		For the Nine Months Ended	
		September 30	
		2023	2022
	CASH FLOWS FROM INVESTING		
	ACTIVITIES		
B00010	Purchase of financial assets at fair value through other comprehensive income	(\$ 20,952)	(\$ 413,878)
B00100	Purchase of financial assets at fair value through profit or loss	(505,984)	(755,493)
B00200	Disposal of financial assets at fair value through profit or loss	782,987	572,360
B02700	Payments for property, plant and equipment	(148,750)	(71,628)
B02800	Proceeds from disposal of property, plant and equipment	9,754	1,093
B03700	Increase in guarantee deposits paid	(3,557)	(1,889)
B03800	Decrease in guarantee deposits paid	4,602	9,116
B04200	Decrease in other receivables	-	257,736
B04500	Acquisitions of Intangible assets	(40,968)	(33,074)
B06500	Increase in other financial assets	(<u>1,166</u>)	(<u>36,674</u>)
BBBB	Net cash used in investing activities	<u>75,966</u>	(<u>472,331</u>)
	CASH FLOWS FROM FINANCING		
	ACTIVITIES		
C00100	Increase(decrease) in short-term borrowings	(793,592)	524,105
C00600	Increase (decrease) in short-term bills payable	200,000	(180,000)
C01600	Increase in long-term borrowings	-	501,116
C01700	Repayments of long-term borrowings	-	(618,455)
C03100	Decrease in guarantee deposits received	5	134
C04020	Repayment of the principal portion of lease liabilities	(55,078)	(38,030)
C04500	Payment of cash dividends	(147,781)	(246,301)
C05800	Payment of cash dividends to non-controlling interests	(<u>18,290</u>)	(<u>18,874</u>)
CCCC	Net cash used in financing activities	(<u>814,736</u>)	(<u>76,305</u>)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>32,689</u>	<u>140,474</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	(386,328)	198,448
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,583,015</u>	<u>1,220,971</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,196,687</u>	<u>\$ 1,419,419</u>

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

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. ORGANIZATION

Wah Hong Industrial Corp. (the “Company”) was incorporated in August 1973, and is mainly engaged in the manufacturing and trading of materials of LCD (Diffusion, Reflection films etc.), materials of Bulk Molding Compounds (BMC) and Molding products etc..

The Company’s shares have been listed and traded on the Taipei Exchange since June 23, 2005.

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

II. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were approved by the Board of Directors and authorized for issue on November 7, 2023.

III. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed by the Financial Supervisory Commission (FSC).

The application of the revised IFRSs approved and issued by the Financial Supervisory Commission will not cause major changes in the accounting policies of the Company and entities controlled by the Company (hereinafter referred to as the “Group”).

(II) The IFRSs endorsed by the FSC for application starting from 2024

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

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

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

Note 3: The amendments provide some transition relief regarding disclosure requirements.

(III) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the

date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date when this consolidated financial report is approved by the board of directors, the amendments to other standards and interpretations for the assessment of the merged companies will not have a significant impact on the consolidated financial position and consolidated financial performance.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I) Compliance statement

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

(II) Basis of preparation

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

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

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

(III) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

The detailed information of subsidiaries (including the percentage of ownership and main business) is referred to Note 13, Tables 7 and 8.

(IV) Other significant accounting policies

Except for the following explanation, the significant accounting policies that adopted in the consolidated financial statements are the same with the one for the year ended December 31, 2022.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Income Tax

The tax expense for the period comprises current and deferred tax. Interim period income taxes are assessed on an annual basis and calculated on an interim period's pre-tax income by applying to the tax rate that would be applicable to expected total annual earnings.

V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2022.

VI. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 1,038	\$ 958	\$ 997
Checking accounts	51	51	77
Demand deposits	578,259	1,049,281	839,215
Cash equivalents			
Time deposits with original maturities of 3 months or less	<u>617,339</u>	<u>532,725</u>	<u>579,130</u>
	<u>\$ 1,196,687</u>	<u>\$ 1,583,015</u>	<u>\$ 1,419,419</u>

(I) The market rate intervals of cash equivalents at the end of the reporting period were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Cash equivalents			
Time deposits with original maturities of 3 months or less (%)	1.45~4.95	1.80~3.80	0.70~3.18

(II) The Group has good credit quality with many financial institutions, and which can help to disperse credit risk. Also, to estimate credit loss that is unexpected.

VII. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS – CURRENT

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets - current</u>			
Mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ -	\$ 1,490	\$ -
Non-derivative financial assets			
Domestic listed shares	\$ 70,639	\$ 88,870	\$ 113,668
Guaranteed floating income financial products	<u>364,231</u>	<u>607,512</u>	<u>460,225</u>
	<u>\$434,870</u>	<u>\$697,872</u>	<u>\$573,893</u>
<u>Financial liabilities - current</u>			
Financial liabilities hold for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 2,654</u>	<u>\$ -</u>	<u>\$ 5,255</u>

The purpose of the Group's forward foreign exchange transactions is to avoid the risks created by foreign currency assets and liabilities due to exchange rate fluctuations.

(I) At the end of the reporting period, outstanding foreign exchange options contracts were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>September 30, 2023</u>			
Sell forward exchange contracts	USD to NTD	2023.10~2023.12	USD4,000/TWD125,677
<u>December 31, 2022</u>			
Sell forward exchange contracts	USD to NTD	2023.01~2023.03	USD4,000/TWD123,719

<u>September 30, 2022</u>	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (In Thousands)</u>
Sell forward exchange contracts	USD to NTD	2022.10~2022.12	USD4,000/TWD121,602

Details of profit and loss of financial instruments at FVTPL for the reporting periods 2023 and 2022 list on Note 24.

- (II) The Group signed RMB structured term deposit contract with the bank. The deposit includes an embedded derivative that is not closely related to the master contract. As the master contract included in the mixed contract is an asset within the scope of IFRS, it is classified as measured at fair value through profit or loss according to the overall mixed contract evaluation.

VIII. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME– NON-CURRENT

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Equity instruments			
Domestic listed shares	\$ 587,699	\$ 520,613	\$ 487,267
Domestic unlisted shares	62,841	78,070	78,070
Foreign unlisted shares	<u>14,572</u>	<u>2,348</u>	<u>2,348</u>
	<u>\$ 665,112</u>	<u>\$ 601,031</u>	<u>\$ 567,685</u>

IX. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHERS RECEIVABLE

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable			
At amortized cost			
Gross carrying amount	\$ 269,638	\$ 189,854	\$ 185,640
Less: Allowance for impairment loss	<u>864</u>	<u>605</u>	<u>618</u>
	<u>\$ 268,774</u>	<u>\$ 189,249</u>	<u>\$ 185,022</u>
Accounts receivable			
At amortized cost			
Gross carrying amount	\$ 2,882,411	\$ 2,527,139	\$ 2,854,760
Less: Allowance for impairment loss	<u>9,413</u>	<u>10,109</u>	<u>9,259</u>
	<u>\$ 2,872,998</u>	<u>\$ 2,517,030</u>	<u>\$ 2,845,501</u>

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	September 30, 2023	December 31, 2022	September 30, 2022
Other receivables			
At amortized cost			
Gross carrying amount (Note 14)	\$ 22,918	\$ 27,136	\$ 35,378
Less: Allowance for impairment loss	<u>3,181</u>	<u>7,354</u>	<u>9,157</u>
	<u>\$ 19,737</u>	<u>\$ 19,782</u>	<u>\$ 26,221</u>

The main credit period of sales of goods was 30-180 days. No interest was charged on receivables.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In the light of this, the management believes the Group's credit risk is significantly reduced.

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

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

The aging analysis of notes and accounts receivable were as follows:

September 30, 2023

	<u>Not Past Due</u>	<u>1 to 180 Days</u>	<u>181 to 360 Days</u>	<u>More than 360 Days</u>	<u>Total</u>
Gross carrying amount	\$3,150,203	\$ 1,033	\$ -	\$ 813	\$3,152,049
Loss allowance (lifetime ECLs)	(9,361)	(103)	-	(813)	(10,277)
Amortized cost	<u>\$3,140,842</u>	<u>\$ 930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,141,772</u>

December 31, 2022

	<u>Not Past Due</u>	<u>1 to 180 Days</u>	<u>181 to 360 Days</u>	<u>More than 360 Days</u>	<u>Total</u>
Gross carrying amount	\$2,692,993	\$ 23,216	\$ -	\$ 784	\$2,716,993
Loss allowance (lifetime ECLs)	(7,778)	(2,152)	-	(784)	(10,714)
Amortized cost	<u>\$2,685,215</u>	<u>\$ 21,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,706,279</u>

September 30, 2022

	<u>Not Past Due</u>	<u>1 to 180 Days</u>	<u>181 to 360 Days</u>	<u>More than 360 Days</u>	<u>Total</u>
Gross carrying amount	\$3,036,929	\$ 2,669	\$ -	\$ 802	\$3,040,400
Loss allowance (lifetime ECLs)	(8,813)	(262)	-	(802)	(9,877)
Amortized cost	<u>\$3,028,116</u>	<u>\$ 2,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,030,523</u>

The movements of the loss allowance of notes receivable, accounts receivable and others receivable were as follows:

	<u>For the Nine Months Ended September 30</u>					
	<u>2023</u>			<u>2022</u>		
	<u>Notes Receivable</u>	<u>Accounts Receivable</u>	<u>Other Receivables</u>	<u>Notes Receivable</u>	<u>Accounts Receivable</u>	<u>Other Receivables</u>
Balance at January 1	\$ 605	\$10,109	\$ 7,354	\$ 1,561	\$12,488	\$11,235
Impairment losses recognized (reversal)	246	(855)	(4,241)	(236)	(3,511)	(2,401)
Amounts written off	-	-	-	(747)	-	-
Exchange differences	13	159	68	40	282	323
Balance at September 30	<u>\$ 864</u>	<u>\$ 9,413</u>	<u>\$ 3,181</u>	<u>\$ 618</u>	<u>\$ 9,259</u>	<u>\$ 9,157</u>

X. INVENTORIES

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Raw materials	\$ 430,369	\$ 576,227	\$ 663,564
Work in process	22,435	11,552	34,472
Finished goods	<u>379,068</u>	<u>410,697</u>	<u>443,129</u>
	<u>\$ 831,872</u>	<u>\$ 998,476</u>	<u>\$ 1,141,165</u>

The costs of inventories recognized in cost of goods sold for the three months and nine months ended September 30, 2023 and 2022 were NT\$1,772,163 thousand, NT\$1,913,896 thousand, NT\$4,877,087 thousand and NT\$6,268,207 thousand respectively, which included the following items:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Inventories depreciation losses	(\$ 12,048)	\$ 14,897	(\$ 18,664)	\$ 31,264
Inventory losses	10,789	20,273	27,305	68,582
Unallocated manufacturing cost	25,531	32,321	80,832	88,714
Revenue from the sale of scraps	(1,445)	(1,140)	(3,981)	(4,236)
	<u>\$ 22,827</u>	<u>\$ 66,351</u>	<u>\$ 85,492</u>	<u>\$184,324</u>

The gain from price recovery of inventory for the three months and nine months ended September 30, 2023 and 2022 were mainly due to the inventory liquidation.

XI. OTHER FINANCIAL ASSETS – CURRENT

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits with original maturities of more than 3 months	<u>\$ 79,611</u>	<u>\$ 78,445</u>	<u>\$ 77,239</u>
Annual interest rate (%)	2.60~4.20	2.30~3.35	2.15~2.75

XII. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	September 30, 2023	December 31, 2022	September 30, 2022
Investments in associates	<u>\$ 5,429</u>	<u>\$ 10,447</u>	<u>\$ -</u>

The brief description of investments using the equity method is detailed in Table 7.

Investments in Associates

	September 30, 2023	December 31, 2022	September 30, 2022
Individually insignificant affiliated enterprises			
Wah Sheng Industrial Corp.	<u>\$ 5,429</u>	<u>\$ 10,447</u>	<u>\$ -</u>

In October 2022, the Company invested NT\$10,000 thousand in cash to jointly establish Wah Sheng Industrial Corp., with a shareholding ratio of 25%.

XIII. SUBSIDIARIES

The subsidiaries in the consolidated financial statements

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

Investor	Investee	Main Businesses and Products	Percentage of Ownership (%)		
			September 30, 2023	December 31, 2022	September 30, 2022
The Company	Wah Hong Holding Ltd.	International investment business	100	100	100
	PT. Wah Hong Indonesia (“WH Indonesia”)	Production and trading business of LCD material, BMC (bulk molding compound) material and molded product	99	99	99
Wah Hong Holding Ltd.	Wah Hong Technology Ltd.	International investment business	100	100	100
	Wah Hong International Ltd.	International investment business	100	100	100
	Granite International Ltd.	International trading business	100	100	100
	Wah Hong Development Ltd.	International investment business	100	100	100
	Smart Succeed Ltd.	International trading business	100	100	100
	Allied Royal LLC.	International investment business	67.5	67.5	67.5
	Wah Ma Technology Sdn. Bhd.	Production and trading business of BMC (bulk molding compound) material and molded product	100	100	100
Wah Hong Technology Ltd.	PT. Wah Hong Indonesia (“WH Indonesia”)	Production and trading business of LCD material, BMC (bulk molding compound) material and molded product	1	1	1
	SIP Chang Hong Optoelectronics Ltd. (“SIP Chang Hong”)	Production and trading business of LCD material, BMC (bulk molding compound) material and molded product	100	100	100
	SIP Chang Jun Trading Limited (“SIP Chang Jun”)	Trading business of BMC materials and finished products, diffusion films, reflectors and other LCD products	100	100	100
	Ningbo Changhong Optoelectronics Ltd. (“Ningbo Changhong”)	Production and trading of panel display compound and LCD optical film etc.	100	100	100
	Qingdao Changhong Optoelectronics Ltd. (“Qingdao Changhong”)	Production and trading of panel display compound and LCD optical film etc.	100	100	100
Wah Hong International Ltd.	Sun Hong Optronics Ltd. (“Sun Hong”)	Production and trading business of LCD material, BMC (bulk molding compound) material and molded product	100	100	100
	Xiamen Guang Hong Optronics Ltd. (“Xiamen Guang Hong”)	Production and trading of panel display compound and LCD optical film etc.	100	100	100

Investor	Investee	Main Businesses and Products	Percentage of Ownership (%)		
			September 30, 2023	December 31, 2022	September 30, 2022
Allied Royal LLC.	SuZhou Alliance Material.Co.Ltd. ("Suzhou Alliance")	Production and trading business of LCD material molded product	100	100	100
	Best Honor Inc.	International trading business	100	100	100
SIP Chang Hong	Chang Hong (HK) Optronics Limited ("Chang Hong (HK)")	Trading business of LCD material and BMC material	100	100	100
Ningbo Changhong	Ningbo Changli New Material Limited ("Ningbo Changli")	Trading business of LCD material and BMC material	100	100	100

XIV. PROPERTY, PLANT AND EQUIPMENT

(I) Changes of cost, accumulated depreciation and accumulated impairment were as follows:

For the nine months ended September 30, 2023

	Land	Buildings	Machinery and Equipment	Other Equipment	Equipment under Installation and Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2023	\$ 203,742	\$ 1,776,392	\$ 2,400,726	\$ 495,573	\$ 35,596	\$ 4,912,029
Additions	-	16,444	44,077	48,437	41,058	150,016
Disposals	-	(14,833)	(35,194)	(13,314)	-	(63,341)
Exchange differences	(73)	21,507	25,657	5,590	1,196	53,877
Balance at September 30, 2023	<u>\$ 203,669</u>	<u>\$ 1,799,510</u>	<u>\$ 2,435,266</u>	<u>\$ 536,286</u>	<u>\$ 77,850</u>	<u>\$ 5,052,581</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ 1,018,456	\$ 1,917,442	\$ 359,631	\$ -	\$ 3,295,529
Depreciation expense	-	64,691	56,587	25,503	-	146,781
Disposals	-	(13,421)	(27,621)	(12,505)	-	(53,547)
Exchange differences	-	12,148	19,287	3,753	-	35,188
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 1,081,874</u>	<u>\$ 1,965,695</u>	<u>\$ 376,382</u>	<u>\$ -</u>	<u>\$ 3,423,951</u>
<u>Accumulated impairment</u>						
Balance at January 1, 2023	\$ -	\$ -	\$ 77,094	\$ 18,786	\$ -	\$ 95,880
Disposals	-	-	(1,413)	-	-	(1,413)
Exchange differences	-	-	64	49	-	113
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,745</u>	<u>\$ 18,835</u>	<u>\$ -</u>	<u>\$ 94,580</u>
Carrying amount at January 1, 2023	<u>\$ 203,742</u>	<u>\$ 757,936</u>	<u>\$ 406,190</u>	<u>\$ 117,156</u>	<u>\$ 35,596</u>	<u>\$ 1,520,620</u>
Carrying amount at September 30, 2023	<u>\$ 203,669</u>	<u>\$ 717,636</u>	<u>\$ 393,826</u>	<u>\$ 141,069</u>	<u>\$ 77,850</u>	<u>\$ 1,534,050</u>

For the nine months ended September 30, 2022

	Land	Buildings	Machinery and Equipment	Other Equipment	Equipment under Installation and Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 203,541	\$ 1,658,323	\$ 2,343,570	\$ 467,659	\$ 108,471	\$ 4,781,564
Additions	-	103,448	25,687	22,469	(80,895)	70,709
Disposals	-	(4,106)	(10,556)	(3,152)	-	(17,814)
Exchange differences	141	31,818	42,257	7,890	2,528	84,634
Balance At September 30, 2022	<u>\$ 203,682</u>	<u>\$ 1,789,483</u>	<u>\$ 2,400,958</u>	<u>\$ 494,866</u>	<u>\$ 30,104</u>	<u>\$ 4,919,093</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ -	\$ 926,430	\$ 1,788,073	\$ 335,292	\$ -	\$ 3,049,795
Depreciation expense	-	66,229	91,164	21,693	-	179,086
Disposals	-	(4,106)	(9,036)	(2,679)	-	(15,821)
Exchange differences	-	17,008	31,289	5,790	-	54,087
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 1,005,561</u>	<u>\$ 1,901,490</u>	<u>\$ 360,096</u>	<u>\$ -</u>	<u>\$ 3,267,147</u>
<u>Accumulated impairment</u>						
Balance at January 1, 2022	\$ -	\$ -	\$ 77,105	\$ 18,747	\$ -	\$ 95,852
Disposals	-	-	(62)	-	-	(62)
Exchange differences	-	-	98	75	-	173
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,141</u>	<u>\$ 18,822</u>	<u>\$ -</u>	<u>\$ 95,963</u>
Carrying amount at September 30, 2022	<u>\$ 203,682</u>	<u>\$ 783,922</u>	<u>\$ 422,327</u>	<u>\$ 115,948</u>	<u>\$ 30,104</u>	<u>\$ 1,555,983</u>

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

	For the Nine Months Ended September 30,	
	<u>2023</u>	<u>2022</u>
Investing activities affected cash and cash equivalents		
Additions to property, plant and equipment	\$ 150,016	\$ 70,709
Decrease (increase) in payables for equipment (under other payables)	(<u>1,266</u>)	<u>919</u>
Cash paid for acquis the property, plant and equipment	<u>\$ 148,750</u>	<u>\$ 71,628</u>

(II) Estimated useful life:

Property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives:

Buildings	
Reinforced concrete buildings	30 - 60 years
Sheet metal buildings	10 - 20 years
Decoration and design	3 - 10 years
Electrical and mechanical work	2 - 8 years
Machinery and equipment	2 - 10 years
Other equipment	2 - 15 years

(III) Refer to Note 30 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.

(IV) To coordinate with the land planning for Jiaozhou City, Shandong Province, China, the board of directors resolved that the subsidiary Qingdao Changhong signed the agreement with the committee of Qingdao DaGuHe Tourist & Holiday Resort and Qingdao Shao Hai Intelligent Technology Co., Ltd. for demolition compensation and acquired the right-of-use for the land with RMB87,705 thousand in May 2020.

The details of net compensation income which was recognized in October 2021 for the Qingdao Changhong Optoelectronics Ltd was as follows:

	<u>2021</u>
Compensation income (RMB87,705 thousand)	\$381,746
Less: Net obsolescence of property, plant and equipment	72,841
Carrying amount of right-of-use of lands	12,424
Demolition expenses	<u>3,179</u>
Net income of demolition and compensation	<u>\$293,302</u>

As at September 30, 2022, the above mentioned outstanding balance of compensation was NT\$9,170 thousand (RMB2,050 thousand) under other receivables, which has been recovered in 2022.

XV. LEASING ARRANGEMENTS

(I) Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amounts			
Land	\$ 47,270	\$ 47,584	\$ 48,668
Buildings	175,500	85,367	99,893
Other equipment	3,208	3,864	-
	<u>\$225,978</u>	<u>\$136,815</u>	<u>\$148,561</u>
	For the Three Months Ended September 30	For the Nine Months Ended September 30	
	2023	2022	2023
			2022
Additions to right-of-use assets			<u>\$123,078</u>
			<u>\$ 1,719</u>
Depreciation of right-of-use assets			
Land	\$ 403	\$ 407	\$ 1,210
Buildings	12,692	13,347	36,020
Other equipment	219	-	656
	<u>\$ 13,314</u>	<u>\$ 13,754</u>	<u>\$ 37,886</u>
			<u>\$ 41,115</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets in September 30, 2023, and 2022.

(II) Leasing liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amounts			
Current portion	<u>\$ 42,514</u>	<u>\$ 21,998</u>	<u>\$ 30,935</u>
Non-current portion	<u>\$118,900</u>	<u>\$ 68,437</u>	<u>\$ 68,983</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Buildings	1.83~2.26	1.80~2.03	1.80~2.03
Other equipment	2.25	2.25	-

(III) Material leasing activities and terms

The Group leases land use rights, buildings and computer hardware equipment for business use, and the lease period varies from 1 to 50 years, and ends until May 2056.

(IV) Other leasing information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	<u>\$ 7,022</u>	<u>\$ 6,033</u>	<u>\$ 19,607</u>	<u>\$ 16,419</u>
Expenses relating to low-value asset leases	<u>\$ 1,606</u>	<u>\$ 1,615</u>	<u>\$ 4,843</u>	<u>\$ 5,053</u>
Total cash outflow for leases			<u>\$ 81,435</u>	<u>\$ 61,233</u>

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

XVI. SHORT-TERM BORROWINGS

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured borrowings			
Procurement loans	\$ 212,125	\$ 99,467	\$ 226,281
Revolving loans	<u>511,739</u>	<u>1,412,409</u>	<u>1,416,117</u>
	<u>\$ 723,864</u>	<u>\$ 1,511,876</u>	<u>\$ 1,642,398</u>
Annual interest rate (%)	1.70~6.60	1.42~6.04	1.09~4.92

XVII. SHORT-TERM BILLS PAYABLE

The commercial paper payables are guaranteed and issued by China Bills Finance Corporation and Mizuho Bank, Ltd. The annual interest rate for September 30, 2023 and 2022 is 1.80% ~ 1.81% and 1.51%.

XVIII. NOTES PAYABLE AND ACCOUNTS PAYABLE

Notes payable and accounts payable are mainly related to operating activities.

The average credit period on purchases of goods from 30 - 150 days. The Group has formulated a financial risk management policy, in order to ensure all payables are paid within the pre-agreed credit period; therefore, no interest is required.

XIX. OTHER PAYABLES

	September 30, <u>2023</u>	December 31, <u>2022</u>	September 30, <u>2022</u>
Payable for salaries or bonuses	\$ 168,154	\$ 177,045	\$ 161,390
Payable for employees' compensation and remuneration to directors	80,639	94,430	86,647
Payable for annual leave bonuses	29,945	29,193	29,608
Payable for packing fees	27,978	27,078	26,781
Payable for die-cut fees	21,604	19,733	19,378
Payable for freight fee	18,396	18,051	17,926
Payable for equipment	17,750	16,484	12,093
Others	<u>184,274</u>	<u>159,694</u>	<u>179,223</u>
	<u>\$ 548,740</u>	<u>\$ 541,708</u>	<u>\$ 533,046</u>

XX. LONG-TERM BORROWINGS

	September 30, <u>2023</u>	December 31, <u>2022</u>	September 30, <u>2022</u>
<u>Secured borrowings (Note 30)</u>			
Syndicated bank loans			
E.SUN BANK (USD syndicated bank loan) - credit limit A, annual interest rate for September 30, 2023, December 31, 2022, and September 30, 2022 is 6.7653%, 5.1586% and 5.1586%, respectively	\$ 484,050	\$ 460,650	\$ 476,250
Less: Syndicated loan fee	<u>1,956</u>	<u>2,506</u>	<u>2,688</u>
	<u>\$ 482,094</u>	<u>\$ 458,144</u>	<u>\$ 473,562</u>

The Company signed a syndicated loan agreement which repaid the previous syndicated loan with banks led by E.SUN BANK in June 2018. The total amount of syndicated bank loans is US\$50 million, including credit limit A (US\$50 million), credit limit B (NT\$1 billion) and credit limit C (NT\$500 million).

In addition, the Company has signed a new syndicated loan agreement with E.SUN BANK in May 2022 in order to pay back the syndicated loan signed in 2018. The total amount of bank loan is US\$50 million including credit limit A (US\$50 million) and credit limit B (NT\$840 million).

The credit referred to in the preceding item is a medium-term revolving loan (the credit period starts from June 2022, the first use date and ends in 5 years, and after three years from the date of first use, the credit line will be decreased in five installments every six months, with the first installment decreasing by 5%, the second to fourth installments

decreasing by 10% and the fifth installment decreasing by 65%), which can be used in installments and revolved within the loan line. Every time the credit line decreases, the part of the credit balance that exceeds the decreased credit line shall be paid off in one lump sum.

The syndicated loan contract stipulates that the Company's consolidated annual financial ratios should comply with specific financial ratio standard.

The financial ratios of the Company's 2022 and 2021 consolidated annual financial reports did not violate the provisions of the syndicated loan contract.

XXI. RETIREMENT BENEFIT PLANS

(I) Defined contribution plans

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

(II) Defined benefit plans

The retirement expenses of defined benefit plan for the three months and nine months ended September 30, 2023 and 2022 were calculated using the actuarially determined pension cost discount rate of December 31 2022 and 2021. The amounts for the three months and the nine months ended September 30, 2023 and 2022 was NT\$153 thousand, NT\$240 thousand, NT\$460 thousand and NT\$718 thousand, respectively.

XXII. EQUITY

(I) Share capital

	September 30, 2023	December 31, 2022	September 30, 2022
Number of authorized shares (in thousands)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Amount of authorized shares	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Number of issued and fully paid shares (in thousands)	<u>100,004</u>	<u>100,004</u>	<u>100,004</u>
Amount of issued shares	<u>\$ 1,000,044</u>	<u>\$ 1,000,044</u>	<u>\$ 1,000,044</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

(II) Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Arising from issuance of share capital	\$ 1,898,886	\$ 1,898,886	\$ 1,898,886
Arising from conversion of bonds	511	511	511
Consolidation excess	142,560	142,560	142,560
Difference between consideration paid and the carrying amount	<u>6,777</u>	<u>6,777</u>	<u>6,777</u>
	<u>\$ 2,048,734</u>	<u>\$ 2,048,734</u>	<u>\$ 2,048,734</u>

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

(III) Retained earnings and dividends policy

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

The Company call an ordinary meeting of shareholders deciding to modify the Corporation By-Laws on May 26, 2022. Also, Board of Directors must attend by over two-thirds of the directors and half of those attending directors must approve for the case if the Company cash distribution of dividends, bonus and capital surplus or surplus reserve, it should report to the Shareholders' Meeting. However, if the Company issues new stocks for distribution of dividends,

bonus and capital surplus or surplus reserve, it should let the shareholders pass the resolution.

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.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 had been approved by the shareholders' meeting in May 2023 and 2022, respectively; the amounts were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 27,631	\$ 42,729		
Special surplus reserve (Reverse)	57,972	(440)		
Cash dividends	<u>147,781</u>	<u>246,301</u>	<u>\$ 1.5</u>	<u>\$ 2.5</u>
	<u>\$233,384</u>	<u>\$288,590</u>		

The appropriations of earnings for 2022 had been approved by the Company's board of directors in March 2023.

(IV) Special reserve

When the company adopted IFRSs for the first time, the unrealized revaluation gains and accumulative translation adjustments transferred to retained earnings amounted to NT\$13,747 thousand and NT\$231,169 thousand respectively, but the increase in retained earnings due to the adoption of IFRSs for the first time was not enough to be recognized, so only the retained earnings increase of NT\$181,615 thousand due to the conversion to IFRSs was set aside as a special surplus reserve.

(V) Other equity

1. Exchange differences on translation of the financial statements of foreign operations

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	(\$240,008)	(\$289,782)
Exchange differences on translating the financial statements of foreign operations	65,457	113,342
Tax arising on translation of foreign operations	(13,098)	(22,668)
Balance at September 30	(\$187,649)	(\$199,108)

2. Unrealized gain/(loss) on financial assets at fair value through other comprehensive income

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	(\$128,698)	(\$ 20,952)
Recognized for the year		
Unrealized gain (loss) - equity instruments	43,129	(110,568)
Balance at September 30	(\$ 85,569)	(\$131,520)

(VI) Non-controlling interests

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$114,264	\$109,687
Other comprehensive income (loss) during the period		
Net profit	15,661	15,105
Exchange differences on translation of the financial statements of foreign operations	1,765	3,302
Cash dividends distributed from subsidiaries	(18,290)	(18,874)
Balance at September 30	\$113,400	\$109,220

(VII) Treasury stock

In order to transfer shares to employees, the Company repurchased 1,484,000 shares of the Company's common stock in 2019, and the repurchase costs were NT\$40,239 thousand.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

XXIII. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Revenue from contracts with customers				
Revenue from sale of goods	\$ 2,094,655	\$ 2,168,747	\$ 5,662,781	\$ 7,181,719
Service revenue	<u>951</u>	<u>675</u>	<u>2,320</u>	<u>5,437</u>
	<u>\$ 2,095,606</u>	<u>\$ 2,169,422</u>	<u>\$ 5,665,101</u>	<u>\$ 7,187,156</u>

(I) Contract balances

	September 30 2023	December 31 2022	September 30 2022	January 1 2022
Notes receivable and accounts receivable (including related parties) (Note 9)	<u>\$3,141,772</u>	<u>\$2,706,279</u>	<u>\$3,030,523</u>	<u>\$3,919,967</u>
Contract liabilities (classified under other current liabilities)				
Sale of goods	<u>\$ 12,530</u>	<u>\$ 10,594</u>	<u>\$ 8,966</u>	<u>\$ 12,669</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the date the Group fulfills its performance obligation and the date the customer's payment is received.

(II) Disaggregation of revenue by products

For the Nine Months Ended September 30, 2023

Types	Reportable Segments				Total
	Taiwan	South China	Eastern China	Others	
Revenue from sale of goods	\$ 1,562,276	\$ 1,186,640	\$ 2,773,157	\$ 140,708	\$ 5,662,781
Service revenue	<u>342</u>	<u>63</u>	<u>1,886</u>	<u>29</u>	<u>2,320</u>
	<u>\$ 1,562,618</u>	<u>\$ 1,186,703</u>	<u>\$ 2,775,043</u>	<u>\$ 140,737</u>	<u>\$ 5,665,101</u>

For the Nine Months Ended September 30, 2022

Types	Reportable Segments				
	Taiwan	South China	Eastern China	Others	Total
Revenue from sale of goods	\$ 2,040,062	\$ 1,630,448	\$ 3,387,183	\$ 124,026	\$ 7,181,719
Service revenue	<u>600</u>	<u>2,765</u>	<u>2,056</u>	<u>16</u>	<u>5,437</u>
	<u>\$ 2,040,662</u>	<u>\$ 1,633,213</u>	<u>\$ 3,389,239</u>	<u>\$ 124,042</u>	<u>\$ 7,187,156</u>

XXIV. PROFIT BEFORE INCOME TAX

(I) Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Bank deposits	<u>\$ 6,089</u>	<u>\$ 4,686</u>	<u>\$17,768</u>	<u>\$13,427</u>

(II) Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Dividend income	\$ -	\$ -	\$ 42,602	\$ 42,400
Rental income	2,131	2,135	6,435	6,344
Others	<u>12,081</u>	<u>11,321</u>	<u>14,076</u>	<u>15,703</u>
	<u>\$ 14,212</u>	<u>\$ 13,456</u>	<u>\$ 63,113</u>	<u>\$ 64,447</u>

(III) Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Gains (losses) of financial assets measured at FVTPL	(\$ 10,276)	(\$ 13,649)	\$ 5,123	(\$ 35,551)
Net gain (loss) from foreign currency exchange	5,340	49,344	29,132	88,476
Loss on disposal of property, plant and equipment	(280)	(132)	1,373	(838)
Others	<u>(63)</u>	<u>(139)</u>	<u>(386)</u>	<u>(330)</u>
	<u>(\$ 5,279)</u>	<u>\$ 35,424</u>	<u>\$ 35,242</u>	<u>\$ 51,757</u>

(IV) Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest on bank loans	\$ 17,189	\$ 13,662	\$ 47,583	\$ 28,701
Interest on lease liabilities	877	526	1,907	1,731
Other interest expenses	<u>895</u>	<u>625</u>	<u>2,126</u>	<u>2,159</u>
	<u>\$ 18,961</u>	<u>\$ 14,813</u>	<u>\$ 51,616</u>	<u>\$ 32,591</u>

(V) Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Property, plant and equipment	\$ 47,852	\$ 60,306	\$ 146,781	\$ 179,086
Right-of-use assets	13,314	13,754	37,886	41,115
Intangible assets	<u>8,933</u>	<u>8,227</u>	<u>22,795</u>	<u>26,990</u>
	<u>\$ 70,099</u>	<u>\$ 82,287</u>	<u>\$ 207,462</u>	<u>\$ 247,191</u>

An analysis of depreciation
by function

Operating costs	\$ 49,029	\$ 66,072	\$ 153,649	\$ 196,676
Operating expenses	<u>12,137</u>	<u>7,988</u>	<u>31,018</u>	<u>23,525</u>
	<u>\$ 61,166</u>	<u>\$ 74,060</u>	<u>\$ 184,667</u>	<u>\$ 220,201</u>

An analysis of amortization
by function

Operating costs	\$ 1,918	\$ 1,589	\$ 5,308	\$ 3,950
Operating expenses	<u>7,015</u>	<u>6,638</u>	<u>17,487</u>	<u>23,040</u>
	<u>\$ 8,933</u>	<u>\$ 8,227</u>	<u>\$ 22,795</u>	<u>\$ 26,990</u>

(VI) Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	<u>\$ 265,428</u>	<u>\$ 244,138</u>	<u>\$ 750,156</u>	<u>\$ 818,705</u>
Retirement benefits				
Defined contribution plans	12,422	12,789	36,961	40,399
Defined benefit plans (Note 21)	<u>153</u>	<u>240</u>	<u>460</u>	<u>718</u>
	<u>\$ 12,575</u>	<u>13,029</u>	<u>\$ 37,421</u>	<u>41,117</u>
	<u>\$ 278,003</u>	<u>\$ 257,167</u>	<u>\$ 787,577</u>	<u>\$ 859,822</u>

	For the Three Months		For the Nine Months	
	Ended September 30		Ended September 30	
	2023	2022	2023	2022
An analysis of employee benefits expense by function				
Operating costs	\$157,112	\$158,350	\$457,707	\$509,223
Operating expenses	<u>120,891</u>	<u>98,817</u>	<u>329,870</u>	<u>350,599</u>
	<u>\$278,003</u>	<u>\$257,167</u>	<u>\$787,577</u>	<u>\$859,822</u>

(VII) Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at rates of no less than 10% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors.

The compensation of employees and remuneration of directors for the three months and nine months ended September 30, 2023 and 2022 were as follows:

Accrual rate	For the Nine Months Ended September 30	
	2023	2022
Employees' compensation (%)	15	15
Remuneration of directors (%)	2.5	2.5

Amount	For the Three Months		For the Nine Months	
	Ended September 30		Ended September 30	
	2023	2022	2023	2022
Employees' compensation	<u>\$ 12,609</u>	<u>\$ 13,241</u>	<u>\$ 35,123</u>	<u>\$ 50,311</u>
Remuneration of directors	<u>\$ 2,102</u>	<u>\$ 2,207</u>	<u>\$ 5,854</u>	<u>\$ 8,385</u>

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

The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 which have been approved by the Company's board of directors in March, 2023 and 2022, were paid in cash as follows:

	2022	2021
Employees' compensation	\$ 57,036	\$ 88,237
Remuneration of directors	9,506	14,706

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

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

XXV. INCOME TAX

(I) The major components of income tax expense (gain)

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current year	\$ 56,861	\$ 40,850	90,728	\$ 102,673
Addition from unappropriated earnings	\$ -	\$ -	\$ 2,146	\$ 6,935
Adjustments for prior years	<u>578</u>	<u>-</u>	<u>(10,738)</u>	<u>17,304</u>
	<u>57,439</u>	<u>40,850</u>	<u>82,136</u>	<u>126,912</u>
Deferred tax				
In respect of the current year	(31,667)	(9,566)	(27,413)	10,611
Adjustments for prior years	<u>-</u>	<u>-</u>	<u>4,137</u>	<u>(7,823)</u>
	<u>(31,667)</u>	<u>(9,566)</u>	<u>(23,276)</u>	<u>2,788</u>
	<u>\$ 25,772</u>	<u>\$ 31,284</u>	<u>\$ 58,860</u>	<u>\$ 129,700</u>

(II) Income tax benefit recognized in other comprehensive (expenses)

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Deferred tax				
In respect of the current year				
Exchange differences on translation of the financial statements of foreign operations	<u>(\$ 30,473)</u>	<u>(\$ 8,120)</u>	<u>(\$ 13,098)</u>	<u>(\$ 22,668)</u>

(III) Income tax assessments

The company's income tax declaration for profit-making business up to the year of 2021 have been approved by the tax collection authorities.

XXVI. EARNINGS PER SHARE (EPS)

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

(I) Net profit for the year attributable to the owners of the company

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Earnings used in the computation to basic/diluted EPS	<u>\$ 58,947</u>	<u>\$ 61,435</u>	<u>\$ 166,313</u>	<u>\$ 226,214</u>

(II) Number of shares (in thousands)

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Weighted average number of shares outstanding used in computation of basic EPS	98,520	98,520	98,520	98,520
Effect of potentially dilutive shares				
Employees' compensation	<u>947</u>	<u>1,853</u>	<u>1,482</u>	<u>2,632</u>
Weighted average number of shares outstanding used in computation of diluted EPS	<u>99,467</u>	<u>100,373</u>	<u>100,002</u>	<u>101,152</u>

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

XXVII. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Group (comprising issued capital, reserves, retained earnings and other equity).

The key management personnel of the Group periodically review the cost of capital and the risk associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

The Group is not subject to any externally imposed capital requirements, except those discussed in Note 20.

XXVIII. FINANCIAL INSTRUMENTS

(I) Fair values of financial instruments not measured at fair value.

The carrying amount of financial assets and financial liabilities that are not measured at fair value as approximate amount of their fair value.

(II) Fair value of financial instruments measured at fair value on a recurring basis.

1. Fair value hierarchy

September 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic listed shares	\$ 70,639	\$ -	\$ -	\$ 70,639
Guaranteed floating income financial products	-	-	364,231	364,231
	<u>\$ 70,639</u>	<u>\$ -</u>	<u>\$ 364,231</u>	<u>\$ 434,870</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 587,699	\$ -	\$ -	\$ 587,699
Domestic unlisted shares	-	-	62,841	62,841
Foreign unlisted shares	-	-	14,572	14,572
	<u>\$ 587,699</u>	<u>\$ -</u>	<u>\$ 77,413</u>	<u>\$ 665,112</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives	\$ -	\$ 2,654	\$ -	\$ 2,654

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Derivatives	\$ -	\$ 1,490	\$ -	\$ 1,490
Domestic listed shares	88,870	-	-	88,870
Guaranteed floating income financial products	-	-	607,512	607,512
	<u>\$ 88,870</u>	<u>\$ 1,490</u>	<u>\$ 607,512</u>	<u>\$ 697,872</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 520,613	\$ -	\$ -	\$ 520,613
Domestic unlisted shares	-	-	78,070	78,070
Foreign unlisted shares	-	-	2,348	2,348
	<u>\$ 520,613</u>	<u>\$ -</u>	<u>\$ 80,418</u>	<u>\$ 601,031</u>

September 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic listed shares	\$ 113,668	\$ -	\$ -	\$ 113,668
Guaranteed floating income financial products	-	-	460,225	460,225
	<u>\$ 113,668</u>	<u>\$ -</u>	<u>\$ 460,225</u>	<u>\$ 573,893</u>

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 487,267	\$ -	\$ -	\$ 487,267
Domestic unlisted shares	-	-	78,070	78,070
Foreign unlisted shares	-	-	2,348	2,348
	<u>\$ 487,267</u>	<u>\$ -</u>	<u>\$ 80,418</u>	<u>\$ 567,685</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives				
	<u>\$ -</u>	<u>\$ 5,255</u>	<u>\$ -</u>	<u>\$ 5,255</u>

There were no transfers between Level 1 and Level 2 for the nine months ended September 30, 2023 and 2022.

2. Reconciliation of Level 3 fair value measurements of financial assets and liabilities

	<u>Financial assets at FVTPL</u>		<u>Financial assets at FVTOCI</u>	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
<u>Financial assets</u>				
Balance at January 1	\$ 607,512	\$ 266,350	\$ 80,418	\$ 80,443
Increase in current nine month	505,984	755,493	12,224	-
Decrease in current nine month	(768,257)	(572,360)	-	-
Recognized in profit or loss	12,768	2,504	(15,229)	(25)
Exchange differences	6,224	8,238	-	-
Balance at September 30	<u>\$ 364,231</u>	<u>\$ 460,225</u>	<u>\$ 77,413</u>	<u>\$ 80,418</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. The estimates and assumptions used by the Group in the evaluation method are consistent with the information used by market participants as estimates and assumptions when pricing financial products.

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

The financial assets held by the Group measured at fair value are estimated using the market method with reference to the stock price-to-

book value ratio of similar companies in the same industry in the open market or the latest net asset value.

The estimated fair value of guaranteed with floating income financial products is based on the analysis of cash flow.

(III) Categories of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial Assets</u>			
Measured at amortized cost (Note 1)	\$ 4,462,999	\$ 4,413,305	\$ 4,580,849
Measured at FVTPL			
Mandatorily classified as at FVTPL	434,870	697,872	573,893
Financial assets at FVTOCI			
Investments in equity instruments	\$ 665,112	\$ 601,031	\$ 567,685
<u>Financial Liabilities</u>			
Measured at amortized cost (Note 2)	3,568,810	3,820,117	4,018,820
Measured at FVTPL			
Derivatives	2,654	-	5,255

Note 1: Including cash and cash equivalents, notes receivable and accounts receivable, others receivable, other financial assets and refundable deposits measured at amortized cost, which comprise.

Note 2: Including short-term borrowings, short-term bills payable, notes payable and accounts payable, other payables, long-term borrowings and guarantee deposits received measured at amortized cost, which comprise.

(IV) Financial risk Management objectives and policies

The Group's major financial instruments included equity and investments, notes receivable and accounts receivable, other financial assets, short-term bills payable, accounts payable, lease liability and long-term and short-term loans, etc. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange rates and interest rates), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

The Group's activities exposed is primarily to the financial risks of changes in foreign currency exchange rates (detail refers below (1)) and interest rates (detail refers below (2)).

(1) Foreign currency risk

The Group had foreign currency trades, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

For the carrying amount of monetary assets and monetary liabilities denominated in non-functional currency of the Group on the balance sheet date (including monetary items denominated in non-functional currency that have been reversed in the consolidated financial report), please refer to Note 32.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (functional currency) against the relevant foreign currencies. A sensitivity rate of 1% is used internally when reporting to management from the Group on exchange rate risks. It represents management's assessment on reasonably possible scope of foreign exchange rates. The following table details the Group's sensitivity analysis included only the outstanding foreign currency (USD) denominated monetary items at the balance sheet date. The sensitivity analysis included foreign currency deposit (USD), receivables and payables, and long-term and short-term borrowings. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant

currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	Currency USD Impact	
	For the Nine Months Ended September 30	
	2023	2022
Profit or loss	\$ 6,860	\$ 8,364

(2) Interest rate risk

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
Financial assets	\$ 696,950	\$ 611,170	\$ 656,369
Financial liabilities	506,950	554,949	908,429
Cash flow interest rate risk			
Financial assets	578,259	1,049,281	839,215
Financial liabilities	1,060,422	1,505,506	1,407,449

Sensitivity analysis

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

The rate of change used internally in reporting interest rates to the management from the Group is the 1% basis points increase or decrease in interest rates, which also represents the management's

evaluation of the reasonable range of possible changes in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2023 and 2022 would have been lower/higher by NT\$3,616 thousand and NT\$4,262 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and borrowings.

(3) Other price risk

The Group were exposed to equity price risk through their investments in listed shares.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk on the balance sheet date.

If the equity price increases/decreases by 1%, the Group's net profit before tax for the nine months ended September 30, 2023 and 2022 will increase/decrease by NT\$706 thousand and NT\$1,137 thousand respectively due to the change in the fair value of financial assets measured at fair value through profit and loss.

If the equity price increases/decreases by 1%, the Group's pre-tax other comprehensive profit and loss for the nine months ended September 30, 2023 and 2022 will increase/decrease by NT\$6,651 thousand and NT\$5,677 thousand respectively due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive profit and loss.

2. Credit risk

Credit risk refers to the risk of financial loss of the Group caused by the counterparty's default of contractual obligations. As of the balance sheet date, the Group's maximum credit risk exposure that may cause financial losses due to the failure of the counterparty to fulfill the obligation and the financial guarantee provided by the Group is mainly from:

- (1) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and

- (2) The amount of contingent liabilities in relation to financial guarantees provided by the Group.

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

The Group only transacts with financial institutions and companies with good credit ratings. Therefore, no significant credit risk is anticipated.

3. Liquidity risk

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

(1) Liquidity risk tables for non-derivative financial liabilities

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

September 30, 2023	Less than 6 Months	6 Months to 1 Year	1-3 Years	More than 3 Years
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$2,067,011	\$ 94,354	\$ 1,487	\$ -
Leasing liabilities	17,698	27,897	71,866	52,677
Variable interest rate liabilities	597,859	16,556	66,314	506,654
Fixed interest rate liabilities	346,158	-	-	-
Financial guarantee contracts	54,616	-	-	-
	<u>\$3,083,342</u>	<u>\$ 138,807</u>	<u>\$ 139,667</u>	<u>\$ 559,331</u>

Lease liabilities further analysis

	Less than 1 Year	1-3 Years	3-5 Years	5-10 Years
Leasing liabilities	<u>\$ 45,595</u>	<u>\$ 71,866</u>	<u>\$ 31,082</u>	<u>\$ 21,595</u>

December 31, 2022	Less than 6 Months	6 Months to 1 Year	1-3 Years	More than 3 Years
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$1,734,642	\$ 113,975	\$ 1,480	\$ -
Leasing liabilities	16,207	7,352	25,568	47,533
Variable interest rate liabilities	1,066,284	12,079	72,279	469,893
Fixed interest rate liabilities	464,942	-	-	-
Financial guarantee contracts	44,202	-	-	-
	<u>\$3,326,277</u>	<u>\$ 133,406</u>	<u>\$ 99,327</u>	<u>\$ 517,426</u>

Lease liabilities further analysis

	Less than 1 Year	1-3 Years	3-5 Years	5-10 Years
Leasing liabilities	<u>\$ 23,559</u>	<u>\$ 25,568</u>	<u>\$ 19,375</u>	<u>\$ 28,158</u>

September 30, 2022	Less than 6 Months	6 Months to 1 Year	1-3 Years	More than 3 Years
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$1,678,898	\$ 122,043	\$ 164	\$ 1,755
Leasing liabilities	23,171	9,396	24,586	49,346
Variable interest rate liabilities	949,603	12,420	74,727	491,986
Fixed interest rate liabilities	809,753	-	-	-
Financial guarantee contracts	71,048	-	-	-
	<u>\$3,532,473</u>	<u>\$ 143,859</u>	<u>\$ 99,477</u>	<u>\$ 543,087</u>

Lease liabilities further analysis

	Less than 1 Year	1-3 Years	3-5 Years	5-10 Years
Leasing liabilities	<u>\$ 32,567</u>	<u>\$ 24,586</u>	<u>\$ 18,498</u>	<u>\$ 30,848</u>

The amount of the above-mentioned financial guarantee contract refers to the amount that the company may have to pay to fulfill the guarantee obligation if the holder of the financial guarantee contract claims the full guarantee amount from the guarantor. However, according to the expectation on the balance sheet date, the Company believes that it is unlikely to pay these contract payments. The amounts included above for variable interest rate non-derivative financial liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates at the end of the year.

(2) Liquidity risk tables for derivative financial liabilities

On the liquidity analysis of derivative financial instruments, derivative instruments settled by gross amount is compiled based on the undiscounted total cash inflow and outflow. When the amount payable is not fixed, the disclosed amount is based on the spot exchange rate on the balance sheet date.

	On Demand or Less than 1 Month	1-3 Months
<u>September 30, 2023</u>		
Total settlement		
Foreign exchange forward contracts		
Inflows	\$ 46,501	\$ 79,176
Outflows	(<u>48,289</u>)	(<u>80,042</u>)
	(<u>\$ 1,788</u>)	(<u>\$ 866</u>)
<u>December 31, 2022</u>		
Total settlement		
Foreign exchange forward contracts		
Inflows	\$ 31,948	\$ 91,771
Outflows	(<u>30,680</u>)	(<u>91,549</u>)
	<u>\$ 1,268</u>	<u>\$ 222</u>

<u>September 30, 2022</u>	<u>On Demand or Less than 1 Month</u>	<u>1-3 Months</u>
Total settlement		
Foreign exchange forward contracts		
Inflows	\$ 44,688	\$ 76,914
Outflows	(<u>47,680</u>)	(<u>79,177</u>)
	(<u>\$ 2,992</u>)	(<u>\$ 2,263</u>)

4. Transfers of financial assets

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

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of September 30, 2023, December 31, 2022 and September 30, 2022, the face amount of these unsettled bills receivable was NT\$54,616 thousand, NT\$44,202 thousand and NT\$71,048 thousand, respectively. The unsettled bills receivable will be due in 6 months after the balance sheet date. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair value of its continuing involvement is not significant.

During the nine months ended September 30, 2023 and 2022, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

XXIX. RELATED PARTY TRANSACTIONS

Transactions between the Group and related parties were disclosed as follows:

(I) Name of related parties and relation

<u>Related Parties</u>	<u>Relation with the Group</u>
Wah Lee Industrial Corp.	Investor with significant influence
Wah Lee Japan Corporation	Subsidiary of investor with significant influence
Shanghai Yikang Chemical Industry Material Limited Company	Subsidiary of investor with significant influence
DongGuan HuaGang International Trading Co., Ltd	Subsidiary of investor with significant influence
Raycong Industrial (Hong Kong) Limited	Subsidiary of investor with significant influence
Wah Lee Tech (Singapore) Pte. Ltd.	Subsidiary of investor with significant influence
Wah Tech Industrial Co., Ltd.	Subsidiary of investor with significant influence
Tranceed Logistics Co. Ltd.	Subsidiary of investor with significant influence
Nagase Wahlee Plastics Corp.	Substantive related party
Hightech Polymer Sdn. Bhd.	Substantive related party
Regent Tech-Solutions Co., LTD.	Substantive related party (became unrelated party since August 2022)
Wah Sheng Industrial Co.,	Affiliated enterprises

(II) Operating transactions

1. Sales of goods

<u>Related Party Category</u>	<u>For the Three Months Ended</u> <u>September 30</u>		<u>For the Nine Months Ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Investor with significant influence and their subsidiaries	\$ 10,328	\$ 40,125	\$ 41,705	\$ 114,600
Substantive related party	<u>-</u>	<u>-</u>	<u>13</u>	<u>-</u>
	<u>\$ 10,328</u>	<u>\$ 40,125</u>	<u>\$ 41,718</u>	<u>\$ 114,600</u>

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

2. Purchase of goods

<u>Related Party Category</u>	<u>For the Three Months Ended</u> <u>September 30</u>		<u>For the Nine Months Ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Investor with significant influence and their subsidiaries	\$ 3,426	\$ 5,291	\$ 11,618	\$ 23,384
Substantive related party	<u>2,605</u>	<u>-</u>	<u>3,296</u>	<u>628</u>
	<u>\$ 6,031</u>	<u>\$ 5,291</u>	<u>\$ 14,914</u>	<u>\$ 24,012</u>

The prices of purchases from related parties were made under arm's length terms and there were no similar transactions with third parties for comparison. Payment terms are not significantly different from those of general manufacturers.

3. Rental income

<u>Related Party Category</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Investor with significant influence	\$ 7	\$ 15	\$ 25	\$ 26
Substantive related party	<u>39</u>	<u>-</u>	<u>118</u>	<u>26</u>
	<u>\$ 46</u>	<u>\$ 15</u>	<u>\$ 143</u>	<u>\$ 52</u>

4. Receivables from related parties

(1) Accounts receivable

<u>Related Party Category</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Investor with significant influence and their subsidiaries	<u>\$ 10,273</u>	<u>\$ 40,322</u>	<u>\$ 40,732</u>

(2) Other receivables

<u>Related Party Category</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Investor with significant influence and their subsidiaries	\$ -	\$ 19	\$ 95
Substantive related party	36	-	-
Affiliated enterprises	<u>673</u>	<u>-</u>	<u>-</u>
	<u>\$ 709</u>	<u>\$ 19</u>	<u>\$ 95</u>

The outstanding accounts receivable from related parties are unsecured and not recognized for impairment losses.

5. Payables to related parties

(1) Accounts payable

<u>Related Party Category</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Investor with significant influence and their subsidiaries	\$ 4,244	\$ 7,181	\$ 4,920
Substantive related party	<u>1,197</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,441</u>	<u>\$ 7,181</u>	<u>\$ 4,920</u>

The outstanding payables to related parties are unsecured.

(III) Rent Expense

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Investor with significant influence and their subsidiaries	\$ 361	\$ 361	\$ 1,084	\$ 1,084
Substantive related party	-	240	-	720
	<u>\$ 361</u>	<u>\$ 601</u>	<u>\$ 1,084</u>	<u>\$ 1,804</u>

(IV) Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 7,418	\$ 9,890	\$ 25,713	\$ 36,491
Retirement benefits	130	85	375	253
	<u>\$ 7,548</u>	<u>\$ 9,975</u>	<u>\$ 26,088</u>	<u>\$ 36,744</u>

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

XXX. ASSETS PLEDGED AS COLLATERAL

The Group provided the following assets (show as net book value) as collaterals for part of borrowings, performance guarantee, endorsements/guarantees for others and customs.

	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment			
Land	\$ 171,108	\$ 171,108	\$ 171,108
Buildings	<u>210,982</u>	<u>223,250</u>	<u>228,717</u>
	<u>\$ 382,090</u>	<u>\$ 394,358</u>	<u>\$ 399,825</u>

XXXI. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED
COMMITMENTS

Significant commitments and contingencies of the Group as of balance sheet date were as follows:

- (I) The Group's unused letters of credit for purchase of merchandise balance as follows:

	Unit: Foreign Currencies / NTD (In Thousands)		
	September 30, 2023	December 31, 2022	September 30, 2022
USD	\$ 2,398	\$ 2,230	\$ 2,708
NTD	-	-	1,827

(II) The Group's unrecognized contractual commitment are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Acquisition of equipment	<u>\$ 30,851</u>	<u>\$ 26,789</u>	<u>\$ 8,404</u>

(III) As of September 30, 2023, December 31, 2022 and September 30, 2022, the performance bond issued by the bank for the Company importing goods amounted to NT\$1,300 thousand, NT\$800 thousand and NT\$15,800 thousand, respectively.

XXXII. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

The following information was summarized according to the foreign currencies other than the functional currency of the Group. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

Unit: Foreign Currencies/ NTD/ Forex rate (In Thousands)

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>September 30, 2023</u>				
Foreign currency assets				
Monetary items				
USD	\$ 44,596	32.27	(USD:NTD)	\$ 1,439,121
USD	57,529	7.1798	(USD:RMB)	1,856,451
Foreign currency liabilities				
Monetary items				
USD	37,874	32.27	(USD:NTD)	1,222,198
USD	42,993	7.1798	(USD:RMB)	1,387,399
<u>December 31, 2022</u>				
Foreign currency assets				
Monetary items				
USD	43,347	30.71	(USD:NTD)	1,331,176
USD	51,632	6.9646	(USD:RMB)	1,585,604
Foreign currency liabilities				
Monetary items				
USD	31,385	30.71	(USD:NTD)	963,835
USD	34,813	6.9646	(USD:RMB)	1,069,107

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>September 30, 2022</u>				
Foreign currency assets				
Monetary items				
USD	41,066	31.75	(USD:NTD)	1,303,831
USD	53,509	7.0998	(USD:RMB)	1,698,924
Foreign currency liabilities				
Monetary items				
USD	29,596	31.75	(USD:NTD)	939,683
USD	38,636	7.0998	(USD:RMB)	1,226,699

For the three months and nine months ended September 30, 2023 and 2022, realized and unrealized net foreign exchange gains and losses were gain of NT\$5,340 thousand, gain of NT\$49,344 thousand, gain of NT\$29,132 thousand and gain of NT\$88,476 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group's entities.

XXXIII. ADDITIONAL DISCLOSURES

- (I) Information about significant transactions and (II) investees:
1. Lending funds to others: Table 1
 2. Endorsements/guarantees provided: Table 2
 3. Marketable securities held: Table 3
 4. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
 5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
 6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
 8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5
 9. Trading in derivative instruments: Note 7
 10. Intercompany relationships and significant intercompany transactions: Table 6

11. Information on investees: Table 7

(II) Information on investments in mainland China

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 8
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

- (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period:

	<u>Purchase of Goods</u>		<u>Accounts Payable</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Sun Hong	<u>\$ 23,115</u>	<u>1</u>	<u>\$ 10,626</u>	<u>2</u>

- (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period:

	<u>Sales of Goods</u>		<u>Accounts Receivable</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
SIP Chang Hong	\$ 667,805	25	\$ 519,500	34
Suzhou Alliance	197,268	7	132,696	9
Ningbo Changhong	79,948	3	44,559	3
Xiamen Guang Hong	71,191	3	48,736	3
Sun Hong	49,968	2	37,380	2
Qingdao Changhong	3,275	-	1,376	-
SIP Chang Jun	2,189	-	1,273	-
Ningbo Changli	<u>1,212</u>	<u>-</u>	<u>1,250</u>	<u>-</u>
	<u>\$ 1,072,856</u>	<u>40</u>	<u>\$ 786,770</u>	<u>51</u>

- (3) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2
- (4) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1

- (5) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: NIL
- (III) Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9

XXXIV. SEGMENT INFORMATION

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

- (I) Wah Hong Industrial Corporation (Taiwan)
- (II) Wah Hong International Ltd., Sun Hong and Xiamen Guang Hong (South China)
- (III) Wah Hong Technology Ltd., SIP Chang Hong, SIP Chang Jun, Ningbo Changhong, Qingdao Changhong, Chang Hong (HK), Ningbo Changli, Smart Succeed Ltd., Granite International Ltd., Allied Royal LLC., SuZhou Alliance and Best Honor Inc. (Eastern China)

The abovementioned reportable segments are mainly engaged in the manufacturing and trading of materials of LCD (Diffusion, Reflection films and optical films etc.), new model panel display, materials of Bulk Molding Compounds (BMC) and Molding products, products of carbon graphite, etc.

Other operating segments were as follows:

- Wah Hong Holding Ltd. and Wah Hong Development Ltd. - International investment business
- Wah Ma Technology Sdn. Bhd. - Manufacturing and trading of BMC materials (Bulk Molding Compounds) and Molding products
- PT. Wah Hong Indonesia - Manufacturing and trading of LCD materials, BMC materials (Bulk Molding Compounds) and Molding products

Segment Revenue, Operating Results and Assets and Liabilities

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

For the Nine Months Ended						Adjustment	Total
	Taiwan	South China	Eastern China	Others	and Elimination		
September 30, 2023							
Revenue from external customers	\$ 1,562,618	\$ 1,186,703	\$ 2,775,043	\$ 140,737	\$ -	\$ 5,665,101	
Inter-segment revenue	<u>1,134,043</u>	<u>42,653</u>	<u>556,547</u>	<u>4,778</u>	(<u>1,738,021</u>)	<u>-</u>	
Segment revenue	<u>\$ 2,696,661</u>	<u>\$ 1,229,356</u>	<u>\$ 3,331,590</u>	<u>\$ 145,515</u>	<u>(\$ 1,738,021)</u>	<u>\$ 5,665,101</u>	
Segment income (loss)	\$ 15,513	\$ 15,505	\$ 142,657	(\$ 17,792)	\$ 25,462	\$ 181,345	
Interest income						17,768	
Other income						63,113	
Other gains and losses						35,242	
Finance costs						(51,616)	
Share of profit and loss of affiliated enterprises recognized by equity method						(5,018)	
Profit before income tax						240,834	
Income tax expenses						(58,860)	
Net profit						<u>\$ 181,974</u>	
September 30, 2023							
Identifiable assets	<u>\$ 2,787,398</u>	<u>\$ 1,756,687</u>	<u>\$ 4,017,780</u>	<u>\$ 293,730</u>	<u>(\$ 1,201,267)</u>	<u>\$ 7,654,328</u>	
Financial assets at FVTOCI						665,112	
Investments accounted for using equity method						<u>5,429</u>	
Total assets						<u>\$ 8,324,869</u>	
For the Nine Months Ended							
September 30, 2022							
Revenue from external customers	\$ 2,040,662	\$ 1,633,213	\$ 3,389,239	\$ 124,042	\$ -	\$ 7,187,156	
Inter-segment revenue	<u>1,112,536</u>	<u>53,277</u>	<u>964,082</u>	<u>691</u>	(<u>2,130,586</u>)	<u>-</u>	
Segment revenue	<u>\$ 3,153,198</u>	<u>\$ 1,686,490</u>	<u>\$ 4,353,321</u>	<u>\$ 124,733</u>	<u>(\$ 2,130,586)</u>	<u>\$ 7,187,156</u>	
Segment income (loss)	\$ 22,253	\$ 67,153	\$ 193,745	(\$ 16,450)	\$ 7,278	\$ 273,979	
Interest income						13,427	
Other income						64,447	
Other gains and losses						51,757	
Finance costs						(32,591)	
Profit before income tax						371,019	
Income tax expenses						(129,700)	
Net profit						<u>\$ 241,319</u>	
September 30, 2022							
Identifiable assets	<u>\$ 2,912,233</u>	<u>\$ 1,863,805</u>	<u>\$ 4,127,215</u>	<u>\$ 234,522</u>	<u>(\$ 921,736)</u>	<u>\$ 8,216,039</u>	
Financial assets at FVTOCI						<u>567,685</u>	
Total assets						<u>\$ 8,783,724</u>	

Departmental interests refer to the profits earned by each department, excluding the share of profits and losses of affiliated companies using the equity method, other income, other gains and losses, financial costs, and income tax expenses. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

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

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
LENDING FUNDS TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

Table 1

(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	\$ 8,989	\$ 8,989	\$ 8,989	3.50	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 337,277	\$ 899,405	Note 4
1	SIP Chang Hong Optoelectronics Ltd.	Ningbo Changhong Optoelectronics Ltd.	Other receivables - related parties	Yes	17,626	-	-	3.50	Short-term financing	-	Operating capital	-	-	-	337,277	899,405	Note 4
2	Ningbo Changhong Optoelectronics Ltd.	Ningbo Changli New Material Limited	Other receivables - related parties	Yes	17,979	17,979	17,979	3.50	Short-term financing	-	Operating capital	-	-	-	118,439	315,837	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\$32.27, RMB is converted by USD spot exchange with US\$1 = RMB7.1798.

Note 4: It was eliminated on consolidation.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
 ENDORSEMENTS/ GUARANTEES PROVIDED
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

Table 2

(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	\$ 1,269,861	\$ 548,590	\$ 548,590	\$ 212,648	\$ -	12.96	\$ 2,963,010	Y	N	Y	
0	The Company	Wah Ma Technology Sdn. Bhd.	Subsidiary of the Company	1,269,861	9,426	5,917	986	-	0.14	2,963,010	Y	N	N	
0	The Company	Xiamen Guang Hong Optronics Ltd.	Subsidiary of the Company	1,269,861	161,350	161,350	10,053	-	3.81	2,963,010	Y	N	Y	
0	The Company	Wah Hong Holding Limited	Subsidiary of the Company	1,269,861	96,810	96,810	-	-	2.29	2,963,010	Y	N	N	
0	The Company	SuZhou Alliance Material. Co. Ltd.	Subsidiary of the Company	846,574	35,826	32,270	-	-	0.76	2,963,010	Y	N	Y	
0	The Company	SIP Chang Jun Trading Limited	Subsidiary of the Company	1,269,861	118,657	118,657	118,657	-	2.80	2,963,010	Y	N	Y	
0	The Company	PT. Wah Hong Indonesia	Subsidiary of the Company	1,269,861	35,497	35,497	-	-	0.84	2,963,010	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 by spot exchange US\$1= NT\$32.27; RMB is converted by USD spot exchange US\$1 = RMB7.1798; MYR is converted by spot exchange MYR\$1 = NT\$6.574; IDR is converted by spot exchange IDR\$1 = NT\$0.00208.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2023

Table 3

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Remark
				Number of Note Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Stock							
	Imat Corporation	-	Financial assets at FVTOCI - non-current	1,900,000	\$ -	8.26	\$ -	
	Forming Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,000,000	-	11.68	-	
	Wah Lee Japan Corporation	Subsidiary of Investor with significant influence	Financial assets at FVTOCI - non-current	300	832	16.67	832	
	Jun Hong Optronics Corporation	-	Financial assets at FVTOCI - non-current	19,800,000	62,841	14.48	62,841	
	Wah Lee Industrial Corp.	Investor with significant influence	Financial assets at FVTOCI - non-current	6,312,559	587,699	2.67	587,699	
					<u>\$651,372</u>		<u>\$651,372</u>	
	Chang Wah Electromaterials Inc.	Associate of investor with significant influence	Financial assets at FVTPL - current	2,275,000	<u>\$ 70,639</u>	0.33	<u>\$ 70,639</u>	
Wah Hong Holding Ltd.	Stock							
	SiLican Inc	-	Financial assets at FVTOCI - non-current	250,000	<u>\$ 13,740</u>	7.20	<u>\$ 13,740</u>	

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

Table 4

(In Thousands of New Taiwan Dollars)

Buyer	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Remark
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	SIP Chang Hong Optoelectronics Ltd.	Subsidiaries	Sales of goods	(\$ 667,805)	(25)	150 days after monthly closing	No comparable transactions with third party	Normal trade terms	\$ 519,500	34	Note
	SuZhou Alliance Material.Co.Ltd.	Subsidiaries	Sales of goods	(197,268)	(7)	150 days after monthly closing	No comparable transactions with third party	Normal trade terms	132,696	9	Note
Ningbo Changhong Optoelectronics Ltd.	Granite International Ltd.	The same parent company	Sales of goods	(133,106)	(70)	150 days after monthly closing	No comparable transactions with third party	Normal trade terms	70,149	70	Note
Qingdao Changhong Optoelectronics Ltd.	Smart Succeed Ltd.	The same parent company	Sales of goods	(389,473)	(58)	150 days after monthly closing	No comparable transactions with third party	Normal trade terms	215,570	64	Note

Note: It was eliminated on consolidation.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 2023

Table 5

(In Thousands of New Taiwan Dollars)

Company Name	Counterparty	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Wah Hong Industrial Corp.	SIP Chang Hong Optoelectronics Ltd.	Subsidiaries	\$519,500	2.02	\$ -	-	\$ 98,989	\$ -
	SuZhou Alliance Material.Co.Ltd.	Subsidiaries	132,696	2.31	-	-	19,934	-
Qingdao Changhong Optoelectronics Ltd.	Smart Succeed Ltd.	The same parent company	215,570	2.56	-	-	56,087	-

Note: It was eliminated on consolidation.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

Table 6

(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets%
				Financial Statements Item	Amount	Terms	
0	The Company	SIP Chang Hong Optoelectronics Ltd.	Parent company to subsidiary	Sales	\$ 667,805	No comparable transactions with third party	11.79
0	The Company	SIP Chang Hong Optoelectronics Ltd.	Parent company to subsidiary	Accounts receivable	519,500	150 days after monthly closing	6.24
0	The Company	Sun Hong Optronics Ltd.	Parent company to subsidiary	Sales	49,968	No comparable transactions with third party	0.88
0	The Company	Sun Hong Optronics Ltd.	Parent company to subsidiary	Accounts receivable	37,380	150 days after monthly closing	0.45
0	The Company	SuZhou Alliance Material.Co.Ltd.	Parent company to subsidiary	Sales	197,268	No comparable transactions with third party	3.48
0	The Company	SuZhou Alliance Material.Co.Ltd.	Parent company to subsidiary	Accounts receivable	132,696	150 days after monthly closing	1.59
0	The Company	Ningbo Changhong Optoelectronics Ltd.	Parent company to subsidiary	Sales	79,948	No comparable transactions with third party	1.41
0	The Company	Ningbo Changhong Optoelectronics Ltd.	Parent company to subsidiary	Accounts receivable	44,559	150 days after monthly closing	0.54
0	The Company	Xiamen Guang Hong Optronics Ltd.	Parent company to subsidiary	Sales	71,191	No comparable transactions with third party	1.26
0	The Company	Xiamen Guang Hong Optronics Ltd.	Parent company to subsidiary	Accounts receivable	48,736	150 days after monthly closing	0.59
0	The Company	Qingdao Changhong Optoelectronics Ltd.	Parent company to subsidiary	Sales	3,275	No comparable transactions with third party	0.06
0	The Company	Qingdao Changhong Optoelectronics Ltd.	Parent company to subsidiary	Accounts receivable	1,376	150 days after monthly closing	0.02
0	The Company	SIP Chang Jun Trading Limited	Parent company to subsidiary	Sales	2,189	No comparable transactions with third party	0.04
0	The Company	SIP Chang Jun Trading Limited	Parent company to subsidiary	Accounts receivable	1,273	90 days after monthly closing	0.02
0	The Company	SIP Chang Jun Trading Limited	Parent company to subsidiary	Other receivables	8,553	Subject to the contract	0.10
0	The Company	Ningbo Changli New Material Limited	Parent company to subsidiary	Sales	1,212	No comparable transactions with third party	0.02
0	The Company	Ningbo Changli New Material Limited	Parent company to subsidiary	Accounts receivable	1,250	150 days after monthly closing	0.02
0	The Company	Ningbo Changli New Material Limited	Parent company to subsidiary	Other receivables	1,633	Subject to the contract	0.02
0	The Company	Wah Ma Technology Sdn. Bhd.	Parent company to subsidiary	Sales	1,133	No comparable transactions with third party	0.02
0	The Company	PT. Wah Hong Indonesia	Parent company to subsidiary	Sales	60,053	No comparable transactions with third party	1.06
0	The Company	PT. Wah Hong Indonesia	Parent company to subsidiary	Accounts receivable	34,102	150 days after monthly closing	0.41
1	SIP Chang Hong Optoelectronics Ltd.	The Company	Subsidiary to parent company	Other receivables	3,732	Subject to the contract	0.04
1	SIP Chang Hong Optoelectronics Ltd.	Sun Hong Optronics Ltd.	Between subsidiaries	Sales	8,350	No comparable transactions with third party	0.15

(Continued)

(Continued from previous page)

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets%
				Financial Statements Item	Amount	Terms	
1	SIP Chang Hong Optoelectronics Ltd.	Sun Hong Optronics Ltd.	Between subsidiaries	Accounts receivable	\$ 7,810	150 days after monthly closing	0.09
1	SIP Chang Hong Optoelectronics Ltd.	SIP Chang Jun Trading Limited	Between subsidiaries	Other receivables	8,989	Subject to the contract	0.11
2	Sun Hong Optronics Ltd.	The Company	Subsidiary to parent company	Sales	23,115	No comparable transactions with third party	0.41
2	Sun Hong Optronics Ltd.	The Company	Subsidiary to parent company	Accounts receivable	10,626	150 days after monthly closing	0.13
2	Sun Hong Optronics Ltd.	SIP Chang Hong Optoelectronics Ltd.	Between subsidiaries	Sales	19,518	No comparable transactions with third party	0.34
2	Sun Hong Optronics Ltd.	SIP Chang Hong Optoelectronics Ltd.	Between subsidiaries	Accounts receivable	16,650	150 days after monthly closing	0.20
3	Qingdao Changhong Optoelectronics Ltd.	Sun Hong Optronics Ltd.	Between subsidiaries	Sales	8,824	No comparable transactions with third party	0.16
3	Qingdao Changhong Optoelectronics Ltd.	Sun Hong Optronics Ltd.	Between subsidiaries	Accounts receivable	9,197	150 days after monthly closing	0.11
3	Qingdao Changhong Optoelectronics Ltd.	Smart Succeed Ltd.	Between subsidiaries	Sales	389,473	No comparable transactions with third party	6.87
3	Qingdao Changhong Optoelectronics Ltd.	Smart Succeed Ltd.	Between subsidiaries	Accounts receivable	215,570	150 days after monthly closing	2.59
4	Xiamen Guang Hong Optronics Ltd.	The Company	Subsidiary to parent company	Other receivables	4,289	Subject to the contract	0.05
4	Xiamen Guang Hong Optronics Ltd.	Qingdao Changhong Optoelectronics Ltd.	Between subsidiaries	Accounts receivable	1,539	150 days after monthly closing	0.02
5	Ningbo Changhong Optoelectronics Ltd.	Granite International Ltd.	Between subsidiaries	Sales	133,106	No comparable transactions with third party	2.35
5	Ningbo Changhong Optoelectronics Ltd.	Granite International Ltd.	Between subsidiaries	Accounts receivable	70,149	150 days after monthly closing	0.84
5	Ningbo Changhong Optoelectronics Ltd.	Ningbo Changli New Material Limited	Between subsidiaries	Other receivables	17,979	Subject to the contract	0.22
7	Wah Ma Technology Sdn. Bhd.	The Company	Subsidiary to parent company	Sales	4,778	No comparable transactions with third party	0.06
7	Wah Ma Technology Sdn. Bhd.	The Company	Subsidiary to parent company	Accounts receivable	4,833	150 days after monthly closing	0.06
11	Granite International Ltd.	The Company	Subsidiary to parent company	Sales	12,278	No comparable transactions with third party	0.22
12	Ningbo Changli New Material Limited	Granite International Ltd.	Between subsidiaries	Sales	2,317	No comparable transactions with third party	0.04
12	Ningbo Changli New Material Limited	Granite International Ltd.	Between subsidiaries	Accounts receivable	1,774	150 days after monthly closing	0.02

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

Table 7

(In Thousands of New Taiwan Dollars)

Investor	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 2)	Remark
				September 30, 2023	December 31, 2022	Shares	%	Carrying Amount			
The Company	Wah Hong Holding Ltd.	Mauritius	International investment business	\$ 969,225	\$ 1,212,961	30,624,940	100.00	\$ 3,355,506	\$ 151,554	\$ 151,554	Note 4&6
The Company	Toprising Precision Tech. Co., Ltd.	New Taipei City	Production and trading business of components	7,200	7,200	720,000	27.48	-	(1,358)	-	Note 1
The Company	PT Wah Hong Indonesia	Indonesia	Production and trading business of LCD material, BMC (bulk molding compound) material and molded product	243,085	197,619	7,920,000	99.00	73,076	(18,056)	(17,875)	Note 4
The Company	Wah Sheng Industrial Corp.	Taoyuan City	Production and trading business of components	10,000	10,000	1,000,000	25.00	5,429	(20,072)	(5,018)	Note 1
Wah Hong Holding Ltd.	Wah Hong Technology Ltd.	Mauritius	International investment business	433,005	674,638	13,968,025	100.00	1,903,780	97,289	97,289	Note 4&5
Wah Hong Holding Ltd.	Wah Hong International Ltd.	Mauritius	International investment business	658,444	634,100	20,648,000	100.00	1,057,773	19,128	19,128	Note 4
Wah Hong Holding Ltd.	Wah Hong Development Ltd.	Mauritius	International investment business	15,095	15,355	500,000	100.00	-	-	-	Note 4
Wah Hong Holding Ltd.	Wah Ma Technology Sdn. Bhd.	Malaysia	Production and trading business of BMC (bulk molding compound) material and molded product	96,869	97,602	6,500,000	100.00	144,673	2,332	2,332	Note 4
Wah Hong Holding Ltd.	Granite International Ltd.	Samoa	International trading business	30,018	29,482	960,000	100.00	1,137	(121)	(121)	Note 4
Wah Hong Holding Ltd.	Smart Succeed Ltd.	Samoa	International trading business	-	-	-	100.00	(1,501)	(345)	(345)	Note 4
Wah Hong Holding Ltd.	PT Wah Hong Indonesia	Indonesia	Production and trading business of LCD material, BMC (bulk molding compound) material and molded product	2,455	1,996	80,000	1.00	751	(18,056)	(181)	Note 4
Wah Hong Holding Ltd.	Allied Royal LLC.	Anguilla	International investment business	49,200	49,200	2,715,000	67.50	235,523	48,189	32,528	Note 4
Allied Royal LLC.	Best Honor Inc.	Anguilla	International trading business	-	-	-	100.00	-	-	-	Note 4
SIP Chang Hong Optoelectronics Ltd.	Chang Hong (HK) Optronics Limited	Hong Kong	Sale of BMC materials and finished products, diffusion films, reflectors and other LCD materials	3,217	3,071	-	100.00	1,443	(12)	(12)	Note 4

Note 1: Associate accounted for using the equity method.

Note 2: The share of profit (loss) recognized for the six months ended June 30, 2023 included adjustment of unrealized sales between intra-group companies according to the buyer's tax rate.

Note 3: Please refer to Table 8 for information on investments in mainland China.

Note 4: It was eliminated on consolidation.

Note 5: The board of directors of Wah Hong Technology Ltd. decided to decrease capital by US\$8,000 thousand and returned to Wah Hong Holding Ltd. in September 2023.

Note 6: The board of directors of Wah Hong Holding Ltd. decided to decrease capital by US\$8,000 thousand and returned to The Company in September 2023.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

Table 8

(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 September 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 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	\$ 653,468	Reinvestment in Mainland China through companies registered in a third region.	\$ 257,482	\$ -	\$ -	\$ 257,482	\$ 18,940	100.00	\$ 18,940	\$ 1,124,257	\$ 644,286	
Ningbo Changhong Optoelectronics Ltd. (“Ningbo Changhong”)	Production and trading of panel display compound and LCD optical film etc.	194,265	Reinvestment in Mainland China through companies registered in a third region.	95,820	-	-	95,820	31,635	100.00	31,635	394,797	288,636	
Qingdao Changhong Optoelectronics Ltd. (“Qingdao Changhong”)	Production and trading of panel display compound and LCD optical film etc.	64,540	Reinvestment in Mainland China through companies registered in a third region.	300,950	-	255,960	44,990	36,179	100.00	36,179	346,016	-	Note 3
SIP Chang Jun Trading Limited (“SIP Chang Jun”)	Sale of BMC materials and finished products, diffusion films, reflectors and other LCD products	4,495	Reinvestment in Mainland China through companies registered in a third region.	-	-	-	-	10,535	100.00	10,535	38,692	-	Note 1
SuZhou Alliance Material.Co.Ltd. (“Suzhou Alliance”)	Production and trading business of LCD materials	130,694	Reinvestment in Mainland China through companies registered in a third region.	-	-	-	-	48,189	67.50	32,528	235,520	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	442,099	Reinvestment in Mainland China through companies registered in a third region.	238,092	-	-	238,092	18,288	100.00	18,288	832,723	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	274,295	Reinvestment in Mainland China through companies registered in a third region.	227,204	-	-	227,204	840	100.00	840	225,021	-	

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 September 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 2023	Remark
					Outward	Inward							
Guangzhou Youguang Optoelectronics Co., Ltd. ("Guangzhou Youguang")	Production of light box, LED Opto-electronic compound and lighting products	\$ 127,368	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	6,742	Reinvestment in mainland companies through existing companies in the third party regions	-	-	-	-	10,773	100.00	10,773	19,285	-	

Investor	Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2023	Investment Amount Authorized by Investment Commission, MOEA (Note 4)	Investment Amount Authorized by Investment Commission, MOEA (Note 5)
Wah Hong Industrial Corp.	\$ 878,683	\$ 1,937,956	\$ 2,539,723

Note 1: Reinvested by Wah Hong Holding Ltd. with its funds through Wah Hong Technology Ltd..

Note 2: Reinvested by Wah Hong Holding Ltd. with its funds through Allied Royl LLC..

Note 3: The board of directors of Qingdao Changhong decided to decrease capital by US\$8,000 thousand and returned to Wah Hong Technology Ltd. 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 remitted 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 capital reduction of NT\$255,960 thousand from Qingdao Changhong.

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

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
 INFORMATION OF MAJOR SHAREHOLDERS
 SEPTEMBER 30, 2023

Table 9

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Wah Lee Industrial Corp.	26,129,978	26.12

Note: The table discloses stockholding information of stockholders whose ownership percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of common stocks and special stocks (including treasury stocks) that have completed the dematerialized registration and delivery on the last business day of the quarter. The stocks reported in the financial statements and the actual number of stocks that have completed the dematerialized registration and delivery may be different due to the basis of calculation.