

Wah Hong Industrial Corporation and Subsidiaries

Consolidated Financial Statements for the
Years Ended December 31, 2024 and 2023
and Independent Auditors' Report

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REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of Wah Hong Industrial Corporation as of and for the year ended December 31, 2024, under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Accounting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is already included in the consolidated financial statements. Consequently, Wah Hong Industrial Corporation and its Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Wah Hong Industrial Corporation

Chairman: Tsuen-Hsien, Chang

March 11, 2025

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Wah Hong Industrial Corporation

Audit Opinion

We have audited the accompanying consolidated financial statements of Wah Hong Industrial Corporation (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statement present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those CPA's professional judgments, which are also the most significance matters in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2024 is discussed as follows:

Occurrence of revenue from specific customers

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

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

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

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

Other Matter

We have also audited the parent company - Wah Hong Industrial Corporation's financial report as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion.

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

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

free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

according to the evidence audited. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions might cause the Group to cease the continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 11, 2025

Notice to Readers

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

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

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

| Code | Assets | December 31, 2024 | | December 31, 2023 | |
|-------|--|---------------------|------------|---------------------|------------|
| | | Amount | % | Amount | % |
| | Current assets | | | | |
| 1100 | Cash and cash equivalents (Notes IV and VI) | \$ 1,061,762 | 14 | \$ 1,182,925 | 15 |
| 1110 | Financial assets at fair value through profit or loss – current (Notes IV and VII) | 245,114 | 3 | 432,536 | 5 |
| 1150 | Notes receivable (Notes IV, IX and XXIV) | 395,111 | 5 | 360,135 | 4 |
| 1170 | Accounts receivable, net (Notes IV, IX, XXIV and XXXI) | 2,502,314 | 32 | 2,526,933 | 32 |
| 1200 | Other receivables, net (Notes IV, IX, and XXXI) | 27,952 | - | 18,207 | - |
| 1220 | Current tax assets (Notes IV and XXVI) | 2,563 | - | 3,660 | - |
| 130X | Inventories (Notes IV and X) | 845,992 | 11 | 691,426 | 9 |
| 1476 | Other financial assets (Notes XIII and XXXII) | 177,722 | 2 | 151,694 | 2 |
| 1479 | Other current assets | 39,691 | 1 | 56,152 | 1 |
| 11XX | Total current assets | <u>5,298,221</u> | <u>68</u> | <u>5,423,668</u> | <u>68</u> |
| | Non-current assets | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non-current (Notes IV and VIII) | 849,140 | 11 | 691,920 | 9 |
| 1550 | Investments accounted for using equity method (Notes IV and XII) | - | - | 5,298 | - |
| 1600 | Property, plant and equipment (Notes IV, XV, XXXI and XXXII) | 1,392,711 | 18 | 1,474,132 | 19 |
| 1755 | Right-of-use assets (Notes IV and XVI) | 152,092 | 2 | 206,218 | 3 |
| 1780 | Other intangible assets (Note IV) | 50,997 | 1 | 39,527 | - |
| 1840 | Deferred tax assets (Notes IV and XXVI) | 47,238 | - | 66,237 | 1 |
| 1920 | Refundable deposits | 26,197 | - | 25,623 | - |
| 1990 | Other non-current assets | 892 | - | 2,362 | - |
| 15XX | Total non-current assets | <u>2,519,267</u> | <u>32</u> | <u>2,511,317</u> | <u>32</u> |
| 1XXX | Total | <u>\$ 7,817,488</u> | <u>100</u> | <u>\$ 7,934,985</u> | <u>100</u> |
| | Liabilities and equity | | | | |
| | Current liabilities | | | | |
| 2100 | Short-term borrowings (Note XVII) | \$ 189,004 | 2 | \$ 780,049 | 10 |
| 2110 | Short-term bills payable (Note XVIII) | - | - | 170,000 | 2 |
| 2120 | Financial liabilities at fair value through profit or loss – current (Notes IV and VII) | 782 | - | - | - |
| 2150 | Notes payable (Note XIX) | 254,493 | 3 | 251,463 | 3 |
| 2170 | Accounts payable (Notes XIX and XXXI) | 1,227,558 | 16 | 1,088,691 | 14 |
| 2200 | Other payables (Note XX) | 529,181 | 7 | 508,377 | 6 |
| 2230 | Current tax liabilities (Notes IV and XXVI) | 44,390 | 1 | 16,193 | - |
| 2280 | Lease liabilities - current (Notes IV and XVI) | 31,494 | - | 41,559 | 1 |
| 2399 | Other current liabilities (Note XXIV) | 18,178 | - | 15,490 | - |
| 21XX | Total current liabilities | <u>2,295,080</u> | <u>29</u> | <u>2,871,822</u> | <u>36</u> |
| | Non-current liabilities | | | | |
| 2540 | Long-term borrowings (Notes XXI and XXXII) | 490,736 | 6 | 458,802 | 6 |
| 2570 | Deferred tax liabilities (Notes IV and XXVI) | 124,886 | 2 | 157,253 | 2 |
| 2580 | Lease liabilities - non-current (Notes IV and XVI) | 80,718 | 1 | 107,298 | 2 |
| 2640 | Net defined benefit liabilities - non-current (Notes IV and XXII) | 10,533 | - | 27,073 | - |
| 2645 | Guarantee deposits received | 1,409 | - | 1,887 | - |
| 25XX | Total non-current liabilities | <u>708,282</u> | <u>9</u> | <u>752,313</u> | <u>10</u> |
| 2XXX | Total liabilities | <u>3,003,362</u> | <u>38</u> | <u>3,624,135</u> | <u>46</u> |
| | Equity attributable to owners of the company (Note XXIII) | | | | |
| 3100 | Share capital | 1,000,044 | 13 | 1,000,044 | 13 |
| 3200 | Capital surplus | 2,024,506 | 26 | 2,048,734 | 26 |
| | Retained earnings | | | | |
| 3310 | Legal reserve | 517,979 | 7 | 497,824 | 6 |
| 3320 | Special reserve | 343,151 | 4 | 368,706 | 5 |
| 3350 | Unappropriated earnings | 861,472 | 11 | 666,247 | 8 |
| 3300 | Total retained earnings | <u>1,722,602</u> | <u>22</u> | <u>1,532,777</u> | <u>19</u> |
| 3400 | Other equity | (48,923) | (1) | (343,152) | (4) |
| 3500 | Treasury stock (Note XXIII) | - | - | (40,228) | (1) |
| 31XX | Total equity attributable to owners of the Company | <u>4,698,229</u> | <u>60</u> | <u>4,198,175</u> | <u>53</u> |
| 36XX | Non-controlling interests (Note XXIII) | 115,897 | 2 | 112,675 | 1 |
| 3XXX | Total equity | <u>4,814,126</u> | <u>62</u> | <u>4,310,850</u> | <u>54</u> |
| Total | | <u>\$ 7,817,488</u> | <u>100</u> | <u>\$ 7,934,985</u> | <u>100</u> |

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

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

| Code | | 2024 | | 2023 | |
|------|---|------------------|-----------|------------------|-----------|
| | | Amount | % | Amount | % |
| 4100 | Operating revenue (Notes IV, XXIV and XXXI) | \$ 7,512,293 | 100 | \$ 7,518,472 | 100 |
| 5110 | Operating costs (Notes X, XXV and XXXI) | <u>6,413,888</u> | <u>85</u> | <u>6,467,054</u> | <u>86</u> |
| 5900 | Gross profit | <u>1,098,405</u> | <u>15</u> | <u>1,051,418</u> | <u>14</u> |
| | Operating expenses (Notes IX and XXV) | | | | |
| 6100 | Selling and marketing expenses | 211,355 | 3 | 223,262 | 3 |
| 6200 | General and administrative expenses | 411,147 | 6 | 356,390 | 5 |
| 6300 | Research and development | 220,278 | 3 | 229,285 | 3 |
| 6450 | Expected credit impairment loss (reversal of benefits) | <u>18,732</u> | <u>-</u> | <u>(5,944)</u> | <u>-</u> |
| 6000 | Total operating expenses | <u>861,512</u> | <u>12</u> | <u>802,993</u> | <u>11</u> |
| 6900 | Operating income | <u>236,893</u> | <u>3</u> | <u>248,425</u> | <u>3</u> |
| | Non-operating income and expenses (Note XXV) | | | | |
| 7100 | Interest revenue | 24,265 | - | 24,709 | 1 |
| 7010 | Other revenue | 56,398 | 1 | 69,850 | 1 |
| 7020 | Other gains and losses | 211,666 | 3 | 22,235 | - |
| 7050 | Finance costs | (63,789) | (1) | (69,029) | (1) |
| 7060 | Share of profit and loss of affiliated enterprises recognized by equity method | <u>(3,505)</u> | <u>-</u> | <u>(5,149)</u> | <u>-</u> |
| 7000 | Total non-operating income and expenses | <u>225,035</u> | <u>3</u> | <u>42,616</u> | <u>1</u> |
| 7900 | Profit before income tax | 461,928 | 6 | 291,041 | 4 |
| 7950 | Income tax expense (Notes IV and XXVI) | <u>150,622</u> | <u>2</u> | <u>69,610</u> | <u>1</u> |

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| Code | | 2024 | | 2023 | |
|------|--|-------------------|----------|-------------------|-------------|
| | | Amount | % | Amount | % |
| 8200 | Net profit for the year | <u>\$ 311,306</u> | <u>4</u> | <u>\$ 221,431</u> | <u>3</u> |
| | Other comprehensive income (Notes XXII, XXIII and XXVI) | | | | |
| | Items that will not be reclassified subsequently to profit or loss: | | | | |
| 8311 | Remeasurement of defined benefit plans | 10,902 | - | (1,039) | - |
| 8316 | Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income | 157,220 | 2 | 69,937 | 1 |
| 8349 | Income tax relating to items that will not be reclassified subsequently to profit or loss | (2,181) | - | 208 | - |
| 8310 | | <u>165,941</u> | <u>2</u> | <u>69,106</u> | <u>1</u> |
| | Items that may be reclassified subsequently to profit or loss: | | | | |
| 8361 | Exchange differences on translation of the financial statements of foreign operations | 177,214 | 2 | (57,827) | (1) |
| 8399 | Income tax relating to items that may be reclassified subsequently to profit or loss | (34,252) | - | 11,095 | - |
| 8360 | | <u>142,962</u> | <u>2</u> | <u>(46,732)</u> | <u>(1)</u> |
| 8300 | Other comprehensive gain (loss) for the year, net of income tax | <u>308,903</u> | <u>4</u> | <u>22,374</u> | <u>-</u> |
| 8500 | Total comprehensive income for the year | <u>\$ 620,209</u> | <u>8</u> | <u>\$ 243,805</u> | <u>3</u> |
| | Net profit attributable to: | | | | |
| 8610 | Owners of the Company | \$ 301,121 | 4 | \$ 202,381 | 3 |
| 8620 | Non-controlling interests | 10,185 | - | 19,050 | - |
| 8600 | | <u>\$ 311,306</u> | <u>4</u> | <u>\$ 221,431</u> | <u>3</u> |
| | Total comprehensive income attributable to: | | | | |
| 8710 | Owners of the Company | \$ 604,071 | 8 | \$ 227,104 | 3 |
| 8720 | Non-controlling interests | 16,138 | - | 16,701 | - |
| 8700 | | <u>\$ 620,209</u> | <u>8</u> | <u>\$ 243,805</u> | <u>3</u> |

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| Code | | 2024 | | 2023 | |
|------|------------------------------------|---------|---|---------|---|
| | | Amount | % | Amount | % |
| | Earnings per share (Note XXVII) | | | | |
| 9710 | Basic | \$ 3.04 | | \$ 2.05 | |
| 9810 | Diluted | \$ 2.99 | | \$ 2.02 | |

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

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

| Equity Attributable to Owners of the Company | | | | | | | | | | | | | |
|--|---|---------------|-----------------|-------------------|-----------------|-------------------------|---|---|--------------|----------------|--------------|---------------------------|--------------|
| Code | | Share capital | Capital surplus | Retained earnings | | | Exchange differences on translation of the financial statements of foreign operations | Other equity | | Treasury stock | Total | Non-controlling interests | Total equity |
| | | | | Legal reserve | Special reserve | Unappropriated earnings | | Unrealized gain (loss) on financial assets at fair value through other comprehensive income | Total | | | | |
| A1 | Balance at January 1, 2023 | \$ 1,000,044 | \$ 2,048,734 | \$ 470,193 | \$ 310,734 | \$ 698,081 | (\$ 240,008) | (\$ 128,698) | (\$ 368,706) | (\$ 40,228) | \$ 4,118,852 | \$ 114,264 | \$ 4,233,116 |
| | Appropriation of 2022 earnings (Note XXIII) | | | | | | | | | | | | |
| B1 | Legal reserve | - | - | 27,631 | - | (27,631) | - | - | - | - | - | - | - |
| B3 | Special reserve | - | - | - | 57,972 | (57,972) | - | - | - | - | - | - | - |
| B5 | Cash dividends to shareholders | - | - | - | - | (147,781) | - | - | - | - | (147,781) | - | (147,781) |
| | | - | - | 27,631 | 57,972 | (233,384) | - | - | - | - | (147,781) | - | (147,781) |
| D1 | Net profit for the year ended December 31, 2023 | - | - | - | - | 202,381 | - | - | - | - | 202,381 | 19,050 | 221,431 |
| D3 | Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax | - | - | - | - | (831) | (44,383) | 69,937 | 25,554 | - | 24,723 | (2,349) | 22,374 |
| D5 | Total comprehensive income for the year ended December 31, 2023 | - | - | - | - | 201,550 | (44,383) | 69,937 | 25,554 | - | 227,104 | 16,701 | 243,805 |
| O1 | Decrease in non-controlling interests (Note XXIII) | - | - | - | - | - | - | - | - | - | - | (18,290) | (18,290) |
| Z1 | Balance at December 31, 2023 | 1,000,044 | 2,048,734 | 497,824 | 368,706 | 666,247 | (284,391) | (58,761) | (343,152) | (40,228) | 4,198,175 | 112,675 | 4,310,850 |
| | Appropriation of 2023 earnings (Note XXIII) | | | | | | | | | | | | |
| B1 | Legal reserve | - | - | 20,155 | - | (20,155) | - | - | - | - | - | - | - |
| B3 | Reversal of special surplus reserve | - | - | - | (25,555) | 25,555 | - | - | - | - | - | - | - |
| B5 | Cash dividends to shareholders | - | - | - | - | (118,224) | - | - | - | - | (118,224) | - | (118,224) |
| | | - | - | 20,155 | (25,555) | (112,824) | - | - | - | - | (118,224) | - | (118,224) |
| C7 | Changes in associates accounted for using equity method (Note XII) | - | - | - | - | (1,793) | - | - | - | - | (1,793) | - | (1,793) |
| C15 | Distribution of cash dividends from capital reserves (Note XXIII) | - | (29,556) | - | - | - | - | - | - | - | (29,556) | - | (29,556) |
| D1 | Net profit for the year ended December 31, 2024 | - | - | - | - | 301,121 | - | - | - | - | 301,121 | 10,185 | 311,306 |
| D3 | Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax | - | - | - | - | 8,721 | 137,009 | 157,220 | 294,229 | - | 302,950 | 5,953 | 308,903 |
| D5 | Total comprehensive income for the year ended December 31, 2024 | - | - | - | - | 309,842 | 137,009 | 157,220 | 294,229 | - | 604,071 | 16,138 | 620,209 |
| N1 | Share-based payment (Note XXVIII) | - | 5,328 | - | - | - | - | - | - | 40,228 | 45,556 | - | 45,556 |
| O1 | Decrease in non-controlling interests (Note XXIII) | - | - | - | - | - | - | - | - | - | - | (12,916) | (12,916) |
| Z1 | Balance at December 31, 2024 | \$ 1,000,044 | \$ 2,024,506 | \$ 517,979 | \$ 343,151 | \$ 861,472 | (\$ 147,382) | \$ 98,459 | (\$ 48,923) | \$ - | \$ 4,698,229 | \$ 115,897 | \$ 4,814,126 |

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

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

| Code | | 2024 | 2023 |
|--------|--|----------------|----------------|
| | Cash flows from operating activities | | |
| A10000 | Profit before income tax | \$ 461,928 | \$ 291,041 |
| A20010 | Adjustments for: | | |
| A20100 | Depreciation expense | 240,805 | 245,856 |
| A20200 | Amortization expense | 42,518 | 30,381 |
| A20300 | Expected credit impairment loss (reversal of benefits) | 18,732 | (5,944) |
| A20400 | Gain on financial instruments at fair value through profit or loss | (21,135) | (22,041) |
| A20900 | Finance costs | 63,789 | 69,029 |
| A21200 | Interest revenue | (24,265) | (24,709) |
| A21300 | Dividend revenue | (37,302) | (43,831) |
| A21900 | Employee stock option compensation cost | 5,328 | - |
| A22300 | Share of profit and loss of affiliated enterprises recognized by equity method | 3,505 | 5,149 |
| A22500 | Loss on disposal of property, plant and equipment | 8,428 | 3,577 |
| A23000 | Net profit from disposal of non-current assets held for sale | (162,701) | - |
| A23700 | Inventories losses | 13,996 | 5,279 |
| A24100 | Unrealized loss (gain) on foreign exchange | 40,028 | (12,528) |
| A29900 | Others | (18) | - |
| A30000 | Changes in operating assets and liabilities | | |
| A31130 | Notes receivable | (35,028) | (171,405) |
| A31150 | Accounts receivable | 3,753 | (8,508) |
| A31180 | Other receivables | (8,487) | 6,186 |
| A31200 | Inventories | (171,474) | 302,777 |
| A31240 | Other current assets | 16,460 | (20,621) |
| A32130 | Notes payable | 3,030 | 137,796 |
| A32150 | Accounts payable | 138,867 | (103,670) |
| A32180 | Other payables | 30,333 | (31,224) |
| A32230 | Other current liabilities | 2,687 | (973) |
| A32240 | Net defined benefit liabilities | (5,638) | (11,474) |
| A33000 | Cash generated from operations | 628,139 | 640,143 |
| A33100 | Interest received | 24,957 | 24,381 |
| A33200 | Dividends received | 36,939 | 44,743 |
| A33300 | Interest paid | (64,506) | (67,610) |
| A33500 | Income tax paid | (170,471) | (195,604) |
| AAAA | Net cash generated from operating activities | <u>455,058</u> | <u>446,053</u> |

(Continued)

(Continued from previous page)

| Code | | 2024 | 2023 |
|--------|---|--------------------|--------------------|
| | Cash flows from investing activities | | |
| B00010 | Purchase of financial assets at fair value through other comprehensive income | \$ - | (\$ 20,952) |
| B00100 | Purchase of financial assets at fair value through profit or loss | (169,489) | (773,296) |
| B00200 | Disposal of financial assets at fair value through profit or loss | 396,271 | 1,054,021 |
| B02600 | Proceeds from disposal of non-current assets held for sale | 207,285 | - |
| B02700 | Payments for property, plant and equipment | (119,091) | (181,895) |
| B02800 | Proceeds from disposal of property, plant and equipment | 8,489 | 10,683 |
| B03700 | Decrease (increase) in guarantee deposits paid | 559 | (229) |
| B04500 | Acquisitions of Intangible assets | (50,397) | (49,499) |
| B06500 | Increase in other financial assets | (<u>26,028</u>) | (<u>73,249</u>) |
| BBBB | Net cash inflows (outflows) from investing activities | <u>247,599</u> | (<u>34,416</u>) |
| | Cash flows from financing activities | | |
| C00100 | Decrease in short-term borrowings | (599,564) | (726,076) |
| C00500 | Increase (decrease) in short-term notes payable | (170,000) | 170,000 |
| C03100 | Decrease in guarantee deposits received | (537) | (455) |
| C04020 | Repayment of the principal portion of lease liabilities | (42,541) | (62,725) |
| C04500 | Cash dividends | (147,781) | (147,781) |
| C05100 | Transfer of treasury stocks to employees | 40,228 | - |
| C05800 | Change in non-controlling interests | (<u>12,916</u>) | (<u>18,290</u>) |
| CCCC | Net cash used in financing activities | (<u>933,111</u>) | (<u>785,327</u>) |
| DDDD | Effect of exchange rate changes on the balance of cash and cash equivalents | <u>109,291</u> | (<u>26,400</u>) |
| EEEE | Net decrease in cash and cash equivalents | (121,163) | (400,090) |
| E00100 | Cash and cash equivalents at the beginning of the year | <u>1,182,925</u> | <u>1,583,015</u> |
| E00200 | Cash and cash equivalents at the end of the year | <u>\$1,061,762</u> | <u>\$1,182,925</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 YEARS ENDED DECEMBER 31, 2024 AND 2023

(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 March 11, 2025.

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 “IFRS Accounting Standards”) endorsed by the Financial Supervisory Commission (FSC).

The application of the revised IFRS Accounting Standards 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 IFRS Accounting Standards endorsed by the FSC for application starting from 2025

| New IFRSs | Effective date by International Accounting Standards Board (IASB) |
|--|---|
| Amendments to IAS 21, “Lack of Exchangeability” | January 1, 2025 (Note 1) |
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding amendments to the application guidance on the classification of financial assets | January 1, 2026 (Note 2) |

Note 1: The amendments will be applied for annual reporting periods beginning on or after January 1, 2025. When the amendments apply for the first time, the comparative period shall not be restated; instead, the effect shall be recognized in the retained earnings or exchange differences arising from the translation of the financial statements of foreign operations under equity (as appropriate) and the relevant affected assets and liabilities on the initial application date.

Note 2: The amendments apply to the annual reporting periods beginning on or after January 1, 2026. Enterprises may also choose to apply early on January 1, 2025. When the amendment is first applied, it should be applied retrospectively without restatement of comparative periods, and the effect of the initial application should be recognized on the date of initial application. However, if an enterprise is able to restate without the benefit of hindsight, it may choose to restate the comparative period.

- (III) IFRS Accounting Standards that have been issued by IASB but not yet endorsed and issued into effect by the FSC

| New IFRSs | Effective Date Announced by IASB (Note) |
|---|---|
| Annual Improvements to IFRS Accounting Standards - Volume 11 | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding amendments to the application | January 1, 2026 |

| | |
|--|--------------------------|
| guidance on the derecognition of financial liabilities | |
| Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity” | January 1, 2026 |
| 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 |
| IFRS 18 “Presentation and Disclosure in Financial Statements” | January 1, 2027 |
| IFRS 19 “Subsidiaries without Public Accountability: Disclosures” | January 1, 2027 |

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS 1 “Presentation of Financial Statements”. The main changes in this standard include:

1. The statement of profit or loss should classify income and expenses in the operating, investing, financing, income taxes, and discontinued operations categories.
2. An entity has to present totals and subtotals in the statement of profit or loss for operating profit or loss, pre-tax profit or loss before financing, and profit or loss.
3. Requirements for provision of guidance to enhance aggregation and disaggregation: The Group shall identify assets, liabilities, equity, income, expenses, and cash flows in each transaction or other events, and classify and aggregate them based on shared characteristics so that the main line items presented in the primary financial statements share at least one similar characteristic. Items with different characteristics shall be disaggregated in the primary financial statements and notes. The Group only marks such items as “Others” when a more informative name cannot be found.
4. Disclosure on Management-defined performance measures (MPMs): When the Group engages in public communication beyond the financial

statements and communicates with financial statement users about the management's views on a certain aspect of the overall financial performance of the Group, it shall disclose information related to MPMs in a single note to the financial statements, including the description of the measurement, how it is calculated, its adjustment to the subtotal or total specified in IFRS Accounting Standards, the income tax of related adjustment items, and the impact on non-controlling interests.

In addition to the above impacts, as of the date when this consolidated financial report is approved by the board of directors, the Group assessed that the amendments to various standards and interpretations would 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 Regulation Governing the Preparation of Financial Reports by Securities Issuers, and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

(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) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the reporting period; and
3. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period; and
3. Liabilities for which there is no substantive right at the balance sheet date to defer settlement of the liability for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

(IV) 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). The financial statements of subsidiaries have been adjusted to ensure the accounting policies are line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if it results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

The detailed information of subsidiaries (including the percentage of ownership and main business) is referred to Note XIV, Tables 8 and 9.

(V) Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, and not retranslated subsequently.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the New Taiwan dollar at the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income and accumulated in equity attributed to the owners of the Company and non-controlling interests as appropriate.

(VI) Inventories

Inventories include raw materials, work in progress and finished goods. Inventories are measured at the lower of cost and net realizable value, and the

comparison between cost and net realizable value is based on individual items except for inventories of the same category. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

(VII) Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, an investment in an associate is initially recognized at costs, and its carrying amount after acquisition date is adjusted based on the Group's share in the profits or losses and other comprehensive income of the associate as well as the distribution received. Besides, the changes in the equity of the associate are recognized based on shareholding ratio.

Any excess of the acquisition costs over the Group's share, on the acquisition date, in the net fair value of the identifiable assets and liabilities of an associate is recognized as goodwill, and such goodwill is included in the carrying amount of the investment and cannot be amortized; Any excess of the Group's share, on the acquisition date, in the net fair value of the identifiable assets and liabilities of an associate over the acquisition costs is recognized as current profits or losses.

The Group ceases to recognize further losses when the Group's share of losses in an associate equals or exceeds its interest in that associate (including the carrying amount of the investment in that associate accounted for using equity method and other long-term interests that, in substance, form part of the Group's net investment in that associate). The Group recognizes additional losses and liabilities only to the extent that legal or constructive obligations have been incurred or payments have been made on behalf of the associate.

The Group ceases to be accounted by equity method on the date when the investment ceases to be an affiliated enterprise, and its retained interests in the original affiliated enterprise shall be measured at fair value. The difference between the fair value and the disposal price and the book value of the investment on the day when the equity method is stopped is included in the

profit and loss of the current year. In addition, all amounts related to the affiliated enterprise recognized in other comprehensive profit or loss are accounted for on the same basis as would be required if the affiliated enterprise directly disposes of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(VIII) Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. When these assets are tested for their normal operation before reaching the expected use state, the samples produced are measured by the lower of cost and net realized value, and the sales price and cost are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(IX) Intangible assets

Intangible assets (expertise and computer software) with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Intangible assets shall be amortized with a straight-line method within the useful life where the Group shall review the estimated useful life, residual

value and amortization method at least at the end of each reporting period,, and the impact of changes in accounting estimates shall be applied prospectively.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss.

(X) Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets other than goodwill to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating unit on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

(XI) Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted

from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(1) Measurement category

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

A. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL; such assets include debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset.

B. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets and

guarantee deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime Expected Credit Loss (ECL) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instruments has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instruments at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Group:

- A. Internal or external information shows that the debtor is unlikely to pay its creditors.
- B. When a financial asset is more than 360 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2. Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted from equity, and its carrying amount is calculated based on the type of stocks on a weighted average basis, and calculated separately based on the reasons for recovery. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

(2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4. Derivatives

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including forward contracts.

Derivatives are initially recognized at fair value when derivative contracts are signed, and subsequently re-measured at fair value on balance sheet date, and the profits or losses from the subsequent measurement are directly recognized as profits or losses. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

(XII) Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Commodity sales revenue comes from the sales of optical materials (LCD), functional materials (BMC) and other self-made products. Since when the products arrive at the location designated by the customer or during shipment, the customer has the right to determine the price and use of the product and bear the main responsibility for reselling and the risk of obsolescence, the Group recognizes revenue and accounts receivable at this point in time. Revenue in advance of sales of goods is recognized as a contract liability.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

(XIII) Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee.

All other leases are classified as operating leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases

and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability), and subsequently measured at cost less accumulated depreciation and impairment losses, and is adjusted in the remeasured amount of the lease liability. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. If it is easy to determine the interest rate implicit in a lease, the lease payments are discounted by using such interest rate. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(XIV) Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the costs of those assets, until substantially all the activities required for the assets to be ready for their intended use or sale are completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

(XV) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

(XVI) Employee benefits

1. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2. Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including service cost and past service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans. Any surplus resulting from this calculation is

limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(XVII) Share-based payment agreement

Employee stock options are recognized as expense on a straight-line basis over the vesting period based on the fair value of the equity instruments at the date of grant and the best estimate of the number of shares expected to be vested, with a corresponding adjustment to capital reserve - employee stock options. It is recognized as an expense in full at the grant date if vesting immediately.

(XVIII) Income tax

The tax expense for the period comprises current and deferred tax.

1. Current tax

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

According to the Income Tax Act of the R.O.C., an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain the earnings.

Adjustments of prior year's tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only

recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred taxes for the year

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

V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

When the Group adopts the accounting policies described in Note IV, for those that are not easy to obtain relevant information from other sources, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors. Actual results may differ from these estimates.

When developing material accounting estimates, the Group takes into account the possible impact of the economic environment in the relevant material estimates. The estimates and underlying assumptions are reviewed by management on an ongoing basis.

Estimate of deferred income tax

The amount of deferred income tax which affected by the deficit and deferred tax assets was NT\$54,981 thousand and NT\$53,799 thousand for the years ended December 31, 2024 and 2023, respectively. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Moreover, with regard to profit related to investments in foreign subsidiaries that were not recognized as deferred income tax liabilities, the effect on income tax was NT\$343,775 thousand and NT\$319,414 thousand for the years ended December 31, 2024 and 2023, respectively. These temporary differences are not recognized as deferred tax liabilities since they will not be realized in the foreseeable future. If there is a significant adjustment in deferred tax assets or liabilities with the situation change in the future, these deferred tax assets or liabilities will recognize as loss in the current period.

VI. Cash and Cash Equivalents

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--|--------------------------|--------------------------|
| Cash on hand | \$ 1,208 | \$ 983 |
| Checking accounts | 51 | 51 |
| Demand deposits | 607,083 | 841,987 |
| Cash equivalents | | |
| Time deposits with original maturities of 3 months or less | 413,420 | 339,904 |
| Bonds with repurchase agreements | 40,000 | - |
| | <u>\$1,061,762</u> | <u>\$1,182,925</u> |

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

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--|--------------------------|--------------------------|
| Cash equivalents | | |
| Time deposits with original maturities of 3 months or less (%) | 0.90~4.56 | 1.45~5.26 |
| Bonds with repurchase agreements (%) | 1.25 | - |

(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

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|---|--------------------------|--------------------------|
| <u>Financial assets - current</u> | | |
| Mandatorily classified as at FVTPL | | |
| Derivative financial assets (not under hedge accounting) | | |
| Foreign exchange forward contracts | \$ - | \$ 3,338 |
| Non-derivative financial assets | | |
| Domestic listed shares | 103,513 | 79,398 |
| Guaranteed floating income financial products | <u>141,601</u> | <u>349,800</u> |
| | <u>\$245,114</u> | <u>\$432,536</u> |
| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
| <u>Financial liabilities - current</u> | | |
| Held for trading | | |
| Derivative financial liabilities (not under hedge accounting) | | |
| Foreign exchange forward contracts | <u>\$ 782</u> | <u>\$ -</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 year, outstanding foreign exchange options contracts were as follows:

| | <u>Currency</u> | <u>Maturity date</u> | <u>Contract amount (In Thousands)</u> |
|---------------------------------|-----------------|----------------------|---|
| <u>December 31, 2024</u> | | | |
| Sell forward exchange contracts | USD to NTD | 2025.01~2025.02 | USD2,000/TWD64,588 |
| <u>December 31, 2023</u> | | | |
| Sell forward exchange contracts | USD to NTD | 2024.01~2024.03 | USD4,000/TWD125,409 |

Details of profit and loss of financial instruments at FVTPL for the year 2024 and 2023 list on Note XXV.

- (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 FVTOCI - Non-Current

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--------------------------|--------------------------|--------------------------|
| Equity instruments | | |
| Domestic listed shares | \$776,445 | \$622,418 |
| Domestic unlisted shares | 64,557 | 54,930 |
| Foreign unlisted shares | <u>8,138</u> | <u>14,572</u> |
| | <u>\$849,140</u> | <u>\$691,920</u> |

IX. Notes Receivable, Accounts Receivable and Others Receivable

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|-------------------------------------|--------------------------|--------------------------|
| Notes receivable | | |
| At amortized cost | | |
| Gross carrying amount | \$ 396,287 | \$ 361,259 |
| Less: Allowance for impairment loss | <u>1,176</u> | <u>1,124</u> |
| | <u>\$ 395,111</u> | <u>\$ 360,135</u> |
| Accounts receivable | | |
| At amortized cost | | |
| Gross carrying amount | \$2,531,894 | \$2,535,646 |
| Less: Allowance for impairment loss | <u>29,580</u> | <u>8,713</u> |
| | <u>\$2,502,314</u> | <u>\$2,526,933</u> |
| Other receivables | | |
| At amortized cost | | |
| Gross carrying amount | \$ 27,952 | \$ 20,364 |
| Less: Allowance for impairment loss | <u>-</u> | <u>2,157</u> |
| | <u>\$ 27,952</u> | <u>\$ 18,207</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 this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The lifetime expected credit losses are calculated using a provision matrix prepared by reference to the past default experience of the customer, the current financial position, and the economic condition of the industry. 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, instead, expected credit loss rate is determined based on the account receivable age of accounts receivable.

If there is evidence indicating that the debtor is in severe financial difficulty and the Group cannot reasonably expect the recoverable amount, the Group directly writes off relevant accounts receivable, but it still continues to engage in recovery activity, and the amount recovered is recognized as profits or losses.

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

December 31, 2024

| | No individual signs of impairment | | | | With individual signs of impairment | Total |
|-------------------------------------|-----------------------------------|------------------|-----------------|--------------------|-------------------------------------|--------------------|
| | Not Past Due | 1 to 180 Days | 181 to 360 Days | More than 360 Days | | |
| Lifetime expected credit losses (%) | 0~0.3 | 0~10 | 50 | 100 | 100 | |
| Gross carrying amount | \$2,890,422 | \$ 16,336 | \$ 574 | \$ 800 | \$ 20,049 | \$2,928,181 |
| Loss allowance (lifetime ECLs) | (8,162) | (1,458) | (287) | (800) | (20,049) | (30,756) |
| Amortized cost | <u>\$2,882,260</u> | <u>\$ 14,878</u> | <u>\$ 287</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$2,897,425</u> |

December 31, 2023

| | No individual signs of impairment | | | | Total |
|-------------------------------------|-----------------------------------|-----------------|-----------------|--------------------|--------------------|
| | Not Past Due | 1 to 180 Days | 181 to 360 Days | More than 360 Days | |
| Lifetime expected credit losses (%) | 0~0.3 | 0~10 | - | 100 | |
| Gross carrying amount | \$2,889,505 | \$ 6,621 | \$ - | \$ 779 | \$2,896,905 |
| Loss allowance (lifetime ECLs) | (8,393) | (665) | - | (779) | (9,837) |
| Amortized cost | <u>\$2,881,112</u> | <u>\$ 5,956</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$2,887,068</u> |

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

| | 2024 | | | 2023 | | |
|---|------------------|---------------------|-------------------|------------------|---------------------|-------------------|
| | Notes receivable | Accounts receivable | Other receivables | Notes receivable | Accounts receivable | Other receivables |
| Beginning balance | \$ 1,124 | \$ 8,713 | \$ 2,157 | \$ 605 | \$ 10,109 | \$ 7,354 |
| Impairment losses recognized (reversal) | 3 | 20,362 | (1,633) | 539 | (1,307) | (5,176) |
| Amounts written off | - | - | (570) | - | - | - |
| Exchange differences | 49 | 505 | 46 | (20) | (89) | (21) |
| Ending balance | <u>\$ 1,176</u> | <u>\$ 29,580</u> | <u>\$ -</u> | <u>\$ 1,124</u> | <u>\$ 8,713</u> | <u>\$ 2,157</u> |

X. Inventories

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|-----------------|--------------------------|--------------------------|
| Raw materials | \$393,454 | \$357,944 |
| Work in process | 16,189 | 20,570 |
| Finished goods | <u>436,349</u> | <u>312,912</u> |
| | <u>\$845,992</u> | <u>\$691,426</u> |

The costs of inventories recognized in cost of goods sold for the years ended December 31, 2024 and 2023 were NT\$6,413,888 thousand and NT\$6,467,054 thousand respectively, which included the following items:

| | <u>2024</u> | <u>2023</u> |
|--|------------------|------------------|
| Inventory depreciation recovery benefits | (\$ 18,574) | (\$ 36,632) |
| Inventory losses | 32,570 | 41,911 |
| Unallocated manufacturing cost | 83,043 | 106,941 |
| Revenue from the sale of scraps | (<u>4,028</u>) | (<u>5,722</u>) |
| | <u>\$ 93,011</u> | <u>\$106,498</u> |

The recovered benefits of inventory falling price loss are mainly caused by inventory closeout.

XI. Non-Current Assets Held for Sale

In March 2024, the Board of Directors of the Company resolved that Ningbo Changhong Optoelectronics Ltd. had moved to a new factory and intended to sell its land and old plant and equipment (the carrying value of non-current assets held for sale recognized in March 2024 was NT\$44,717 thousand) to increase its working capital, and entered into a sale and purchase contract with a non-related party in April 2024 for a consideration of RMB 47,447 thousand, which was determined according to the valuation report. The registration for transfer of this transaction had been completed in September 2024 and the full amount had been received, and a gain on disposal of NT\$162,701 thousand was recognized (under other gains and losses).

XII. Investments Accounted for Using Equity Method

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|---------------------------|--------------------------|--------------------------|
| Investments in associates | <u>\$ -</u> | <u>\$ 5,298</u> |

The brief description of investments using the equity method is detailed in Table 8.

Investments in associates

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|---|--------------------------|--------------------------|
| Individually insignificant affiliated enterprises | | |
| Wah Sheng Industrial Corp. | <u>\$ -</u> | <u>\$ 5,298</u> |

In October 2022, the Company invested NT\$10,000 thousand in cash to jointly establish Wah Sheng Industrial, with a shareholding ratio of 25%. In February 2024, Wah Sheng Industrial reduced its capital and returned the shares originally acquired by other shareholders at a price of NT\$10,000 thousand for labor services, resulting in an increase in the Company's shareholding ratio from 25% to 33.33%. The Company reduced its retained earnings by NT\$1,793 thousand due to the adjustment of changes in associates accounted for using equity method.

The accumulated losses of Wah Sheng Industrial exceeded its total capital. The Company ceased to recognize further losses under the equity method when the investment losses exceeded the original investment cost. The current and cumulative unrecognized losses of related parties extracted from their financial statements are as follows:

| | <u>2024</u> | <u>2023</u> |
|-------------------|-------------------|-------------|
| Current amount | <u>(\$ 1,123)</u> | <u>\$ -</u> |
| Cumulative amount | <u>(\$ 1,123)</u> | <u>\$ -</u> |

Aggregate information of individually insignificant affiliated companies

| | <u>2024</u> | <u>2023</u> |
|----------------------------|-------------------|-------------------|
| The Company's share | | |
| Net loss of current year | (\$ 3,505) | (\$ 5,149) |
| Other comprehensive income | <u>-</u> | <u>-</u> |
| Total comprehensive income | <u>(\$ 3,505)</u> | <u>(\$ 5,149)</u> |

XIII. Other Financial Assets – Current

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--|--------------------------|--------------------------|
| Restricted time deposits | \$ 22,804 | \$ 43,352 |
| Time deposits with original maturities of more than 3 months | <u>154,918</u> | <u>108,342</u> |
| | <u>\$177,722</u> | <u>\$151,694</u> |
| Annual interest rate (%) | 1.40~4.05 | 1.50~4.40 |

Refer to Note XXXII for information of time deposits pledged as collateral.

XIV. Subsidiaries

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

| Investor | Subsidiary | Main Businesses and Products | Percentage of Ownership (%) | |
|--------------------------|--|---|-----------------------------|-------------------|
| | | | December 31, 2024 | December 31, 2023 |
| The Company | Wah Hong Holding Ltd. | International investment business | 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 |
| Wah Hong Holding Ltd. | Wah Hong Technology Ltd. | International investment business | 100 | 100 |
| | Wah Hong International Ltd. | International investment business | 100 | 100 |
| | Granite International Ltd. | International trading business | 100 | 100 |
| | Wah Hong Development Ltd. | International investment business | 100 | 100 |
| | Smart Succeed Ltd. | International trading business | 100 | 100 |
| | Allied Royal LLC. | International investment business | 67.5 | 67.5 |
| | Wah Ma Technology Sdn. Bhd. | Production and trading business of BMC (bulk molding compound) material and molded product | 100 | 100 |
| | PT. Wah Hong Indonesia (“WH Indonesia”) | Production and trading business of LCD material, BMC (bulk molding compound) material and molded product | 1 | 1 |
| Wah Hong Technology Ltd. | 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 |
| | 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 |
| | Ningbo Changhong Optoelectronics Ltd. (“Ningbo Changhong”) | Production and trading of panel display compound and LCD optical film etc. | 100 | 100 |

| Investor | Subsidiary | Main Businesses and Products | Percentage of Ownership (%) | |
|-----------------------------|--|--|-----------------------------|-------------------|
| | | | December 31, 2024 | December 31, 2023 |
| Wah Hong International Ltd. | Qingdao Changhong Optoelectronics Ltd. (“Qingdao Changhong”) | Production and trading of panel display compound and LCD optical film etc. | 100 | 100 |
| | Sun Hong Optronics Ltd. (“Sun Hong”) | Production and trading business of LCD material, BMC (bulk molding compound) material and molded product | 100 | 100 |
| Allied Royal LLC. | Xiamen Guang Hong Optronics Ltd. (“Xiamen Guang Hong”) | Production and trading of panel display compound and LCD optical film etc. | 100 | 100 |
| | SuZhou Alliance Material Co., Ltd. (“Suzhou Alliance”) | Production and trading business of LCD material molded product | 100 | 100 |
| SIP Chang Hong | Best Honor Inc. | International trading business | 100 | 100 |
| | Chang Hong (HK) Optronics Limited (“Chang Hong (HK)”) | Trading business of LCD material and BMC material | 100 | 100 |
| Ningbo Changhong | Ningbo Changli New Material Limited (“Ningbo Changli”) | Trading business of LCD material and BMC material | 100 | 100 |

XV. Property, Plant and Equipment

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

2024

| Cost | Land | Buildings | Machinery and equipment | Other equipment | Equipment under installation and construction in progress | Total |
|--|-------------------|---------------------|-------------------------|-------------------|---|---------------------|
| | | | | | | |
| Balance at January 1, 2024 | \$ 203,574 | \$ 1,812,293 | \$ 2,361,210 | \$ 536,314 | \$ 25,061 | \$ 4,938,452 |
| Additions | - | 28,753 | 52,561 | 37,017 | (7,317) | 111,014 |
| Disposals | - | (11,178) | (83,263) | (13,288) | - | (107,729) |
| Reclassification to non-current assets held for sale | - | (90,313) | (5,907) | (10,974) | - | (107,194) |
| Exchange differences | 382 | 60,737 | 73,356 | 14,797 | 598 | 149,870 |
| Balance at December 31, 2024 | <u>\$ 203,956</u> | <u>\$ 1,800,292</u> | <u>\$ 2,397,957</u> | <u>\$ 563,866</u> | <u>\$ 18,342</u> | <u>\$ 4,984,413</u> |
| Accumulated depreciation | | | | | | |
| Balance at January 1, 2024 | \$ - | \$ 1,079,874 | \$ 1,913,313 | \$ 376,765 | - | \$ 3,369,952 |
| Depreciation expense | - | 85,584 | 69,059 | 36,580 | - | 191,223 |
| Disposals | - | (6,102) | (72,708) | (12,002) | - | (90,812) |
| Reclassification to non-current assets held for sale | - | (60,955) | (5,112) | (8,734) | - | (74,801) |
| Exchange differences | - | 34,019 | 57,357 | 10,094 | - | 101,470 |
| Balance at December 31, 2024 | <u>\$ -</u> | <u>\$ 1,132,420</u> | <u>\$ 1,961,909</u> | <u>\$ 402,703</u> | <u>\$ -</u> | <u>\$ 3,497,032</u> |
| Accumulated impairment | | | | | | |
| Balance at January 1, 2024 | \$ - | \$ - | \$ 75,625 | \$ 18,743 | \$ - | \$ 94,368 |
| Disposals | - | - | - | - | - | - |
| Exchange differences | - | - | 172 | 130 | - | 302 |
| Balance at December 31, 2024 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 75,797</u> | <u>\$ 18,873</u> | <u>\$ -</u> | <u>\$ 94,670</u> |
| Carrying amount at December 31, 2024 | <u>\$ 203,956</u> | <u>\$ 667,872</u> | <u>\$ 360,251</u> | <u>\$ 142,290</u> | <u>\$ 18,342</u> | <u>\$ 1,392,711</u> |

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 | - | 71,447 | 57,776 | 60,645 | (10,766) | 179,102 |
| Disposals | - | (14,833) | (72,580) | (15,106) | - | (102,519) |
| Exchange differences | (168) | (20,713) | (24,712) | (4,798) | 231 | (50,160) |
| Balance at December 31, 2023 | <u>\$ 203,574</u> | <u>\$ 1,812,293</u> | <u>\$ 2,361,210</u> | <u>\$ 536,314</u> | <u>\$ 25,061</u> | <u>\$ 4,938,452</u> |
| <u>Accumulated depreciation</u> | | | | | | |
| Balance at January 1, 2023 | \$ - | \$ 1,018,456 | \$ 1,917,442 | \$ 359,631 | \$ - | \$ 3,295,529 |
| Depreciation expense | - | 86,192 | 74,743 | 34,507 | - | 195,442 |
| Disposals | - | (13,421) | (59,446) | (13,979) | - | (86,846) |
| Exchange differences | - | (11,353) | (19,426) | (3,394) | - | (34,173) |
| Balance at December 31, 2023 | <u>\$ -</u> | <u>\$ 1,079,874</u> | <u>\$ 1,913,313</u> | <u>\$ 376,765</u> | <u>\$ -</u> | <u>\$ 3,369,952</u> |
| <u>Accumulated impairment</u> | | | | | | |
| Balance at January 1, 2023 | \$ - | \$ - | \$ 77,094 | \$ 18,786 | \$ - | \$ 95,880 |
| Disposals | - | - | (1,413) | - | - | (1,413) |
| Exchange differences | - | - | (56) | (43) | - | (99) |
| Balance at December 31, 2023 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 75,625</u> | <u>\$ 18,743</u> | <u>\$ -</u> | <u>\$ 94,368</u> |
| Carrying amount at December 31, 2023 | <u>\$ 203,574</u> | <u>\$ 732,419</u> | <u>\$ 372,272</u> | <u>\$ 140,806</u> | <u>\$ 25,061</u> | <u>\$ 1,474,132</u> |

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

| | <u>2024</u> | <u>2023</u> |
|--|------------------|------------------|
| Investing activities affected cash and cash equivalents | | |
| Additions to property, plant and equipment | \$111,014 | \$179,102 |
| Decrease in payables for equipment (under other payables) | <u>8,077</u> | <u>2,793</u> |
| Cash paid for acquisition of property, plant and equipment | <u>\$119,091</u> | <u>\$181,895</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 | 2 - 10 years |
| Electrical and mechanical work | 2 - 8 years |
| Machinery and equipment | 2 - 10 years |
| Other equipment | 2 - 15 years |

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

XVI. Leasing Arrangements

(I) Right-of-use assets

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|-------------------------------------|--------------------------|--------------------------|
| Carrying amounts | | |
| Land | \$ 33,886 | \$ 45,198 |
| Buildings | 116,092 | 158,031 |
| Other equipment | <u>2,114</u> | <u>2,989</u> |
| | <u>\$152,092</u> | <u>\$206,218</u> |
| | <u>2024</u> | <u>2023</u> |
| Additions to right-of-use assets | <u>\$ 2,836</u> | <u>\$123,078</u> |
| Depreciation of right-of-use assets | | |
| Land | \$ 1,302 | \$ 1,618 |
| Buildings | 47,405 | 47,921 |
| Other equipment | <u>875</u> | <u>875</u> |
| | <u>\$ 49,582</u> | <u>\$ 50,414</u> |

In 2024, the Group terminated and modified certain lease contracts early, resulting in a decrease in the right-of-use assets of NT\$3,776 thousand, recognized a lease modification benefit of NT\$18 thousand, and reclassified to non-current assets held for sale, resulting in a decrease in the right-of-use assets of NT\$12,324 thousand.

(II) Leasing liabilities

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|---------------------|--------------------------|--------------------------|
| Carrying amounts | | |
| Current portion | <u>\$ 31,494</u> | <u>\$ 41,559</u> |
| Non-current portion | <u>\$ 80,718</u> | <u>\$107,298</u> |

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

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|-----------------|--------------------------|--------------------------|
| Buildings | 1.83~2.42 | 1.83~2.26 |
| 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

| | <u>2024</u> | <u>2023</u> |
|---|------------------|------------------|
| Expenses relating to short-term leases | <u>\$ 28,190</u> | <u>\$ 28,201</u> |
| Expenses relating to low-value asset leases | <u>\$ 7,035</u> | <u>\$ 6,535</u> |
| Total cash outflow for leases | <u>\$ 81,499</u> | <u>\$100,208</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.

XVII. Short-Term Borrowings

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--------------------------|--------------------------|--------------------------|
| Unsecured borrowings | | |
| Procurement loans | \$146,779 | \$225,068 |
| Revolving loans | <u>42,225</u> | <u>554,981</u> |
| | <u>\$189,004</u> | <u>\$780,049</u> |
| Annual interest rate (%) | 1.91~5.60 | 1.75~6.86 |

XVIII. Short-Term Bills Payable

The commercial paper payables are guaranteed and issued by China Bills Finance Corporation and MEGA Bills Finance Co. The annual interest rate for December 31, 2023 is 1.79% - 1.81%.

XIX. 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.

XX. Other Payables

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|---|--------------------------|--------------------------|
| Payable for salaries or bonuses | \$199,014 | \$166,233 |
| Payable for employees' compensation and remuneration to directors | 89,705 | 88,078 |
| Payable for annual leave bonuses | 31,488 | 29,845 |
| Payable for packing fees | 21,449 | 25,809 |
| Payable for die-cut fees | 15,706 | 18,900 |
| Payable for freight fee | 14,940 | 16,324 |
| Payable for equipment | 5,614 | 13,691 |
| Others | <u>151,265</u> | <u>149,497</u> |
| | <u>\$529,181</u> | <u>\$508,377</u> |

XXI. Long-Term Borrowings

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--|--------------------------|--------------------------|
| <u>Secured borrowings (Note XXXII)</u> | | |
| Syndicated bank loans | | |
| E.SUN BANK (USD syndicated bank loan) - credit limit A, annual interest rate for December 31, 2024 and 2023 is 5.9937% and 7.0402%, respectively | \$491,775 | \$460,575 |
| Less: Syndicated loan fee | <u>1,039</u> | <u>1,773</u> |
| | <u>\$490,736</u> | <u>\$458,802</u> |

In addition, the Company has signed a new syndicated loan agreement with E.SUN BANK in May 2022. 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 2024 and 2023 consolidated annual financial reports did not violate the provisions of the syndicated loan contract.

XXII. 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.

Subsidiaries which in mainland China are required by local regulations to make contributions to central provident fund and retirement insurance, which are also considered defined contribution plans.

Furthermore, Wah Ma Technology Sdn. Bhd. and PT. Wah Hong Indonesia also make monthly contributions at certain percentages of the basic salary of their employees.

(II) Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the R.O.C. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> | |
|--|---|---------------------------|---------------------------------|
| Present value of defined benefit obligation | \$107,867 | | \$118,002 |
| Fair value of plan assets | (97,334) | | (90,929) |
| Net defined benefit liabilities | <u>\$ 10,533</u> | | <u>\$ 27,073</u> |
| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liabilities |
| January 1, 2024 | <u>\$ 118,002</u> | (\$ 90,929) | <u>\$ 27,073</u> |
| Service cost | | | |
| Current service cost | 125 | - | 125 |
| Net interest expense (income) | <u>1,476</u> | (1,212) | <u>264</u> |
| Recognized in profit or loss | <u>1,601</u> | (1,212) | <u>389</u> |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (7,424) | (7,424) |
| Actuarial gain - changes in financial assumptions | (2,364) | - | (2,364) |
| Actuarial gain - experience adjustments assumptions | (1,114) | - | (1,114) |
| Recognized in other comprehensive income | (3,478) | (7,424) | (10,902) |
| Contributions from the employer | - | (6,027) | (6,027) |
| Benefits paid | | | |
| Paid by plan assets | (\$ 8,258) | \$ 8,258 | \$ - |
| December 31, 2024 | <u>\$ 107,867</u> | (\$ 97,334) | <u>\$ 10,533</u> |
| January 1, 2023 | <u>\$ 115,766</u> | (\$ 78,258) | <u>\$ 37,508</u> |
| Service cost | | | |
| Current service cost | 142 | - | 142 |
| Net interest expense (income) | <u>1,736</u> | (1,265) | <u>471</u> |
| Recognized in profit or loss | <u>1,878</u> | (1,265) | <u>613</u> |

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liabilities |
|--|--|------------------------------|---------------------------------------|
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (435) | (435) |
| Actuarial loss - changes in financial assumptions | 2,744 | - | 2,744 |
| Actuarial gain - experience adjustments assumptions | (<u>1,270</u>) | - | (<u>1,270</u>) |
| Recognized in other comprehensive income | <u>1,474</u> | (<u>435</u>) | <u>1,039</u> |
| Contributions from the employer | <u>-</u> | (<u>12,087</u>) | (<u>12,087</u>) |
| Benefits paid | | | |
| Paid by plan assets | (<u>1,116</u>) | <u>1,116</u> | <u>-</u> |
| December 31, 2023 | <u>\$ 118,002</u> | (<u>\$ 90,929</u>) | <u>\$ 27,073</u> |

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

1. Investment risk

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

2. Interest rate risk

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

3. Salary risk

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

in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--------------------------------------|--------------------------|--------------------------|
| Discount rate (%) | 1.5 | 1.25 |
| Expected rate of salary increase (%) | 3 | 3 |

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

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|-------------------------------------|--------------------------|--------------------------|
| Discount rate(s) | | |
| 0.25% increase | (<u>\$ 2,288</u>) | (<u>\$ 2,744</u>) |
| 0.25% decrease | <u>\$ 2,364</u> | <u>\$ 2,840</u> |
| Expected rate(s) of salary increase | | |
| 0.25% increase | <u>\$ 2,288</u> | <u>\$ 2,743</u> |
| 0.25% decrease | (<u>\$ 2,226</u>) | (<u>\$ 2,665</u>) |

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

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|---|--------------------------|--------------------------|
| The expected contributions to the plan for the next year | <u>\$ 6,024</u> | <u>\$ 12,100</u> |
| The average duration of the defined benefit obligation (year) | 8.6 | 9.4 |

XXIII. Equity

(I) Share capital

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|---|--------------------------|--------------------------|
| Number of authorized shares (in thousands) | <u>150,000</u> | <u>150,000</u> |
| Amount of authorized shares | <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> |
| Amount of issued shares | <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

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--|--------------------------|--------------------------|
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note) | | |
| Arising from issuance of share capital | \$1,874,658 | \$1,898,886 |
| Arising from conversion of bonds | 511 | 511 |
| Consolidation excess | 142,560 | 142,560 |
| Difference between consideration paid and the carrying amount | <u>6,777</u> | <u>6,777</u> |
| | <u>\$2,024,506</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 earnings distribution policy as set forth in the Company's Articles of Incorporation, 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 shall be resolved in the shareholders' meeting. In the case of distribution by issuance of new shares, a resolution of the shareholders' meeting shall be obtained; in the case of distribution in cash, a resolution of the board of directors shall be obtained.

The Company authorizes the 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 uses cash for 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 2023 and 2022 had been approved in the shareholders' meeting in May 2024 and May 2023, respectively; the amounts were as follows:

| | Appropriation of earnings | | Dividends per share (NT\$) | |
|---|---------------------------|------------------|----------------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Legal reserve | \$ 20,155 | \$ 27,631 | | |
| Provision (Reversal) of special surplus reserve | (25,555) | 57,972 | | |
| Cash dividends | <u>118,224</u> | <u>147,781</u> | <u>\$ 1.2</u> | <u>\$ 1.5</u> |
| | <u>\$112,824</u> | <u>\$233,384</u> | | |

In addition, in March 2024, the Board of Directors also proposed a cash distribution from capital reserves of NT\$29,556 thousand.

The aforesaid cash dividends for 2023 and 2022 were resolved to distribute by the Board of Directors in March 2024 and March 2023.

The appropriations of earnings for 2024 had been proposed by the Company's board of directors on March 2025. The appropriations and dividends per share were as follows:

| | <u>Appropriation of earnings</u> | <u>Dividends per share (NT\$)</u> |
|--------------------------------------|--------------------------------------|---------------------------------------|
| Legal reserve | \$ 30,805 | |
| Special surplus reserve (reverse) | (161,537) | |
| Cash dividends to shareholders | 130,006 | \$ 1.3 |

In addition, in March 2025, the Board of Directors also proposed a cash distribution from capital reserves of NT\$30,001 thousand.

The above-mentioned cash dividends have been resolved for distribution by the Board of Directors, and the remaining dividends will be resolved at the regular Shareholders' Meeting expected to be held in May 2025.

(IV) Special reserve

When the company adopted IFRS Accounting Standards 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 IFRS Accounting Standards 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 IFRS Accounting Standards was set aside as a special surplus reserve.

(V) Other equity

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

| | <u>2024</u> | <u>2023</u> |
|--|-------------|-------------|
| Beginning balance | (\$284,391) | (\$240,008) |
| Exchange differences on translating the financial | 171,261 | (55,478) |

| | | | |
|-------|---|----------------------|----------------------|
| | statements of foreign operations | | |
| | Tax arising on translation of foreign operations | (<u>34,252</u>) | <u>11,095</u> |
| | Ending balance | (<u>\$147,382</u>) | (<u>\$284,391</u>) |
| 2. | Unrealized gain (loss) on financial assets at fair value through other comprehensive income | | |
| | | <u>2024</u> | <u>2023</u> |
| | Beginning balance | (\$ 58,761) | (\$128,698) |
| | Recognized for the year | | |
| | Unrealized gain (loss) | | |
| | - equity instruments | <u>157,220</u> | <u>69,937</u> |
| | Ending balance | <u>\$ 98,459</u> | (<u>\$ 58,761</u>) |
| (VI) | Non-controlling interests | | |
| | | <u>2024</u> | <u>2023</u> |
| | Beginning balance | \$112,675 | \$114,264 |
| | Other comprehensive income (loss) during the period | | |
| | Net profit for the year | 10,185 | 19,050 |
| | Exchange differences on translation of the financial statements of foreign operations | \$ 5,953 | (\$ 2,349) |
| | Cash dividends distributed from subsidiaries | (<u>12,916</u>) | (<u>18,290</u>) |
| | Ending balance | <u>\$115,897</u> | <u>\$112,675</u> |
| (VII) | Treasury stock | | |

For the transfer of shares to employees, the Company repurchased 1,484 thousand shares of its common stock in 2019, at the repurchase cost of NT\$40,239 thousand (a refund of NT\$2,000 handling fee for 2020 has been deducted). As of December 31, 2023, there were 1,484 thousand shares of treasury stock.

In August 2024, the Board of Directors resolved to transfer the treasury stock to the employees, please refer to Note XXVIII for details.

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.

XXIV. Revenue

| | <u>2024</u> | <u>2023</u> |
|---------------------------------------|--------------------|--------------------|
| Revenue from contracts with customers | | |
| Revenue from sale of goods | \$7,510,667 | \$7,515,588 |
| Service revenue | <u>1,626</u> | <u>2,884</u> |
| | <u>\$7,512,293</u> | <u>\$7,518,472</u> |

(I) Refer Note IV for the description of accounting policy for revenue from contracts with customers.

(II) Contract balances

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> | <u>January 1, 2023</u> |
|--|------------------------------|------------------------------|----------------------------|
| Notes receivable and accounts receivable (including related parties) (Note IX) | <u>\$ 2,897,425</u> | <u>\$ 2,887,068</u> | <u>\$ 2,706,279</u> |
| Contract liabilities (classified under other current liabilities) | | | |
| Sale of goods | <u>\$ 12,052</u> | <u>\$ 8,275</u> | <u>\$ 10,594</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.

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

| | <u>2024</u> | <u>2023</u> |
|----------------|-----------------|------------------|
| Sales of goods | <u>\$ 5,462</u> | <u>\$ 10,519</u> |

(III) Disaggregation of revenue by products

2024

| Types | Reportable Segments | | | | Total |
|----------------------------|---------------------|--------------------|----------------------|-------------------|--------------------|
| | <u>Taiwan</u> | <u>South China</u> | <u>Eastern China</u> | <u>Others</u> | |
| Revenue from sale of goods | \$2,355,189 | \$1,360,443 | \$3,539,329 | \$ 255,706 | \$7,510,667 |
| Service revenue | <u>313</u> | <u>73</u> | <u>1,172</u> | <u>68</u> | <u>1,626</u> |
| | <u>\$2,355,502</u> | <u>\$1,360,516</u> | <u>\$3,540,501</u> | <u>\$ 255,774</u> | <u>\$7,512,293</u> |

2023

| Types | Reportable Segments | | | | Total |
|----------------------------|---------------------|--------------------|--------------------|-------------------|--------------------|
| | Taiwan | South China | Eastern China | Others | |
| Revenue from sale of goods | \$2,156,426 | \$1,508,019 | \$3,648,755 | \$ 202,388 | \$7,515,588 |
| Service revenue | <u>437</u> | <u>194</u> | <u>2,195</u> | <u>58</u> | <u>2,884</u> |
| | <u>\$2,156,863</u> | <u>\$1,508,213</u> | <u>\$3,650,950</u> | <u>\$ 202,446</u> | <u>\$7,518,472</u> |

XXV. Profit Before Income Tax

(I) Interest revenue

| | <u>2024</u> | <u>2023</u> |
|---------------|------------------|------------------|
| Bank deposits | <u>\$ 24,265</u> | <u>\$ 24,709</u> |

(II) Other revenue

| | <u>2024</u> | <u>2023</u> |
|--------------------|------------------|------------------|
| Dividend revenue | \$ 37,302 | \$ 43,831 |
| Government grants | 3,445 | 10,187 |
| Rental revenue | 8,757 | 8,578 |
| Others (Note XXXI) | <u>6,894</u> | <u>7,254</u> |
| | <u>\$ 56,398</u> | <u>\$ 69,850</u> |

(III) Other gains and losses

| | <u>2024</u> | <u>2023</u> |
|--|------------------|------------------|
| Gain on financial instruments at fair value through profit or loss | \$ 21,135 | \$ 22,041 |
| Net gain from foreign currency exchange | 38,148 | 5,008 |
| Net profit from disposal of non-current assets held for sale (Note XI) | 162,701 | - |
| Loss on disposal of property, plant and equipment | (8,428) | (3,577) |
| Others | <u>(1,890)</u> | <u>(1,237)</u> |
| | <u>\$211,666</u> | <u>\$ 22,235</u> |

(IV) Finance costs

| | <u>2024</u> | <u>2023</u> |
|-------------------------------|------------------|------------------|
| Interest on bank loans | \$ 57,241 | \$ 63,345 |
| Interest on lease liabilities | 3,733 | 2,747 |
| Other interest expenses | <u>2,815</u> | <u>2,937</u> |
| | <u>\$ 63,789</u> | <u>\$ 69,029</u> |

(V) Depreciation and amortization

| | <u>2024</u> | <u>2023</u> |
|---|------------------|------------------|
| Property, plant and equipment | \$191,223 | \$195,442 |
| Right-of-use assets | 49,582 | 50,414 |
| Intangible assets | <u>42,518</u> | <u>30,381</u> |
| | <u>\$283,323</u> | <u>\$276,237</u> |
| An analysis of depreciation by function | | |
| Operating costs | \$196,912 | \$203,167 |
| Operating expenses | <u>43,893</u> | <u>42,689</u> |
| | <u>\$240,805</u> | <u>\$245,856</u> |
| An analysis of amortization by function | | |
| Operating costs | \$ 5,643 | \$ 7,017 |
| Operating expenses | <u>36,875</u> | <u>23,364</u> |
| | <u>\$ 42,518</u> | <u>\$ 30,381</u> |

(VI) Employee benefits expense

| | <u>2024</u> | <u>2023</u> |
|--|--------------------|--------------------|
| Short-term employee benefits | <u>\$1,016,834</u> | <u>\$ 983,380</u> |
| Retirement benefits | | |
| Defined contribution plans | 52,231 | 49,383 |
| Defined benefit plans (Note XXII) | <u>389</u> | <u>613</u> |
| | <u>52,620</u> | <u>49,996</u> |
| | <u>\$1,069,454</u> | <u>\$1,033,376</u> |
| An analysis of employee benefits expense by function | | |
| Operating costs | \$ 593,373 | \$ 609,229 |
| Operating expenses | <u>476,081</u> | <u>424,147</u> |
| | <u>\$1,069,454</u> | <u>\$1,033,376</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 years ended December 31, 2024 and 2023 which have been approved by the Company's board of directors on March 2025 and 2024, were as follows:

| | <u>2024</u> | <u>2023</u> |
|-------------------------------|------------------|------------------|
| <u>Accrual rate</u> | | |
| Employees' compensation (%) | 15 | 15 |
| Remuneration of directors (%) | 2.5 | 2.5 |
| <u>Amount</u> | | |
| Employees' compensation | <u>\$ 60,739</u> | <u>\$ 41,500</u> |
| Remuneration of directors | <u>\$ 10,123</u> | <u>\$ 6,917</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.

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, 2023 and 2022.

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

XXVI. Income Tax

(I) The major components of income tax expense

The main components of income tax expenses are as follows:

| | <u>2024</u> | <u>2023</u> |
|---------------------------------------|------------------|-------------------|
| Current tax | | |
| In respect of the current year | \$203,427 | \$100,552 |
| Addition from unappropriated earnings | 1,799 | - |
| Adjustments for prior years | (<u>5,338</u>) | (<u>11,792</u>) |
| | <u>199,888</u> | <u>88,760</u> |

| | | |
|--------------------------------|-------------------|-------------------|
| Deferred tax | | |
| In respect of the current year | (49,266) | (23,287) |
| Adjustments for prior years | <u>-</u> | <u>4,137</u> |
| | (<u>49,266</u>) | (<u>19,150</u>) |
| | <u>\$150,622</u> | <u>\$ 69,610</u> |

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

| | <u>2024</u> | <u>2023</u> |
|---|------------------|------------------|
| Profit before income tax | <u>\$461,928</u> | <u>\$291,041</u> |
| Income tax expense calculated at the statutory rate | \$111,194 | \$ 72,005 |
| Tax effect of adjusting items: | | |
| Deductible income in determining taxable income | (14,734) | (18,820) |
| Impact of the deferred income tax on the earnings of subsidiaries | 24,361 | 17,365 |
| Unrecognised loss carryforwards | 6,592 | 6,704 |
| Addition from unappropriated earnings | 1,799 | - |
| Adjustment of previous-year income tax expenses in the current year | (5,338) | (7,655) |
| Land value increment tax | 26,714 | - |
| Others | <u>34</u> | <u>11</u> |
| | <u>\$150,622</u> | <u>\$ 69,610</u> |

Taiwan's profit enterprise income tax rate is 20%; The tax rate applicable to China subsidiaries is 25%; The tax rate applicable to subsidiaries in Malaysia is 24%; The tax rate applicable to subsidiaries in Indonesia is 22%.

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

| | <u>2024</u> | <u>2023</u> |
|---------------------|--------------------|------------------|
| Deferred tax | | |
| In respect of the | | |
| current year | | |
| Exchange | | |
| differences on | | |
| translation of the | | |
| financial | | |
| statements of | | |
| foreign operations | (\$ 34,252) | \$ 11,095 |
| Actuarial gains and | | |
| losses of defined | | |
| benefit obligation | (<u>2,181</u>) | <u>208</u> |
| | <u>(\$ 36,433)</u> | <u>\$ 11,303</u> |

(III) Current tax assets and liabilities

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|-------------------------|--------------------------|--------------------------|
| Current tax assets | | |
| Income tax refundable | <u>\$ 2,563</u> | <u>\$ 3,660</u> |
| Current tax liabilities | | |
| Income tax payable | <u>\$ 44,390</u> | <u>\$ 16,193</u> |

(IV) Deferred tax assets and liabilities

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

2024

| | Beginning | Recognized in | | Exchange | Ending |
|----------------------------|------------------|-------------------|--------------------|---------------|------------------|
| | balance | in profit or | other | differences | balance |
| | | loss | comprehensive | | |
| | | | income | | |
| <u>Deferred Tax Assets</u> | | | | | |
| Temporary differences | | | | | |
| Defined benefit plans | \$ 6,704 | (\$ 1,127) | (\$ 2,181) | \$ - | \$ 3,396 |
| Unrealized loss on | | | | | |
| inventories | 28,354 | (4,574) | - | 609 | 24,389 |
| Unrealized profits and | | | | | |
| losses from | | | | | |
| transactions with | | | | | |
| subsidiary | 3,455 | (898) | - | - | 2,557 |
| Foreign operating | | | | | |
| organization-related | | | | | |
| exchange difference | 13,230 | - | (13,230) | - | - |
| Others | <u>14,494</u> | <u>2,351</u> | <u>-</u> | <u>51</u> | <u>16,896</u> |
| | <u>\$ 66,237</u> | <u>(\$ 4,248)</u> | <u>(\$ 15,411)</u> | <u>\$ 660</u> | <u>\$ 47,238</u> |

| | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Exchange differences | Ending balance |
|--|----------------------|------------------------------------|---|-------------------------|-------------------|
| <u>Deferred Tax Liabilities</u> | | | | | |
| Temporary differences | | | | | |
| Foreign investment income for using equity method | \$ 135,325 | (\$ 54,308) | \$ - | \$ - | \$ 81,017 |
| Reserve for land value increment tax | 20,278 | - | - | - | 20,278 |
| Foreign operating organization-related exchange difference | - | - | 21,022 | - | 21,022 |
| Others | 1,650 | 794 | - | 125 | 2,569 |
| | <u>\$ 157,253</u> | <u>(\$ 53,514)</u> | <u>\$ 21,022</u> | <u>\$ 125</u> | <u>\$ 124,886</u> |

2023

| | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Exchange differences | Ending balance |
|--|----------------------|------------------------------------|---|-------------------------|-------------------|
| <u>Deferred Tax Assets</u> | | | | | |
| Temporary differences | | | | | |
| Defined benefit plans | \$ 8,791 | (\$ 2,295) | \$ 208 | \$ - | \$ 6,704 |
| Unrealized loss on inventories | 36,341 | (7,788) | - | (199) | 28,354 |
| Unrealized profits and losses from transactions with subsidiary | 6,798 | (3,343) | - | - | 3,455 |
| Foreign operating organization-related exchange difference | 2,135 | - | 11,095 | - | 13,230 |
| Others | 9,180 | 3,585 | - | 1,729 | 14,494 |
| | 63,245 | (9,841) | 11,303 | 1,530 | 66,237 |
| Loss carryforwards | 33,111 | (33,111) | - | - | - |
| | <u>\$ 96,356</u> | <u>(\$ 42,952)</u> | <u>\$ 11,303</u> | <u>\$ 1,530</u> | <u>\$ 66,237</u> |

| | | | | | |
|---|-------------------|--------------------|-------------|----------------|-------------------|
| <u>Deferred Tax Liabilities</u> | | | | | |
| Temporary differences | | | | | |
| Foreign investment income for using equity method | \$ 195,587 | (\$ 60,262) | \$ - | \$ - | \$ 135,325 |
| Reserve for land value increment tax | 20,278 | - | - | - | 20,278 |
| Others | 3,539 | (1,840) | - | (49) | 1,650 |
| | <u>\$ 219,404</u> | <u>(\$ 62,102)</u> | <u>\$ -</u> | <u>(\$49)</u> | <u>\$ 157,253</u> |

- (V) Unused loss carryforwards and deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|----------------------------------|--------------------------|--------------------------|
| Loss carryforwards | | |
| Expiry in 2025 | \$ 46,816 | \$ 46,816 |
| Expiry in 2026 | 82,776 | 82,776 |
| Expiry in 2027 | 52,375 | 52,375 |
| Expiry in 2028 | 31,072 | 31,072 |
| Expiry in 2029 | <u>29,401</u> | <u>-</u> |
| | <u>\$242,440</u> | <u>\$213,039</u> |
| Deductible temporary differences | <u>\$ -</u> | <u>\$ 2,156</u> |

- (VI) Information about unused loss carryforwards

As of December 31, 2024, the loss carryforwards comprise of:

| <u>Undeducted balance</u> | <u>Expiry Year</u> |
|---------------------------|--------------------|
| \$ 46,816 | 2025 |
| 82,776 | 2026 |
| \$ 52,375 | 2027 |
| 31,072 | 2028 |
| <u>29,401</u> | 2029 |
| <u>\$ 242,440</u> | |

- (VII) The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2024 and 2023 the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were NT\$1,718,876 thousand and NT\$1,597,071 thousand.

- (VIII) Income tax assessments

The income tax returns of the Company's profit-making businesses up to the end of 2022 have been verified by the tax authorities.

XXVII. 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

| | <u>2024</u> | <u>2023</u> |
|---|------------------|------------------|
| Earnings used in the computation to basic/diluted EPS | <u>\$301,121</u> | <u>\$202,381</u> |

| | | | |
|------|--|----------------|----------------|
| (II) | Number of shares (in thousands) | | |
| | | <u>2024</u> | <u>2023</u> |
| | Weighted average number of shares outstanding used in computation of basic EPS | 99,015 | 98,520 |
| | Effect of potentially dilutive shares | | |
| | Employees' compensation | <u>1,567</u> | <u>1,593</u> |
| | Weighted average number of shares outstanding used in computation of diluted EPS | <u>100,582</u> | <u>100,113</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.

XXVIII. Share-Based Payment Agreement

In order to motivate employees and enhance employee cohesion, the Company's Board of Directors resolved in August 2024 to transfer 1,484 thousand shares of treasury stock bought back in 2019 to employees at a price of NT\$27.13.

The treasury stock granted to employees was calculated using the Black-Scholes valuation model with the following assumptions:

| | |
|---|-----------|
| Share price on grant day | NT\$30.70 |
| Exercise price | NT\$27.13 |
| Expected volatility (%) | 24.64 |
| Duration (years) | 0.04 |
| Risk-free interest rate (%) | 1.28 |
| Fair value of stock options granted this year | NT\$3.59 |

For share-based payment transactions granted by the Company on the grant day, the fair value of stock options granted on the grant day was estimated based on the closing price less the exercise price on the grant day, and compensation cost and capital surplus-treasury stock transactions of NT\$5,328 thousand were recognized.

XXIX. 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 XXI.

XXX. 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

December 31, 2024

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|-------------------|----------------|-------------------|-------------------|
| Financial assets at FVTPL | | | | |
| Domestic listed shares | \$ 103,513 | \$ - | \$ - | \$ 103,513 |
| Guaranteed floating income financial products | - | - | 141,601 | 141,601 |
| | <u>\$ 103,513</u> | <u>\$ -</u> | <u>\$ 141,601</u> | <u>\$ 245,114</u> |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Domestic listed shares | \$ 776,445 | \$ - | \$ - | \$ 776,445 |
| Domestic unlisted shares | - | - | 64,557 | 64,557 |
| Foreign unlisted shares | - | - | 8,138 | 8,138 |
| | <u>\$ 776,445</u> | <u>\$ -</u> | <u>\$ 72,695</u> | <u>\$ 849,140</u> |

| | | | | |
|-----------------------------------|------|--------|------|--------|
| Financial liabilities at FVTPL | | | | |
| Derivatives | \$ - | \$ 782 | \$ - | \$ 782 |

December 31, 2023

| Financial assets at FVTPL | Level 1 | Level 2 | Level 3 | Total |
|---|------------------|-----------------|-------------------|-------------------|
| Derivatives | \$ - | \$ 3,338 | \$ - | \$ 3,338 |
| Domestic listed shares | 79,398 | - | - | 79,398 |
| Guaranteed floating income financial products | - | - | 349,800 | 349,800 |
| | <u>\$ 79,398</u> | <u>\$ 3,338</u> | <u>\$ 349,800</u> | <u>\$ 432,536</u> |

| Financial assets at FVTOCI | | | | |
|--------------------------------------|-------------------|-------------|------------------|-------------------|
| Investments in equity instruments | | | | |
| Domestic listed shares | \$ 622,418 | \$ - | \$ - | \$ 622,418 |
| Domestic unlisted shares | - | - | 54,930 | 54,930 |
| Foreign unlisted shares | - | - | 14,572 | 14,572 |
| | <u>\$ 622,418</u> | <u>\$ -</u> | <u>\$ 69,502</u> | <u>\$ 691,920</u> |

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2024 and 2023.

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

| Financial assets | Equity instruments | | | |
|--|---------------------------|-------------------|----------------------------|------------------|
| | Financial assets at FVTPL | | Financial assets at FVTOCI | |
| | 2024 | 2023 | 2024 | 2023 |
| Beginning balance | \$ 349,800 | \$ 607,512 | \$ 69,502 | \$ 80,418 |
| Increase in the year | 169,489 | 773,296 | - | 12,224 |
| Decrease in current year | (400,660) | (1,039,792) | - | - |
| Recognized in profit or loss | 5,530 | 15,436 | - | - |
| Recognized in other comprehensive income | - | - | 3,193 | (23,140) |
| Exchange differences | 17,442 | (6,652) | - | - |
| Ending balance | <u>\$ 141,601</u> | <u>\$ 349,800</u> | <u>\$ 72,695</u> | <u>\$ 69,502</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

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|-------------------------------------|--------------------------|--------------------------|
| <u>Financial assets</u> | | |
| Measured at amortized cost (Note 1) | \$4,191,058 | \$4,265,517 |
| Measured at FVTPL | | |
| Mandatorily classified as at FVTPL | 245,114 | 432,536 |
| Financial assets at FVTOCI | | |
| Investments in equity instruments | 849,140 | 691,920 |
| <u>Financial liabilities</u> | | |
| Measured at amortized cost (Note 2) | 2,692,381 | 3,259,269 |
| Measured at FVTPL | | |
| Mandatorily classified as at FVTPL | 782 | - |

Note 1: Including cash and cash equivalents, notes receivable and accounts receivable, other 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 XXXIV.

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 | |
|----------------|---------------------|----------|
| | 2024 | 2023 |
| Profit or loss | \$ 6,548 | \$ 7,929 |

(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:

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|-------------------------------|--------------------------|--------------------------|
| Fair value interest rate risk | | |
| Financial assets | \$631,142 | \$491,598 |
| Financial liabilities | 180,388 | 610,291 |
| Cash flow interest rate risk | | |
| Financial assets | 607,083 | 841,987 |
| Financial liabilities | 611,564 | 947,417 |

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% increases/decreases and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2024 and 2023 would have been decreases/increases by NT\$45 thousand and NT\$1,054 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 in 2024 and 2023 will increase/decrease by NT\$1,035 thousand and NT\$794 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 in 2024 and 2023 will increase/decrease by NT\$8,491 thousand and NT\$6,919 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 credit risk of the Group is mainly concentrated on receivables of the following companies:

| | | |
|-----------|--------------------------|--------------------------|
| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
| Company A | <u>\$401,533</u> | <u>\$337,105</u> |

As of December 31, 2024 and 2023, the ratio of receivables from the aforementioned companies was 14% and 12%, respectively.

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.

| | Less than 6 Months | 6 Months to 1 Year | 1-3 Years | More than 3 Years |
|---|-----------------------|-----------------------|-------------------|----------------------|
| <u>December 31, 2024</u> | | | | |
| Non-derivative financial liabilities | | | | |
| Non-interest bearing liabilities | \$1,993,370 | \$ 19,076 | \$ 195 | \$ - |
| Leasing liabilities | 24,809 | 8,683 | 55,215 | 29,124 |
| Variable interest rate liabilities | 136,971 | 14,983 | 535,195 | - |
| Fixed interest rate liabilities | 69,380 | - | - | - |
| Financial guarantee contracts | 155,794 | - | - | - |
| | <u>\$2,380,324</u> | <u>\$ 42,742</u> | <u>\$ 590,605</u> | <u>\$ 29,124</u> |

Lease liabilities further analysis are as follows:

| | Less than 1 Year | 1-3 Years | 3-5 Years | 5-10 Years |
|---|-----------------------|-----------------------|-------------------|----------------------|
| Leasing liabilities | <u>\$ 33,492</u> | <u>\$ 55,215</u> | <u>\$ 19,230</u> | <u>\$ 9,894</u> |
| | Less than 6 Months | 6 Months to 1 Year | 1-3 Years | More than 3 Years |
| <u>December 31, 2023</u> | | | | |
| Non-derivative financial liabilities | | | | |
| Non-interest bearing liabilities | \$ 1,743,088 | \$ 106,310 | \$ 1,020 | \$ - |
| Leasing liabilities | 27,551 | 17,135 | 63,401 | 48,379 |
| Variable interest rate liabilities | 509,506 | 16,483 | 65,661 | 474,835 |
| Fixed interest rate liabilities | 462,300 | - | - | - |
| Financial guarantee contracts | <u>47,974</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 2,790,419</u> | <u>\$ 139,928</u> | <u>\$ 130,082</u> | <u>\$ 523,214</u> |

Lease liabilities further analysis are as follows:

| | Less than 1 Year | 1-3 Years | 3-5 Years | 5-10 Years |
|---------------------|---------------------|------------------|------------------|------------------|
| Leasing liabilities | <u>\$ 44,686</u> | <u>\$ 63,401</u> | <u>\$ 29,835</u> | <u>\$ 18,544</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.

| | <u>On Demand or Less than 1 Month</u> | <u>1-3 Months</u> |
|------------------------------------|---|---------------------|
| <u>December 31, 2024</u> | | |
| Total settlement | | |
| Foreign exchange forward contracts | | |
| Inflows | \$ 32,164 | \$ 32,424 |
| Outflows | (<u>32,731</u>) | (<u>32,639</u>) |
| | (<u>\$ 567</u>) | (<u>\$ 215</u>) |
| | | |
| | <u>On Demand or Less than 1 Month</u> | <u>1-3 Months</u> |
| <u>December 31, 2023</u> | | |
| Total settlement | | |
| Foreign exchange forward contracts | | |
| Inflows | \$ 47,955 | \$ 77,454 |
| Outflows | (<u>45,913</u>) | (<u>76,158</u>) |
| | (<u>\$ 2,042</u>) | (<u>\$ 1,296</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 December 31, 2024 and 2023, the face amount of these unsettled bills receivable was NT\$155,794 thousand and NT\$47,974 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 years ended December 31, 2024 and 2023, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

XXXI. 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 |
| 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 Tech Industrial Co., Ltd. | Subsidiary of Investor with significant influence |
| Tranceed Logistics Co. Ltd. | Subsidiary of Investor with significant influence |
| Wah Sheng Industrial Corp. | Associate |
| Nagase Wahlee Plastics Corp. | Substantive related party |
| Hightech Polymer Sdn. Bhd. | Substantive related party |

(II) Operating transactions

1. Sales of goods

| <u>Related party category</u> | <u>2024</u> | <u>2023</u> |
|--|------------------|------------------|
| Investor with significant influence and their subsidiaries | \$103,092 | \$ 54,087 |
| Substantive related party | - | 13 |
| | <u>\$103,092</u> | <u>\$ 54,100</u> |

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

2. Purchase of goods

| Related party category | 2024 | 2023 |
|--|------------------|------------------|
| Investor with significant influence and their subsidiaries | \$ 42,249 | \$ 15,655 |
| Substantive related party | <u>4,509</u> | <u>5,103</u> |
| | <u>\$ 46,758</u> | <u>\$ 20,758</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. Other revenue

(1) Rental revenue

| Related party category | 2024 | 2023 |
|-------------------------------------|---------------|---------------|
| Investor with significant influence | \$ 37 | \$ 37 |
| Substantive related party | <u>332</u> | <u>157</u> |
| | <u>\$ 369</u> | <u>\$ 194</u> |

(2) Service revenue

The Company's service income collected from providing labor services to its associates was NT\$370 thousand and NT\$2,255 thousand in 2024 and 2023, respectively.

4. Receivables from related parties

(1) Accounts receivable

| Related party category | December 31, 2024 | December 31, 2023 |
|--|-------------------|-------------------|
| Investor with significant influence and their subsidiaries | <u>\$ 28,012</u> | <u>\$ 14,788</u> |

(2) Other receivables

| <u>Related party category</u> | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|-------------------------------------|--------------------------|--------------------------|
| Investor with significant influence | \$ 27 | \$ 3 |
| Substantive related party Associate | - | 35 |
| | <u>10,000</u> | <u>2,359</u> |
| | <u>\$ 10,027</u> | <u>\$ 2,397</u> |

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

5. Payables to related parties

Accounts payable

| <u>Related party category</u> | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--|--------------------------|--------------------------|
| Investor with significant influence and their subsidiaries | \$ 10,108 | \$ 4,339 |
| Substantive related party | <u>1,555</u> | <u>739</u> |
| | <u>\$ 11,663</u> | <u>\$ 5,078</u> |

The outstanding payables to related parties are unsecured.

(III) Payments for property, plant and equipment 2023 only

| <u>Related party category</u> | <u>Items acquired</u> | <u>Acquisition price</u> |
|---|-----------------------|--------------------------|
| Subsidiary of Investor with significant influence | Other equipment | <u>\$416</u> |

(IV) Rent expense

| <u>Related party category</u> | <u>2024</u> | <u>2023</u> |
|--|-----------------|-----------------|
| Investor with significant influence and their subsidiaries | <u>\$ 1,446</u> | <u>\$ 1,446</u> |

The rent is determined by both parties through negotiation between them by referring to local rent, and the rent is collected as agreed in the contract.

(V) Compensation of key management personnel

| | <u>2024</u> | <u>2023</u> |
|------------------------------|------------------|------------------|
| Short-term employee benefits | \$ 37,994 | \$ 31,592 |
| Retirement benefits | <u>548</u> | <u>520</u> |
| | <u>\$ 38,542</u> | <u>\$ 32,112</u> |

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

XXXII. 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.

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|-------------------------------|--------------------------|--------------------------|
| Other financial assets | | |
| Deposit account | <u>\$ 22,804</u> | <u>\$ 43,352</u> |
| Property, plant and equipment | | |
| Land | 171,108 | 171,108 |
| Buildings | <u>191,287</u> | <u>208,519</u> |
| | <u>362,395</u> | <u>379,627</u> |
| | <u>\$385,199</u> | <u>\$422,979</u> |

XXXIII. 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 (In Thousands) | |
|-----|---|--------------------------|
| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
| USD | <u>\$ 2,901</u> | <u>\$ 2,959</u> |

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

| | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|--------------------------|--------------------------|--------------------------|
| Acquisition of equipment | <u>\$ 15,349</u> | <u>\$ 10,155</u> |

(III) As of December 31, 2024 and 2023, the performance bonds issued by the bank to the Group importing goods are NT\$1,500 thousand and NT\$1,300 thousand, respectively.

XXXIV. 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>December 31, 2024</u> | | | | | |
| Foreign currency assets | | | | | |
| Monetary items | | | | | |
| USD | \$ 35,959 | 32.785 | (USD:NTD) | | \$ 1,178,932 |
| USD | 48,983 | 7.1884 | (USD:RMB) | | 1,605,914 |
| Foreign currency liabilities | | | | | |
| Monetary items | | | | | |
| USD | 30,742 | 32.785 | (USD:NTD) | | 1,007,872 |
| USD | 34,227 | 7.1884 | (USD:RMB) | | 1,122,127 |
| <u>December 31, 2023</u> | | | | | |
| Foreign currency assets | | | | | |
| Monetary items | | | | | |
| USD | 44,671 | 30.705 | (USD:NTD) | | 1,371,622 |
| USD | 55,754 | 7.0827 | (USD:RMB) | | 1,711,939 |
| Foreign currency liabilities | | | | | |
| Monetary items | | | | | |
| USD | 35,966 | 30.705 | (USD:NTD) | | 1,104,327 |
| USD | 38,637 | 7.0827 | (USD:RMB) | | 1,186,360 |

For the years ended December 31, 2024 and 2023, realized and unrealized net foreign exchange gains were NT\$38,148 thousand and NT\$5,008 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.

XXXV. 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: Table 4.
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6.
9. Trading in derivative instruments: Note VII.
10. Other: Intercompany relationships and significant intercompany transactions: Table 7.
11. Information on investees: Table 8.

(III) 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 9.
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:

| | Purchase of goods | | Accounts payable | |
|-------------------|-------------------|---|------------------|---|
| | Amount | % | Amount | % |
| Sun Hong | \$ 21,033 | 1 | \$ 7,800 | 2 |
| SIP Chang Jun | 5,671 | - | 5,721 | 1 |
| SIP Chang Hong | 114 | - | 550 | - |

| | | | | |
|--------------|------------------|----------|------------------|----------|
| Ningbo | | | | |
| Changhong | 61 | - | 61 | - |
| Xiamen Guang | | | | |
| Hong | <u>25</u> | <u>-</u> | <u>55</u> | <u>-</u> |
| | <u>\$ 26,904</u> | <u>1</u> | <u>\$ 14,187</u> | <u>3</u> |

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

| | Sales of goods | | Accounts receivable | |
|--------------|---------------------|-----------|---------------------|-----------|
| | Amount | % | Amount | % |
| SIP Chang | | | | |
| Hong | \$ 917,003 | 24 | \$ 431,749 | 34 |
| Suzhou | | | | |
| Alliance | 209,120 | 5 | 80,189 | 6 |
| Sun Hong | 72,517 | 2 | 27,695 | 2 |
| Qingdao | | | | |
| Changhong | 4,187 | - | 655 | - |
| Ningbo | | | | |
| Changhong | 66,566 | 2 | 11,346 | 1 |
| Xiamen Guang | | | | |
| Hong | 87,105 | 2 | 37,400 | 3 |
| Ningbo | | | | |
| Changli | <u>2,489</u> | <u>-</u> | <u>762</u> | <u>-</u> |
| | <u>\$ 1,358,987</u> | <u>35</u> | <u>\$ 589,796</u> | <u>46</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: None.
- (IV) 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 10.

XXXVI. 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.

(I) 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:

| 2024 | Taiwan | South China | Eastern China | Others | Adjustment and elimination | Total |
|--|---------------------|---------------------|---------------------|--------------------|----------------------------|---------------------|
| Revenue from external customers | \$ 2,355,502 | \$ 1,360,516 | \$ 3,540,501 | \$ 255,774 | \$ - | \$ 7,512,293 |
| Inter-segment revenue | <u>1,464,242</u> | <u>59,094</u> | <u>693,864</u> | <u>(6)</u> | <u>(2,217,194)</u> | <u>-</u> |
| Segment revenue | <u>\$ 3,819,744</u> | <u>\$ 1,419,610</u> | <u>\$ 4,234,365</u> | <u>\$ 255,768</u> | <u>(\$ 2,217,194)</u> | <u>\$ 7,512,293</u> |
| Segment income (loss) | <u>\$ 47,943</u> | <u>\$ 27,810</u> | <u>\$ 151,992</u> | <u>(\$ 14,300)</u> | <u>\$ 23,448</u> | \$ 236,893 |
| Interest revenue | | | | | | 24,265 |
| Other revenue | | | | | | 56,398 |
| Other gains and losses | | | | | | 211,666 |
| Finance costs | | | | | | (\$ 63,789) |
| Share of profit and loss of affiliated enterprises recognized by equity method | | | | | | (3,505) |
| Profit before income tax | | | | | | 461,928 |
| Income tax expenses | | | | | | (150,622) |
| Net profit for the year | | | | | | <u>\$ 311,306</u> |

| | Taiwan | South China | Eastern China | Others | Adjustment and elimination | Total |
|--|---------------------|---------------------|---------------------|--------------------|----------------------------|---------------------|
| <u>December 31, 2024</u> | | | | | | |
| Identifiable assets | <u>\$ 2,547,271</u> | <u>\$ 1,513,171</u> | <u>\$ 3,537,318</u> | <u>\$ 294,717</u> | <u>(\$ 924,129)</u> | \$ 6,968,348 |
| Financial assets at FVTOCI | | | | | | <u>849,140</u> |
| Total assets | | | | | | <u>\$ 7,817,488</u> |
| <u>2023</u> | | | | | | |
| Revenue from external customers | \$ 2,156,863 | \$ 1,508,213 | \$ 3,650,950 | \$ 202,446 | \$ - | \$ 7,518,472 |
| Inter-segment revenue | <u>1,504,378</u> | <u>53,011</u> | <u>723,474</u> | <u>10,392</u> | <u>(2,291,255)</u> | <u>-</u> |
| Segment revenue | <u>\$ 3,661,241</u> | <u>\$ 1,561,224</u> | <u>\$ 4,374,424</u> | <u>\$ 212,838</u> | <u>(\$ 2,291,255)</u> | <u>\$ 7,518,472</u> |
| Segment income (loss) | <u>\$ 42,234</u> | <u>\$ 15,417</u> | <u>\$ 177,959</u> | <u>(\$ 22,497)</u> | <u>\$ 35,312</u> | \$ 248,425 |
| Interest revenue | | | | | | 24,709 |
| Other revenue | | | | | | 69,850 |
| Other gains and losses | | | | | | 22,235 |
| Finance costs | | | | | | (69,029) |
| Share of profit and loss of affiliated enterprises recognized by equity method | | | | | | (5,149) |
| Profit before income tax | | | | | | 291,041 |
| Income tax expenses | | | | | | (69,610) |
| Net profit for the year | | | | | | <u>\$ 221,431</u> |
| <u>December 31, 2023</u> | | | | | | |
| Identifiable assets | <u>\$ 2,663,657</u> | <u>\$ 1,619,583</u> | <u>\$ 3,705,409</u> | <u>\$ 293,897</u> | <u>(\$ 1,044,779)</u> | \$ 7,237,767 |
| Financial assets at FVTOCI | | | | | | 691,920 |
| Investments accounted for using equity method | | | | | | <u>5,298</u> |
| Total assets | | | | | | <u>\$ 7,934,985</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.

(II) Information of other operating segments

| | Depreciation and amortization | |
|---------------|-------------------------------|------------------|
| | 2024 | 2023 |
| Taiwan | \$112,146 | \$120,140 |
| Eastern China | 101,739 | 83,995 |
| South China | 52,185 | 53,035 |
| Others | <u>17,253</u> | <u>19,067</u> |
| | <u>\$283,323</u> | <u>\$276,237</u> |

(III) Revenue from major products

The following is an analysis of the Group's revenue from continuing customers from its major products.

| | <u>2024</u> | <u>2023</u> |
|---------------------------------------|--------------------|--------------------|
| Materials of LCD | \$6,150,426 | \$6,304,819 |
| Materials of BMC and Molding products | 992,169 | 828,954 |
| Others | <u>369,698</u> | <u>384,699</u> |
| | <u>\$7,512,293</u> | <u>\$7,518,472</u> |

(IV) Geographical information

The Group's revenue from external customers by location of customers and information about its non-current assets by location of assets are detailed below:

| | Revenue from external | | Non-current assets | |
|--------|-----------------------|---------------------|---------------------|---------------------|
| | customers | | December 31, | December 31, |
| | <u>2024</u> | <u>2023</u> | 2024 | 2023 |
| Taiwan | \$ 1,581,296 | \$ 1,495,356 | \$ 563,180 | \$ 592,424 |
| China | 5,696,140 | 5,661,754 | 977,762 | 1,064,074 |
| Others | <u>234,857</u> | <u>361,362</u> | <u>55,750</u> | <u>65,741</u> |
| | <u>\$ 7,512,293</u> | <u>\$ 7,518,472</u> | <u>\$ 1,596,692</u> | <u>\$ 1,722,239</u> |

Non-current assets exclude financial instruments, investments using the equity method and deferred tax assets.

(V) Information about major customers

No single customer contributed 10% or more of the Group's revenue for the years ended December 31, 2024 and 2023.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
LENDING FUNDS TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2024

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 | Ningbo Changhong Optoelectronics Ltd. | Ningbo Changli New Material Limited | Other receivables - related parties | Yes | \$ 6,765 | \$ - | \$ - | 3.50 | Short-term financing | \$ - | Operating capital | \$ - | - | \$ - | \$ 107,176 | \$ 285,802 | Note 4 |

Note 1: Loan and limit of funds for individual objects: For 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 Ningbo Changhong, it shall not exceed 80% of the company's net value.

Note 3: USD is converted by spot exchange US\$1 = NT\$32.785, RMB is converted by USD spot exchange with US\$1 = RMB7.1884.

Note 4: It was eliminated on consolidation.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2024

Table 2

(In Thousands of New Taiwan Dollars)

| No. | Endorsement/Guarantee Provider | Endorsee/Guarantee | | Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed 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 | \$ 1,409,468 | \$ 558,195 | \$ 491,775 | \$ 256,868 | \$ - | 10.47 | \$ 3,288,760 | Y | N | Y | |
| 0 | The Company | Wah Ma Technology Sdn.Bhd. (Wah Ma) | Subsidiary of the Company | 1,409,468 | 12,849 | 6,359 | 1,060 | - | 0.14 | 3,288,760 | Y | N | N | |
| 0 | The Company | Xiamen Guang Hong Optronics Ltd. | Subsidiary of the Company | 1,409,468 | 164,175 | 65,570 | - | - | 1.40 | 3,288,760 | Y | N | Y | |
| 0 | The Company | Wah Hong Holding Limited | Subsidiary of the Company | 1,409,468 | 194,400 | 98,355 | - | - | 2.09 | 3,288,760 | Y | N | N | |
| 0 | The Company | SuZhou Alliance Material.Co., Ltd. | Subsidiary of the Company | 939,645 | 32,835 | 32,785 | - | - | 0.70 | 3,288,760 | Y | N | Y | |
| 0 | The Company | SIP Chang Jun Trading Limited | Subsidiary of the Company | 1,409,468 | 119,069 | - | - | - | - | 3,288,760 | Y | N | Y | |
| 0 | The Company | PT. Wah Hong Indonesia ("WH Indonesia") | Subsidiary of the Company | 1,409,468 | 69,476 | 36,063 | - | - | 0.77 | 3,288,760 | Y | N | N | |
| 0 | The Company | Ningbo Changhong Optoelectronics Ltd. | Subsidiary of the Company | 1,409,468 | 69,033 | 68,412 | 22,804 | - | 1.46 | 3,288,760 | Y | N | Y | |

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

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

Note 3: USD is converted at spot exchange US\$1= NT\$32.785; RMB is converted at USD spot exchange US\$1 = RMB7.1884; MYR is converted at spot exchange MYR\$1 = NTD\$7.0655; IDR is converted at the spot exchange rate IDR\$1=NTD\$0.00203.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
DECEMBER 31, 2024

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 | December 31, 2024 | | | | 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 | 64,557 | 14.48 | 64,557 | |
| | Wah Lee Industrial Corp. | Investor with significant influence | Financial assets at FVTOCI - non-current | 6,312,559 | <u>776,445</u> | 2.43 | <u>776,445</u> | |
| | | | | | <u>\$841,834</u> | | <u>\$841,834</u> | |
| | Chang Wah Electromaterials Inc. | Associate of investor with significant influence | Financial assets at FVTPL - current | 2,275,000 | <u>\$103,513</u> | 0.31 | <u>\$103,513</u> | |
| Wah Hong Holding Ltd. | Stock | | | | | | | |
| | SiLican Inc | - | Financial assets at FVTOCI - non-current | 250,000 | <u>\$ 7,306</u> | 7.20 | <u>\$ 7,306</u> | |

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024

Table 4

(In Thousands of New Taiwan Dollars)

| Company Disposing of Property | Property Name | Date of Occurrence of the Fact | Original Acquisition Date | Carrying Amount | Transaction Amount | Payment Collection Status | Gains and Losses on Disposal | Counterparty | Relationship | Purpose of Disposal | Reference Basis for Price Determination | Other Agreements |
|---------------------------------------|---------------------|--------------------------------|---------------------------|-----------------|---------------------|---------------------------|------------------------------|---|--------------|------------------------------|---|------------------|
| Ningbo Changhong Optoelectronics Ltd. | Lands and buildings | 2024.03.13 | 2008.09.30 | \$ 44,717 | RMB 47,447 thousand | Received | \$ 162,701 | Ningbo Songli Stationery & Gifts Manufacturing Company Ltd. | None | Increase the working capital | Valuation report | - |

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 YEAR ENDED DECEMBER 31, 2024

Table 5

(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. | Subsidiary | Sales of goods | (\$ 917,003) | (24) | 150 days after monthly closing | No comparable transactions with third party | Normal trade terms | \$ 431,749 | 34 | Note |
| The Company | SuZhou Alliance Material.Co., Ltd. | Subsidiary | Sales of goods | (209,120) | (5) | 150 days after monthly closing | No comparable transactions with third party | Normal trade terms | 80,189 | 6 | Note |
| The Company | PT. Wah Hong Indonesia | Subsidiary | Sales of goods | (104,308) | (3) | 150 days after monthly closing | No comparable transactions with third party | Normal trade terms | 42,848 | 3 | Note |
| Ningbo Changhong Optoelectronics Ltd. | Granite International Ltd. | The same parent company | Sales of goods | (102,400) | (58) | 150 days after monthly closing | No comparable transactions with third party | Normal trade terms | 22,380 | 46 | Note |
| Qingdao Changhong Optoelectronics Ltd. | Smart Succeed Ltd. | The same parent company | Sales of goods | (491,156) | (55) | 150 days after monthly closing | No comparable transactions with third party | Normal trade terms | 188,689 | 51 | 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
DECEMBER 31, 2024

Table 6

(In Thousands of New Taiwan Dollars)

| Company Name | Counterparty | Relationship | Ending Balance | Turnover Rate | Overdue | | Amount Received in Subsequent Period | Allowance for Impairment Loss |
|--|-------------------------------------|-------------------------|----------------|---------------|---------|---------------|--------------------------------------|-------------------------------|
| | | | | | Amount | Actions Taken | | |
| The Company | SIP Chang Hong Optoelectronics Ltd. | Subsidiary | \$431,749 | 1.98 | \$ - | - | \$156,100 | \$ - |
| Qingdao Changhong Optoelectronics Ltd. | Smart Succeed Ltd. | The same parent company | 188,689 | 2.70 | - | - | 68,409 | - |

Note: It was eliminated on consolidation.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2024

Table 7

(In Thousands of New Taiwan Dollars)

| No. | Company Name | Counterparty | Nature of Relationship | Intercompany Transactions | | | Percentage of Consolidated Net Revenue or Total Assets% |
|-----|-------------------------------------|--|------------------------------|---------------------------|------------|---|---|
| | | | | Item | Amount | Terms | |
| 0 | The Company | SIP Chang Hong Optoelectronics Ltd. | Parent company to subsidiary | Sales | \$ 917,003 | No comparable transactions with third party | 12.21 |
| 0 | The Company | SIP Chang Hong Optoelectronics Ltd. | Parent company to subsidiary | Accounts receivable | 431,749 | 150 days after monthly closing | 5.52 |
| 0 | The Company | Sun Hong Optronics Ltd. | Parent company to subsidiary | Sales | 72,517 | No comparable transactions with third party | 0.97 |
| 0 | The Company | Sun Hong Optronics Ltd. | Parent company to subsidiary | Accounts receivable | 27,695 | 150 days after monthly closing | 0.35 |
| 0 | The Company | Ningbo Changhong Optoelectronics Ltd. | Parent company to subsidiary | Sales | 66,566 | No comparable transactions with third party | 0.89 |
| 0 | The Company | Ningbo Changhong Optoelectronics Ltd. | Parent company to subsidiary | Accounts receivable | 11,346 | 150 days after monthly closing | 0.15 |
| 0 | The Company | Xiamen Guang Hong Optronics Ltd. | Parent company to subsidiary | Sales | 87,105 | No comparable transactions with third party | 1.16 |
| 0 | The Company | Xiamen Guang Hong Optronics Ltd. | Parent company to subsidiary | Accounts receivable | 37,400 | 150 days after monthly closing | 0.48 |
| 0 | The Company | Qingdao Changhong Optoelectronics Ltd. | Parent company to subsidiary | Sales | 4,187 | No comparable transactions with third party | 0.06 |
| 0 | The Company | SIP Chang Jun Trading Limited | Parent company to subsidiary | Other receivables | 6,814 | Subject to the contract | 0.09 |
| 0 | The Company | PT. Wah Hong Indonesia | Parent company to subsidiary | Sales | 104,308 | No comparable transactions with third party | 1.39 |
| 0 | The Company | PT. Wah Hong Indonesia | Parent company to subsidiary | Accounts receivable | 42,848 | 150 days after monthly closing | 0.55 |
| 0 | The Company | SuZhou Alliance Material.Co., Ltd. | Parent company to subsidiary | Sales | 209,120 | No comparable transactions with third party | 2.78 |
| 0 | The Company | SuZhou Alliance Material.Co., Ltd. | Parent company to subsidiary | Accounts receivable | 80,189 | 150 days after monthly closing | 1.03 |
| 0 | The Company | Ningbo Changli New Material Limited | Parent company to subsidiary | Sales | 2,489 | No comparable transactions with third party | 0.03 |
| 1 | SIP Chang Hong Optoelectronics Ltd. | The Company | Subsidiary to parent company | Other receivables | 3,999 | Subject to the contract | 0.05 |
| 1 | SIP Chang Hong Optoelectronics Ltd. | Sun Hong Optronics Ltd. | Between subsidiaries | Sales | 12,783 | No comparable transactions with third party | 0.17 |
| 1 | SIP Chang Hong Optoelectronics Ltd. | Sun Hong Optronics Ltd. | Between subsidiaries | Accounts receivable | 6,899 | 150 days after monthly closing | 0.09 |
| 1 | SIP Chang Hong Optoelectronics Ltd. | Smart Succeed Ltd. | Between subsidiaries | Sales | 67,000 | No comparable transactions with third party | 0.89 |
| 1 | SIP Chang Hong Optoelectronics Ltd. | Smart Succeed Ltd. | Between subsidiaries | Accounts receivable | 8,138 | 150 days after monthly closing | 0.10 |
| 1 | SIP Chang Hong Optoelectronics Ltd. | Wah Ma Technology Sdn. Bhd. | Between subsidiaries | Accounts receivable | 1,279 | 150 days after monthly closing | 0.02 |
| 2 | Sun Hong Optronics Ltd. | The Company | Subsidiary to parent company | Sales | 21,033 | No comparable transactions with third party | 0.28 |
| 2 | Sun Hong Optronics Ltd. | The Company | Subsidiary to parent company | Accounts receivable | 7,800 | 150 days after monthly closing | 0.10 |
| 2 | Sun Hong Optronics Ltd. | SIP Chang Hong Optoelectronics Ltd. | Between subsidiaries | Sales | 35,179 | No comparable transactions with third party | 0.47 |

(Continued)

(Continued from previous page)

| No. | Company Name | Counterparty | Nature of Relationship | Intercompany Transactions | | | Percentage of Consolidated Net Revenue or Total Assets% |
|-----|--|--|------------------------------|---------------------------|-----------|---|---|
| | | | | Item | Amount | Terms | |
| 2 | Sun Hong Optronics Ltd. | SIP Chang Hong Optoelectronics Ltd. | Between subsidiaries | Accounts receivable | \$ 16,045 | 150 days after monthly closing | 0.21 |
| 3 | Qingdao Changhong Optoelectronics Ltd. | Sun Hong Optronics Ltd. | Between subsidiaries | Sales | 2,950 | No comparable transactions with third party | 0.04 |
| 3 | Qingdao Changhong Optoelectronics Ltd. | Smart Succeed Ltd. | Between subsidiaries | Sales | 491,156 | No comparable transactions with third party | 6.54 |
| 3 | Qingdao Changhong Optoelectronics Ltd. | Smart Succeed Ltd. | Between subsidiaries | Accounts receivable | 188,689 | 150 days after monthly closing | 2.41 |
| 4 | Xiamen Guang Hong Optronics Ltd. | Sun Hong Optronics Ltd. | Between subsidiaries | Sales | 1,579 | No comparable transactions with third party | 0.02 |
| 4 | Xiamen Guang Hong Optronics Ltd. | Qingdao Changhong Optoelectronics Ltd. | Between subsidiaries | Sales | 2,196 | No comparable transactions with third party | 0.03 |
| 4 | Xiamen Guang Hong Optronics Ltd. | Qingdao Changhong Optoelectronics Ltd. | Between subsidiaries | Accounts receivable | 2,525 | 150 days after monthly closing | 0.03 |
| 5 | Ningbo Changhong Optoelectronics Ltd. | Granite International Ltd. | Between subsidiaries | Sales | 102,400 | No comparable transactions with third party | 1.36 |
| 5 | Ningbo Changhong Optoelectronics Ltd. | Granite International Ltd. | Between subsidiaries | Accounts receivable | 22,380 | 150 days after monthly closing | 0.29 |
| 6 | SuZhou Alliance Material.Co., Ltd. | Granite International Ltd. | Between subsidiaries | Sales | 4,579 | No comparable transactions with third party | 0.06 |
| 6 | SuZhou Alliance Material.Co., Ltd. | Granite International Ltd. | Between subsidiaries | Accounts receivable | 4,620 | 150 days after monthly closing | 0.06 |
| 10 | Ningbo Changli New Material Limited | Granite International Ltd. | Between subsidiaries | Sales | 5,458 | No comparable transactions with third party | 0.07 |
| 10 | Ningbo Changli New Material Limited | Granite International Ltd. | Between subsidiaries | Accounts receivable | 4,240 | 150 days after monthly closing | 0.05 |
| 11 | SIP Chang Jun Trading Limited | The Company | Subsidiary to parent company | Sales | 5,671 | No comparable transactions with third party | 0.08 |
| 11 | SIP Chang Jun Trading Limited | The Company | Subsidiary to parent company | Accounts receivable | 5,721 | 150 days after monthly closing | 0.07 |

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2024

Table 8

(In Thousands of New Taiwan Dollars)

| Investor | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | Balance as of December 31, 2024 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) (Note 3) | Remark |
|-------------------------------------|-------------------------------------|-----------------|--|----------------------------|-----------------|---------------------------------|--------|-----------------|-----------------------------------|---------------------------------|---------------|
| | | | | December 31, 2024 | January 1, 2024 | Shares | % | Carrying Amount | | | |
| The Company | Wah Hong Holding Ltd. | Mauritius | International investment business | \$ 644,137 | \$ 969,225 | 20,604,940 | 100.00 | \$ 2,959,118 | \$ 243,609 | \$ 243,609 | Notes 4 and 5 |
| The Company | Toprising Precision Tech. Co., Ltd. | New Taipei City | Production and trading business of components | 7,200 | 7,200 | 720,000 | 27.48 | - | (2,719) | - | 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 | 243,085 | 7,920,000 | 99.00 | 49,145 | (16,269) | (16,106) | Note 4 |
| The Company | Wah Sheng Industrial Corp. | Taoyuan City | Production and trading business of components | 10,000 | 10,000 | 1,000,000 | 33.33 | - | (13,860) | (3,505) | Note 1 |
| Wah Hong Holding Ltd. | Wah Hong Technology Ltd. | Mauritius | International investment business | 142,365 | 433,005 | 3,948,025 | 100.00 | 1,660,047 | 200,136 | 200,136 | Notes 4 and 5 |
| Wah Hong Holding Ltd. | Wah Hong International Ltd. | Mauritius | International investment business | 658,444 | 658,444 | 20,648,000 | 100.00 | 883,517 | 17,961 | 17,961 | Note 4 |
| Wah Hong Holding Ltd. | Wah Hong Development Ltd. | Mauritius | International investment business | 15,095 | 15,095 | 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 | 96,869 | 6,500,000 | 100.00 | 162,514 | 3,974 | 3,974 | Note 4 |
| Wah Hong Holding Ltd. | Granite International Ltd. | Samoa | International trading business | 30,018 | 30,018 | 960,000 | 100.00 | 1,249 | 70 | 70 | Note 4 |
| Wah Hong Holding Ltd. | Smart Succeed Ltd. | Samoa | International trading business | - | - | - | 100.00 | (1,454) | (30) | (30) | 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 | 2,455 | 80,000 | 1.00 | 507 | (16,269) | (163) | Note 4 |
| Wah Hong Holding Ltd. | Allied Royal LLC. | Anguilla | International investment business | 49,200 | 49,200 | 2,715,000 | 67.50 | 240,710 | 31,339 | 21,154 | Note 4 |
| Allied Royal LLC. | Best Honor Inc. | Anguilla | Production and trading business of LCD material, BMC (bulk molding compound) material and molded product | - | - | - | 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 | 3,217 | - | 100.00 | - | (69) | (69) | Note 4 |

Note 1: Associate accounted for using the equity method.

Note 2: The share of profit (loss) recognized for the year ended December 31, 2024 included adjustment of unrealized sales between intra-group companies according to the buyer's tax rate.

Note 3: Please refer to Table 9 for information on investments in mainland China.

Note 4: It was eliminated on consolidation.

Note 5: Wah Hong Technology Ltd. and Wah Hong Holding Ltd. refunded the share capital of US\$10,020 thousand by capital reduction in August 2024 as resolved by the Board of Directors, and repatriated it to the Company in December 2024.

WAH HONG INDUSTRIAL CORPORATION AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024

Table 9

(In Thousands of New Taiwan Dollars)

| Investee Company | Main Businesses and Products | Paid-in Capital | Method of Investment | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) | Carrying Amount as of December 31, 2024 | Accumulated Repatriation of Investment Income as of December 31, 2024 | 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 | \$ 467,186 | Reinvestment in mainland China through companies registered in a third region. | \$ 257,482 | \$ - | \$ 194,820 | \$ 62,662 | \$ 24,979 | 100.00 | \$ 24,979 | \$ 862,938 | \$ 751,344 | Note 3 |
| Ningbo Changhong Optoelectronics Ltd. (“Ningbo Changhong”) | Production and trading of panel display compound and LCD optical film etc. | 65,570 | Reinvestment in mainland China through companies registered in a third region. | 95,820 | - | 95,820 | - | 95,001 | 100.00 | 95,001 | 357,253 | 288,636 | Note 3 |
| Qingdao Changhong Optoelectronics Ltd. (“Qingdao Changhong”) | Production and trading of panel display compound and LCD optical film etc. | 65,570 | Reinvestment in mainland China through companies registered in a third region. | 44,990 | - | - | 44,990 | 52,107 | 100.00 | 52,107 | 365,126 | 49,716 | |
| SIP Chang Jun Trading Limited (“SIP Chang Jun”) | Sale of BMC materials and finished products, diffusion films, reflectors and other LCD products | 4,561 | Reinvestment in mainland China through companies registered in a third region. | - | - | - | - | 28,045 | 100.00 | 28,045 | 74,665 | - | Note 1 |
| SuZhou Alliance Material. Co., Ltd. (“Suzhou Alliance”) | Production and trading business of LCD materials | 132,779 | Reinvestment in mainland China through companies registered in a third region. | - | - | - | - | 31,338 | 67.50 | 21,153 | 240,706 | 144,247 | 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 | 449,155 | Reinvestment in mainland China through companies registered in a third region. | 238,092 | - | - | 238,092 | 29,866 | 100.00 | 29,866 | 669,722 | 693,451 | |
| Xiamen Guang Hong Optronics Ltd. (“Xiamen Guang Hong”) | Production and processing of optical film products for LCD displays, assembly and design for LCD modules | 278,673 | Reinvestment in mainland China through companies registered in a third region. | 227,204 | - | - | 227,204 | (11,906) | 100.00 | (11,906) | 213,763 | - | |
| Guangzhou Youguang Optoelectronics Co., Ltd. (“Guangzhou Youguang”) | Production of light box, LED Opto-electronic compound and lighting products | 129,244 | 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 | 6,841 | Reinvestment in mainland China through companies registered in a third region. | - | - | - | - | 1,001 | 100.00 | 1,001 | 20,799 | - | |

(Continued)

(Continued from previous page)

| Investor | Accumulated Outward Remittance for Investment in mainland China as of December 31, 2024 | Investment Amount Authorized by Investment Commission, MOEA (Note 4) | Limit on the amount of investment in the mainland China area (Note 5) |
|---------------------------|---|--|---|
| Wah Hong Industrial Corp. | \$ 588,043 | \$ 1,681,996 | \$ 2,818,937 |

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

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

Note 3: In August 2024, SIP Chang Hong and Ningbo Changhong refunded the share capital of US\$6,000 thousand and US\$4,020 thousand respectively by capital reduction as resolved by the shareholders' meeting.

Note 4: The difference between the investment amount of NT\$1,681,996 thousand approved by the Investment Committee of the Ministry of Economic Affairs and the accumulated investment amount of NT\$588,043 thousand repatriated from Taiwan is NT\$1,093,953 thousand, which is due to the capital increase by surplus of NT\$553,139 thousand from the subsidiary in mainland China, the reinvestment of NT\$250,174 thousand from Wah Hong Holding Ltd. and the refunded share capital from a subsidiary in mainland China by capital reduction of NT\$290,640 thousand in 2024 (there was also NT\$34,448 thousand repatriated from capital increase by surplus and capital reduction).

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
DECEMBER 31, 2024

Table 10

| Name of Major Shareholder | Shares | |
|---------------------------|------------------|-----------------------------|
| | Number of Shares | Percentage of Ownership (%) |
| Wah Lee Industrial Corp. | 27,135,978 | 27.13 |

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.