

# **WHA YU INDUSTRIAL CO., LTD.**

## **2023 Annual Shareholders' Meeting**

### **Meeting Minutes**

Meeting Date: June 19, 2023

Place: No.1, Gongye E. 2nd Rd., East Dist, Hsinchu City, Taiwan  
(2F, Darwin Hall, GIS HSP Convention Center)

# WHA YU INDUSTRIAL CO., LTD.

## 2023 Annual General Shareholders' Meeting Minutes

Meeting Method: Physical Shareholders' Meeting

Meeting Time: 9:00 AM on June 19 (Monday), 2023

Place: No.1, Gongye E. 2nd Rd., East Dist, Hsinchu City, Taiwan  
(2F, Darwin Hall, GIS HSP Convention Center)

Attending shareholders and proxy representing:

68,737,093 shares (including 5,912,724 shares attended electronically to exercise voting rights) which accounts for 57.05% of total 120,480,417 outstanding shares.

Director attendees:

Tsou, Mi-Fu(Chairman of the Board of Directors) 、 Liu, Heng-Yih(Convener of the Audit Committee) 、 Lue,Wen-Chia(Independent Director) 、 Chen,Shih-Chung 、 Huang,Kun-Chang 、 Chuang,Ming-Yuan 、 Sun,Cheng-Pen 、 Lu,Te-Mao 、 MegaPlus Asset Management Ltd. Representative:Tsao,Fu-Yi.The attendance of the nine directors is more than half of the ten directors.

Attendees: Peng,Chao-Chung(President) 、 Tsai,Mei-Chen CPAs of Deloitte & Touche.

Chairman : Tsou,Mi-Fu

Recorder : Tsao,Fu-Yi

I 、 Chairperson Calls Meeting to Order:

The Chairman announced that the aggregate shareholding of the shareholders present in person or proxy constituted a quorum. The Chairman called the meeting to order.

II 、 Chairman Remarks: (Omitted)

III 、 Report Items:

- (I) To report the business of 2022(Please refer to Attachment)
- (II) Audit Committee's review report of 2022. (Please refer to Attachment)
- (III) Implementation of Investments in the PRC(Please refer to the Meeting Agenda)
- (IV) The Status of Endorsement and Guarantee (Please refer to the Meeting Agenda)
- (V) The Status of Lending Funds to Other Parties. (Please refer to the Meeting Agenda)
- (VI) The remuneration for employees and directors of 2022. (Please refer to the Meeting Agenda)

#### IV. Proposals Items

Proposal 1 (Proposed by the Board of Directors)

Subject: Proposal on 2022 Business Report and Financial Statements for ratification.

Explanation:

- (I) The 2022 financial statements and the 2022 Business Report were reviewed by the Audit Committee and approved by the Board of Directors on March 27, 2023. The above Financial Statements have been audited by CPA Tsai, Mei-Chen and CPA Lin, Cheng-Chih of the Deloitte & Touche, and an auditors' report has been issued.
- (II) For the 2022 Business Report, Auditors' Report and the above Financial Statements, please refer to Attachment.
- (III) Please ratify.

Resolution: No questions raised by the shareholders. The above proposal was hereby approved as proposed.

Voting Results: Shares present at the time of voting: 68,737,093 (Including shares from electronic voting).

Voting Results		% of the represented share present
Votes in favor (electronic votes)	64,020,688 votes (1,196,324)	93.13%
Votes against (electronic votes)	33,639 votes (33,639)	0.04%
Invalid Votes	0 votes	0.00%
Votes abstained / Not Voted (electronic votes)	4,682,766 votes (4,682,761)	6.81%

Proposal 2 (Proposed by the Board of Directors)

Subject: Proposal on Earnings Distribution in 2022 for ratification.

Explanation:

- (I) The Earnings Distribution Statement in 2022 has been approved at the 18th meeting of the 15th Board of Directors of the Company. For the Table of Earnings Distribution, please refer to Attachment.
- (II) The chairman is authorized to determine the base date of dividend distribution and the distribution of cash dividends after the approval of the earnings distribution proposal at the shareholders' meeting.
- (III) Please ratify.

Resolution: No questions raised by the shareholders. The above proposal was hereby approved as proposed.

Voting Results: Shares present at the time of voting: 68,737,093 (Including shares from electronic voting).

Voting Results		% of the represented share present
Votes in favor (electronic votes)	64,020,598 votes (1,196,234)	93.13%
Votes against (electronic votes)	35,730 votes (35,730)	0.05%
Invalid Votes	0 votes	0.00%
Votes abstained / Not Voted (electronic votes)	4,680,765 votes (4,680,760)	6.80%

## V.Election Matters

(Proposed by the board of directors)

Subject: To elect eleven Directors (including three Independent Directors)

Explanation:

- (I) The term of office of the current directors of the Company expires on June 18, 2023, and it is intended that a general re-election will be held at this Annual Shareholders' Meeting.
- (II) In accordance with Article 15 and Article 15-1 of the Company's Articles of Incorporation, eleven directors (including three independent directors) shall be elected for a three-year term under a candidate nomination system.
- (III) The term of office of the new directors will be from June 19, 2023 to June 18, 2026, and the term of office of the former directors will expire upon the completion of the annual shareholders' meeting.
- (IV) For the List of Candidates for Directors and Independent Directors and the related information, please refer to the Meeting Agenda.
- (V) For the Regulations Governing the Election of Directors of the Company, please refer to the Meeting Agenda.
- (VI) Provided for election.

Election results:

The list of the newly elected director (including independent director) with votes received follows:

Director :

Account number or Personal Id. No.	Name	Votes Received
00000002	Tsou Mi-Fu	95,957,503
00030174	Chi Yen Hua	75,995,353
00036204	Sun,Cheng-Pen	67,520,134
00036222	Huang Kun-Chang	65,797,752
00099218	Lin Cheng Wei	65,417,289
00000003	Chuang Ming-Yuan	60,278,654
00000005	Lu,Te-Mao	59,831,374
00101362	Hansome Investment Inc.	59,817,723

Independent director :

Account number or Personal Id. No.	Name	Votes Received
F12254****	Liu,Heng-Yih	51,614,574
J12049****	Lue, Wen-Chia	50,780,867
J12041****	Huang I-Hung	48,482,830

## VI. Other Motions

(Proposed by the board of directors)

Subject: Proposal of resolution to release the prohibition on newly-elected directors and their corporate representatives from participation in competitive business.

Explanation:

- (I) In accordance with Article 209 of the Company Act, "A director who performs acts for himself/herself or for another person that fall within the scope of the company's business shall explain the content of his/her acts to the shareholders' meeting and obtain their approval."
- (II) In order to capitalize on the expertise and experience of our directors, we hereby request the shareholders' meeting to approve the release of new directors from the restriction on competition for employment.
- (III) New directors who also hold positions in other companies are as follows:

Name	Current positions in other companies
Sun, Cheng-Pen	Director of Songyi Technology Co., Ltd.

(IV) For discussion.

Resolution: No questions raised by the shareholders. The above proposal was hereby approved as proposed.

Voting Results: Shares present at the time of voting: 68,737,093 (including shares from electronic voting).

Voting Results			% of the represented share present
Votes in favor (electronic votes)	63,973,380 votes	(1,149,016)	93.06%
Votes against (electronic votes)	71,995 votes	(71,995)	0.10%
Invalid Votes	0 votes		0.00%
Votes abstained / Not Voted (electronic votes)	4,691,718 votes	(4,691,713)	6.82%

## VII. Extemporaneous Motions:

After the chairman consulted all shareholders present, no extraordinary motion was raised.

## VIII. Meeting Adjourned :

At 9:26 a.m. on the same day, the chairman announced the adjournment of the meeting, and it was approved by all shareholders present without objection.

## Attachments

# WHA YU INDUSTRIAL CO., LTD.

## Business Report of 2022

The business of the Company in 2022 is reported as follows

### I. Implementation, results and overview of the business plan of 2022:

The Company's consolidated revenue for 2022 was NT\$1.981 billion, an increase of 25.30% from the NT\$1.581 billion in 2021, and the Company's individual revenue for 2022 was NT\$1.712 billion, an increase of 42.79% from the NT\$1.199 billion in 2021. The Company's net income after tax for 2022 was NT\$33,428 thousand due to the strong demand for wireless applications that result in the injection of revenue and the improvement of overall operating margin.

Our products are divided into three categories: wireless applications, subsystems and IoT, and in-vehicle and telecommunications. The Company continues to invest in R&D to strengthen wireless radio products, and has completed the development of Wi-Fi 6/6E/7 wireless communication antenna, high performance carrier antenna, LTE+5G NR full bandwidth antenna, 700MHz/900MHz/1.7GHz/2.5GHz broadband high gain base station omni-directional antenna, 3.5GHz/4.5GHz indoor DAS antenna, LTE+5G NR Multi-in-1 car antenna, L1+L2+L5 broadband high-precision circular polarized ceramic antenna, O-RAN & Small cell, radar sensor module, and RFID intelligent storage sensor systems, to meet the needs of customers from local to client wireless communication equipment.

### II. Corporate business policy and future outlook:

In response to the development of 5G and 6G Internet of Everything, all countries are now considering network broadband construction as a demonstration of their national strength and accelerating the upgrade of infrastructure. Taiwan is expected to be the biggest beneficiary in the next few years under the de-centralization. Wi-Fi 7 will be progressively launched in 2023, with market demand for ultra-large bandwidth and 46.1Gbps maximum transmission rate, 16x16 spatial streaming and the introduction of new technologies such as Multi-Link Operation (MLO) and Multi-Resource Unit (MRU) allocation mechanism. Wi-Fi 7 is perfectly aligned with the emerging applications such as AR/VR/MR, cloud gaming, 4K video calls, 8K streaming media and meta. In 2022, global operators are interested in 5G FWA to support home and business broadband applications. In addition to providing greater bandwidth and lower latency connections, they will become one of the alternatives to fixed broadband connections and reduce the cost of broadband network deployment. With the continued expansion of FWA deployments in 2023 and the gradual move from traditional closed architecture to open architecture for RAN, the commercial development of Open RAN will undoubtedly drive another wave of wireless product upgrades.

We continue to focus on our core technologies and businesses, enhance our R&D capabilities and serve our brand-name customers, and strengthen our cooperation with key material suppliers to develop low-loss dielectric materials. We have invested in the development of miniaturized Wi-Fi 7 antennas, Internet of Things antennas and modules, enhanced directional antenna gain structures, intelligent beam-switchable antenna systems, 4G+5G indoor Distributed Antenna Systems (DAS), mmWave products, drone obstacle avoidance radar, phased array antennas, video conference audio and video peripherals, LTE+CBRS Band antennas, keyless communication modules, low-orbit satellite antennas, and other communication products to seize the huge business opportunities in the

communication industry.

In response to the de-centralization of trade between the U.S. and China and to meet the needs of our customers, we plan to establish a plant in Vietnam in addition to those in mainland China and Taiwan, and continue to input resources to build a smart manufacturing base to serve different customers around the world. In addition to meet the MIT demand of customers, the Hsinchu Fengshan plant in Taiwan is acting as the group manufacturing operation center, to flexibly deploy capacities of the Dongguan plant in mainland China and the future Vietnam manufacturing site to respond to the trend of short chain supply and build regionalized production to provide customers with localized and immediate services.

In 2023, we will focus on innovation and value enhancement, and develop our global operations in the United States, Europe, Japan, China, and Vietnam. We established a subsidiary in the United States in March to serve our end-user customers. We are aggressively marketing to increase our visibility, to continue our efforts to develop large customers, and to achieve economic scale production to reduce costs. We have reorganized our product structure to improve product gross profit, and enhance and create product value chain.

Looking forward to the future, we must continue to invest in hardware and software R&D manpower and equipment upgrades for products such as networking antennas, Internet of Things modules, sensing radar products, automotive sensor products, automotive communication antennas and base station antennas, and millimeter wave antenna modules.

Chairman:  
Tsou Mi-Fu

General Manager:  
Peng, Chao-Chung

Principal Accounting Officer:  
Tsao, Fu-Yi

## Attachments

### WHA YU INDUSTRIAL CO., LTD.

#### Audit Committee's Review Report

The Board of Directors has submitted the Company's Business Report of 2022, Financial Statements and Earnings Distribution Table. The Financial Statements have been audited by CPA Tsai, Mei-Chen and CPA Lin, Cheng-Chih of Deloitte & Touche, and the Auditor's Report without reservations.

The aforementioned business reports, financial statements, and earnings distribution table have been examined by the Audit Committee and found to be consistent. The report is provided according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for review.

Sincerely,  
2023 Annual Shareholders' Meeting

Convener of the Audit Committee:  
Liu, Heng-Yih

March 27, 2023



## **Attachments**

### Independent Auditors' Report

Board of Directors of WHA YU INDUSTRIAL CO., LTD. Ltd.:

#### **Opinion**

WHA YU INDUSTRIAL CO., LTD. 's Balance Sheets as of December 31, 2022 and 2021 in addition to the Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows and Notes to the Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2022 and 2021) have been audited by the CPAs.

In our opinion, based on the audit results provided by the CPAs and the audit reports of other CPAs (please refer to other sections), the Parent Company only Financial Statements mentioned above have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, and are considered to have reasonably expressed the parent company only financial conditions of WHA YU INDUSTRIAL CO., LTD. as of December 31, 2022 and 2021, as well as the financial performance and cash flows from January 1 to December 31, 2022 and 2021.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of WHA YU INDUSTRIAL CO., LTD. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on the audit results provided by the CPAs and the audit reports of other CPAs, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Parent Company Only Financial Statements of WHA YU INDUSTRIAL CO., LTD. for the year ended December 31, 2022. These matters were addressed

in the context of our audit of the Parent Company Only Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Parent Company only Financial Statements of WHA YU INDUSTRIAL CO., LTD. for the year ended December 31, 2022 are stated as follows :

#### Recognition of sales revenue

The main sources of revenue for WHA YU INDUSTRIAL CO., LTD. are high and low frequency wireless devices, electronic signal connection devices, electronic products and trading agent parts. The Company's revenue in 2022 is NT\$ 1,712,143 thousand. We believe that there is a authenticity risk for the sales entities with significant revenue growth rate and the transactions in the two years for WHA YU INDUSTRIAL CO., LTD. , and we consider the revenue authenticity of the Company as a key audit matter. For the accounting policies related to revenue recognition, please refer to Note 4 (14) to the Financial Statements.

The audit procedure for the financial statements includes:

1. To learn about the internal control system and operation procedures related to the sales cycles of WHA YU INDUSTRIAL CO., LTD., and evaluate if the operation of the internal control is effective.
2. To obtain the credits and basic information of customers and check the authenticity of the customers.
3. To take samples for random check of the sales revenue, and check the documents such as orders and shipment orders and invoices confirmed by the counterparties to confirm the authenticity of the sales revenue, and to check the payment and product return of the counterparties for any abnormal conditions.

#### **Other Matter**

To list the above Financial Statements of WHA YU INDUSTRIAL CO., LTD.. The consolidated financial statements of the invested entity Pro Brand Technology, Inc. using equity method are not audited by us, but audited by other CPAs. Therefore, in our opinion in the above consolidated financial statements, the amounts and disclosures related to the consolidated financial statements of Pro Brand Technology, Inc. are based on the Auditors' Report prepared by other CPAs. The investment amount of Pro Brand Technology, Inc. determined using the Equity Method on December 31, 2021 was NT\$ (same below) 227,782 thousand, accounting for 10% of the total assets. The amount of the loss (profit) of the affiliates recognized using the Equity Method from January 1 to December 31, 2021 was NT\$ 2,217 thousand, accounting for (6)% of the net loss (profit).

## **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

To ensure that the Parent Company Only Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for preparing and maintaining necessary internal control procedures pertaining to the Parent Company Only Financial Statements.

In preparing the Parent Company only Financial Statements, the management is responsible for assessing WHA YU INDUSTRIAL CO., LTD.'s ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the management either intends to liquidate WHA YU INDUSTRIAL CO., LTD. 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 WHA YU INDUSTRIAL CO., LTD.'s financial reporting process.

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards in Taiwan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Parent Company Only Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal controls 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 internal controls of WHA YU INDUSTRIAL CO., LTD.

3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on WHA YU INDUSTRIAL CO., LTD.'s ability to operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause WHA YU INDUSTRIAL CO., LTD. to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the Parent Company Only Financial Statements (including relevant Notes), and whether the Parent Company Only Financial Statements fairly present relevant transactions and items.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within WHA YU INDUSTRIAL CO., LTD to express an opinion on the Parent Company Only Financial Statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the Parent Company Only Financial Statements of WHA YU INDUSTRIAL CO., LTD.

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 Services Co. matters communicated with those charged with governance, we determine the key audit matters of WHA YU INDUSTRIAL CO., LTD Co., Ltd.'s Parent Company only Financial Statements for the year ended December 31, 2022. 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.

Deloitte & Touche

CPA Tsai, Mei-Chen

CPA Lin, Cheng-Chih

Financial Supervisory Commission

Approved Document No.

Jin Guan Zheng Shen Zi No. 1010028123

Financial Supervisory Commission Approved

Document No.

Jin Guan Zheng Liu Zi No. 0930160267

March 27, 2023

WHA YU INDUSTRIAL CO., LTD.

Balance Sheets

December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2022		December 31, 2021		Code	Liabilities and Equity	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current assets						Current Liabilities				
1100	Cash (Notes 4 and 6)	\$ 192,312	8	\$ 248,325	11	2100	Short-term borrowings (Notes 16 and 29)	\$ 101,384	4	\$ 80,490	4
1150	Notes receivable (Notes 4, 8 and 20)	986	-	1,591	-	2150	Notes payable to unrelated parties	1,103	-	-	-
1170	Trade receivables from unrelated parties (Notes 4, 5, 8 and 20)	678,077	28	389,971	18	2170	Trade payables to unrelated parties	35,644	2	60,075	3
1180	Trade receivables from related parties (Notes 4, 20 and 29)	10,938	1	10,793	-	2180	Trade payables to related parties (Note 29)	304,123	13	187,549	8
1200	Other receivables (Notes 4 and 8)	6,660	-	753	-	2320	Long-term borrowings - current portion (Notes 16, 28 and 30)	57,981	2	12,222	-
1210	Other receivables from related parties (Notes 4 and 29)	-	-	14,337	1	2399	Accrued expenses and other current liabilities (Notes 17, 20 and 29)	82,176	3	56,941	3
130X	Inventories (Notes 4, 5 and 9)	137,390	6	135,460	6	21XX	Total current liabilities	582,411	24	397,277	18
1460	Non-current assets held for sale (Notes 4 and 10)	169,642	7	-	-		Non-current liabilities				
1470	Other current assets (Note 15)	6,939	-	14,577	1	2540	Long-term borrowings (Notes 16, 28 and 30)	316,374	13	353,449	16
11XX	Total current assets	1,202,944	50	815,807	37	2630	Deferred revenue - non-current (Note 24)	7,311	-	8,857	-
	Non-current assets					2640	Net defined benefit liabilities - non-current (Notes 4 and 18)	8,735	1	9,747	1
1517	Financial assets at fair value through other comprehensive income - Non-current (Notes 4, 7 and 28)	34,537	2	35,564	2	2645	Guarantee deposits	503	-	-	-
1550	Investments accounted for using the equity method (Notes 4 and 11)	486,701	20	678,687	31	25XX	Total non-current liabilities	332,923	14	372,053	17
1600	Property, plant, and equipment (Notes 4, 12 and 30)	662,657	28	645,533	30	2XXXX	Total liabilities	915,334	38	769,330	35
1780	Intangible assets (Notes 4 and 14)	8,195	-	4,851	-		Equity (Notes 4 and 19)				
1920	Refundable deposits	99	-	99	-	3110	Share capital	1,204,804	50	1,204,804	55
1990	Other no-current assets (Note 15)	-	-	5,053	-	3200	Capital surplus	201,451	9	222,863	10
15XX	Total non-current assets	1,192,189	50	1,369,787	63		Retained earnings				
						3310	Legal reserve	-	-	13,055	1
						3320	Special reserve	104,610	4	104,610	5
						3350	Unappropriated earnings(accumulated deficit)	33,976	2	(34,467)	(2)
						3300	Total retained earnings	138,586	6	83,198	4
							Other equity				
						3410	Exchange differences arising on translation of foreign operations	(75,106)	(3)	(100,565)	(4)
						3420	Unrealized gain on investments in equity instruments at fair value through other comprehensive Income	6,177	-	5,964	-
						3470	Equity related to non-current assets or disposal groups classified as held for sale	3,887	-	-	-
						3400	Total other equity	(65,042)	(3)	(94,601)	(4)
						3XXX	Total equity	1,479,799	62	1,416,264	65
1XXX	Total assets	\$ 2,395,133	100	\$ 2,185,594	100		Total liabilities and equity	\$ 2,395,133	100	\$ 2,185,594	100

(Please refer to the Auditor's Report issued by Deloitte & Touche on March 27, 2023)

Chairman: Tsou Mi-Fu

Managerial officers: Peng, Chao-Chung

Principal Accounting Officer: Tsao, Fu-Yi

WHA YU INDUSTRIAL CO., LTD.  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

Code		2022		2021	
		Amount	%	Amount	%
4100	Operating revenue (Notes 4, 20 and 29)	\$ 1,712,143	100	\$ 1,199,261	100
5110	Operating costs (Notes 9, 21 and 29)	<u>1,448,103</u>	<u>85</u>	<u>1,032,859</u>	<u>86</u>
5900	Gross profit	264,040	15	166,402	14
5920	Unrealized Gain(Loss) On Transactions With subsidiaries (Note 4)	<u>1,222</u>	<u>-</u>	<u>( 554 )</u>	<u>-</u>
5950	Realized gross profit	<u>265,262</u>	<u>15</u>	<u>165,848</u>	<u>14</u>
	Operating expenses (Notes 21 and 29)				
6100	Selling and marketing expenses	82,726	5	64,905	5
6200	General and administrative expenses	73,344	4	91,165	8
6300	Research and development expenses	89,263	5	68,894	6
6450	Expected credit gain	<u>( 576 )</u>	<u>-</u>	<u>( 1,647 )</u>	<u>-</u>
6000	Total operating expenses	<u>244,757</u>	<u>14</u>	<u>223,317</u>	<u>19</u>
6510	Other Operating Expenses (Note 21)	<u>( 6 )</u>	<u>-</u>	<u>( 98 )</u>	<u>-</u>
6900	Profit(Loss) From Operations	<u>20,499</u>	<u>1</u>	<u>( 57,567 )</u>	<u>( 5 )</u>
	Non-operating income and expenses				
7100	Interest income (Note 21)	561	-	3,039	-
7010	Other income (Notes 4, 21, 24, 29 and 31)	73,342	4	8,060	-
7020	Other gains and losses (Note 21)	<u>( 61,115 )</u>	<u>( 3 )</u>	<u>( 2,662 )</u>	<u>-</u>
7050	Finance costs (Notes 4 and 21)	<u>( 7,035 )</u>	<u>-</u>	<u>( 2,232 )</u>	<u>-</u>
7070	Share of profit of subsidiaries and associates (Note 4)	<u>1,989</u>	<u>-</u>	<u>11,549</u>	<u>1</u>
7000	Total non-operating income and expenses	<u>7,742</u>	<u>1</u>	<u>17,754</u>	<u>1</u>

(Continued on the next page)

(Continued from the previous page)

Code		2022		2021	
		Amount	%	Amount	%
7900	Profit(Loss) Before Income Tax	\$ 28,241	2	( \$ 39,813 )	( 4 )
7950	Income tax benefit (Notes 4 and 22)	( 5,187 )	-	-	-
8200	Net income (loss) for the year	<u>33,428</u>	<u>2</u>	( <u>39,813</u> )	( <u>4</u> )
	Other comprehensive income (loss) (Notes 4, 18 and 19)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	548	-	( 924 )	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	213	-	5,964	1
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of financial statements of foreign operations	19,835	1	( 7,519 )	( 1 )
8365	Equity related to non-current assets or disposal groups classified as held for sale	3,887	-	-	-
8380	Share of other comprehensive income of associates accounted for using the equity method	<u>5,624</u>	<u>1</u>	( <u>784</u> )	-
8300	Other comprehensive income(loss) for the year, net of income tax	<u>30,107</u>	<u>2</u>	( <u>3,263</u> )	-
8500	Total comprehensive income(Loss) for the year	<u>\$ 63,535</u>	<u>4</u>	( <u>\$ 43,076</u> )	( <u>4</u> )
	Earnings (loss) per share (Note 23)				
9710	Basic	<u>\$ 0.28</u>		( <u>\$ 0.33</u> )	
9810	Diluted	<u>\$ 0.28</u>		( <u>\$ 0.33</u> )	

(Please refer to the Auditor's Report issued by Deloitte & Touche on March 27, 2023)

Chairman:  
Tsou Mi-Fu

Managerial officers:  
Peng, Chao-Chung

Principal Accounting Officer:  
Tsao, Fu-Yi



WHA YU INDUSTRIAL CO., LTD.  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

Code		Share Capital		Retained Earnings			Other Equity			Total Equity	
		Shares (in Thousands)	Amount	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings (Accumulated deficit)	Exchange differences on translation of the financial statements of foreign operations	Unrealized Gain(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		Equity related to non-current assets or disposal groups classified as held for sale
A1	Balance at January 1, 2021	120,481	\$ 1,204,804	\$ 222,863	\$ 5,665	\$ 104,610	\$ 73,900	(\$ 92,262)	\$ -	\$ -	\$ 1,519,580
	Appropriation of 2020 earnings										
B1	Legal reserve	-	-	-	7,390	-	( 7,390)	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	( 60,240)	-	-	-	( 60,240)
D1	Net loss for the year ended December 31, 2021	-	-	-	-	-	( 39,813)	-	-	-	( 39,813)
D3	Other comprehensive income(loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	( 924)	( 8,303)	5,964	-	( 3,263)
D5	Total comprehensive income(loss) for the year ended December 31, 2021	-	-	-	-	-	( 40,737)	( 8,303)	5,964	-	( 43,076)
Z1	Balance at December 31, 2021	120,481	1,204,804	222,863	13,055	104,610	( 34,467)	( 100,565)	5,964	-	1,416,264
	Appropriation of 2021 earnings										
B13	Legal reserve used to offset accumulated deficits	-	-	-	( 13,055)	-	13,055	-	-	-	-
C11	Capital surplus used to offset accumulated deficits	-	-	( 21,412)	-	-	21,412	-	-	-	-
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	33,428	-	-	-	33,428
D3	Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	548	25,459	213	3,887	30,107
D5	Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	33,976	25,459	213	3,887	63,535
Z1	Balance at December 31, 2022	120,481	\$ 1,204,804	\$ 201,451	\$ -	\$ 104,610	\$ 33,976	(\$ 75,106)	\$ 6,177	\$ 3,887	\$ 1,479,799

(Please refer to the Auditor's Report issued by Deloitte & Touche on March 27, 2023)

Chairman: Tsou Mi-Fu

Managerial officers: Peng, Chao-Chung

Principal Accounting Officer: Tsao, Fu-Yi

WHA YU INDUSTRIAL CO., LTD.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

Code		2022	2021
	Cash flows from operating activities		
A10000	Income before income tax	\$ 28,241	(\$ 39,813)
A20010	Adjustments for:		
A20100	Depreciation expenses	33,960	14,502
A20200	Amortization expenses	4,082	2,432
A20300	Expected credit reversed on trade receivables	( 576)	( 1,647)
A20900	Finance costs	7,035	2,232
A21200	Interest income	( 561)	( 3,039)
A22400	Share of profit of subsidiaries and associates	( 1,989)	( 11,549)
A22500	Loss on disposal of property, plant, and equipment, net	6	98
A23500	Net loss on disposal of financial assets	102,219	-
A23700	Write-down (reversal) of inventories	6,100	( 93)
A24000	Unrealized gain(loss) on the transactions with subsidiaries	( 1,222)	554
A24100	Net loss on foreign currency exchange	3,658	645
A29900	Gains on lease modification	-	( 16)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	605	227
A31150	Trade receivables (including related parties)	( 295,098)	74,935
A31190	Other receivables(including related parties)	( 5,796)	13,601
A31200	Inventories	( 8,030)	( 82,458)
A31240	Other current assets	7,638	( 6,175)
A32130	Notes payable	1,103	-
A32150	Trade payables(including related parties)	97,206	( 49,527)
A32230	Other payables and other current liabilities	28,365	( 4,723)
A32240	Net defined benefit liabilities	( 464)	( 3,011)
A32250	Deferred revenue	( 1,864)	( 838)
A33000	Cash generated from operations	4,618	( 93,663)
A33300	Interest paid	( 7,000)	( 2,221)
A33500	Refund of income tax	5,187	-
AAAA	Net cash generated from(used in) operating activities	<u>2,805</u>	<u>( 95,884)</u>

(Continued on the next page)

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Code		2022	2021
	Cash flows from investing activities		
B00030	Capital reduction of financial assets at fair value through other comprehensive income and loss	\$ 1,240	\$ -
B00040	Purchase of financial assets at amortized cost	-	( 14,028 )
B00050	Proceeds from sale of financial assets at amortized cost	-	14,028
B02200	Net cash outflow on acquisition of subsidiary	( 40,470 )	-
B02300	Net cash inflow on disposal of subsidiary	1,379	-
B02400	Refund of capital reduction of subsidiaries using the equity method	3,839	-
B02700	Acquisition of property, plant and equipment	( 45,948 )	( 138,624 )
B03800	Decrease in refundable deposits	-	860
B04500	Acquisition of intangible assets	( 7,426 )	( 2,184 )
B07500	Interest received	<u>561</u>	<u>3,283</u>
BBBB	Net cash generated from (used in) investing activities	( <u>86,825</u> )	( <u>136,665</u> )
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	20,710	52,205
C01600	Proceeds from long-term borrowings	17,442	67,749
C01700	Repayments of long-term borrowings	( 11,111 )	-
C03000	Increase in guarantee deposits	503	-
C04020	Repayment of the principal portion of lease liabilities	-	( 1,714 )
C04500	Dividends paid to owners of the Company	<u>-</u>	( <u>60,240</u> )
CCCC	Net cash generated from financing activities	<u>27,544</u>	<u>58,000</u>
DDDD	Effect of exchange rate changes on the balance of cash held in foreign currencies	<u>463</u>	( <u>911</u> )
EEEE	Net decrease in cash and cash equivalents	( 56,013 )	( 175,460 )
E00100	Cash and cash equivalents at the beginning of the year	<u>248,325</u>	<u>423,785</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 192,312</u>	<u>\$ 248,325</u>

(Please refer to the Auditor's Report issued by Deloitte & Touche on March 27, 2023)

Chairman:  
Tsou Mi-Fu

Managerial officers:  
Peng, Chao-Chung

Principal Accounting Officer:  
Tsao, Fu-Yi

## **Independent Auditors' Report**

Board of Directors of WHA YU INDUSTRIAL CO., LTD. :

### **Opinion**

We have audited the accompanying consolidated balance sheets of WHA YU INDUSTRIAL CO., LTD. and its subsidiaries as of December 31, 2022 and 2021, and the related consolidated statements of income, changes in equity, and cash flows for the years ended December 31, 2022 and 2021, and the related consolidated notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other auditors (see the section of Other Matters), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of WHA YU INDUSTRIAL CO., LTD. and its subsidiaries as of December 31, 2022 and 2021 in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, and Interpretations and Interpretations issued by the Financial Supervisory Commission, and the consolidated financial results and consolidated cash flows for the years ended December 31, 2022 and 2021.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards. 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 WHA YU INDUSTRIAL CO., LTD. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China ("The Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on the audit results provided by the CPAs and the audit reports of other CPAs, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of WHA YU INDUSTRIAL CO., LTD. and its subsidiaries for the year ended December 31, 2022. 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.

Key audit matters for the Consolidated Financial Consolidated of WHA YU INDUSTRIAL CO., LTD. and its subsidiaries for the year ended December 31, 2022 are stated as follows:

#### Recognition of sales revenue

The main sources of revenue for WHA YU INDUSTRIAL CO., LTD. and its subsidiaries are high and low frequency wireless devices, electronic signal connection devices, electronic products and trading agent parts. The Company's revenue in 2022 is NT\$ 1,981,157 thousand. We believe that there is a authenticity risk for the sales entities with significant revenue growth rate and the transactions in the two years for WHA YU INDUSTRIAL CO., LTD. and its subsidiaries, and we consider the revenue authenticity of the Company as a key audit matter. For the accounting policies related to revenue recognition, please refer to Note 4 (16) to the Consolidated Financial Statements.

The audit procedure for the financial statements includes:

1. To learn about the internal control system and operation procedures related to the sales cycles of WHA YU INDUSTRIAL CO., LTD. and its subsidiaries, and evaluate if the operation of the internal control is effective.
2. To obtain the credits and basic information of customers and check the authenticity of the customers.
3. To take samples for random check of the sales revenue, and check the documents such as orders and shipment orders and invoices confirmed by the counterparties to confirm the authenticity of the sales revenue, and to check the payment and product return of the counterparties for any abnormal conditions.

#### **Other Matter**

To list the above Financial Statements of WHA YU INDUSTRIAL CO., LTD. and its subsidiaries. The consolidated financial statements of the invested entity Pro Brand Technology, Inc. using equity method are not audited by us, but audited by other CPAs. Therefore, in our opinion in the above consolidated financial statements, the amounts and disclosures related to the consolidated financial statements of Pro Brand Technology, Inc. are based on the Auditors' Report prepared by other CPAs. The investment balance of Pro Brand Technology, Inc. determined using the Equity Method on December 31, 2021 was NT\$ (same below) 227,782 thousand, accounting for 9% of the total consolidated assets. The amount of the loss (profit) of the affiliates recognized using the Equity Method from January 1 to December 31, 2021 was NT\$ 2,217 thousand, accounting for (5)% of the consolidated net loss (profit).

WHA YU INDUSTRIAL CO., LTD. has prepared its Financial Statements for 2022 and 2021, for which we have issued auditor's report without reservation with other sections of matters for reference.

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

To ensure that the Consolidated Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing prudent Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRS, IAS, law and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission, and for preparing and maintaining necessary internal control procedures pertaining to the Consolidated Financial Statements.

In preparing the Consolidated Financial Statements, the management is responsible for assessing the ability of WHA YU INDUSTRIAL CO., LTD. and its subsidiaries ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the management either intends to liquidate WHA YU INDUSTRIAL CO., LTD. and its subsidiaries 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 financial reporting process of WHA YU INDUSTRIAL CO., LTD. and its subsidiaries.

### **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 misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Consolidated Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit opinion. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal controls 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 internal controls of WHA YU INDUSTRIAL CO., LTD. and its subsidiaries.
3. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of WHA YU INDUSTRIAL CO., LTD. and its subsidiaries to operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause WHA YU INDUSTRIAL CO., LTD. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall expression, structure and contents of the Consolidated Financial Statements (including relevant Notes), and whether the Consolidated Financial Statements fairly present relevant transactions and items.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within WHA YU INDUSTRIAL CO., LTD. and its subsidiaries to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the audit and for expressing an opinion on the Parent Company Only Financial Statements of WHA YU INDUSTRIAL CO., LTD. and its subsidiaries.

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 Services Co. matters communicated with those charged with governance, we determine the key audit matters of Consolidated Financial Statements of WHA YU

INDUSTRIAL CO., LTD Co., Ltd. and its subsidiaries for the year ended December 31, 2022. 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.

Deloitte & Touche

CPA Tsai, Mei-Chen

CPA Lin, Cheng-Chih

Financial Supervisory Commission

Approved Document No.

Jin Guan Zheng Shen Zi No. 1010028123

Financial Supervisory Commission

Approved Document No.

Jin Guan Zheng Liu Zi No. 0930160267

March 27, 2023



WHA YU INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2022		December 31, 2021		Code	Liabilities and Equity	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current assets						Current Liabilities				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 272,902	11	\$ 382,310	16	2100	Short-term borrowings (Notes 19)	\$ 61,400	2	\$ 135,882	6
1150	Notes receivable (Notes 4, 8 and 23)	1,025	-	2,184	-	2170	Notes and trade payables	421,632	17	377,056	16
1170	Trade receivable, net (Notes 4, 5, 8 and 23)					2280	Lease liabilities - current (Notes 4 and 14)	310	-	233	-
		809,515	32	574,822	24	2320	Long-term borrowings - current portion (Notes 19 and 33)	57,981	2	12,222	-
1200	Other receivables (Notes 4 and 8)	7,424	-	1,466	-	2399	Accrued expenses and other current liabilities (Notes 20 and 23)				
1210	Other receivables from related parties (Notes 4 and 23)	-	-	14,335	1			143,796	6	109,536	4
130X	Inventories (Notes 4, 5 and 9)	346,861	14	324,014	13	21XX	Total current liabilities	685,119	27	634,929	26
1460	Non-current assets held for sale (Notes 4 and 10)	169,642	7	-	-						
1470	Other current assets (Note 18)	22,527	1	36,310	1		Non-current liabilities				
11XX	Total current assets	1,629,896	65	1,335,441	55	2540	Long-term borrowings (Notes 19 and 33)	316,374	13	353,449	15
	Non-current assets					2580	Lease liabilities - non-current (Notes 4 and 14)	236	-	-	-
1517	Financial assets at fair value through other comprehensive income - Non-current (Notes 4, 7 and 31)	34,537	1	35,564	2	2630	Deferred revenue - non-current (Note 27)	7,311	-	8,857	-
1550	Investments accounted for using the equity method (Notes 4 and 12)	-	-	227,782	9	2640	Net defined benefit liabilities - non-current (Notes 4 and 21)	8,735	-	9,747	1
1600	Property, plant, and equipment (Notes 4, 13 and 33)	778,752	31	765,489	32	2645	Guarantee deposits	563	-	67	-
1755	Right-of-use assets (Notes 4, 14 and 33)	33,442	1	33,627	1	25XX	Total non-current liabilities	333,219	13	372,120	16
1760	Investment properties (Notes 4 and 15)	12,526	1	13,046	1	2XXX	Total liabilities	1,018,338	40	1,007,049	42
1780	Intangible assets (Notes 4 and 17)	12,002	-	4,993	-		Equity (Notes 4 and 22)				
1805	Goodwill (Notes 4 and 16)	15,414	1	-	-	3110	Share capital	1,204,804	48	1,204,804	50
1920	Refundable deposits	939	-	162	-	3200	Capital surplus	201,451	8	222,863	9
1990	Other non-current assets (Note 18)	2,604	-	10,238	-		Retained earnings				
15XX	Total non-current assets	890,216	35	1,090,901	45	3310	Legal reserve	-	-	13,055	-
						3320	Special reserve	104,610	4	104,610	4
						3350	Unappropriated earnings(accumulated deficit)	33,976	2	(34,467)	(1)
						3300	Total retained earnings	138,586	6	83,198	3
							Other equity				
						3410	Exchange differences arising on translation of foreign operations	(75,106)	(3)	(100,565)	(4)
						3420	Unrealized gain on investments in equity instruments at fair value through other comprehensive Income	6,177	-	5,964	-
						3470	Equity related to non-current assets or disposal groups classified as held for sale	3,887	-	-	-
						3400	Total other equity	(65,042)	(3)	(94,601)	(4)
						31XX	Total equity attributable to owners of the Company	1,479,799	59	1,416,264	58
						36XX	Non-controlling Interests	21,975	1	3,029	-
						3XXX	Total equity	1,501,774	60	1,419,293	58
1XXX	Total assets	\$ 2,520,112	100	\$ 2,426,342	100		Total liabilities and equity	\$ 2,520,112	100	\$ 2,426,342	100

(Please refer to the Auditor's Report issued by Deloitte & Touche on March 27, 2023)

Chairman: Tsou Mi-Fu

Managerial officers: Peng, Chao-Chung

Principal Accounting Officer: Tsao, Fu-Yi

WHA YU INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
Consolidated Statements of Comprehensive Income  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

		Unit: In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share			
Code		2022		2021	
		Amount	%	Amount	%
4100	Operating revenue (Notes 4, 23 and 37)	\$ 1,981,157	100	\$ 1,580,533	100
5110	Operating costs (Notes 9 and 24)	<u>1,600,946</u>	<u>81</u>	<u>1,304,257</u>	<u>83</u>
5950	Gross profit	<u>380,211</u>	<u>19</u>	<u>276,276</u>	<u>17</u>
	Operating expenses (Notes 24 and 32)				
6100	Selling and marketing expenses	143,935	7	117,524	8
6200	General and administrative expenses	112,042	6	129,683	8
6300	Research and development expenses	118,813	6	93,961	6
6450	Expected credit gain	( 2,018 )	-	( 10,071 )	( 1 )
6000	Total operating expenses	<u>372,772</u>	<u>19</u>	<u>331,097</u>	<u>21</u>
6510	Other Operating Expenses (Note 24)	<u>93</u>	-	<u>343</u>	-
6900	Profit(Loss) From Operations	<u>7,532</u>	-	( 54,478 )	( 4 )
	Non-operating income and expenses				
7100	Interest income (Note 24)	1,798	-	3,570	-
7010	Other income (Notes 4, 24, 27 and 34)	83,232	4	14,235	1
7020	Other gains and losses (Note 24)	( 65,675 )	( 3 )	( 2,921 )	-
7050	Finance costs (Notes 4 and 24)	( 7,609 )	-	( 2,968 )	-
7060	Share of profit of associates (Notes 4 and 12)	<u>5,711</u>	-	<u>2,217</u>	-
7000	Total non-operating income and expenses	<u>17,457</u>	<u>1</u>	<u>14,133</u>	<u>1</u>
7900	Profit(Loss) Before Income Tax	24,989	1	( 40,345 )	( 3 )
7950	Income tax benefits (Notes 4 and 25)	<u>5,187</u>	<u>1</u>	<u>-</u>	<u>-</u>
8200	Net income (loss) for the year	<u>30,176</u>	<u>2</u>	( 40,345 )	( 3 )

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Code		2022		2021	
		Amount	%	Amount	%
	Other comprehensive income (Notes 4, 10, 21 and 22)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	\$ 548	-	( \$ 924 )	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	213	-	5,964	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of financial statements of foreign operations	19,835	1	( 7,519 )	-
8365	Equity related to non-current assets or disposal groups classified as held for sale	3,887	-	-	-
8370	Share of other comprehensive income of associates accounted for using the equity method	<u>5,624</u>	<u>-</u>	( <u>784</u> )	<u>-</u>
8300	Other comprehensive income(loss) for the year, net of income tax	<u>30,107</u>	<u>1</u>	( <u>3,263</u> )	<u>-</u>
8500	Total comprehensive income(Loss) for the year	<u>\$ 60,283</u>	<u>3</u>	( <u>\$ 43,608</u> )	( <u>3</u> )
	Net Income (Loss) Attributable to:				
8610	Owners of the company	\$ 33,428	2	( \$ 39,813 )	( 3 )
8620	Non-controlling Interests	( <u>3,252</u> )	<u>-</u>	( <u>532</u> )	<u>-</u>
8600		<u>\$ 30,176</u>	<u>2</u>	( <u>\$ 40,345</u> )	( <u>3</u> )
	Total comprehensive income attributable to:				
8710	Owners of the company	\$ 63,535	3	( \$ 43,076 )	( 3 )
8720	Non-controlling Interests	( <u>3,252</u> )	<u>-</u>	( <u>532</u> )	<u>-</u>
8700		<u>\$ 60,283</u>	<u>3</u>	( <u>\$ 43,608</u> )	( <u>3</u> )
	Earnings (loss) per share (Note 26)				
9710	Basic	<u>\$ 0.28</u>		( <u>\$ 0.33</u> )	
9810	Diluted	<u>\$ 0.28</u>		( <u>\$ 0.33</u> )	

(Please refer to the Auditor's Report issued by Deloitte & Touche on March 27, 2023)

Chairman:  
Tsou Mi-Fu

Managerial officers:  
Peng, Chao-Chung

Principal Accounting Officer:  
Tsao, Fu-Yi

WHA YU INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
Consolidated Statements of Changes in Equity  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

		Equity attributable to owners of the Company											
Code		Share capital		Retained earnings			Unappropriated earnings (Accumulated deficit)	Exchange differences on translation of the financial statements of foreign operations	Other equity		Total	Non-controlling Interests	Total equity
		Shares (in Thousands)	Amount	Capital surplus	Legal reserve	Special reserve			Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Equity related to non-current assets or disposal groups classified as held for sale			
A1	Balance at January 1, 2021	120,481	\$ 1,204,804	\$ 222,863	\$ 5,665	\$ 104,610	\$ 73,900	(\$ 92,262)	\$ -	\$ -	\$ 1,519,580	\$ 3,561	\$ 1,523,141
	Appropriation of 2020 earnings												
B1	Legal reserve	-	-	-	7,390	-	( 7,390 )	-	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	( 60,240 )	-	-	-	( 60,240 )	-	( 60,240 )
D1	Net loss for the year ended December 31, 2021	-	-	-	-	-	( 39,813 )	-	-	-	( 39,813 )	( 532 )	( 40,345 )
D3	Other comprehensive income(loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	( 924 )	( 8,303 )	5,964	-	( 3,263 )	-	( 3,263 )
D5	Total comprehensive income(loss) for the year ended December 31, 2021	-	-	-	-	-	( 40,737 )	( 8,303 )	5,964	-	( 43,076 )	( 532 )	( 43,608 )
Z1	Balance at December 31, 2021	120,481	1,204,804	222,863	13,055	104,610	( 34,467 )	( 100,565 )	5,964	-	1,416,264	3,029	1,419,293
	Appropriation of 2021 earnings												
B13	Legal reserve used to offset accumulated deficits	-	-	-	( 13,055 )	-	13,055	-	-	-	-	-	-
C11	Capital surplus used to offset accumulated deficits	-	-	( 21,412 )	-	-	21,412	-	-	-	-	-	-
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	33,428	-	-	-	33,428	( 3,252 )	30,176
D3	Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	548	25,459	213	3,887	30,107	-	30,107
D5	Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	33,976	25,459	213	3,887	63,535	( 3,252 )	60,283
O1	Non-controlling Interests	-	-	-	-	-	-	-	-	-	-	22,198	22,198
Z1	Balance at December 31, 2022	120,481	\$ 1,204,804	\$ 201,451	\$ -	\$ 104,610	\$ 33,976	(\$ 75,106)	\$ 6,177	\$ 3,887	\$ 1,479,799	\$ 21,975	\$ 1,501,774

(Please refer to the Auditor's Report issued by Deloitte & Touche on March 27, 2023)

Chairman: Tsou Mi-Fu

Managerial officers: Peng, Chao-Chung

Principal Accounting Officer: Tsao, Fu-Yi

WHA YU INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

Code		2022	2021
	Cash flows from operating activities		
A10000	Income before income tax	\$ 24,989	(\$ 40,345)
A20010	Adjustments for:		
A20100	Depreciation expenses	68,044	46,635
A20200	Amortization expenses	5,117	2,983
A20300	Expected credit reversed on trade receivables	( 2,018)	( 10,071)
A20900	Finance costs	7,609	2,968
A21200	Interest income	( 1,798)	( 3,570)
A22300	Share of profit of associates	( 5,711)	( 2,217)
A22500	Gain on disposal of property, plant, and equipment, net	( 93)	( 343)
A22900	Gain on lease modification	-	( 16)
A23500	Net loss on disposal of financial assets	102,219	-
A23700	Write-down of inventories	18,725	6,003
A24100	Net loss (gain) on foreign currency exchange	2,567	( 1,739)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	1,159	947
A31150	Trade receivables	( 243,307)	12,387
A31200	Inventories	( 38,983)	( 146,147)
A31240	Other current assets	7,809	( 7,219)
A32150	Notes and trade payables	44,566	35,768
A32230	Other payables and other current liabilities	33,864	14,526
A32240	Net defined benefit liabilities	( 464)	( 3,011)
A32250	Deferred revenue	( 1,864)	( 838)
A33000	Cash generated from operations	22,430	( 93,299)
A33300	Interest paid	( 8,982)	( 2,976)
A33500	Refund (Payment) of income tax	<u>4,835</u>	<u>( 367)</u>
AAAA	Net cash generated from(used in) operating activities	<u>18,283</u>	<u>( 96,642)</u>
	Cash flows from investing activities		
B00030	Capital reduction of financial assets at fair value through other comprehensive income and loss	1,240	-
B00040	Purchase of financial assets at amortized cost	-	( 14,028)
B00050	Proceeds from sale of financial assets at amortized cost	-	14,028

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Code		2022	2021
B02200	Net cash outflow on acquisition of subsidiary	(\$ 2,665)	\$ -
B02300	Net cash inflow on disposal of subsidiary	243	-
B02700	Acquisition of property, plant, and equipment	( 65,458)	( 161,385)
B02800	Proceeds from disposal of property, plant, and equipment	407	441
B03700	Decrease in refundable deposits	507	24,008
B04500	Acquisition of intangible assets	( 7,605)	( 2,267)
B07500	Interest received	<u>3,722</u>	<u>3,821</u>
BBBB	Net cash generated from (used in) investing activities	<u>( 69,609)</u>	<u>( 135,382)</u>
	Cash flows from financing activities		
C00200	Proceeds (repayment) from short-term borrowings	( 69,178)	68,776
C01600	Proceeds from long-term borrowings	17,442	67,749
C01700	Repayments of long-term borrowings	( 11,111)	-
C03100	Increase in guarantee deposits	504	-
C04020	Repayment of the principal portion of lease liabilities	( 314)	( 2,019)
C04500	Dividends paid to owners of the Company	-	( 60,240)
C05800	Changes in non-controlling interests	<u>( 2,324)</u>	<u>-</u>
CCCC	Net cash generated from financing activities	<u>( 64,981)</u>	<u>74,266</u>
DDDD	Effect of exchange rate changes on the balance of cash held in foreign currencies	<u>6,899</u>	<u>( 4,305)</u>
EEEE	Net decrease in cash and cash equivalents	( 109,408)	( 162,063)
E00100	Cash and cash equivalents at the beginning of the year	<u>382,310</u>	<u>544,373</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 272,902</u>	<u>\$ 382,310</u>

(Please refer to the Auditor's Report issued by Deloitte & Touche on March 27, 2023)

Chairman:  
Tsou Mi-Fu

Managerial officers:  
Peng, Chao-Chung

Principal Accounting Officer:  
Tsao, Fu-Yi

## Attachments

### WHA YU INDUSTRIAL CO., LTD.

#### Earnings Distribution Table

2022

Unit: NT\$

Item	Subtotal	Amount
Undistributed earnings of Previous Years		0
Remeasurement of defined benefit Obligation		548,508
Unappropriated retained earnings after adjustment		548,508
Net Income of 2022		33,427,884
Less: Legal reserve(10%)		(3,397,639)
Distributable earnings for the current period		30,578,753
Distribution item		
Shareholders' dividends-Cash (NT\$0.2 per share)	24,096,083	(24,096,083)
Unappropriated retained earnings at the end of period		6,482,670

#### Remark:

1. Cash dividends per share were calculated based on the number of outstanding shares (120,480,417 shares) as of March 27, 2023.
2. The chairman of the board of directors is authorized to exercise his/her full authority in the event that the proposal for the distribution of earnings is subsequently amended due to changes in the number of outstanding shares as a result of changes in the Company's share capital after the approval of the ordinary shareholders' meeting.
3. The cash dividends are calculated on a pro rata basis up to NT\$1, with the amount below NT\$1 rounded off and the total amount of the deficient dollar amount adjusted from the decimal point from the largest to the smallest and the account number from the front to the back in order to meet the total amount of cash dividends distributed.

Chairman:  
Tsou Mi-Fu

General Manager:  
Peng, Chao-Chung

Principal Accounting Officer:  
Tsao, Fu-Yi