



Stock Code:3419

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

## **Handbook for the 2024 Annual Meeting of Shareholders**

**(TRANSLATION)**

**Meeting Date: June 26, 2024**

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

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# WHA YU INDUSTRIAL CO., LTD.

## Procedure for the 2024 Annual Meeting of Shareholders

I. Call the Meeting to Order

II. Chairman Remarks

III. Report Items

IV. Proposed Resolutions

V. Extraordinary Motions

VI. Meeting Adjourned

# WHA YU INDUSTRIAL CO., LTD.

## 2024 Annual Shareholders' Meeting Meeting Agenda

Time : 9:00 a.m., June 26, 2024 (Wednesday)

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

Convening Methods : Physical shareholders' meeting

I Call the meeting to order (Report on total number of shares in attendance)

II Chairman remarks

III Report Items

(I) To report the business of 2023

(II) Audit Committee's review report of 2023

(III) Information on Investments in Mainland China.

(IV) The Status of Endorsement and Guarantee.

(V) The Status of Lending Funds to Other Parties.

IV Proposed Resolutions

(I) To accept 2023 Business Report and Financial Statements

(II) To accept 2023 Deficit compensation.

V Extraordinary Motions

VI Meeting Adjourned

# Report Items

I To report the business of 2023. Please examine the report.

Descriptions:

Please refer to Attachment 1 (pages 6) for the Business Report.

II Audit Committee's review report of 2023. Please examine the report.

Descriptions:

Please refer to Attachment 2 (pages 8) for the Audit Committee's Review Report.

III Information on Investments in Mainland China. Please examine the report.

Descriptions:

Please refer to Attachment 3 (pages 9) for the Information on Investments in Mainland China.

IV The Status of Endorsement and Guarantee. Please examine the report.

Descriptions:

Please refer to Attachment 4 (pages 10) for the Status of Endorsement and Guarantee.

V The Status of Lending Funds to Other Parties. Please examine the report.

Descriptions:

Please refer to Attachment 5 (pages 11) for the Status of Lending Funds to Other Parties.

# Proposed Resolutions

Proposal 1 (Proposed by the Board of Directors)

Subject: To accept 2023 Business Report and Financial Statements.

Descriptions:

- ( I )The Company's 2023 Business Report and Financial Statements have been reviewed by the Audit Committee and approved by the Board of Directors on Mar. 15, 2024. The aforementioned Financial Statements were audited by CPAs Tsai,Mei-Chen and Lin, Hsin-Tung of Deloitte & Touche.
- ( II )Please refer to the 2023 Business Report(Attachment1 、 pages6),Independent Auditors' Report and the aforementioned Financial Statements. (Attachment 6 、 pages 12~33)
- (III)Please adopt the proposal.

Resolution:

Proposal 2 (Proposed by the Board of Directors)

Subject: To accept 2023 Deficit compensation.

Descriptions:

- ( I )The Company's 2023 Deficit compensation was approved at the 6<sup>th</sup> meeting of the Board of Directors, the 16<sup>th</sup> term.Please refer to Attachment 7 (pages 34) for the Deficit compensation.
- ( II ) We are proposing that no dividend be paid to shareholders for the year.
- (III)Please adopt the proposal.

Resolution:

Extraordinary Motions

Meeting Adjourned

# WHA YU INDUSTRIAL CO., LTD.

## Business Report

The following is a report on the activities of the company for the financial year 2023.

### (1) Implementation Results and Overview of 2023:

In 2023, our company's consolidated operating income was NT\$1.401 billion, a decrease of 29.28% from the NT\$1.981 billion in 2022. The operating income of WHA YU INDUSTRIAL CO., LTD in 2023 was NT\$1.154 billion, a decrease of 32.59% from the NT\$1.712 billion in 2022. Due to the weak global economy in 2023, 5G telecommunication operators in advanced countries around the world postponed the release schedule, coupled with the impact of rapid interest rate hikes and inflation in the U.S., which weakened consumption power, led to sluggish demand in the industry as a whole, and lengthened the time for the digestion of inventory during the epidemic period, which resulted our company's net loss after tax in 2023 was NT\$ 120,065 thousand.

Our company's products are divided into wireless applications, IoT subsystems, automotive and telecommunications, etc. We have continued to invest in research and development, completing the development of various communication products such as miniature Wi-Fi 7 antennas, IoT antennas and modules, intelligent beam-switching antennas, mmWave products, LTE+CBRS base station antennas, N78/N77+N79 indoor DAS antennas, O-RAN antennas, N78/N79 broadband high-gain base station omnidirectional antennas, 5GHz MIMO high-gain directional antennas, L1+L2+L5 broadband drone antennas, SMD type high-precision circularly polarized ceramic antennas, and industrial routers, to meet the wireless communication equipment needs of our customers from the network side to the user side. We established a subsidiary in Los Angeles in Q1 of last year to better serve our customers and provide products and solutions tailored to their needs. With a clear strategic direction from our management team, we are gradually developing and launching new products in response to market demand and adapting to industry changes by forming strategic partnerships, thereby instilling confidence in expanding our operations.

### (2) Business Strategy and Future Outlook:

As the B5G and 6G technologies emerge, countries worldwide are actively accelerating the upgrade of their network infrastructure, viewing broadband deployment as a crucial indicator of national



strength. In this trend, Taiwan stands poised to become one of the largest beneficiaries in the coming years. Wi-Fi 7 products are expected to be launched in 2024, gradually becoming the mainstream in network communication products. Global operators' deployment of 5G FWA continues to expand to support both residential and commercial broadband applications, becoming an alternative solution for fixed broadband connections. Additionally, the transition of RAN from traditional closed architectures to open architectures will drive the upgrade of wireless base station equipment.

The communication industry is undergoing rapid transformation, continually leading the way in the digital age. Starting from 2024, Generative AI has sparked a tremendous wave, and the convergence of technologies such as 6G, satellite communication, IoT, and artificial intelligence, along with the evolution of cloud data centers, will bring more surprises and challenges. Despite the nascent adoption of 5G technology, visions and scenarios for 6G development have emerged, including areas like video streaming, IoT applications, cloud gaming, connected vehicles, and enterprise private networks, all of which are garnering significant attention and will propel the global network communication industry into the next phase of rapid development.

Our company will continue to focus on core technologies and business, enhancing our R&D capabilities and strengthening our service to branded customers. We will collaborate with key material suppliers to develop low-loss dielectric materials and consistently introduce various new products, such as Wi-Fi 7 wireless communication antennas, high-performance carrier antennas, intelligent beam-switching antennas, LTE+5G NR wideband antennas, 5G DAS antennas, LTE+5G NR external antenna for automotive applications, IoT industrial-grade 4G/5G routers, radar sensing modules, GNSS modules, AI smart application modules, RFID smart warehouse management system, etc., to meet the needs of customers in wireless communication equipment from the network side to the user side.

Looking ahead, we must continue to invest in human resources and equipment upgrades for both software and hardware. R&D is essential in the areas of network communication antennas, IoT modules, sensing radar products, RTK modules, automotive communication antennas and base station antennas, millimeter wave antenna modules, IIoT industrial routers, and other products.

Chairman:  
Tsou Mi-Fu

Managerial officers:  
Peng, Chao-Chung

Principal Accounting Officer:  
Tsao, Fu-Yi

## Audit Committee's Review Report

The Board of Directors has submitted the Company's 2023 Business Report, Financial Statements, and proposal for Deficit Compensation. The financial statements were audited by Deloitte & Touche's CPAs Tsai, Mei-Chen and Lin, Hsin-Tung, and an audit report was issued.

The aforementioned business reports, financial statements, and proposal for Deficit Compensation have been examined by the Audit Committee and found to be consistent. Please review them in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,  
2024 Annual Shareholders' Meeting

Convener of Audit Committee : Liu, Heng-Yih

March 15, 2024

WHA YU INDUSTRIAL CO., LTD.

Information on Investments in Mainland China

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow Remittance for Investment from Taiwan as of January 1, 2023	Amount of Investments Remitted or Repatriated for the Period		Accumulated Outflow Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Remitted	Repatriated							
Dongguan AEON Tech Co., Ltd.	Production and sales of broadband access network communication system equipment (wireless fixed access network communication equipment), new instrumentation elements (instrumentation connectors)	RMB78,767 thousand (USD 11,100 thousand) Note 3	(Note 1)	USD5,600 thousand	\$ -	\$ -	USD5,600 thousand	RMB 220 thousand	100%	RMB 220 thousand	RMB85,061 thousand	\$ -	—
AEON TECHNOLOGY (SHANG HAI) CO., LTD.	Wholesales of communication parts, electronic parts, cables, optical fibers and antennas; import and export of self-developed products; provision of supporting and consulting services; development of antennas	RMB42,364 thousand (USD5,970 thousand) Note 4	(Note 1)	USD1,250 thousand	-	-	USD1,250 thousand	RMB2,314 thousand	100%	RMB2,314 thousand	RMB18,229 thousand	-	—

Accumulated Investment in Mainland China as of December 31, 2023	Amount of Investments Authorized by Investment Commission, M.O.E.A.	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, M.O.E.A.
USD13,662 thousand ( \$419,492 )	USD21,762 thousand ( \$668,202 )	\$787,870

Note 1 : The Company has invested in Mauritius Hua Hong International Co., Ltd. and then invested in mainland companies through this company, which has been approved by the Investment Review Committee of the Ministry of Economic Affairs.

Note 2 : The calculation is based on the financial statements audited by the CPAs for the same period.

Note 3 : The reinvestment was made based on the accumulated amount of USD 5,600 thousand transferred from Taiwan and the earnings of USD 5,500 thousand owned by Hua Hong International Co., Ltd.

Note 4 : The reinvestment was made based on the accumulated amount of USD 1,250 thousand transferred from Taiwan, and the earnings of USD 2,600 thousand owned by Gaosheng International Co., Ltd.. Then Dongguan Tailin Co., Ltd. used its own earnings to increase the capital of Shanghai Puxiang Technology Co., Ltd. by RMB 13,500 thousand.

Note 5 : The relevant figures in this table that are denominated in foreign currencies are translated into New Taiwan dollars using the exchange rates prevailing on the date of the financial statements.

## WHA YU INDUSTRIAL CO., LTD.

## ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit ( Note 3 )
	Name of Company	Relationship							
WHA YU	Dongguan AEON Tech Co., Ltd.	Subsidiary with 100% indirect shareholding	\$ 656,558 ( Note 2 )	\$ 61,410 ( USD 2,000 thousand )	\$ 61,410 ( USD 2,000 thousand )	\$ -	\$ -	4.68%	\$ 656,558
WHA YU	Dongguan AEON Tech Co., Ltd.	Subsidiary with 100% indirect shareholding	656,558 ( Note 2 )	92,115 ( USD 3,000 thousand )	92,115 ( USD 3,000 thousand )	61,410	-	7.01%	656,558

Note 1 : The Company's limit on endorsements and guarantees provided for a single entity shall not exceed 20% of the current net value.

Note2 : The Company's 100%-owned subsidiaries are not subject to the aforementioned limit on endorsements and guarantees for single entity. °

Note3 : The total amount of the Company's external endorsements and guarantees shall not exceed 50% of the net value of the current period.

Note4 : The relevant figures in this table that are denominated in foreign currencies are translated into New Taiwan dollars using the exchange rates prevailing on the date of the financial statements

## WHA YU INDUSTRIAL CO., LTD.

## Lending Funds to Other Parties

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Financing Company	Counterparty	Financial Statement Account	Maximum balance of the period	Ending balance	Interest Rate	Nature for Financing	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limit (Note 3)
										Name	Value		
Hua Hong International Co., Ltd.	WHA YU	Other receivables	\$ 99,521	\$ 99,521	2.5%	Short-term financing funds	\$-	Operating capital	\$-	—	\$ -	\$ 289,031	\$ 289,031

Note 1 : The lending of funds by the Company to an individual entity shall not exceed 10% of the Company's net value; the lending of funds by an overseas subsidiary to an individual entity shall not exceed 15% of the net value of the subsidiary.

Note 2: The total amount of funds lent by the Company shall not exceed 40% of its net value; and the total amount of funds lent by an overseas subsidiary shall not exceed 40% of the net value of the subsidiary

Note 3 : There is no restriction on short-term financing between affiliates in which the Company directly or indirectly holds 100% of the voting shares, provided that the total loan amount and the individual loan amount do not exceed 60% of the net value of such affiliates.

INDEPENDENT AUDITORS' REPORT  
(Parent Company Only Financial Statements)

The Board of Directors and Shareholders  
WHA YU INDUSTRIAL CO., LTD.

**Opinion**

We have audited the accompanying financial statements of WHA YU INDUSTRIAL CO., LTD. (the "Company") which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the 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 Company's financial statements for the year ended December 31, 2023 are stated as follows: :

### Revenue recognition

The company's primary sources of revenue are wireless radio communication devices, electronic signal connection devices, electronic products and trade. The net operating revenue for the 2023 fiscal year was NT\$1,154,491 thousand. The auditor has identified the sales revenue growth against market trends for the current fiscal year as a key audit matter, given the risk of authenticity associated with the company's sales of products and transactions. For further information regarding the revenue recognition policy, please refer to Note 4(14) of the financial statements.

Our auditing procedures included the following:

1. Understanding the Company's internal control system and operating procedures relating to the sales transaction cycle in order to assess the effectiveness of internal control operations.
2. Selecting samples of sales proceeds for audit, reviewing documents such as purchase orders, bills of lading or customs declarations confirmed by the counterparties to confirm the authenticity of the sales proceeds, and also reviewing whether there are any anomalies in the sales counterparty's subsequent receipts and returns of goods.

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

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

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

Those charged with governance (including the audit committee) are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect 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 Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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 financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Tsai, Mei-Chen and Lin, Hsin-Tung.

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 26, 2024

Notice to Readers

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

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

WHA YU INDUSTRIAL CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31,2023		December 31,2022		Code	Liabilities and Equity	December 31,2023		December 31,2022	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current assets						Current Liabilities				
1100	Cash (Notes 4 and 6)	\$ 217,485	11	\$ 192,312	8	2100	Short-term borrowings (Notes 16 and 29)	\$ 99,521	5	\$ 101,384	4
1150	Notes receivable (Notes 4、8 and 20)	785	-	986	-	2150	Notes payable to unrelated parties	-	-	1,103	-
1170	Trade receivables from unrelated parties (Notes 4、5、8 and 20)	337,167	17	678,077	28	2170	Trade payables to unrelated parties	73,466	4	35,644	2
1180	Trade receivables from related parties 附註 (Notes 4、20 and 29)	5,565	-	10,938	1	2180	Trade payables to related parties (Note 29)	88,923	5	304,123	13
1200	Other receivables (Notes 4 and 8)	1,327	-	6,660	-	2320	Long-term borrowings - current portion (Notes 16、28 and 30)	68,983	3	57,981	2
1210	Other receivables from related parties (Notes 4 and 29)	30	-	-	-	2399	Accrued expenses and other current liabilities (Notes 17、20 and 29)	75,475	4	82,176	3
130X	Inventories (Notes 4、5 and 9)	114,445	6	137,390	6	21XX	Total current liabilities	406,368	21	582,411	24
1460	Non-current assets held for sale (Notes 4 and 10)	-	-	169,642	7		Non-current liabilities				
1470	Other current assets (Note 15)	5,851	-	6,939	-	2540	Long-term borrowings (Notes 16、28 and 30)	250,058	13	316,374	13
11XX	Total current assets	682,655	34	1,202,944	50	2630	Deferred revenue - non-current (Note 24)	5,409	-	7,311	-
	Non-current assets					2640	Net defined benefit liabilities - non-current (Notes 4 and 18)	9,459	-	8,735	1
1517	Financial assets at fair value through other comprehensive income - Non-current (Notes 4、7 and 28)	35,101	2	34,537	2	2645	Guarantee deposits	378	-	503	-
1550	Investments accounted for using the equity method (Notes 4 and 11)	608,185	31	486,701	20	25XX	Total non-current liabilities	265,304	13	332,923	14
1600	Property, plant, and equipment (Notes 4、12 and 30)	652,572	33	662,657	28	2XXX	Total liabilities	671,672	34	915,334	38
1780	Intangible assets (Notes 4 and 14)	4,737	-	8,195	-		Equity (Notes 4 and 19)				
1920	Refundable deposits	151	-	99	-	3110	Share capital	1,204,804	61	1,204,804	50
1990	Other no-current assets (Note 15)	1,387	-	-	-	3200	Capital surplus	201,451	10	201,451	9
15XX	Total non-current assets	1,302,133	66	1,192,189	50		Retained earnings				
						3310	Legal reserve	3,398	-	-	-
						3320	Special reserve	104,610	6	104,610	4
						3350	(Accumulated deficit)Unappropriated earnings	(114,581)	(6)	33,976	2
						3300	Total retained earnings	(6,573)	-	138,586	6
							Other equity				
						3410	Exchange differences arising on translation of foreign operations.	(93,307)	(5)	(75,106)	(3)
						3420	Unrealized gain on investments in equity instruments at fair value through other comprehensive Income.	6,741	-	6,177	-
						3470	Equity related to non-current assets or disposal groups classified as held for sale.	-	-	3,887	-
						3400	Total other equity	(86,566)	(5)	(65,042)	(3)
						3XXX	Total equity	1,313,116	66	1,479,799	62
1XXX	Total assets	\$ 1,984,788	100	\$ 2,395,133	100		Total liabilities and equity	\$ 1,984,788	100	\$ 2,395,133	100

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to the Auditor's Report issued by Deloitte & Touche on March 26, 2024)

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, 2023 AND 2022

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

Code		2023		2022	
		Amount	%	Amount	%
4100	OPERATING REVENUE (Notes 4、20 and 29)	\$ 1,154,491	100	\$ 1,712,143	100
5110	OPERATING COSTS (Notes 9、21 and 29)	<u>1,039,562</u>	<u>90</u>	<u>1,448,103</u>	<u>85</u>
5900	GROSS PROFIT	114,929	10	264,040	15
5920	REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 4)	<u>6</u>	<u>-</u>	<u>1,222</u>	<u>-</u>
5950	REALIZED GROSS PROFIT	<u>114,935</u>	<u>10</u>	<u>265,262</u>	<u>15</u>
	OPERATING EXPENSES (Notes 21 and 29)				
6100	Selling and marketing	77,877	7	82,726	5
6200	General and administrative	87,711	7	73,344	4
6300	Research and development	97,845	8	89,263	5
6450	Expected credit loss(gain)	<u>9,488</u>	<u>1</u>	<u>( 576 )</u>	<u>-</u>
6000	Total operating expenses	<u>272,921</u>	<u>23</u>	<u>244,757</u>	<u>14</u>
6510	Other Operating Expenses (Note 21)	<u>121</u>	<u>-</u>	<u>( 6 )</u>	<u>-</u>
6900	Profit(Loss) From Operations	<u>( 157,865 )</u>	<u>( 13 )</u>	<u>20,499</u>	<u>1</u>
	NON-OPERATING INCOME AND EXPENSES				
7100	Interest income (Note 21)	4,664	1	561	-
7010	Other income (Notes 4、21、24、29 and 31)	14,566	1	73,342	4
7020	Other gains and losses( Note 21)	<u>( 91 )</u>	<u>-</u>	<u>( 61,115 )</u>	<u>( 3 )</u>
7050	Finance costs(Notes 4、21 and 29)	<u>( 9,010 )</u>	<u>( 1 )</u>	<u>( 7,035 )</u>	<u>-</u>
7070	Share of profit of subsidiaries and associates (Note 4)	<u>27,671</u>	<u>2</u>	<u>1,989</u>	<u>-</u>
7000	Total non-operating income	<u>37,800</u>	<u>3</u>	<u>7,742</u>	<u>1</u>

( Continued on the next page )

(Continued from the previous page)

Code		2023		2022	
		Amount	%	Amount	%
7900	PROFIT BEFORE INCOME TAX	(\$ 120,065)	( 10)	\$ 28,241	2
7950	INCOME TAX BENEFIT(Notes 4 and 22)	-	-	( 5,187)	-
8200	NET PROFIT/(LOSS) FOR THE YEAR	( 120,065)	( 10)	33,428	2
	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	( 998)	-	548	-
8316	Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	564	-	213	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	( 18,201)	( 2)	19,835	1
8365	Equity related to non-current assets or disposal groups classified as held for sale	( 3,887)	-	3,887	-
8380	Share of other comprehensive income of associates accounted for using the equity method	-	-	5,624	1
8300	Other comprehensive income (loss) for the year, net of income tax	( 22,522)	( 2)	30,107	2
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(\$ 142,587)	( 12)	\$ 63,535	4
	EARNINGS PER SHARE ( Note 23 )				
9710	Basic	(\$ 1.00)		\$ 0.28	
9810	Diluted	(\$ 1.00)		\$ 0.28	

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to the Auditor's Report issued by Deloitte & Touche on March 26, 2024)

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, 2023 AND 2022

(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 on Financial Assets at Fair Value Through Other Comprehensive		Equity related to non-current assets or disposal groups classified as held for sale
A1	BALANCE AT JANUARY 1, 2022	120,481	\$ 1,204,804	\$ 222,863	\$ 13,055	\$ 104,610	(\$ 34,467)	(\$ 100,565)	\$ 5,964	\$ -	\$ 1,416,264
B13	Appropriation of 2021 earnings 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
B1	Appropriation of 2022 earnings Legal reserve	-	-	-	3,398	-	( 3,398)	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	( 24,096)	-	-	-	( 24,096)
D1	Net loss for the year ended December 31, 2023	-	-	-	-	-	( 120,065)	-	-	-	( 120,065)
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	( 998)	( 18,201)	564	( 3,887)	( 22,522)
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	( 121,063)	( 18,201)	564	( 3,887)	( 142,587)
Z1	BALANCE AT DECEMBER 31, 2023	120,481	\$ 1,204,804	\$ 201,451	\$ 3,398	\$ 104,610	(\$ 114,581)	(\$ 93,307)	\$ 6,741	\$ -	\$ 1,313,116

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to the Auditor's Report issued by Deloitte & Touche on March 26, 2024)

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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income (loss) before income tax	(\$ 120,065)	\$ 28,241
A20010	Adjustments for:		
A20100	Depreciation expense	38,376	33,960
A20200	Amortization expense	5,168	4,082
A20300	Expected credit loss (Gain)	9,488	( 576)
A20900	Finance costs	9,010	7,035
A21200	Interest income	( 4,664)	( 561)
A22400	Share of profit of subsidiaries and associates	( 27,671)	( 1,989)
A22500	(Gain) loss on disposal of property, plant and equipment, net	( 121)	6
A22700	Gains on disposals of investments	( 3,887)	-
A23700	Net loss on disposal of financial assets	15,414	102,219
A23800	Write-downs of inventories	8,327	6,100
A24000	Unrealized (realized) gain on the transactions with subsidiaries	( 6)	( 1,222)
A24100	Net loss on foreign currency exchange	5,771	3,658
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	201	605
A31150	Trade receivables (including related parties)	324,556	( 295,098)
A31190	Other receivables(including related parties)	5,263	( 5,796)
A31200	Inventories	14,618	( 8,030)
A31240	Other current assets	1,088	7,638
A32130	Notes payable	( 1,103)	1,103
A32150	Trade payables(including related parties)	( 173,111)	97,206
A32230	Other payables and other current liabilities	( 3,748)	28,365
A32240	Net defined benefit liabilities	( 274)	( 464)
A32250	Deferred revenue	( 1,902)	( 1,864)
A33000	Cash generated from operations	100,728	4,618
A33300	Interest paid	( 8,796)	( 7,000)
A33500	Income tax paid	-	5,187
AAAA	Net cash generated from operating activities	91,932	2,805

( Continued on the next page )

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Code		2023	2022
	CASH FLOWS FROM INVESTING ACTIVITIES		
B01900	Proceeds from disposal of investments accounted for associates	\$ 169,642	\$ -
B00030	Capital reduction of financial assets at fair value through other comprehensive income and loss	-	1,240
B02200	Acquisition of subsidiary	( 127,422 )	( 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	( 37,069 )	( 45,948 )
B02800	Proceeds from disposal of property, plant and equipment	7,030	-
B03800	Increase in refundable deposits	( 52 )	-
B04500	Acquisition of intangible assets	( 1,710 )	( 7,426 )
B07500	Interest received	<u>4,664</u>	<u>561</u>
BBBB	Net cash generated (used in) from investing activities	<u>15,083</u>	<u>( 86,825 )</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Proceeds from short-term borrowings	552	20,710
C01600	Proceeds from long-term borrowings	-	17,442
C01700	Repayments of long-term borrowings	( 57,981 )	( 11,111 )
C03000	Increase (Decrease) in guarantee deposits	( 125 )	503
C04500	Dividends paid to owners of the Company	<u>( 24,096 )</u>	<u>-</u>
CCCC	Net cash (used in) generated from financing activities	<u>( 81,650 )</u>	<u>27,544</u>
DDDD	Effect of exchange rate changes on the balance of cash held in foreign currencies	<u>( 192 )</u>	<u>463</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	25,173	( 56,013 )
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>192,312</u>	<u>248,325</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 217,485</u>	<u>\$ 192,312</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to the Auditor's Report issued by Deloitte & Touche on March 26, 2024)

Chairman:  
Tsou Mi-Fu

Managerial officers:  
Peng, Chao-Chung

Principal Accounting Officer:  
Tsao, Fu-Yi



INDEPENDENT AUDITORS' REPORT  
(Consolidated Financial Statements)

The Board of Directors and Shareholders  
WHA YU INDUSTRIAL CO., LTD.

**Opinion**

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the 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 Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on the audit findings from our accounting firm and other audit reports, it is our belief that the evidence 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 for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

### **Revenue recognition**

The company's primary sources of revenue are wireless radio communication devices, electronic signal connection devices, electronic products and trade. The net operating revenue for the 2023 fiscal year was NT\$1,401,492 thousand. The auditor has identified the sales revenue growth against market trends for the current fiscal year as a key audit matter, given the risk of authenticity associated with the company's sales of products and transactions. For further information regarding the revenue recognition policy, please refer to Note 4(16) of the consolidated financial statements.

### **Our auditing procedures included the following:**

1. Understanding the Company's internal control system and operating procedures relating to the sales transaction cycle in order to assess the effectiveness of internal control operations.
2. Selecting samples of sales proceeds for audit, reviewing documents such as purchase orders, bills of lading or customs declarations confirmed by the counterparties to confirm the authenticity of the sales proceeds, and also reviewing whether there are any anomalies in the sales counterparty's subsequent receipts and returns of goods.

### **Other Matter**

We have also audited the parent company only financial statements of WHA YU INDUSTRIAL CO., LTD. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the Company'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 assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect 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 consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 the Company to cease to continue as a going concern.
5. 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.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated

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

The engagement partners on the audits resulting in this independent auditors' report are Tsai, Mei-Chen and Lin, Hsin-Tung.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 26, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

WHA YU INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31,2023		December 31,2022		Code	LIABILITIES AND EQUITY	December 31,2023		December 31,2022	
		Amount	%	Amount	%			Amount	%	Amount	%
	<b>CURRENT ASSETS</b>						<b>CURRENT LIABILITIES</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 515,590	25	\$ 272,902	11	2100	Short-term borrowings (Note 19)	\$ 61,294	3	\$ 61,400	2
1136	Financial assets at amortized cost - current (Notes 4 and 8)	6,166	-	-	-	2170	Notes and trade payables	227,137	11	421,632	17
1150	Notes receivable (Notes 4、9 and 23)	1,257	-	1,025	-	2230	Income tax payable	2,570	-	-	-
1170	Trade receivable, net (Notes 4、5、9 and 23)	437,152	22	809,515	32	2280	Lease liabilities - current (Notes 4 and 14)	232	-	310	-
1200	Other receivables (Notes 4 and 9)	1,703	-	7,424	-	2320	Long-term borrowings - current portion (Notes 19 and 33)	68,983	3	57,981	2
130X	Inventories (Notes 4、5 and 10)	225,784	11	346,861	14	2399	Accrued expenses and other current liabilities (Notes 20 and 23)	94,597	5	143,796	6
1460	Non-current assets held for sale (Notes 4 and 11)	-	-	169,642	7	21XX	Total current liabilities	454,813	22	685,119	27
1470	Other current assets (Note 18)	12,798	1	22,527	1		<b>NON-CURRENT LIABILITIES</b>				
11XX	Total current assets	1,200,450	59	1,629,896	65	2540	Long-term borrowings (Notes 19 and 33)	250,058	12	316,374	13
	<b>NON-CURRENT ASSETS</b>					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)	35,101	2	34,537	1	2630	Deferred revenue - non-current (Note 27)	5,409	-	7,311	-
1600	Property, plant and equipment (Notes 4、13 and 33)	771,422	38	778,752	31	2640	Net defined benefit liabilities - non-current (Notes 4 and 21)	9,459	1	8,735	-
1755	Right-of-use assets (Notes 4、14 and 33)	31,547	1	33,442	1	2645	Guarantee deposits	437	-	563	-
1760	Investment properties (Notes 4 and 15)	-	-	12,526	1	25XX	Total non-current liabilities	265,363	13	333,219	13
1780	Intangible assets (Notes 4 and 17)	7,483	-	12,002	-	2XXX	Total liabilities	720,176	35	1,018,338	40
1805	Goodwill (Notes 4 and 16)	-	-	15,414	1		<b>EQUITY (Notes 4 and 22)</b>				
1920	Refundable deposits	1,761	-	939	-	3110	Share capital	1,204,804	59	1,204,804	48
1990	Other non-current assets (Note 18)	1,824	-	2,604	-	3200	Capital surplus	201,451	10	201,451	8
15XX	Total non-current assets	849,138	41	890,216	35		Retained earnings				
						3310	Legal reserve	3,398	-	-	-
						3320	Special reserve	104,610	5	104,610	4
						3350	(Accumulated deficit)Unappropriated earnings	(114,581)	(6)	33,976	2
						3300	Total retained earnings	(6,573)	(1)	138,586	6
							Other equity				
						3410	Exchange differences arising on translation of foreign operations	(93,307)	(4)	(75,106)	(3)
						3420	Unrealized gain on investments in equity instruments at fair value through other comprehensive Income	6,741	-	6,177	-
						3470	Equity related to non-current assets or disposal groups classified as held for sale	-	-	3,887	-
						3400	Total other equity	(86,566)	(4)	(65,042)	(3)
						31XX	Total equity attributable to owners of the Company	1,313,116	64	1,479,799	59
						36XX	Non-controlling Interests	16,296	1	21,975	1
						3XXX	Total equity	1,329,412	65	1,501,774	60
1XXX	Total assets	\$ 2,049,588	100	\$ 2,520,112	100		Total liabilities and equity	\$ 2,049,588	100	\$ 2,520,112	100

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to the Auditor's Report issued by Deloitte & Touche on March 26, 2024)

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, 2023 AND 2022

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

Code		2023		2022	
		Amount	%	Amount	%
4100	OPERATING REVENUE (Notes 4、23 and 36)	\$ 1,401,492	100	\$ 1,981,157	100
5110	OPERATING COSTS(Notes 10 and 24)	<u>1,180,151</u>	<u>84</u>	<u>1,600,946</u>	<u>81</u>
5950	GROSS PROFIT	<u>221,341</u>	<u>16</u>	<u>380,211</u>	<u>19</u>
	OPERATING EXPENSES(Notes 24 and 32)				
6100	Selling and marketing	130,677	9	143,935	7
6200	General and administrative	147,148	11	112,042	6
6300	Research and development	128,721	9	118,813	6
6450	Expected credit (gain) loss	<u>9,515</u>	<u>1</u>	<u>( 2,018 )</u>	<u>-</u>
6000	Total operating expenses	<u>416,061</u>	<u>30</u>	<u>372,772</u>	<u>19</u>
6510	Other Operating Expenses (Note 24)	<u>( 51 )</u>	<u>-</u>	<u>93</u>	<u>-</u>
6900	Profit(Loss) From Operations	<u>( 194,771 )</u>	<u>( 14 )</u>	<u>7,532</u>	<u>-</u>
	NON-OPERATING INCOME AND EXPENSES				
7100	Interest income (Note 24)	8,065	1	1,798	-
7010	Other income(Notes 4、24、27 and 32)	20,665	1	83,232	4
7020	Other gains and losses (Note 24)	56,591	4	( 65,675 )	( 3 )
7050	Finance costs (Notes 4 and 24)	<u>( 13,154 )</u>	<u>( 1 )</u>	<u>( 7,609 )</u>	<u>-</u>
7060	Share of profit of associates(Note 4)	<u>-</u>	<u>-</u>	<u>5,711</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>72,167</u>	<u>5</u>	<u>17,457</u>	<u>1</u>
7900	PROFIT/(LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	<u>( 122,604 )</u>	<u>( 9 )</u>	<u>24,989</u>	<u>1</u>
7950	INCOME TAX (EXPENSE)/BENEFIT (Notes 4 and 25)	<u>( 3,140 )</u>	<u>-</u>	<u>5,187</u>	<u>1</u>
8200	NET PROFIT/(LOSS) FOR THE YEAR	<u>( 125,744 )</u>	<u>( 9 )</u>	<u>30,176</u>	<u>2</u>

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Code		2023		2022	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME (LOSS) ( Notes 4 、 12 、 21 and 22 )				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	(\$ 998)	-	\$ 548	-
8316	Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	564	-	213	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	( 18,201 )	( 2 )	19,835	1
8365	Equity related to non-current assets or disposal groups classified as held for sale	( 3,887 )	-	3,887	-
8370	Share of other comprehensive income of associates accounted for using the equity method	-	-	5,624	-
8300	Other comprehensive income (loss) for the year, net of income tax	( 22,522 )	( 2 )	30,107	1
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	( \$ 148,266 )	( 11 )	\$ 60,283	3
	NET PROFIT (LOSS) ATTRIBUTABLE TO:				
8610	Owners of the Company	(\$ 120,065)	( 9 )	\$ 33,428	2
8620	Non-controlling interests	( 5,679 )	-	( 3,252 )	-
8600		( \$ 125,744 )	( 9 )	\$ 30,176	2
	TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
8710	Owners of the Company	(\$ 142,587)	( 10 )	\$ 63,535	3
8720	Non-controlling interests	( 5,679 )	( 1 )	( 3,252 )	-
8700		( \$ 148,266 )	( 11 )	\$ 60,283	3
	EARNINGS PER SHARE ( Note 26 )				
9710	Basic	( \$ 1.00 )		\$ 0.28	
9810	Diluted	( \$ 1.00 )		\$ 0.28	

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to the Auditor's Report issued by Deloitte & Touche on March 26, 2024)

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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		Equity Attributable to Owners of the Company									Total	Non-controlling Interests	Total Equity
		Share Capital		Capital Surplus	Retained Earnings			Other Equity					
		Shares (in Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated earnings (Accumulated Deficit)	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive	Equity related to non-current assets or disposal groups classified as held for sale			
A1	BALANCE AT JANUARY 1, 2022	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
B13	Appropriation of 2021 earnings 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 (loss) 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
B1	Appropriation of 2022 earnings Legal reserve	-	-	-	3,398	-	( 3,398 )	-	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	( 24,096 )	-	-	-	( 24,096 )	-	( 24,096 )
D1	Net loss for the year ended December 31, 2023	-	-	-	-	-	( 120,065 )	-	-	-	( 120,065 )	( 5,679 )	( 125,744 )
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	( 998 )	( 18,201 )	564	( 3,887 )	( 22,522 )	-	( 22,522 )
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	( 121,063 )	( 18,201 )	564	( 3,887 )	( 142,587 )	( 5,679 )	( 148,266 )
Z1	BALANCE AT DECEMBER 31, 2023	120,481	\$ 1,204,804	\$ 201,451	\$ 3,398	\$ 104,610	(\$ 114,581)	(\$ 93,307)	\$ 6,741	\$ -	\$ 1,313,116	\$ 16,296	\$ 1,329,412

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to the Auditor's Report issued by Deloitte & Touche on March 26, 2024)

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		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income (loss) before income tax	(\$ 122,604)	\$ 24,989
A20010	Adjustments for:		
A20100	Depreciation expense	71,014	68,044
A20200	Amortization expense	6,490	5,117
A20300	Expected credit loss (Gain)	9,515	( 2,018)
A20900	Finance costs	13,154	7,609
A21200	Interest income	( 8,065)	( 1,798)
A22300	Share of profit of associates	-	( 5,711)
A22500	Loss (gain) on disposal of property, plant and equipment, net	51	( 93)
A22700	Gains on disposals of investment property	( 57,261)	-
A23100	Gains on disposals of investments	( 3,887)	-
A23700	Net loss on disposal of financial assets	15,414	102,219
A23800	Write-downs of inventories	22,767	18,725
A24100	Unrealized loss on foreign currency exchange	16,429	2,567
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	( 232)	1,159
A31150	Trade receivables	351,568	( 243,307)
A31200	Inventories	99,060	( 38,983)
A31240	Other current assets	16,207	7,809
A32150	Notes and trade payables	( 192,496)	44,566
A32230	Other payables and other current liabilities	( 43,832)	33,864
A32240	Net defined benefit liabilities	( 274)	( 464)
A32250	Deferred revenue	( 1,902)	( 1,864)
A33000	Cash generated from operations	191,116	22,430
A33300	Interest paid	( 12,866)	( 8,982)
A33500	Income taxes refund (paid)	( 1,230)	4,835
AAAA	Net cash generated from operating activities	<u>177,020</u>	<u>18,283</u>

( Continued on the next page )

( Continued from the previous page )

Code		2023	2022
	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	( 6,166 )	-
B01900	Proceeds from disposal of investments accounted for associates	169,642	-
B02200	Acquisition of subsidiary	-	( 2,665 )
B02300	Net cash outflow on disposal of subsidiaries	-	243
B02700	Acquisition of property, plant and equipment	( 76,365 )	( 65,458 )
B02800	Proceeds from disposal of property, plant and equipment	9,275	407
B03700	Decrease (increase) in refundable deposits	( 822 )	507
B04500	Acquisition of intangible assets	( 1,971 )	( 7,605 )
B07500	Interest received	7,928	3,722
B05500	Gains on disposals of investment property	<u>69,456</u>	<u>-</u>
BBBB	Net cash generated (used in) from investing activities	<u>170,977</u>	<u>( 69,609 )</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Repayments of short-term borrowings	( 2,769 )	( 69,178 )
C01600	Proceeds from long-term borrowings	-	17,442
C01700	Repayments of long-term borrowings	( 57,981 )	( 11,111 )
C03100	Increase (Decrease) in guarantee deposits	( 126 )	504
C04020	Repayments of the principal portion of lease liabilities	( 309 )	( 314 )
C04500	Dividends paid to owners of the Company	( 24,096 )	-
C05800	Changes in non-controlling interests	<u>-</u>	<u>( 2,324 )</u>
CCCC	Net cash used in financing activities	<u>( 85,281 )</u>	<u>( 64,981 )</u>
DDDD	Effect of exchange rate changes on the balance of cash held in foreign currencies	<u>( 20,028 )</u>	<u>6,899</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	242,688	( 109,408 )
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>272,902</u>	<u>382,310</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 515,590</u>	<u>\$ 272,902</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to the Auditor's Report issued by Deloitte & Touche on March 26, 2024)

Chairman:  
Tsou Mi-Fu

Managerial officers:  
Peng, Chao-Chung

Principal Accounting Officer:  
Tsao, Fu-Yi

WHA YU INDUSTRIAL CO., LTD.  
The 2023 Deficit Compensation Statement

Items	(Unit: NT\$) Amount
Undistributed earnings of Previous Years	6,482,670
Remeasurement of defined benefit Obligation	(998,236)
Unappropriated retained earnings after adjustment	5,484,434
Net loss of 2023	(120,064,684)
Deficit yet to be compensated - at the end of 2023	(114,580,250)
Legal reserve in covering accumulated deficits	3,397,639
Capital Surplus in covering accumulated deficits	111,182,611
Retained earnings at the end of the period	0

Note : The Company proposed not to distribute dividends.

Chairman:  
Tsou Mi-Fu

Managerial officers:  
Peng, Chao-Chung

Principal Accounting Officer:  
Tsao, Fu-Yi

WHA YU INDUSTRIAL CO., LTD.  
Articles of Incorporation

Chapter 1 General Provisions

- Article 1 The Corporation shall be incorporated as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 譚裕實業股份有限公司 in the Chinese language, and WHA YU INDUSTRIAL CO., LTD. in the English language.
- Article 2 The scope of business of the Corporation shall be as follows:  
C805050 Industrial Plastic Products Manufacturing.  
CC01020 Electric Wires and Cables Manufacturing.  
CC01080 Electronics Components Manufacturing.  
F119010 Wholesale of Electronic Materials.  
F219010 Retail Sale of Electronic Materials.  
F401010 International Trade.  
CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing.  
ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company may guarantee and reinvest in other companies for business purposes, and the total amount of the Corporation's reinvestment shall not be subject to Article 13 of the Company Act.
- Article 4 The Corporation shall establish its headquarters in Hsinchu City and may, when necessary, establish branch offices domestically or internationally, subject to approval by the board of directors.
- Article 5 Public announcements of the Corporation shall be made in accordance with Article 28 of the Company Act.

Chapter 2 Shares

- Article 6 The total capital stock of the Corporation shall be in the amount of 2 billion New Taiwan Dollars, divided into 200 million shares, at at NT\$10 par value each share. The Company is empowered to may authorize the Board of Directors to issue new shares in installments as determined by the Company's business needs. Additionally, the Corporation may issue employee stock options intermittently. A total of 2,000,000 shares among the above total capital stock should be reserved for issuing employee stock options.
- Article 7 The share certificates of the Company shall be in registered form, signed or sealed by the Directors representing the Company, and duly certified or authenticated

by the bank authorized to certify shares under the law before issuance. For the shares issued by the Company, the printing of share certificates may be dispensed with ; however, the shares shall be registered with a centralized securities depository enterprise.

Article 8 Registration for the transfer of shares shall be completed within 60 days prior to the date of the regular meeting, within 30 days prior to the date of the any special meeting of shareholders, or within five days prior to the date on which the Company decides to distribute dividends and bonuses or other benefits.

Article 9 The Company shall administer all shareholder services in accordance with the provisions outlined in the "Regulations Governing the Administration of Shareholder Services of Public Companies" as issued by the relevant regulatory authority.

### Chapter 3 Shareholders' Meeting

Article10 The Shareholders' Meeting is divided into regular meeting and special meeting. Regular meetings shall be convened once a year, within six months after the end of each fiscal year, by the Board of Directors in accordance with the law. Ad hoc meetings may be duly convened according to the law if necessary. Resolutions of the shareholders' meeting shall be recorded in the minutes and shall be handled in accordance with Article 183 of the Company Act.

Article10-1 The Company's shareholders' meetings may be conducted via video conference or other means as announced by the Ministry of Economic Affairs.

Article11 If a shareholder is unable to attend a meeting for any reason, he or she may appoint a proxy to attend the meeting by presenting a letter of proxy issued by the Company stating the scope of authority, which shall be signed or stamped by the proxy. In addition to the provisions of Article 177 of the Company Act, the method of shareholder proxy shall be comply with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" issued by the competent authorities.

Article12 Each shareholder of the Company shall be entitled to one vote per share held, except for those who have no voting right under Article 179-2 of the Company Act.

Article13 The shareholders' meeting shall be convened by the Board of Directors, presided over by the Chairman of the Board. In the Chairman's absence, the Vice Chairman shall act as proxy. If both the Chairman and the Vice Chairman are absent, a Director shall be designated by the Chairman to act as proxy; in the absence of such designation, the Directors shall elect one person from among themselves to serve as chairman of the meeting. For shareholders' meetings convened by any other person with the convening right besides the Board of

Directors, that person shall act as the chairman of the meeting. however, if there are two or more persons convening the convening right, the chairman of the meeting shall be elected from among themselves.

Article14 Resolutions of the shareholders' meeting shall be adopted by the affirmative vote of the majority of the votes cast by the shareholders present at the meeting, provided that more than half of the total issued and outstanding share capital of the Company is represented by shareholders in person or by proxy, unless otherwise provided by relevant laws and regulations.

#### Chapter 4 Directors and the Audit Committee

Article15 The Company shall consist of seven to eleven directors. The election of Directors shall adopt a candidate nomination system, and the shareholders shall elect the directors from among the nominees listed in the roster of director candidates. The term of office shall be three years, and re-election shall be permissible. Nominations shall be made in accordance with the Article 192-1 of the Company Act. Liability insurance may be purchased for the Company's directors by resolution of the Board of Directors after their election.

Article15-1 The aforementioned Board of Directors must have at least two independent directors , who shall comprise not less than one-fifth of the total number of directors of the Company. Independent directors are elected through a candidate nomination system and are selected by the shareholders' meeting from a list of independent director candidates. Nominations shall be made in accordance with Article 192-1 of the Company Act.

Article15-2 In accordance with Article 14-4 of the Securities and Exchange Act, the Company has established an Audit Committee consisting of all independent directors, responsible for carrying out the duties and responsibilities of the supervisors as stipulated in the Company Act, the Securities and Exchange Act and other laws and regulations. The members of the Audit Committee, the exercise of its powers and functions, and other matters to be followed shall comply with the relevant laws and regulations. Its organizational procedures shall be separately established by the Board of Directors.

Article16 The Board of Directors shall be organized by the Directors. The Chairman and Vice Chairman shall be elected by a majority of votes in a meeting attended by over two-thirds of the Directors. The chairman of the board of directors shall serve as the chairperson of the shareholders' meeting and the board of directors' meeting internally, and shall represent the Company externally. Directors shall attend the board of directors' meetings in person, if they are unable to attend the meetings for any reason, they may appoint other directors to act as their proxy, with each proxy limited to representing only one director.

Article16-1 The Meetings of the Company's Board of Directors shall be convened by written, e-mail or fax notice to each Director seven days prior to the scheduled meeting date.

The meetings of the Board of Directors may be convened at any time in case of emergency, and may also be convened by written, e-mail or fax notices.

Article17 In case the Chairman of the Board of Directors is on leave or unable to exercise his power and authority for any reason , the proxy thereof shall be handled according to the regulation of Article 208 of the Company Act.

#### Chapter 5 Managerial officers

Article18 The Company may have a number of managers, whose appointment, dismissal and remuneration shall be determined in accordance with Article 29 of the Company Act.

#### Chapter 6 Accounting

Article19 At the end of each fiscal year, the Company's Board of Directors shall prepare: 1. Business Report. II. Financial statements. III. The proposal for distribution of earnings or appropriation of losses and other forms shall be submitted to the shareholders' meeting 30 days prior to the meeting in accordance with the statutory procedures for recognition.

Article20 The Company shall allocate 10% to 20% of the annual profit as employees' remuneration and not more than 3% as directors' remuneration. employees' remuneration shall be distributed in stocks or in cash.

However, if the Company still has accumulated losses, the amount of shall be reserved in advance. Subsequently, the remuneration for employees and directors shall be allocated in proportion to the aforementioned amount.

Article20-1 Where the Company generates a profit at the end of each fiscal year, it shall first allocate funds for tax provisions to cover any deficits, and then set aside 10% as the legal reserve, However, if the legal reserve has already reached the Company's paid-in capital, no further allocation shall be made. If there is any remaining surplus after the special reserve is set aside or reversed in accordance with the law or the regulations of the competent authority, the Board of Directors shall prepare a proposal for the appropriation of the surplus and submit it to the shareholders' meeting for resolution, taking into account the accumulated undistributed surplus from previous years.

Considering the Company's future expansion plans, capital requirements and long-term financial planning, as well as the Company's business objectives of sustainable operation, pursuit of shareholders' long-term interests and stable operating performance, the Company will distribute part or all of its distributable earnings as dividends to shareholders, including cash dividends of



not less than 10% of the distributable dividends for the year.

Article21 Directors of the Company shall be entitled to remuneration for their duties regardless of profit or loss. The Board of Directors is authorized to determine the remuneration within the standards for maximum salaries established in the Company's Remuneration Policy based on the level of their participation in the Company's operations and the value of their contribution. If the Company makes a profit, the remuneration shall be distributed in accordance with Article 20.

Article21-1 The Board of Directors of the Company may set up Compensation Committee or other functional committees as necessary for the operation of the business.

#### Chapter 7 Supplementary Provisions

Article22 Matters not covered by these Articles shall be governed by the Company Law of the Republic of China and other relevant regulations.

Article23 The Articles of Incorporation were established on September 24, 1981.

The 1st amendment was made on October 22, 1981.

The 2nd amendment was made on July 18, 1986.

The 3rd amendment was made on April 10, 1988.

The 4th amendment was made on April 24, 1989.

The 5th amendment was made on April 25, 1991.

The 6th amendment was made on August 12, 1997.

The 7th amendment was made on July 1, 1998.

The 8th amendment was made on December 6, 2001.

The 9th amendment was made on October 13, 2002.

The 10th amendment was made on June 20, 2003.

The 11th amendment was made on June 20, 2003.

The 12th amendment was made on March 15, 2004.

The 13th amendment was made on April 29, 2004.

The 14th amendment was made on April 29, 2004.

The 15th amendment was made on June 20, 2005.

The 16th amendment was made on June 28, 2006.

The 17th amendment was made on June 21, 2007.

The 18th amendment was made on January 22, 2009.

The 19th amendment was made on June 19, 2009.

The 20th amendment was made on June 25, 2010.

The 21st amendment was made on June 18, 2012.

The 22nd amendment was made on June 25, 2013.

The 23rd amendment will be made on June 17, 2014

The 24th amendment will be made on June 21, 2016.

The 25th amendment will be made on June 19, 2020.  
The 26th amendment was made on June 27, 2022.

WHA YU INDUSTRIAL CO., LTD.  
Chairman: Tsou Mi-Fu

WHA YU INDUSTRIAL CO., LTD.  
Rules of Procedure for Shareholders' Meeting

Article 1 The rules of procedure for this Corporation's shareholder meetings shall be as provided in these Rules.

Article 2 The Company shall specify in its notices for shareholders' meetings the period during which registrations for attendance will be accepted, the location for registration, and other matters requiring attention.

Shareholders themselves or their duly appointed proxies (hereinafter referred to as "shareholders") shall attend the shareholders' meeting with their attendance certificates, attendance sign-in cards, or other attendance documents. The Company shall not arbitrarily require shareholders to provide additional supporting documents beyond those necessary for their attendance. Solicitors soliciting proxies are required to carry their identification documents for verification purposes.

The Company shall maintain a sign-in book for shareholders attending in person or by proxy (hereinafter referred to as "shareholders"), or shareholders may present a sign-in card to sign in on their behalf. The number of shares in attendance shall be calculated based on the shares indicated by the sign-in book and the sign-in cards submitted, in addition to the number of shares for which voting rights are exercised through written or electronic means.

Article 3 The shareholders' meeting shall be convened by the Board of Directors and chaired by the Chairman of the Board; In the event that the chairman of the board of directors is absent from work or unable to attend for any reason, the vice chairman of the board of directors may act as a proxy. If there is no vice chairman of the board of directors or if the vice chairman of is also absent from work or unable to attend for any reason, the chairman of the board of directors shall designate a director to act as proxy; In the absence of such appointment, the directors shall collectively designate one director among themselves to chair the meeting.

The Deputy Chairman served by one of the Directors as specified in the preceding paragraph shall be a Director who serves as a Director for six months or more and understand the Company's financial operations. The same shall apply if the chairman is a director representative of an institutional investor.

The Chairman of the Board of Directors shall preside in person at the shareholders' meetings called by the Board of Directors, and a majority of the Board of Directors shall be present in person, and the attendance shall be

recorded in the minutes of the shareholders' meetings.

If a shareholders' meeting is convened by a person other than the Board of Directors, that person shall chair the meeting. If there are more than two persons with the right to convene, one of them shall be elected as the chair of the meeting.

Article 4 If a shareholder of the Company is unable to attend a shareholders' meeting in person, he/she may appoint a proxy by presenting a proxy form issued by the Company specifying the scope of authority.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company at least five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail. However, a declaration made to cancel the previous proxy appointment is not subject to the aforementioned rule.

Article 5 When a shareholders' meeting is attended by shareholders (or proxies) representing more than half of the total number of issued shares, the chairman will declare the meeting open and announce the number of non-voting shares and the number of shares present at the same time. If the quorum is not reached at the time of the meeting, the chairman may adjourn the meeting for up to two (2) times, and the total adjournment time shall not exceed one (1) hour. If the number of shares is not sufficient for two adjournments, and if more than one-third of the total number of issued shares are represented by shareholders (or proxies), the ordinary resolution may be passed with the consent of a majority of the votes of the attending shareholders (or proxies). If the number of shares represented by the attending shareholders (or proxies) is sufficient to constitute a quorum after the preceding dummy resolution is made, the chairman may propose a dummy resolution to the meeting for voting.

Article 6 If the shareholders' meeting is convened by the Board of Directors, the agenda of the meeting shall be set by the Board of Directors, and the meeting shall be held in accordance with the procedures set forth in the agenda and shall not be changed without a resolution.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.

The chairman may not adjourn the meeting without a resolution before the conclusion of the first two scheduled agenda items (including extempore motions). If the chairman violates the rules of procedure and adjourns the meeting, a majority of the attending shareholders may vote to elect a chairman to continue the meeting.

After the meeting is adjourned, the shareholders shall not elect another chairman for the meeting at the same place or find another place for the meeting, except for the case mentioned above.

- Article 7 When a shareholder (or proxy) delivers a speech, they must first fill out a speech slip with the attendance card number, the name of the account, and the purpose of the speech. The chairman will then determine the priority of their speech. If a shareholder (or proxy) attending the meeting merely submits a speech slips but does not deliver it, he/she shall be deemed not to have spoken. If the content of the speech does not correspond to that of the speech, the content of the confirmed speech shall prevail.
- Article 8 Proposals shall be made in writing. In addition to the proposals listed on the agenda, shareholders (or proxies) shall second any amendment or substitute to the original proposal or any other motion proposed by way of a motion for adjournment. The same applies to any changes to the agenda and motions for adjournment.
- Article 9 The proposal shall be explained within five minutes, and questions or answers shall be limited to three minutes per person, which may be extended by three minutes with the permission of the chairman. If a shareholder's (or proxy's) speech is out of time, out of order or out of scope, the chairman may stop him/her from speaking. When an attending shareholder (or proxy) is delivery speech, other shareholders (or proxies) shall not intervene the speech without the permit of the chairman and the shareholder (or proxy) delivering the speech, and anyone violating this article will be subject to Article 18.
- Article10 For the same proposal, one shareholder shall not deliver more than two speeches. When a juristic person is entrusted to attend a shareholders' meeting, only one representative of the juristic person shall attend. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
- Article11 After an attending shareholder (or proxy) has spoken, the chair may respond in person or direct relevant personnel to respond. During the discussion of a proposal, the chairman may announce the end of the discussion at an appropriate time and, if necessary, adjourn the discussion.
- Article12 After the discussion of a proposal has ended or been stopped, the chairman shall

call for a vote on the proposal. Any matters that are not a proposal shall not be discussed or voted upon. The Chairman of the Board of Directors shall designate a person to monitor and count the votes for the proposal, and such person shall be a shareholder.

Article13 The voting rights of shareholders are based on the number of shares held by them, with each share having one voting right. In the event that the shareholders' meeting elects directors, the election of directors shall be conducted in accordance with the Regulations Governing the Election of Directors.

Article14 Except as otherwise provided in the law, the adoption of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting shall be announced on site at the meeting, and recorded.

Article15 During the meeting, the chairman may declare a break at his discretion.

Article16 In the event of an air attack warning drill during the meeting, the meeting will be suspended and evacuated. The meeting will resume one hour after the warning has been lifted.

Article17 The chair may direct the proctors (or security personnel) to help maintain order at the meeting venue.

Article18 Shareholders (or proxies) shall comply with the instructions of the chairman, the inspector (or the security officer) regarding the maintenance of order. The chairman or the inspector (or the security officer) may exclude any person who disrupts the shareholders' meeting.

Article19 All matters not addressed in these rules shall be governed by the provisions of Company Act, the Securities and Exchange Act and other relevant laws and regulations.

Article20 These Rules and Procedures shall become effective from the date of their approved by the Shareholders' Meeting. Subsequent amendments thereto shall be made in the same manner.

## WHA YU INDUSTRIAL CO., LTD.

### Shareholdings of Directors and Independent Directors

Record Date: April 28, 2024

Title	Name	Date of election	Current Shareholding (Shares)	Shareholding (%)
Chairman	Tsou Mi-Fu	June 19,2023	3,272,570	2.72%
Director	Sun,Cheng-Pen	June 19,2023	2,528,222	2.10%
Director	Huang Kun-Chang	June 19,2023	2,153,138	1.79%
Director	Chuang Ming-Yuan	June 19,2023	1,245,622	1.03%
Director	Lu,Te-Mao	June 19,2023	1,002,888	0.83%
Director	Lin Cheng Wei	June 19,2023	2,012,000	1.67%
Director	HANSOME INVESTMENT INC.	June 19,2023	804,000	0.67%
Independent Director	Liu,Heng-Yih	June 19,2023	0	0.00%
Independent Director	Lue, Wen-Chia	June 19,2023	0	0.00%
Independent Director	Huang I-Hung	June 19,2023	0	0.00%
<b>Shareholding of all directors and percentage of issued shares</b>			<b>13,018,440 shares</b>	<b>10.81%</b>

Note1 : The paid-in capital of the Company is NT\$1,204,804,170 and 120,480,417 shares have been issued.

Note2 : In accordance with the Rules Governing the Implementation of Shareholding and Audit of Directors and Supervisors of Listed Companies, the minimum number of shares to be held by all directors of the Company is 8,000,000 shares as the Company has three independent directors and the shareholding percentage of directors is reduced to 80% in accordance with the aforementioned rules. The number of shares held by all directors of the Company has reached the legal standard.

Thank you for attending the shareholders' meeting.  
We welcome your comments and suggestions at any time.