

WHA YU INDUSTRIAL CO., LTD.

2024 Annual Shareholders' Meeting

Meeting Minutes

Meeting Date: June 26, 2024

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

WHA YU INDUSTRIAL CO., LTD.

Minutes of the 2024 Annual General Shareholders' Meeting

Meeting Time: Wednesday, June 26, 2024, 9:00 AM

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

Meeting Method: Physical Shareholders' Meeting

Attending shareholders and proxy representing:

61,955,600 shares (including 1,668,077 shares attended electronically to exercise voting rights) which accounts for 51.42% 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) 、Huang Kun-Chang 、Chuang Ming-Yuan 、Lu,Te-Mao 、Sun,Cheng-Pen 、Lin Cheng Wei 、HANSOME INVESTMENT INC.

Representative: Chen,Shih-Chung. The attendance of the eight directors is more than half of the ten directors.

Attendees: Tsao,Fu-Yi. (President) 、Tsai,Mei-Chen CPAs of Deloitte & Touche.

Chairman : Tsou,Mi-Fu

Recorder : Chen Huang Chueh

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 2023.(Please refer to Attachment)
- (II) Audit Committee's review report of 2023. (Please refer to Attachment)
- (III) Information on Investments in Mainland China. (Please refer to the Meeting Handbook)
- (IV) The Status of Endorsement and Guarantee. (Please refer to the Meeting Handbook)
- (V) The Status of Lending Funds to Other Parties. (Please refer to the Meeting Handbook)

IV. Proposals Items

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) The 2023 Business Report, Auditor's Report, and Financial Statements are included in the attachment.

(III) Please adopt the proposal.

Resolution: This proposal was approved after voting. The voting results are as follows:
Total voting rights of shareholders present: 61,871,061 (Including shares from electronic voting).

Voting Results			% of the represented share present
Votes in favor (electronic votes)	61,090,918 votes	(887,934)	98.73%
Votes against (electronic votes)	53,579 votes	(33,639)	0.08%
Invalid Votes	0 votes		0.00%
Votes abstained / Not Voted (electronic votes)	726,564 votes	(726,564)	1.17%

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 6th meeting of the Board of Directors, the 16th term. Please refer to the attachment.

(II) We are proposing that no dividend be paid to shareholders for the year.

(III) Please adopt the proposal.

Resolution: This proposal was approved after voting. The voting results are as follows:
Total voting rights of shareholders present: 61,871,061 (Including shares from electronic voting).

Voting Results			% of the represented share present
Votes in favor (electronic votes)	61,080,070 votes	(887,934)	98.72%
Votes against (electronic votes)	63,957 votes	(63,957)	0.10%
Invalid Votes	0 votes		0.00%
Votes abstained / Not Voted (electronic votes)	727,034 votes	(727,034)	1.17%

V. Extemporary Motions:

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

VII. Meeting Adjourned :

The meeting was brought to a close at 9:15 AM on the same day, with the chairman's announcement and the unanimous approval of all shareholders present.

The shareholders did not raise any questions at this meeting.

Attachments

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 b 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

Attachments

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

Attachments

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)

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

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)

<u>Code</u>		<u>2023</u>	<u>2022</u>
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income 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	<u>91,932</u>	<u>2,805</u>

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<u>Code</u>		<u>2023</u>	<u>2022</u>
	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	%
	CURRENT ASSETS						CURRENT LIABILITIES				
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		NON-CURRENT LIABILITIES				
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
	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)	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		EQUITY (Notes 4 and 22)				
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 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	177,020	18,283

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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

Attachments

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

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

Note : The Company proposed not to distribute dividends.

Chairman:
Tsou Mi-Fu

Managerial officers:
Peng, Chao-Chung

Principal Accounting Officer:
Tsao, Fu-Yi