



Walsin Lihwa Corporation

(incorporated as a company limited by shares in Taiwan, the Republic of China)

30,000,000 Global Depositary Shares representing 300,000,000 Common Shares, par value NT\$10.00 per Share

We are offering (the “**GDS Offering**” or “**this offering**”) 30,000,000 Global Depositary Shares (the “**GDSs**”), representing 300,000,000 new common shares, par value NT\$10.00 per common share, of our company (the “**Shares**” or “**Common Shares**”), each GDS representing 10 Shares, through Citigroup Global Markets Limited (the “**Initial Purchaser**”). Payment for the GDSs will be in U.S. dollars at a price of US\$12.97 per GDS (equivalent to NT\$402.17 at the exchange rate of NT\$31.008 to US\$1.00 based on the Taipei Forex Inc. Taiwan Dollar 11:00 Fixing Rate on June 27, 2023).

Subject to certain restrictions described in this Offering Circular, on or after the Share Listing Date (as defined herein), which is expected to be no later than the fourth business day in the Republic of China (the “**ROC**”) from the closing date of this offering (although there is no assurance that such listing approval will be obtained by such date (if at all)), you may surrender GDSs and withdraw and hold the underlying Shares or request the Depositary (as defined herein) to sell or cause to be sold on your behalf the underlying Shares.

The Shares are currently listed under the trading code “1605” on the Taiwan Stock Exchange (the “**TWSE**”) in the ROC. The closing sale price per Share on the TWSE on June 27, 2023 was NT\$43.55 (equivalent to US\$1.40 at the exchange rate of NT\$31.008 to US\$1.00 based on the Taipei Forex Inc. Taiwan Dollar 11:00 Fixing Rate on June 27, 2023).

Investing in and holding the GDSs involve a high degree of risk. See “Risk Factors” beginning on page 19 for a discussion of certain factors to be considered in connection with an investment in, and the holding of, the GDSs. The GDSs are of a specialist nature and should only be bought and traded by investors particularly knowledgeable in investment matters.

Offering Price: US\$12.97 per GDS

The GDSs and the Shares underlying the GDSs have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”). Prospective purchasers are hereby notified that sellers of the GDSs may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act (“**Rule 144A**”). Outside the United States, the offering is being made in reliance on Regulation S under the Securities Act (“**Regulation S**”). The GDSs are not being directly or indirectly offered in the ROC. See “Transfer Restrictions” and “Plan of Distribution.”

Application has been made to admit the GDSs, which consist of the Rule 144A GDSs (as defined herein) and Regulation S GDSs (as defined herein), to the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF market of the Luxembourg Stock Exchange. This offering circular constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectuses for securities dated July 16, 2019. Prior to such admission of the 30,000,000 GDSs (representing 300,000,000 Common Shares) offered hereby, 10,000,000 GDSs (representing 100,000,000 Common Shares) were so admitted pursuant to our offering circular dated October 3, 1995 and 53,961,540 GDSs (representing 539,615,400 Common Shares) were so admitted pursuant to our offering circular dated November 4, 2010. As of the date of this Offering Circular, to the best of our knowledge, 2,224 GDSs (representing 22,248 Common Shares) are outstanding. It is expected that, immediately following the issuance of the GDSs offered hereby, a total of 30,002,224 GDSs (representing 300,022,248 Common Shares) will be outstanding.

Delivery of the GDSs is expected to be made in book-entry form through the facilities of The Depository Trust Company (“**DTC**”), Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream**”), through their participant accounts on or about June 30, 2023 (the “**Closing Date**”).

Sole Global Coordinator and Sole Bookrunner



Offering circular dated June 27, 2023.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Offering Circular. You must not rely on any unauthorized information or representations. This Offering Circular is an offer to sell only the securities offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. You should not assume that the information contained in this Offering Circular is accurate as of any date other than the date of this Offering Circular. Our business, financial condition, results of operations and prospects may have changed since that date.

No United States federal, state or foreign securities commission or regulatory authority has recommended the GDSs or reviewed, passed on, determined or confirmed the accuracy or adequacy of this Offering Circular. Any representation to the contrary may be a criminal offense.

Except as described below, we accept responsibility for the information contained in this Offering Circular. We, having made all reasonable enquiries, confirm that this Offering Circular contains all information with respect to us, our subsidiaries, the GDSs and our Common Shares that is material in the context of the issue and offering of the GDSs, that the information contained in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts, the omission of which would, in the context of the issue and offering of the GDSs, make this Offering Circular as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respects and that all reasonable enquiries have been made by us to verify the accuracy of such information and that this Offering Circular does not contain any untrue statement of a material fact or omit to state a material fact required to be stated or necessary in order to make the statements, in the light of the circumstances under which they are made, not misleading. We accept responsibility for and confirm that the information contained in each of the sections entitled “Appendix A: The Securities Markets of the ROC” and “Appendix B: Foreign Investment and Exchange Controls in the ROC” has been accurately extracted from publicly available sources. However, such information has not been verified by us, the Initial Purchaser or any of our or the Initial Purchaser’s respective affiliates or advisors in connection with this offering. Information based on “Indonesian Nickel Supply Chain and Intermediate Products Data Study” by SMM Information & Technology Co., Ltd. is not an endorsement of us in connection with this offering. Any reliance on these results is at the third party’s own risk. Visit www.metal.com for more details.

The distribution of this Offering Circular and the offering and sale of the GDSs in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by us and the Initial Purchaser to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the GDSs and distribution of this Offering Circular, see “Plan of Distribution” and “Transfer Restrictions.” This Offering Circular does not constitute an offer of, or an invitation by or on behalf of us or the Initial Purchaser to subscribe for or purchase any of the GDSs in any jurisdiction in which such offer or invitation would be unlawful. This Offering Circular may be used only for the purposes for which it has been published.

Notice to Investors in the European Economic Area

This Offering Circular has been prepared on the basis that any offer of the GDSs in any Member State of the European Economic Area (each a “**Member State**”), will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”), from the requirement to publish a prospectus for offers of GDSs. Accordingly, any person making or intending to make an offer in that Member State of GDSs which are the subject of the placement contemplated in this Offering Circular may only do so in circumstances in which no obligation arises for us or the Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Regulation in relation to such offer. Neither we nor the Initial Purchaser have authorized, nor do we or the Initial Purchaser authorize: (i) the making of any offer of GDSs through any financial intermediary (as that term is used in Article 5(1) of the Prospectus Regulation), other than offers made by the Initial Purchaser which constitute the final placement of GDSs contemplated in this Offering Circular; or (ii) the making of any offer of GDSs in circumstances in which an obligation arises for us or the Initial Purchaser to publish a prospectus for such offer.

Notice to Investors in the United Kingdom

This Offering Circular has been prepared on the basis that any offer of GDSs in the United Kingdom will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Prospectus Regulation**”) from the requirement to publish a prospectus for offers of GDSs. Accordingly, any person making or intending to make an offer in the United Kingdom of GDSs which are the subject of the offering contemplated by this Offering Circular may only do so in circumstances in which no obligation arises for us or the Initial Purchaser to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation in relation to such offer. Neither we nor the Initial Purchaser have authorized, nor do we or the Initial Purchaser authorize: (i) the making of an offer of GDSs through any financial intermediary (as that term is used in Article 5(1) of the UK Prospectus Regulation), other than offers made by the Initial Purchaser which constitute the final placement of GDSs as contemplated in this Offering Circular; or (ii) the making of any offer of GDSs in circumstances in which an obligation arises for us or the Initial Purchaser to publish a prospectus for such offer.

All applicable provisions of the FSMA, with respect to anything done by any person in relation to the GDSs in, from or otherwise involving the United Kingdom must be complied with. This Offering Circular may only be communicated or caused to be communicated to persons in the United Kingdom in circumstances where section 21(1) of the FSMA does not apply to us. In the United Kingdom this Offering Circular is only being distributed to, and is directed only at “qualified investors” who are: (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”); or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “**Relevant Persons**”). In the United Kingdom, this Offering Circular and any of its contents are directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. In the United Kingdom, any investment or investment activity to which this Offering Circular relates (including any invitation, offer or agreement to subscribe, purchase or otherwise acquire the securities) is available only to Relevant Persons and will be engaged in only with Relevant Persons.

Information to Distributors: UK

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the GDSs have been subject to a product approval process, which has determined that the GDSs are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each defined in Chapter 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, “distributors” (for the purposes of the UK Product Governance Requirements) should note that: the price of the GDSs may decline and investors could lose all or part of their investment; the GDSs offer no guaranteed income and no capital protection; and an investment in the GDSs is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to this offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Initial Purchaser will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the GDSs. Each distributor is responsible for undertaking its own target market assessment in respect of the GDSs and determining appropriate distribution channels.

Available Information

If, at any time, we are neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the “**Exchange Act**”) nor exempt from reporting pursuant to Rule 12g3-2(b) of the Exchange Act, we will furnish, upon request, to any person in whose name GDSs are registered on the books of the Depositary (as defined herein), any holder of any beneficial interest in GDSs or any prospective purchaser designated by a holder, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. Alternatively, a holder may obtain such information at the specified office of the Depositary in Luxembourg, so long as the GDSs are listed on the Luxembourg Stock Exchange.

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PRESENTATION OF INFORMATION

The references to “the Company” in this Offering Circular refer to Walsin Lihwa Corporation (華新麗華股份有限公司), and references to “we,” “us,” “our” and the “Group” in this Offering Circular refer to Walsin Lihwa Corporation (華新麗華股份有限公司) or Walsin Lihwa Corporation (華新麗華股份有限公司) and its subsidiaries, as the context requires, unless specifically indicated. The references to “Shares” refer to the common shares of the Company, par value NT\$10.00 per common share, created according to the Company Act of the Republic of China and the Securities and Exchange Act of the Republic of China. The references to “Taiwan” and “ROC” refer to Taiwan, the Republic of China. The references to “PRC” and “China” refer to the People’s Republic of China. The references to “the ROC Company Act” refer to the Company Act of the ROC. The references to “FSC” refer to the Financial Supervisory Commission of the ROC. The references to “TWSE” refer to the Taiwan Stock Exchange. The references to “TPEX” refer to the Taipei Exchange, formerly known as GreTai Securities Market.

Unless expressly stated otherwise, all financial information, description and other information regarding our financial condition and results of operations as of and for the years ended December 31, 2020, 2021 and 2022 and as of and for the three months ended March 31, 2022 and 2023 included in this Offering Circular are presented on a consolidated basis. We prepared our consolidated financial statements as of and for the years ended December 31, 2020, 2021 and 2022 and as of and for the three months ended March 31, 2022 and 2023 in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the Financial Supervisory Commission of the Republic of China (the “**Taiwan IFRS**”), which differs from the International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board (the “**IFRS**”), U.S. GAAP, or the generally accepted accounting principles of certain other countries. Our consolidated financial statements as of and for the years ended December 31, 2020, 2021 and 2022 have been audited, and our unaudited interim consolidated financial statements as of and for the three months ended March 31, 2022 and 2023 have been reviewed, by our independent auditors.

The consolidated financial statements of the Company are published in New Taiwan dollars, the lawful currency of the ROC. All references to “United States dollars,” “US dollars” and “US\$” are to United States dollars and all references to “New Taiwan dollars,” “NT dollars” and “NT\$” are to New Taiwan dollars. Unless otherwise noted, all translations from NT dollars to US dollars were made at the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board as of March 31, 2023, which was NT\$30.48 = US\$1.00. All amounts translated into US dollars in this Offering Circular are provided solely for your convenience and no representation is made that the NT dollar or US dollar amounts referred to herein could have been or could be converted into US dollars or NT dollars, as the case may be, at any particular rate or at all.

In this Offering Circular, where information has been presented in thousands, millions or billions of units, amounts may have been rounded up or down. Accordingly, the total of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

We have compiled all industry and market information and statistics contained in this Offering Circular from various published and private sources, which may be inconsistent with other information compiled elsewhere. We have reproduced such information correctly in this Offering Circular but neither we, nor the Initial Purchaser, have independently verified the accuracy of any of such information.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this Offering Circular. The words “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “seek,” “will,” “would” and similar words identify forward-looking statements. In addition, all statements other than statements of historical fact included in this Offering Circular are forward-looking statements. Our forward-looking statements contain information regarding:

- our future revenue and profitability;
- our business strategies;
- expected growth in market demand;
- expected industry trends;
- expected synergy from our business acquisitions;
- our capital expenditure plans; and
- other matters discussed in this Offering Circular regarding matters that are not historical facts,

are only forecasts based on information currently available to us. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these expectations and projections are reasonable, these forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:

- the intensely competitive and dynamic industries in which we operate;
- industry risks;
- general economic, political and social conditions and developments in the ROC, the PRC, Indonesia, the US, Europe and other jurisdictions in which we operate our business;
- the effect of geopolitical tensions;
- market acceptance of our products and services;
- risks associated with our entry into new markets or businesses;
- risks associated with business acquisitions and integration of acquired businesses, as well as forming joint ventures with third parties;
- changes in market prices for our products;
- our rate of growth and ability to meet the demands in relation to our growth;
- changes in the availability and prices of raw materials and machinery and equipment we need to manufacture our products;
- our ability to meet financial and other covenants provided under our debt borrowings;

- our continued ability to secure funding to meet our liquidity needs and investment objectives;
- the impact of the ongoing Russia-Ukraine military conflict and the economic sanctions imposed on Russia, and their impact on the global economy;
- legal proceedings, if any; and
- other risks identified in the “Risk Factors” section of this Offering Circular.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give no assurance that such expectations will prove correct. We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of the foregoing and the risks, uncertainties and assumptions in “Risk Factors” and elsewhere in this Offering Circular, the forward-looking events in this Offering Circular are not guarantees of future performance and might not occur and our actual results could differ materially from those anticipated in those forward-looking statements.

ENFORCEABILITY OF FOREIGN JUDGMENTS

The Company is a company limited by shares and incorporated under the ROC Company Act. Most of its directors and senior management and certain of the experts named in this Offering Circular are residents of the ROC, and a significant portion of the Company's assets and these persons are located in the ROC. As a result, it may not be possible for you to effect service of process upon the Company or any of these persons outside of the ROC, or to enforce against any of them judgments obtained in courts outside of the ROC.

A substantial portion of our operations are conducted in Taiwan and a significant portion of our assets are located in Taiwan. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or to enforce against us in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States. It is uncertain whether liabilities predicated solely on U.S. federal securities laws are enforceable in original actions or in actions for enforcement of judgment in courts in Taiwan.

The Company's ROC counsel has advised that any final judgment obtained against the Company or such persons in any court other than the courts of the ROC in respect of any legal suit or proceeding arising out of or relating to the Shares or the GDSs will be enforced by the courts of the ROC without further review of the merits only if the court of the ROC in which enforcement is sought is satisfied with the following:

- the court rendering the judgment has jurisdiction over the subject matter according to the laws of the ROC;
- the judgment is a final judgment for which the period for appeal has expired or from which no appeal can be taken;
- the judgment and the court procedure resulting in the judgment are not contrary to the public order or good morals of the ROC;
- if the judgment was rendered by default by the court rendering the judgment, (i) process was duly served on the Company or such persons within a reasonable period of time within the jurisdiction of such court in accordance with the laws and regulations of such jurisdiction, or (ii) process was served on the Company or such persons with judicial assistance of the ROC; and
- judgments of the courts of the ROC would be recognized in the jurisdiction of the court rendering the judgment on a reciprocal basis.

A party seeking to enforce a foreign judgment in the ROC would, except under limited circumstances, be required to obtain foreign exchange approval from the Central Bank of the Republic of China (Taiwan) ("**CBC**") for the remittance out of the ROC of any amounts exceeding US\$100,000 or its equivalent recovered in respect of the judgment denominated in a currency other than NT dollars. See "Appendix B – Foreign Investment and Exchange Controls in the ROC."

DEFINITIONS AND GLOSSARY

In this Offering Circular, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed “The Offering” in this Offering Circular. This section contains definitions of certain terms used in this Offering Circular in connection with our company and our business. Some of these may not correspond to standard industry definitions.

CAGR	Compound annual growth rate, which is a percentage calculated by raising the results of dividing the amount for ending year by the amount for beginning year to an exponent of one divided by number of years and subtracting one from the preceding amount. The formula is set forth below: $\left[\left(\frac{\text{Ending year value}}{\text{Beginning year value}} \right)^{1/\text{number of years}} - 1 \right] \times 100\%$
Cogne	Cogne Acciai Speciali S.p.A., a company incorporated in Italy and a subsidiary owned by us as to 70.0% equity interest through Walsin Lihwa Europe S.à.r.l. and MEG S.A.
COVID- 19	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-cov-2)
EPC	Engineering, procurement and construction
ESG	Environmental, social and governance
EUR	Euro, the lawful currency of the member states of the European Union
FSC	ROC Financial Supervisory Commission
ICSG	The International Copper Study Group
MOPS	Market Observation Post System of the Taiwan Stock Exchange
NT dollars, NTD or NT\$	New Taiwan dollars, the lawful currency of the Republic of China
RKEF	rotary kiln electric furnace
SMM	Shanghai Metals Market, an integrated internet platform providing benchmark prices, analysis, news and conferences of the metals and mining industry
SMR	Steel & Metals Market Research GmbH, an independent market research company providing market intelligence covering specific segments or entire markets for the global specialty steel industry
PFIC	Passive foreign investment company

QDII	Qualified domestic institutional investor
TDCC	Taiwan Depository & Clearing Corporation
Tsingshan	PT Indonesia Tsingshan Stainless, a company incorporated in Indonesia
U.S., US or United States	The United States of America, its territories, its possessions and all areas subject to its jurisdiction
US dollars, USD, or US\$	United States dollars, the lawful currency of the United States of America
Worldstainless	The World Stainless Association, a not-for-profit research and development association which was founded in 1996 as an international stainless steel forum

SUMMARY

The following summary is qualified in its entirety by the more detailed information contained elsewhere in this Offering Circular. This summary may not contain all of the information you should consider before deciding to invest in the GDSs. We recommend that you read this Offering Circular carefully, including the consolidated financial statements and related notes which appear in the F-pages of this Offering Circular and “Risk Factors.”

Overview

Established in 1966, we are a leading manufacturer of stainless steel and wires and cables products in Taiwan. In recent years, we have expanded our stainless steel business into Europe through our acquisition of Cogne, and validated an innovative customer-centric business model for our wires and cables business to enhance customer stickiness and profitability. In addition, we have established the resources business and ramped up nickel pig iron and nickel matte production capacities in Indonesia.

For our stainless steel business, we specialize in producing stainless-steel long products in Asia and Europe, with a focus on specialty steel. According to SMR, in 2021, we were the third-largest manufacturer of stainless steel long products in the world in terms of production volume. Our stainless steel business is principally engaged in production and sales of billets, slabs, steel ingots, hot-rolled bars, cold- and hot-rolled coils, wire rods, cold-finished bars, and seamless pipes and tubes. Our stainless steel production process allows us to integrate the production of upstream and downstream products along the supply chain in a flexible and streamlined manner. Our global presence of stainless steel business covers Taiwan, the PRC, Southeast Asia, Europe, Northeast Asia, Middle East, India, Australia, New Zealand and North America, which enables us to provide stable and fast service and delivery to our customers.

We entered the resources business by establishing PT Walsin Nickel Industrial Indonesia in December 2019. Today, our resources business encompasses production and sales of nickel pig iron, an upstream material for the stainless steel business, and nickel matte, a critical metal for the battery value chain. Based on the total production volume in Indonesia according to SMM, our nickel pig iron production volume of 41,000 tonnes represented 3.5% of the total production volume in Indonesia in 2022. With our nickel matte production capacity, we are able to tap into the supply chain of battery industry for electric vehicles. Our plant under PT. Sunny Metal Industry commenced production of nickel matte in the first quarter of 2023 and is able to flexibly switch between nickel pig iron and nickel matte based on market conditions. We are also engaged in trading services for sales of semi-finished stainless steel as well as procurement and hedging of certain other metal raw materials.

Having a history of more than 50 years, we have become a leading manufacturer of power cable products in Taiwan. We have a comprehensive product line of wires and cables, including bare copper wires, copper rods, power cables, optical fiber cables, industrial cables and communication cables. Further, we entered into a joint venture agreement with NKT HV Cables AB in March 2023 to jointly develop submarine cable business in Taiwan.

In addition to our three core business segments, we also operate two commercial real properties in Nanjing and Taipei respectively.

In 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, we had operating revenue of NT\$112,546.6 million, NT\$156,664.8 million, NT\$180,400.7 million (US\$5918.7 million), NT\$42,557.4 million and NT\$50,713.6 million (US\$1,663.8 million), respectively. In the same periods, we had net income of NT\$7,005.8 million, NT\$15,257.3 million, NT\$19,140.1 million (US\$628.0 million), NT\$3,888.2 million and NT\$2,510.7 million (US\$82.4 million), respectively.

Competitive Strengths

We believe our success is primarily attributable to the following competitive strengths:

- Distinguished Asian multinational corporation with leading stainless steel long product business, emerging nickel resources business and well-established cables and wires business in key business markets;
- Industry leading specialty stainless steel capabilities, focusing on high-value applications and strategically selected end markets;
- Promising resources business securing access to nickel, a critical metal for stainless business as well as battery value chain;
- Validated innovative customer-centric business model in wires and cables business, focusing on delivering high-value products and services;
- Pioneer in environmental awareness and sustainable development with leading ESG initiatives;
- Track record of business portfolio optimization leading to sustainable revenue growth with margin uplift; and
- Visionary management with a strong execution capability.

Our Business Strategies

We plan to pursue the following strategies to achieve our success:

- Drive stainless-steel business expansion into Europe and achieve integration and synergy within the Group with a focus on high-value specialty materials;
- Continue to develop and grow resources business and expand production capacity of nickel resources;
- Continue to grow wires and cables business through innovative customer-centric business model and expansion into submarine cable business;
- Continue to drive business portfolio transformation, capturing new market opportunities for future growth; and
- Continue selective M&A and partnership strategy to strengthen group capabilities in key growth and high-value areas.

Corporate and Other Information

We were incorporated in Taiwan on December 2, 1966. Our registered office address is at 25/F, No.1, Songzhi Road, Taipei, Taiwan, ROC. On November 3, 1972, we became a public offering company, and our Common Shares were listed on the TWSE under the ticker of "1605."

Our website address is <https://www.walsin.com>. The information on our website is not part of this Offering Circular.

Recent Developments

On June 26, 2023, PT. Walhsu Metal Industry, a subsidiary owned by us as to 50.14% equity interest, entered into a construction agreement and an equipment procurement agreement with PT. Perintis Makmur Indonesia as construction service provider and Eternal Tsingshan Group Limited as equipment supplier for cash considerations of US\$37.4 million and US\$49.3 million, respectively. We owns 50.05% equity interest through PT. Sunny Metal Industry and 0.09% equity interest through PT Walsin Nickel Industrial Indonesia, respectively, in PT. Walhsu Metal Industry. We entered into such transactions for the purposes of upgrading the nickel matte production line and developing production capacity of high nickel matte under PT. Sunny Metal Industry.

On May 23, 2023, we completed the investment in Innovation West Mantewe Pte. Ltd by purchasing its 40.0% equity interest from Glory Merry Limited for a cash consideration of US\$79.2 million. Innovation West Mantewe Pte. Ltd. is incorporated in Singapore and holds 45% equity interest in PT. Transcoal Minergy, which is principally engaged in coal mining in Indonesia. Through the investment, we are expected to enhance the stability of energy supply through natural hedging for our nickel resources business in

Indonesia.

On May 5, 2023, Cogne, a subsidiary owned by us as to 70.0% equity interest, agreed to purchase from Mutares Holding-33 GmbH 100.0% equity interest in Special Melted Products Ltd. for a cash consideration of up to GBP144 million. Special Melted Products Ltd. is a UK-based manufacturer of premium, specialty steels and nickel based super alloys used in critical applications for the aerospace, oil and gas and civil nuclear industries. Through the acquisition, we expect to further enhance our specialty steel capacities in Europe. We are in the process of completing the acquisition.

On April 11, 2023, we issued domestic unsecured bonds of NT\$5,300 million, each with a face value of NT\$10 million. The bonds are issued in two classes, Class A bonds of NT\$3,000 million for 5 years and Class B bonds of NT\$2,300 million for 10 years. The annual interest rates are 1.7% for Class A bonds and 2.1% for Class B bonds, respectively. Since the issuance date, the interest will be paid once a year, and the principal will be repaid once due. The unsecured bonds are listed on the TPEX.

In April and May 2023, our unaudited consolidated operating revenue were NT\$16,250.4 million and NT\$17,711.3 million, respectively, compared to NT\$17,201.7 million and NT\$17,631.0 million, respectively, in the same months of 2022. The consolidated operating revenue data for April and May, 2023 has not been audited nor reviewed by our auditor and is subject to adjustments based upon, among other things, completion of applicable reporting processes. Actual results could differ materially from the financial data provided above.

Except as disclosed in this Offering Circular, there has been no significant change in our financial condition, capitalization or prospects since March 31, 2023 or material adverse change in our financial, operational or trading positions or prospects since March 31, 2023. For further information about trends, uncertainties or events that are likely to have a material adverse effect on our prospects, see "Risk Factors."

SUMMARY FINANCIAL AND OTHER DATA OF WAL SIN LIHWA CORPORATION (華新麗華股份有限公司)

The following tables present our summary financial information. The following summary financial data are derived from the consolidated financial statements of Walsin Lihwa Corporation. The data should be read in conjunction with the consolidated financial statements, related notes and other financial information included in this Offering Circular. We have prepared this information using the consolidated financial statements of Walsin Lihwa Corporation as of and for the years ended December 31, 2020, 2021 and 2022 and as of and for the three months ended March 31, 2022 and 2023. The consolidated financial statements as of and for the years ended December 31, 2020, 2021 and 2022 have been audited, and the unaudited interim consolidated financial statements as of and for the three months ended March 31, 2022 and 2023 have been reviewed, by our independent auditors.

Summary Consolidated Statements of Comprehensive Income

	Year ended December 31,				Three months ended March 31,		
	2020	2021	2022		2022	2023	
	NT\$	NT\$	NT\$	US\$	NT\$	NT\$	US\$
		(audited)		(unaudited)		(unaudited)	
(in thousands, except for share information)							
Operating Revenue.....	112,546,603	156,664,766	180,400,719	5,918,659	42,557,415	50,713,578	1,663,831
Operating Costs.....	(100,078,265)	(136,855,301)	(163,054,414)	(5,349,555)	(37,064,999)	(46,084,931)	(1,511,973)
Gross Profit.....	12,468,338	19,809,465	17,346,305	569,104	5,492,416	4,628,647	151,858
Operating Expenses							
Selling and marketing expenses	(1,868,164)	(2,487,342)	(2,880,008)	(94,488)	(777,427)	(509,506)	(16,716)
General and administrative expenses	(3,091,413)	(3,784,683)	(4,748,280)	(155,784)	(974,075)	(1,319,734)	(43,298)
Research and development expenses	(123,699)	(191,888)	(219,303)	(7,195)	(50,414)	(60,996)	(2,001)
Total operating expenses	(5,083,276)	(6,463,913)	(7,847,591)	(257,467)	(1,801,916)	(1,890,236)	(62,015)
Profit From Operations.....	7,385,062	13,345,552	9,498,714	311,637	3,690,500	2,738,411	89,843
Non-Operating Income and Expenses							
Interest income.....	261,523	91,952	240,793	7,900	20,083	116,501	3,822
Dividend income.....	110,990	561,499	766,857	25,159	311,092	346,657	11,373
Other income.....	136,095	549,102	1,130,256	37,082	174,816	121,786	3,996
Gain (loss) on disposal of property, plant and equipment.....	(7,979)	20,468	68,051	2,233	(2,647)	(3,518)	(115)
Gain (loss) on disposal of investments	(75,927)	679,207	7,210,043	236,550	(634,660)	531,087	17,424
Foreign exchange gain/(loss), net	(66,726)	(237,222)	1,748,708	57,372	181,730	(128,896)	(4,229)
Gain (loss) on valuation of financial assets and liabilities at fair value through profit or loss.....	732,121	647,228	265,134	8,699	(168,132)	154,240	5,060
Other expenses	(381,505)	(231,656)	(305,781)	(10,032)	(39,293)	(91,129)	(2,990)
(Recognition) reversal of impairment loss.....	674	(693,892)	(87)	(3)	59	1	-
Interest expense	(539,982)	(417,951)	(827,715)	(27,156)	(129,565)	(455,084)	(14,930)
Share of profit (loss) of associates accounted for using the equity method	1,696,319	4,808,211	3,607,040	118,341	1,150,732	(220,488)	(7,234)
Total non-operating income and expenses	1,865,603	5,776,946	13,903,299	456,145	864,215	371,157	12,177
Profit Before Income Tax From Continuing Operations.....	9,250,665	19,122,498	23,402,013	767,782	4,554,715	3,109,568	102,020
Income Tax Expense	(2,244,864)	(3,865,184)	(4,261,937)	(139,827)	(666,531)	(598,891)	(19,649)
Net Profit for the Year/Period.....	7,005,801	15,257,314	19,140,076	627,955	3,888,184	2,510,677	82,371
Other Comprehensive Income (Loss), net of income tax	3,338,209	5,113,693	(2,619,430)	(85,939)	617,175	5,919,285	194,203
Total Comprehensive Income for the Year/Period.....	10,344,010	20,371,007	16,520,646	542,016	4,505,359	8,429,962	276,574
Net Profit Attributable To:							
Owners of the company.....	6,691,149	14,642,629	19,352,097	634,911	3,834,617	2,095,226	68,741
Non-controlling interests.....	314,652	614,685	(212,021)	(6,956)	53,567	415,451	13,630
	7,005,801	15,257,314	19,140,076	627,955	3,888,184	2,510,677	82,371
Total Comprehensive Income (Loss) Attributable To:							
Owners of the company.....	10,114,207	19,791,160	16,639,046	545,901	4,443,474	8,204,414	269,174
Non-controlling interests.....	229,803	579,847	(118,400)	(3,885)	61,885	225,548	7,400
	10,344,010	20,371,007	16,520,646	542,016	4,505,359	8,429,962	276,574
Earnings Per Share.....							
Basic earnings per share.....	2.04	4.27	5.45	-	1.12	0.56	-
Diluted earnings per share.....	2.04	4.26	5.44	-	1.12	0.56	-

Segment Reporting

Operating Revenue

	Year ended December 31,				Three months ended March 31,		
	2020	2021	2022		2022	2023	
	NT\$	NT\$	NT\$	US\$	NT\$	NT\$	US\$
					(unaudited)		
	(in thousands)						
Stainless steel business.....	46,030,715	67,417,565	79,025,174	2,592,689	19,205,425	24,911,928	817,320
Resources business.....	Nil	8,571,368	23,469,051	769,982	5,687,626	10,900,090	357,614
Wires and cables business.....	41,378,992	62,302,436	58,861,592	1,931,155	14,823,697	11,678,995	383,169
Real estate business.....	7,099,820	1,882,235	1,972,699	64,721	490,560	515,282	16,906
Other businesses*.....	18,037,076	16,491,162	17,072,203	560,112	2,350,107	2,707,283	88,822
Total.....	112,546,603	156,664,766	180,400,719	5,918,659	42,557,415	50,713,578	1,663,831

*Note: Other businesses include reinvestment and certain other administrative operations as well as solar EPC business.

Segment Income

	Year ended December 31,				Three months ended March 31,		
	2020	2021	2022		2022	2023	
	NT\$	NT\$	NT\$	US\$	NT\$	NT\$	US\$
					(unaudited)		
	(in thousands)						
Stainless steel business.....	1,196,472	5,876,831	4,463,460	146,439	1,551,982	905,762	29,717
Resources business.....	(53,818)	4,009,584	7,011,709	230,043	2,595,685	1,464,346	48,043
Wires and cables business.....	1,242,325	2,267,026	2,983,318	97,878	673,410	775,385	25,439
Real estate business.....	3,583,825	214,240	94,428	3,098	61,920	(24,857)	(816)
Other businesses*.....	1,252,635	977,871	(5,054,201)	(165,820)	(1,192,497)	(382,225)	(12,540)
Total.....	7,221,439	13,345,552	9,498,714	311,638	3,690,500	2,738,411	89,843

*Note: Other businesses include reinvestment and certain other administrative operations as well as solar EPC business.

Summary Consolidated Balance Sheets

	As of December 31,				As of March 31,		
	2020	2021	2022		2022	2023	
	NT\$	NT\$	NT\$	US\$	NT\$	NT\$	US\$
		(audited)		(unaudited)		(unaudited)	
	(in thousands)						
Assets							
Total current assets.....	56,176,808	69,320,640	92,707,385	3,041,581	89,173,685	84,504,673	2,772,463
Total non-current assets.....	95,387,198	113,714,258	159,817,468	5,243,355	115,826,602	166,540,761	5,463,936
Total assets.....	151,564,006	183,034,898	252,524,853	8,284,936	205,000,287	251,045,434	8,236,399
Liabilities							
Total current liabilities.....	31,458,157	38,852,513	60,869,368	1,997,027	46,743,168	60,088,961	1,971,423
Total non-current liabilities.....	32,825,019	36,236,117	61,834,273	2,028,683	45,729,103	59,456,658	1,950,678
Total liabilities.....	64,283,176	75,088,630	122,703,641	4,025,710	92,472,271	119,545,619	3,922,100
Total equity.....	87,280,830	107,946,268	129,821,212	4,259,226	112,528,016	131,499,815	4,314,298
Total liabilities and equity.....	151,564,006	183,034,898	252,524,853	8,284,936	205,000,287	251,045,434	8,236,399

Summary Consolidated Statements of Cash Flow

	As of December 31,				As of March 31,		
	2020	2021	2022		2022	2023	
	NT\$	NT\$	NT\$	US\$	NT\$	NT\$	US\$
		(audited)		(unaudited)		(unaudited)	
	(in thousands)						
Net cash generated from (used in) operating activities.....	7,147,930	1,316,155	13,904,807	456,195	(8,693,696)	3,535,360	115,990
Net cash used in investing activities.....	(12,309,881)	(985,974)	(26,346,546)	(864,388)	(1,396,843)	(6,584,387)	(216,023)
Net cash generated from (used in) financing activities.....	5,610,868	(2,279,516)	20,318,482	666,617	12,449,190	(8,134,118)	(266,867)

Effects of exchange rate changes on the balance of cash held in foreign currencies.....	(257,515)	392,508	1,133,649	37,193	1,238,702	1,898	62
Net increase (decrease) in cash and cash equivalents.....	191,402	(1,556,827)	9,010,392	295,617	3,597,353	(11,181,247)	(366,839)

Other Financial Data

	Year ended December 31,			Three months ended March 31,	
	2020	2021	2022	2022	2023
				(unaudited)	
Gross margin ⁽¹⁾	11.1%	12.6%	9.6%	12.9%	9.1%
Operating margin ⁽²⁾	6.6%	8.5%	5.3%	8.7%	5.4%
Net margin ⁽³⁾	6.2%	9.7%	10.6%	9.1%	5.0%
EBITDA (in thousands) ⁽⁴⁾⁽⁶⁾	NT\$12,231,645	NT\$22,371,262	NT\$28,681,030 (US\$940,979)	NT\$5,688,337	NT\$5,304,806 (US\$174,042)
EBITDA margin ⁽⁵⁾⁽⁶⁾	10.9%	14.3%	15.9%	13.4%	10.5%

- (1) Gross margin is calculated by dividing gross profit by operating revenue.
- (2) Operating margin is calculated by dividing income from operations by operating revenue.
- (3) Net margin is calculated by dividing net income by operating revenue.
- (4) EBITDA is defined as profit before income tax from continuing operations adding back depreciation (but excluding non-operating depreciation), amortization and interest expense.
- (5) EBITDA margin is calculated by dividing EBITDA by operating revenue.
- (6) The Company has presented EBITDA and EBITDA margin because the Company considers them important supplemental measures of our operating performance and believe they are frequently used by analysts, investors and other interested parties in the evaluation of companies in our industry. The Company's management uses EBITDA and EBITDA margin as additional measurement tools for purposes of business decision-making, including developing budgets, managing expenditures and evaluating potential acquisitions or divestitures. Other companies in our industry may calculate EBITDA and EBITDA margin differently than the Company does. EBITDA and EBITDA margin are not measures of operating performance under Taiwan IFRS and should not be considered as a substitute for, or superior to, income from operations or operating margin prepared in accordance with Taiwan IFRS. EBITDA and EBITDA margin have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under Taiwan IFRS. You are encouraged to evaluate these adjustments and the reasons the Company considers them appropriate for supplemental analysis. In evaluating EBITDA and EBITDA margin, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. The Company's presentation of EBITDA and EBITDA margin should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

THE OFFERING

The following is only a summary and is qualified in its entirety by reference to the “Description of the Global Depositary Shares.”

Issuer	Walsin Lihwa Corporation
The GDS Offering	30,000,000 GDSs representing 300,000,000 new Common Shares to QIBs, in the United States in reliance on Rule 144A (the “ Rule 144A GDSs ”), and outside the United States in reliance on Regulation S (the “ Regulation S GDSs ”).
Shares Outstanding Immediately Before the GDS Offering	3,731,332,948 Common Shares.
Shares Outstanding Immediately after the GDS Offering	Immediately after this offering, there will be 4,031,332,948 Common Shares issued and outstanding.
The GDSs	Each GDS represents 10 Common Shares. The Rule 144A GDSs will be issued pursuant to a Rule 144A deposit agreement (the “ Rule 144A Deposit Agreement ”), and the Regulation S GDSs will be issued pursuant to a Regulation S deposit agreement (the “ Regulation S Deposit Agreement ”), and together with the Rule 144A Deposit Agreement (the “ Deposit Agreements ”).
Offering Price	US\$12.97 per GDS.
Closing Date	On or about June 30, 2023
Use of Proceeds	The net proceeds to be received by us from the GDS Offering is expected to be US\$384,520,790, after deducting underwriting commissions and related expenses of US\$4,579,210. We intend to use the net proceeds of the GDS Offering for the procurement of raw materials in foreign currencies. See “Use of Proceeds.”
Lock-Ups	We have agreed that, subject to certain exceptions, from the date hereof and until 90 days after the Closing Date, we and certain of our shareholders, officers and directors will not, without the prior written consent of the Initial Purchaser, lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to (1) swap or other agreements that transfer to another, in whole or in part, any of the economic consequences of ownership of the Shares, the GDSs or any equity securities (the “ Equity Securities ”) of the Company or (2) cash settlement or otherwise) by the Company or any of its Affiliate or any person in privity with the Company or any of its Affiliate) directly or indirectly, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of

Section 16 of the Exchange Act, and the rules and regulations of the Commission promulgated thereunder, with respect to, or announce the offering of, any Shares, GDSs or Equity Securities or any securities convertible into, or exchangeable for, the Shares, the GDSs or the Equity Securities. See “Plan of Distribution.”

Form and Issuance Procedure.....

We will deliver a certificate of payment, or the Certificate of Payment evidencing the right to receive underlying common shares to Citibank Taiwan Limited, as Custodian for Citibank, N.A., as the Depositary, which in turn will deliver the GDSs. Upon receipt by the Custodian of the Certificate of Payment, the Depositary will deliver (i) a Rule 144A master global depositary receipt (the “**Rule 144A Master GDR**”), evidencing the Rule 144A GDSs, to be registered in the name of Cede & Co., as nominee for DTC, and (ii) a Regulation S master global depositary receipt (the “**Regulation S Master GDR**”) evidencing the Regulation S GDSs, to be registered in the name of Deutsche Bank AG, London Branch, as the common depositary of Euroclear and Clearstream. As a result, the Regulation S GDSs will not be eligible for settlement through DTC.

The Shares will be issued with par value of NT\$10.00 per share and in scripless form. No later than the second business day in the ROC following the Closing Date, we will apply to the TWSE for listing of the certificates of payment in scripless form (the “**Individual Scripless Certificates of Payment**”), in respect of the underlying Shares. It is expected that the TWSE will approve the listing of the Shares on or around the fourth business day in the ROC following the Closing Date (such approval date being the “**Share Listing Date**”) although we cannot assure you that such approval will be obtained by such date (if at all). Immediately upon such listing, the number of Shares as represented by the Individual Scripless Certificates of Payment will be credited into the Depositary’s account with the Custodian through the book-entry system maintained by the TDCC; the Certificate of Payment we delivered to the Custodian on the Closing Date will be replaced by the Individual Scripless Certificates of Payment. We will issue and deliver the underlying Shares (registered in the name of the Depositary or its nominee) to the Custodian in scripless form in respect of the Individual Scripless Certificates of Payment on or about 30 to 50 calendar days after the Closing Date, subject to obtaining approvals from relevant government authorities and the TWSE.

Except where the context otherwise requires, all references in this Offering Circular to the shares represented by the GDSs assume that we have received approval from the TWSE for the listing of the Individual Scripless Certificates of Payment, and during the period immediately prior to the Share Listing Date those references shall be deemed as

references to the Certificate of Payment initially delivered to the Custodian.

Withdrawal of Shares.....

From the Share Listing Date, subject to the listing approval from the TWSE and the provisions of the applicable Deposit Agreement, you may surrender GDSs for the purpose of withdrawal of the underlying Shares or interests in the underlying certificates of payment. Under ROC market practice, you will not be able to receive the underlying Shares until two ROC Business Days after the Share Listing Date. Interests in the certificates of payment, without physical certificates and maintained in the book entry settlement system, carry the same rights as those attaching to the Shares and are eligible for trading on the TWSE in the same manner as Shares. Delivery of the irrevocable right to receive the underlying withdrawn Shares, evidenced by the Individual Scripless Certificates of Payment will only be made by the Custodian through the book-entry system maintained by the TDCC. See “Description of the Global Depositary Shares.”

Issuance of Additional GDSs.....

Under current ROC law and as provided in the Deposit Agreements, after the Initial Deposit (as defined in “Description of the Global Depositary Shares”), no deposits of Shares may be made in the depositary receipt facility, and no GDSs may be issued against such deposits without specific approval of the FSC, except for the deposit of Shares and the issuance of additional GDSs in connection with (i) dividends on, or free distributions of, Shares, (ii) the exercise by holders of existing GDSs of their pre-emptive rights in the event of capital increases for cash, (iii) to the extent previously issued GDSs have been canceled and as permitted under the Deposit Agreements, the deposit of shares owned or purchased directly by a person or through the Depositary on the TWSE for the deposit in the deposit receipt facility, but such that the total number of GDSs outstanding after an issuance described in this clause does not exceed the number of GDSs issued and previously approved by the FSC in connection with this offering plus any GDSs created under clauses (i) and (ii) described above, and (iv) upon the exchange of Rule 144A GDSs for Regulation S GDSs and vice versa, subject to any adjustment to the number of shares represented by each GDS. See “Description of the Global Depositary Shares.”

Voting Rights.....

Holders of the GDSs will not be able to exercise voting rights on an individual basis. Holders of the GDSs may exercise voting rights with respect to the underlying shares only in accordance with the terms of the Deposit Agreements. Subject to the terms of the Deposit Agreements, if holders representing at least 51% of the GDSs outstanding at the relevant record date instruct the Depositary to vote in the same manner regarding a resolution, including the election of directors, the Depositary will cause all Shares represented by the GDSs to be voted in that manner. If the Depositary does not receive timely instructions representing at least 51% of the GDSs outstanding at the relevant record date to vote in

the same manner for any resolution, including the election of directors, holders of GDSs will be deemed to have instructed the Depositary or its nominee to authorize all the Shares represented by the GDSs to be voted at the discretion of our chairman or his/her designee. See “Description of the Global Depositary Shares – Voting Rights.”

Dividends Subject to the terms of the Deposit Agreements and ROC laws, holders of GDSs will be entitled to receive dividends, to the same extent as the holders of the Shares, less the fees, costs and expenses payable under the Deposit Agreements and any tax applicable to such dividends. See “Dividends and Dividend Policy.”

ROC Tax Dividends (whether in cash or Shares) distributed by us out of retained earnings and distributed to non-ROC holders in respect of Shares represented by GDSs are subject to ROC withholding tax. The current rate of withholding tax for non-ROC holders is 21% (unless a preferable tax rate is provided under a tax treaty between the ROC and the jurisdiction where the non-ROC holder is a resident) on the amount of the distribution (in the case of cash dividends) or on the par value of the Shares (in the case of stock dividends). Distributions of Shares declared by us out of capital reserves are not subject to ROC withholding tax. Distributions of Common Shares declared by us out of capital surplus are in general not subject to ROC withholding tax.

Under ROC law, capital gains derived from sales of Shares are exempt from ROC income tax. Capital gains derived from sales of GDSs by non-ROC holders are not subject to ROC income tax.

ROC securities transaction tax will apply to the sales of Shares at the rate of 0.3% of the gross sales proceeds. Transfers of our GDSs are not subject to ROC securities transaction tax.

The Depositary is subject to either a securities transaction tax on the gross amount received upon sale of statutory subscription rights evidenced by securities in a rights offering for cash, or a capital gain tax on the gains realized if such subscription rights are not evidenced by securities. Holders of GDSs are responsible for such taxes and any fees, costs and expenses in connection therewith under the Deposit Agreements. See “Taxation – ROC Taxation.”

Exchange Controls..... Under existing ROC laws and regulations relating to foreign exchange controls, the Depositary or a holder of GDSs is not required to obtain foreign exchange approval from the CBC for the conversion into foreign currencies of (i) any net proceeds realized from the sale of any or all of the Shares underlying the GDSs, (ii) the proceeds received from the sale of Shares received as stock dividends in respect of such Shares and deposited into the depositary receipt facility or (iii) any cash dividends or cash distributions received. In

addition, the Depositary may convert inward remittances of payments into NT dollars for purchase of shares for deposit in the depositary receipt facility against the issuance of additional GDSs without applying for any such approvals. A holder of GDSs, after becoming a holder of Shares, may without obtaining further approval from the CBC convert NT dollars into other currencies, including US dollars, from proceeds from the sale of any underlying Shares withdrawn from the depositary receipt facility or any cash dividends or distributions received and the subscription payment for rights offering. However, the Depositary or a holder of GDSs may be required to obtain foreign exchange approval from the CBC on a payment-by-payment basis for conversion from NT dollars into foreign currencies in respect of the sale of subscription rights for the Shares if the proceeds are in excess of US\$100,000 per remittance.

Settlement

In the case of the Rule 144A GDSs, the Rule 144A GDSs will be evidenced by the Rule 144A Master GDR, which will be deposited with a custodian for, and registered in the name of, Cede & Co, as nominee for DTC. As long as any Rule 144A GDSs are held in book-entry form, Cede & Co. will be the holder of record of all such Rule 144A GDSs. Accordingly, each person owning a beneficial interest in the Master Rule 144A GDR certificate must rely upon the procedures of DTC and institutions having accounts with DTC to exercise or to be entitled to any rights of a Rule 144A GDS holder. So long as any Rule 144A GDSs settle through DTC's book-entry settlement system or unless otherwise required by law, ownership of beneficial interests in the Master Rule 144A GDR certificate will be shown on, and the transfer of such ownership will be effected only through, records maintained by (i) DTC or its nominee (with respect to DTC participants' interests) or (ii) DTC participants.

In the case of Regulation S GDSs, each of Euroclear and Clearstream will accept the Regulation S GDSs into its book-entry settlement system. The Regulation S GDSs will be evidenced by the Regulation S Master GDR, which will be deposited with, and registered in the name of Deutsche Bank AG, London Branch, as common depositary for Euroclear and Clearstream. Accordingly, each person owning a beneficial interest in the Master Regulation S GDR certificate must rely upon the procedures of the common depositary, Euroclear and Clearstream and institutions having accounts with Euroclear, or Clearstream to exercise or to be entitled to any rights of a Regulation S GDS holder. So long as any Regulation S GDSs settle through the book-entry settlement systems of Euroclear, or Clearstream, or unless otherwise required by law, ownership of beneficial interests in the Master Regulation S GDR certificate will be shown on, and the transfer of such ownership will be effected only through, records maintained by (i) Euroclear, Clearstream and their common depositary (and its nominee) with respect to Euroclear and Clearstream participants' interests or (ii) Euroclear and Clearstream participants. Settlement of the

	Regulation S GDSs will take place through Euroclear and Clearstream or the common depository in accordance with the settlement procedures applicable to equity securities in the Euromarket.
Delivery of GDSs	Delivery of the GDSs, against payment in same-day funds, will be on the Closing Date.
Listing	The Common Shares are listed on the TWSE under the trading code 1605. We have applied to list the GDSs, which consist of the Rule 144A GDSs and Regulation S GDSs, on the official list of the Luxembourg Stock Exchange and to trade the GDSs on the Euro MTF Market of the Luxembourg Stock Exchange.
Governing law	Each Deposit Agreement is governed by, and construed in accordance with, the laws of the State of New York.
Depository	Citibank, N.A., LEI being E57ODZWZ7FF32TWEFA76, and incorporated on June 16, 1812 with indefinite duration. The Depository operated under the National Banking Association under the National Bank Act of 1864 of the United States of America and is primarily regulated by the United States Office of the Comptroller of the Currency.
Custodian	Citibank Taiwan Limited
Transfer restrictions	None of the GDSs or the Shares has been registered under the Securities Act, and those securities are subject to restrictions on transfer. See “Transfer Restrictions.”
Legal Entity Identifier	254900SKYY99YINZ3U83

RISK FACTORS

Risks Relating to Our Business

Our results of operations and financial condition may be materially and adversely affected by raw material prices.

Our results of operations and financial condition have been materially affected by raw material prices. Cost of raw materials accounts for a majority of our operating costs. Steel scraps and nickel are the principal raw materials we use in our stainless steel business. In our resources business, laterite nickel ore is the principal raw material and coal is the major source of energy. Copper is the principal raw material we use in our wires and cables business.

The prices of steel scraps, nickel and copper fluctuate depending on various factors that are beyond our prediction, including primarily global economic and political conditions, such as inflation, rising interest rate and, for the price of copper, economic sanctions on Russia which is a nickel iron and copper producer, as well as market supply and demand, all of such are beyond our control. Consequently, our cost for purchase of steel scraps, nickel and copper fluctuates constantly. In recent years, prices of steel scraps, nickel and copper have been volatile. For example, the prices of steel scraps, nickel and copper experienced on average 50-day volatility levels of 12.3%, 49.0% and 21.0%, respectively, from January 3 to June 8, 2023. In addition, we experienced significant increases in prices of nickel, one of our key raw materials, and coal, one of our energy sources, since December 2021 due to the Russia-Ukraine military conflict. Surging nickel and coal price had inevitably exerted pressure on our profit margins of our stainless steel and resources businesses in 2022. In addition, our profit margins may be adversely affected due to increases in prices of raw materials in general as a result of global inflation since 2022.

We mitigate the adverse effects of such volatility by tapping into the production and sales of certain upstream raw materials, sourcing from various suppliers, increasingly sourcing from the Asia-Pacific region to minimize logistics costs, adjusting the combination of raw materials, optimizing our production processes, reducing production costs, and typically passing on changes in raw material prices for our wires and cables and stainless steel products to our customers. However, there is no guarantee that these mitigation efforts would be as effective as we expect, or at all, and our ability to pass on fluctuations in the raw material prices of our nickel products under our resources segment is limited as prices for these nickel products are largely standard and thus dictated by supply and demand.

Moreover, in the ordinary course of our business we maintain inventories of raw materials and finished products reasonably necessary for the conduct of our business, and these inventories typically reflect the cost of copper and nickel prevailing in the market at the time of purchase. A long-term decrease in the price of raw materials would require us to revalue our inventory at periodic intervals to the then net realizable value, which could be below cost. Prices of raw materials have been subject to considerable volatility and it is not always possible to manage our purchases of raw materials and inventory so as to neutralize the impact of price volatility.

If we fail to effectively manage the fluctuations of both raw material prices and product prices in our end market caused by market forces in the future, our results of operations and financial condition will be materially and adversely affected.

There is uncertainty regarding our future business growth.

A key element of our business strategy involves the expansion of our operations and investment in new business initiatives. The construction of additional plants and launch of new projects involve substantial capital expenditure and other risks associated with major projects, such as cost overruns, delays in implementation, regulatory approvals and technical and economic viability, and changes in market conditions, any of which may adversely affect our business, financial condition and prospects. Factors which may contribute to delays and cost overruns include price changes and availability of key equipment

or materials, the cost and availability of financing, risks relating to construction, changes in safety and/or environmental requirements, changes in the economic conditions, adverse weather conditions, natural disasters, epidemics and outbreaks of contagious diseases, accidents and unforeseen circumstances and problems. The successful implementation of our expansion plans also depends on a number of factors including, among others, continued and increased demand in Taiwan and the specialty steel industry, competition, government policies and our managerial, operational and financial resources.

There is no assurance that our plans can be implemented successfully as scheduled or at all nor that there will be sufficient demand at the time the increased capacity becomes available. If we cannot manage our growth effectively, or if there are any significant delays in the completion of any of the projects or a material increase in the costs of any of the projects, the implementation of our business strategy and our financial performance may be adversely affected.

Our expansion into new industries, new markets, and overseas markets may not be successful.

We continue to grow our business by entering into new industries and markets. In recent years, we expanded our resources segment into Indonesia. In December 2019, we established PT. Walsin Nickel Industrial Indonesia to tap into the production and sales of upstream raw materials for stainless steel. In 2021, construction of the nickel iron production line in Indonesia was completed, and nickel metal, the raw material for stainless steel, commenced production. In September 2022, we acquired 50.1% equity interest in PT. Sunny Metal Industry in Indonesia with nickel matte production capacity to enter the battery nickel market.

With respect to our stainless steel segment, we accelerated our development of high-value stainless steel business by acquiring 70.0% equity interest in Cogne in Italy in December 2022. Cogne complements and integrates with our plants in Taiwan and the PRC in terms of products, technology, equipment, channels and customers, allowing us to leverage its experience in developing high-end niche products and industrial certification markets. Further, Cogne, a subsidiary owned by us as to 70.0% equity interest, signed an agreement in May 2023 to purchase 100.0% equity interest in Special Melted Products Ltd., a UK-based manufacturer of premium, specialty steels and nickel based super alloys used in critical applications for the aerospace, oil and gas and civil nuclear industries, which is expected to enhance our specialty steel capacities in Europe.

Our limited operating experience and experience with regulatory environments and market practices in the new markets and industries may limit our expansion strategy, and cause our business and growth to suffer. We may face different market dynamics and competition as we expand our presence in the new industries and markets, and may not be as successful as our competitors in generating revenues in those industries and markets. Any expansion efforts could be more costly and less profitable than our efforts in our existing markets. We may lack knowledge of the local regulatory environment, market conditions, cultural and economic background, labor market and competitive landscape. In particular, the expansion of our businesses outside of Taiwan and the PRC will expose us to risks and challenges inherent in operating businesses internationally, including:

- increased resource requirements to manage regulatory compliance across our international businesses;
- failure to attract and retain capable talent with international and local perspectives who can effectively manage and operate local businesses;
- uncertain enforcement of our intellectual property rights in different jurisdictions;
- uncertain, complex and potentially adverse and conflicting customs, import/export laws, currency controls, anti-dumping rules, tax rules and regulations or other trade barriers or restrictions, which could negatively affect margins on sales of our products in foreign countries and on sales of products that include components obtained from foreign suppliers;

- credit and collectability risks on our trade receivables with customers in different regions;
- availability, reliability and security of international and cross-border payment systems and logistics infrastructure;
- exchange rate fluctuations;
- political instability and general economic or political conditions in particular countries or regions, including territorial or trade disputes, war and terrorism;
- challenges in replicating or adapting the Company policies and procedures to operating environments different from that of Taiwan and the PRC;
- challenges of maintaining efficient and consolidated internal systems, and of achieving customization and integration of these systems;
- lack of acceptance of our product and service offerings, and challenges of localizing our offerings to appeal to local tastes;
- increased competition with local players in different markets and sub-markets; and
- protectionist or national security policies that restrict our ability to invest in or acquire companies, develop, import or export certain technologies, or utilize technologies that are deemed by local governmental regulators to pose a threat to their national security.

There is no assurance that we will be able to manage these risks and challenges as we continue to grow our businesses by entering into new industries and markets. If we are less successful in the new industries and markets than we expect, we may not be able to realize an adequate return on our initial investment, and our business, results of operations and financial condition may be materially and adversely affected. Therefore, failure to manage any of the above-mentioned risks and challenges could negatively affect our ability to expand our businesses and operations, as well as materially and adversely affect our business, results of operations and financial condition.

We may not be able to realize the anticipated benefits of our mergers, acquisitions or investments

Currently, our expansion to new industries and new markets were heavily relied on acquiring or investing in other companies. See “Risk Factors – Risks Relating to Our Business – Our expansion into new industries, new markets, and overseas markets may not be successful.” Mergers, acquisitions or investments that we have entered into, and may enter into in the future, entail a number of risks that could materially and adversely affect our businesses, results of operations and financial condition, including, among others:

- problems integrating the acquired operations, technologies or products into our existing business and products;
- diversion of management’s time and attention from our other segments;
- conflicts with joint venture partners or other shareholders of the Company’s subsidiaries;
- adverse effects on our existing business relationships with customers;
- need for financial resources above our planned investment levels;

- failures in realizing anticipated synergies;
- difficulties in retaining business relationships with suppliers and customers of the acquired company;
- risks associated with entering markets in which we lack experience;
- potential loss of key employees of the acquired company; and
- potential write-offs of acquired assets.

Our failure to address these risks successfully may have a material adverse effect on our results of operations and financial condition. Any such acquisition or investment will likely require a significant amount of capital investment, which would decrease the amount of cash available for working capital or capital expenditures. In addition, if we use our equity securities to pay for acquisitions, the value of your Shares and GDSs may be diluted. If we borrow funds to finance acquisitions, such debt instruments may contain restrictive covenants that can, among other things, restrict us from distributing dividends.

On the other hand, our business portfolio optimization required us to make strategic decisions that involved the disposal of certain of our businesses. There is no guarantee that we will realize gains on our disposals of assets in the future. Our financial results could be adversely affected if we record loss from disposals of our businesses.

Our strategic alliances or other forms of cooperation with business partners may not be successful.

Since May 2020, we have been cooperating with Tsingshan by acting as their agent for the sales of semi-finished stainless steel products mainly to Taiwanese companies and overseas entities invested by these companies. We also took the pioneering opportunity to develop the submarine cable business in 2022 and signed a joint venture agreement with NKT HV Cables AB in March 2023 to jointly develop the submarine cable business for offshore wind sites in Taiwan.

As we have undertaken and will continue to undertake international operations by entering into joint ventures and other arrangements with other parties, such joint ventures and arrangements may involve risks associated with the possibility that the joint venture or investment partner may have economic or business interests or goals that are inconsistent with our interests, take actions contrary to our interests, or be unable or unwilling to fulfill its obligations under the joint venture agreement or arrangement.

There can be no assurance that we will be able to continue our relationships with our business partners. In addition, we may experience difficulties in implementing business plans with our business partners or in integrating such businesses into our business model, and therefore incur higher costs than initially anticipated. Any of these events may materially and adversely affect our business prospects, results of operations and financial condition.

Our business could be harmed and our results of operations, financial condition and liquidity could be adversely affected if we fail to maintain proper inventory levels.

We are required to maintain sufficient inventories to accommodate the needs of our customers. For our stainless steel products, we purchase raw materials on a regular basis in an effort to maintain our inventory at levels that we believe are sufficient to satisfy the anticipated needs of our customers based upon orders, customer volume expectations, historic buying practices and market conditions. However, because there is a lag time of one and a half to two months from the time we order the raw supplies to the time we accept the orders, we need to anticipate and forecast demand and supply in order to manage our inventory. This lag time may result in the use of higher-priced inventory to fill orders reflecting lower selling prices, if steel prices have decreased. We may also need to revalue our inventory in the case of delayed delivery or non-

delivery of orders for either our bare copper or stainless steel products if steel or copper prices have decreased, which may materially and adversely affect our liquidity, results of operations and financial condition.

With respect to our wires and cables business, we need to ensure short lead times and accommodate the delivery requirements of our customers for copper rods and wires. We typically enter into long-term (approximately one year) contracts for our bare copper products at approximately the same time that we purchase the raw materials for such orders, and we are therefore generally able to effectively match our inventory levels with purchases and deliveries for these products.

Excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence or write-offs, which could in turn adversely affect our results of operation and financial condition. Conversely, if we underestimate demand for our products or if our suppliers fail to supply quality products in a timely manner, we may experience inventory shortages. Inventory shortages might result in unfilled orders, negatively impacting our customer relationships, and resulting in lost revenues, any of which could harm our business and adversely affect our results of operation and financial condition.

As we have engaged in acquisitions, disposals of, and expansion into new businesses, our historical performance may not be reflective of our future performance.

We have recently acquired, disposed of, and expanded into new businesses. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Factors affecting our results of operation – Expansion, Disposition and Operational Efficiency.” Therefore, our results of operations for the three months ended March 31, 2023 are not directly comparable to our results of operations for the three months ended March 31, 2022, our results of operations for the year ended December 31, 2022 are not directly comparable to our results of operations for the year ended December 31, 2021, and our results of operations for the year ended December 31, 2021 are not directly comparable to our results of operations for the year ended December 31, 2020, due to the effects of our business acquisitions, disposals and expansions. For the same reason, the gross margin of each of our segments in a given financial period or financial year may not be comparable to the preceding financial period or financial year.

Our historic growth rates may not be reflective of our future growth. We may not be able to sustain our revenue growth rates, and our percentage revenue growth rates may decline as our revenues increase due to base effect. Reduced demand, whether due to a weakening of the global economy, competition or other reasons, may result in decreased revenues and growth, adversely affecting our operating results. As we continue to integrate the recently acquired businesses, our ability to forecast our future operating results, including revenue, cash flows and profitability, as well as the operational inefficiencies that we may face is limited and subject to a number of uncertainties. As a result, our actual revenues, market share, expenses and profitability may differ materially from our expectations.

In addition, the pro forma information included in this Offering Circular is presented for illustrative purposes only and may not be an indication of our results of operations following the acquisitions. The assumptions used in preparing the pro forma information may not prove to be accurate, and other factors may affect our results of operations following the acquisitions. Our financial results could be adversely affected if our actual results fall short of the historical results reflected in the pro forma information incorporated by reference in this Offering Circular.

We compete with a large number of companies in the stainless steel, nickel resources and wires and cables industries and, if we are unable to compete effectively, our revenues, gross profit and net income may decline.

We compete with a large number of other producers in the stainless steel, nickel resources and wires and cables industries. Competition is based principally on price, inventory availability, timely delivery, customer service, quality and processing capabilities and any increased competition could cause us to lose market share, increase expenditures or reduce pricing, any one of which could have a material adverse effect on our business, results of operations, financial condition or prospects. See “Business — Competition and

Industry Overview”. Competition in the various markets in which we participate comes from companies of various sizes, some of which have greater financial resources than we do and some of which have more established brand names in the local markets we serve. Accordingly, these competitors may be better able to withstand changes in conditions within their customers’ industries and may have greater operating and financial flexibility than us. To compete for customer sales, we may lower our prices or offer increased services at a higher cost to us, which could reduce our revenues, gross profit and net income.

Excess capacity, oversupply and the severely competitive environment in the steel industry may adversely affect our business.

The steel industry is affected by global and regional production capacity and fluctuations in steel imports and exports, as well as severe competition in the steel industry, including established producers expanding in new markets, smaller producers increasing production in anticipation of demand increases or amid recoveries, or exporters selling excess capacity from markets such as China. The global steel industry has historically suffered from structural overcapacity and global steelmaking capacity currently exceeds global consumption of steel. This overcapacity is amplified during periods of global or regional economic weakness due to weaker global or regional demand. The overcapacity of steel production in some markets and in China in particular has weighed on global steel prices in recent years. Additionally, the slowdown in the Chinese real estate sector has caused domestic demand for steel to weaken, which has not been fully offset by reduced Chinese steel production, resulting in a flood of Chinese steel exports into various regional markets, weighing on demand and depressing market prices. Should Chinese domestic demand weaken significantly, exports by Chinese steel producers would likely increase significantly again unless there is further rationalization of capacity.

A renewed phase of steel oversupply, if not counterbalanced by effective trade measures in the countries where we sell our steel products, increases in demand or both, could have a material adverse effect on our business, results of operations and financial condition.

Geopolitical tensions and volatile global economic conditions may put downward pressure on our business, financial condition, liquidity and results of operations.

The global credit markets have experienced significant volatility in recent years, including due to the global inflation, financial sector turmoil, deglobalization, the U.S.-China tensions, the Russia-Ukraine military conflict, the COVID-19 pandemic, which have led to less favorable financial and economic conditions.

In particular, there have been recent tensions between the United States and the PRC as well as a trend of deglobalization, which have continued to put pressure on manufacturers and supply chains in light of international and regional sanctions as well as tariffs that have been imposed or may be imposed by either the United States or the PRC. Since July 2018, the imposition of tariffs by the United States on products from the PRC from July 2018, and retaliation by the PRC have caused even greater volatility in the global markets. Although “phase one” of an economic and trade agreement between the United States and the PRC went into effect in February 2020 as an initial step towards resolving the trade disputes between the two countries, the effect of such an agreement and the amicable resolution of such a trade war remains elusive, and the lasting impacts any trade war may have on the global economy remain uncertain. For example, demand from the PRC clients in semi-conductor industry for our wires and cables products has decreased due to the geopolitical challenges they have faced, which may have a material adverse effect on our business and results of operations in the PRC.

In addition, the recent geopolitical conflicts relating to Ukraine have resulted in the United States and several countries in the North Atlantic Treaty Organization (NATO) imposing sanctions on Russia, following which the Russian government has issued a list of countries and territories taking “unfriendly actions” against Russia, including, among others, the ROC, Great Britain, the United States, European Union member states and Singapore. In July 2022, the Russian government has expanded the list of countries and territories to include more European countries. Corporate deals with companies and individuals from the countries and territories covered under the list will have to be approved by a Russian government commission. The Russia-Ukraine military conflict drove up the prices of some of our key raw materials in

2022. See “— Our results of operations and financial condition may be materially and adversely affected by raw material prices.” Whilst we currently do not have business operations or investment in Russia or Ukraine, it is uncertain whether our business prospects will be adversely affected as the Russia-Ukraine military conflict continues and consequential sanctions and countermeasures develop. There is no assurance that no additional cost or other negative influence will be imposed on our business and growth prospects.

If we fail to comply with environmental laws and regulations, we may be subject to fines, suspension of operations or other penalties which may have a material adverse effect on our business, results of operations and financial condition.

Due to the nature of our production facilities and manufacturing process, we are subject to a variety of environmental laws and regulations in the relevant jurisdictions relating to the environmental impact assessment, and the use, storage, discharge and disposal of solid waste, wastewater, dust and chemical used in our manufacturing processes and so on. For example, we are subject to environmental protection inspections in the ROC and may be fined for failure to comply with environmental protection laws and regulations. In the PRC, we are required to obtain environmental impact assessment approvals, approvals for inspection and acceptance of environmental protection facilities upon project completion and pollutant discharge permits from the Ministry of Environmental Protection of the PRC or its local branches. In Europe, we are required to purchase carbon emission allowance when our carbon emission exceeds the level that is permitted by the allowance originally allocated for free. In each of 2021 and 2022, Cogne, a specialty steel producer which we acquired in 2022, incurred EUR2.1 million for purchasing carbon emission allowance.

Failure to comply with the environmental laws and regulations can result in civil and or criminal penalties being imposed, the suspension of suspended operations and lawsuits or other penalties. In each of 2020, 2021 and 2022, we were fined a minimal sum of money by the environmental protection bureau in the ROC and/or the PRC for failure to comply with certain laws and regulations on water and air pollution and waste disposal and storage. However, there is no assurance that we will not be facing bigger fines or lawsuits involving a larger amount in the future. Additionally, if new and more stringent compliance or clean-up standards under these laws or regulations are imposed, or the results of future testing and analyses at our operating facilities indicate that we are not compliant with the requisite environmental regulations, we may be subject to fines or required to take remedial steps and/or pay increased environmental compliance costs.

Any future outbreaks of health epidemics and outbreaks of contagious diseases, including avian influenza, swine flu, Severe Acute Respiratory Syndrome (“SARS”), or COVID-19 may materially affect our operations and business.

Influenza viruses circulating in animals pose threats to human health. Humans can become ill when infected with viruses from animal sources, such as avian influenza virus subtypes H5N1, H9N2 and H7N9 and swine influenza virus subtype H1N1 and H3N2. An outbreak of a contagious disease such as New Influenza A, more commonly known as the “bird flu” and “swine flu,” SARS, or avian influenza with virus subtype H7N9, for which there is inadequate treatment or no known cure or vaccine, may potentially result in a quarantine of infected employees and related persons and adversely affect our operations at one or more of our facilities or the operations of our customers or suppliers. We cannot predict the impact that any further future outbreak of the aforementioned influenza viruses or other diseases could have on our business and results of operations.

COVID-19 has induced travel restrictions, which substantially reduced global transportation capacities and increased our transportation cost in 2021 and 2022. Transportation costs to procure our inventories, including ocean freight costs, are included in the balance of inventories and the increase in transportation cost has contributed to an increase in our inventories in 2021 and 2022. While we have generally normalized in our business operations since December 2022, we are uncertain whether we would be further impacted by COVID-19 and the resulting restrictions in the future.

If any of our employees is suspected of having contracted any contagious disease, we may, under certain circumstances and/or if required by law, quarantine such employees and the affected areas of our premises. As a result, we may have to suspend part or all of our operations temporarily. In addition, any future outbreak may restrict the level of economic activity in affected regions, which may also adversely affect our businesses. As a result, there is no assurance that any future outbreak of contagious diseases would not have a material adverse effect on our business, financial condition and results of operations.

We have a number of significant strategic investments and our results of operations are subject to the performance of these companies.

We have a number of significant strategic investments. As of December 31, 2022, our major strategic investments include a 22.2% interest in Winbond Electronics Corp, 21.0% interest in Walton Advanced Engineering, Inc., and 18.3% interest in Walsin Technology Corp., all of which are information technology companies that are listed on the TWSE. The information technology industry is inherently volatile and the business and results of operations of such investee companies may fluctuate significantly from period to period. For example, we experienced an investment gain from investments accounted for by the equity method, including Winbond Electronics Corp, Walton Advanced Engineering, Inc., and Walsin Technology Corp. of NT\$1,576.5 million (US\$51.7 million), NT\$4,481.1 million (US\$147.0 million) and NT\$3,218.0 million (US\$105.6 million) in 2020, 2021 and 2022, respectively. We recorded a gain on our investment in Walton Advanced Engineering, Inc. of NT\$54.2 million (US\$1.8 million), NT\$46.4 million (US\$1.5 million) and NT\$57.7million (US\$1.9 million) in 2020, 2021 and 2022, respectively.

Moreover, since we merely hold minority stakes in these investee companies, we do not control their operating and financial policy decisions. The results of operations of these investee companies, as well as any volatility in such results of operations, could affect our profitability and results of operations from period to period.

The end-use markets for certain of our products are highly competitive and customers may be willing to accept replacements for our products which could reduce our results of operations.

Certain of our products, such as nickel products, are made to industry, not customer, standard and can be functionally interchangeable with those of our competitors. For stainless steel and wires and cables products, although we have differentiated our products from our competitors with our specialty stainless steel capabilities and innovative customer-centric business model, our customers may decide to replace our products with similar products produced by other manufacturers. The willingness of our customers to accept replacements for our products could have a material adverse effect on our business, results of operations and financial condition.

We may be affected by equipment downtime or shutdowns which could adversely affect our business, financial condition, results of operations or prospects.

Our manufacturing processes are dependent on critical equipment, such as furnaces, continuous casters, rolling mills and electrical equipment (such as transformers), and such equipment may incur downtime as a result of unanticipated failures or other events, such as fires or furnace breakdowns. Although our manufacturing plants have not experienced any plant shutdowns or periods of reduced production as a result of such equipment failures, such disruptions could have an adverse effect on our business, financial condition, results of operations or prospects.

We may fail to hedge, or adequately hedge, risks associated with our businesses.

We use derivative financial instruments to hedge against commodity price fluctuations of raw materials, foreign exchange rates and interest rates, including commodity futures contracts, foreign exchange forward contracts, exchange rate swap contracts and interest rate swaps. However, we do not hedge against all fluctuations of raw materials, exchangerates or interest rates, and we cannot assure you that any derivative financial instruments we use will be sufficient in hedging such risk.

We are exposed to the risks of currency exchange rate fluctuations.

Historically, our net sales has been denominated in NT dollars, US dollars and Renminbi. In addition, our financial statements are expressed in NT dollars. Accordingly, a portion of our consolidated net sales, operating cost and operating expenses are exposed to fluctuations between the NT dollars and other foreign currencies. We recorded consolidated net foreign exchange loss of NT\$66.7 million (US\$2.2 million) in 2020 and NT\$237.2 million (US\$7.8 million) in 2021, respectively, and net foreign exchange gain of NT\$1,748.7 million (US\$57.4 million) in 2022, reflecting the fluctuation of the foreign currencies in relation to the NT dollar. Although we attempt to mitigate the effects of exchange rate fluctuations primarily through natural hedging of foreign currencies, forward exchange and our policy of matching earning and spending in the same currency, fluctuations in exchange rates may have an adverse impact on our future gross and operating margins and results of operations.

We are vulnerable to earthquakes, typhoons, floods, droughts and other natural disasters, which could severely disrupt normal operations and harm our business.

We have production facilities located in Taiwan, the PRC, Indonesia and a few other jurisdictions and a natural disaster in or around either places could result in damages to these production facilities. A natural disaster could also cause power outages, which may disrupt our operations. Taiwan is particularly susceptible to earthquakes (because most of Taiwan is located in a collision zone between the Philippine Sea plate and the Eurasian plate) and typhoons. For example, in February 2016, a 6.4-magnitude earthquake struck the southern ROC, causing death of more than 100 people and damage to buildings. On October 24, 2021, a 6.5-magnitude earthquake struck Taiwan's northeastern coast. On September 17 and 18, 2022, a 6.4-magnitude earthquake and a 6.8-magnitude earthquake struck Taiwan's southeastern part, respectively.

A major earthquake, typhoon, flood, drought or other natural disaster in either Taiwan, the PRC, Indonesia or other jurisdictions where our production facilities are located could severely disrupt the normal operation of business and have a material adverse effect on our results of operations and financial condition along with the market prices of our common shares or the GDSs. Although we maintain property insurance for such risks, there is no guarantee that future damages or business loss from a natural disaster will be covered by such insurance, that we will be able to collect from our insurance carriers, should we choose to claim under our insurance policies, or that such coverage will be sufficient.

Our business is substantially affected by changes in macroeconomic conditions and recessions or prolonged periods of weak growth in the global economy, and the economies of our key markets have in the past had, and in the future would be likely to have, a material adverse effect on our business, results of operations and financial condition.

Our business is affected by the level of activity in the construction and infrastructure industries which are affected by the general economic conditions in Taiwan, the PRC, Indonesia, Europe as well as the regional markets in which we operate. Our stainless steel, wires and cables and resources segments are substantially affected by the general level of activity in the construction and infrastructure industries in Taiwan, the PRC, Indonesia and Europe as well as the regional markets in which we operate. General economic conditions, mortgage and interest rate levels, inflation, unemployment, demographic trends, gross domestic product growth and consumer confidence are some of the factors which may influence the performance of the construction industry. Infrastructure projects are highly dependent on governments' policies and long-term plans as well as government budgets, which are not within our control and are subject to changes from time to time. A downturn in the construction industry, infrastructure projects, or the general economy in Taiwan, the PRC, Indonesia, Europe or any of the regional markets in which we operate could materially and adversely affect our results of operations, financial condition and prospects.

In particular, our business depends significantly on the level of activity and growth of our core markets in Taiwan and the PRC. In 2020, 2021 and 2022, 63.6%, 67.9% and 57.9%, respectively, of our revenue are generated from Taiwan and the PRC. Any slowdown in the growth of these countries, or a general downturn in the construction industry, particularly any decrease in activities related to government infrastructure

projects and construction work in the private sector, could affect the demand for our products, which in turn could have a material and adverse effect on our business, results of operations and financial condition.

Our multinational operations subject us to various economic, political, regulatory and legal risks.

We have operations in Asia, Europe and the United States. As a result of our international operations, we are affected by economic and political conditions in foreign countries, including the imposition of government controls, political and economic instability, trade restrictions, changes in tariffs, laws and policies affecting trade and investment, the lack of development of local infrastructure, labor unrest, differences in labor laws and difficulties in staffing, coordinating communications among and managing international operations, fluctuations in currency exchange rates, earnings, expatriation restrictions, difficulties in obtaining export licenses, and misappropriation of intellectual property.

Furthermore, most of our customers and suppliers are based in various countries. Thus, a substantial part of our sales is derived from sales to locations outside Taiwan. As such, changes in government policies, taxes, general economic and fiscal conditions, and interest rates, as well as political, diplomatic or social events in the various jurisdictions in which we operate expose us to financial and business risks. The changes in policies and laws, as well as general political and economic conditions, security risks, health conditions, natural disasters, possible disruptions in transportation networks, and the difficulty of adhering to multiple governing laws, could also result in an adverse effect on our business operations in such countries and our results of operations.

Any failure to maintain an effective quality control system at our production facilities could have a material and adverse effect on our business, results of operations and financial condition.

The quality of our products is critical to the success of our business. The quality of our products depends on the effectiveness of our quality control system, which in turn depends on a number of factors, including the design of the system, the quality control training program and our ability to ensure that our employees adhere to our quality control policies and guidelines. Any failure of our quality control system could result in the production of defective or substandard products, which in turn may result in delays in the delivery of our products, the need to replace defective or substandard products, product liability claims brought against us and damage to our reputation, which could have a material and adverse effect on our business, results of operations and financial condition.

Our capital expenditures may require additional financing and adversely affect our business, results of operations and financial condition.

In order to remain competitive in the stainless steel, nickel resources and wires and cables industries, we must periodically make substantial investments in capital equipment to ensure that our production processes are and remain state-of-the-art, thereby increasing economics of scale and improving product quality. In addition, our business requires substantial ongoing maintenance capital expenditures. However, capital expenditures are not always predictable, as they are often driven by customer requirements for enhanced products. We cannot guarantee we will have the available capital to make such capital expenditures when required, which could materially adversely affect our business, results of operations and financial condition.

We have certain ongoing and planned capital expenditures. We expect to fund these capital expenditures primarily through internal resources. We may need to seek external financing, such as bank and other loans as well as bond offerings, to satisfy our capital needs if cash generated from our operations is insufficient to fund our capital expenditures or if our actual capital expenditures and investments exceed our plans. Our ability to obtain external financing at reasonable costs and on acceptable terms is subject to a variety of factors, such as our credit ratings, financial market conditions and our past or projected financial performance. Although we have been profitable in recent years, we cannot guarantee that we will not incur losses in the future, in which case the rating agencies may downgrade our credit ratings. In addition, if financial markets experience significant volatility and disruption, it may result in a decrease in the availability of liquidity and credit for borrowers and increase in interest rate or other financing cost. Failure to obtain

sufficient funding at reasonable costs and on acceptable terms for our development plans could delay, reduce the scope of, or eliminate future activities or growth initiatives and adversely affect our business and prospects.

Our reputation and business could be materially harmed as a result of system failure, data breaches, data theft, unauthorized access or successful hacking. Furthermore, our business could be adversely affected as a result of the rising costs of maintaining sufficient cybersecurity in light of continuous technological advances.

Our operations depend on the secure and reliable performance of our information technology systems. An increasing number of companies have recently experienced intrusion attempts or breaches of their information technology security, some of which have involved sophisticated and highly targeted attacks on their computer networks. Because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement in a timely manner effective and efficient countermeasures.

While we have adopted procedures and controls to protect our information and operating technology, including sensitive proprietary information and confidential and personal data, there can be no assurance that a system or network failure, or security breach, will be prevented. If unauthorized parties attempt or manage to bring down our website or gain access into our information technology systems, they may be able to misappropriate confidential information, cause interruptions in our operations, damage our computers or process control systems or otherwise damage our reputation and business. Any compromise of the security of our information technology systems could result in interruptions to our systems, a loss of confidence in our security measures, reputational damage and subject us to litigation, civil or criminal penalties and adverse publicity that could adversely affect our reputation, results of operations and financial condition. Furthermore, we expect that the costs of maintaining adequate cybersecurity to combat the leakage of information in this environment will continue to rise, and such costs could also adversely affect our financial condition and operations.

Unfavorable tax law changes, unfavorable import and export tariffs changes, an unfavorable government review of our tax returns, or the imposition of withholding taxes on repatriated earnings could adversely affect our effective tax rate and our results of operation.

We are subject to, among others, income and transaction taxes in the ROC, the PRC, Indonesia and other jurisdictions in which we conduct business. An adverse change in the tax laws of the jurisdictions in which we conduct business, such as an increase in tax rates or an adverse change in the treatment of an item of income or expense, could result in a material increase in the amount of taxes we incur. For example, the statutory income tax rate applicable to us in the ROC was adjusted from 17% to 20% since January 1, 2018.

We are subject to periodic audits or other reviews by tax authorities in the jurisdictions in which we conduct our activities. Any such audit, examination or review requires our management's time, diverts internal resources and, in the event of an unfavorable outcome, may result in additional tax liabilities or other adjustments to our historical results.

We are subject to stringent health and safety laws and regulations that give rise to significant costs and could give rise to significant liabilities.

We are subject to a broad range of health and safety laws and regulations in each of the jurisdictions in which we operate. These laws and regulations, as interpreted by relevant agencies and the courts, impose increasingly stringent health and safety protection standards. The costs of complying with, and the imposition of liabilities pursuant to, health and safety laws and regulations could be significant, and failure to comply could result in the assessment of civil and criminal penalties, the suspension of permits or operations, and lawsuits by third parties. In addition, under certain circumstances, the relevant authorities could demand our facilities to be curtailed or operations to be suspended on grounds of health and safety concerns. In each of 2020, 2021 and 2022, we were fined a minimal sum of money by the relevant authorities in the ROC or the PRC for certain violations of occupational safety and health regulations.

Some of our industrial activities involve the use, storage and transport of dangerous chemicals, and we are therefore subject to the risk of industrial accidents which could have significant adverse consequences for our workers and facilities, as well as the environment. Such accidents may include explosions, gas leaks or fires, vehicular accidents, and other accidents involving mobile equipment, or exposure to potentially hazardous materials, and could lead to production stoppages, loss of key personnel and key assets, and would put at risk our employees (and those of subcontractors and suppliers) and persons living near affected sites. Despite our efforts to monitor and minimize accidents at our facilities, including implementing safety measures regulating our storage and transportation of dangerous chemicals, we cannot assure you that the measures would be effective. Health and safety incidents may still occur, some of which may result in costs and liabilities and may negatively impact our operations and reputation.

Insurance coverage may not be sufficient to cover the risks related to both of our operations and losses.

We may experience major accidents in the course of our operations. Although the Company maintains liability insurance, such an insurance program does not cover, or may not cover adequately, every potential risk associated with our operations and the consequences resulting from them. While we maintain property and/or business interruption insurance for some of our subsidiaries, plants and properties, including but not limited to Hsinchuang Plant, Yangmei Plant, Taichung Plant and Yenshui Plant in Taiwan, Shanghai Nanxiang Plant, Jiangyin Plant, Yantai Plant and Changshu Plant and One Mall in the PRC, Morowali Plant in Indonesia and Aosta Plant in Italy, not all of our subsidiaries or plants are covered by insurance policies, and we may be negatively affected by accidents either on our properties or relating to our operations. In addition, as a result of market conditions, premiums and deductibles for our existing insurance policies can increase substantially and, in some instances, our existing insurance may become unavailable or available only for reduced amounts of coverage. Furthermore, we may not be able to obtain meaningful coverage at reasonable rates for certain types of environmental hazards. The occurrence of an accident, the losses and damages of which are not fully covered by insurance, could have a material adverse effect on our business, results of operations and financial condition.

Product liability claims could adversely affect our operations.

We sell products to major manufacturers who are engaged in the production and sales of a wide range of end products. Furthermore, our products are also sold to, and used in, certain safety-critical applications. If we were to sell our products that are inconsistent with the specifications of the order or the requirements of the application, significant disruptions to the customer's production lines could result. There could also be significant consequential damages resulting from the use of such products. While we have not been subject to product liability legal claims in the past, we do not maintain any product liability insurance coverage and accordingly, a major legal claim for damages related to products sold could have a material adverse effect on our business, results of operations, financial condition or prospects.

We may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely against us, could cause us to lose significant rights and pay significant damages.

Our success depends largely on our ability to use and develop our technology and know-how without infringing the intellectual property rights of third parties. In particular, the validity and scope of claims relating to the patents of our stainless steel and wires and cables technologies and components involve complex scientific, legal and factual questions and analyses and, therefore, may be highly uncertain. Also, because patent applications in many jurisdictions are kept confidential for 18 months before they are published, we may be unaware of other persons' pending patent applications that relate to our products or processes. The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time consuming and may significantly divert the efforts and resources of our technical and management personnel. An adverse determination in any such litigation or proceedings to which we are party or may become a party could subject us to significant liability to third parties, require us to seek licenses from third parties, to pay ongoing royalties, or to redesign our products or subject us to injunctions prohibiting the manufacture and sale of our products or the use of our

technologies. In addition, there is a risk that some of our confidential information could be compromised by disclosure during intellectual property litigation. Furthermore, there could be public announcements throughout the course of intellectual property litigation or proceedings as to the results of hearings, motions or other interim proceedings or developments in the litigation, any of which could materially harm our reputation. Protracted litigation could also result in our customers deferring or limiting their purchase or use of our products until resolution of such litigation. The occurrence of any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

Any non-compliance of our debt borrowings could result in significant liquidity problems and have a material adverse effect on our business and operations.

We have entered into a number of loan agreements and issued corporate bonds which contain various financial and other covenants with which we are required to comply. Such financial covenants include maintaining certain current ratio, debt ratio, interest coverage ratio and tangible net worth, which are measured based on our consolidated audited financial results. Other covenants include restrictions on the ability of a subsidiary to transfer funds to its parent in the form of cash dividends, loans or advances.

We will continue to be tested semi-annually and annually based on our consolidated financial results pursuant to financial covenants and closely monitor our operations pursuant to other covenants under our debt borrowings. If our earnings and other financial indicators continue to be weak due to the market downturn, or if we continue to have high levels of bank borrowings, we may not be able to meet the financial ratios in our existing debt borrowings, including among others, the interest coverage ratio in the loan agreements. We also may not be able to obtain waivers from our lenders for any possible non-compliance of covenants in our debt borrowings. If we are unable to remedy any of our non-compliance under the debt borrowings in a timely manner or to obtain any waivers or enter into any amendments to the debt documents, we would breach our financial covenants, and our lenders could accelerate the amounts due under the loan, or refuse to provide us with any additional funding under an existing credit facility, to renew our existing facilities upon maturity or to extend new credit lines. Our loans also contain cross-default clauses, which would enable the lenders to accelerate the payments required to be made under the debt borrowings when there is a default in other debt documents and certain conditions are met. This would significantly and adversely impact our liquidity and would materially adversely affect our business and financial condition. Please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources” and “Business — Recent Developments” for more information.

A material portion of our business may be derived from a limited number of major customers. We may face customer concentration that exposes us to the risks faced by our major customers and may subject us to risks relating to significant fluctuations or declines in revenue and profitability.

We derive a material portion of our stainless steel and wires and cables segments from a limited number of major customers. With respect to our stainless steel segment, in 2020, 2021, 2022, and the three months ended March, 2023, our ten largest customers accounted for 31.9%, 33.5%, 28.4% and 24.0% of our operating revenue, respectively. As for our wires and cables segment, in 2020, 2021, 2022, and the three months ended March, 2023, our ten largest customers accounted for 24.9%, 27.2%, 28.0% and 31.2% of our operating revenue, respectively.

Any concentration of our sales among a limited number of major customers would expose us to a variety of risks that could have a material adverse impact on our revenue and profitability, including reductions in any major customer’s demand for our stainless steel and wires and cables products or loss of any major customer. Also, as we have significant capital expenditures and depreciation expenses that are fixed in nature, any fluctuations in demand from our major customers could negatively affect our profitability. Furthermore, litigation and other challenges as to the products, technologies or intellectual properties of any of our major customers may also reduce the sale of our stainless steel and wires and cables products to such customers or in certain key markets. If any of these were to happen, our business, results of operations and financial condition could be materially and adversely affected.

Our real estate business could be materially and adversely affected by fluctuations in the real estate industries in the Greater China or by government measures affecting the real estate industry in the PRC.

We conduct our real estate services business in Taiwan and the PRC, and our business depends substantially on conditions of the real estate markets in Taiwan and the PRC. While we believe that the prime locations of our real estate developments insulate these investments from market fluctuations, to the extent that fluctuations in the PRC or Taiwan real estate markets have a material adverse effect on the demand for real estate, demand for our real estate offerings, as well as the level of our growth and profitability, may be materially reduced.

The PRC government exerts considerable direct and indirect influence on the growth and development of the PRC property market through industry policies and other economic measures such as setting interest rates, controlling the supply of credit through setting bank reserve ratios and lending restrictions, taxation policy and imposing foreign investment restrictions. Investment in the PRC property sector and property prices have increased significantly in recent years, which has led to concerns that the property market may be overheating and prices may be rising too quickly. In response to these concerns, the PRC government has introduced a series of regulations and policies designed to control the growth of the property market.

We cannot assure you that the PRC will not adopt measures in the future that may have a material adverse effect on our real estate business in the PRC.

We have significant reliance on the Chiao family and other key management personnel.

The Chiao family controls 24.7% of interest in our Company as of March 21, 2023. Members of the Chiao family and nominees of entities controlled by the Chiao family account for five and one of the 11 members of our board of directors (the “**Board of Directors**”), respectively. Therefore, the Chiao family has significant influence on our business to the extent such decisions are made by the Board of Directors. See “Management.” The Chiao family may cause us to take actions that are not in, or may conflict with, the interests of our other shareholders or the holders of GDSs, and there can be no assurance that such actions will not have an adverse effect on the other shareholders or the holders of GDSs. These include matters relating to our management and policies, the outcome of our corporate actions and the election of directors and supervisors.

In addition, our daily operation depends significantly on the performance of our key management personnel, including certain members of the Chiao family. We do not have insurance for loss of services of key employees. In the event that we lose the services of any of our key management personnel and fail to find suitable and competent replacements, our operation and profitability may be adversely affected.

Risks Relating to the ROC

Your investment may be adversely affected by political considerations relating to the ROC.

We are incorporated in the ROC, and a significant portion of our assets and operations are located in the ROC. The Shares are listed on the TWSE. Accordingly, our business, results of operations and financial condition and the market price of the Shares may be affected by changes in the ROC governmental policies, law, taxation, inflation, interest rates, social instability and other political, economic, diplomatic or social developments in or affecting the ROC which are outside our control. The ROC has a unique international political status. The PRC claims that the ROC is part of China. Although significant economic and cultural relations have been established during recent years between the ROC and the PRC, relations have often been strained. The PRC government has refused to renounce the use of military force to gain control over the ROC. Furthermore, the PRC government passed the Anti-secession Law in March 2005, which authorizes non-peaceful means and other necessary measures should the ROC move to gain independence from the PRC. Relations between the PRC and the ROC have at times been strained. Strained relations could result in future military actions or economic sanctions or other disruptive activities undertaken by either government. Past tensions between the ROC and the PRC have on occasion

depressed the market prices of the securities of companies in the ROC. Relations between the ROC and the PRC and other factors affecting military, political or economic conditions in the ROC could materially and adversely affect our results of operations and financial condition, as well as the market price and the liquidity of the GDSs and our Shares.

Further, if relations between the ROC and the PRC worsen, it could also have a material adverse effect on the ROC's economy and our ability to manage and operate our production facilities in the PRC and to implement future plans for the expansion of our existing PRC production facilities or the establishment of new production facilities in the PRC. There can be no assurance that the present tensions will not worsen, which could have a significant adverse impact on our results of operations, financial condition and prospects.

Our future investment in the PRC or other countries may be restricted by the ROC laws and regulations relating to investment of ROC entities in the PRC or foreign countries and failure to obtain, maintain or renew approvals for inbound and outbound investments may materially and adversely affect our results of operations and financial condition.

Under the ROC Relations Between Peoples of the Taiwan Area and the Mainland Area Act (the “**ROC Relations Act**”), Taiwanese nationals may only invest in the PRC after obtaining the prior approval of the Investment Commission of the Ministry of Economic Affairs unless the investment amount is less than US\$1,000,000. The stainless steel, wires and cables, resources and real estate industries are not the restricted and prohibited investment category as stipulated in the Negative List for Investment in the PRC under the ROC Relations Act. The ROC Investment Commission has supervisory and regulatory authority for matters relating to, among other things, inbound investment in the ROC companies by non-ROC persons and overseas ROC nationals, and outbound investments by the ROC companies or individuals. Under current ROC law, ROC companies are required to obtain prior approval from or, within the period of time prescribed by relevant laws and regulations, a post filing with the ROC Investment Commission for making certain investments in any other jurisdictions outside the ROC under certain circumstances. There is no assurance that we will be able to continue to satisfy the requirements for, or otherwise obtain, permits or approvals for current and future projects. Failure to obtain, maintain or renew such permits and approvals may impede or hinder our operations, and adversely affect our results of operations, financial condition and prospects.

The value of the Shares may be adversely affected by the volatility of the ROC securities market.

The ROC securities market is smaller and more volatile than the securities markets in the United States and in certain European and other countries. The TWSE has experienced substantial fluctuations in the prices and volumes of sales of listed securities and has shown particular volatility following certain political events, market events, scandals and there are currently limits on the range of daily price movements on the TWSE. From time to time, the ROC regulatory agencies have intervened in the Taiwan stock market during periods of extreme volatility. The TWSE has experienced problems such as market manipulation, insider trading and payment defaults. The recurrence of these or similar problems and restrictions on price movements could adversely affect the market price and liquidity of the securities listed on the TWSE, including the Shares. See “Appendix A — The Securities Markets of the ROC.”

In response to major past declines and volatility in the securities market in the ROC, and in line with similar activities by other countries in Asia, the ROC government formed the National Stabilization Fund in 2000, which has purchased, and may from time to time purchase, shares listed on the TWSE and TPEx to support these securities markets in the ROC. In addition, other funds associated with the ROC government have in the past purchased, and may from time to time purchase, shares listed on the TWSE and TPEx. In the future, market activity by government entities, or the perception that such activity is taking place, may take place or has ceased, may cause fluctuations in the market prices and liquidity of the Shares.

The imposition of foreign exchange restrictions may have an adverse effect on foreign investors' abilities to acquire ROC securities, including the Shares, or to repatriate the interest, dividends or sale proceeds from those securities.

The ROC government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the ROC government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in the ROC. These restrictions may require foreign investors to obtain the ROC government's approval before acquiring ROC securities, repatriating the interest or dividends from those securities or repatriating the proceeds from the sale of those securities. There can be no assurance that these restrictions, if imposed, will not adversely affect, among other things, the secondary market price of the GDS.

We publish monthly operating revenue information as part of our ongoing reporting obligations and such information is subject to change due to normal quarter-end closing procedures and excludes certain expenses and other information necessary to be indicative of actual financial results.

We post monthly sales information on the MOPS and our website, as part of our ongoing reporting obligation as a listed company on the TWSE. Such information is preliminary, and is subject to change, upon adjustments and after the completion of our normal quarter-end closing process. Actual sales could differ materially from the preliminary information posted on MOPS. Furthermore, our preliminary operating revenue only reflects sales information up to May 2023 and may not be indicative of our net profit/loss for the first five months of 2023. As a result, you should not place undue reliance on such information.

Due to our location in Taiwan, natural disasters and other events outside of our control may seriously disrupt our business operations.

Taiwan is vulnerable to natural disasters and other calamities. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, wars, riots, terrorist attacks or similar events may give rise to server interruptions, breakdowns, system failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our business. Although we have not been adversely affected in the past by natural disasters and other calamities, any natural disasters and other events outside of our control in Taiwan in the future could seriously disrupt our business operations.

Financial reporting and accounting standards in the ROC differ from those in certain other countries, which may be material to investors' assessment of our business, results of operations, financial condition and prospects.

We are subject to financial reporting requirements in the ROC that differ in significant respects from those applicable to companies in certain other countries, including the United States. In addition, our financial statements are prepared in accordance with the Taiwan IFRS, which differ from IFRS in certain significant respects, including, but not limited to, the extent that any new or amended standards or interpretations applicable under IFRS may not be timely endorsed by the FSC. Potential investors should consult their own professional advisers for an understanding of such differences and how they might affect the financial information contained herein.

You may not be able to enforce a judgment of a foreign court in the ROC.

We are a company limited by shares and incorporated under the ROC Company Act. Most of our directors and senior management are residents of the ROC, and certain portion of our assets and the assets of such persons are located in the ROC. As a result, it may be difficult for holders of GDSs and Shares to enforce judgments obtained outside the ROC against us or such persons in the ROC, including those predicated upon the civil liability provisions of the federal securities laws of the United States. See "Enforceability of Foreign Judgments."

Risks Relating to the PRC

Adverse changes in economic, political or social conditions or government policies in the PRC could have a material adverse effect on our business, results of operations, financial condition and prospects.

Currently, some of our production facilities are located in the PRC and we may make further investments in the PRC in the future. Accordingly, our results of operations, financial condition and prospects are subject to the political and economic environment and legal developments in the PRC. There can be no assurance that our investments in the PRC and our production operations in the PRC will not be adversely affected if relations between the PRC and the ROC are further strained.

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to structure, level of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources. The PRC government has broad discretion and authority to regulate the industry in the PRC, and the government has implemented policies from time to time to regulate economic expansion in the PRC. Although in recent years the PRC government has implemented measures emphasizing the use of market forces for economic reform, it continues to play a significant role in regulating industrial development. It also exercises significant control over PRC's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

In addition, while the PRC has been one of the world's fastest-growing economies in terms of GDP growth in the past 30 years, the global financial crisis that unfolded in 2008, coupled with the ongoing structural adjustment of the PRC economy in the past few years, has led to a marked slowdown in the economic growth of the PRC. For example, the GDP growth rate of the PRC decreased from 11.4% in 2007 to 6.1% in 2019. Furthermore, the outbreak and global spread of the COVID-19 in 2020, 2021 and 2022 has adversely affected global and China's economy and financial market in general. As a result, the compound annual GDP growth rate of China was 4.4% from 2019 to 2022. The PRC government has implemented various measures to encourage economic growth and guided the allocation of resources. Some of these measures benefit the overall economy of the PRC, but may have a negative effect on us. For example, our business, results of operations and financial condition may be adversely affected by its effort to slow the pace of growth of the real estate industry to a more sustainable level and its dual control policy to reduce both total energy consumption and energy intensity.

Uncertainties with respect to the PRC legal system could have a material adverse effect on us.

Our business and operations conducted through the Company's subsidiaries in the PRC are governed by PRC laws, rules and regulations. The PRC legal system is based on written statutes. Prior court decisions are not legally binding and can only be cited as reference. Additionally, PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies in applying and enforcing such laws. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis, if at all, and some of which may have a retroactive effect.

Furthermore, the PRC is geographically large and divided into various provinces and municipalities. As such, when PRC laws, rules, regulations and policies apply in different parts in the PRC, there may be varying applications, interpretations and enforcement of these laws, rules and regulations, which may limit the legal protections available to us. Since the application of laws may differ from court to court, we cannot be certain that similar cases will have similar results. In addition, legislation or regulations, particularly for local applications, may be enacted without sufficient prior notice or announcement to the public. Accordingly, we may not be aware of the existence of new legislation or regulations. Even if an individual court-by-court

search were performed, certain courts may refuse to make their documentation available for inspection. As a result, the legal protections available to you under the PRC legal system may be limited.

Profits from the Company's PRC operating subsidiaries available for distribution are determined under PRC GAAP.

We derive a portion of our profits from operating subsidiaries established in the PRC. The profits available for distribution are therefore dependent on, to a significant extent, the profit available for distribution by the PRC subsidiaries to the Company, which is determined in accordance with generally accepted accounting principles and financial regulations in the PRC, or PRC GAAP, which differ in certain significant respects from the Taiwan IFRS. In addition, under the relevant PRC financial regulations, profit available for distribution is determined after offsetting losses in previous years and setting aside a statutory capital reserve equal to 10% of the remaining profits until an aggregate statutory capital reserve is 50% of the company's registered capital. These limitations on the ability of the Company's PRC subsidiaries to transfer funds to the Company limit our ability to receive and utilize such funds.

Risks Relating to Indonesia

Current political and social events in Indonesia may adversely affect our business.

Since 1998, Indonesia has experienced a process of democratic change, resulting in political and social events that have highlighted the unpredictable nature of Indonesia's changing political landscape. In 1999, Indonesia conducted its first free elections for representatives in parliament. In 2004, 2009 and 2014, elections were held in Indonesia to elect the President, Vice-President and representatives in parliament. Indonesia also has many political parties, without any one party holding a clear majority. Due to these factors, Indonesia has, from time to time, experienced political instability, as well as general social and civil unrest. For example, since 2000, thousands of Indonesians have participated in demonstrations in Jakarta and other Indonesian cities both for and against former presidents Abdurrahman Wahid, Megawati Soekarnoputri and Susilo Bambang Yudhoyono and current President Joko Widodo as well as in response to specific issues, including fuel subsidy reductions, privatization of state assets, anti-corruption measures, decentralization and provincial autonomy, and the American-led military campaigns in Afghanistan and Iraq. Although these demonstrations were generally peaceful, some turned violent.

In addition, effective January 1, 2015, a fixed diesel subsidy of 1,000 Indian Rupee per liter was implemented and the gasoline subsidy was ended. Although the implementation did not result in any significant violence or political instability, the announcement and implementation also coincided with a period where crude oil prices had dropped very significantly from 2014. With the aim to provide stability of the retail sale price of the gasoline and diesel, the Energy and Mineral Resources Ministry issued on February 28, 2020, Ministerial Decree No. 62/2020 (as amended by Ministerial Decree No. 245/2022 dated October 11, 2022) that erases a price floor for unsubsidized gasoline and diesel set by a previous decree, providing flexibility to reduce prices as low as possible. The new decree still maintains a price ceiling for such fuels pegged to prices in Singapore. The government reviews and adjusts the price for fuel on monthly basis and implements the adjusted fuel price in the following month. There can be no assurance that future increases in crude oil and fuel prices will not result in political and social instability.

Furthermore, separatist movements and clashes between religious and ethnic groups have also resulted in social and civil unrest in parts of Indonesia, such as Aceh in the past and in Papua currently, where there have been clashes between supporters of those separatist movements and the Indonesian military, including continued activity in Papua, by separatist rebels that has led to violent incidents. There have also been inter-ethnic conflicts, for example in Kalimantan, as well as inter-religious conflict such as in Maluku and Poso.

Also, labor issues have also come to the fore in Indonesia. In 2003, the government enacted a new labor law that gave employees greater protections. Occasional efforts to reduce these protections have prompted an upsurge in public protests as workers responded to policies that they deemed unfavorable.

As a result, there can be no assurance that social, political and civil disturbances will not occur in the future and on a wider scale, or that any such disturbances will not, directly or indirectly, materially and adversely affect our business, financial condition, results of operations and prospects.

Deterioration of political, economic and security conditions in Indonesia may adversely affect our operations and financial results.

Any major hostilities involving Indonesia, a substantial decline in the prevailing regional security situation or the interruption or curtailment of trade between Indonesia and its present trading partners could have a material adverse effect on our operations and, as a result, our financial results.

Prolonged and/or widespread regional conflict in the South East Asia could have the following results, among others:

- Security concerns in Indonesia, making it more difficult for our personnel or supplies to enter or exit the country;
- Security concerns leading to evacuation of our personnel;
- Damage to or destruction of our production facilities or other operating assets; and
- Inability of our service and equipment providers to deliver items necessary for us to conduct our operations in Indonesia, resulting in delays.

Loss of property and/or interruption of our business plans resulting from hostile acts could have a significant negative impact on our earnings and cash flow. In addition, we may not have enough insurance to cover any loss of property or other claims resulting from these risks.

Terrorist activities in Indonesia could destabilize Indonesia, which would adversely affect our business, results of operations and financial condition.

There have been a number of terrorist incidents in Indonesia, including the May 2005 bombing in Central Sulawesi, the Bali bombings in October 2002 and October 2005 and the bombings at the JW Marriot and Ritz Carlton hotels in Jakarta in July 2009, which resulted in deaths and injuries. On January 14, 2016, several coordinated bombings and gun shootings occurred in Jalan Thamrin, a main thoroughfare in Jakarta, resulting in a number of deaths and injuries. While we had carefully assessed the risks of terrorist incidents when setting up our industrial parks, there remains the risk that terrorist incidents may recur and, if serious or widespread, might have a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy and may also have a material adverse effect on our business, results of operations, financial condition and prospects.

Indonesia is vulnerable to natural disasters and events beyond our control, which could adversely affect our business and operating results.

Many parts of Indonesia, including areas where we operate, are prone to natural disasters such as floods, lightning strikes, cyclonic or tropical storms, earthquakes, volcanic eruptions, droughts, power outages and other events beyond our control. The Indonesian archipelago is one of the most volcanically active regions in the world as it is located in the convergence zone of three major lithospheric plates. It is subject to significant seismic activity that can lead to destructive earthquakes, tsunamis or tidal waves. Flash floods and more widespread flooding also occur regularly during the rainy season from November to April. Cities, especially Jakarta, are frequently subject to severe localized flooding which can result in major disruption and, occasionally, fatalities. Landslides regularly occur in rural areas during the wet season. From time to time, natural disasters have killed, affected or displaced large numbers of people and damaged our equipment. While we had carefully assessed our exposure to natural disasters when setting up our

industrial parks, we cannot assure you that future natural disasters, such as the spread of the novel coronavirus, will not have a significant impact on us, or Indonesia or its economy. A significant earthquake, other geological disturbance or weather-related natural disaster in any of Indonesia's more populated cities and financial centers could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting our business, results of operations, financial condition and prospects.

Risks Relating to Europe

Political instability in Europe could adversely impact our business operations.

Since we acquired Cogne in Italy in 2022, we have become increasingly exposed to the risk of geopolitical uncertainties in Europe. The recent withdrawal of the United Kingdom from the European Union and military tensions and conflict in Eastern Europe, including the Russia-Ukraine military conflict, could contribute to economic uncertainty, significantly disrupt the free movement of goods, services, and people, have a destabilizing effect on European energy markets, and increase costs of conducting business in Europe. Similarly, an inability of local and national governments to effectively manage ongoing political disputes could result in local, regional and/or global instability that could adversely impact our business. For example, the Russia-Ukraine military conflict and the related sanctions imposed to date in response have created uncertainty in the global financial system, increased nickel and fuel prices, amplified existing supply chain challenges and heightened cybersecurity disruptions and threats. While recent energy market volatility in Europe has not directly adversely impacted our business (principally because the volatile prices in nickel and fuel were partially offset by the increase in prices in our stainless steel products), the rising cost of power has generally increased the costs of conducting business in Europe and caused economic hardship and uncertainty and political tensions in the European countries in which our Group operates. Further economic and political instability and the escalation or expansion of armed conflict in Eastern Europe could result in local, regional and/or global instability that could adversely impact our Group's business. The materialization of one or more of these risks could negatively affect our financial performance.

We require various approvals, licenses and permits to operate our business and any failure to obtain or renew any of these approvals, licenses and permits could materially and adversely affect our business and results of operations.

One of our production facilities is located in Aosta, Italy. Pursuant to the laws and regulations of Italy, we are required to maintain various approvals, licenses and permits in order to operate our production facilities in Italy. We are required to obtain land and building titles and licenses in relation to business operations and environmental issues. Compliance with the relevant laws and regulations may require substantial expense, and any non-compliance may expose us to liabilities. In case of any non-compliance, we may have to incur significant expenses and divert substantial management time to remedy any deficiencies.

We may also experience adverse publicity arising from such non-compliance with any laws and regulations that negatively impact our reputation. We may experience difficulties or failures in obtaining the necessary approvals, licenses and permits for our new production facilities in the future. In addition, there can be no assurance that we will be able to obtain or renew all of the approvals, licenses and permits required for our existing business operations upon expiration in a timely manner or at all. If we cannot obtain or maintain all licenses required by us to operate our business, our production activities at our plant in Italy and our ongoing business in Italy could be interrupted. We may also be subject to fines and penalties.

Risks Relating to the GDSs and the Shares

For a period of four ROC business days after the closing, and potentially longer, you will not be able to withdraw the underlying Shares from our GDS facility.

Following the closing date of the GDS offering, we will apply to the TWSE for listing of the underlying Shares in the form of Individual Scripless Certificates of Payment.

It is expected that the TWSE will approve the listing of the Shares in the form of Individual Scripless Certificates of Payment on the fourth ROC business day following the closing date of the GDS offering although we cannot assure you that such approval will be obtained by such date (if at all). Immediately upon such listing, the number of Shares will be delivered to the account of the Depositary's nominee with the Custodian for the GDS facility through the book-entry system maintained by the TDCC. As a result, subject to the approval of the TWSE, for a period of four ROC business days after the closing date of the GDS offering, holders of GDSs offered in this offering will not be able to withdraw the underlying Shares from our GDS facility.

The value of a GDS holder's investment may be reduced by possible future sales of GDSs or Shares by us or our shareholders.

As of the date of this Offering Circular, we had 3,731,332,948 Shares issued and outstanding. While we are not aware of any other plans by any major shareholders to dispose of significant numbers of Shares, we cannot assure you that one or more existing shareholders will not otherwise dispose of significant numbers of Shares. We cannot predict the effect, if any, that future sales of GDSs or Shares, or the availability of GDSs or Shares for future sale, will have on the market price of GDSs or Shares prevailing from time to time. Sales of substantial amounts of GDSs or Shares in the public market, or the perception that such sales may occur, could depress the prevailing market prices of our GDSs or Shares.

Restrictions on the ability to deposit our Shares into our global depositary receipt facilities may adversely affect the liquidity and sale of the GDSs.

The ability to deposit the Shares into our global depositary receipt facilities is restricted by ROC law. As a result, the prevailing market price of the GDSs may differ from the prevailing market price of our Shares on the TWSE. Under current ROC law and the deposit agreement, no person or entity, including the holders of GDSs and us, may deposit our Shares in our global depositary receipt facilities and no additional GDSs may be issued after the closing of the offering against such deposits without specific approval of the FSC unless the issuance of additional GDSs being in connection with following circumstances:

- we pay stock dividends on, or make a free distribution of, our Shares;
- the GDSs holder exercises pre-emptive rights in the event of capital increases for cash; or
- to the extent previously issued GDSs have been canceled and as permitted under the deposit agreement, investors purchase our Shares, directly or through the Depositary on the TWSE, and deliver our Shares to the Custodian for deposit into our GDS facility, or our existing shareholders deliver our Shares to the Custodian for deposit into our GDS facility.

With respect to (iii) above, the Depositary may deliver GDSs against the deposit of those shares only if the total number of GDSs outstanding following the deposit will not exceed the number of GDSs previously approved by the FSC, plus any GDSs issued pursuant to the events described in items (i) and (ii) above. Issuance of additional GDSs under item (iii) above will be permitted to the extent that previously GDSs have been cancelled. As a result of the limitations and restrictions on the deposit of Shares into our GDS facility, the liquidity of our GDSs may be reduced if a significant number of withdrawal transactions are effected and no additional GDSs are issued against corresponding deposits of the Shares.

A holder of GDSs or its designee requesting the withdrawal of the Shares represented by the GDSs may be required to provide certain information to us, and failure to provide such information may result in a delay of the withdrawal.

A holder of GDSs or its designee requesting the withdrawal of the Shares represented by the GDSs may be required to provide certain information to us or the Depositary, including the name and nationality of the person to be registered as the shareholder and the number of the Shares to be acquired by such person and the number of Shares acquired by such person in the past through the date of the withdrawal of the

Shares underlying the GDSs. Under applicable ROC laws, we are required to report to the FSC if the person to be registered as a shareholder (1) is a “related party” of ours as defined in the Regulations Governing the Preparation of Financial Report by Securities Issuer or (2) will hold, immediately following such withdrawal, more than 10% of the Shares represented by GDSs or 10% of the total number of the issued Shares. The reporting threshold will be reduced from 10% to 5% from May 10, 2024. Failure to provide such information may cause the delay of such withdrawal of the Shares represented by the GDSs.

Changes in exchange controls that restrict a GDS holder’s ability to convert proceeds received from ownership of Shares may have an adverse effect on the value of the GDS holder’s investment.

The imposition of foreign exchange controls may undermine a GDS holder’s ability to convert proceeds received from the holder’s ownership of GDSs. Under current ROC law, the Depositary, without obtaining further approval from the CBC or any other governmental authority or agency of the ROC, may convert NT dollars into other currencies, including US dollars, for:

- the proceeds of the sale of Shares represented by GDSs or the proceeds of the sale of Shares received as stock dividends which have been deposited into the global depositary receipt facilities; and
- any cash dividends or distributions received on the Shares.

In addition, the Depositary may also convert into NT dollars incoming payments for purchases of Shares for deposit in the global depositary receipt facilities against the issuance of additional GDSs. The Depositary is required to obtain foreign exchange approval from the CBC on a payment-by-payment basis for conversion from NT dollars into foreign currencies of the proceeds from the sale of subscription rights for new Shares. Although it is expected that CBC will grant this approval as a routine matter, we cannot assure you that in the future any approval will be obtained in a timely manner, or at all.

Under current ROC law, a GDS holder, after becoming a holder of Shares upon presentation of GDSs to the Depositary for cancellation and withdrawal of the deposited securities, without obtaining further approval from CBC, may convert from NT dollars into other currencies, including U.S. dollars, for:

- the proceeds of the sale of any underlying Shares withdrawn from the global depositary receipt facilities or the proceeds of the sale of any Shares received as stock dividends; and
- any cash dividends or distributions received.

However, such holder may be required to obtain foreign exchange approval from CBC on a payment-by-payment basis for conversion from NT dollars into foreign currencies of the proceeds from the sale of subscription rights for new Shares. In addition, under the ROC Foreign Exchange Control Law, the Executive Yuan of the ROC government may, without prior notice but subject to subsequent legislative approval, impose foreign exchange controls for certain periods of time in the event of, among other things, a material change in international economic conditions. We cannot assure you that foreign exchange controls or other restrictions will not be introduced in the future.

Fluctuations in the exchange rate between the NT dollar and the US dollar may have a material adverse effect on the value of the GDSs or the Shares in US dollar terms.

The Shares are listed on the TWSE, where shares are quoted and traded in NT dollars. If there are any cash dividends on the Shares represented by GDSs, these dividends will be paid to the Depositary in NT dollars and then converted into US dollars by the Depositary, subject to certain conditions. Fluctuations in the exchange rate between the NT dollar and the US dollar will affect, among other things, the amount a holder of GDSs will receive from the Depositary for dividends paid by us, the US dollar value of the proceeds

that a holder receives upon a sale in the ROC of the Shares represented by the GDSs and the secondary market price of the GDSs.

We cannot assure that capital gains from the sale or disposition of the Common Shares or GDSs will continue to be exempt from ROC income tax.

As used in this section, a “Non-ROC Resident Individual” is a foreign national individual who owns the Common Shares or GDSs and is not physically present in the ROC for 183 days or more during any calendar year, and a “Non-ROC Resident Entity” is a corporation or a non-corporate body that owns the Common Shares or GDSs and is organized under the laws of a jurisdiction other than the ROC and has no fixed place of business or business agent in the ROC. “Non-ROC Resident Individuals” and “Non-ROC Resident Entities” are jointly referred to as “Non-ROC Holders.”

Under Article 4-1 of the ROC Income Tax Act, capital gains from the sale or disposition of the Shares (including Common Shares withdrawn from the depositary receipts facility) are exempt from ROC income tax. Sales or disposal of the GDSs are not regarded as sales of ROC securities and thus any gain generated therefrom by Non-ROC Holders is not subject to ROC income tax. However, we cannot assure that Non-ROC Holders will continue to be exempted from ROC income tax in the future.

A liquid market for the GDSs may not develop and there are restrictions on the transfer of the GDSs.

The Initial Purchaser may make a market for the GDSs. However, the Initial Purchaser is not obligated to make a market and may discontinue this market-making activity at any time without notice. Such market-making activity is limited by the anti-manipulation rules under the Securities Act and the Exchange Act. The GDSs are being offered pursuant to an exemption from registration under the Securities Act and, as a result, you will only be able to resell your GDSs in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. Similarly, neither the GDSs nor the Shares underlying the GDSs are registered under the Exchange Act. Application has been made to list the GDSs on the Official List of the Luxembourg Stock Exchange and to trade on the Euro MTF Market. However, there can be no assurance that we will obtain or be able to maintain such listings or that, if listed, a trading market will develop on such exchanges.

In connection with any withdrawal of any Shares represented by GDSs, the GDSs will be surrendered to the Depositary. Unless additional GDSs are issued, the effect of such transactions will be to reduce the number of outstanding GDSs and, if a significant number of transactions are effected, to reduce the liquidity of the GDSs. See “Description of the Global Depositary Shares.” The GDSs or the Shares may not be publicly offered, sold, pledged or otherwise transferred in any jurisdiction where registration may be required. The Shares underlying the GDSs may only be publicly traded on the TWSE.

You will have limited voting rights as a holder of GDSs.

Holders of GDSs may exercise voting rights with respect to the underlying Shares only in accordance with the provisions of the applicable deposit agreement. You may instruct the Depositary how to exercise the voting rights for the underlying Shares. After receiving voting materials from us, the Depositary will notify the holders of GDSs of any Shareholders’ meeting or solicitation of consents or proxies. This notice will describe how you may instruct the Depositary to exercise the voting rights for the underlying Shares, subject to applicable laws and our articles of incorporation (the “**Articles of Incorporation**”), as amended from time to time. For instructions to be valid, the Depositary must receive them on or before the date specified. Subject to the deposit agreement, our Articles of Incorporation, and applicable laws and regulations, and insofar as practicable and permitted under applicable law, if the Depositary timely receives voting instructions from a holder of GDSs, it will endeavor to vote the Shares represented by the holder’s GDSs in accordance with such voting instructions, in all cases in accordance with the terms, and subject to the conditions, of the applicable deposit agreement. If the Depositary does not receive instructions on a particular agenda item from a holder of GDSs in a timely manner with respect to the Shares represented by the GDSs held by such holder and provided that we provide to the Depositary notice of the applicable meeting or shareholder vote in a timely manner as specified in the deposit agreements, the Depositary will

deem the holder of the GDSs (unless otherwise specified in the notice distributed to the holder of the GDSs) to have instructed the Depositary, in accordance with the terms, and subject to the conditions of, the deposit agreements, to give a discretionary proxy for such agenda item(s) to a person designated by the Company to vote the Shares represented by such GDSs in any manner such person deems appropriate at his or her discretion, which may not be in the best interests of the holders of GDSs.

The effect of this discretionary proxy is that the holders of GDSs cannot prevent the Shares underlying the GDSs from being voted, absent the situations described above, and it may make it more difficult for holders of GDSs to influence the management of the Company.

Furthermore, the Depositary, its nominees, and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, you may not be able to exercise your right to vote and you may lack recourse if your GDSs are not voted as you requested. In addition, in your capacity as a GDS holder, you will not be able to call a shareholder meeting. The Depositary shall, if we so request in writing, represent all Shares represented by GDSs (whether or not voting instructions have been received) for the purposes of establishing a quorum at a meeting of shareholders.

The voting rights of a holder of GDSs as to Shares represented by its GDSs are governed by the applicable deposit agreement. Holders of GDSs will not be able to exercise voting rights on an individual basis. If holders representing at least 51% of the GDSs outstanding at the relevant record date instruct the Depositary to vote in the same manner regarding a resolution, including the election of directors, the Depositary will cause all Shares represented by the GDSs to be voted in that manner. If the Depositary does not receive timely instructions representing at least 51% of the GDSs outstanding at the relevant record date to vote in the same manner for any resolution, including the election of directors, holders of GDSs will be deemed to have instructed the Depositary or its nominee to authorize all the Shares represented by the GDSs to be voted at the discretion of our chairman or his/her designee, which may not be in the interest of holders of GDSs. Moreover, while shareholders who own 1% or more of our outstanding shares are entitled to submit one proposal to be considered at our annual general meetings of shareholders, only holders representing at least 51% of our GDSs outstanding at the relevant record date are entitled to submit one proposal to be considered at our annual general meetings of shareholders. Hence, only one proposal may be submitted on behalf of all GDS holders.

Pre-emptive rights and other rights offerings may not be available to holders of GDSs in certain circumstances.

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. For example, the ROC Company Law, with some exceptions, requires us to offer our shareholders the right to subscribe for new shares in proportion to our existing ownership percentage whenever new shares are issued. If registration is required in any jurisdiction with respect to the offer of rights to GDS holders or the sale by the Depositary of such rights or the securities or other relevant property to which such rights relate, the Depositary will not affect such offer or sale with respect to the relevant tranche of GDSs unless we have obtained an exemption from or effected a registration in accordance with the requirements of such jurisdiction. However, under the deposit agreement, we are under no obligation to register such rights, securities or other property. Accordingly, GDS holders may be unable to participate in our rights offerings and may experience dilution of their holdings as a result. If the Depositary is unable to sell rights that are not exercised or not distributed or if the sale is not lawful or reasonably practicable, it will allow the rights to lapse, in which case you will receive no value for these rights.

Future issues, offers or sales of the Shares or any securities that are substantially similar to the Shares, including but not limited to any securities that may be convertible into, or exchangeable for the Shares, may hurt the value of the GDSs.

The market price of the GDSs and the Shares could decline as a result of future issues, offers or sales of a large number of the Shares or securities convertible into or exercisable for the Shares or any securities or financial instruments whose economic value is determined, directly or indirectly, by reference to the

market price of the Shares, or the perception that such issues, offers or sales could occur. If a large number of the Shares are sold, the market price for the GDSs or the Shares could be depressed.

Employee stock bonuses may have a diluting effect on the holdings and associated rights of the holders with respect to the Shares.

We generally pay employee bonuses (in the form of cash or stock) to our employees in the manner and percentages prescribed in our Articles of Incorporation. See “Business – Employees” and “Description of the Shares – Dividends and Distributions.” The number of Shares issuable and the amount transferred from distributable earnings for employee stock bonuses are calculated by reference to the par value of NT\$10.00 per Share, notwithstanding that the market value of the Shares as of the dates of declaration and distribution of the stock bonuses have been significantly higher than NT\$10.00 per Share. Employee bonuses in the form of new Shares to employees will effectively dilute the holdings and associated rights of holders with respect to the Shares.

Non-ROC holders of GDSs who withdraw the Shares will be required to register with the Taiwan Stock Exchange and appoint a local custodian and agent and a tax guarantor in the ROC.

Under current ROC law, if a GDS holder is a non-ROC person (other than a PRC person) and wishes to withdraw and hold underlying Shares from a depositary receipt facility, the holder will be required to register with the Taiwan Stock Exchange for making investments in the ROC securities market prior to withdrawing shares. The holder will also be required to appoint an eligible agent in the ROC to open a securities trading account, a Taiwan Depositary & Clearing Corporation book-entry account and a bank account to pay ROC taxes, remit funds, exercise shareholders’ rights and perform such other functions as the holder of GDSs may designate upon such withdrawal. In addition, such holder will be required to appoint a custodian bank to hold the securities in safekeeping, make confirmation and settle trades and report all relevant information. Without meeting these requirements, the non-ROC withdrawing holder would be unable to hold or subsequently sell the underlying Shares withdrawn from the depositary receipt facility on the TWSE or otherwise. There can be no assurance that such withdrawing holder will be able to register with the Taiwan Stock Exchange and open such accounts in a timely manner.

Non-ROC holders of GDSs (other than a PRC person) withdrawing the Shares represented by GDSs are also required under current ROC law and regulations to appoint an agent in the ROC for filing tax returns and making tax payments on their behalf. Such agent must meet certain qualifications set by the ROC Ministry of Finance and, upon appointment, becomes a guarantor of such withdrawing holder’s ROC tax obligations. Generally, evidence of the appointment of such agent and the approval of such appointment or tax clearance certification by the ROC tax authorities may be required as conditions to such withdrawing holder’s repatriation of the proceeds from the sale of the withdrawn Shares. There can be no assurance that such withdrawing holder will be able to appoint and obtain approval for such agent in a timely manner.

There are legal restrictions on a PRC investor’s ability to withdraw and hold the underlying Shares represented by the GDSs

Under current ROC laws, regulations and policy, a PRC person is not permitted to withdraw GDSs and to register as a shareholder of the Company unless it is a qualified domestic institutional investor (“QDII”). In addition, there are restrictions on the amount remitted to the ROC for investment by QDIIs, separately and jointly. The total investment amount allowed to be remitted into the ROC by all QDIIs cannot exceed US\$500 million, and by each QDII cannot exceed US\$100 million. Accordingly, the qualification criteria for a PRC person to make investment and the investment threshold imposed by the FSC and the TWSE might cause a GDS holder who is a PRC person to be unable to withdraw and hold the Shares. A custodian shall be appointed by each QDII to apply with the TWSE for the remittance. Subject to the compliance with the foregoing applicable laws and regulations of the ROC, a QDII may request withdrawal of, and holds the Shares represented by the GDSs.

Under current ROC laws, “PRC person” means an individual holding a passport issued by the PRC, a resident of any area under the effective control or jurisdiction of the PRC (but not including a special

administrative region of the PRC such as Hong Kong and Macau, if so excluded by applicable laws of the ROC), any legal person, group or instrumentality of the PRC and any corporation, partnership or other entity organized in countries outside of the ROC or PRC that is controlled by, or directly or indirectly has more than 30% of its capital owned by, or beneficially owned by, any such individual, resident, legal person, group or instrumentality.

You may have greater difficulty in protecting your interests and shareholder rights than you would as a shareholder of a corporation of other jurisdictions.

Our corporate affairs are governed by our Articles of Incorporation and ROC Company Act. The rights of our shareholders to bring shareholders' suits against our board of directors under ROC laws are much more limited than those of the shareholders of corporations of some other jurisdictions. Therefore, the holders of the GDSs and our public shareholders may have greater difficulty in protecting their interests in connection with actions taken by our management, members of our board of directors or controlling shareholders than they would as shareholders of corporations of other jurisdictions.

We may become a PFIC, which could result in adverse United States federal income tax consequences to United States investors.

We believe we were not a PFIC in the prior taxable year and do not expect to become a PFIC in the current taxable year or the foreseeable future. However, the determination of whether or not we are a PFIC is made on an annual basis and will depend on the composition of our income and assets from time to time. Specifically, we will be classified as a PFIC for United States federal income tax purposes if either: (1) 75% or more of our gross income in a taxable year is passive income, or (2) the average percentage of our assets by value in a taxable year which produce or are held for the production of passive income (which includes cash) is at least 50%. It is therefore possible that we could become a PFIC in a future taxable year. In addition, our PFIC status may depend in part upon the value of our goodwill which is based on the market value for our Shares. Accordingly, we could become a PFIC in the future if there is a substantial decline in the value of our active assets, including a decline in the value of our Shares, or if there is a substantial increase in the value of our passive assets. If we are or were to become a PFIC, such characterization could result in adverse United States federal income tax consequences to a holder of our GDSs if such holder is a United States investor. For example, if we are a PFIC, our United States investors will become subject to increased tax liabilities under United States federal income tax laws and regulations and will become subject to burdensome reporting.

USE OF PROCEEDS

The net proceeds to be received by us from this offering of the GDSs will be US\$384,520,790. The net proceeds are calculated after deducting underwriting discounts and commissions and related expenses of US\$4,579,210. In accordance with the regulatory approvals for this offering, we intend to use the net proceeds from the offering for the procurement of raw materials in foreign currencies.

DIVIDENDS AND DIVIDEND POLICY

Recent Historical Dividends

On February 24, 2023, the Company's board of directors resolved to propose the distribution of a cash dividend of NT\$1.80 per Share in the total amount of NT\$6,716.4 million for Common Shares in respect of the 2022 financial year. The Company's shareholders approved dividend distribution plans at the shareholder's general meeting held on May 19, 2023. The dividends will be paid and distributed on July 6, 2023.

On February 22, 2022, the Company's board of directors resolved to propose the distribution of a cash dividend of NT\$1.60 per Share in the total amount of NT\$5,490.1 million for Common Shares in respect of the 2021 financial year. The Company's shareholders approved dividend distribution plans at the shareholder's general meeting held on May 13, 2022. The dividends were paid and distributed on July 19, 2022.

On February 26, 2021, the Company's board of directors resolved to propose the distribution of a cash dividend of NT\$0.90 per Share in the total amount of NT\$3,088.2 million for Common Shares in respect of the 2020 financial year. The Company's shareholders approved dividend distribution plans at the shareholder's general meeting held on July 15, 2021. The dividends were paid and distributed on August 25, 2021.

On February 27, 2020, the Company's board of directors resolved to propose the distribution of a cash dividend of NT\$0.50 per Share in the total amount of NT\$1,663.0 million for Common Shares in respect of the 2019 financial year. The Company's shareholders approved dividend distribution plans at the shareholder's general meeting held on May 29, 2020. The dividends were paid and distributed on July 22, 2020.

Our historical dividends payment history is not, and should not be taken as, an indication of our potential future practice with respect to dividend payments.

Dividends Policy

We are generally not permitted under the ROC Company Law to distribute dividends or to make any other distributions to shareholders for any fiscal year in which we have not generated net income. In addition, before distributing a dividend or making any other distribution to shareholders, we must pay all outstanding taxes, recover any past losses, and set aside a legal reserve equal to 10% of our net profit until the legal reserve reaches an amount equal to at least 100% of our paid-in share capital. Apart from the aforesaid legal reserve, we also set aside a special reserve in accordance with applicable laws and regulations when necessary. See "Description of the Shares."

Our Articles of Incorporation provide that at least 40% of the remaining portion of the net profit, less prior years' losses, outstanding taxes, the legal reserve and any special reserve, and the share of the interests of our affiliates recognized by equity method, plus cash dividends paid out by our affiliates to us recognized by equity method, will be distributed as dividends (whether in cash or shares) to shareholders, where at least 70% of the total dividends should be distributed by cash.

According to Article 126 of the Civil Code of the Republic of China, the statute of limitation of a shareholder's entitlement to dividend is five years. After the entitlement to dividend lapses, the company may record such amount of unpaid dividends as its additional paid-in capital.

For information relating to ROC withholding taxes payable on dividends, see "Taxation – ROC Taxation."

CAPITALIZATION

The following table sets forth under Taiwan IFRS (i) our unaudited consolidated capitalization as of March 31, 2023 on an actual basis, and (ii) our unaudited consolidated capitalization as of March 31, 2023, as adjusted for the issuance of 30,000,000GDSs under the GDS Offering, before deducting underwriting discount and commission and other offering expenses. The following table should be read in conjunction with our financial statements and the notes thereto included elsewhere herein.

	As of March 31, 2023			
	Actual		As Adjusted for Offering of GDSs	
	NT\$	US\$	NT\$	US\$
	(in thousands) (unaudited)			
Non-current portion of long-term borrowings	47,196,967	1,548,457	47,196,967	1,548,457
Equity:				
Share capital	37,313,329	1,224,191	40,313,329	1,322,616
Capital surplus	24,637,494	808,317	33,702,707	1,105,732
Accumulated deficit	57,414,187	1,883,668	57,414,187	1,883,668
Other equity interest	5,668,921	185,988	5,668,921	185,988
Treasury shares	-	-	-	-
Non-controlling interests	6,465,884	212,135	6,465,884	212,135
Total Equity	131,499,815	4,314,299	143,565,028	4,710,139
Total Capitalization ⁽¹⁾	178,696,782	5,862,756	190,761,995	6,258,596

Note:

- (1) Total capitalization includes non-current portion of long-term borrowings (excluding the current portion of long-term borrowings accounted for current liabilities) and total equity.

SELECTED FINANCIAL AND OTHER DATA OF WALSIN LIHWA CORPORATION (華新麗華股份有限公司)

The following tables present our selected financial information. The following summary financial data are derived from the consolidated financial statements of Walsin Lihwa Corporation. The data should be read in conjunction with the consolidated financial statements, related notes and other financial information included in this Offering Circular. We have prepared this information using the consolidated financial statements of Walsin Lihwa Corporation as of and for the years ended December 31, 2020, 2021 and 2022 and as of and for the three months ended March 31, 2023. The financial statements as of and for the years ended December 31, 2020, 2021 and 2022 have been audited, and the unaudited financial statements as of and for the three months ended March 31, 2022 and 2023 have been reviewed, by independent auditors.

Summary Consolidated Statements of Comprehensive Income

	Year ended December 31,				Three months ended March 31,		
	2020	2021	2022		2022	2023	
	NT\$	NT\$	NT\$	US\$	NT\$	NT\$	US\$
		(audited)		(unaudited)		(unaudited)	
	(in thousands, except for share information)						
Operating Revenue	112,546,603	156,664,766	180,400,719	5,918,659	42,557,415	50,713,578	1,663,831
Operating Costs	(100,078,265)	(136,855,301)	(163,054,414)	(5,349,555)	(37,064,999)	(46,084,931)	(1,511,973)
Gross Profit	12,468,338	19,809,465	17,346,305	569,104	5,492,416	4,628,647	151,858
Operating Expenses							
Selling and marketing expenses	(1,868,164)	(2,487,342)	(2,880,008)	(94,488)	(777,427)	(509,506)	(16,716)
General and administrative expenses	(3,091,413)	(3,784,683)	(4,748,280)	(155,784)	(974,075)	(1,319,734)	(43,298)
Research and development expenses	(123,699)	(191,888)	(219,303)	(7,195)	(50,414)	(60,996)	(2,001)
Total operating expenses	(5,083,276)	(6,463,913)	(7,847,591)	(257,467)	(1,801,916)	(1,890,236)	(62,015)
Profit From Operations	7,385,062	13,345,552	9,498,714	311,637	3,690,500	2,738,411	89,843
Non-Operating Income and Expenses							
Interest income	261,523	91,952	240,793	7,900	20,083	116,501	3,822
Dividend income	110,990	561,499	766,857	25,159	311,092	346,657	11,373
Other income	136,095	549,102	1,130,256	37,082	174,816	121,786	3,996
Gain (loss) on disposal of property, plant and equipment	(7,979)	20,468	68,051	2,233	(2,647)	(3,518)	(115)
Gain (loss) on disposal of investments	(75,927)	679,207	7,210,043	236,550	(634,660)	531,087	17,424
Foreign exchange gain/(loss), net	(66,726)	(237,222)	1,748,708	57,372	181,730	(128,896)	(4,229)
Gain (loss) on valuation of financial assets and liabilities at fair value through profit or loss	732,121	647,228	265,134	8,699	(168,132)	154,240	5,060
Other expenses	(381,505)	(231,656)	(305,781)	(10,032)	(39,293)	(91,129)	(2,990)
(Recognition) reversal of impairment loss	674	(693,892)	(87)	(3)	59	1	-
Interest expense	(539,982)	(417,951)	(827,715)	(27,156)	(129,565)	(455,084)	(14,930)
Share of profit (loss) of associates accounted for using the equity method	1,696,319	4,808,211	3,607,040	118,341	1,150,732	(220,488)	(7,234)
Total non-operating income and expenses	1,865,603	5,776,946	13,903,299	456,145	864,215	371,157	12,177
Profit Before Income Tax From Continuing Operations	9,250,665	19,122,498	23,402,013	767,782	4,554,715	3,109,568	102,020
Income Tax Expense	(2,244,864)	(3,865,184)	(4,261,937)	(139,827)	(666,531)	(598,891)	(19,649)
Net Profit for the Year/Period	7,005,801	15,257,314	19,140,076	627,955	3,888,184	2,510,677	82,371
Other Comprehensive Income (Loss), net of income tax	3,338,209	5,113,693	(2,619,430)	(85,939)	617,175	5,919,285	194,203
Total Comprehensive Income for the Year/Period	10,344,010	20,371,007	16,520,646	542,016	4,505,359	8,429,962	276,574
Net Profit Attributable To:							
Owners of the company	6,691,149	14,642,629	19,352,097	634,911	3,834,617	2,095,226	68,741
Non-controlling interests	314,652	614,685	(212,021)	(6,956)	53,567	415,451	13,630
	7,005,801	15,257,314	19,140,076	627,955	3,888,184	2,510,677	82,371
Total Comprehensive Income (Loss) Attributable To:							
Owners of the company	10,114,207	19,791,160	16,639,046	545,900	4,443,474	8,204,414	269,174
Non-controlling interests	229,803	579,847	(118,400)	(3,885)	61,885	225,548	7,400
	10,344,010	20,371,007	16,520,646	542,016	4,505,359	8,429,962	276,574
Earnings Per Share							
Basic earnings per share	2.04	4.27	5.45	-	1.12	0.56	-
Diluted earnings per share	2.04	4.26	5.44	-	1.12	0.56	-

Segment Reporting

Operating Revenue

	Year ended December 31,				Three months ended March 31,		
	2020	2021	2022		2022	2023	
	NT\$	NT\$	NT\$	US\$	NT\$	NT\$	US\$
	(in thousands)				(unaudited)		
Stainless steel business.....	46,030,715	67,417,565	79,025,174	2,592,689	19,205,425	24,911,928	817,320
Resources business.....	Nil	8,571,368	23,469,051	769,982	5,687,626	10,900,090	357,614
Wires and cables business	41,378,992	62,302,436	58,861,592	1,931,155	14,823,697	11,678,995	383,169
Real estate business	7,099,820	1,882,235	1,972,699	64,721	490,560	515,282	16,906
Other businesses*	18,037,076	16,491,162	17,072,203	560,112	2,350,107	2,707,283	88,822
Total.....	112,546,603	156,664,766	180,400,719	5,918,659	42,557,415	50,713,578	1,663,831

*Note: Other businesses include reinvestment and certain other administrative operations as well as solar EPC business.

Segment Income

	Year ended December 31,				Three months ended March 31,		
	2020	2021	2022		2022	2023	
	NT\$	NT\$	NT\$	US\$	NT\$	NT\$	US\$
	(in thousands)				(unaudited)		
Stainless steel business.....	1,196,472	5,876,831	4,463,460	146,439	1,551,982	905,762	29,717
Resources business.....	(53,818)	4,009,584	7,011,709	230,043	2,595,685	1,464,346	48,043
Wires and cables business	1,242,325	2,267,026	2,983,318	97,878	673,410	775,385	25,439
Real estate business	3,583,825	214,240	94,428	3,098	61,920	(24,857)	(816)
Other businesses*	1,252,635	977,871	(5,054,201)	(165,820)	(1,192,497)	(382,225)	(12,540)
Total.....	7,221,439	13,345,552	9,498,714	311,638	3,690,500	2,738,411	89,843

*Note: Other businesses include reinvestment and certain other administrative operations as well as solar EPC business.

Summary Consolidated Balance Sheets

	As of December 31,				As of March 31,		
	2020	2021	2022		2022	2023	
	NT\$	NT\$	NT\$	US\$	NT\$	NT\$	US\$
		(audited)		(unaudited) (in thousands)		(unaudited)	
Assets							
Total current assets	56,176,808	69,320,640	92,707,385	3,041,581	89,173,685	84,504,673	2,772,463
Total non-current assets.....	95,387,198	113,714,258	159,817,468	5,243,355	115,826,602	166,540,761	5,463,936
Total assets.....	151,564,006	183,034,898	252,524,853	8,284,936	205,000,287	251,045,434	8,236,399
Liabilities							
Total current liabilities.....	31,458,157	38,852,513	60,869,368	1,997,027	46,743,168	60,088,961	1,971,423
Total non-current liabilities.....	32,825,019	36,236,117	61,834,273	2,028,683	45,729,103	59,456,658	1,950,678
Total liabilities	64,283,176	75,088,630	122,703,641	4,025,710	92,472,271	119,545,619	3,922,100
Total equity.....	87,280,830	107,946,268	129,821,212	4,259,226	112,528,016	131,499,815	4,314,298
Total liabilities and equity.....	151,564,006	183,034,898	252,524,853	8,284,936	205,000,287	251,045,434	8,236,399

Summary Consolidated Statements of Cash Flow

	As of December 31,				As of March 31,		
	2020	2021	2022		2022	2023	
	NT\$	NT\$	NT\$	US\$	NT\$	NT\$	US\$
		(audited)		(unaudited) (in thousands)		(unaudited)	
Net cash generated from (used in) operating activities.....	7,147,930	1,316,155	13,904,807	456,195	(8,693,696)	3,535,360	115,990
Net cash used in investing activities	(12,309,881)	(985,974)	(26,346,546)	(864,388)	(1,396,843)	(6,584,387)	(216,023)
Net cash generated from (used in) financing activities.....	5,610,868	(2,279,516)	20,318,482	666,617	12,449,190	(8,134,118)	(266,867)

Effects of exchange rate changes on the balance of cash held in foreign currencies.....	(257,515)	392,508	1,133,649	37,193	1,238,702	1,898	62
Net increase (decrease) in cash and cash equivalents.....	191,402	(1,556,827)	9,010,392	295,617	3,597,353	(11,181,247)	(366,839)

Other Financial Data

	Year ended December 31,			Three months ended March 31,	
	2020	2021	2022	2022 (unaudited)	2023 (unaudited)
Gross margin ⁽¹⁾	11.1%	12.6%	9.6%	12.9%	9.1%
Operating margin ⁽²⁾	6.6%	8.5%	5.3%	8.7%	5.4%
Net margin ⁽³⁾	6.2%	9.7%	10.6%	9.1%	5.0%
EBITDA (in thousands) ⁽⁴⁾⁽⁶⁾	NT\$12,231,645	NT\$22,371,262	NT\$28,681,030 (US\$940,979)	NT\$5,688,337	NT\$5,304,806 (US\$174,042)
EBITDA margin ⁽⁵⁾⁽⁶⁾	10.9%	14.3%	15.9%	13.4%	10.5%

- (1) Gross margin is calculated by dividing gross profit by operating revenue.
- (2) Operating margin is calculated by dividing income from operations by operating revenue.
- (3) Net margin is calculated by dividing net income by operating revenue.
- (4) EBITDA is defined as profit before income tax from continuing operations adding back depreciation (but excluding non-operating depreciation), amortization and interest expense.
- (5) EBITDA margin is calculated by dividing EBITDA by operating revenue.
- (6) The Company has presented EBITDA and EBITDA margin because the Company considers them important supplemental measures of our operating performance and believe they are frequently used by analysts, investors and other interested parties in the evaluation of companies in our industry. The Company's management uses EBITDA and EBITDA margin as additional measurement tools for purposes of business decision-making, including developing budgets, managing expenditures and evaluating potential acquisitions or divestitures. Other companies in our industry may calculate EBITDA and EBITDA margin differently than the Company does. EBITDA and EBITDA margin are not measures of operating performance under Taiwan IFRS and should not be considered as a substitute for, or superior to, income from operations or operating margin prepared in accordance with Taiwan IFRS. EBITDA and EBITDA margin have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under Taiwan IFRS. You are encouraged to evaluate these adjustments and the reasons the Company considers them appropriate for supplemental analysis. In evaluating EBITDA and EBITDA margin, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. The Company's presentation of EBITDA and EBITDA margin should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our audited consolidated financial statements as of and for the years ended December 31, 2020, 2021 and 2022 and unaudited consolidated financial statements as of and for the three months ended March 31, 2022 and 2023, have been prepared in accordance with Taiwan IFRS. Taiwan IFRS and IFRS differ in certain significant respects. See "Summary of Certain Material Differences Between Taiwan IFRS and IFRS." We have not quantified or identified the impact of differences between Taiwan IFRS and IFRS. The following discussion should be read in conjunction with the audited consolidated financial statements, unaudited consolidated financial statements and notes thereto, which appear elsewhere in this Offering Circular. Unless otherwise stated, all financial information below as of and for the years ended December 31, 2020, 2021 and 2022 and as of and for the three months ended March 31, 2022 and 2023 is presented on a consolidated basis. The following discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in the forward-looking statements as a result of any number of factors, such as those set forth under "Risk Factors" and elsewhere in this Offering Circular. See "Special Note Regarding Forward-Looking Statements."

OVERVIEW

Established in 1966, we are a leading manufacturer of stainless steel and wires and cables products in Taiwan. In recent years, we have expanded our stainless steel business into Europe through our acquisition of Cogne, and validated an innovative customer-centric business model for our wires and cables business to enhance customer stickiness and profitability. In addition, we have established the resources business and ramped up nickel pig iron and nickel matte production capacities in Indonesia.

We manufacture and sell a broad range of:

- stainless steel products, including billets, slabs, steel ingots, hot-rolled bars, cold- and hot-rolled coils, wire rods, cold-finished bars, and seamless pipes and tubes;
- resources products, including nickel pig iron and nickel matte; and
- wires and cables products, including bare copper wires, copper rods, power cables, optical fiber cables, industrial cables and communication cables.

In addition to our three core business segments, we also operate two commercial real properties in Nanjing and Taipei respectively.

In 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, we had operating revenue of NT\$112,546.6 million, NT\$156,664.8 million, NT\$180,400.7 million (US\$5918.7 million), NT\$42,557.4 and NT\$50,713.6 million (US\$1,663.8 million), respectively. In the same periods, we had net income of NT\$7,005.8 million, NT\$15,257.3 million, NT\$19,140.1 million (US\$628.0 million), NT\$3,888.2 million and NT\$2,510.7 million (US\$82.4 million), respectively.

Sales of stainless steel products and wires and cables products are the most significant contributors to our operating revenue. In 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, sales of stainless steel products accounted for 40.9%, 43.0%, 43.8%, 45.1% and 49.1%, respectively, of our operating revenue, whereas sales of wires and cables products accounted for 36.8%, 39.8%, 32.6%, 34.8%, and 23.0%, respectively, of our operating revenue. In addition, we commenced our resources business in 2020 and started to generate revenue in 2021. In 2021, 2022 and the three months ended March 31, 2022 and 2023 our resources business accounted for 5.5%, 13.0%, 13.4% and 21.5%, respectively, of our operating revenue.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations have been affected by a number of important factors that we believe will continue to affect our business and results of operations. Among these factors are the following:

Macroeconomic and Geopolitical Conditions

We have been impacted by adverse macroeconomic and geopolitical conditions. These conditions include but are not limited to global inflation, financial sector turmoil, deglobalization, the U.S.-China tensions, the Russia-Ukraine military conflict, the COVID-19 pandemic and related supply chain challenges and disruptions caused by any of these events. Our management continues to actively monitor the impact of these conditions on our financial condition, liquidity, operations, end-customers, distributors, suppliers, industry, and workforce. The extent to which such events impact our business, prospects and results of operations will depend on future developments, which are highly uncertain.

As our products are primarily sold in Asia, we are particularly impacted by shutdowns and government actions in the countries in that region. The COVID-19 pandemic had an adverse impact on our business and that of our customers and suppliers. This resulted in government authorities implementing numerous measures to try to contain the pandemic, such as travel bans and restrictions, quarantines, shelter-in-place or stay-at-home orders, business shutdowns and vaccination efforts. Our transportation cost was driven high due to governmental restrictions to contain COVID-19, which negatively impacted our sales and marketing activities. All these had a material effect on our business, results of operations and profitability.

Macroeconomic trends in the markets where we principally operate have a significant impact on the demand for our products. While government restrictions associated with the COVID-19 pandemic have been generally relieved and the manufacturing industry is showing recovery from the COVID-19 pandemic, the global economy remains sluggish and uncertain and faces a rocky recovery and a challenging outlook. According to the World Economic Outlook Database of the International Monetary Fund, in 2022, 2023 and 2024, Taiwan's GDP growth is projected to be 2.5%, 2.1% and 2.6%, respectively, China's GDP growth is projected to be 3.0%, 5.2% and 4.5%, respectively, and Euro area's GDP growth is projected to be 3.5%, 0.8% and 1.4%, respectively. On the other hand, while we have generally normalized in our business operations since December 2022, we are still in the process of reducing our inventory levels due to the impact of the COVID-19 pandemic. Despite these challenges and limitations, we have been able to secure products from our suppliers, fulfill our customers' purchase orders and increase revenues.

Further, deglobalization and U.S.-China tensions have continued to put pressure on manufacturers and supply chains in light of international and regional sanctions as well as tariffs that have been imposed or may be imposed by either the United States or the PRC. For example, demand from the PRC clients in semiconductor industries of our wires and cables products has decreased due to the geopolitical challenges they have faced, which may have a material adverse effect on our business and results of operations in the PRC.

In addition, we experienced significant increases in nickel and coal prices since December 2021 due to the Russia-Ukraine military conflict. Nickel is one of the main raw materials for our operations and coal is the major source of energy for our resources business. Surging nickel and coal price had inevitably exerted pressure on our profit margins of our stainless steel and resources businesses in 2022. In addition, our profit margins may be adversely affected due to increases in prices of raw materials in general as a result of global inflation since 2022. To mitigate such challenges, we have invested in production of nickel raw materials, adjusted the fuel coal input mix and sourced from regions other than Russia and Ukraine and have been closely monitoring our raw material inventory to respond to market conditions in a flexible manner.

Industry Trends and Demand

Our revenue levels are determined in part by the demand for our products. Our main customers include the power, telecommunications, construction engineering, wind power and electric vehicles, among others. According to BloombergNEF, the global energy transition to net-zero emissions would open up an investment opportunity that totals US\$194.2 trillion by 2050. Especially, electric vehicles and low-carbon power will be the biggest markets for investors, representing an investment opportunity totaling US\$91.3 trillion and US\$35.0 trillion, respectively, by 2050. In addition, governments in Taiwan, the PRC, the European Union and many other jurisdictions have set out carbon neutrality targets by 2050 or 2060 and have promulgated laws and regulations supporting the development of green energy including electric vehicles and wind power sectors.

We have been closely following the global industry trends towards green energy, including electric vehicles and offshore wind power opportunities. For example, in the field of cables, we are partnering with NKT HV Cables AB in Sweden to jointly develop submarine cable business in Taiwan. In addition, in the field of nickel resources, we acquired a 50.1% equity interest in PT. Sunny Metal Industry in Indonesia in 2022, invested in a 29.5% equity interest in PT. Westrong Metal Industry in Indonesia in December 2022, investing in nickel matte production for electric vehicle batteries. We also invested in a 40.0% equity interest in Innovation West Mantewe Pte. Ltd, which holds 45% equity interest in PT. Transcoal Minergy, a company principally engaged in coal mining in Indonesia. With our current business portfolio, we believe that we are strategically positioned to benefit from continued growth in demand from the green energy industries globally.

Expansion, Disposition and Operational Efficiency

In order to capture demand for our products, we have expanded, and intend to continue to expand, our industrial and geographic coverage as well as production capacity via acquisitions and/or establishment of new plants. For example, we completed the construction of our nickel pig iron plant in Indonesia in 2021. In 2022, we acquired a 50.1% equity interest in PT. Sunny Metal Industry in Indonesia with nickel matte production capacity and a 70.0% equity interest in Cogne in Italy with its specialty steel production capacity. Furthermore, Cogne has agreed to acquire 100.0% equity interest in Special Melted Products in the United Kingdom with its stainless steel and nickel alloy production capacity in May 2023 and is in the process of completing the acquisition. We are also building a hot rolling mill and a cold-finished bar plant in Yantai, China for stainless steel production and a high-efficiency factory in Yangmei, Taiwan for wires and cables production. Additionally, we plan to upgrade our nickel matte production line under PT. Sunny Metal Industry. See “Business – Our Facilities – Construction and Expansion of Facilities.” We anticipate that such acquisitions and constructions may allow us to expand into a wider range of businesses and geographic markets, generating higher operating revenue in Asia and beyond.

In addition, we have optimized our business portfolio by disposing the solar energy business in the United States and the low-margin copper business in the PRC. In 2019, we disposed Nanjing Walsin Metal Co., Ltd., which was principally engaged in production and sales of copper alloy. We disposed the solar field development division of Borrego Energy Holdings, LLC, our subsidiary in the United States, in 2022 and we are in the process of completing the disposal of the solar PV and energy storage procurement platform division of Borrego Energy Holdings, LLC, with an aim to focus on our core segments.

While higher capacity is aimed at increasing production and sales, increased operational efficiency can improve gross margins by decreasing costs relative to output. Our operational efficiency is largely driven by the capacity utilization rates of our production facilities. Our utilization rates have varied from period to period to reflect our production capacity and the market demand for our products. We intend to continue to improve our utilization rate through smart manufacturing and advanced warehousing and logistics, which would increase efficiency in production facilities, better adjust product flow management and further remove manufacturing bottlenecks.

Costs of Raw Materials

Our results of operations and financial condition have been materially affected by raw material prices. Costs of raw materials accounts for a majority of our operating costs.

Steel scraps and nickel are the principal raw materials we use in our stainless steel business. Copper is the principal raw material we use in our wires and cables business. The prices of steel scraps, nickel and copper fluctuate depending on various external factors that are beyond our control. Consequently, our cost for purchase of steel scraps, nickel and copper fluctuates constantly. In recent years, prices of steel scraps, nickel and copper have been volatile. For example, the prices of steel scraps, nickel and copper experienced on average 50-day volatility levels of 12.3%, 49.0% and 21.0%, respectively, from January 3 to June 8, 2023. To mitigate the adverse effects of such volatility, we have tapped into the production and sales of nickel pig iron, which is an upstream raw material for stainless steel production.

In our resources business, laterite nickel ore is the principal raw material and coal is the major source of energy. Fluctuation of prices of laterite nickel ore and coal would affect the gross margin of our resources business. We experienced significant increases in prices of nickel and coal since December 2021 due to the Russia-Ukraine military conflict, which had inevitably exerted pressure on our profit margins of our stainless steel and resources businesses in 2022. See “— Macroeconomic and Geopolitical Conditions.”

Product Pricing

Our revenue is affected by the price of the products we sell. We consider various factors in pricing our products, including the costs of raw materials, operating expenses, transportation cost, market demand, market competition, government policy, and seasonality. For our stainless steel and wires and cables businesses, our pricing methods depend on the type and location of the customers, their financial strength and reputation, and market conditions. When pricing our stainless steel and wires and cables products, we would also consider the purchase volume and payments terms. However, the price of our products for our resources business are largely dictated by market conditions, subject to a price floor imposed by the Indonesian government by reference to benchmark prices published on a monthly basis. The pricing policies for our products are approved by the department heads of the relevant business segments.

Return and Loss from on Investments

We have a number of significant strategic investments which we account for using the equity method and therefore in each reporting period our profit for the year or period could be materially affected by our return on or loss from these investments. We recognize our share in the profits or losses of our equity method, determined by our percentage equity interest, in our non-operating income or expenses. We recorded a net investment income recognized under the equity method, of NT\$1,696.3 million, NT\$4,808.2 million and NT\$3,607.0 million (US\$118.3 million) in 2020, 2021 and 2022, respectively, and a net investment loss recognized under equity method of NT\$220.4 million (US\$7.2 million) in the three months ended March 31, 2023.

CERTAIN COMPONENTS OF STATEMENT OF OPERATIONS

Operating Revenue

We generate revenues from the following business segments: (i) stainless steel business, (ii) resources business, (iii) wires and cables business, (iv) real estate business and (v) other businesses. The following tables set forth a breakdown of our revenue by business segments for the periods indicated:

	Year ended December 31,						Three months ended March 31,					
	2020		2021		2022			2022		2023		
	NT\$	% of Total	NT\$	% of Total	NT\$	US\$	% of Total	NT\$	% of Total	NT\$	US\$	% of Total
						(unaudited)				(unaudited)		
	(in thousands, except percentages)											
Stainless steel business	46,030,715	40.9	67,417,565	43.0	79,025,174	2,592,689	43.8	19,205,425	45.1	24,911,928	817,320	49.1
Resources business	Nil	Nil	8,571,368	5.5	23,469,051	769,982	13.0	5,687,626	13.4	10,900,090	357,615	21.5
Wires and cables business	41,378,992	36.8	62,302,436	39.8	58,861,592	1,931,155	32.6	14,823,697	34.8	11,678,995	383,169	23.0
Real estate business	7,099,820	6.3	1,882,235	1.2	1,972,699	64,721	1.1	490,560	1.2	515,282	16,906	1.0
Other businesses*	18,037,076	16.0	16,491,162	10.5	17,072,203	560,112	9.5	2,350,107	5.5	2,707,283	88,822	5.3
Total	112,546,603	100.0	156,664,766	100.0	180,400,719	5,918,659	100.0	42,557,415	100.0	50,713,578	1,663,831	100.0

*Note: Other businesses include reinvestment and certain other administrative operations as well as solar EPC business.

The following tables set forth a breakdown of our revenues by geographic market for the periods indicated:

	Year ended December 31,						Three months ended March 31,					
	2020		2021		2022			2022		2023		
	NT\$	% of Total	NT\$	% of Total	NT\$	US\$	% of Total	NT\$	% of Total	NT\$	US\$	% of Total
						(unaudited)				(unaudited)		
	(in thousands, except percentages)											
Asia	90,763,089	80.6	134,031,146	85.6	155,926,113	5,115,686	86.4	38,608	90.7	38,894	1,276	76.7
America	17,896,829	15.9	17,315,503	11.1	18,346,783	601,929	10.2	2,437	5.7	3,132	103	6.2
Europe	2,048,572	1.8	3,662,416	2.3	4,040,919	132,576	2.2	1,167	2.7	8,165	268	16.1
Others	1,838,113	1.6	1,655,701	1.1	2,086,904	68,468	1.2	34	0.8	522	17	1.0
Total	112,546,603	100.0	156,664,766	100.0	180,400,719	5,918,659	100.0	42,557	100.0	50,714	1,664	100.0

Note: The breakdown of our revenues by geographic market is based on the location of our customers.

Stainless Steel Business

We generate operating revenue from our stainless steel business through production and sales of various stainless steel products, including billets, slabs, steel ingots, hot-rolled bars, cold- and hot-rolled coils, wire rods, cold-finished bars, and seamless pipes and tubes. In 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, operating revenue from our stainless steel business were NT\$46,030.7 million, NT\$67,417.6 million, NT\$79,025.2 million (US\$2,592.7 million), NT\$19,205.4 million and NT\$24,911.9 million (US\$817.3 million), respectively, representing 40.9%, 43.0%, 43.8%, 45.1% and 49.1% of our total operating revenue, respectively.

Resources Business

We commenced our resources business by establishing PT. Walsin Nickel Industrial Indonesia in December 2019, extending into production and sales of upstream raw materials for stainless steel. Our resources business mainly include production and sales of nickel pig iron and nickel matte, trading services for sales of semi-finished stainless steel products, and procurement and hedging of certain other metal raw materials. We started to generate revenue from our resources business in 2021. In 2021, 2022 and the three months ended March 31, 2022 and 2023, operating revenue from our resources business were NT\$8,571.4 million, NT\$23,469.1 million (US\$770.0 million), NT\$5,687.6 million and NT\$10,900.1 million (US\$357.6 million), respectively, representing nil, 5.5%, 13.0%, 13.4% and 21.5% of our total operating revenue, respectively.

Wires and Cables Business

We generate operating revenue from our wires and cables business through production and sales of various wires and cables products, including bare copper wires, copper rods, power cables, optical fiber cables, industrial cables and communication cables. In 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, operating revenue from our wires and cables business were NT\$41,379.0 million, NT\$62,302.4 million, NT\$58,861.6 million (US\$1,931.1 million), NT\$14,823.7 million and NT\$11,679.0 million (US\$383.2 million), respectively, representing 36.8%, 39.8%, 32.6%, 34.8% and 23.0% of our total operating revenue, respectively.

Real Estate Business

Our real estate business mainly engages in development of commercial real estate complex as well as real estate management. In 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, operating revenue from our real estate business were NT\$7,099.8 million, NT\$1,882.2 million, NT\$1,972.7 million (US\$64.7 million), NT\$490.6 million and NT\$515.3 million (US\$16.9 million), respectively, representing 6.3%, 1.2%, 1.1%, 1.2% and 1.0% of our total operating revenue, respectively.

Other Businesses

We are also engaged in reinvestment and certain other administrative operations as well as solar EPC business. See "Business – Our Other Businesses – Solar EPC" for our solar EPC business. In 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, operating revenue from our other businesses were NT\$18,037.1 million, NT\$16,491.2 million, NT\$17,072.2 million (US\$560.1 million), NT\$2,350.1 million and NT\$2,707.3 million (US\$88.8 million), respectively, representing 16.0%, 10.5%, 9.5%, 5.5% and 5.3% of our total operating revenue, respectively.

Operating Costs

Our operating costs in 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023 were NT\$100,078.3 million, NT\$136,855.3 million, NT\$163,054.4 million (US\$5,349.6 million), NT\$37,065.0 million and NT\$46,084.9 million (US\$1,512.0 million), respectively. Cost of raw materials accounts for a majority of our operating costs. Steel scraps and nickel are the principal raw materials we use in our stainless steel business. In our resources business, laterite nickel ore is the principal raw material and coal is the major source of energy. Copper is the principal raw material we use in our wires and cables business. The remaining portion of our operating costs includes variable cost such as energy cost, direct labor cost and fixed cost such as depreciation.

Operating Expenses

The following table sets forth the principal components of our operating expenses for the periods indicated:

Operating Expenses	Year ended December 31,						Three months ended March 31,					
	2020		2021		2022		2022		2023			
	NT\$	% of Operating Revenue	NT\$	% of Operating Revenue	NT\$	US\$	% of Operating Revenue	NT\$	% of Operating Revenue	NT\$	US\$	% of Operating Revenue
(unaudited)						(unaudited)						
(in thousands, except percentages)												
Selling and marketing expenses.....	1,868,164	1.7	2,487,342	1.6	2,880,008	94,488	1.6	777,427	1.8	509,506	16,716	1.0
General and administrative expenses	3,091,413	2.7	3,784,683	2.4	4,748,280	155,783	2.6	974,075	2.3	1,319,734	43,298	2.6
Research and development expenses.....	123,699	0.1	191,888	0.1	219,303	7,195	0.1	50,414	0.1	60,996	2,001	0.1
Total.....	5,083,276	4.5	6,463,913	4.1	7,847,591	257,467	4.4	1,801,916	4.2	1,890,236	62,016	3.7

Our operating expenses consist primarily of general and administrative expenses, which include primarily salaries and wages, pensions and retirement benefits, and depreciation expenses relating to our self-owned plant and equipment. Our selling and marketing expenses include principally staff costs, advertisement expenses and transportation expenses. We also incur research and development expenses which relate primarily to research and application of environmental friendly technologies in our production and development of new products.

Segment Income and Operating Margin

Our income from operations represented profit before tax earned by each segment without allocation of central administration costs, director's remuneration, share of profit of associates, dividend income, interest income, gain (loss) on valuation of financial assets and liabilities at fair value through profit or loss, impairment recognized on financial assets, impairment loss recognized on non-financial assets, finance costs, net foreign exchange gains (loss) and income tax expense. Segment operating margin is calculated by dividing segment income from operations by segment operating revenue. The following table sets forth a breakdown of our segment income and segment operating margin for the periods indicated:

	Year ended December 31,							Three months ended March 31,				
	2020		2021		2022			2022		2023		
	NT\$	Operating Margin	NT\$	Operating Margin	NT\$	US\$	Operating Margin	NT\$	Operating Margin	NT\$	US\$	Operating Margin
						(unaudited)				(unaudited)		
(in thousands, except percentages)												
Stainless steel business	1,196,472	2.6	5,876,831	8.7	4,463,460	146,439	5.6	1,551,982	8.1	905,762	29,717	3.6
Resources business	(53,818)	N.A.*	4,009,584	46.8	7,011,709	230,043	29.9	2,595,685	45.6	1,464,346	48,043	13.4
Wires and cables business	1,242,325	3.0	2,267,026	3.6	2,983,318	97,878	5.1	673,410	4.5	775,385	25,439	6.6
Real estate business	3,583,825	50.5	214,240	11.4	94,428	3,098	4.8	61,920	12.6	(24,857)	(816)	(4.8)
Other businesses	1,252,635	6.9	977,871	5.9	(5,054,201)	(165,820)	(29.6)	(1,192,497)	(50.7)	(382,225)	(12,540)	(14.1)
Total.....	7,221,439	N.A.	13,345,552	N.A.	9,498,714	311,638	N.A.	3,690,500	N.A.	2,738,411	89,843	N.A.

*Note: We did not generate any revenue from our resources business for the year ended December 31, 2020.

Our other businesses experienced a net loss from operations of NT\$5,054.2 million (US\$165.8 million) in 2022, mainly as a result of an amount of NT\$2,600.9 million in aggregate in net loss provision and revenue loss of Borrego Energy Holdings, LLC. due to and in further anticipation of the adverse impact of the COVID-19 pandemic and the Russia-Ukraine military conflict on raw material and labor costs.

Non-operating Income and Expenses

Our non-operating income for the years ended December 31, 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023 were NT\$1,865.6 million, NT\$5,776.9 million, NT\$13,903.3 million (US\$456.1 million), NT\$864.2 million and NT\$371.2 million (US\$12.2 million), respectively, representing 1.7%, 3.7%, 7.7%, 2.0% and 0.7% of the operating revenue for the same periods. Non-operating income primarily consists of share of profit of associates accounted for using the equity method, interest income, dividend income and other income. Our non-operating expenses comprise interest expense, foreign exchange loss, impairment loss and other expenses.

Our share of associates accounted for using the equity method generated a net profit of NT\$1,696.3 million, NT\$4,808.2 million, NT\$3,607.0 million (US\$118.3 million) and NT\$1,150.7 million for the years ended December 31, 2020, 2021, 2022 and the three months ended March 31, 2022, and a net loss of NT\$220.5 million (US\$7.2 million) for the three months ended March 31, 2023. Share of profit or loss of associates accounted for using the equity method mainly comes from our 22.2% equity interest in Winbond Electronics

Corp. (TWSE: 2344), our 21.0% equity interest in Walton Advanced Engineering, Inc. (TWSE: 8110), and our 18.3% equity interest in Walsin Technology Corp. (TWSE: 2492).

Our gain or loss on disposal of investments generated a net loss of NT\$75.9 million for the year ended December 31, 2020, a net gain of NT\$679.2 million and NT\$7,210.0 (US\$236.6 million) for the years ended December 31, 2021 and 2022, a net loss of NT\$634.6 million for the three months ended March 31, 2022 and a net gain of NT\$531.1 million (US\$17.4 million) for the three months ended March 31, 2023. Our gain on disposal of investments in 2022 mainly came from our disposal of the solar PV site development division of Borrego Energy Holdings, LLC, our subsidiary in the United States, in July 2022.

See our consolidated financial statements included elsewhere in this Offering Circular for further details of other components of our non-operating income and expenses for the years ended December 31, 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements and disclosures in conformity with Taiwan IFRS requires management to make judgments, assumptions and estimates that affect the amounts reported in our financial statements and the accompanying notes. The amounts of assets and liabilities reported in our balance sheets and the amounts of revenues and expenses reported for each of the periods are affected by estimates and assumptions which are used for, but not limited to, determining whether an arrangement contains a lease and impairment tests of property, plant and equipment and goodwill. Actual results could differ from these estimates. For details of the significant accounting policies and methods used in the preparation of our consolidated financial statements, see Notes 4 to our audited consolidated financial statements as of and for the years ended December 31, 2021 and 2022 and to our unaudited consolidated financial statements as of and for the three months ended March 31, 2023. The following critical accounting policies are significantly affected by judgments, assumptions and estimates used in the preparation of our financial statements.

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

Inventories of construction industry include land held for construction site and constructions-in-progress, which are recorded based on acquisition costs or construction costs depends on the type of the construction. Interest expenses on constructions-in-progress are capitalized as part of the construction costs.

Investments Accounted for Using the Equity Method - Investment in Associates

An associate is an entity over which we have significant influence and which is neither a subsidiary nor an interest in a joint venture.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize our share of the profit or loss and other comprehensive income of the associate. We also recognize the changes in our share of the equity of associates.

Any excess of the cost of acquisition over our share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of our share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When we subscribe for additional new shares of the associate, at a percentage different from our existing ownership percentage, the resulting carrying amount of the investment differs from the amount of our proportionate interest in the associate. We record such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in our share of equity of associates. If our ownership interest is reduced due to our additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When our share of losses of an associate equals or exceeds our interest in that associate, we discontinue recognizing our share of further losses. Additional losses and liabilities are recognized only to the extent that we have incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

We discontinue the use of the equity method from the date on which our investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. We account for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When we transact with our associate, profits and losses resulting from the transactions with the associate are recognized in our consolidated financial statements only to the extent of interests in the associate that are not related to us.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of the property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

Revenue Recognition

Revenue from Sales of Goods

Revenue from the sale of goods comes from sales of wires, cables and stainless steel. Sales of wires, cables and stainless steel are recognized as revenue when the customer has full discretion over the manner of distribution and the price, undertakes the primary responsibility for the sales to its customers, and bears the risks of obsolescence. Trade receivables are recognized concurrently.

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

Other Revenue

Revenue from Rendering of Services

Service revenue is recognized when services are rendered. Revenue should be recognized over time by measuring the progress toward complete satisfaction of the performance obligations.

Construction Contract Revenue

A contract asset is recognized during construction and is reclassified to trade receivables at the time when the customer is invoiced. If the milestone payment exceeds the revenue recognized to date, then we recognize a contract liability for the difference. Certain payments retained by the customer as specified in the contract are intended to ensure that we adequately complete all contractual obligations. Such retention receivables are recognized as contract assets until we satisfy our performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, financial data from our audited consolidated and unaudited consolidated statements of income and as a percentage of our total operating revenue.

	Year ended December 31,							Three months ended March 31,				
	2020		2021		2022			2022		2023		
	NT\$	% of Revenue	NT\$	% of Revenue	NT\$	US\$	% of Revenue	NT\$	% of Revenue	NT\$	US\$	% of Revenue
						(unaudited)				(unaudited)		
						(in thousands, except percentages)						
Operating Revenue.....	112,546,603	100.0	156,664,766	100.0	180,400,719	5,918,659	100.0	42,557,415	100.0	50,713,578	1,663,831	100.0
Operating Costs.....	(100,078,265)	(88.9)	(136,855,301)	(87.4)	(163,054,414)	(5,349,555)	(90.4)	(37,064,999)	(87.1)	(46,084,931)	(1,511,973)	(90.9)
Gross Profit.....	12,468,338	11.1	19,809,465	12.6	17,346,305	569,104	9.6	5,492,416	12.9	4,628,647	151,858	9.1
Operating Expenses												
Selling and marketing expenses.....	(1,868,164)	(1.7)	(2,487,342)	(1.6)	(2,880,008)	(94,488)	(1.6)	(777,427)	(1.8)	(509,506)	(16,716)	(1.0)
General and administrative expenses	(3,091,413)	(2.7)	(3,784,683)	(2.4)	(4,748,280)	(155,784)	(2.6)	(974,075)	(2.3)	(1,319,734)	(43,298)	(2.6)
Research and development expenses	(123,699)	(0.1)	(191,888)	(0.1)	(219,303)	(7,195)	(0.1)	(50,414)	(0.1)	(60,996)	(2,001)	(0.1)
Total operating expenses.....	(5,083,276)	(4.5)	(6,463,913)	(4.1)	(7,847,591)	(257,467)	(4.3)	(1,801,916)	(4.2)	(1,890,236)	(62,015)	(3.7)
Profit From Operations.....	7,385,062	6.6	13,345,552	8.5	9,498,714	311,637	5.3	3,690,500	8.7	2,738,411	89,843	5.4
Non-Operating Income and Expenses												
Interest income.....	261,523	0.2	91,952	0.1	240,793	7,900	0.1	20,083	-	116,501	3,822	0.2
Dividend income.....	110,990	0.1	561,499	0.4	766,857	25,159	0.4	311,092	0.7	346,657	11,373	0.7
Other income.....	136,095	0.1	549,102	0.4	1,130,256	37,082	0.7	174,816	0.4	121,786	3,996	0.2
Gain (loss) on disposal of property, plant and equipment.....	(7,979)	-	20,468	-	68,051	2,233	-	(2,647)	-	(3,518)	(115)	-
Gain (loss) on disposal of investments	(75,927)	(0.1)	679,207	0.4	7,210,043	236,550	4.0	(634,660)	(1.5)	531,087	17,424	1.1
Foreign exchange gain/(loss), net	(66,726)	(0.1)	(237,222)	(0.2)	1,748,708	57,372	1.0	181,730	0.5	(128,896)	(4,229)	(0.3)
Gain (loss) on valuation of financial assets and liabilities at fair value through profit or loss.....	732,121	0.7	647,228	0.4	265,134	8,699	0.2	(168,132)	(0.4)	154,240	5,060	0.3
Other expenses	(381,505)	(0.3)	(231,656)	(0.2)	(305,781)	(10,032)	(0.2)	(39,293)	(0.1)	(91,129)	(2,990)	(0.2)
(Recognition) reversal of impairment loss	674	-	(693,892)	(0.4)	(87)	(3)	-	59	-	1	-	-
Interest expense.....	(539,982)	(0.5)	(417,951)	(0.3)	(827,715)	(27,156)	(0.5)	(129,565)	(0.3)	(455,084)	(14,930)	(0.9)
Share of profit (loss) of associates accounted for using the equity method	1,696,319	1.5	4,808,211	3.1	3,607,040	118,341	2.0	1,150,732	2.7	(220,488)	(7,234)	(0.4)
Total non-operating income and expenses	1,865,603	1.6	5,776,946	3.7	13,903,299	456,145	7.7	864,215	2.0	371,157	12,177	0.7
Profit Before Income Tax From Continuing Operations.....	9,250,665	8.2	19,122,498	12.2	23,402,013	767,782	13.0	4,554,715	10.7	3,109,568	102,020	6.1
Income Tax Expense.....	(2,244,864)	(2.0)	(3,865,184)	(2.5)	(4,261,937)	(139,827)	(2.4)	(666,531)	(1.6)	(598,891)	(19,649)	(1.1)
Net Profit for the Year/Period.....	7,005,801	6.2	15,257,314	9.7	19,140,076	627,955	10.6	3,888,184	9.1	2,510,677	82,371	5.0

Three months ended March 31, 2023 (Unaudited) Compared to three months ended March 31, 2022 (Unaudited)

Operating revenue

Our operating revenue increased by 19.2% to NT\$50,713.6 million (US\$1,663.8 million) in the three months ended March 31, 2023 from NT\$42,557.4 million in the same period in 2022, primarily due to the increase in the sales of products in the stainless steel business and resources business mainly resulting from our acquisition of PT. Sunny Metal Industry in September 2022 and Cogne in December 2022, partially offset by a decrease in the sales of products in the wires and cables business.

Operating Costs

Our operating costs increased by 24.3% to NT\$46,084.9 million (US\$1,512.0 million) in the three months ended March 31, 2023 from NT\$37,065.0 million in the same period in 2022. This was primarily due to the increase in the operating costs of our resources business as a result of our acquisition of PT. Sunny Metal Industry in September 2022, and also attributable to the increase in the prices of raw materials in our stainless steel business as a result of global inflation.

Gross Profit and Gross Margin

Our gross profit from operations decreased by 15.7% to NT\$4,628.6 million (US\$151.9 million) in the three months ended March 31, 2023 from NT\$5,492.4 million in the same period in 2022, and our gross margin decreased to 9.1% from 12.9%. This was primarily because of the flatter increase in our sales prices in the stainless steel business compared to the increase in the prices of raw materials, which is mainly as a result of the decreased demand in the context of sluggish macroeconomic environment.

Operating Expenses

Our operating expenses increased by 4.9% to NT\$1,890.2 million (US\$62.0 million) in the three months ended March 31, 2023 from NT\$1,801.9 million in the same period in 2022. The increase was primarily due to the increase in corresponding operating revenue, partially offset by the decrease in transportation cost as a result of the relaxation of COVID-related restrictions and the decrease in employee bonuses following the decrease in our net profit.

Income from Operations and Operating Margin

As a result of the foregoing, our income from operations was NT\$2,738.4 million (US\$89.8 million) in the three months ended March 31, 2023, compared to income from operations of NT\$3,690.5 million in the same period in 2022. Our operating margin also decreased to 5.4% from 8.7%.

Non-Operating Income and Expenses

We recorded net non-operating income of NT\$371.2 million (US\$12.2 million) in the three months ended March 31, 2023, representing a 57.1% decrease from NT\$864.2 million in the same period of 2022. This decrease was primarily attributable to the change in share of profit or loss of associates accounted for using the equity method to a net loss of NT\$220.5 million (US\$7.2 million) from a net gain of NT\$864.2 million, which is primarily derived from our 22.2% equity interest in Winbond Electronics Corp. (TWSE: 2344), the increase in interest expense to NT\$455.1 million (US\$14.9 million) from NT\$129.6 million, and the change in foreign exchange gain or loss to a net loss of NT\$128.9 million (US\$4.2 million) from a net gain of NT\$181.7 million.

Income Tax Expense

Our income tax expense decreased by 10.1% to NT\$598.9 million (US\$19.6 million) in the three months ended March 31, 2023 from NT\$666.5 million in the same period in 2022, as a result of the decrease in our before-tax income to NT\$3,109.6 million (US\$102.0 million) from NT\$4,554.7 million.

Net Income (Loss) and Net Income Margin

As a result of the foregoing, our net income decreased to NT\$2,510.7 million (US\$82.4 million) in the three months ended March 31, 2023 from NT\$3,888.2 million in the same period in 2022. Our net income margin also decreased to 5.0% from 9.1%.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Operating revenue

Our operating revenue increased by 15.2% to NT\$180,400.7 million (US\$5,918.7 million) in 2022 from NT\$156,664.8 million in 2021, primarily due to increase in production capacity following the full production of our nickel pig iron plant in the resources business in 2022 and the increase in operating revenue in the stainless steel business driven by the increase in unit prices of stainless steel products following the increase in the prices of raw materials.

Operating Costs

Our operating costs increased by 19.1% to NT\$163,054.4 million (US\$5,349.6 million) in 2022 from NT\$136,855.3 million in 2021, primarily due to the increase in the prices of raw materials in 2022 resulting from the Russia-Ukraine military conflict as well as the increase in transportation cost resulting from governmental restrictions to contain COVID-19.

Gross Profit and Gross Margin

Our gross profit from operations decreased by 12.4% to NT\$17,346.3 million (US\$569.1 million) in 2022 from NT\$19,809.5 million in 2021, and our gross margin decreased to 9.6% from 12.6%. This was primarily because of the flatter increase in our sales prices in the stainless steel business compared to the increase in the prices of raw materials, which is mainly as a result of the decreased demand in the context of sluggish macroeconomic environment, as well as our disposal and value realization of the solar PV site development division of Borrego Energy Holdings, LLC in July 2022, which has a relatively higher margin.

Operating Expenses

Our operating expenses increased by 4.4% to NT\$7,847.6 million (US\$257.5 million) in 2022 from NT\$6,463.9 million in 2021. The increase was primarily due to the increase in employee bonuses following the increase in our net profit.

Income from Operations and Operating Margin

As a result of the foregoing, our income from operating decreased by 28.8% to NT\$9,498.7 million (US\$311.6 million) in 2022 from NT\$13,345.5 million in 2021, and our operating margin decreased to 5.3% from 8.5%.

Non-Operating Income and Expenses

We recorded net non-operating income of NT\$13,903.3 million (US\$456.1 million) in 2022, representing a significant increase from NT\$5,776.9 million in 2021. This significant increase was primarily attributable to the significant increase in the net gain on disposal of investments to NT\$7,210.0 million in 2022 from

NT\$679.2 million in 2021, mainly resulting from our disposal of the solar PV site development division of Borrego Energy Holdings, LLC in July 2022. The increase was also attributable to a significant increase in the net gain on foreign exchange to NT\$1,748.7 million in 2022 from a net loss on foreign exchange of NT\$237.2 million in 2021.

Income Tax Expense

Our income tax expense increased by 10.3% to NT\$4,261.9 million (US\$139.8 million) in 2022 from NT\$3,865.2 million in 2021, primarily as a result of the increase in our before-tax income to NT\$23,402.0 million (US\$767.8 million) from NT\$19,122.5 million.

Net Income and Net Income Margin

As a result of the foregoing, our net income increased to NT\$19,140.1 million (US\$628.0 million) in 2022 from NT\$15,257.3 million in 2021. Our net income margin increased to 10.6% in 2022 from 9.7% in 2021.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Operating revenue

Our operating revenue increased by 39.2% to NT\$156,664.8 million in 2021 from NT\$112,546.6 million in 2020, primarily due to the increase in the sales volume in the stainless steel business, resources business and wires and cables business as a result of our effective control over procurement of raw materials, increase in production capacity and timely response to customer needs. The increase in the sales volume in the stainless steel business was mainly driven by the increase in demand for our stainless steel products as a result of the PRC government's removal of VAT rebate on exports of various steel products as well as excessive orders from customers in response to the seaport congestion in 2021.

Operating Costs

Our operating costs increased by 36.7% to NT\$136,855.3 million in 2021 from NT\$100,078.3 million in 2020, principally as a result of the corresponding increase in operating revenue.

Gross Profit and Gross Margin

Our gross profit from operations increased by 58.9% to NT\$19,809.5 million in 2021 from NT\$12,468.3 million in 2020, and our gross margin increased to 12.6% from 11.1%, primarily due to the increase in demand for our stainless steel products as a result of the PRC government's removal of VAT rebate on exports of various steel products as well as excessive orders from customers in response to the seaport congestion in 2021.

Operating Expenses

Our operating expenses increased by 27.2% to NT\$6,463.9 million in 2021 from NT\$5,083.3 million in 2020. The increase was primarily due to the increase in our revenue in 2021 as compared to 2020 and the increase in transportation cost as a result of the COVID-19 pandemic.

Income from Operations and Operating Margin

As a result of the foregoing, our income from operations increased by 80.7% to NT\$13,345.5 million in 2021 from NT\$7,385.1 million in 2020, and our operating margin increased to 8.5% from 6.6%.

Non-Operating Income and Expenses

We recorded net non-operating income of NT\$5,776.9 million in 2021, representing a significant increase from NT\$1,865.6 million in 2020. This significant increase was primarily attributable to the significant increase in share of profit of associates accounted for using the equity method to NT\$4,808.2 million in 2021 from NT\$1,696.3 million in 2020, which is primarily derived from our 22.2% equity interest in Winbond Electronics Corp. (TWSE: 2344), as well as the significant increase in before-tax income to NT\$19,122.5 million in 2021 from NT\$9,250.7 million in 2020, partially offset by the increase in income tax expense in 2021 compared with 2020.

Income Tax Expense

Our income tax expense increased by 72.2% to NT\$3,865.2 million in 2021 from NT\$2,244.9 million in 2020, primarily as a result of the increase in our before-tax income to NT\$19,122.5 million from NT\$9,250.7 million.

Net Income and Net Income Margin

As a result of the foregoing, our net income increased to NT\$15,257.3 million in 2021 from NT\$7,005.8 million in 2020. Our net income margin increased to 9.7% in 2021 from 6.2% in 2020.

Non-IFRS Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with Taiwan IFRS, we use EBITDA, a non-Taiwan IFRS financial measure, as described below, to understand and evaluate our core operating performance. These non-IFRS financial measures, which may differ from similarly titled measures used by other companies, are presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with Taiwan IFRS.

EBITDA is defined as profit before income tax from continuing operations adding back depreciation (but excluding non-operating depreciation), amortization and interest expense. We believe that EBITDA provides useful information to investors and others in understanding and evaluating our operating results. These non-Taiwan IFRS financial measures eliminate the impact of items that we do not consider indicative of the performance of our business. While we believe that these non-Taiwan IFRS financial measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute for the related financial information prepared in accordance with Taiwan IFRS.

EBITDA Reconciliations

The following table presents reconciliations of EBITDA to income from operations, the most directly comparable IFRS financial measure, for the periods indicated:

	As of and for the year ended December 31,				As of and for the three months ended March 31,		
	2020	2021	2022		2022	2023	
	NT\$	NT\$	NT\$	US\$	NT\$	NT\$	US\$
					(unaudited)		
	(in thousands)						
Profit Before Income Tax From Continuing Operations.....	9,250,665	19,122,498	23,402,013	767,782	4,554,715	3,109,568	102,020
Depreciation Expenses.....	2,405,513	2,799,315	4,385,647	143,886	996,641	1,590,586	52,185
Amortization Expenses.....	35,485	31,498	65,655	2,154	7,416	149,568	4,907
Interest Expense.....	539,982	417,951	827,715	27,156	129,565	455,084	14,930
EBITDA.....	12,231,645	22,371,262	28,681,030	940,979	5,688,337	5,304,806	174,042

LIQUIDITY AND CAPITAL RESOURCES

We believe that our current cash and cash equivalents and our anticipated cash flows from operations as well as bank borrowings will be sufficient to meet our anticipated working capital requirements, debt repayments, dividend payments and other business requirements associated with existing operations for the 12 months following this offering. In 2020, 2021, 2022 and the three months ended March 31, 2023, our primary sources of liquidity include cash flow from operations, bank borrowings, issuances of corporate bonds, cash flow from disposal of subsidiaries and issuance of additional equity. In July 2022, we disposed the solar field development division of Borrego Energy Holdings, LLC, our subsidiary in the United States, resulting in a cash inflow of NT\$9,242.6 million. In August 2022, we had a follow-on offering on the TWSE for an issuance of 300,000,000 ordinary shares at the price of NT\$30 per share, with gross proceeds of NT\$9,000.0 million. We may, however, need additional capital in the future to fund our further expansion. If we determine that our cash requirements exceed the amount of cash and cash equivalents we have on hand at the time, we may seek to issue equity or debt securities or obtain credit facilities. The issuance and sale of additional equity would result in further dilution to our shareholders. We are also in the process of completing the disposal of the solar PV and energy storage procurement platform division of Borrego Energy Holdings, LLC as part of our business strategies, which may result in additional cash inflow.

While certain of our subsidiaries are subject to contractual restrictions on the transfer of funds to us in the form of cash dividends, loans or advances, such restrictions are not expected to have a material impact on our ability to meet our cash obligations.

As of March 31, 2023, we had total borrowings of NT\$65,780.1 million (US\$2,158.1 million). For the interest rate collars of our borrowings, see Note 23 to our unaudited consolidated financial statements as of and for the three months ended March 31, 2023. As of March 31, 2023, we had unused credit line of NT\$104,270.0 million (US\$3,420.9 million) available to us.

The following table set forth a summary of our consolidated cash flows for the periods indicated:

	As of and for the year ended December 31,				As of and for the three months ended March 31,		
	2020	2021	2022		2022	2023	
	NT\$	NT\$	NT\$	US\$	NT\$	NT\$	US\$
	(in thousands)				(unaudited)		
Net cash generated from operating activities.....	7,147,930	1,316,155	13,904,807	456,194	8,693,696	3,535,360	115,990
Net cash generated from (used in) investing activities.....	(12,309,881)	(985,974)	(26,346,546)	(864,388)	1,396,843	6,584,387	216,023
Net cash generated from (used in) financing activities.....	5,610,868	(2,279,516)	20,318,482	666,617	12,449,190	8,134,118	266,867
Cash and cash equivalents	11,944,408	10,387,581	19,397,973	636,416	13,984,934	8,216,726	269,578

(1) Translation of amounts from US dollars into NT dollars has been made at the rate prevailing on March 31, 2023 of NT\$30.48=US\$1.00. The exchange rate is not derived from the audited or unaudited financial statements.

Net Cash Generated from Operating Activities

Net cash generated from operating activities for the three months ended March 31, 2023 was NT\$3,535.4 million (US\$116.0 million). This was primarily attributable to income before tax of NT\$3,109.6 million, adjusted mainly to reflect (i) the adding back of non-cash charges relating to depreciation expenses of NT\$1,590.6 million, and (ii) a decrease of NT\$2,710.5 million in notes receivable. Such adjustments were partially offset by an increase of NT\$2,040.4 million in trade receivables and an increase of NT\$2,213.0 million in other current assets.

Net cash generated from operating activities in 2022 was NT\$13,904.8 million (US\$456.2 million). This was primarily attributable to income before income tax of NT\$23,402.0 million, adjusted mainly to reflect (i) the adding back of non-cash charges relating to depreciation expenses of NT\$4,385.6 million, (ii) an increase of NT\$3,673.9 million in trade payables, and (iii) the dividend income of NT\$2,166.8 million. Such

adjustments were partially offset by a gain of NT\$7,210.0 million on disposal of investments and a gain of NT\$3,607.0 million in share of profit of associates accounted for using the equity method.

Net cash generated from operating activities in 2021 was NT\$1,316.2 million. This was primarily attributable to income before income tax of NT\$19,122.5 million, adjusted mainly to reflect (i) the adding back of non-cash charges relating to depreciation expenses of NT\$2,799.3 million, and (ii) the dividend income of NT\$1,359.1 million. Such adjustments were partially offset by an increase of NT\$11,987.3 million in inventory, a gain of NT\$4,808.2 million in share of profit of associates accounted for using the equity method, and an increase of NT\$3,494.7 million in trade receivables.

Net cash generated from operating activities in 2020 was NT\$7,147.9 million. This was primarily attributable to income before income tax of NT\$9,250.7 million, adjusted mainly to reflect (i) the adding back of non-cash charges relating to depreciation expenses of NT\$2,405.5 million, (ii) a decrease of NT\$938.7 million in inventory, and (iii) the dividend income of NT\$789.3 million. Such adjustments were partially offset by a gain of NT\$1,696.3 million in share of profit of associates accounted for using the equity method and an increase of NT\$2,794.9 million in other current assets.

Net Cash Generated from/(Used in) Investing Activities

Our cash flows used in investing activities mainly reflect our substantial purchases of property, plant and equipment.

Net cash used in investing activities for the three months ended March 31, 2023 was NT\$6,584.4 million (US\$216.0 million). This was primarily attributable to the payments for property, plant and equipment of NT\$5,160.4 million and other investing activities of NT\$1,449.0 million. These cash outflows were partially offset by a decrease in refundable deposits of NT\$47.7 million.

Net cash used in investing activities in 2022 was NT\$26,346.5 million (US\$864.4 million). This was primarily attributable to the payments for property, plant and equipment of NT\$15,499.3 million and the acquisition of additional interests in subsidiaries of NT\$11,037.2 million. These cash outflows were partially offset by the net cash flow on disposal of subsidiaries of NT\$9,242.6 million.

Net cash used in investing activities in 2021 was NT\$986.0 million. This was primarily attributable to the payments for property, plant and equipment of NT\$6,415.4 million. These cash outflows were partially offset by the disposal of financial assets at fair value through profit or loss of NT\$4,948.9 million.

Net cash used in investing activities in 2020 was NT\$12,309.9 million. This was primarily attributable to the payments for property, plant and equipment of NT\$8,816.4 million and purchase of financial assets at fair value through profit or loss of NT\$5,353.8 million. These cash outflows were partially offset by the net cash flow on disposal of subsidiaries of NT\$2,026.0 million.

Net Cash Generated from/(Used in) Financing Activities

Net cash used in financing activities for the three months ended March 31, 2023 was NT\$8,134.1 million (US\$266.9 million). This was primarily attributable to the repayment of long-term borrowings of NT\$10,938.0 million and the decrease in short-term borrowings of NT\$5,106.0 million. These cash outflows were partially offset by the proceeds from long-term borrowings of NT\$6,528.5 million.

Net cash generated from financing activities in 2022 was NT\$20,318.5 million (US\$666.6 million). This was primarily attributable to the proceeds from long-term borrowings of NT\$21,755.4 million, the increase in short-term borrowings of NT\$13,088.9 million, and the proceeds from issuance of ordinary shares of NT\$9,000.0 million. These cash inflows were partially offset by the repayments of long-term borrowings of NT\$19,732.8 million and cash dividends paid of NT\$5,489.8 million.

Net cash used in financing activities in 2021 was NT\$2,279.5 million. This was primarily attributable to the repayment of long-term borrowings of NT\$6,064.2 million, the acquisition of subsidiaries of NT\$5,003.8 million, and the cash dividends paid of NT\$3,088.0 million. These cash outflows were partially offset by the proceeds from bonds payable of NT\$7,500.0 million and the proceeds from long-term borrowings of NT\$4,000.0 million.

Net cash generated from financing activities in 2020 was NT\$5,610.9 million. This was primarily attributable to the proceeds from long-term borrowings of NT\$20,640.0 million. These cash inflows were partially offset by the repayment of long-term borrowings of NT\$6,564.2 million and the decrease in short-term borrowings of NT\$5,805.0 million.

MATERIAL CASH REQUIREMENTS

Our material cash requirements primarily comprise of capital expenditure, working capital, purchase obligations in connection with procurement of raw materials, purchase of equipment and commissioning of facility construction, and debt repayments.

Capital Expenditures

We incurred capital expenditures of NT\$8,816 million, NT\$6,415 million, NT\$15,499 million (US\$508.5 million) and NT\$5,160 million (US\$169.3 million) in 2020, 2021, 2022 and the three months ended March 31, 2023, respectively. In these periods, our capital expenditures were mainly used in the management of our business layout, environmental protection and carbon reduction, enhancement of corporate image, and fulfillment of social responsibilities. In the future, we intend to continue to make capital expenditures in similar manners to meet the expected growth of our business and the goal of carbon neutrality.

Contractual Obligations

The following table sets forth our contractual obligations as of March 31, 2023:

	Contractual Obligations				Total
	Less than 1 Year	1 to 2 Years	2 to 5 Years	More than 5 Years	
	(unaudited)				
	(In thousands of NT\$)				
Lease Obligations ⁽¹⁾	224,956	309,895	611,939	2,222,096	3,368,886
Purchase Obligations ⁽²⁾	32,015,033	425,005	-	-	32,440,038
Short-term debt obligations and Long-term debt obligations, including current portions of long-term loans	18,583,142	5,772,237	40,752,526	672,203	65,780,108
Total	50,823,131	6,507,137	41,364,465	2,894,299	101,589,032

(1) Lease obligations represent our obligations for leasing land, plants, production facilities and office premises.

(2) Purchase obligations represent our obligations relating to procurement of raw materials, purchase of equipment and commissioning of facility construction.

Debt Repayments

The following table sets forth our bonds payable, including principal and interest payments, outstanding as of March 31, 2023:

As of March 31, 2023	
	(unaudited)
	(in thousands of NT\$)
Domestic unsecured bonds	7,500,000
Overseas unsecured bonds	345,695

Less:	(99,450)
Current portion of long-term borrowings.....	
Total	7,746,245

On October 8, 2021, we issued the first unsecured bonds for NT\$7,500 million, each with a face value of NT\$10 million. The issuance period is 5 years, and the maturity date is October 8, 2026. The annual interest rate is 0.7%. Since the issuance date, the interest will be paid once a year, and the principal will be repaid once due.

The overseas unsecured bonds were acquired through business combination and were issued on June 24, 2019 in the amount of EUR15 million, each with a face value of EUR100,000. The insurance period is 7 years, and the maturity date is June 24, 2026. The annual interest rate is 3.5%. Since the insurance date, the interest will be paid every half a year, and the principal will be repaid in 10 installments from the second year.

Other than as shown above, we did not have any significant capital and other commitments, long-term obligations or guarantees as of March 31, 2023.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We have not entered into any off-balance sheet financial guarantees or other off-balance sheet commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

TAXATION

We had income tax expense of NT\$2,244.9 million, NT\$3,865.2 million, NT\$4,261.9 million (US\$139.8 million), NT\$666.5 million and NT\$598.9 million (US\$19.6 million) in 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, respectively. We are subject to various rates of income tax under different jurisdictions. The following summarizes major factors affecting our applicable tax rates in Taiwan and the PRC.

Taiwan

The statutory income tax rate currently applicable to us in Taiwan is 20%. Prior to January 1, 2018, the statutory income tax rate applicable to us was 17%. The income of our foreign subsidiaries is not subject to Taiwan income tax unless remitted to Taiwan as dividends paid to us.

We are entitled to a number of different types of income tax benefits in Taiwan, including both tax holidays and tax credits. We recognize tax benefits, upon receipt, as deferred tax assets. To the extent that we are able to utilize tax benefits by offsetting them against taxable income or taxes payable, we reduce our deferred tax assets account accordingly. If and when deferred tax assets expire or otherwise become unavailable for our use, we reverse the applicable amount from our deferred tax assets, and recognize it on our statement of income as income tax expense. As a result, our income tax expenses comprise substantial amounts of unrealizable income tax assets, as well as income tax payments.

PRC

Our subsidiaries in the PRC are subject to PRC income tax. The statutory income tax rate applicable to us in the PRC is 25%.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks relating to our operations result primarily from foreign currency exchange rates and interest rates. We enter into foreign exchange forward contracts and interest rate swaps contracts to hedge foreign currency risk and interest rate risk.

There has been no change to our exposure to market risks or the manner in which these risks were managed and measured.

Foreign Currency Risk

We engage in foreign currency transactions, which expose us to foreign currency risk. We manage the exchange rate exposures by entering into foreign exchange forward contracts in accordance with relevant policies. To maximize the hedging effectiveness, we match up the conditions of derivative instruments with those in the contracts of hedged items.

The carrying amounts of our derivatives exposed to foreign currency risk as of December 31, 2020, 2021, 2022 and March 31, 2022 and 2023 were as follows:

	As of December 31,			As of March 31,	
	2020	2021	2022	2022	2023
				(unaudited)	
	(in thousands of NT\$)				
<u>Assets</u>					
U.S. dollar.....	8,661,457	9,660,314	3,798,744	8,678,056	3,784,440
Euro.....	-	795,675	1,432,653	-	749,661
<u>Liability</u>					
U.S. dollar.....	8,951,264	10,204,046	2,381,338	6,032,887	3,652,575
Euro.....	317,514	600,096	310,405	931,024	660,653

The following table details our sensitivity to a 1% increase and decrease in the functional currency (NTD) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in the exchange rate of NTD.

USD Impact					EUR Impact				
Year ended December 31,			Three months ended		Year ended December 31,			Three months ended	
2020	2021	2022	2022	2023	2020	2021	2022	2022	2023
			(unaudited)					(unaudited)	
(in thousands of NT\$)									
(95,784)	155,355	(7,848)	182,120	72,435	N.A.	11,482	23,330	1,814	8,298

For details of our foreign currency risk, see Note 30 to our audited consolidated financial statements as of and for the year ended December 31, 2021, Note 35 to our audited consolidated financial statements as of and for the year ended December 31, 2022, and Note 33 to our unaudited consolidated financial statements as of and for the three months ended March 31, 2023.

Interest Rate Risk

The carrying amount of our financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

As of and for the year ended December 31,	As of and for the three months ended March 31,

	2020	2021	2022	2022	2023
					(unaudited)
			(in thousands of NT\$)		
Fair value interest rate risk					
Financial assets	-	-	189,242	91,621	186,500
Financial liabilities	-	7,500,000	7,841,115	11,899,148	7,845,695
Cash flow interest rate risk					
Financial assets	1,315,970	-	2,202	-	1,509
Financial liabilities	44,160,248	42,613,799	65,924,130	50,890,249	57,934,413

The following sensitivity analysis is based on the interest rate exposure of financial instruments on the balance sheet date. For floating rate liabilities, we assume that the amount of liabilities outstanding on the balance sheet date is outstanding throughout the year.

If the interest rates had been 1% higher, our net income before tax for the years ended December 31, 2020, 2021 and 2022 and the three months ended March 31, 2022 and 2023 would decrease by NT\$428,443 thousand, NT\$426,138 thousand, NT\$660,201 thousand, NT\$127,226 thousand and NT\$145,081 thousand, respectively.

For details of our interest rate risk, see Note 30 to our audited consolidated financial statements as of and for the year ended December 31, 2021, Note 35 to our audited consolidated financial statements as of and for the year ended December 31, 2022, and Note 33 to our unaudited consolidated financial statements as of and for the three months ended March 31, 2023.

RECENT ISSUED ACCOUNTING PRONOUNCEMENTS

See Note 3 to our consolidated financial statements included elsewhere in this Offering Circular for a detailed discussion.

BUSINESS

Overview

Established in 1966, we are a leading manufacturer of stainless steel and wires and cables products in Taiwan. In recent years, we have expanded our stainless steel business into Europe through our acquisition of Cogne, and validated an innovative customer-centric business model for our wires and cables business to enhance customer stickiness and profitability. In addition, we have established the resources business and ramped up nickel pig iron and nickel matte production capacities in Indonesia.

For our stainless steel business, we specialize in producing stainless-steel long products in Asia and Europe, with a focus on specialty steel. According to SMR, in 2021, we were the third-largest manufacturer of stainless steel long products in the world in terms of production volume. Our stainless steel business is principally engaged in production and sales of billets, slabs, steel ingots, hot-rolled bars, cold- and hot-rolled coils, wire rods, cold-finished bars, and seamless pipes and tubes. Our stainless steel production process allows us to integrate the production of upstream and downstream products along the supply chain in a flexible and streamlined manner. Our global presence of stainless steel business covers Taiwan, the PRC, Southeast Asia, Europe, Northeast Asia, Middle East, India, Australia, New Zealand and North America, which enables us to provide stable and fast service and delivery to our customers.

We entered the resources business by establishing PT Walsin Nickel Industrial Indonesia in December 2019. Today, our resources business encompasses production and sales of nickel pig iron, an upstream material for the stainless steel business, and nickel matte, a critical metal for the battery value chain. Based on the total production volume in Indonesia according to SMM, our nickel pig iron production volume of 41,000 tonnes represented 3.5% of the total production volume in Indonesia in 2022. With our nickel matte production capacity, we are able to tap into the supply chain of battery industry for electric vehicles. Our plant under PT. Sunny Metal Industry commenced production of nickel matte in the first quarter of 2023 and is able to flexibly switch between nickel pig iron and nickel matte based on market conditions. We are also engaged in trading services for sales of semi-finished stainless steel as well as procurement and hedging of certain other metal raw materials.

Having a history of more than 50 years, we have become a leading manufacturer of power cable products in Taiwan. We have a comprehensive product line of wires and cables, including bare copper wires, copper rods, power cables, optical fiber cables, industrial cables and communication cables. Further, we entered into a joint venture agreement with NKT HV Cables AB in March 2023 to jointly develop submarine cable business in Taiwan.

In addition to our three core business segments, we also operate two commercial real properties in Nanjing and Taipei respectively.

In 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, we had operating revenue of NT\$112,546.6 million, NT\$156,664.8 million, NT\$180,400.7 million (US\$5918.7 million), NT\$42,557.4 million and NT\$50,713.6 million (US\$1,663.8 million), respectively. In the same periods, we had net income of NT\$7,005.8 million, NT\$15,257.3 million, NT\$19,140.1 million (US\$628.0 million), NT\$3,888.2 million and NT\$2,510.7 million (US\$82.4 million), respectively.

Our History

We were incorporated as a company limited by shares in Taiwan in 1966 and adopted our present name in 1992. Our common shares have been listed on the TWSE since 1972. As of March 31, 2023 (based on the closing price of our common shares on the TWSE), we had a market capitalization of NT\$181,902.5 million (US\$5,967.9 million).

The following sets forth major milestones in our development history.

Year	Milestones
1966	We were founded by, among others, members of the Chiao family, as Walsin Electric Wire & Cable Company and commenced production of aluminum rods and wires, pre-stressed concrete wires and strands, and galvanized steel wires in Hsinchuang, Taiwan.
1969	- Walsin Electric Wire & Cable Company was merged with Lihwa Electric Wire and Cable Corporation into Walsin Lihwa Electric Wire & Cable Corp. - We commenced production of telecommunication cables and power cables.
1972	Our common shares were listed on the TWSE.
1991	We acquired 70.0% equity interest in PT. Walsin Lippo Industries in Indonesia to expand aluminum wire business into the Southeast Asian market.
1992	- We were renamed as Walsin Lihwa Corporation (i.e. our present name). - We established plants in Shanghai and Jiangyin to produce power cables and steel cables and began operation in the PRC.
1993	We expanded into the stainless steel industry by forming Walsin Cartech Specialty Steel, a joint venture with Carpenter Technology Corp. in the United States.
1995	We formed Walsin (China) Investment Co., Ltd. and set up four operating locations in China's major cities for the production of power cables, bare copper wires and fiber cables.
1998	We acquired and incorporated the assets of Walsin Cartech Specialty Steel.
2006	Our consolidated revenue exceeded NT\$100,000 million.
2007	We expanded steel production capacity by acquiring 100.0% equity interest in Yantai Huanghai Iron & Steel Co Ltd., which was later merged into Yantai Walsin Stainless Steel Co., Ltd. in 2014.
2019	We established PT Walsin Nickel Industrial Indonesia, a subsidiary currently owned by us as to 92.0% equity interest, to expand our business to the production and sales of upstream raw materials for stainless steel.
2022	- We acquired 70.0% equity interest in Cogne in Italy to expand our stainless steel business into Europe. - We acquired 50.1% equity interest PT. Sunny Metal Industry in Indonesia to tap into the supply chain of battery industry for electric vehicles.

Recent Developments

On June 26, 2023, PT. Walhsu Metal Industry, a subsidiary owned by us as to 50.14% equity interest, entered into a construction agreement and an equipment procurement agreement with PT. Perintis Makmur Indonesia as construction service provider and Eternal Tsingshan Group Limited as equipment supplier for cash considerations of US\$37.4 million and US\$49.3 million, respectively. We owns 50.05% equity interest through PT. Sunny Metal Industry and 0.09% equity interest through PT Walsin Nickel Industrial Indonesia, respectively, in PT. Walhsu Metal Industry. We entered into such transactions for the purposes of upgrading the nickel matte production line and developing production capacity of high nickel matte under PT. Sunny Metal Industry.

On May 23, 2023, we completed the investment in Innovation West Mantewe Pte. Ltd by purchasing its 40.0% equity interest from Glory Merry Limited for a cash consideration of US\$79.2 million. Innovation West Mantewe Pte. Ltd. is incorporated in Singapore and holds 45% equity interest in PT. Transcoal Minergy, which is principally engaged in coal mining in Indonesia. Through the investment, we are expected to enhance the stability of energy supply through natural hedging for our nickel resources business in Indonesia.

On May 5, 2023, Cogne, a subsidiary owned by us as to 70.0% equity interest, agreed to purchase from Mutares Holding-33 GmbH 100.0% equity interest in Special Melted Products Ltd. for a cash consideration of up to GBP144 million. Special Melted Products Ltd. is a UK-based manufacturer of premium, specialty

steels and nickel based super alloys used in critical applications for the aerospace, oil and gas and civil nuclear industries. Through the acquisition, we expect to further enhance our specialty steel capacities in Europe. We are in the process of completing the acquisition.

On April 11, 2023, we issued domestic unsecured bonds of NT\$5,300 million, each with a face value of NT\$10 million. The bonds are issued in two classes, Class A bonds of NT\$3,000 million for 5 years and Class B bonds of NT\$2,300 million for 10 years. The annual interest rates are 1.7% for Class A bonds and 2.1% for Class B bonds, respectively. Since the issuance date, the interest will be paid once a year, and the principal will be repaid once due. The unsecured bonds are listed on the TPEx.

In April and May 2023, our unaudited consolidated operating revenue were NT\$16,250.4 million and NT\$17,711.3 million, respectively, compared to NT\$17,201.7 million and NT\$17,631.0 million, respectively, in the same months of 2022. The consolidated operating revenue data for April and May, 2023 has not been audited nor reviewed by our auditor and is subject to adjustments based upon, among other things, completion of applicable reporting processes. Actual results could differ materially from the financial data provided above.

Competitive Strengths

We believe our success is primarily attributable to the following competitive strengths:

Distinguished Asian multinational corporation with leading stainless steel long product business, emerging nickel resources business and well-established cables and wires business in key business markets

Founded in 1966, we have grown into a distinguished Asian multinational corporation with leading stainless steel long product business, emerging nickel resources business and well-established cables and wires business in key markets. With more than 50 years of operation, we have established a proven track record of, and a reputation for, quality products and services and prompt and reliable delivery across all our three core business segments. Our operation covers Taiwan, the PRC, Indonesia, Europe and other international markets and we believe that we are well positioned to further grow our business and capture the increasing demand for our products globally.

For our stainless steel business, we specialize in producing stainless-steel long products in Asia and Europe, with a focus on specialty steel. According to SMR, in 2021, we were the third-largest manufacturer of stainless steel long products and the 25th-largest producer of stainless steel flat products in the world in terms of production volume. We commenced our stainless steel business in Taiwan in 1993 and have become a market leader for stainless steel long products in Taiwan. We are also a well-established player in the PRC focusing on high-quality specialty steel products. We are currently constructing steel rolling and cold finished factories in our Yantai Plant in the PRC, which would further strengthen our capabilities in specialty steel products in the PRC market. In 2022, our stainless steel business expanded into Europe through our acquisition of 70.0% equity interest in Cogne, a leading manufacturer of stainless steel and nickel alloy long products in Italy. This acquisition further strengthened our capabilities in the specialty steel market and significantly broadened our international reach. Currently, our global presence of stainless steel business covers Taiwan, the PRC, Southeast Asia, Europe, Northeast Asia, Middle East, India, Australia, New Zealand and North America, which enables us to provide stable and fast service and delivery to our customers.

We entered the resources business by establishing PT Walsin Nickel Industrial Indonesia in December 2019. Today, our resources business encompasses production and sales of nickel pig iron, an upstream material for stainless steel business, and nickel matte, a critical metal for the battery value chain. In 2022, our nickel pig iron production line in Indonesia achieved full production, providing a natural hedge for our stainless steel business. Based on the total production volume in Indonesia according to SMM, our nickel pig iron production volume of 41,000 tonnes represented 3.5% of the total production volume in Indonesia in 2022. In addition, in September 2022, we acquired 50.1% equity interest in PT. Sunny Metal Industry with nickel matte production capacity, expanding into the supply chain of the battery industry for electric

vehicles. Our plant under PT. Sunny Metal Industry commenced production of nickel matte in the first quarter of 2023. With synergies between our nickel resources business and other core business segments, we believe that our resources business has largely enhanced our competitiveness in the market.

Founded as a wires and cables manufacturer more than 50 years ago, we have become a leading manufacturer of power cable products in Taiwan. We provide comprehensive product lines from upstream bare copper wires and copper rods to power cables, optical fiber cables, industrial cables and communication cables. Our end markets cover cutting-edge industries such as renewable energy, electric vehicles and data centers. With stable and excellent product quality as well as accurate and fast service and delivery times, we enjoy a leading reputation and brand image in Taiwan.

Industry leading specialty stainless steel capabilities, focusing on high-value applications and strategically selected end markets

Equipped with industry leading specialty stainless steel capabilities, we are focused on high-value applications such as precision parts, hydrogen products, electronics and heat exchangers, as well as strategically selected end-markets such as automotive, oil and gas, and energy industries. In particular, our completed acquisition of 70.0% equity interest in Cogne in December 2022 has significantly improved our specialty stainless steel capabilities and expanded our geographic market and product portfolio. Cogne is based in Italy and has presence in 14 countries, including four production plants and 17 sales offices. Further, Cogne has a niche market for industrial certification products and provides stainless steels and nickel alloy long products, valve steels for automotive applications, and tailor-made products on customers drawing in special steels. A large number of Cogne's customers are from automotive, petrochemical and medical industries and require high-quality specialty steel products from qualified suppliers, which creates a higher entry barrier than stainless steel market for commodity or general purposes. For example, Cogne has obtained the IATF16949 certification, a technical specification for automotive industry supply chain. Such specialty stainless steel capabilities enable Cogne to form a close relationship with its customers over years.

We expect to continue the pursuit in specialty stainless steel capabilities through our agreed acquisition of 100.0% equity interest in Special Melted Products Ltd. through Cogne, a subsidiary owned by us as to 70.0% equity interest, in May 2023, pending completion. Special Melted Products Ltd. is a UK-based manufacturer of premium, specialty steels and nickel based super alloys used in critical applications for the aerospace, oil and gas and civil nuclear industries.

Leveraging Cogne's and Special Melted Products Ltd.'s experience and customer relationships, we have expanded, and expect to further expand, the geographical reach in terms of sales and distribution as well as production capacity, equipment, and research and development capabilities in specialty steel. Our production capacity of specialty stainless steel as a percentage of our total production capacity of stainless steel long products increased from 20.2% in 2019 to 26.8% in 2022. On a pro forma basis taking into account our completed acquisition of Cogne and agreed acquisition of Special Melted Products Ltd., such percentage would have been 41.0% in 2022. With our global presence, quality focus, strong technical support and broad product portfolio, we believe that our focus on specialty steel and other customized high-value downstream products will further enhance customer stickiness in these niche markets.

Promising resources business securing access to nickel, a critical metal for stainless business as well as battery value chain

Our resources business focuses on nickel pig iron, an upstream material for the stainless steel business, and nickel matte, a critical metal for the battery value chain. To provide natural hedging and mitigate margin volatility for our stainless steel business, we entered the production and sales of nickel resources by establishing PT Walsin Nickel Industrial Indonesia in Indonesia in December 2019. We commenced production of nickel pig iron in 2021.

We have strategically selected Indonesia as the production base for our resources business since Indonesia has become one of the largest nickel producing countries. Indonesia has significant nickel

reserves. Following Indonesia's ban on exports of nickel ore in 2020, there has been a rapid growth in nickel pig iron factories in Indonesia, making Indonesia the world's largest producer of nickel pig iron in 2022. According to SMM, nickel pig iron production in Indonesia accounted for 74% of the world's nickel pig iron production in 2022, and increased from 170,000 tonnes in 2017 to 1.15 million tonnes in 2022 at a CAGR of 46.6%. In terms of demand, as using nickel pig iron is proven to be an economical choice in stainless steel production, there has been increasing proportion of nickel pig iron used in stainless steel production in the PRC, Indonesia and other countries in Asia. Moreover, the booming development of the electric vehicle industry is driving a rapid increase in demands for high nickel materials used for battery production, such as nickel matte. According to SMM, global nickel demand for battery production grew from 42,000 tonnes in 2017 to 415,000 tonnes in 2022 at a CAGR of 58.1%, and is expected to reach 904,000 tonnes in 2027 at a CAGR of 16.9%.

To capture the increasing demand of nickel materials, we have ramped up our production in Indonesia and expanded into the battery value chain for electric vehicle industry. Our nickel pig iron plant under PT Walsin Nickel Industrial Indonesia and nickel materials plant under PT. Sunny Metal Industry are located in Indonesia Morowali Industrial Park ("IMIP") and Indonesia Weda Bay Industrial Park ("IWIP"), respectively. IMIP and IWIP are the two largest nickel industrial parks in Indonesia in terms of production capacity, and are well-equipped with infrastructure, resources, and eco-system for the stainless steel and electric vehicle battery businesses.

Through our plant under PT Walsin Nickel Industrial Indonesia, we commenced production of nickel pig iron with a production capacity of 36,000 tonnes in 2021 and reached full production of 41,000 tonnes in 2022. Through our plant under PT. Sunny Metal Industry, we commenced production of nickel matte in the first quarter of 2023.

In addition, our plant under PT. Sunny Metal Industry is able to switch between nickel pig iron production and nickel matte production based on market conditions. With our nickel matte production capacity and the expected increase in nickel demand from the battery industry for electric vehicles, we believe that our resources business has generated stronger profit margins and become an additional future growth engine for the Company.

Validated innovative customer-centric business model in wires and cables business, focusing on delivering high-value products and services

We launched a pilot program for the innovative customer-centric business model in 2022 for our wires and cables business in Taiwan. Under the model, we offer distinctively designed products for each project, tailor the size of wires and cables for the project, and ensure just-in-time delivery. The model is designed to achieve efficiency for the customers, the installers and ourselves. For the customers, they are able to receive precisely manufactured products and therefore reduce wastes on site. For installers, the transportation cost and installation time and efforts are significantly reduced. For us, we are able to better manage inventory, reduce workers' idle time and enhance customer stickiness.

The pilot program for our innovative customer-centric business model has been validated by positive feedbacks from customers and installers. As such, we have expanded the program to at least 50 projects as of the date of this Offering Circular.

In addition, we plan to fully implement the innovative customer-centric business model in our high-efficiency factory in Yangmei, Taiwan by utilizing smart manufacturing technologies. We believe that up-to-date technologies, such as automated material handling, automated task assignment and automated storage and retrieval, will facilitate the implementation of the innovative customer-centric business model in a cost-efficient manner. Our Yangmei high-efficiency factory is currently under construction and is expected to commence mass production in the first quarter of 2024. We anticipate that a further implementation of the innovative customer-centric business model will drive our profitability, expand our market share, enhance our brand image in the wires and cables business, and solidify our market leading position in Taiwan and elsewhere.

Pioneer in environmental awareness and sustainable development with leading ESG initiatives

We have been dedicated to sustainable development and have become a pioneer in environmental awareness with leading ESG initiatives. In order to strengthen the management of energy resources, reduce the impact of our operations on the environment, and move towards the circular economy, we are committed to the following initiatives, among others. See “— Environmental, Social and Governance.”

- **Recycling of industrial waste:** In 2022, our overall waste recycling rate of copper wires, wires and cables and stainless steel reached 94.6%, of which the non-hazardous waste recycling rate was 94.2% to 98.7% and the hazardous waste recycling rate was 68.4% to 99.6%. During the stainless steel production process in particular, we have used steel scraps as a raw material in all of our stainless steel plants and are able to recycle other raw materials such as oxidized slag to save raw material costs and reduce carbon dioxide emissions.
- **Pollution management:** In compliance with the relevant air pollution laws, our plants in Taiwan and the PRC have obtained operating permits regarding the emission of pollutants for various manufacturing processes and facilities.
- **Certification of environmental system management:** In line with international environmental conventions, all of our plants in the ROC and the PRC have obtained the ISO-140001 (environmental management system) certification. The certificate for our plants was renewed in 2021 and will remain valid until 2024.
- **Monitoring greenhouse gas emission:** Since 2015, we have been promoting the implementation of ISO 14064-1 (greenhouse gases emissions inventory and reporting) at each of our plants. In 2015, our Taichung and Yenshui plants in Taiwan have obtained the ISO 14064-1 certification. In 2022, our Hsinchuang, Yangmei, Taichung, and Yenshui plants in Taiwan also obtained the new version of ISO 14064-1:2018 certification.
- **Carbon reduction:** With the announcement of net-zero carbon emissions by 2050 by many countries, we have been striving to achieve “net zero carbon emission” by 2025. We have set up an energy saving and carbon reduction management organization at each plant, set annual targets and various energy saving and carbon reduction measures, and held regular meetings to review and set up an energy e-management system for real-time management.

We have received major awards in recognition of our ESG achievements. We were listed as the top 5% outstanding companies as published by the TWSE in the Corporate Governance Evaluation in six consecutive years from 2017 to 2022. The Company also received Taiwan’s Top 100 Sustainable Model Business Award, Class A Certification by the TIPS, Platinum Corporate Sustainability Report Award and Bronze Prize for English Sustainability Report from the Taiwan Corporate Sustainability Awards in 2022 as well as Performance Award and Platinum Report Award of Top 50 Taiwan Corporate Sustainability Award from the Taiwan Corporate Sustainability Awards in 2020 and 2021. Moreover, we have been selected as a constituent stock of the FTSE4Good TIP Taiwan ESG Index and have been rated at twA- by Taiwan Ratings. In addition, we were awarded the Model Donation for Education by Yilan County Government in Taiwan for the Light Up the Corners of Taiwan project. According to S&P Global, our ESG score is above the industry mean and has been improving in the past four years. We are committed to continuing to participate in leading ESG initiatives, forming plans to enhance our ESG capabilities and making efforts to maintain among the top with respect to the ESG achievements.

Track record of business portfolio optimization leading to sustainable revenue growth with margin uplift

We have optimized our business portfolio in recent years. On one hand, we strive to focus our resources and efforts on high-value businesses with growth potential within our core business segments. In stainless steel business, we have expanded into Europe with a focus on high-value specialty steel through the completed acquisition of Cogne and expect to further expand upon the completion of the agreed acquisition

of Special Melted Products Ltd. See “— Industry leading specialty stainless steel capabilities, focusing on high-value applications and strategically selected end markets.” In resources business, we have entered the nickel pig iron and nickel matte markets, securing access to critical nickel materials for the stainless steel production and the battery market for electric vehicles, respectively. See “— Promising resources business securing access to nickel, a critical metal for stainless business as well as battery value chain.” In wires and cables business, we are further implementing our innovative customer-centric business model, and developing the rising submarine cable market through our partnership with NKT Cables Group A/S. See “— Validated innovative customer-centric business model in wires and cables business, focusing on delivering high-value products and services” and “— Our Business Strategies — Continue to grow wires and cables business through innovative customer-centric business model and expansion into submarine cable business.”

On the other hand, we disposed of certain businesses that were more commoditized in nature in the recent years. In 2019, we divested Nanjing Walsin Metal Co., Ltd., which was principally engaged in production and sales of copper alloy and had a relatively low profit margin due to the low market entry barriers and highly competitive copper market in the PRC. In addition, we disposed of and realized value in the solar PV site development division of Borrego Energy Holdings, LLC, our subsidiary in the United States, in July 2022. We are also in the process of completing the disposal of the solar PV and energy storage procurement platform division of Borrego Energy Holdings, LLC in order to further realize value therein.

We believe that our business portfolio optimization has led to sustainable revenue growth with margin uplift despite the adverse impact by the COVID-19 pandemic and the recent economic downturn. Our operating revenue were NT\$134,804.4 million, NT\$112,546.6 million, NT\$156,664.8 million and NT\$180,400.7 million (US\$5918.7 million) in 2019, 2020, 2021 and 2022, respectively, representing a general increase at a CAGR of 10.2%. Our gross profit and net income from 2019 to 2022 are also generally on a rise, with gross profit being NT\$9,390.6 million, NT\$12,468.3 million, NT\$19,809.5 million and NT\$17,346.3 million (US\$569.1 million) in 2019, 2020, 2021 and 2022, respectively, and net income being NT\$3,783.3 million, net income of NT\$7,005.8 million, NT\$15,257.3 million and NT\$19,140.1 million (US\$628.0 million) in 2019, 2020, 2021 and 2022, respectively. Our gross margin in 2020, 2021 and 2022 were 11.1%, 12.6% and 9.6%, respectively, representing a general uplift compared to 7.0% in 2019. Our net margin increased from 2.8% in 2019 to 6.2% in 2020, to 9.7% in 2021 and further to 10.6% in 2022. We believe that with our current business portfolio, we are able to continue navigating and growing despite the adverse macroeconomic and geopolitical environment.

Visionary management with a strong execution capability

Our visionary management, led by Mr. Yu-Lon Chiao, our chairman who is a 40-year veteran in our Company, is a key to our success. Our management is a strong pivot for us to tap into the green energy industry and the resources business, and have shown proven track record through the acquisitions of 70.0% equity interest in Cogne in Europe and 50.1% equity interest in PT. Sunny Metal Industry in Indonesia as well as our nickel pig iron business development in Indonesia. Since our chairman became our president in 1986, our operating revenue has grown from NT\$5.6 billion in the year to NT\$180.4 billion in 2022. With over 50 years of operating history and our leading positions in the stainless steel and wires and cables markets, we are capable of attracting high caliber of talents in these segments. We believe that the industry knowledge and technical expertise of our management team as well as our other experienced team members have been, and will continue to be, our important assets, and will continue to contribute to our developments and results of operations.

Our Business Strategies

We plan to pursue the following strategies to achieve our success:

Drive stainless-steel business expansion into Europe and achieve integration and synergy within the Group with a focus on high-value specialty materials

As part of our stainless steel business, we completed the acquisition of 70.0% equity interest in Cogne in

December 2022 and are currently in the process of integrating and streamlining operations within the Group. In May 2023, Cogne agreed to acquire Special Melted Products Ltd. in the United Kingdom, a UK-based manufacturer of premium, specialty steels and nickel based super alloys, and is in the process of completing the acquisition. We intend to leverage Cogne's and Special Melted Products Ltd.'s experience in developing niche products and industrial certification business to expand into European market with a focus on high-value specialty materials.

In addition, we intend to drive successful integration and synergies between Cogne, including Special Melted Products Ltd. upon completion of the acquisition, and our stainless steel business in other regions through the transfer of specialty materials capabilities in the following aspects:

- **Manufacturing equipment and research and development capabilities:** We expect that Cogne's production lines with high level of automation as well as other equipment including forging machines and remelting furnaces (such as vacuum arc remelting, electro slag remelting and vacuum induction melting) would allow the Company to widen product range.
- **Distribution channel and geographical access:** We expect that Cogne's multiple locations in Asia, Europe and America would provide easy access to the Company's customers in various areas. In addition, with production plants located in various jurisdictions, we expect to lower trade barriers during our operations.
- **Experience in certification process and technology services:** We expect to further leverage Cogne's existing certification, technology services and industry know-how to gain further access to the high-value end markets. For example, Cogne currently has a plant in Dongguan, China for the production of cold-finished bars which are mainly used in the automotive industry. We intend to leverage Cogne's specialty steel experience and customer relationships in this area and further develop our production and sales of cold-finished bars in the PRC.
- **Product mix:** We expect to enhance our product mix with Cogne's complementary product portfolio and expand product offerings through further collaboration. With such product mix, we strive to meet customers' demands in commodity, general use and specialty products.
- **Production capacity:** With Cogne's additional melting capacity, we expect to improve production capacity as well as utilization rates in rolling mills across manufacturing sites.

We believe that with our acquisition of Cogne and Special Melted Products Ltd., we will be well positioned to enhance our stainless steel business with a focus on industrial certification markets and other high-value products and develop long-term relationships with our customers.

Continue to develop and grow resources business and expand production capacity of nickel resources

We intend to further develop and grow our resources business with a focus on nickel, a critical metal for stainless business as well as battery value chain. Our nickel pig iron production line in Indonesia reached full production of 41,000 tonnes in 2022. We expect that our nickel pig iron production line in Indonesia will continue to provide support for our stainless steel production with a stable and reliable source of raw materials. We believe that our investment in nickel pig iron plant in Indonesia will serve as a natural hedge to mitigate risks of unexpected increase in raw material prices and make our stainless steel business more competitive globally.

In addition, we are growing our resources business with our investments into nickel matte, a critical metal in the supply chain of battery industry for electric vehicles. We acquired a 50.1% equity interest in PT. Sunny Metal Industry in September 2022 and invested in a 29.5% equity interest in PT. Westrong Metal Industry in December 2022. Our plant under PT. Sunny Metal Industry commenced production of nickel matte in the first quarter of 2023. We plan to upgrade the nickel matte production line and develop production capacity of high nickel matte under PT. Sunny Metal Industry with an aim to add value to and

enhance profitability of our nickel matte products. PT. Westrong Metal Industry, where we hold minority stake, plans to commence production of nickel matte in 2024. We believe that our investments in nickel matte production in Indonesia are well positioned to capture the market demand in the battery value chain, delivering strong profitability to the Company.

Continue to grow wires and cables business through innovative customer-centric business model and expansion into submarine cable business

We have validated an innovative customer-centric business model for our wires and cables business in Taiwan, and plan to fully implement it with smart manufacturing technologies in our high-efficiency factory in Yangmei, Taiwan. Our high-efficiency factory in Yangmei, Taiwan with such features is currently under construction and is expected to commence mass production in the first quarter of 2024. We intend to further implement it in our other plants in Taiwan and may extend it to our plants in other regions. Through more extensive and sophisticated implementation of the innovative customer-centric business model, we endeavor to further enhance customer stickiness, profitability and market leading position for our wires and cables business.

To further develop our wires and cables business, we have identified offshore wind as another opportunity for growth. Taiwan government anticipates additional offshore wind capacity ranging from 40 GW to 50 GW by 2050, as compared to the capacity of 1.1 GW as of April 2023. Construction of offshore windfarms typically requires connectivity both in the sea and on land, generating a rising demand for submarine cables. We believe that we are well-positioned to capture the growth opportunity in this area with our strong domestic position and additional capabilities gained through our partnership with NKT Cables Group A/S, a leading player in submarine cables in Europe. In March 2023, we entered into a joint venture agreement with NKT HV Cables AB in Sweden, a wholly-owned subsidiary of NKT Cables Group A/S, to set up a joint venture, Walsin Energy Cable System Co., Ltd., and jointly develop submarine cable business in Taiwan. Through the joint venture, we plan to establish an offshore cable factory in Kaohsiung Port to produce AC high-voltage export cables and medium-voltage inter-array cables used in the offshore wind power market. We may extend the submarine cable business to Southeast Asia in the future.

Continue to drive business portfolio transformation, capturing new market opportunities for future growth

Rooted as a corporation dedicated to businesses in wires and cables and stainless steel in Taiwan and the PRC, we are transforming to a green and global multinational corporation well-positioned for future growth. On one hand, we strive to capture new market opportunities for future growth. We plan to continue developing our businesses in the following aspects:

- Advancing high-value materials in our product portfolio, including high-value specialty steel in stainless steel business and nickel materials in resources business;
- Deepening green energy markets in anticipation of global energy transition, including nickel matte market in the battery value chain for electric vehicles and submarine cable market through our partnership with NKT Cables Group A/S; and
- Expanding our geographic coverage globally, including our further expansion into the European market in the stainless steel business following our acquisition of Special Melted Products Ltd.

On the other hand, we have optimized our business portfolio by divestment of Nanjing Walsin Metal Co., Ltd. in 2019 and are in the process of realizing value in solar EPC business under Borrego Energy Holdings, LLC since 2022. See “— Competitive Strengths — Track record of business portfolio optimization leading to sustainable topline growth with margin uplift.”

We are committed to continuing our focus on new global growth opportunities in our core business segments, aiming to achieve better financial performance of the Company.

Continue selective M&A and partnership strategy to strengthen group capabilities in key growth and high-value areas

We will continue to explore the growth opportunities through M&A and partnership and develop our businesses globally, focusing on expanding our capabilities in specialty stainless steel, nickel resources and wires and cables.

We acquired a 50.1% equity interest in PT. Sunny Metal Industry in September 2022 and invested in a 29.5% equity interest in PT. Westrong Metal Industry in December 2022. See “— Competitive Strengths — Promising resources business securing access to nickel, a critical metal for stainless business as well as battery value chain” and “— Continue to develop and grow resources business and expand production capacity of nickel resources.” Moreover, in December 2022, we acquired 70.0% equity interest in Cogne. See “— Competitive Strengths — Industry leading specialty stainless steel capabilities, focusing on high-value applications and strategically selected end markets.” Cogne agreed in May 2023 to acquire 100.0% equity interest in Special Melted Products Ltd. and is in the process of completing the acquisition. See “— Recent Developments.” In addition, we entered into a joint venture agreement with NKT HV Cables AB in March 2023 to jointly develop submarine cable business in Taiwan. See “— Continue to grow wires and cables business through innovative customer-centric business model and expansion into submarine cable business.”

We aim to continue this type of prudent expansion of both our capabilities and our presence in international markets, adding geographic pillar and growth to our current business portfolio and improving business mix.

Business Organization and Principal Activities

We manage our operations on a day-to-day basis through three strategic business groups: (i) stainless steel business group, (ii) resources business group, and (iii) wires and cables business group. Each strategic business group has primary responsibility for its own group of products and customers, and has personnel dedicated to production management, customer service and research and development. In addition, each strategic business group has dedicated production facilities for their respective products. We believe that this approach allows us to focus on individual customer needs, which enhances customer loyalty. We manage other aspects of our business, such as strategy planning, finance, investment and raw material procurement, on a common basis to take advantage of economies of scale and other synergies.

Headquartered in Taipei, Taiwan, our principal production facilities are located in Taiwan (Yangmei, Yenshui, Hsinchuang and Taichung), the PRC (Jiangyin, Shanghai, Changshu, Dongguan and Yantai), Indonesia (Morowali, Weda Bay, Delta Silicon and Serang), as well as Malaysia, Italy, Mexico and Switzerland. These production facilities are held by us through various subsidiaries.

We generate most of our revenues from three main business segments: (i) stainless steel business, (ii) resources business, and (iii) wires and cables business. We also generate a small amount of revenue from real estate business and other businesses. The following tables set forth a breakdown of our revenue by business segments for the periods indicated:

	Year ended December 31,							Three months ended March 31,					
	2020		2021		2022			2022		2023			
	NT\$	% of Total	NT\$	% of Total	NT\$	US\$ (unaudited)	% of Total	NT\$	% of Total	NT\$ (unaudited)	US\$	% of Total	
(in thousands, except percentages)													
Stainless steel business.....	46,030,715	40.9	67,417,565	43.0	79,025,174	2,592,689	43.8	19,205,425	45.1	24,911,928	817,320	49.1	
Resources business.....	Nil	Nil	8,571,368	5.5	23,469,051	769,982	13.0	5,687,626	13.4	10,900,090	357,614	21.5	
Wires and cables business	41,378,992	36.8	62,302,436	39.8	58,861,592	1,931,155	32.6	14,823,697	34.8	11,678,995	383,169	23.0	
Real estate business.....	7,099,820	6.3	1,882,235	1.2	1,972,699	64,721	1.1	490,560	1.2	515,282	16,906	1.0	

Other businesses*	18,037,076	16.0	16,491,162	10.5	17,072,203	560,112	9.5	2,350,107	5.5	2,707,283	88,822	5.4
Total.....	112,546,603	100.0	156,664,766	100.0	180,400,719	5,918,659	100.0	42,557,415	100.0	50,713,578	1,663,831	100.0

*Note: Other businesses include reinvestment and certain other administrative operations as well as solar EPC business.

The tables below set forth the contribution of each major product to our net operating revenue for the periods indicated:

	Year ended December 31,											
	2020				2021				2022			
	Domestic		Export		Domestic		Export		Domestic		Export	
	Volume (Tonne)	NT (million)	Volume (Tonne)	NT (million)	Volume (Tonne)	NT (million)	Volume (Tonne)	NT (million)	Volume (Tonne)	NT (million)	Volume (Tonne)	NT (million)
Bare copper wires.....	107,301	14,032.8	76,782	14,355.1	124,428	24,434.2	73,114	19,390.8	96,909	19,904.3	64,331	17,370.2
Wires and cables.....	38,126	9,993.7	1,309	338.2	46,484	15,739.7	2,942	781.6	48,167	18,671.1	2,643	753.4
Steel strands.....	77,094	1,817.7	1,922	41.5	74,081	2,038.4	2,984	80.2	64,299	1,939.4	2,956	80.8
Stainless steel strips and bars	324,350	19,148.8	106,619	7,517.2	316,417	23,423.4	122,845	11,195.5	357,027	31,431.1	112,568	13,786.3
Stainless steel coils.....	247,348	13,858.2	53,539	3,057.9	279,445	21,658.1	73,332	5,802.0	213,100	18,563.5	100,498	9,259.9
Seamless steel pipes.....	6,496	1,036.0	7,067	1,313.8	7,567	1,247.6	8,429	1,295.0	7,120	1,877.4	7,263	1,748.9
Nickel pig iron	-	-	-	-	14,258	7,201.1	-	-	40,956	22,087.0	-	-
Others*	-	25,528.3	-	507.6	-	21,828.3	-	549.1	-	23,804.4	-	749.2
Total.....	N.A.	85,415.4	N.A.	27,131.2	N.A.	117,570.7	N.A.	39,094.0	N.A.	138,278.2	N.A.	43,748.7

*Note: "Others" include sales of products outside our main business as well as real estate business, rental and engineering revenues.

Stainless Steel Business

We commenced our stainless steel business in 1993 and specialize in producing stainless-steel long products in Asia and Europe, with a focus on specialty steel. According to SMR, in 2021, we were the third-largest manufacturer of stainless steel long products and the 25th-largest producer of stainless steel flat products in the world in terms of production volume.

Our stainless steel business is principally engaged in production and sales of billets, slabs, steel ingots, hot-rolled bars, cold- and hot-rolled coils, wire rods, cold-finished bars, and seamless pipes and tubes. Our products are primarily sold to Taiwan, the PRC, Southeast Asia, Europe, Northeast Asia, Middle East, India, Australia, New Zealand and North America. In addition, our stainless steel production process allows us to integrate the production of upstream and downstream products along the supply chain in a flexible and streamlined manner.

In recent years, we have been focusing on high-value and growth applications through specialty steel and customer specification. We are currently constructing steel rolling and cold finished factories in our Yantai Plant in the PRC, which would further strengthen our capabilities in specialty steel products in the PRC market. In 2022, our stainless steel business expanded into Europe through our acquisition of 70.0% equity interest in Cogne, a leading manufacturer of stainless steel and nickel alloy long products in Italy. This acquisition further strengthened our capabilities in the specialty steel market and significantly broadened our international reach.

In addition, Cogne, a subsidiary owned by us as to 70.0% equity interest, agreed in May 2023 to acquire 100.0% equity interest in Special Melted Products Ltd. in the United Kingdom with its specialty steel and nickel alloy production capacity and are in the process of completing the acquisition. Through the acquisition, we expect to further enhance our specialty steel capacities in Europe. See "— Recent Developments."

In 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, operating revenue from our stainless steel business were NT\$46,030.7 million, NT\$67,417.6 million, NT\$79,025.2 million (US\$2,592.7 million), NT\$19,205.4 million and NT\$24,911.9 million (US\$817.3 million), respectively, representing 40.9%, 43.0%, 43.8%, 45.1% and 49.1% of our total operating revenue, respectively.

Products and Applications

Our major stainless steel products and their key applications include the following:

- *Stainless steel billets*: Billets are processed into bars, wire rods, straight bars, flanges, various forged items and seamless pipes and tubes and are provided to downstream manufacturers for processing into other forms of stainless steel products.
- *Stainless steel slabs*: Slabs are supplied to cold- and hot-rolling plants for further processing into stainless steel plates, stainless steel coils and heavy forgings.
- *Stainless steel coils*: Hot-rolled coils are widely used in chemical tanks, industrial and construction pipes and petrochemical pipes. Cold-rolled coils are widely used in construction and renovation, kitchen utensils, home appliances, medical devices, electronic communications, chemical tanks and steel pipes and tubes.
- *Stainless steel wire rods*: Wire rods are rolled from billets. Wire rods are available in a variety of grades and dimensions for further processing into bolts, nuts, screws, drawn wires, cold-drawn bars, threaded bars, fine wires, extra-fine wires, mesh wires, spring wires, kitchen wires, strip nail wires, welding wires and wires for electronics and ironware parts.
- *Stainless steel straight bars*: Bars are long steel products that are rolled from billets and include hot-rolled bars and cold-finished bars. Merchant bars include rounds, flats, angles, squares, and channels and are processed into peeled straight bars, cold-finished straight bars and other items to be used in computers, computer peripherals, industrial and ship shafts, medical devices, furniture decorations, turning parts and precision components for machinery and medical instruments.
- *Stainless steel seamless pipes and tubes*: Stainless steel seamless pipes and tubes are available in different sizes and shapes for use in different industries including electronics, boiler, heat exchanger, automotive, shipbuilding and nuclear industries.

In addition, we are developing new stainless steel products, which include high-strength and wear-resistant stainless steel, high-strength and high-corrosion-resistant stainless steel, highly weldable stainless steel, high-strength and high-heat-resistant stainless steel, and highly machinable soft magnetic stainless steel. We expect our new products under development to be used in automotive, marine, machinery, chemical and petrochemical, construction, energy, consumer electronics, and medical industries.

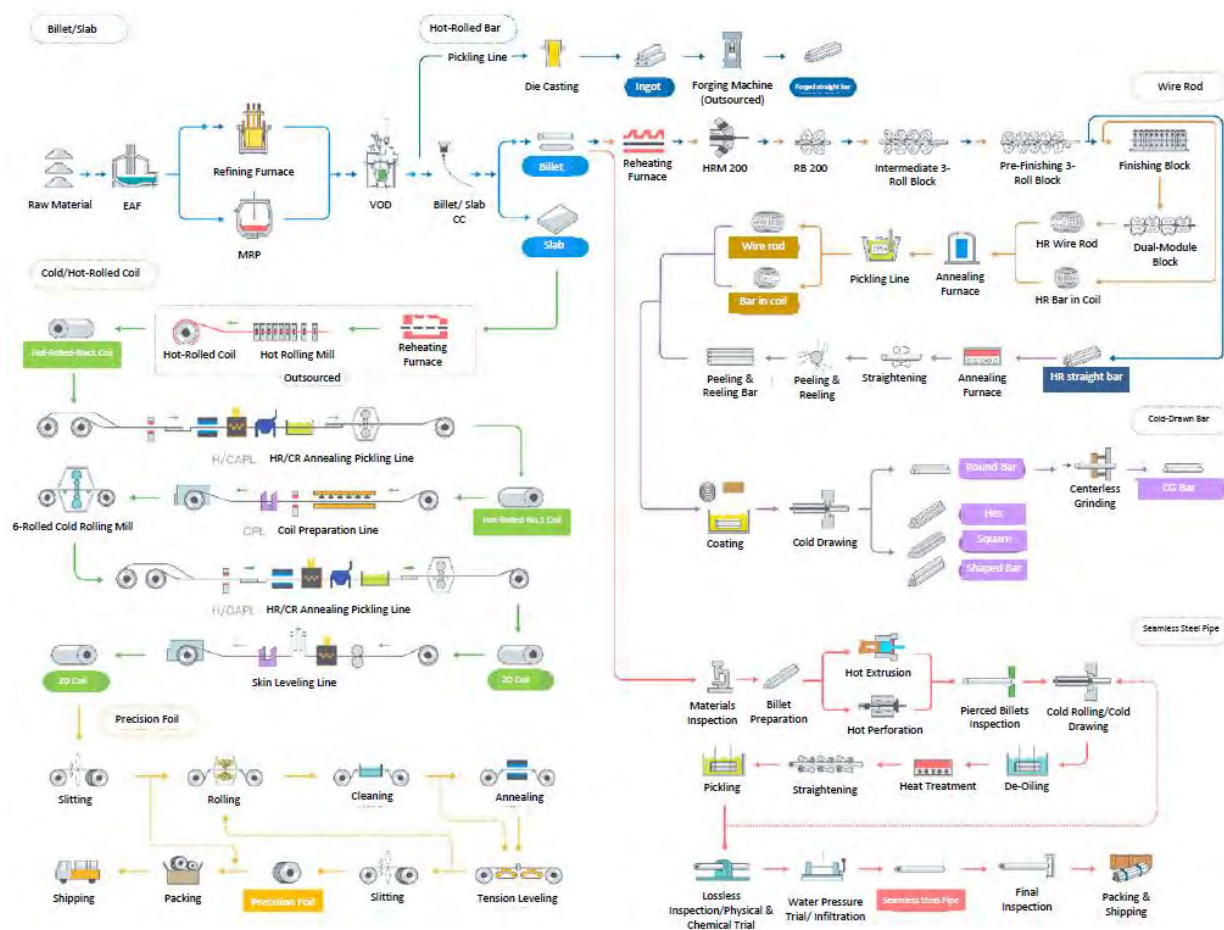
Production Process

We conduct melting, rolling, peeling and finishing processes as part of our integrated specialty steel operation. We conduct a melting process which transforms scrap and alloy into molten steel, and then cast the molten steel into slabs and billets. We also conduct hot rolling and finishing treatments which process billets into wire rods and hot-rolled bars. Hot-rolled bars are also used to produce cold drawn bars and to manufacture seamless pipes and tubes. Wire rods are used to produce wire and cold drawn bars. A portion of the slabs are hot-rolled in sheets and undergo a cutting process to become stainless steel. The remaining portion of the slabs are processed into hot-rolled bands, which then undergo a re-rolling, pickling and annealing process to become cold-rolled sheets in coil. For a portion of hot-rolled coils supplied by our

Yenshui Plant, flat billets are rolled by third party companies. For our straight bars, the hot rolling of large-sized straight bars as well as quenching and tempering are outsourced to third party companies.

During the production process, we are able to utilize steel scraps and recycle other raw materials such as oxidized slag and spent acid to save raw material costs, enhance our green manufacturing capabilities and advance our vision of circular economy and sustainable development. We have used steel scraps as a raw material in our stainless steel plants. In terms of volume, in 2022, steel scraps accounted for 56.0% of the raw materials used in Yenshui Plant and Yantai Plant, our two plants that conduct the initial stage of steelmaking. Since 2018, we have cleared 320,000 tons of oxidized slag, which contributes to the reduction of carbon dioxide emissions. In addition, in 2022, we utilized 34.6% of the recyclable new materials in our stainless steel manufacturing in terms of volume.

Below is a diagram illustrating our integrated production process for stainless steel products.



Raw Materials

The raw materials for our stainless steel products include pure nickel, high carbon ferronickel, high carbon ferrochrome, steel scraps and iron molybdenum. We have established long-term partnerships with reputable large suppliers to purchase such raw materials, and also strategically diversified our procurement sources to mitigate risks and improve the resilience of our supply chain. The raw materials are primarily sourced from suppliers in Taiwan, Indonesia, Japan, Australia, New Caledonia, South Africa, Europe, the United States, and the PRC.

Resources Business

We entered the resources business by establishing PT Walsin Nickel Industrial Indonesia in December 2019. Today, our resources business encompasses production and sales of nickel pig iron, an upstream material for the stainless steel business, and nickel matte, a critical metal for the battery value chain. In 2022, our nickel pig iron production line in Indonesia achieved full production, providing a natural hedge for our stainless steel business. Based on the total production volume in Indonesia according to SMM, our nickel pig iron production volume of 41,000 tonnes represented 3.5% of the total production volume in Indonesia in 2022.

In terms of nickel matte, in September 2022, we acquired 50.1% equity interest in PT. Sunny Metal Industry with nickel matte production capacity, expanding into the supply chain of the battery industry for electric vehicles. Our plant under PT. Sunny Metal Industry commenced production of nickel matte in the first quarter of 2023. We plan to upgrade the nickel matte production line and develop production capacity of high nickel matte under PT. Sunny Metal Industry. See “— Our Facilities — Construction and Expansion of Facilities.” In addition, we invested in a 29.5% equity interest in PT. Westrong Metal Industry in December 2022 with nickel matte production capacity, furthering our involvement in the battery industry for electric vehicles.

In addition, we are engaged in trading services for sales of semi-finished stainless steel products. Since May 2020, we have been acting as an agent for the sales of semi-finished stainless steel products of Tsingshan. The main products we sell in our trading services include stainless steel billets, flat steel billets, and hot-rolled steel coils. We sell these products mainly to Taiwanese companies and overseas entities invested by them.

We are also engaged in the procurement and hedging of certain other metal raw materials such as copper and nickel materials.

We started to generate revenue from our resources business in 2021. In 2021, 2022 and the three months ended March 31, 2022 and 2023, operating revenue from our resources business were NT\$8,571.4 million, NT\$23,469.1 million (US\$770.0 million), NT\$5,687.6 million and NT\$10,900.1 million (US\$357.6 million), respectively, representing nil, 5.5%, 13.0%, 13.4% and 21.5% of our total operating revenue, respectively. The segment operating margins of our resources business are 46.8%, 29.9% and 13.4% in 2021, 2022 and the three months ended March 31, 2023, respectively, which are significantly higher than our total operating margins during the same periods of time, being 8.5%, 5.3% and 5.4%, respectively.

Products and Applications

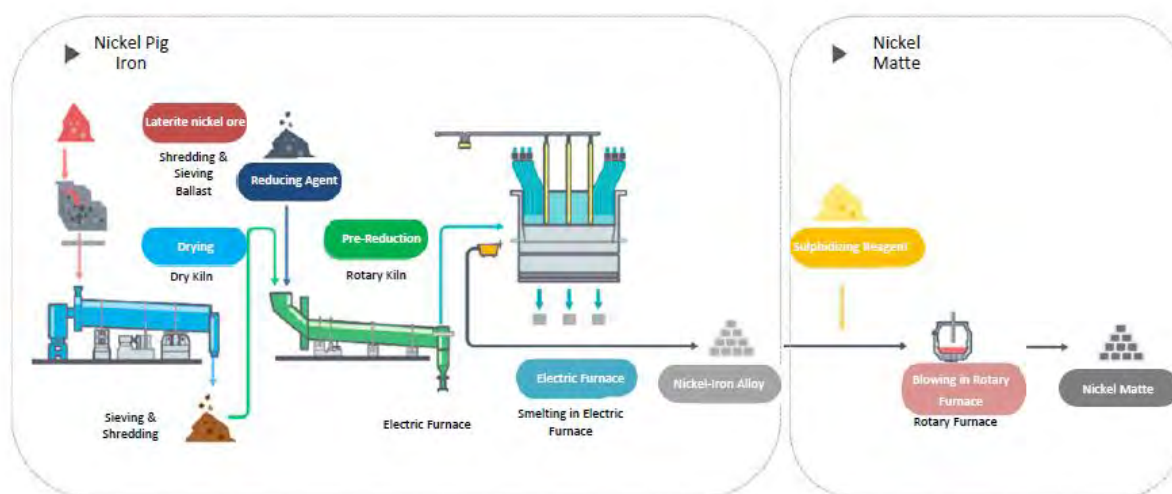
Our products mainly include nickel pig iron and nickel matte, as set forth below:

- *Nickel pig iron.* Nickel pig iron is one of the raw materials for the production of stainless steel. It can be processed into stainless steel semi-finished products such as billets, hot-rolled coils, and hot-rolled straight bars. Our nickel pig iron is primarily supplied to local steel mills in Indonesia for smelting stainless steel.
- *Nickel matte.* Nickel matte can be processed into nickel sulfate, which can be further processed to produce electrolytic nickel or ternary cathode materials for batteries and energy storage systems. Our nickel matte products are mainly supplied to nickel sulfate plants where they are processed into nickel sulfate.

Production Process

Currently, we manufacture nickel pig iron in our plant under PT Walsin Nickel Industrial Indonesia and nickel pig iron and nickel matte in our plant under PT. Sunny Metal Industry. Our plant under PT. Sunny Metal Industry is able to switch between nickel pig iron production and nickel matte production based on market

conditions, given that both production processes are based on the RKEF method. To produce nickel matte, we add sulphidizing reagent after nickel-iron alloy is manufactured during the nickel pig iron production. Below is a diagram illustrating our production process for nickel pig iron and nickel matte products.



Raw Materials

The raw materials of our resources business are principally laterite nickel ore and include coal and certain other materials.

All laterite nickel ore for the production of our nickel pig iron and nickel matte is sourced from local suppliers in Indonesia. We negotiate prices of nickel ore with our suppliers based on market conditions, subject to a price floor imposed by the Indonesian government by reference to benchmark prices published on a monthly basis.

Coal is the major source of energy for our resources business. See “— Energy.”

Wires and Cables Business

Having a history of more than 50 years, we have become a leading manufacturer of power cable products in Taiwan.

We have a comprehensive product line of wires and cables, including bare copper wires, copper rods, power cables, optical fiber cables, industrial cables and communication cables. We sell our products mainly to customers in power, telecommunications, electrical machinery, information appliances, construction engineering, shipbuilding, heavy machinery, solar energy, wind power, electric vehicles, data and robotics industries. For example, we sell our products to wafer foundry factories in semiconductor industry as well as wind power farms and Taiwan’s first 100-megawatt solar power plant located in Changhua.

We launched a pilot program for the innovative customer-centric business model in 2022 for our wires and cables business in Taiwan. Under the model, we offer distinctively designed products for each project, tailor the size of wires and cables for the project, and ensure just-in-time delivery. The model is designed to achieve efficiency for the customers, the installers and ourselves. For the customers, they are able to receive precisely manufactured products and therefore reduce wastes on site. For installers, the transportation cost and installation time and efforts are significantly reduced. For us, we are able to better manage inventory, reduce workers’ idle time and enhance customer stickiness. The pilot program for our innovative customer-centric business model has been validated by positive feedbacks from customers and

installers. As such, we have expanded the program to at least 50 projects as of the date of this Offering Circular. In addition, we plan to fully implement the innovative customer-centric business model in our high-efficiency factory in Yangmei, Taiwan by utilizing smart manufacturing technologies. See “— Competitive Strengths — Validated innovative customer-centric business model in wires and cables business, focusing on delivering high-value products and services.”

In addition, in March 2023, we entered into a joint venture agreement with NKT HV Cables AB in Sweden, a wholly-owned subsidiary of NKT Cables Group A/S, to set up a joint venture, Walsin Energy Cable System Co., Ltd., and jointly develop submarine cable business in Taiwan. Through the joint venture, we plan to establish an offshore cable factory in Kaohsiung Port to produce AC high-voltage export cables and medium-voltage inter-array cables used in the offshore wind power market.

In 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, operating revenue from our wires and cables business were NT\$41,379.0 million, NT\$62,302.4 million, NT\$58,861.6 million (US\$1,931.1 million), NT\$14,823.7 million and NT\$11,679.0 million (US\$383.2 million), respectively, representing 36.8%, 39.8%, 32.6%, 34.8% and 23.0% of our total operating revenue, respectively.

Products and Applications

Copper

Our major copper products are copper rods and bare copper wires, which are the principal raw materials for communication cables, power cables, construction cables and copper connector products, such as built-in motor generators for electric devices. A material portion of the products of our copper business are supplied to our wire and cable business as raw materials.

Wires and Cables

Our major wires and cables products and their key applications include the following:

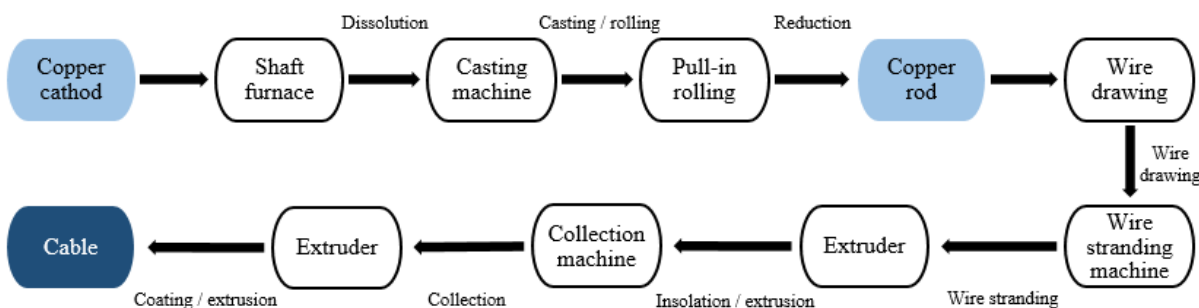
- *Power cables:* We produce a complete range of low-, medium-, high- and ultra-high- voltage cables, power cable insulation and jacket compounds which are widely used in power grids, power supply systems, transportation and infrastructure projects, buildings, factories, data centers, and instrument and control systems.
- *Optical fiber cables:* We produce single-mode optical fiber cables and various specialty and customized optical fiber cables commonly used in broadband infrastructure projects.
- *Industrial cables:* We produce cables and connectors commonly used in the automation and manufacturing industries, such as high-voltage cables used in the offshore wind turbines and charging gun sets used in DC high speed chargers for electric vehicles.
- *Communication cables:* We primarily produce large-scale communication cables which are used in the backbone network in infrastructure construction.

In addition, we have installation teams in handling connectors and accessories for power transmission and distribution in high-voltage power grid. The connectors and accessories are used to connect cables of different lengths together in accordance with the specific design of the grid, or to connect cables to the equipment in ultra-high voltage substations.

Further, we are developing new products, which include cables for Industrial 4.0 applications and submarine cables to interconnect from offshore wind farms to land. We are also deepening the research and development on high voltage cables used within large offshore wind turbines and charging gun sets using in DC high speed chargers for electric vehicles.

Production Process

We dissolve the copper plates into a liquid through a shaft furnace and shape the dissolved liquid copper into round rods by casting and rolling, which form copper bars after cooling. The copper bars are processed into copper wires through a wire drawing machine. Copper wires are processed into strands of copper conductors through a wire stranding machine. Copper conductors are insulated and sheathed in the extrusion process. We may assemble several wires into one cable according to the specific product requirements and apply outer sheath to protect the cable. Below is a diagram illustrating our production process for wire and cable products.



Raw Materials

The main raw materials for wires and cables include the following:

- *Copper plates.* We purchase copper cathodes primarily from suppliers in Japan, Australia, Chile and Southeast Asia. We usually enter into annual purchase agreements with our suppliers, which are supplemented by spot purchase.
- *Polyethylene.* We purchase polyethylene primarily from suppliers in Middle East, Europe and Japan through quarterly quantity bargaining.
- *Other chemical materials.* Other chemical materials include polyvinyl chloride and cross-linked polyethylene. We purchase other chemical materials from local suppliers through monthly or quarterly quantity bargaining.

Our Other Businesses

Other than our main businesses in stainless steel, resources and wires and cables, we are also engaged in the commercial real estate business and solar EPC as of March 31, 2023.

Commercial Real Estate Business

We have operated a successful real estate business for over 40 years, developing select real estate projects in Taiwan and the PRC. Currently, our major commercial estate business includes development and management of Walsin Centro project in Nanjing and real estate management of Walsin Xinyi Building in Taipei, where our headquarter office is located.

Our real estate project, Walsin Centro, is a multi-functional shopping mall, residential, office building and hotel complex with a development scale of approximately one million square meters in the Hexi New Town of Nanjing. Walsin Centro is located at the intersection of two subway lines, and is adjacent to the Nanjing

International Exhibition Center, the Nanjing Summer Olympic Sports Center and Nanjing Central Park. We commenced the development of Walsin Centro project in 2010. After more than ten years of continuous development, Walsin Centro has become a new urban landmark in Nanjing, and the Walsin Centro project has also become a successful model for commercial development in Nanjing.

As of March 31, 2023, the hardcover residences of Walsin Centro had all been sold, the commercial shopping center, One Mall, had been officially opened for operation, and the No.1 office building had also been officially opened and leased to tenants. Delivered in July 2022, our No.1 office building has obtained LEED gold certification for green building and WELL gold certification for health and wellness building environment, with leasing contracts for 15,000 square meters of the offices being executed, generating effective rental inflows. Currently, we are designing and planning No. 2 office building of Walsin Centro.

In 2020, 2021, 2022 and the three months ended March 31, 2022 and 2023, operating revenue from our real estate business were NT\$7,099.8 million, NT\$1,882.2 million, NT\$1,972.7 million (US\$64.7 million), NT\$490.6 million and NT\$515.3 million (US\$16.9 million), respectively, representing 6.3%, 1.2%, 1.1%, 1.2% and 1.0% of our total operating revenue, respectively.

Solar EPC

We have historically operated our solar EPC business through Borrego Energy Holdings, LLC, our subsidiary in the United States. We intend to gradually unload our solar EPC business. In July 2022, we disposed of the solar field development division of Borrego Energy Holdings, LLC. In February 2023, a wholly-owned subsidiary of Borrego Energy Holdings, LLC., agreed to sell the solar PV and energy storage procurement platform division of Borrego Energy Holdings, LLC. with a consideration of US\$35 million to be adjusted by working capital amount and cash flow amount. We are in the process of completing the disposal.

We believe that such strategy will further optimize our business portfolio and allow us to better focus our resources and management to our main businesses. Although we may incur losses in the short term due to the cessation of our solar EPC business, we believe that such business portfolio optimization and value realization is in our best interest in the long term.

Production Capacity and Output Volume

The table below sets forth the annual capacity, actual production volume and production value of each of our major products for the periods indicated:

	Year ended December 31,											
	2020				2021				2022			
	Annual Production Capacity (Tonne)	Actual Production Volume (Tonne)	Utilization Rate (%)	Production Value (millions of NT\$)	Annual Production Capacity (Tonne)	Actual Production Volume (Tonne)	Utilization Rate (%)	Production Value (millions of NT\$)	Annual Production Capacity (Tonne)	Actual Production Volume (Tonne)	Utilization Rate (%)	Production Value (millions of NT\$)
Bare copper wires.....	252,000	179,540	71.2	26,181.7	252,000	201,646	80.0	44,078.2	252,000	165,794	65.8	43,760.3
Wires and cables.....	49,414	37,176	75.2	8,373.6	52,920	48,143	91.0	14,445.6	58,920	45,537	77.3	14,641.0
Steel strands.....	110,000	73,254	66.6	1,727.3	140,000	75,911	54.2	2,094.5	81,200	66,806	82.3	1,836.1
Stainless steel strips and bars.....	555,720	465,909	83.8	25,822.4	562,200	454,596	80.9	33,907.5	600,000	519,215	86.5	42,635.6
Stainless steel coils.....	336,000	293,378	87.3	17,121.0	311,000	355,397	114.3	24,810.6	300,000	189,943	63.3	16,970.3
Seamless steel pipes.....	14,400	13,869	96.3	2,365.8	27,308	16,229	59.4	2,403.7	14,400	14,093	97.9	3,193.2
Nickel pig iron.....	-	-	-	-	36,000	14,258	39.6	4,397.5	40,956	40,956	100.0	12,118.3
Total.....	N.A.	N.A.	N.A.	81,591.8	N.A.	N.A.	N.A.	126,137.5	N.A.	N.A.	N.A.	135,154.8

Note: Product capacity means the quantity that can be produced under normal operation with the existing production equipment while taking into account factors such as work stoppage and holidays.

Our Facilities

Production Facilities

The following table sets forth a summary of our production facilities as of May 31, 2023.

Location	Functions/ Products	Floor area (m ²)	Owned/Leased
Taiwan			
Taipei Head Office	• administration, finance, important material procurement, information system, investment and strategy planning	79,717	Owned
Hsinchuang Plant	• low-, medium- and high-voltage electric wires and cables • insulation or jacket compounds for wires and cables • industrial cables • fire-resistant and heat-resistant cables • low-smoke halogen-free cables • control cables • telecommunication cables • fiber optical cables	136,510	Owned
Yangmei Plant	• bare copper rods and wires	173,352	Owned
Yenshui Plant	• steel billets • steel slabs • hot-rolled round bars • peeling bars • wire rods	389,071	Owned
Taichung Plant	• hot-rolled steel coils (Black/ No.1) • cold-rolled steel coils (2D and 2B)	70,409	Leased
The PRC			
Changshu Plant	• specialty steel pipes, rods, wire rods, stainless steel wire ropes, nickel-based seamless steel pipes, titanium alloy seamless steel pipes	433,709	Land use rights
Dongguan Plant	• bare copper rods and wires	42,946	Land use rights
Jiangyin Plant (Alloy Steel)	• alloy steel spheroidized bars	32,908	Land use rights
Jiangyin Plant (Steel Cable)	• pre-stressed concrete steel wire • strands, steel bars and galvanized steel wires	53,417	Land use rights
Shanghai Nanxiang Plant	• low- and medium-voltage electric wires and cables • control cables • fire-resistant and heat-resistant cables • low-smoke halogen-free cables	57,718	Land use rights
Yantai Plant	• alloy materials, carbon steel, alloy steel, stainless steel, billets and other various steel materials and steel products	829,679.21	Land use rights
Cogne Dongguan Plant	• cold-finished bars from wire rods	20,000	Leased
Nanjing Real Estate	• offices, commercial buildings and parking lots	396,461	Land use rights
Indonesia			
Morowali Plant (PT Walsin Nickel Industrial Indonesia)	• nickel pig iron (including a captive power plant)	380,000	Owned
Weda Bay Plant (PT. Sunny Metal Industry)	• nickel matte (including a captive power plant)	380,000	Owned
Delta Silicon Plant (P.T Walsin Lippo Industries)	• aluminum rod/cable, steel wires and low-voltage copper cable	15,396	Owned
Serang Plant (P.T Walsin Lippo Industries)	• aluminum rod/cable, steel wires and low-voltage copper cable	10,592	Leased

Others

Melaka Plant (Malaysia)	• alloy steel, stainless steel and non-ferrous foils in the form of strips coils	14,170	Owned
Cogne Aosta Plant (Italy)	• stainless steel and nickel alloys products	530,000	Leased
Cogne Mexico Plant	• cold-finished bars from wire rods	5,000	Leased
Cogne Switzerland Plant	• cold-finished bars from wire rods	4,580	Leased

Note: In addition to plants set forth in the table above, Cogne has a registered office located in Aosta, Italy and a warehouse located in Cornaredo, Italy, which we do not consider as our material tangible fixed assets. Such office and warehouse are mortgaged as collateral for two facility agreements between Cogne and respective lending banks.

Construction and Expansion of Facilities

We are currently constructing steel rolling and cold finished factories in our Yantai Plant to expand our economies of scale and improve our product quality to satisfy the needs of the customers. The capital expenditure for such expansion amounted to NT\$6,161 million for the three years ended December 31, 2022, and we expect that such expansion would further require an estimated capital expenditure of NT\$5,423 million funded by our working capital. We commenced the construction of the steel rolling factory and the cold finished factory in March 2021 and March 2022, respectively. We expect to complete the construction of the steel rolling factory and the cold finished factory in August 2023 and July 2023 with an anticipated production capacity of 420,000 tonnes and 24,000 tonnes, respectively.

Further, we have been building a high-efficiency factory in Yangmei, Taiwan with an aim to fully implement the innovative customer-centric business model through smart manufacturing. We made capital expenditure of NT\$2,088 million for the three years ended December 31, 2022, and we expect that it would further require an estimated capital expenditure of NT\$3,319 million funded by our working capital. We commenced the construction of the high-efficiency factory in Yangmei in July 2021 and expect to complete its construction in the first quarter of 2024 with an anticipated production capacity ranging from 42,000 tonnes to 44,400 tonnes.

To jointly develop the submarine cable business in Taiwan, we entered into a joint venture agreement with NKT HV Cables AB in March 2023 to set up a joint venture, Walsin Energy Cable System Co., Ltd. Through the joint venture, we plan to establish an offshore cable factory in Kaohsiung Port to produce the AC high-voltage export cables and medium-voltage inter-array cables used in the offshore wind power market. We plan to fund the construction of this factory by our working capital and bank loans. We expect to commence the construction of the offshore cable factory in Kaohsiung Port in the third quarter of 2023 and complete its construction in the fourth quarter of 2025 with further details in planning.

In addition, we plan to upgrade the nickel matte production line and develop production capacity of high nickel matte under PT. Sunny Metal Industry with an aim to add value to and enhance profitability of our nickel matte products. We have commenced this upgrade in June 2023 with an estimated capital expenditure of US\$86.7 million funded by our working capital. We expect to complete this upgrade in the fourth quarter of 2023 with further details in planning. See “— Recent Developments” for the recent development of this upgrade.

Competition and Industry Overview

The markets for all of our products are highly competitive, and we face competition from numerous competitors within each market. Although the primary competitive factors for our products vary across different product categories, the principal factors influencing competition generally include the breadth of product line, inventory availability and delivery time, price, quality, customer service and brand recognition. We believe that we have developed a distinguished reputation and strong customer relations as a result of our ability to satisfy customer needs across a broad range of products, our commitment to quality control

and continuous improvement of our products, our emphasis on customer service, our strategically located production facilities and our substantial product and distribution resources.

In our stainless steel business, we believe that our industry leading specialty stainless steel capabilities have allowed us to enhance customer stickiness and that our integrated production process has allowed us to manufacture our products in a flexible and streamlined manner. According to SMR, in 2021, we were the third-largest producer of stainless steel long products and the 25th-largest producer of stainless steel flat products in the world.

In our resources business, we believe that our nickel production lines in Indonesia with increasing production capacity have allowed us to stabilize upstream raw materials for stainless steel and further improve our competitiveness. Based on the total production volume in Indonesia according to SMM, our nickel pig iron production volume of 41,000 tonnes represented 3.5% of the total production volume in Indonesia in 2022.

In our wires and cables business, we have become a leading manufacturer of power cable products in Taiwan. We believe that our comprehensive product lines and innovative customer-centric business model have enabled us to withstand external risks and allowed us to enhance profitability.

Stainless Steel Industry

According to SMR, in 2021, we were the third-largest producer of stainless steel long products and the 25th-largest producer of stainless steel flat products in the world. For stainless steel long products, our major competitors include Yieh Hsing, Tsingshan, SeAH, Nippon Steel, Sanyo, Viraj Profiles, Swiss Steel, Acerinox S.A. and Acciaierie Valbruna S.p.a. For stainless steel flat products, our major competitors include Yieh United Steel, Tang Eng Iron Works, Tsingshan, Taiyuan Iron and Steel Group, POSCO, Nippon Steel, Jindal (India), Outokumpu Oyj and Acerinox S.A.

Stainless steel is an alloy made from two or more separate elements alloyed or “melted” together. It is formed when a certain amount of metal chromium is added to ordinary steel, thus producing a bright shiny gloss and makes it highly resistant to tarnishing and rusting. This rust-resisting property, also referred to as corrosion resistance, differentiates stainless steel from most other forms of steel.

According to the Worldstainless, stainless steel can be classified into four types: (i) austenitic stainless steels contain a significant amount of chromium and sufficient nickel or manganese to stabilize the austenite microstructure that enhances good formability and ductility. Austenitic grades can be highly durable and corrosion resistant and have high ductility, low yield stress, relatively high tensile strength and good weldability; (ii) ferritic stainless steels have properties similar to those of mild steel but show better corrosion resistance; (iii) austenitic-ferritic (duplex) stainless steels contain high chromium and some nickel, as well as a microstructure that is roughly half ferritic and half austenitic; and (iv) martensitic stainless steels, which are similar to ferritic grades as they contain 12.0% to 16.0% chromium, but have higher carbon content and are subjected to specific heat treatments during production, making them very hard and strong.

The global steel industry is facing excess capacity and oversupply. The global stainless steel production increased to 55,255,000 tonnes in 2022, down 5.2% from 2021, according to Worldstainless. The decrease in production was mainly due to the fall in output from Europe and the U.S. In Asia (excluding China and South Korea), stainless steel output fell 4.9% year-on-year in 2022, to 7,411,000 tonnes, whereas in China, stainless steel production decreased to 31,975,000 tonnes in 2022, down 2.0% from 2021, according to Worldstainless.

With respect to future product development, we believe that the major stainless steel makers are not only actively developing nickel-free steel grades but also developing the most suitable materials for specific applications. For example, in response to the demand for automation, the demand for wear-resistant, high-precision and zero-defect materials has increased. In the past, key technologies were held in Japan, Europe and other countries, but Asian steel makers have also continued to invest in research and development in recent years, and to refine their own technological capabilities. Meanwhile, with the rising awareness of

environmental protection, stainless steel has become more widely used in various fields, and there are many cases of replacing carbon steel with stainless steel in industries such as construction and transportation. In the renewable energy industry, stainless steel components can also be found in wind turbines and renewable energy vehicles. We expect these factors to drive the global demand for stainless steel consumption.

Nickel Resources Industry

The nickel industry chain starts with mining of nickel ore. Nickel ores mainly come in two types: laterite nickel ores, which are more abundant, and nickel sulfide ores. Nickel ores are processed into nickel pig iron, nickel matte and other nickel materials for a variety of uses, including the production of stainless steel, other metal alloys and battery materials. According to SMM, Indonesia is estimated to have 21.0 million tonnes in nickel reserve, which is the world's largest and accounts for 20.6% of the world's total nickel reserve. Driven by abundant local nickel reserves, low production costs as well as protective government policies (including ban on exports of nickel ores) encouraging local nickel processing and production, capital has flowed into and driven the rapid development of the nickel industry value chain in Indonesia.

According to SMM, global demand for nickel grew from 2.2 million tonnes in 2017 to 3.1 million tonnes in 2022 at a CAGR of 7.1%, and is expected to continue to grow to 4.2 million tonnes in 2027 at a CAGR of 6.1%. Meanwhile, global supply of nickel grew from 2.0 million tonnes in 2017 to 3.1 million tonnes in 2022 and is expected to continue to grow to 4.9 million tonnes in 2027. According to the same source, as of 2022, downstream industries that made up the world's nickel demand primarily included stainless steel production (66.5%), battery production (13.4%), alloy and casting (12.9%) and electroplating (3.7%):

- Nickel is used in the production of stainless steel to enhance the alloy's ductility and corrosion resistance. Traditionally, stainless steel production has taken up the largest share of the global demand of nickel. Nickel demand for stainless steel production grew from 1.5 million tonnes in 2017 to 2.1 million tonnes in 2022 at a CAGR of 6.0%, and is expected to continue to grow to 2.6 million tonnes in 2027 at a CAGR of 4.3%.

Indonesia is the world's second largest stainless steel producer after the PRC. Opportunities for growth in Indonesia's stainless steel industry continue to loom as lack of nickel resources, high production cost, government discouragement of 'inefficient' production and the "Belt and Road" initiative have driven PRC stainless steel enterprises to invest in stainless steel production in Indonesia. A number of stainless steel companies, such as Tsingshan and Delong, have built plants in Indonesia to take advantage of the abundance of nickel resources and low production costs. As a result, Indonesian stainless steel production capacity has grown rapidly from 2.0 million tons in 2017 to 5.0 million tons in 2021, and is expected to reach 12.0 million tons in 2027. The exponential growth in stainless steel production in Indonesia is expected to foster local demand for nickel.

Indonesia is the world's largest producer of nickel pig iron and accounts for 74% of the world's nickel pig iron production as of 2022. Nickel pig iron is a relatively cheap nickel material with typically less than 15% in nickel content. As using nickel pig iron has been proven to be an economical choice in stainless steel production, there has been increasing proportion of nickel pig iron used in stainless steel production in the PRC, Indonesia and other countries in Asia. Nickel pig iron production in Indonesia increased from 170,000 tonnes in 2017 to 1.2 million tonnes in 2022 at a CAGR of 46.6% and, driven by growing local and global demand for use in stainless steel production, is expected to reach 2.2 million tonnes in 2027 at a CAGR of 13.3%.

- Battery production is the rising sector and is expected to drive 45.5% of the new nickel demand from 2022 to 2027. Nickel materials with high nickel content such as nickel matte are processed into battery materials. Demand for batteries reached new heights with the booming development in topical industries such as electric vehicles and electricity storage in new energy infrastructure. Nickel demand for battery production grew from 42,000 tonnes in 2017 to 415,000 tonnes in 2022 at a CAGR of 58.1%, and from 1.9% in 2017 to 13.4% in 2022 in terms of percentage of total nickel

demand. With growing popularity of electric vehicles and other use cases of batteries as well as increasing nickel content in batteries, nickel demand for battery production is expected to reach 904,000 tonnes at a CAGR of 16.8% and account for 21.6% of total nickel demand by 2027.

With battery as a strategic commodity, there is enormous potential for growth in Indonesia's battery manufacturing industry. State players such as MIND ID (state-owned mining holding company), PT Pertamina (national oil company) and PLN (national electricity company) have invested in the battery manufacturing industry, and a growing automotive manufacturing industry will also continue to fuel demand for battery and nickel. Indonesia's nickel matte production increased from 70,000 tonnes in 2017 to 210,000 tonnes in 2022 at a CAGR of 24.6% and, with a booming demand for batteries, is expected to reach 660,000 tonnes in 2027 at a CAGR of 25.7%.

To protect the interests of its mining industry, Indonesia has set a price floor for nickel ore by reference to benchmark prices published by the government on a monthly basis. Currently, the Indonesian government publishes benchmark prices for higher-grade nickel ore (1.7% or above in nickel content) only. In 2023, Indonesia also announced plans to introduce a new nickel price index, which may affect Indonesia's regulations on nickel prices and trade in the future.

Indonesia's protectionist export policies have driven local development of its nickel industry chain. In 2014, the Indonesian government imposed a ban on exports of nickel ores and required all nickel ores to be smelted or refined locally before they could be exported. Such ban was relaxed in 2017 but re-imposed in 2020. In 2021, Indonesian government also announced plans to impose export tariffs on nickel products with less than 70% in nickel content, which could, for example, increase nickel pig iron export cost and favor local stainless steel production (though it was announced in 2023 that such tariff plans have been temporarily shelved). These policies serve to attract investments and foster growth in Indonesia's local downstream industries and thereby generate more local nickel demand. Meanwhile, in the short run, the temporary suspension of plans to impose tariffs would promote Indonesian exports of any surplus nickel products.

Barriers to new entrants to Indonesia's nickel matte and nickel pig iron industries include:

- Nickel matte and nickel pig iron productions require significant upfront capital expenditure, and recent regulatory changes have further drove up costs for new players who want to set up nickel matte and nickel pig iron operations in Indonesia. For example, nickel matte and nickel pig iron production plants usually operate on their captive power plants, but Indonesia has introduced a ban on new fossil fuel-based power plants. New nickel matte and nickel pig iron production plants may have to set up power plants that run on renewable energy, which could be more costly.
- Nickel matte and nickel pig iron productions use high-grade nickel ore, but supply of high-grade nickel ore is relatively short in Indonesia. At the same time, approval of mining rights has also been subject to increasing scrutiny from the Indonesian government. New players may have difficulty in getting access to reliable supplies of high-grade nickel ores necessary to operate a viable nickel matte or nickel pig iron business.
- Relatedly, in view of scarcity of high-grade nickel resources, the Coordinating Ministry for Maritime and Investments Affairs of Indonesia has planned to suspend new investments in construction of RKEF plants in order to limit the consumption of high-grade nickel resources. RKEF is a conventional process for smelting and processing nickel ores, and a ban of new RKEF plants could prohibit new entrants to Indonesia's nickel matte and nickel pig iron industries unless they adopt potentially more costly techniques.

Copper, Wires and Cables Industry

In the wires and cables business, we have become a leading manufacturer of power cable products in Taiwan. For power cable products, our major competitors include Pacific Electricity Wire and Cable, Ta Ya Electric Wire & Cable, Hua Eng Wire & Cable, and Hong Tai Precision Technology.

There are a number of factors affecting the demand for wires and cables. In Taiwan, we believe that the domestic demand for power cables will continuously be driven by the government's vigorous promotion of green energy policy, Taiwan Power Company's grid reinforcement plan to accelerate the deployment and construction of regional grids, the homecoming of Taiwanese corporates prompting plant expansion, and the large number of residential, commercial office and infrastructure projects. With respect to the domestic production of offshore wind power as part of the government's green energy initiatives, according to the Ministry of Economic Affairs of the ROC, 143 wind turbines had been installed as of August 30, 2022, and offshore wind power capacity installed reached 1.1GW as of April 2023. Both public and private sectors had been working together to promote offshore wind power to reach an offshore wind power capacity of 5.6GW, 20.6GW and 40GW to 50GW by 2025, 2035 and 2050, respectively. The Ministry also announced that it had successfully attracted internationally renowned developers to invest in Taiwan and established offshore wind power industrial parks and production bases for underwater foundations, towers, castings and nacelle covers. Although we believe there is still an oversupply of production capacity in the overall cables market and competition remains relatively fierce, we expect that Taiwanese demand for power cables will benefit from the domestic driving forces and continue to grow at a steady pace.

Globally, in the post-pandemic era, given the efforts of various countries to strengthen their infrastructure, the rising trends of electrification of transportation means and green power generation, and the fact that cables constitute the largest operating cost of power sector companies, it is expected that the growth in grid and power construction will drive the demand for cables, according to ICSG. Based on our observation, in response to the trend of net zero emission, major cable manufacturers around the world are actively developing green energy related cables applications and products such as solar power cables that require prevention of UV degradation, wind turbine cables that require resistance to harsh environments and torsion, and submarine cables that require power transmission from offshore wind turbines back to land or across borders between countries. We believe that while our competitors are also striving to develop new generation products in the fields of energy storage and usage, electrification of transport equipment and efficient power allocation, cable sets for power replenishment systems, and cables for energy storage equipment, we will also benefit from the global demand for green energy related cables as we continue to develop our products in this area.

The supply of wires and cables is affected by the production and consumption of copper, which is a principal raw material for the manufacturing of wires and cables. According to the ICSG, global refined copper production increased by 2.8% year-on-year in 2022 reaching 25.6 million tonnes and is forecast to grow by 2.6% in 2023. Global refined copper consumption increased by 3.4% year-on-year in 2022, which saw a significant growth compared with the previous year, in spite of the extreme climate, energy shortage, inflation, and the COVID-19 pandemic, suggesting a gradual recovery in the demand for refined copper worldwide, according to ICSG. The global demand for refined copper reached 26.1 million tonnes for the year 2022, leaving a supply/demand gap of 431,000 tonnes, according to ICSG. For 2023, global refined copper consumption is expected to grow by about 1.4%.

Quality Control

We have standard operating procedures and mechanisms in place to manage the entire production process and monitor our product quality. Operators, engineers and information systems regularly record, maintain and review our quality control operations to ensure proper and consistent quality. The main manufacturing processes are controlled automatically, and the production equipment and information system will record the manufacturing process data for the purposes of quality control management, early warning in case of issues, and post-production tracking and review.

Distribution and Logistics

Our distribution and logistics arrangements vary depending on the types of our business:

- **Wires and Cables:** We are able to deliver our products to the locations and timing specified by our customers through our internal storage operations inside our manufacturing plants and coordination with external transportation companies.
- **Stainless Steel:** Our products are shipped from our Yenshui Plant and Taichung Plant in Taiwan, Yantai Plant, Jiangyin Plant and Changshu Plant in China, Melaka Plant in Malaysia and Aosta Plant in Italy.
- **Resources:** As we sell all the goods that we produced and customers collect our goods directly from our plants, no logistics and storage expenses are incurred.

Pricing

We consider various factors in pricing our products, including the costs of raw materials, operating expenses, transportation costs, market demand, market competition, government policy, and seasonality. For our stainless steel and wires and cables businesses, our pricing methods depend on the type and location of the customers, their financial strength and reputation, and market conditions. When pricing our stainless steel and wires and cables products, we would also consider the purchase volume and payments terms. However, the price of our products for our resources business are largely dictated by market conditions, subject to a price floor imposed by the Indonesian government by reference to benchmark prices published on a monthly basis. The pricing policies for our products are approved by the department heads of the relevant business segments.

Sales and Marketing

We sell our products to a highly diversified customer base, including customers in Taiwan, the PRC, Southeast Asia, Europe, Northeast Asia and a few other regions.

We do not believe that there is any significant reliance on any single customer. For the years ended December 31, 2020, 2021 and 2022 and the three months ended March 31, 2023, the aggregate amount of operating revenue attributable to our five largest customers accounted for 9.5%, 14.3%, 19.4% and 23.9%, respectively, of our total operating revenue and the amount of operating revenue attributable to our largest customer accounted for 2.7%, 4.6%, 12.1% and 11.9%, respectively, of our total operating revenue. However, we may face customer concentration in our wires and cables and stainless steel segments. See “Risk Factors — Risks Relating to Our Business — A material portion of our business may be derived from a limited number of major customers. We may face customer concentration that exposes us to the risks faced by our major customers and may subject us to risks relating to significant fluctuations or declines in revenue and profitability.”

We sell the majority of our products directly to our customers representing a wide range of industries, including transportation, infrastructure, construction, power generation and supply (electrical, nuclear and solar), information technology, electronics, communications, gas and oil, shipbuilding, automotive, machinery, medical devices and home appliances. Our sales, technical and engineering staff are organized with both a specific product and geographic market focus for our wires and cables and resources businesses. As for our stainless steel business, our sales staff are divided into groups according to customer characteristics and geographic markets to serve their respective customers.

Each of our business groups has a knowledgeable and dedicated sales force responsible for soliciting and servicing our consumers. In addition, we have a sales force at most of our production facilities that works closely with our scheduling, production, quality and logistics personnel to provide information and service related to order fulfillment. We also sell to distributors, traders and agents in Taiwan, the PRC and other overseas markets.

We have five, eight, two and 16 sales representative offices in Taiwan, the PRC, Indonesia and other overseas countries, respectively.

Procurement

We have centralized the procurement of our key raw materials in order to capitalize on economies of scale and to facilitate the negotiation of favorable purchase terms from suppliers. The prices of copper and nickel have historically been subject to considerable volatility. We generally pass changes in metal prices along to our customers, although there are timing delays of varying lengths depending upon the volatility in metal prices, type of product, competitive conditions and particular customer arrangements. A significant portion of our business has metal escalation clauses included in customer contracts under which the prices of our products vary with the market price level of the relevant metal. The remainder of our businesses requires that the cost of higher metal prices be recovered through negotiated price increases with customers. In these instances, the ability to increase the selling prices may lag the movement in metal prices by a period of time as the customer price increases are implemented. As a result of this and a number of other practices intended to match metal purchases with sales, profitability over time has historically not been significantly affected by changes in metal prices. We do not engage in speculative metals trading or other speculative activities.

We have not experienced difficulties in obtaining materials for our continuing operations in the past and do not consider ourselves dependent on any particular supplier for raw materials or for our equipment needs. For the years ended December 31, 2020, 2021 and 2022 and the three months ended March 31, 2023, the aggregate amount of purchases attributable to our five largest suppliers accounted for 36.9%, 40.2%, 32.0% and 29.9%, respectively, of our total purchases and the amount of purchases attributable to our largest supplier accounted for 12.7%, 16.4%, 12.4% and 13.5%, respectively, of our total purchases.

Energy

The production of stainless steel, nickel pig iron and nickel matte is an energy intensive process. We primarily rely on electricity sourced from government-owned energy suppliers for our stainless steel and wires and cables businesses.

As for our resources business in Indonesia, we rely on our captive power plants to generate electricity from coal. In addition, in May 2023, we acquired 40.0% equity interest in Innovation West Mantewe Pte. Ltd, which holds 45.0% equity interest in PT. Transcoal Minergy, a company principally engaged in coal mining in Indonesia. See “— Recent Developments.”

We have not experienced any interruption in power supply which has materially disrupted our production. Each of our plants is equipped with emergency power supply.

Seasonality

Production and sales of our wires and cables and stainless steel products are subject to seasonal fluctuations. We usually record our lowest sales during the Chinese New Year's holidays in our Asian market and during the summer vacation, Christmas and New Year holidays at the end of the year in our European and US markets as construction and manufacturing works are usually put on hold during those times of the year.

Such seasonal fluctuations may be offset or exacerbated by price fluctuations in our raw materials. For example, the purchasing behavior of our stainless steel customers is sometimes affected by sharp increases or decreases in raw material prices.

Research and Development

Our research and development team had an aggregate of 229 staff in Taiwan that were responsible for research and development and product improvement in 2022. In the past three years, our research and development team has been focusing on the development and innovation of wires used in large-machinery and renewable-energy industries, as well as the development of high-strength stainless steel forms and expansion of production capacity. Our expenditure on research and development for the years ended December 31, 2020, 2021 and 2022 and the three months ended March 31, 2023 amounted to NT\$123.7 million, NT\$191.9 million, NT\$219.3 million (US\$7.2 million) and NT\$61.0 million (US\$2.0 million), respectively. Such expenses relate primarily to the research and application of environmental friendly production technologies development of new products.

Through our research and development efforts, we have developed new technology and patents and adopted environmental friendly technologies. Some of the examples include:

- **Product developments:** we developed the 200 amp charging gun series, 9.5MW offshore wind turbine cables, lightweight power cables for harbor machinery, and anti-rodent and anti-ant high voltage cables.
- **Intelligent manufacturing:** we developed a new intelligent crane automatic storage system for steel billets to improve space utilization rate, optimize the inventory management of incoming materials in factories, allow automatic dispatch of shipments and loads materials without interruption, improve production efficiency, avoid human operations, and improve work safety.
- **Environmental friendly production technologies:** we replaced traditional preheaters with pure oxygen preheaters to reduce fuel consumption, improve combustion efficiency, and reduce greenhouse gas emissions. We also replaced air-assisted combustion with micro-oxygen-enriched combustion to reduce fuel consumption, improve combustion efficiency and reduce greenhouse gas emissions for our resources business.

Intellectual Property Rights

As of March 31, 2023, we had been granted 22 patents and filed 22 patent applications. Our patents relate to the business lines that we currently operate.

We intend to continue to assess appropriate opportunities for patent protection of those business lines that we believe provide a significant competitive advantage to us. In 2021, we implemented a patent reward system to incentivize our research and development staff to invent new technology and apply for new patents, thereby increasing our research and development and intellectual property capabilities.

Employees

As of March 31, 2023, we had a total of 10,066 employees, compared to 4,931, 6,995 and 9,691 employees in 2020, 2021 and 2022 respectively. In 2022, 71 of our employees were hired on a temporary basis.

The following table sets forth the number of our employees by main category of activity and geographic location as of March 31, 2023:

Business Group	Taiwan	PRC	Others
Head office	408	42	2 ⁽¹⁾
Wires and Cables Business Group	710	472	0
Stainless Steel Business Group	1,878	1,614	1,559 ⁽²⁾
Resources Business Group	29	0	3,089 ⁽³⁾
Real Estate Business Group	12	251	0
Total	3,037	2,379	4,650

- (1) Includes employees in Singapore.
- (2) Includes employees in Malaysia and Italy.
- (3) Includes employees in Indonesia.

As of the date of this Offering Circular, we have not experienced any labor disputes. We believe that we maintain good relationships with our employees and labor union.

Environmental, Social and Governance

Our production processes generate air pollutants, waste and wastewater. In order to strengthen the management of energy resources, reduce the impact of our operations on the environment, and move towards the circular economy, we are committed to various aspects:

- **Recycling of industrial waste:** In 2022, our overall waste recycling rate of copper wires, wires and cables and stainless steel reached 94.6%, of which the non-hazardous waste recycling rate was 94.2% to 98.7% and the hazardous waste recycling rate was 68.4% to 99.6%. In the same year, the harmful waste recycling rate of our plants in Taiwan increased by 0.1%, as compared with the previous year. The landfill rate of our plants remained below our target rate of 1% in 2022.
- **Pollution management:** In compliance with the relevant air pollution laws, our plants in the ROC and the PRC have obtained operating permits regarding the emission of pollutants for various manufacturing processes and facilities. We also invested in the best available control technology (BACT) for the design of our plants.
- **Wastewater treatment:** Wastewater from each of our plants has been properly treated and discharged through the wastewater treatment facilities on site, and wastewater quality testing has been regularly conducted. Each of our plant site has adjusted its equipment and processes to reduce water consumption and improve its wastewater recycling system, so as to increase the recycling ratio of the wastewater. In 2022, the average pollutant concentration in wastewater discharged by our factories met the effluent criteria, and the recycling ratio of our plants in Taiwan reached as high as 91.8%.
- **Improving energy use efficiency:** We actively incorporated energy-saving equipment, efficient technologies, environment-friendly facilities, environmental protection designs and green processes. For example, we utilized oxygen-enriched operation to increase coal combustion efficiency: we enhanced oxygen concentration in rotary kiln to improve combustion rate of coal, maintain kiln temperature and reduce the total coal consumption. In 2022, the total heating value of our wires and cables and stainless steel products decreased by 3.4%, the heat emission intensity of our stainless steel products decreased by 0.3%, and the total energy saving rate of our plants in Taiwan and the PRC reached 5.2%, as compared with the previous year.
- **Certification of environmental system management:** In line with international environmental conventions, all of our plants in Taiwan and the PRC have obtained the ISO-140001 (environmental management system) certification. We completed the integration and conversion of the management system at all of our factories in 2018. The certificate for our plants was renewed in 2021 and will remain valid until 2024.
- **Monitoring greenhouse gas emission:** Since 2015, we have established a safe environment information platform to gather information on our greenhouse gas emissions, which allows us to regularly review, and optimize, our emissions. In addition, we have been promoting the implementation of ISO 14064-1 (greenhouse gases emissions inventory and reporting) at each of our plants. In 2015, our Taichung Plant and Yenshui Plant in Taiwan have obtained the ISO 14064-1 certification. In 2022, our Hsinchuang Plant, Yangmei Plant, Taichung Plant, and Yenshui Plant in Taiwan also obtained the new version of ISO 14064-1:2018 certification.

- Carbon reduction:** With the announcement of net-zero carbon emissions by 2050 by many countries, in particular the publication of Taiwan's net-zero carbon emissions roadmap in March 2022, we have been striving to achieve "net zero carbon emission" by 2025. We have set up an energy saving and carbon reduction management organization at each plant, set annual targets and various energy saving and carbon reduction measures, and held regular meetings to review and set up an energy e-management system for real-time management. We also invested in green power constructions such as installation of solar energy systems in 2021. Additionally, we have been studying the use of new energy such as hydrogen energy and negative carbon emission technology (CCUS) in our production processes for our stainless steel and resources businesses.

We strive to develop a friendly work environment, an innovative learning organization, and a safe workspace. In addition, we also continuously improve our corporate governance to ensure business sustainability. We are committed to improving our operational efficiency while adhering to integrity. To achieve our ESG goals, we have taken on-going corporate social responsibility and public interest initiatives. For example, we have established the sustainable development committee under our Board of Directors. The environment, safety and health promotion center under the committee is responsible for formulating our environmental protection, safety and health policies, implementing related plans, planning energy and carbon management, and overseeing and reporting on the implementation performance and guidance. It comprises of the heads of our business units and related departmental managers to execute the above matters. The green operation promotion center under the committee formulates our green operation strategy and identifies green products and services with future value based on our corporate, social and responsibility policy, covering green oriented product design, material procurement, manufacturing, and sales and service systems.

We have received major awards in recognition of our ESG achievements. We were listed as the top 5% outstanding companies as published by the TWSE in the Corporate Governance Evaluation in six consecutive years from 2017 to 2022. The Company also received Taiwan's Top 100 Sustainable Model Business Award, Class A Certification by the TIPS, Platinum Corporate Sustainability Report Award and Bronze Prize for English Sustainability Report from the Taiwan Corporate Sustainability Awards in 2022 as well as Performance Award and Platinum Report Award of Top 50 Taiwan Corporate Sustainability Award from the Taiwan Corporate Sustainability Awards in 2020 and 2021. Moreover, we have been selected as a constituent stock of the FTSE4Good TIP Taiwan ESG Index and have been rated at twA- by Taiwan Ratings. According to S&P Global, our ESG score is above the industry mean and has been improving in the past four years. In addition, we were awarded the Model Donation for Education by Yilan County Government in Taiwan for the Light Up the Corners of Taiwan project.

Save as disclosed in "Risk Factors – If we fail to comply with environmental laws and regulations, we may be subject to fines, suspension of operations or other penalties which may have a material adverse effect on our business, results of operations and financial condition", we have been in compliance with all material environmental regulations in the ROC, the PRC and overseas.

Government Regulations

Our operations are subject to various laws and regulations in the jurisdictions in which we operate. Our properties are subject to routine inspections by government officials with regard to various safety and environmental issues. For the years ended December 31, 2020, 2021 and 2022, we were not in compliance with certain laws and regulations relating to environmental protection and work safety. See "Risk Factors — Risks Relating to Our Business — If we fail to comply with environmental laws and regulations, we may be subject to fines, suspension of operations or other penalties which may have a material adverse effect on our business, operational results and financial condition." and "Risk Factors — Risks Relating to Our Business — We are subject to stringent health and safety laws and regulations that give rise to significant costs and could give rise to significant liabilities."

Insurance

We maintain insurance policies covering our production facilities, offices, equipment and inventories for losses due to earthquake, flooding, fire, business interruption and certain other contingencies. We believe such coverage is consistent with the customary practices in the markets in which we operate. In addition, we maintain insurance policies for our directors' and supervisors' liabilities. We also maintain insurance for our employees as required by the applicable laws and regulations of the ROC, the PRC, Italy and Indonesia.

Legal Proceedings

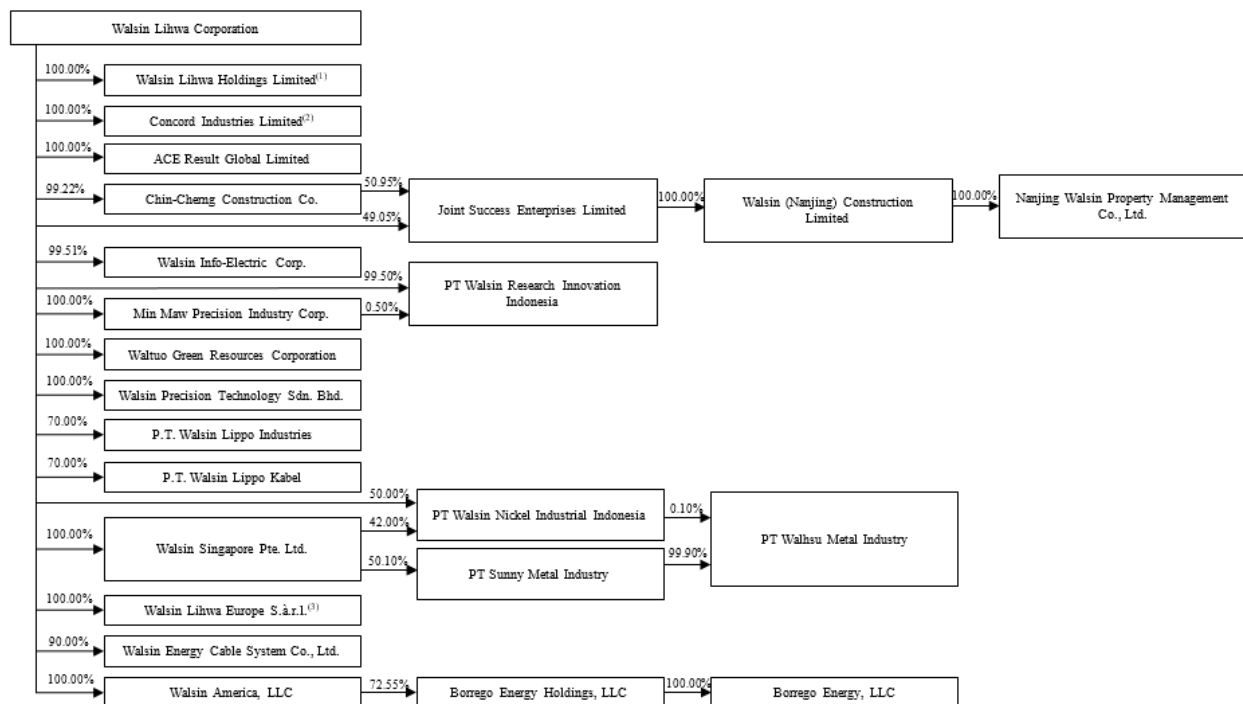
We are party to certain lawsuits in the ordinary course of business. We do not believe that these proceedings, individually or in the aggregate, will have a material adverse effect on our financial position, results of operations or cash flow.

As of the date of this Offering Circular, we were not and had not been involved in any legal or arbitration proceedings (including any such proceedings which were pending or threatened of which we were aware) which may have, or have had, individually or taken as a whole, a significant effect on our financial position.

Our Organizational Structure

The chart below illustrates our organizational structure as of May 31, 2023.

Organization Chart of Walsin Lihwa Corporation (1)



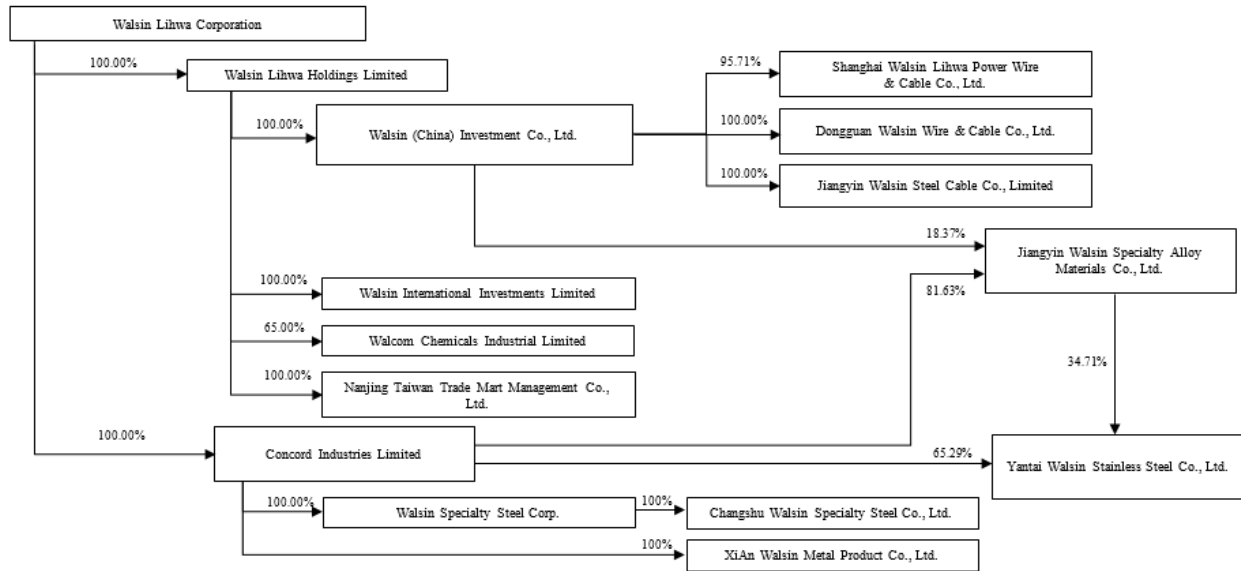
Notes:

(1) Please refer to Organization Chart of Walsin Lihwa Corporation (2) for its investee companies.

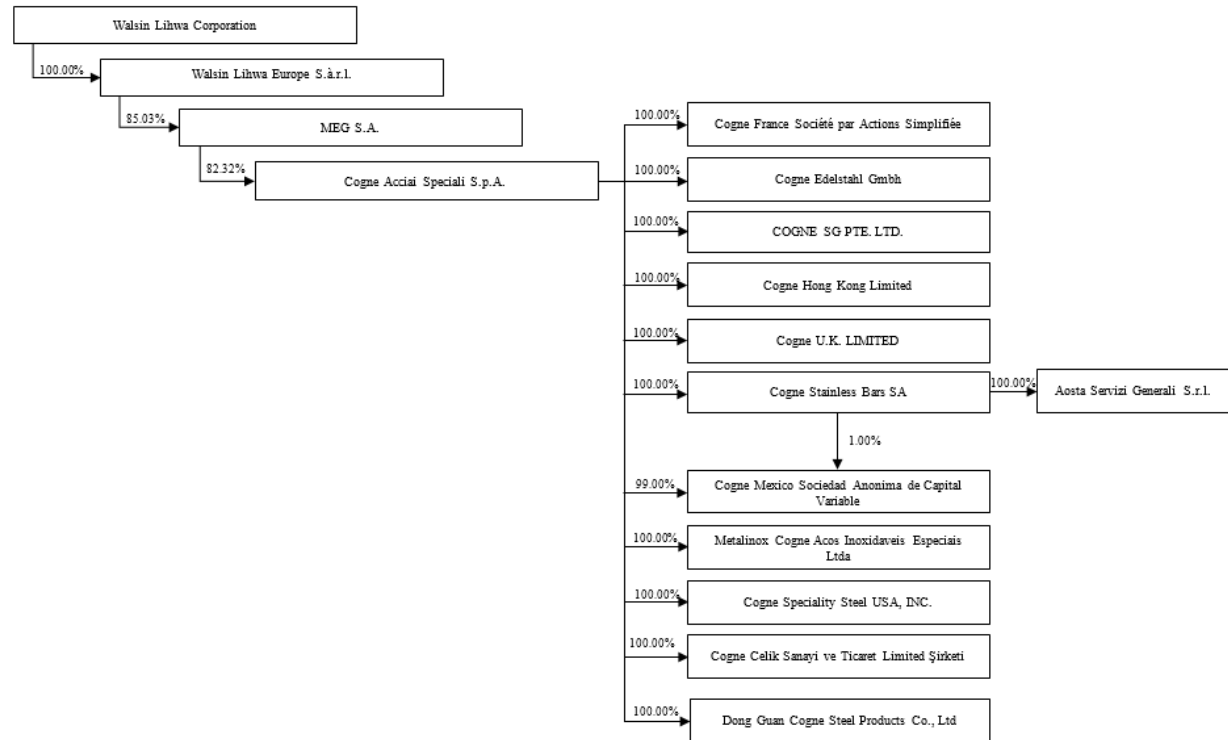
(2) Please refer to Organization Chart of Walsin Lihwa Corporation (2) for its investee companies.

(3) Please refer to Organization Chart of Walsin Lihwa Corporation (3) for its investee companies.

Organization Chart of Walsin Lihwa Corporation (2)



Organization Chart of Walsin Lihwa Corporation (3)



The following table sets forth certain information regarding our subsidiaries as of May 31, 2023:

Name	Registered Address	Place of incorporation	Principal business	Company's shareholding %

Walsin Lihwa Holdings Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	British Virgin Islands	Investment holding.	100.00
Walsin (China) Investment Co., Ltd.	Rm. 2802~2806, 28th Floor, Shanghai Mart Tower, No. 2299, Yanan Road (West), Shanghai, China	PRC	Investment holding.	100.00
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	No. 1128 Liuxiang Road, Nanxiang Town, Jiading, Shanghai, China	PRC	Cables and wires.	95.71
Dongguan Walsin Wire & Cable Co., Ltd.	No. 680, Meijing West Road, Dalang Town, Dongguan, Guangdong, China	PRC	Bare copper cables and wires	100.00
Jiangyin Walsin Steel Cable Co., Ltd.	No. 679 Binjiang Road (West), Binjiang Economic & Technology Development Zone, Jiangyin, Jiangsu, China	PRC	Steel stranded wire, steel wire, and galvanized steel wire.	100.00
Walsin International Investments Limited	Room 1102, Level 11, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Hong Kong	Investments.	100.00
Walcom Chemicals Industrial Limited	Unit 714, 7/F, Miramar Tower, 1-23 Kimberley Road, Tsimshatsui, Kowloon, Hong Kong	Hong Kong	Commerce.	65.00
Nanjing Taiwan Trade Mart Management Co., Ltd.	No. 230 Hexi street, Nanjing, China	PRC	Enterprise management, property management, marketing planning, consultation on various types of advertising information; leasing of market facilities and management of market operations; import and export of electronics, machinery, agricultural and by-products, textiles and handicrafts; commission agency (except auction).	100.00
Concord Industries Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	British Virgin Islands	Investment holding.	100.00
Walsin Specialty Steel Corp.	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	British Virgin Islands	Investment holding.	100.00
Changshu Walsin Specialty Steel Co., Ltd.	Haiyu Town, Changshu City, Jiangsu Province (Mailing address : No. 2, Hai Yang Road, Haiyu Town, Changshu City, Jiangsu Province), China	PRC	Manufacture and sale of special steel pipes, rods, wires, stainless steel pipes, building and household hardware and heating equipment.	100.00
Yantai Walsin Stainless Steel Co., Ltd.	No. 2 Wuzhishan Road. ETDZ Yantai City, Shantung Province, China	PRC	It develops and produces new alloy materials, carbon steels, alloy steels, stainless steels, steel billets, various types of steel and iron and steel products and sells its own products; engages in the wholesale business of new alloy materials, carbon steels, alloy steels, stainless steels, steel billets, various types of steel and iron and steel products; engages in the import and export of steel and iron products and related technologies. It also engages	100.00

			in recycling and wholesale of used and waste materials.	
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	No. 677, Binjiang West Road, Jiangyin City, Jiangsu, China	PRC	Cold-rolled stainless steel and flat-rolled products.	100.00
XiAn Walsin Metal Product Co., Ltd.	Room 105, 1 floor, block A, Long Qi science and Technology Park, No. 29 Jinye Road, Xi'an new and high tech Zone, Shaanxi, China	PRC	Production and sales of medium and heavy specialized stainless steel plates; sale of its own products.	100.00
Ace Result Global Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	British Virgin Islands	Investment holding.	100.00
Chin-Cherng Construction Co.	5th Floor, 192 Jinye 1st Road, Zhongshan District, Taipei 104, Taiwan, ROC	ROC	Investment in and construction of national housing, sale of commercial buildings, rental design and interior renovation.	99.22
Joint Success Enterprises Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	British Virgin Islands	Investment holding.	99.60
Walsin (Nanjing) Construction Limited	No. 236 Jiangdong Road, Jianye District, Nanjing, Jiangsu Province, China	PRC	Real estate development, sales, leasing, after-sales service, and property management; hotel and serviced apartments management and consulting, and retail sales and food service management consulting.	99.60
Nanjing Walsin Property Management Co., Ltd.	No. 230, Hexi Avenue, Jianye Zone, Nanjing, Jiangsu, China	PRC	Property management, car park management services, corporate marketing planning, management consulting, self-owned house rental, building installation, decoration projects, landscaping design, construction, etc.	99.60
Walsin Info-Electric Corp.	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, ROC	ROC	Solar engineering, mechanical and electrical engineering, and power engineering.	99.51
Min Maw Precision Industry Corp.	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, ROC	ROC	Assembly of solar panel power systems.	100.00
PT Walsin Research Innovation Indonesia	Gold Coast Office Eiffel Tower Lt. 23 Unit OTA23WF, Jl. Pantai Indah Kapuk, Desa/Kelurahan Kamal Muara, Kec. Penjaringan, Kota Adm. Jakarta Utara, Provinsi DKI Jakarta	Indonesia	Other consulting and management.	100.00
Waltuo Green Resources Corporation	No. 47, Bade Rd., Yenshui Dist., Tainan City 737, Taiwan, ROC	ROC	Waste removal, resource recycling and cement, soil	100.00

			blending and related businesses.	
Walsin Precision Technology Sdn. Bhd.	2115-1, Kawasan Perindustrian air Keroh, Fasa IV, Air Keroh, 75450 Melaka, Malaysia	Malaysia	Stainless steel calendared sheets.	100.00
P.T. Walsin Lippo Industries	Jl. MH. Thamrin Blok A1-1, Delta Silicon Industrial Park, Lippo Cikarang, Bekasi 17550, Indonesia	Indonesia	Steel wires.	70.00
P.T. Walsin Lippo Kabel	Jl. Jati 3 Blok J7/5, Newton Techno Park, Serang, Cikarang Selatan, Bekasi, Jawa Barat 17550	Indonesia	Power cables.	70.00
Walsin Singapore Pte. Ltd.	727 Clementi West Street 2 #01-280 Singapore (120727)	Singapore	Investment holding.	100.00
PT Walsin Nickel Industrial Indonesia	Gedung IMIP, Jalan Batu Mulia 8, RT. 007 RW. 007, Meruya Utara Kembangan, Kota Adm. Jakarta Barat DKI Jakarta 11620, Indonesia	Indonesia	Manufacture and sale of nickel pig iron.	92.00
PT. Sunny Metal Industry	Sopo Del Office Tower A Lantai 21 Jalan Mega Kuningan Barat III Lot 10 1-6, Kel. Kuningan Timur, Kec. Setiabudi, Kota Adm. Jakarta Selatan, Provinsi DKI Jakarta, Indonesia	Indonesia	Manufacture and sale of nickel matte.	50.10
PT. Walsin Metal Industry	Sopo Del Office Tower A Lantai 21 Jalan Mega Kuningan Barat III Lot 10 1-6, Kel. Kuningan Timur, Kec. Setiabudi, Kota Adm. Jakarta Selatan, Provinsi DKI Jakarta, Indonesia	Indonesia	Manufacture and sale of nickel matte.	50.14
Walsin Lihwa Europe S.a.r.l.	16, rue Eugène Ruppert, L-2453, Luxembourg	Luxembourg	Investment holding.	100.00
MEG S.A.	16, rue Eugène Ruppert, L-2453, Luxembourg	Luxembourg	Investment holding.	85.03
Cogne Acciai Speciali S.p.A.	VIA PARAVERA 16 AOSTA 9A0) CAP 11100, Italy	Italy	Production, sales and distribution of stainless steel products.	70.00
Cogne France Société par Actions Simplifiée	16 Rue de la Patelle 95613 Cergy Pontoise Cedex BP 80119 - France	France	Sales and distribution of stainless steel products.	70.00
Cogne Edelstahl GmbH	Carl-Schurz-Str. 2 41460 Neuss - Germany	Germany	Sales and distribution of stainless steel products.	70.00
COGNE SG PTE. LTD.	160 Robinson Road, #14-04, SBF Center Singapore - 068914	Singapore	Sales and distribution of stainless steel products.	70.00
Cogne Hong Kong Limited	5/F, Manulife Place, 348 Kwun Tong Road, Hong Kong	Hong Kong	Investment holding.	70.00
Dong Guan Cogne Steel Products Co., Ltd	Building 1, No. 27, Wei Jian Road, industrial park of Cha Shan, Cha Shan town, Dong Guan city, Guang Dong province, China	PRC	Production, sales and distribution of stainless steel products.	70.00
Cogne U.K. LIMITED	Uniformity Steel Works Don Road Newhall Sheffield S92UD, United Kingdom	United Kingdom	Sales and distribution of stainless steel products.	70.00
Cogne Stainless Bars SA	Via Laveggio 6a 6855 Stabio - Svizzera, Switzerland	Switzerland	Production, sales and distribution of stainless steel products.	70.00

Aosta Servizi Generali S.r.l.	Via Nazionale per Carema 40 - 11026 Pont-Saint-Martin (AO) - Italy	Italy	Electrical and mechanical repair services and general services	70.00
Cogne Mexico Sociedad Anonima de Capital Variable	Av. Otomies no sin numero int. 1 - CD industrial Xicohtencatl II Huamantla - 90500 Tlaxcala - Mexico	Mexico	Production, sales and distribution of stainless steel products.	70.00
Metalinox Cogne Aços Inoxidáveis Especiais Ltda	Avenida Presidente Wilson. 4382 Upiranga - Sao Paulo/SP CEP 04220-001 Brazil	Brazil	Sales and distribution of stainless steel products.	70.00
Cogne Specialty Steel USA, INC.	277 Fairfield Road _STE 315. Fairfield, NJ 07004, United States	U.S.	Sales and distribution of stainless steel products.	70.00
Cogne Çelik Sanayi ve Ticaret Limited Şirketi	Sultan Orhan Mah Keresiciler San. Sit. 2003ada 1Parsel Gebze Kocaeli Türkiye	Turkey	Sales and distribution of stainless steel products.	70.00
Walsin Energy Cable System Co., Ltd.	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, ROC	ROC	Manufacturing and production of wires and cables.	90.00
Walsin America, LLC	1209 Orange Street, Wilmington, New Castle Country, DE 19801, United States	U.S.	Investment holding.	100.00
Borrego Energy Holdings, LLC	1814 Franklin St, Ste 700, Oakland, CA 94612, United States	U.S.	Solar engineering, procurement, and construction (EPC) and operations and maintenance (O&M) services.	72.55
Borrego Energy, LLC	1814 Franklin St, Ste 700, Oakland, CA 94612, United States	U.S.	Solar EPC and O&M services	72.55

MANAGEMENT

General

The ROC Company Act and our Articles of Incorporation provide that our board of directors is elected by the shareholders and is responsible for the management of our business. The election of our directors by our shareholders is conducted by means of cumulative voting pursuant to the ROC Company Act. Our Articles of Incorporation provide for a board comprising nine to 11 directors, among them at least three directors shall be independent directors. Directors serve up to a term of three years and are eligible for re-election.

Our current directors were elected at the ordinary shareholders' meeting held on May 19, 2023, and their terms expire on May 18, 2026. The next election for all of the directors is expected to be held in 2026. Pursuant to the ROC Company Act, a person may serve as our director in his/her personal capacity or as the representative of another legal entity (excluding independent directors, which should serve as our director in his/her personal capacity). Our board of directors is empowered to appoint senior management.

Each of our directors and senior management listed below can be reached at our office at 25/F, No.1, Songzhi Road, Taipei, Taiwan.

The following table shows information regarding all of our directors and senior management as of the date hereof (unless indicated otherwise). Each of our Shares has one vote, and none of our directors or senior management has any different voting rights.

Directors⁽¹⁾

Name	Position	Age	Number of Shares held as of June 12, 2023⁽²⁾	Percentage of Shares held as of June 12, 2023 (%)
Yu-Lon Chiao	Chairman	60s	71,472,329 ⁽³⁾	1.92
Patricia Chiao	Vice Chairwoman	60s	109,085,587 ⁽⁴⁾	2.92
Yu-Cheng Chiao	Director	60s	60,503,979 ⁽⁵⁾	1.62
Yu-Heng Chiao	Director	60s	69,668,002 ⁽⁶⁾	1.87
Yu-Chi Chiao	Director	60s	51,879,503 ⁽⁷⁾	1.39
Andrew Hsia	Director	70s	0	0
Chin-Xin Investment Co., Ltd.	Director		247,399,375 ⁽⁸⁾	6.63
Representative: Li- Chin Ku		60s		
Ming-Ling Hsueh	Independent Director	60s	0	0
Fu-Hsiung Hu	Independent Director	60s	0	0
Tyzz-Jiun Duh	Independent Director	60s	0	0
Wey-Chuan Gau	Independent Director	60s	0	0

Notes:

- (1) The latest date of election is May 19, 2023 and the current directorship term is three years.
- (2) Including Shares held by the director's spouse, minor children, and/or nominee shareholder(s).
- (3) Representing 50,460,440 Shares directly held and 21,011,889 Shares beneficially held through/by spouse and/or minor children.
- (4) Representing 109,085,587 Shares directly held.
- (5) Representing 41,001,551 Shares directly held and 19,502,428 Shares beneficially held through/by spouse and/or minor children.

- (6) Representing 65,343,810 Shares directly held and 4,324,192 Shares beneficially held through/by spouse and/or minor children.
- (7) Representing 51,635,470 Shares directly held and 244,033 Shares beneficially held through/by spouse and/or minor children.
- (8) Representing 247,399,375 Shares directly held by Chin-Xin Investment Co., Ltd. Li-Chin Ku, who is the representative of Chin-Xin Investment Co., Ltd., does not hold any Shares.

Yu-Lon Chiao joined us in 1983. He has served as the chairman of our board of directors since 1996. Currently, Mr. Chiao is also the chairman of Concord Venture Capital Group, director and vice chairman of Hangzhou Walsin Power Cable & Wire Co., Ltd., director of Walton Advanced Engineering, Inc., Ltd., and vice president commissioner of the Company's subsidiaries. Previously, Mr. Chiao served as our president and vice chairman. Mr. Chiao holds a bachelor's degree in business administration from the University of Washington.

Mr. Yu-Lon Chiao is the younger brother of Mr. Yu-Cheng Chiao, the elder brother of Ms. Patricia Chiao, Mr. Yu-Heng Chiao and Mr. Yu-Chi Chiao.

Patricia Chiao joined us in 1981. She has been the vice chairwoman of our board of directors since 2016. Currently, Ms. Chiao is also the director of Walsin Lihwa Holding Co., Ltd., Walsin Specialty Steel Holding Co., Ltd., Walsin Specialty Steel Corporation and Joint Success Enterprises Limited, and the president of Chin-Xin Investment Co., Ltd. Previously, Ms. Chiao has served as our assistant vice president of the investment department, assistant vice president of the financial department, head of financial investment department, as well as assistant vice president of our commodity center and financial investment management center, and president of our insulated wire & cable business unit. Ms. Chiao holds a master of business administration from the College of Notre Dame.

Ms. Patricia Chiao is the younger sister of Mr. Yu-Cheng Chiao and Mr. Yu-Lon Chiao, and the elder sister of Mr. Yu-Heng Chiao and Mr. Yu-Chi Chiao.

Yu-Cheng Chiao joined us in 1981 and has been our director since 1981. Currently, Mr. Chiao is the chairman of Winbond Electronics Corporation, Chin-Xin Investment Co., Ltd and Chenghe Investment Co., Ltd., director of Walsin Technology Corporation, Nuvoton Technology Corp, Jincheng Construction Co., Ltd., United Industrial Gases Co., Ltd., MiTAC Holdings Corporation, Landmark Group Holdings Ltd., Peaceful River Corporation, Winbond International Corporation, Winbond Electronics Corporation America, Marketplace Management Limited, Nuvoton Investment Holding Ltd., Pigeon Creek Holding Co., Ltd., and Songyong Investment Co., Ltd. Mr. Chiao is also the chief executive director of Winbond Electronics Corporation, manager of Goldbond LLC, independent director and member of the audit committee, nomination committee and convener of the compensation committee of Taiwan Cement Corporation. Previously, Mr. Chiao has served as our chairman. Mr. Chiao holds a master's degree in electrical engineering and business administration from the University of Washington.

Mr. Yu-Cheng Chiao is the elder brother of Mr. Yu-Lon Chiao, Ms. Patricia Chiao, Mr. Yu-Heng Chiao and Mr. Yu-Chi Chiao.

Yu-Heng Chiao joined us in 1990 and has been our director since then. Currently, Mr. Chiao is also the chairman of Walsin Technology Corporation, Walton Advanced Engineering, Inc., HannStar Board Corp., Global Brands Manufacture, Prosperity Dielectrics Co., Ltd., Info-Tek Corp., Silitech Technology Corporation and Career Technology Mfg. Co., Ltd., and director of Inpaq Technology Co., Ltd. Previously, Mr. Chiao served as our vice president and vice chairman. Mr. Chiao holds a master's degree in business administration from the Golden Gate University.

Mr. Yu-Heng Chiao is the younger brother of Mr. Yu-Cheng Chiao, Mr. Yu-Lon Chiao and Ms. Patricia Chiao, and the elder brother of Mr. Yu-Chi Chiao.

Yu-Chi Chiao joined us in May 1998 and has been our director since 2023. Currently, Mr. Chiao is also the chairman of HannStar Display Corporation, HannStar Display (Nanjing) Corporation, Hannshine Investment Corporation, Hanns Prosper Investment Corporation, Huali Investment Corp. and Mianlu Catering Co., Ltd. Mr. Chiao is also the director of Coretronic Corporation, HannsTouch Solution Incorporation, Bradford Ltd., HannSpirit (BVI) Holding Ltd., Brightpro Resources Limited, and Hannspree International Holdings Ltd., and is the supervisor of Torch Investment Co., Ltd. Previously, Mr. Chiao served as the director and president of Walsin Lihwa Corporation, supervisor of Winbond Electronics Corporation, director of HannStar Board Corp. and chairman of HannsTouch Solution Incorporated. Mr. Chiao holds a doctor's degree in business administration from the City University of Hong Kong.

Mr. Yu-Chi Chiao is the younger brother of Mr. Yu-Heng Chiao, Mr. Yu-Cheng Chiao, Mr. Yu-Lon Chiao and Ms. Patricia Chiao.

Andrew Hsia joined us in May 2020 and has been our director since then. Currently, Mr. Hsia is also the vice president and spokesman of Phu My Hung Holding Group, and the chief representative of Central Trading and Development Corporation. Previously, Mr. Hsia served as the head of political section of the ROC representative office in the United States, deputy representative of the ROC, representative office in Canada, head of the ROC representative office in New York, ROC representative office in India, political deputy minister of Ministry of Foreign Affairs, deputy minister of Ministry of National Defense, and chairman of the Mainland Affairs Council, Executive Yuan. Mr. Hsia holds a bachelor's degree in law from the Fu Jen Catholic University and a master's degree in diplomacy from the National Chengchi University, and graduated from the Graduate Institute of Legal Studies, University of Oxford, UK (M. Litt).

Li-Chin Ku joined us in May 2023 and has served as the representative of Chin-Xin Investment Co., Ltd. at our board of directors since then. Currently, Ms. Ku is also the president of Walsin Technology Corporation. Previously, Ms. Ku served as the vice president of Walsin Technology Corporation. Ms. Ku holds a bachelor's degree in industrial and systems engineering from the Chung Yuan Christian University.

Ming-Ling Hsueh joined us in May 2014 and has been our independent director since then. Currently, Mr. Hsueh is also the independent director of Yuanta Financial Holdings & Yuanta Commercial Bank, TTY Biopharm and Lite-On Technology Corporation, and director of Tung Hua Book Co., Ltd. Previously, Mr. Hsueh served as the director of PwC Taiwan, executive director of Taiwan Corporate Governance Association, adjunct professor of the School of Science and Technology Management, National Tsing Hua University, and the adjunct professor of the School of Management, National Taiwan University of Science and Technology. Mr. Hsueh holds a master's degree in accountancy from Soochow University and a master's degree in business administration from the Bloomsburg University of Pennsylvania.

Fu-Hsiung Hu joined us in May 2020 and has been our independent director since then. Currently, Mr. Hu is also the independent managing director of O-Bank Co., Ltd. Previously, Mr. Hu served as the managing director of Central Trust Bureau, director of Mega Bank, director of department of Economic Energy and Agriculture, Executive Yuan, vice chairman of Council of Agriculture, chairman of National Animal Industry Foundation, Institute of Animal Science and Technology, Joint Credit Information Center and Taiwan Cooperative Securities. Mr. Hu holds a master of business administration from the National Taiwan University.

Tyzz-Jiun Duh joined us in May 2023 and has been our independent director since then. Currently, Mr. Duh is also the policy advisor of Taiwan Electrical and Electronics Manufacturers' Association. Previously, Mr. Duh served as the director general of the department of Commerce of the Ministry of Economic Affairs, director general of the Industrial Development Bureau of the Ministry of Economic Affairs, minister of the Ministry of Economic Affairs, chairman of the National Development Council and vice premier of the Executive Yuan. Mr. Duh holds a doctor's degree in Institute of Forestry from the National Taiwan University.

Wey-Chuan Gau joined us in May 2023 and has been our independent director since then. Currently, Mr. Gau is also the certified public accountant of Chuanzhi Shared-Office Accounting Firm. Previously, Mr. Gau served as the vice president, executive director and head of insurance business of KPMG Taiwan Inc., certified public accountant and counselor of the audit department of KPMG Taiwan Inc., and director and

chief financial officer of Maxpro Capital Acquisition Corp. Mr. Gau holds a doctor's degree in accounting in accounting from the School of Business of Renmin University.

Senior Management

Name	Position	Number of Shares held as of June 12, 2023⁽¹⁾	Percentage of Shares held as of June 12, 2023 (%)
Fred Pan	President and President of Commerce and Real Estate Business Group	614,804 ⁽²⁾	0.0165
C.C. Chen	Executive Vice President and Head of Finance Department	392,209 ⁽³⁾	0.0105
Jin-Renn Leu	President of Insulated Wire and Cable Business Group	181,900 ⁽⁴⁾	0.0049
Kevin Niu	President of Stainless Steel Business Group	200,000 ⁽⁵⁾	0.0054
Josh Chia	President of Commodity Business Group	51,559 ⁽⁶⁾	0.0014

Notes:

- (1) Including Shares held by the shareholder's spouse, minor children, and/or nominee shareholder(s).
- (2) Representing 614,804 Shares directly held.
- (3) Representing 392,209 Shares directly held.
- (4) Representing 180,900 Shares directly held and 1,000 Shares beneficially held through/by spouse and/or minor children.
- (5) Representing 200,000 Shares directly held.
- (6) Representing 50,000 Shares directly held and 1,559 Shares beneficially held through/by spouse and/or minor children.

Fred Pan joined us in June 2007 and has been the president and president of commerce & real estate business group since July 2007. Currently, Mr. Pan is also the vice chairman of Nanjing Walsin Property Management Co., Ltd., director of Walsin (Nanjing) Development Co., Ltd., Walsin International Investment, and Joint Success Enterprises Limited. Mr. Pan is also the director and president of Jincheng Construction Co., Ltd. and Walsin China Investment Co., Ltd. Previously, Mr. Pan served as the finance chief of marketing of Philips Taiwan Semiconductor, finance chief of sales of Philips Asia Pacific Semiconductor, the Company's head of accounting division and chief of staff and vice president. Mr. Pan holds a master of business administration from the Tulane University.

C.C. Chen joined us in May 2005 and has been the executive vice president and head of finance department of the Company since May 2010. Currently, Mr. Chen is also the director of Walsin International Investment, Walsin China Investment Co., Ltd., Walsin Info-Electric Inc., PT. Walsin Nickel Industrial Indonesia, PT. Sunny Metal Industry, PT. Westrong Metal Industry, PT. CNGR Walsin New Energy and Technology and Walsin Lihwa Europe S.a.r.l. Previously, Mr. Chen served as the audit team leader of Deloitte Touche Tohmatsu Limited, financial assistant vice president of Promisedland, partner of GACPA, and partner of Tianyao United Accountants. Mr. Chen also served as the Company's manager of performance analysis department of financial service center, head of financial management center, head of accounting division, head of China management division, vice president of specialty steel business group, head of Yantai business unit, head and vice president of specialty steel business unit, and president of commodity business group. Mr. Chen obtained a master's degree in accounting from the National Taiwan University.

Jin-Renn Leu joined us in November 1985 and has been the president of insulated wire & cable business group since August 2014. Currently, Mr. Leu is also the director of Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. and Taiwan Electric Research & Testing Center. Previously, Mr. Leu served as the assistant manager of optical communication division and communication technology division, manager of communication technology and quality assurance technology division, electrical production and communication operation division, director of Hsinchuang business unit, vice president of cable & wire business group, and head of wire business unit of the Company. Mr. Leu holds a master's degree in electrical engineering from the Yuan Ze University.

Kevin Niu joined us in December 2017 and has been the president of stainless steel business group since then. Currently, Mr. Niu is also the director of Cogne. Previously, Mr. Niu served as a quantitative analyst of U.S. based Provident Capital Management, special assistant to chief executive officer of Chinatimes Network Technology, associate manager of financial trading department of Yuanta Securities, vice president of securities department of CTBC Bank, vice president of derivatives department of KGI Securities, and chief marketing officer and head of resources management center of the Company. Mr. Niu holds a Ph.D. degree from the Carnegie Mellon University, Pittsburgh, USA.

Josh Chia joined us in May 2019 and has been the president of commodity business group since June 2019. Currently, Mr. Chia is also the chairman of PT. Walsin Nickel Industrial Indonesia and PT. Sunny Metal Industry, director of Walsin Precision Technology Co., Ltd., Walsin Singapore Pte. Ltd., PT. Westrong Metal Industry, PT. CNGR Walsin New Energy and Technology Indonesia, and PT. Anugerah Barokah Cakrawala. Previously, Mr. Chia served as the head of asset and liability management department, performance management department and corporate finance department of Standard Chartered Bank, executive vice president and accounting officer of finance division of Standard Chartered Bank, vice president of accounting department of Fubon Bank (China) Co., Ltd., the Company's project director of the president office, head of finance division, and the vice president of financial management center. Mr. Chia holds a master of business administration in finance from the New York University, a master of business administration in accounting from the National Taiwan University, and a bachelor's degree in accounting from the National Taiwan University.

Except as disclosed above, there is no family relationship among the directors and the senior management listed above.

We have not entered into service contract with our directors. No compensation is payable to our directors upon termination of their services with us, except that pursuant to the ROC Company Act, a director discharged by the shareholders' meeting during his or her term of office without justifiable reason may claim indemnification against the company.

We have from time to time engaged in transactions with companies whose management members are principally the same as ours. See "Transactions with Related Parties" for additional information regarding the relationship and transactions between us and such companies.

Board Practices

Audit Committee

Our audit committee consists of Fu-Hsiung Hu, Ming-Ling Hsueh, Tyzz-Jiun Duh and Wey-Chuan Gau. Fu-Hsiung Hu is the convener of our audit committee. The current members of our audit committee are all independent directors.

Any of the following matters shall require the consent of one-half or more of all audit committee members and then be submitted to our board of directors for resolution. However, except for item (10), if any of the following items is not approved by more than half of all audit members of the committee, it can be instead approved by more than two-thirds of all directors:

- (1) adoption of or amendment to the internal control system;
- (2) assessment of the effectiveness of the internal control system;
- (3) adoption of or amendment to the handling procedures for financial or business activities of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others;
- (4) matters in which a director is an interested party;
- (5) a material asset or derivatives transaction;
- (6) a material monetary loan, endorsement, or provision of guarantee;
- (7) the offering, issuance, or private placement of equity-related securities;
- (8) the hiring or dismissal of a certified public accountant, or the compensation given thereto;
- (9) the appointment or discharge of a financial, accounting or internal audit officer;
- (10) the annual financial reports which are signed or sealed by the chairperson, managerial officer, and the accounting officer; and
- (11) any material matters as may be required by us from time to time or required by the competent authority.

The audit committee holds at least one meeting quarterly. The recommendations made by the audit committee will be submitted to the board of directors for final decision.

Compensation Committee

Our compensation committee consists of Ming-Ling Hsueh, Fu-Hsiung Hu, Tyzz-Jiun Duh and Wey-Chuan Gau. Ming-Ling Hsueh is the convener of our compensation committee. The current members of our compensation committee are all independent directors.

The main responsibilities of our compensation committee include:

- (1) reviewing the charter of the compensation committee regularly and making recommendations for amendments;
- (2) formulating and regularly reviewing the annual performance goals of our directors and managerial officers, and the policies, systems, standards, and structure for their compensation, and
- (3) assessing the extent to which our directors and managerial officers have achieved their performance goals to decide the types and amounts of their individual compensation based on the performance review results.

The compensation committee holds at least two meetings every year. The recommendations made by the audit committee will be submitted to the board of directors for final decision.

Nomination Committee

Our nomination committee consists of Wey-Chuan Gau, Ming-Ling Hsueh, Fu-Hsiung Hu, Tyzz-Jiun Duh and Yu-Lon Chiao. Wey-Chuan Gau is the convener of our nomination committee. The current members

of our nomination committee are all independent directors except Yu-Lon Chiao, the chairman of the Company.

The main responsibilities of our nomination committee include:

- (1) formulating the selection criteria for selection standards for our directors and managerial officers;
- (2) establishing individual function committee structures and reviewing their charters;
- (3) developing and regularly reviewing directors' ongoing educational plans and the succession plans of our managerial officers;
- (4) reviewing our corporate governance, board performance, and the enactment of and amendment to relevant regulations; and
- (5) implementing the board's resolutions which are under the responsibility of the nomination committee.

The nomination committee holds at least two meetings every year. The recommendations made by the nomination committee will be submitted to the board of directors for final decision.

Sustainable Development Committee

Our sustainable development committee consists of Tyzz-Jiun Duh, Yu-Lon Chiao, Patricia Chiao, Ming-Ling Hsueh, Fu-Hsiung Hu and Wey-Chuan Gau. Tyzz-Jiun Duh is the convener of our sustainable development committee. The current members of our sustainable development committee are all independent directors, except Yu-Lon Chiao and Patricia Chiao, the chairman and vice chairman of the Company, respectively.

The main responsibilities of our sustainable development committee include establishing or changing its promotion centers, reviewing and approving the annual plans of the individual promotion centers, overseeing and following up on the implementation results of the individual promotion centers, and amending the charter of the sustainable development committee.

The sustainable development committee holds at least one meeting quarterly. The recommendations made by the sustainable development committee will be submitted to the board of directors for final decision.

Compensation

The aggregate remuneration paid and benefits in kind granted by us to our directors in their capacity as such in 2020, 2021 and 2022 and for the three months ended March 31, 2023 was NT\$87.5 million, NT\$138.4 million and NT\$191.5 million and NT\$41.6 million (US\$1.4 million), respectively.

The aggregate remuneration paid and benefits in kind granted by us to our directors and senior management in their capacity as such in 2020, 2021 and 2022 and for the three months ended March 31, 2023 was NT\$128.6 million, NT\$218.9 million and NT\$267.3 million and NT\$55.1 million (US\$1.8 million), respectively. As of the date of the Offering Circular, we have not granted stock options to any directors or senior management, there were no outstanding loans granted by us to any of the directors or senior management and there were no outstanding guarantees provided by us for the benefit of any of the directors or senior management, and our directors and senior management did not have any interests, other than in the ordinary course of business, in our business transactions. In 2020, 2021 and 2022 and the three months ended March 31, 2023, we did not enter into any transactions with our directors or senior management or any other companies or entities on which they serve which are unusual in their nature or conditions.

PRINCIPAL SHAREHOLDER

For the years ended December 31, 2020, 2021 and 2022 and the three months ended March 31, 2023, we have four major shareholders, namely, LGT Bank (Singapore) Investment Fund under the custody of Business Department, Winbond Electronics Corporation, Chin-Xin Investment Co., Ltd, Standard Chartered Bank (Taiwan) Ltd. and TECO Electric and Machinery Co., Ltd., who beneficially owned 5% or more of the Shares. There is no significant change in the percentage ownership held by our major shareholder in the past three years.

The names of our ten largest shareholders of record and our directors and senior management as a group with their share ownership as of June 12, 2023, being the most recent record date, are as follows:

	Number of Common Shares Held as of June 12, 2023	Percentage of Common Shares Held as of June 12, 2023 (%)
Principal Shareholders:		
Winbond Electronics Corporation	247,527,493	6.63
Chin-Xin Investment Co., Ltd	247,527,493	6.63
LGT Bank (Singapore) Investment Fund under the custody of Business Department, Standard Chartered Bank (Taiwan) Ltd.	218,713,000	5.86
TECO Electric and Machinery Co., Ltd.	210,332,690	5.64
Rong Jiang Co., Ltd.	172,656,651	4.63
Patricia Chiao	109,085,587	2.92
Huali Investment Corp.	106,994,366	2.87
Yu-Heng Chiao	65,343,810	1.75
Pai-Yung Hong	51,940,914	1.39
Yu-Chi Chiao	51,635,470	1.38
Directors and Senior Management:		
Directors and senior management, as a group	611,705,368	16.39

Each of our Shares has one vote, and none of our shareholders have any different voting rights. As of June 12, 2023, 78.4% of our Shares, being 2,924,483,930 Shares, were held by shareholders in the ROC, with the remaining 21.6% of our Shares, being 806,849,018 Shares, were held by foreign entities or individuals. We are not aware of any arrangement that may on a subsequent date result in a change of control of our Company.

As of June 12, 2023, we had not granted any share options to any of our directors, senior management or employees and there are no outstanding options to purchase Common Shares.

CHANGES IN ISSUED SHARE CAPITAL

Currently, our Articles of Incorporation provide that our authorized share capital is NT\$65,000,000,000 divided into 6,500,000,000 Common Shares. As of March 31, 2023, our paid-in share capital was NT\$37,313,329,480, divided into 3,731,332,948 Common Shares with a par value of NT\$10.00 per share. All issued shares are in registered form.

The following table sets out the changes in our issued share capital as of the dates indicated:

Date	Description	Number of Shares issued	Number of total issued Shares after issue
August 2018	Cancellation of treasury stock	(40,000,000)	3,326,000,258
September 2020	Cancellation of treasury stock	(40,000,000)	3,286,000,258
December 2020	Cancellation of treasury stock	(60,000,000)	3,226,000,258
January 2021	Share swap	205,332,690	3,431,332,948
September 2022	Cash capital increase	300,000,000	3,731,332,948

TRANSACTIONS WITH RELATED PARTIES

From time to time we have engaged in a variety of transactions with our affiliates. Our policy on transactions with affiliates is to conduct these transactions on terms obtainable in a comparable arm's-length transaction with a third party. For a list of all of our related party transactions presented on a consolidated basis, see note 31 to the audited consolidated financial statements as of and for the years ended December 31, 2020 and 2021, note 36 to the audited consolidated financial statements as of and for the years ended December 31, 2021 and 2022, and note 34 to the unaudited consolidated financial statements as of and for the three months ended March 31, 2022 and 2023. The transactions among us and our subsidiaries were eliminated during the consolidation process.

Sales and Purchases of Goods (from continuing operations)

In 2020, 2021 and 2022, and for the three months ended March 31, 2023, we mainly purchased stainless steel products from our related parties in the aggregate amount of NT\$34.0 million, NT\$38.0 million, NT\$62.6 million and NT\$117.9 million, respectively.

In 2020, 2021 and 2022, and for the three months ended March 31, 2023, we sold stainless steel products to our related parties in the aggregate amount of NT\$912.2 million, NT\$1,758.2 million, NT\$1,475.3 million and NT\$1,453.0 million, respectively.

Rental Income

In 2020, 2021 and 2022, and for the three months ended March 31, 2023, we received rental income from our related parties in the aggregate amount of NT\$45.5 million, NT\$47.2 million, NT\$49.5 million and NT\$12.4 million, respectively.

Administrative Expenses

In 2020, 2021 and 2022, and for the three months ended March 31, 2023, we paid administrative expenses to our related parties in the aggregate amount of NT\$23.7 million, NT\$28.4 million, NT\$28.7 million and NT\$4.2 million, respectively.

Dividend Income

In 2020, 2021 and 2022, and for the three months ended March 31, 2023, we received dividend income from our related parties in the aggregate amount of NT\$109.6 million, NT\$297.8 million, NT\$446.3 million and nil, respectively, among which nil, NT\$149.8 million, NT\$298.3 million and nil, respectively, were paid by HannStar Display Corporation and NT\$106.7 million, NT\$140.3 million, NT\$140.3 million and nil, respectively, were paid by HannStar Board Corporation.

Receivables and Payables

Due to our transactions with our related parties, we generated certain receivables and payables.

As of December 31, 2020, 2021 and 2022, and March 31, 2023, notes receivables and trade receivables generated from stainless steel products we sold to the related parties amounted to NT\$45,366, NT\$19,415, NT\$54,464 and NT\$689,870, respectively.

As of December 31, 2020, 2021 and 2022, and March 31, 2023, notes payables and trade payables generated from our purchases of stainless steel products from the related parties amounted to NT\$17,541, NT\$10,858, NT\$17,282 and NT\$26,962, respectively.

As of December 31, 2020, 2021 and 2022, and March 31, 2023, other receivables due from our related parties (excluding financing provided to them) amounted to NT\$12.5 million, NT\$21.9 million, NT\$16.1 million and NT\$14.2 million, respectively.

Provision of Loans

In 2020, we provided financing to Hangzhou Walsin Power Cable & Wire Co., Ltd. with the highest balance for the period in the amount of NT\$350.7 million and the ending balance as of December 31, 2020 in the amount of NT\$349.2 million, with an interest rate in the range from 4.35% to 4.79% p.a. and an interest income totaling NT\$16.2 million.

In 2021, we provided financing to Hangzhou Walsin Power Cable & Wire Co., Ltd. with the highest balance for the period in the amount of NT\$350.9 million and the ending balance as of December 31, 2021 in the amount of NT\$347.3 million, with an interest rate of 4.35% p.a. and an interest income totaling NT\$15.3 million.

In 2022, we provided financing to Hangzhou Walsin Power Cable & Wire Co., Ltd. with the highest balance for the period in the amount of NT\$360.7 million and the ending balance as of December 31, 2022 in the amount of NT\$352.7 million, with an interest rate of 4.35% p.a. and an interest income totaling NT\$15.6 million. We also provided financing to PT. Westrong Metal Industry with the highest balance for the period in the amount of NT\$2,780.1 million and the ending balance as of December 31, 2022 in the amount of NT\$1,228.4 million, with an interest rate of 6.79% p.a. and an interest income totaling NT\$0.5 million.

For the three months ended March 31, 2023, we provided financing to Hangzhou Walsin Power Cable & Wire Co., Ltd. with the highest balance for the period in the amount of NT\$355.4 million and the ending balance as of March 31, 2023 in the amount of NT\$354.5 million, with an interest rate of 4.35% p.a. and an interest income totaling NT\$3.9 million. We also provided financing to PT. Westrong Metal Industry with the highest balance for the period in the amount of NT\$2,743.2 million and the ending balance as of March 31, 2023 in the amount of NT\$2,631.2 million, with an interest rate in the range from 6.79% to 7.09% p.a. and an interest income totaling NT\$42.4 million.

Deposits

We made various deposits, such as bank deposits and time deposits, used as guarantee deposits with related parties. The ending balance as of December 31, 2020, 2021 and 2022 and March 31, 2023 was NT\$7.5 million, NT\$7.7 million, NT\$7.6 million and NT\$7.6 million, respectively.

Disposal of Property, Plant and Equipment

In 2020, we disposed property, plant and equipment that amounted to NT\$0.3 million to Prosperity Dielectrics Co., Ltd. We did not dispose any property, plant and equipment to related parties in 2021. In 2022, we disposed property, plant and equipment that amounted to NT\$128.8 million to Hwa Bao Botanic Conservation Corporation. For the three months ended March 31, 2023, we did not dispose any property, plant and equipment to related parties.

Remuneration of Key Management Personnel

In 2020, 2021 and 2022 and the three months ended March 31, 2023, the compensation of our directors and senior management amounted to NT\$128.6 million, NT\$218.9 million, NT\$267.3 million and NT\$55.1 million, respectively.

DESCRIPTION OF THE SHARES

*Set forth below is certain information relating to our capital stock, including brief summaries of certain provisions of our Articles of Incorporation, the Securities and Exchange Act of the ROC (the “**ROC Securities and Exchange Act**”), and the regulations promulgated thereunder, and ROC Company Act, all as currently in effect.*

General

As of the date of this Offering Circular, our authorized share capital was NT\$65,000,000,000, and our paid-in share capital was NT\$37,313,329,480, divided into 3,731,332,948 Common Shares with a par value of NT\$10.00 per share. Any change in the authorized share capital of a public company limited by shares, such as us, requires an amendment to our Articles of Incorporation (which requires approval at a shareholders' meeting) and the approval of the Ministry of Economic Affairs.

Authorized but unissued shares may also be issued at such times and, subject to our Articles of Incorporation, the provisions of the applicable laws and the approval of, or registration with, the Ministry of Economic Affairs and the FSC, upon terms that the board of directors may determine.

Dividends and Distributions

Dividend payments and distributions are generally governed by the ROC Company Act as well as our Articles of Incorporation.

Except in limited circumstances, we are not permitted to distribute dividends or make other distributions to shareholders for any year in which we do not have current or retained earnings (excluding reserves). Pursuant to our Articles of Incorporation, as amended at the general shareholders' meeting held on May 19, 2023, before we can distribute a dividend or make any distribution to shareholders from profits, we must pay all outstanding taxes, apply our profits to losses incurred in previous years, set aside 10% of our annual net profits as legal reserve, unless the legal reserve amounts to our paid-in capital, and set aside or reverse a special reserve in accordance with applicable laws and regulations. At least 40% of the remaining net profit, less prior years' losses, outstanding taxes, the legal reserve and any special reserve, and the share of the interests of our affiliates recognized by equity method, plus net cash dividends paid out by our affiliates to us recognized by equity method shall be distributed as dividends (whether in cash or shares) to the shareholders where at least 70% of such dividends should be distributed by cash.

Furthermore, pursuant to our Articles of Incorporation, if we have no earnings to distribute or has earnings but the amount of earnings is significantly less than the actual earnings distributed previously, we may distribute all or part of the reserves or the undistributed earnings in the previous period pursuant to the ROC Company Act. If there is a non-recurring, material income in our earnings for the year, all or a part of such income may be retained without being subject to the percentage limitation mentioned above.

In addition to permitting dividends to be paid out of earnings, if we do not have losses, the ROC Company Act permits that we can make distributions in cash or in the form of additional Common Shares to our shareholders from the legal reserve and capital surplus of premium from issuing shares and earnings from gifts received. However, the portion payable out of our legal reserve is limited to the portion that the accumulated legal reserve exceeds 25% of our paid-in capital.

Our Articles of Incorporation provide that if there is any profit in a year, we should distribute no less than 1% as employees' remuneration, and no more than 1% of the profit as the directors' remuneration, with the actual amount to be adopted by a majority vote at a board meeting attended by two-thirds of the directors, and the amounts of remuneration should be reported to the shareholders meeting; provided that, if we have accumulated losses, we shall reserve an amount thereof for making up the losses. Employees' remuneration may be in the form of cash or shares. Employees (including those of our parent or subsidiaries)

entitled to such remuneration in the form of shares shall meet certain requirements, where such requirements shall be determined by the board of directors.

Our Articles of Incorporation further provide that our net profit after tax shall be distributed in the following manner:

- making up accumulated losses;
- setting aside a 10% legal reserve (unless the legal reserve amounts to our paid-in capital); and
- setting aside or reversing the special reserve in accordance with ROC laws and regulations.

The remaining earnings along with the undistributed earnings at the beginning of the period are considered as accumulated distributable earnings. In accordance with our dividend policy, the proposal of earnings appropriation is prepared by our board of directors and resolved by the shareholders, provided that our board of directors is authorized to distribute cash dividends upon resolution by a majority vote at a board meeting attended by two-thirds or more of the directors and such resolved distribution plan shall be reported to the shareholders meeting afterwards.

Preemptive Rights and Issue of New Shares

According to the ROC Company Act, when a company issues new common shares for cash, 10% to 15% of the issue must be offered to its employees. In addition, the ROC Securities and Exchange Act and the relevant securities regulations require that, if a public company listed on the TWSE or whose shares are traded on the TPEX intends to offer new shares for cash, at least 10% of the issue must be offered to the public, except under certain circumstances or when exempted by the FSC. This percentage can be increased by a resolution passed at a shareholders' meeting, thereby reducing the number of new shares subject to the preemptive rights of existing shareholders. Unless the percentage of shares to be offered to the public is increased by the shareholders, existing shareholders who are listed on the shareholders' register as of the record date have a preemptive right to acquire the remaining 75% to 80% of the issue. The shares not subscribed for by the employees and shareholders at the expiration of the period for the exercise of their rights may be sold to the public or specified persons as resolved by a majority vote at the board meeting attended by two-thirds or more of the directors. The preemptive rights provisions will not apply to offering of new shares through a private placement approved at a shareholders' meeting.

Meetings of Shareholders

Meetings of our shareholders may be ordinary or extraordinary. Ordinary meetings of our shareholders will generally be held within six months following the end of each fiscal year.

In contrast, extraordinary shareholders' meetings may be convened by resolution of the board of directors or, under certain circumstances, by the shareholders.

Notice in writing of our shareholders' meeting, stating the place, time, date and agenda must be dispatched to each shareholder at least 30 days, in the case of ordinary meetings and at least 15 days, in the case of extraordinary meetings, before the date set for each meeting.

Voting Rights

Our Articles of Incorporation provide that holders of Common Shares have one vote for each Share, except as otherwise provided by laws and regulations of the ROC. Except as otherwise provided by applicable laws or our Articles of Incorporation, a resolution can be adopted by holders of a majority of the Common Shares represented at a shareholders' meeting at which the holders of a majority of all issued and outstanding Common Shares are present. The election of directors (including independent directors) is by means of cumulative voting. Ballots for the election of directors are cast separately from those for the

election of independent directors. Our Articles of Incorporation provide that the directors (including independent directors) shall be nominated by adopting the candidates nomination system specified in the ROC Company Act. In an election of directors, the holders of Common Shares shall elect directors from the list of nominated candidates.

In order for us to approve certain major corporate actions, including any amendment to our Articles of Incorporation, entering into, modification or termination of any contracts regarding leasing of all business, outsourcing of operations or joint operations, the dissolution or amalgamation or spin-off, the transfer of the whole or a substantial part of our business or our property, the taking over of a whole of the business or property of any other entity which would have a significant impact on our operations, removal of directors or the distribution of any stock dividend, a meeting of the shareholders must be convened with a quorum of holders of at least two-thirds of all issued and outstanding Common Shares at which the holders of at least a majority of the Shares represented at the meeting vote in favor of the resolution.

Alternatively, in the case of a public company, such as us, such a resolution may be adopted by the shareholders' meeting convened with a quorum of holders of at least a majority of all issued and outstanding Common Shares at which the holder of at least two-thirds of the Shares represented at the meeting vote in favor of the resolution.

A shareholder may be represented at an ordinary or extraordinary meeting by proxy if a valid proxy form is delivered to us five days before such meeting.

Shareholders Record Dates

We shall, by giving advance public notice, set a record date and close the register of shareholders for a specified period (60 days, 30 days and 5 days immediately before each ordinary meeting of the shareholders, extraordinary meeting of shareholders and relevant record date, respectively) in order for us to determine the shareholders and pledgees that are entitled to rights pertaining to the Shares.

Annual Financial Statements

At least ten days before an annual shareholders' meeting, our annual financial statements will be made available at our principal office in Taipei, Taiwan and our share registrar for inspection by the shareholders. According to the regulations of the FSC, we are required to publish our annual and quarterly financial statements on a consolidated basis. In addition, the ROC Securities and Exchange Act requests a public company, such as us, publicly announces its audited annual financial report within three months after the close of each fiscal year.

Transfer of Shares

The transfer of shares in registered form is effected by endorsement and delivery of the related share certificates. However, settlement of trading of share of a listed company, such as our company, is generally carried out on the book-entry system maintained by the TDCC. In order to assert shareholder's rights against us, the transferee must have its name and address registered on our register of shareholders. Shareholders are required to file their respective specimen seals, also known as chops, with our share registrar.

Repurchase of Shares by Us

With minor exceptions, we cannot acquire our own Shares under the ROC Company Act.

Under the ROC Securities and Exchange Act, we may, by resolution adopted by a majority of our board of directors at a meeting where more than two-thirds of the directors are present, repurchase the Shares on the TWSE or by a tender offer in accordance with the procedures prescribed by the FSC for the following purposes:

- for delivery upon conversion of bonds with warrants, preferred shares with warrants, convertible bonds and convertible preferred shares or certificates of warrants issued by us into capital stock;
- to transfer to our employees, or
- if necessary, to maintain our credit and shareholders' equity, provided that the Shares so repurchased shall be canceled thereafter.

The total Shares repurchased by us may not exceed 10% of our total issued Shares. In addition, the total cost of the purchased Shares may not exceed the aggregate amount of our retained earnings, any premium from share issuance and the realized portion of our capital reserve. Shares repurchased in the first two instances mentioned above are to be transferred to the intended transferees within five years from the repurchase, failing which they will be canceled and we are required to complete an amended registration for the cancellation. In the third instance mentioned above, the Shares repurchased by us must be canceled, and we shall complete an amended registration for such cancellation within six months after the repurchase. The Shares repurchased by us may not be pledged or hypothecated. In addition, we may not exercise any of the shareholder's rights attached to these Shares. Our affiliates, as defined in Article 369-1 of the ROC Company Act, directors, managers, shareholders holding more than 10% of our Shares and their respective spouses and minor children and nominees, are prohibited from selling the Shares until our repurchase period has lapsed.

Liquidation Rights

In the event of our liquidation, the remaining assets after payment of all debts, liquidation expenses and taxes will be distributed pro rata to the holders of Common Shares in accordance with the relevant provisions of applicable laws and our Articles of Incorporation.

Substantial Shareholders and Transfer Restrictions

Our directors, managers and shareholders (each together with his or her spouse, minor children or nominees) holding more than 10% of our Shares are required to report to us, on a monthly basis, any changes in their shareholding in our company. The number of Shares that they may sell or transfer on the TWSE on any given day is limited by ROC laws. In addition, they may only sell or transfer such Shares on the TWSE at least three days after they have filed a notification with the FSC in connection with such sale or transfer, provided that such notification is not required if the number of Shares to be sold or transferred does not exceed 10,000. Under the ROC Securities and Exchange Act, a person who individually or together with other persons (as defined under the FSC regulations) acquires more than 10% of our issued Shares shall report to the FSC, within ten days from the acquisition date, the acquisition purpose, funding sources and other information required by the FSC; the aforementioned reporting threshold has been reduced to 5% of the issued Shares after the amendment to the ROC Securities and Exchange Act and will take effect from May 10, 2024.

Rights to Bring Shareholder Suits

Under the ROC Company Act, a shareholder may bring a suit against us in the following events:

- Within 30 days after the date of the shareholders' meeting, any shareholder has the right to annul any resolution adopted at a shareholders' meeting where the procedures or the method of resolution were or was in violation of laws or our Articles of Incorporation. However, if the court is of the opinion that such violation is not material and does not affect the result of the resolution, the court may reject or dismiss the shareholder's lawsuit.

- If the substance of a resolution adopted at a shareholders' meeting contradicts any applicable law or regulation or our Articles of Incorporation, a shareholder may bring a suit to determine the validity of such resolution.

Shareholders may bring suit against our directors under the following circumstances:

- Shareholders who have continuously held 1% or more of the total number of issued shares for a period of six months or longer may request in writing that an audit committee member institute an action against a director on our behalf. In case the audit committee member fails to institute an action within 30 days after receiving such request, the shareholders may institute an action on our behalf. In the event that shareholders institute an action, a court may, upon application of the defendant, order such shareholders to furnish appropriate security.
- Shareholders holding 3% or more of the total number of issued shares may institute an action with a court to remove a director who has materially violated the applicable laws or our Articles of Incorporation or has materially damaged our interests if a resolution for removal on such grounds has first been voted on and rejected by the shareholders and such suit is filed within 30 days of such shareholders' vote.
- In the event that any director, officer or shareholder (together with his or her spouse, minor children or nominees) holding more than 10% of the issued shares and their respective spouse and minor children and/or nominees sells shares within six months after the acquisition of such shares, or repurchases the shares within six months after the sale, we may make a claim for recovery of any profits realized from the sale and purchase. If the board of directors fails or fail to make a claim for recovery, any shareholder may request the board of directors to make such claim within 30 days. After such 30-day period, the requesting shareholder will have the right to make a claim for such recovery, and our directors will be jointly and severally liable for damages suffered by us as a result of their failure to exercise the right of claim.

Other Rights of Shareholders

Under the ROC Company Act, dissenting shareholders are entitled to appraisal rights in the event of merger, spin-off and various other major corporate actions. A dissenting shareholder who has expressed the objection and waived the voting right may request us to redeem all of the shares owned by such shareholder at a fair price to be determined by mutual agreement. If an agreement cannot be reached, the valuation will be determined by a court order.

In addition, one or more shareholders who have held more than 3% of our Shares for over a year may require our board of directors to convene an extraordinary shareholders' meeting by sending a written request to the board of directors. Further, shareholders holding over 50% of our issued Shares for continuously three months may convene our extraordinary shareholders' meeting by themselves.

The ROC Company Act allows shareholders holding 1% or more of the total issued shares of a company to submit, during the period of time prescribed by the company, one proposal in writing or in electronic form for discussion at the ordinary meeting of shareholders. The ROC Company Act also provides that a company may adopt a nomination procedure for election of directors. If a company wishes to adopt the nomination procedure, it must be stipulated in its articles of incorporation. With such provision in the articles of incorporation of a company, shareholders representing 1% or more of the total issued shares of such company may submit a candidate list along with relevant information and supporting documents to the company within the period prescribed by the company. Our Articles of Incorporation currently offers such nomination procedure.

Share Registrar

With respect to shareholders who have opened book-entry accounts at the TDCC, our register of such shareholders is maintained by the database of the TDCC. With respect to shareholders who have not opened TDCC book-entry accounts, our share registrar, Walsin Lihwa Joint Shareholders Service Office, maintains the register of our shareholders at its offices located at 8/F., No.398, Xingshan Road., Neihu District, Taipei City 114, Taiwan, and enters transfers of Shares in such register upon presentation of, among other documents, certificates representing the Shares transferred.

DESCRIPTION OF THE GLOBAL DEPOSITARY SHARES

Citibank, N.A. has agreed to act as the depositary for the Global Depositary Shares. Citibank's depositary offices are located at 388 Greenwich Street, New York, New York 10013. Rule 144A and Regulation S Global Depositary Shares are referred to as "Rule 144A GDSs" and "Regulation S GDSs," respectively. In this summary we intend to use the term "GDSs" to refer to the Rule 144A GDSs and to the Regulation S GDSs. Unless we otherwise state, you should assume that the term "GDSs" encompasses both Rule 144A GDSs and Regulation S GDSs. GDSs are evidenced by "Global Depositary Receipts" or "GDRs." The GDSs we are selling in the United States are referred to and will be issued as Rule 144A GDS and the GDSs we are selling outside the United States are referred to and will be issued as the Regulation S GDSs. GDSs represent ownership interests in securities that are on deposit with the depositary.

The depositary has appointed a custodian to hold the securities on deposit in safekeeping. In this case, the custodian is Citibank Taiwan Ltd., having its principal office at 9F, No. 16, Nanking E. Road, Sec. 4, Taipei 105, Taiwan, Republic of China.

We have appointed Citibank as depositary pursuant to two separate deposit agreements, one for the Rule 144A GDSs, the "Rule 144A deposit agreement," and one for the Regulation S GDSs, the "Regulation S deposit agreement." A copy of the deposit agreements and any supplements or amendments thereto may be obtained from the depositary. This is a summary description of the material terms of the GDSs and of your material rights as an owner of GDSs. Please remember that summaries by their nature lack the precision of the information summarized and that the rights and obligations of an owner of GDSs will be determined by reference to the terms of the applicable deposit agreement and not by this summary. We urge you to review the deposit agreements in their entirety. Statements printed in italics in this description are provided for your information but may not be contained in the deposit agreements.

Each GDS represents the right to receive, and to exercise the beneficial ownership interests in, ten Shares, or evidence of the right to receive, and to exercise the beneficial ownership interests in, ten Shares, on deposit with the Custodian. A GDS will also represent the right to receive, and to exercise the beneficial ownership interests in, any other property received by the Depositary or the Custodian on behalf of the owner of the GDS but that has not been distributed to the owner of the GDSs because of legal restrictions or practical considerations.

*On the date that we receive proceeds from this offering, or the Closing Date, we will deliver to the Custodian a global certificate of payment ("**Certificate of Payment**") evidencing the irrevocable right to receive the underlying Shares until the individual certificates of payment in scripless form ("**Individual Scripless Certificates of Payment**") are listed on the Taiwan Stock Exchange (the "TWSE"). No later than the second ROC Business Day following the Closing Date, we will apply to the TWSE for listing of the Individual Scripless Certificates of Payment. It is expected that the TWSE will approve the listing of the Individual Scripless Certificates of Payment on the fourth ROC Business Day following the Closing Date, such approval date being the "Share Listing Date," although there is no assurance that such approval will be obtained by such date, if at all. (For the avoidance of doubt, the first ROC Business Day after the Closing Date is July 3, 2023.) Immediately upon the listing of the Individual Scripless Certificates of Payment on the TWSE, the Certificate of Payment we deliver to the Custodian on the Closing Date will be replaced by the Individual Scripless Certificates of Payment. As used herein, "ROC Business Day" means a day (other than a Saturday or Sunday) on which the commercial banks are open for business in Taipei City, ROC.*

If you become an owner of GDSs, you will become a party to the applicable deposit agreement and therefore will be bound to its terms and to the terms of the GDR certificate that evidences your GDSs. The deposit agreements and the GDR specify our rights and obligations as well as your rights and obligations as owner of GDSs and those of the depositary. As a GDS owner you appoint the depositary to act on your behalf for the shares represented by your GDSs, either upon (1) your specific instructions when we call a meeting of shareholders, distribute an elective dividend (if permitted by ROC laws) or make a rights offering, or (2) the specific terms of the applicable deposit agreement to receive any dividends we distribute in NT dollars or shares and to convert the NT dollars received. The deposit agreements are governed by New York law. However, our obligations to the holders of shares will continue to be governed by ROC laws, which may be different from the laws in the United States. In addition, we note that ROC laws and regulations may restrict the deposit and withdrawal of the shares into or from the depositary receipts facility.

Under the laws and regulations of the ROC as currently in effect, after the deposit of Shares, without obtaining regulatory approval from the FSC, no shares may be accepted for deposit and no GDSs may be issued under the terms of the Deposit Agreements except in the following circumstances:

- 1) upon a stock dividend on, or a free distribution of, Shares to existing shareholders;*
- 2) upon the exercise by existing shareholders of their pre-emptive rights in connection with capital increases for cash;*
- 3) as permitted under the Deposit Agreements, to the extent previously issued GDSs have been cancelled, the purchase directly by a person or through the Depositary of Shares for deposit in the depositary receipt facility on the TWSE or the delivery by any person of Shares held by such person for deposit in the depositary receipt facility; and*
- 4) upon the exchange of Rule 144A GDSs for Regulation S GDSs and vice versa,*

provided that the total number of GDSs outstanding after an issuance described in clause (3) does not exceed the number of GDSs issued and previously approved by the FSC in connection with the offering plus any GDSs created under clauses (1) and (2) described above and subject to any adjustment on the number of Shares represented by each GDS.

Under the laws and regulations of the ROC, the Shares deposited under the Deposit Agreements may be withdrawn upon cancellation of the corresponding GDSs pursuant to the respective Deposit Agreement subject to the following conditions:

- the appointment of an eligible agent in the ROC to open (1) a securities trading account with an ROC brokerage firm with ROC approval and (2) a bank account to pay ROC taxes, remit funds, exercise shareholders' rights and perform such other functions as you may designate upon such withdrawal;*
- the appointment of a tax guarantor in the ROC for filing tax return and making tax payment;*
- the appointment of a custodian bank to hold the securities in safekeeping, make confirmations, settle trades and report relevant information; and*
- obtaining a Foreign Investor Investment I.D.*

In addition, you will be required to register with the TWSE for making investments in the ROC securities market prior to withdrawing Shares.

Presently, you may hold your GDSs only through a brokerage or safekeeping account. As such, you must rely on the procedures of your broker or bank to assert your rights as a GDS owner. Please consult with your broker or bank to determine what those procedures are. When we refer to “you,” we assume the reader owns GDSs and will own GDSs at the relevant time. When we refer to a “holder,” we assume the person owns GDSs and such person’s agent, which may be a broker, custodian, bank or trust company, is the holder of the applicable GDR certificate.

In addition, applicable laws and regulations may require you to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. You are solely responsible for complying with such reporting requirements and obtaining such approvals. Neither the Depositary, nor the Custodian, nor us nor any of their or our respective agents or affiliates shall be required to take any actions whatsoever on behalf of you to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

Distinctions Between Rule 144A GDSs and Regulation S GDSs

The Rule 144A GDSs and the Regulation S GDSs are similar in many ways but are different primarily on account of the requirements of the U.S. securities laws. The Rule 144A GDSs are “restricted securities” under the securities laws and as such are subject to limitations on their issuance, transfer and cancellation.

The differences between the Rule 144A GDSs and the Regulation S GDSs and the restrictions imposed on the Rule 144A GDSs and the Regulation S GDSs cover primarily the following:

- The persons who may own and trade the GDSs:
 - only “Qualified Institutional Buyers” (as defined in Rule 144A) and persons located outside of the United States other than “U.S. persons” (as defined in Regulation S) may own and trade Rule 144A GDSs; and
 - any person may own and trade Regulation S GDSs offered herein.
- The persons who may create additional GDSs:
 - only persons located outside of the United States other than “U.S. persons” (as defined in Regulation S) may deposit Shares to receive Regulation S GDSs; and
 - only “Qualified Institutional Buyers” (as defined in Rule 144A) and persons located outside of the United States other than “U.S. persons” may deposit Shares to receive Rule 144A GDSs.
- The persons to whom you may transfer the GDSs, upon sale or otherwise:
 - you may transfer Rule 144A GDSs only to “Qualified Institutional Buyers” (as defined in Rule 144A) or outside of the United States to non-U.S. persons in accordance with Rule 903 and 904 of Regulation S; and
 - you may transfer the Regulation S GDSs offered herein to any person.
- The restrictions on the transfers and withdrawal of the Shares represented by the GDSs:
 - Please refer to “—Legends” below.
- The eligibility for book-entry transfer:
 - Please refer to “—Clearance, Settlement and Safekeeping” below.

These distinctions and the requirements of the U.S. securities laws may require us and the Depositary to treat the Regulation S GDSs and the Rule 144A GDSs differently at any time in the future. There can be no guarantee that holders of Rule 144A GDSs will receive the same entitlements as holders of Regulation S GDSs and vice versa.

Settlement and Safekeeping

Rule 144A GDSs

The Depositary has made arrangements with DTC to act as securities depository for the Rule 144A GDSs. All Rule 144A GDSs issued in this offering will be registered in the name of Cede & Co., DTC's nominee. One Master Rule 144A GDR certificate will represent all Rule 144A GDSs issued to and registered in the name of Cede & Co. Transfers of ownership interests in Rule 144A GDSs are to be accomplished by entries made on the books of DTC and of the participants in DTC acting on behalf of Rule 144A GDS owners. Owners of Rule 144A GDSs will not receive physical certificates evidencing their ownership interests in the Rule 144A GDSs, except in the event that DTC no longer acts as securities depository and a successor securities depository cannot be appointed.

The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Rule 144A GDSs evidenced by the Master Rule 144A GDR certificate to such persons may be limited. Because DTC can only act on behalf of direct participants ("Direct Participants"), who in turn act on behalf of indirect participants ("Indirect Participants"), the ability of a person owning Rule 144A GDSs evidenced by the Master Rule 144A GDR certificate to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take action in respect of such interest, may be affected by the lack of physical individual definitive securities in respect of such interest.

So long as DTC, or its nominee, is the registered holder of the Master Rule 144A GDR certificate, DTC or such nominee, as the case may be, will be considered the sole holder of the Rule 144A GDSs evidenced thereby for all purposes under the Rule 144A Deposit Agreement and the Rule 144A GDSs.

DTC may discontinue providing its services as securities depository with respect to the Rule 144A GDSs at any time by giving reasonable notice to the Depositary. Under such circumstances, in the event that a successor securities depository cannot be appointed, Rule 144A GDR certificates will be printed and delivered to the applicable Rule 144A GDS owners.

DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that the Direct Participants deposit and facilitates the clearance and settlement of securities transactions among Direct Participants in such securities through electronic computerized book-entry changes in accounts of Direct Participants, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom own DTC, and may include the Managers (and/or their respective affiliates). Indirect access to the DTC system is also available to others that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly, or the Indirect Participants. Transfers of ownership or other interests in DTC are to be accomplished by entries made on the books of Direct Participants or Indirect Participants acting on behalf of beneficial owners of GDSs. In addition, beneficial owners of GDSs in DTC will receive all distributions of dividends, GDSs, shares, rights and other distributions, if any, on the GDSs from the Depositary through Direct Participants and Indirect Participants.

Regulation S GDSs

The Regulation S GDSs are not eligible for settlement in DTC. Arrangements have been made with Euroclear and Clearstream to act as securities depositories for the Regulation S GDSs. All Regulation S GDSs issued in this offering will be registered in the name of a nominee of Citibank Europe Plc as, common depository for Euroclear and Clearstream (the “**Common Depository**”). One Master Regulation S GDR certificate will represent all Regulation S GDSs issued to and registered in the name of a nominee of the Common Depository (initially “Deutsche Bank AG, London Branch”). Euroclear and Clearstream will hold the Regulation S GDSs on behalf of their participants through their respective depositories, and transfers will be permitted only within Euroclear and Clearstream in accordance with usual rules and operating procedures of the relevant system. Transfers of ownership interests in Regulation S GDSs are to be accomplished by entries made on the books of Clearstream and Euroclear and of participants in Clearstream and Euroclear, acting in each case on behalf of Regulation S GDS owners. Owners of Regulation S GDSs will not receive physical certificates representing their ownership interests in the Regulation S GDSs, except in the event that use of the Euroclear and Clearstream book-entry systems for the Regulation S GDSs is discontinued. *The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Regulation S GDSs evidenced by the Master Regulation S GDR certificate to such persons may be limited. Because Euroclear and Clearstream can only act on behalf of direct participants in their book-entry systems, who in turn act on behalf of indirect participants, the ability of a person owning Regulation S GDSs evidenced by the Master Regulation S GDR certificate to pledge such interest to persons or entities that do not participate in the Euroclear and Clearstream systems, or otherwise take action in respect of such interest, may be affected by the lack of physical individual definitive securities in respect of such interest.*

So long as the Common Depository (as nominee for Euroclear and Clearstream) is the registered holder of the Master Regulation S GDR certificate, the Common Depository will be considered the sole holder of the Regulation S GDSs evidenced thereby for all purposes under the Regulation S Deposit Agreement.

If at any time Euroclear or Clearstream, as the case may be, ceases to make its respective book-entry settlement systems available for the Regulation S GDSs, we and the Depository will attempt to make other arrangements for book-entry settlement. If alternative book-entry settlement arrangements cannot be made, the Depository will make available Regulation S GDSs in physical certificate form.

Settlement

So long as the Rule 144A GDSs are evidenced by the Master Rule 144A GDR certificate registered in the name of DTC or its nominee, the Rule 144A GDSs will settle in DTC’s book-entry settlement system and secondary market trading activity in the Rule 144A GDSs will be required by DTC to settle in immediately available funds. So long as the Regulation S GDSs are represented by the Master Regulation S GDR certificate registered in the name of the Common Depository or its nominee, the Regulation S GDSs will settle in Euroclear and Clearstream in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the GDSs described below, in cross-market transfers from the account of a DTC participant to the account of a Euroclear or Clearstream account-holder, the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream account-holder to DTC by 3:00 p.m., New York City time, on the settlement date. On the settlement date, the Depository will (1) decrease the amount of the Rule 144A GDSs registered in the name of DTC or its nominee and evidenced by the Master Rule 144A GDR certificate and (2) increase the amount of Regulation S GDSs registered in the name of the Common Depository or its nominee and evidenced by the Master Regulation S GDR certificate. Book-entry interests will be delivered to Euroclear or Clearstream, as the case may be, for credit to the relevant account-holder on the first business day following the settlement date.

Subject to compliance with the transfer restrictions applicable to the GDSs described below, when beneficial interests in the GDSs represented by the relevant Master GDR certificate are to be transferred from the account of a Euroclear or Clearstream account-holder holding a beneficial interest in the Regulation S GDSs represented by the Master Regulation S GDR certificate to the account of a DTC participant wishing to hold a beneficial interest in the Rule 144A GDSs represented by the Master Rule 144A GDR certificate, the Euroclear or Clearstream account-holder must send delivery instructions to Euroclear by 10:00 a.m., Brussels time, for custody exchange instructions received by telex, and by 3:00 p.m., Brussels time, for custody exchange instructions through SWIFT or Euclid, and to Clearstream by 7:45 p.m., Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, as the case may be, will in turn transmit an appropriate instruction to the Depository to arrange delivery to the DTC participant on the settlement date. On the settlement date, the Depository will (1) deliver such Rule 144A GDSs by book-entry transfer to the relevant account of the DTC participant and (2)(a) decrease the amount of Regulation S GDSs registered in the name of the Common Depository or its nominee and evidenced by the Master Regulation S GDR certificate and (b) increase the amount of Rule 144A GDSs registered in the name of DTC or its nominee and evidenced by the Master Rule 144A GDR certificate.

DTC will take any action permitted to be taken by an owner of Rule 144A GDSs only at the direction of one or more DTC participants to whose account or accounts with DTC interests in the Rule 144A GDSs evidenced by the Master Rule 144A GDR certificate are credited and only in respect of such portion of the number of Rule 144A GDSs as to which such DTC participant or DTC participants has or have given such direction. Owners of indirect interests in securities evidenced by the Master Rule 144A GDR certificate through DTC participants have no direct rights to enforce such interests while the securities are in global form.

The Common Depository will take any action permitted to be taken by an owner of Regulation S GDSs only at the direction of one or more participants of Euroclear or Clearstream to whose account or accounts are credited with interests in the Regulation S GDSs evidenced by the Master Regulation S GDR certificate held by the Common Depository and only in respect of such portion of the number of Regulation S GDSs as to which such participant or participants has or have given such direction. Owners of indirect interests in securities evidenced by the Master Regulation S GDR certificate through the participants of Euroclear and Clearstream have no direct rights to enforce such interests while the securities are in global form.

Although DTC, Clearstream and Euroclear have procedures in order to facilitate the transfer of interests in the Master GDR certificates among participants in their respective settlement systems, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time. None of us, the Depository, the Custodian or any of their agents will have any responsibility for the performance by DTC, Clearstream or Euroclear or their respective participants of their respective obligations under the rules and procedures governing their operations.

Transfer Restrictions

The GDSs may be resold, pledged or otherwise transferred only in compliance with the U.S. securities laws and are subject to the following restrictions:

Rule 144A GDSs	Regulation S GDSs
The Rule 144A GDSs may for U.S. securities laws purposes be resold, pledged or otherwise transferred only:	The Regulation S GDSs offered herein will be freely transferable for U.S. securities laws purposes.
(i) outside the United States to a person other than a U.S. person (as defined in Regulation S under the Securities Act) in accordance with Regulation S; Or	

(ii) to a “Qualified Institutional Buyer” (as defined in Rule 144A) in a transaction meeting the requirements of Rule 144A; Or (iii) pursuant to Rule 144 under the Securities Act, if available; Or (iv) pursuant to an effective registration statement under the Securities Act.	
Restrictions Upon Deposit Shares will be accepted for deposit only if delivered by, or on behalf of, a person that is: (a) not us or our affiliate or a person acting on behalf of us or our affiliate, and (b) is (i) a “Qualified Institutional Buyer” (as defined in Rule 144A), or (ii) a person other than a “U.S. person” (as defined in Regulation S) located outside the United States.	Shares will be accepted for deposit only if delivered by, or on behalf of, a person that is: (a) not us or our affiliate or a person acting on behalf of us or our affiliate, and (b) is a person other than a “U.S. person” (as defined in Regulation S) and located outside the United States.
Restrictions Upon Withdrawal Shares may be withdrawn from the Rule 144A Deposit agreement only by: a person other than a “U.S. person” (as defined in Regulation S) located outside of the United States who will be the beneficial owner of the Shares upon withdrawal; Or a “Qualified Institutional Buyer” (as defined in Rule 144A) who: (x) has sold the Rule 144A GDSs to another “Qualified Institutional Buyer” (as defined in Rule 144A), in a transaction meeting the requirements of Rule 144A, or outside the United States to a person other than a “U.S. person” (as defined in Regulation S) in accordance with Regulation S, Or (y) will be the beneficial owner of the Shares and agrees to observe the transfer restrictions applicable to Rule 144A GDSs in respect of the Shares so withdrawn.	

Dividends and Distributions

As a holder, you generally have the right to receive the distributions we make on the securities deposited with the Custodian. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders will receive such distributions under the terms of the Deposit Agreements in proportion to the number of GDSs held as of a specified record date.

Distributions of Cash

Subject always to the laws and regulations of the ROC, whenever we make a cash distribution for the securities on deposit with the Custodian, we will notify the depositary and deposit the funds with the Custodian. Upon receipt of such notice and of confirmation of the deposit of the requisite funds, the depositary will arrange for the funds to be converted into US dollars and for the distribution of the US dollars to the holders, subject to ROC laws and regulations.

The conversion into US dollars will take place only if practicable and if the US dollars are transferable to the United States. The amounts distributed to holders will be net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the Deposit Agreements. The depositary will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the Custodian in respect of securities on deposit.

The distribution of cash will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreements.

Distributions of Shares

Subject always to the laws and regulations of the ROC, whenever we make a free distribution of shares for the securities on deposit with the Custodian, we will notify the depositary and deposit the applicable number of shares with the Custodian. Upon receipt of notice of such deposit, to the extent permitted by applicable laws, the depositary will *either* distribute to holders new GDSs representing the shares deposited *or* modify the GDS-to-shares ratio, in which case each GDS you hold will represent rights and interests in the additional shares so deposited. Only whole new GDSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new GDSs or, to the extent permitted by applicable laws, the modification of the GDS-to-shares ratio upon a distribution of shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreements. In order to pay such taxes or governmental charges, the depositary may sell all or a portion of the new shares so distributed.

No such distribution of new GDSs will be made if it would violate U.S. law (*i.e.*, the U.S. securities laws) or if it is not operationally practicable. If the depositary does not distribute new GDSs as described above, it will use commercially reasonable efforts to sell the shares received and will distribute the proceeds of the sale as in the case of a distribution of cash.

Distributions of Rights

Subject always to the laws and regulations of the ROC, whenever we intend to distribute rights to purchase additional Shares, we will give prior notice to the Depositary and will indicate whether we wish the distribution of rights to be made available to you. In such case, we will assist the Depositary in determining whether it is lawful and reasonably practicable to distribute rights to purchase additional GDSs to holders.

The Depositary, with our assistance, will establish procedures to distribute rights to purchase additional GDSs to holders and to enable such holders to exercise such rights if the Depositary receives timely notice from us, it is lawful and reasonably practicable to make the rights available to holders of GDSs, we request such rights be provided to holders of GDSs and if we provide all of the documentation contemplated in the applicable Deposit Agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new GDSs upon the exercise of your rights. The Depositary is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to purchase new Shares other than in the form of GDSs.

The Depositary will not distribute the rights to you if:

- We do not timely request that the rights be distributed to you or we request that the rights not be distributed to you; or
- We fail to deliver satisfactory documents to the Depositary; or
- It is not reasonably practicable to distribute the rights.

If registration of the rights or the securities to which such rights relate may be required under the Securities Act or any other applicable law in order for us to offer such rights or such securities to holders and to sell the securities represented by such rights, the Depositary will not distribute rights to holders of GDSs unless and until a registration statement under the Securities Act or other applicable law covering such offering is in effect or we deliver an opinion of counsel reasonably satisfactory to the Depositary to the effect that the offering and sale of such securities is exempt from, or does not require registration under, the Securities Act or other applicable securities laws. We and the Depositary have no obligation under the Deposit Agreements to prepare and file a registration statement for any purpose.

The Depositary will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the Depositary is unable to sell the rights, it will allow the rights to lapse. As ROC market practice presently does not contemplate the issuance of rights in negotiable form and the possibility of such issuance is unlikely, a liquid market for rights may not exist, and this may adversely affect (1) the ability of the Depositary to dispose of such rights or (2) the amount the Depositary would realize upon disposal of rights.

Elective Distributions

Subject always to the laws and regulations of the ROC, whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional Shares, we will give prior notice thereof to the Depositary and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the Depositary in determining whether such distribution is lawful and reasonably practicable.

Other Distributions

Subject always to the laws and regulations of the ROC, whenever we intend to distribute property other than cash, Shares or rights to purchase additional Shares, we will notify the Depositary in advance and will indicate whether we wish such distribution to be made to you. If so, we will assist the Depositary in determining whether such distribution to holders is lawful and reasonably practicable.

If it is lawful and reasonably practicable to distribute such property to you and if we provide all of the documentation contemplated in the Deposit Agreements, the Depositary will distribute the property to the holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the Deposit Agreements. In order to pay such taxes and governmental charges, the Depositary may sell all or a portion of the property received.

The Depositary will not distribute the property to you and will sell the property if:

- We do not request that the property be distributed to you; or
- We do not deliver satisfactory documents to the Depositary; or
- The Depositary determines that all or a portion of the distribution to you is not lawful or reasonably practicable.

The proceeds of such a sale will be distributed to holders as in the case of a cash distribution. If the Depositary is unable to sell such property, the Depositary may dispose of such property in any way it deems practicable under the circumstances.

Changes Affecting Shares

The Shares held on deposit for your GDSs are subject to change from time to time. For example, there may be a change in nominal or par value, a split-up, cancellation, consolidation or reclassification of such Shares or a recapitalization, reorganization, merger, consolidation or sale of assets.

If any such change were to occur, your GDSs would, to the extent permitted by law, represent the right to receive the property received or exchanged in respect of the Shares held on deposit. The Depositary may in such circumstances deliver new GDR certificates to you or call for the exchange of your existing GDR certificates for new GDR certificates. If the Depositary may not lawfully distribute such property to you or the distribution is not reasonably practicable, the Depositary may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

Issuance of GDSs upon Deposit of Shares

The deposit of the Shares offered in connection with this offering will be made by the delivery to the Custodian of a Certificate of Payment evidencing the right to receive the underlying Shares offered by us, which Shares will be registered in the name of the Custodian, the Depositary or their respective nominees, as representatives of the holders of the GDSs. No later than the second ROC Business Day following the Closing Date, we will apply to the TWSE for listing of the Individual Scripless Certificates of Payment. It is expected that the TWSE will approve the listing of the Individual Scripless Certificates of Payment on the fourth ROC Business Day following the Closing Date although there is no assurance that such approval will be obtained by such date, if at all. Immediately upon such listing, the Certificate of Payment we deliver to the Custodian on the Closing Date will be replaced by the Individual Scripless Certificates of Payment. The initial deposit of the Certificate of Payment and the subsequent deposit of Shares in exchange therefore by us in connection with this offering are collectively referred to herein as the "Initial Deposit."

Under the ROC Securities and Exchange Act and applicable regulations, we are required to deliver the underlying Shares in physical certificate form or scripless form to the Custodian within 30 days after receiving approval from the relevant governmental authority of our corporate amendment registration. We are required under the ROC Company Act to file an amendment to our corporate registration within 15 days after receiving the proceeds from this offering. Prior to the issue of the underlying Shares in physical certificate form or scripless form, we will apply for and obtain approval to list the underlying Shares on the TWSE. We have agreed to issue and deliver the underlying Shares in scripless form in respect of the Individual Scripless Certificates of Payment in connection with this offering on or about 30-50 days after the Closing Date, subject to obtaining approvals from the relevant governmental authority and the TWSE. Until the underlying Shares have been so issued and delivered, the GDSs will represent Shares evidenced by the global certificate of payment (from the Closing Date to the date immediately prior to the listing of the Individual Scripless Certificates of Payment) or the Individual Scripless Certificates of Payment on or after the date of listing of the Individual Scripless Certificates of Payment. Immediately after the listing of the Individual Scripless Certificates of Payment, a holder may apply to withdraw the Individual Scripless Certificates of Payment or underlying Shares, as the case may be. In case of a withdrawal of the Individual Scripless Certificates of Payment, such holders will be entitled to the same rights as if the Depositary were holding the underlying Shares in scripless form. The Individual Scripless Certificates of Payment, which are without physical form and are issued only in book-entry form through TDCC, the book-entry settlement system of the ROC, carry the same rights as those attaching to the Shares in respect of dividends and are eligible for trading on the TWSE in the same manner as the Shares.

Subject to limitations set forth in the Deposit Agreements and the GDR certificates, after the Initial Deposit, the Depositary may create GDSs on your behalf if you or your broker deposits Shares with the Custodian. The Depositary will deliver these GDSs to the person you indicate only after you pay any applicable issuance fees and any charges and taxes payable for the transfer of the Shares to the Custodian and you provide the applicable deposit certification. Your ability to deposit Shares and receive GDSs may be limited by U.S. and ROC legal considerations applicable at the time of deposit.

Under current ROC law and as provided in the Deposit Agreements, after the Initial Deposit, no deposits of Shares may be made in a depositary receipt facility, and no GDSs may be issued against such deposits, without specific approval of the FSC, except in connection with the offering and the issuance of additional GDSs in connection with (i) stock dividends on, or free distributions of, Shares, (ii) the exercise by existing shareholders of their preemptive rights in the event of capital increases for cash, (iii) as permitted under the Deposit Agreements, to the extent that previously issued GDSs have been canceled, the purchase directly by a person or through the Depositary of Shares on the TWSE or the delivery by any person of Shares held by such person for deposit in the depositary receipt facility or (iv) the exchange of Rule 144A GDSs for Regulation S GDSs and vice versa, provided that the total number of GDSs outstanding after an issuance described in clause (iii) does not exceed the number of GDSs issued and previously approved by the FSC in connection with the offering plus any GDSs created under clauses (i) and (ii) described above and subject to any adjustment on the number of Shares represented by each GDS.

The depositary and the custodian will refuse to accept shares for deposit whenever it is notified in writing that such deposit would result in any violation of applicable laws, including ownership restrictions under ROC laws. The depositary will also (i) refuse to accept certain shares for deposit under the Rule 144A deposit agreement if notified in writing that the shares are listed on a U.S. securities exchange or quoted on a U.S. automated inter-dealer quotation system, unless accompanied by evidence satisfactory to the depositary that any shares presented for deposit are eligible for resale pursuant to Rule 144A, or (ii) issue GDSs representing the new Shares that are separate and distinct from the existing Shares represented by GDSs.

The issuance of GDSs may be delayed until the Depositary or the Custodian receives confirmation that all required approvals have been given and that the Shares have been duly transferred to the Custodian. The Depositary will only issue GDSs in whole numbers.

When you make a deposit of Shares, you will be responsible for transferring good and valid title to the Depositary. As such, you will be deemed to represent and warrant that:

- Such Shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained.
- All pre-emptive (and similar) rights, if any, with respect to such Shares have been validly waived or exercised.
- You are duly authorized to deposit such Shares.
- The Shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and, in the case of Regulation S GDSs, are not, and the Regulation S GDSs issuable upon such deposit will not be, “restricted securities” (as defined in the Regulation S Deposit Agreement).
- The Shares presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties is incorrect in any way, we and the Depositary may, at your cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.

When you deposit Shares to receive Rule 144A GDSs, you will be required to provide the Depositary with a deposit certification stating, inter alia, that:

- you acknowledge that the Shares and the Rule 144A GDSs have not been and will not be registered under the Securities Act or with any securities regulatory authority in any state or other jurisdiction in the United States; and
- you are not an “affiliate” of ours and you are not acting on behalf of us or one of our “affiliates”; and
- you certify that you are, or are acting on behalf of, (i) a “Qualified Institutional Buyer” (as defined in Rule 144A), or (ii) a person other than a “U.S. person” (as defined in Regulation S) and located outside the United States and will acquire the Shares to be deposited outside the United States; and
- you agree, as the owner of the Rule 144A GDSs, to offer, sell, pledge or otherwise transfer the Rule 144A GDSs or the Shares represented by the Rule 144A GDSs in accordance with the applicable U.S. state securities laws and only
 - (a) to a “Qualified Institutional Buyer” (as defined in Rule 144A) in a transaction meeting the requirements of Rule 144A, or
 - (b) outside the United States to a person other than a “U.S. person” (as defined in Regulation S) in accordance with Regulation S, or
 - (c) in accordance with Rule 144 under the Securities Act, if available, or
 - (d) pursuant to an effective registration statement under the Securities Act.

A copy of the form of deposit certification for Rule 144A GDSs is attached to the Rule 144A Deposit Agreement and may be obtained from the Depositary upon request.

When you deposit Shares to receive Regulation S GDSs, you will be required to provide the Depositary with a deposit certificate stating, inter alia, that:

- you acknowledge that the Shares and the Regulation S GDSs have not been and will not be registered under the Securities Act or with any securities regulatory authority in any state or other jurisdiction in the United States; and

- you are not an “affiliate” of ours and you are not acting on behalf of us or one of our “affiliates”; and
- you certify that you are, or are acting on behalf of, (i) a person other than a U.S. person (as defined in Regulation S) and are located outside the United States and (ii) a person that is not in the business of buying and selling securities, or, if you or such person is in such business, you or such person did not acquire the Shares to be deposited from us or any affiliate in the initial distribution of Regulation S GDSs, Shares and Rule 144A GDSs.

A copy of the form of deposit certification for Regulation S GDSs is attached to the Regulation S Deposit Agreement and may be obtained from the Depositary upon request.

When you deposit shares to receive Regulation S GDSs, you will be required to provide the depositary with a deposit certification stating, inter alia, that:

- you acknowledge that the shares and the Regulation S GDSs have not been and will not be registered under the U.S. Securities Act of 1933 or with any securities regulatory authority in any state or other jurisdiction in the United States; and
- you are not an “affiliate” of ours and you are not acting on behalf of us or one of our “affiliates”; and
- you certify that you are, or are acting on behalf of, a person other than a U.S. Person (as defined in Regulation S), located outside the U.S. and acquired the shares outside the U.S.; and
- you agree, as the owner of the Regulation S GDSs, to offer, sell, pledge and otherwise transfer the Regulation S GDSs or the shares represented by the Regulation S GDSs in accordance with the applicable U.S. state securities laws and during the “restricted period” only:
 - (a) to a “Qualified Institutional Buyer” (as defined in Rule 144A) in a transaction meeting the requirements of Rule 144A, in which case you are required to “convert” the Regulation S GDSs into Rule 144A GDSs prior to making delivery to the transferee, or
 - (b) outside the United States to a person other than a “U.S. Person” (as defined in Regulation S) in accordance with Regulation S, or
 - (c) in accordance with Rule 144 under the U.S. Securities Act of 1933, if available, or
 - (d) pursuant to an effective registration statement under the U.S. Securities Act of 1933.

A copy of the form of deposit certification for Regulation S GDSs is attached to the Regulation S deposit agreement and may be obtained from the depositary upon request.

Withdrawal of Shares Upon Cancellation of GDSs

On or after approximately the fourth ROC Business Day following the applicable closing date for distribution of the GDSs pursuant to this Offering, subject to the approval from the TWSE of the listing of the Individual Scripless Certificates of Payment and the relevant provisions of the Deposit Agreements, a holder may apply to withdraw the underlying Shares or, as the case may be, the Individual Scripless Certificates of Payment from the GDS facility. The Individual Scripless Certificates of Payment, which are without physical form and settle through the book-entry system, carry the same rights as those attaching to underlying Shares in respect of dividends and are eligible for trading on the TWSE in the same manner as the underlying Shares. Your ability to withdraw the Shares may be limited by U.S. and ROC law considerations applicable at the time of withdrawal.

Under current ROC law, if you (other than PRC persons, except for QDII, or a person with prior approval from the ROC Investment Commission of the MOEA) wish to withdraw and hold underlying Individual Scripless Certificates of Payment or Shares, as the case may be, from a depositary receipt facility, you will be required to appoint an eligible agent in the ROC to open a securities trading account with a local brokerage firm (after receiving an approval from the TWSE) and a bank account (the securities trading account and the bank account collectively, the "Accounts"), to pay ROC taxes, remit funds, exercise shareholders' rights and perform such other functions as you may designate upon such withdrawal. In addition, you will be required to appoint a custodian bank to hold the securities in safekeeping, make confirmation and settle trades and report all relevant information. Without the opening of such Accounts, the withdrawing holder would be unable to hold or subsequently sell the underlying Shares withdrawn from the depositary receipt facility on the TWSE or otherwise. In addition, you will be required to register with the TWSE for making investments in the ROC securities market prior to withdrawing Shares. These laws may change from time to time. We cannot assure you that current ROC law will remain in effect or that future changes in ROC law will not adversely affect your ability to withdraw the Shares from the applicable GDS facility.

Holders of GDSs withdrawing Individual Scripless Certificates of Payment or Shares represented by GDSs are also required under current ROC law and regulations to appoint an agent in the ROC for filing tax returns and making tax payments. Such agent must meet certain qualifications set by the FSC and, upon appointment, becomes a guarantor of such withdrawing holder's ROC tax obligations. Evidence of the appointment of such agent and the approval of such appointment by the ROC tax authorities may be required as conditions to such withdrawing holder's repatriation of the proceeds from the sale of the withdrawn Individual Scripless Certificates of Payment or Shares. There can be no assurance that such withdrawing holder will be able to appoint and obtain approval for such agent in a timely manner.

Pursuant to the Regulations Governing Mainland China Investor's Securities Investment and Futures Trading in Taiwan, or the PRC Regulations, a qualified institutional investor which has been approved by the competent authority regulating the securities industry in PRC, or QDII, is permitted to make securities investments or trade futures in the ROC. The total investment amount allowed to be remitted into the ROC by all QDIIs cannot exceed US\$500 million, and by each QDII cannot exceed US\$100 million. A custodian shall be appointed by each QDII to apply with the TWSE for the remittance. Subject to the compliance with the foregoing applicable laws and regulations of the ROC, a QDII may request withdrawal of, and holds the Shares represented by the GDSs.

Other than a QDII, a PRC person may, pursuant to the Regulations Governing the Approval of Investment in Taiwan by the Mainland China Investors, make an investment in the ROC with prior investment approval from the Investment Commission of the Ministry of Economic Affairs, or MOEA, and other competent authority if the business of the invested company are in the positive list promulgated by the Executive Yuan. As not all of our businesses are within the list promulgated by the ROC government for PRC investment, currently PRC persons which are not QDII are not allowed to withdraw and hold our shares. Under current ROC laws, regulations and policy, a "PRC person" refers to (A) an individual holding a passport issued by the PRC, (B) a resident or any corporation, partnership or other entity of any area under the effective control or jurisdiction of the PRC (but not including a special administrative region of the PRC such as Hong Kong and Macau), (C) any agency or instrumentality of the PRC, or (D) any corporation, partnership or other entity organized under the laws of any other jurisdiction but (x) is directly or indirectly controlled by, or (y) directly or indirectly having 30% or more of its capital owned by, or beneficially owned by any such individual, resident, entity, agency or instrumentality referred to in (A) to (C).

Subject to the withdrawal of deposited property being permitted under ROC laws and regulations, you may also request that our Shares or Individual Scripless Certificates of Payment represented by your GDSs be sold on your behalf. The Depositary may require that you deliver your request for sale in writing. Any sale of the Individual Scripless Certificate of Payment or Shares will be conducted according to applicable ROC law through a securities company in the ROC on the TWSE or in another manner as is permitted under applicable ROC law. Any sale will be at your risk and expense. You may also be required to enter into a separate agreement to cover the terms of the sale of our Shares or Individual Scripless Certificates of Payment.

Upon receipt of any proceeds from any sale, subject to any restrictions imposed by ROC law and regulations, the Depositary shall convert the proceeds into US dollars and distribute the proceeds to you, net of any fees, expenses, taxes or governmental charges (including, without limitation, any ROC and U.S. taxes) incurred in connection with the sale. Sales of GDSs are not regarded as sales of ROC securities and thus any gains derived from transfers of our GDSs are not regarded as ROC-sourced income. Accordingly, any gains derived from transfers of our GDRs by non-ROC holders are not currently subject to ROC income tax. Starting from January 1, 2016, capital gains realized from the sales of our Shares or Individual Scripless Certificates of Payment are exempt from ROC income tax.

In order to withdraw or instruct the sale of the Shares or Individual Scripless Certificates of Payment represented by your GDSs, you will be required to pay the fees for cancellation of GDSs and any charges and taxes payable upon the transfer of the Shares or Individual Scripless Certificates of Payment being withdrawn and you will be required to provide to the Depositary the applicable withdrawal certification. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the GDSs will not have any rights under the corresponding Deposit Agreement.

You will not be entitled to withdraw or instruct the sale of interests in Individual Scripless Certificate(s) of Payment underlying the GDSs issued in this offering until on or about the fourth ROC Business Day following the closing date for distribution of the GDSs pursuant to this Offering. In addition, under ROC market practice, you will not be able to receive the underlying Individual Scripless Certificate of Payment or the Shares for an additional two ROC Business Days.

If you hold a GDR certificate registered in your name, the Depositary may ask you to provide proof of identity and genuineness of any signature and such other documents as the Depositary may deem appropriate before it will cancel your GDSs. The withdrawal of the Shares or Individual Scripless Certificates of Payment represented by your GDSs may be delayed until the Depositary receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the Depositary will only accept GDSs for cancellation that represent a whole number of securities on deposit.

In addition, the Depositary shall not deliver interests in Individual Scripless Certificate(s) of Payment or Shares to a surrendering holder of GDSs unless such holder presents evidence of payment of any securities transaction tax which may be imposed under ROC law unless we shall have advised the Depositary that no such tax is assessable in connection with the withdrawal of the Individual Scripless Certificate(s) of Payment or Shares hereunder.

We have reporting obligations under ROC law in respect of the GDS facilities. In order to enable us to gather the information necessary for our compliance with our obligations set forth under the laws and regulations of the ROC, you will be asked to provide information upon withdrawal of Shares or Individual Scripless Certificates of Payment from the applicable GDS facility, including a certification to the Depositary stating, inter alia, that:

- the holder is or is not a "Related Party," as such term is defined in the applicable Deposit Agreement, to us;
- the holder will own a certain number of the Shares after cancellation of the GDSs surrendered thereby, as well as a certain number of GDSs representing the Shares after cancellation of the GDSs surrendered thereby;
- the holder, or the person on whose account he acts, is the beneficial owner of the GDSs surrendered to the Depositary thereby;
- the name, address and nationality of the beneficial owner of the GDSs, as included upon presentation of GDSs for cancellation, is true and correct;

- the number of GDSs surrendered and the number of Shares withdrawn, as included upon presentation of GDSs for cancellation, is true and correct;
- if the presenter is a broker-dealer, the owner of the account for which he is acting has confirmed the accuracy of the above representations; and
- the holder is or is not a PRC person meeting the qualifications required under the laws of the ROC (“**Qualified PRC Person**”), as such term is defined in the applicable Deposit Agreement; and
- if the holder is a Qualified PRC Person, it has made all registrations and/or obtained all government approvals required under the laws of the ROC to hold the Shares or Individual Scripless Certificates of Payment underlying the GDSs submitted for cancellation and withdrawal and its ownership of Shares will not result in a violation of applicable laws of the ROC.

The Depositary will refuse to release the Shares or Individual Scripless Certificates of Payment to you until you deliver a completed and signed certification to it.

The Deposit Agreements may not be modified to impair your right to withdraw the securities represented by your GDSs unless there are:

- temporary delays because (1) the transfer books for the Shares or GDSs are closed, or (2) the register of shareholders is closed due to a shareholders’ meeting or a payment of dividends;
- obligations to pay fees, taxes and similar charges; and
- restrictions imposed by law or regulation.

When you request the withdrawal of the Shares represented by your Rule 144A GDSs, you will be required to provide the Depositary with a withdrawal certification stating, inter alia, that:

- you acknowledge that the Shares represented by your Rule 144A GDSs have not been and will not be registered under the Securities Act or with any securities regulatory authority in any state or other jurisdiction in the United States; and

you certify that either:

- (x) you are a “Qualified Institutional Buyer” (as defined in Rule 144A) who is the beneficial owner of the Rule 144A GDSs presented for cancellation, or you are acting on behalf of a Qualified Institutional Buyer who is the beneficial owner of the Rule 144A GDSs presented for cancellation and
 - (i) you have, or the person on whose behalf you are acting has, sold or agreed to sell the Rule 144A GDSs or Shares to a person other than a “U.S. Person (as defined in Regulation S) in accordance with Regulation S, or
 - (ii) you have, or the person on whose behalf you are acting has, sold or agreed to sell the Rule 144A GDSs or Shares to another “Qualified Institutional Buyer” (as defined in Rule 144A) in a transaction meeting the requirements of Rule 144A, or
 - (iii) you (or the person on whose behalf you are acting) will be the beneficial owner of the Shares upon withdrawal and you (or the person on whose behalf you are acting) (x) will not deposit the Shares in any depositary receipt facility that is not a “restricted” depositary receipt facility and (y) will sell the Shares only

- (a) to another Qualified Institutional Buyer (as defined in Rule 144A) in a transaction meeting the requirements of Rule 144A, or
 - (b) outside the United States to a person other than "U.S. Person" (as defined in Regulation S) in accordance with Regulation S, or
 - (c) in accordance with Rule 144 (if available), or
 - (d) pursuant to an effective registration statement under the Securities Act; or
- (Y) you are a person other than a "U.S. Person" (as defined in Regulation S) and are located outside the United States and you acquired or agreed to acquire the Rule 144A GDSs or Shares outside the United States and will be the beneficial owner of the Rule 144A GDSs or Shares upon withdrawal.

Voting Rights

Except as described below, you generally have no right under the deposit agreements to instruct the depositary to exercise the voting rights for the shares represented by your GDSs. Instead, by accepting GDSs or any beneficial interest in GDSs, you will be deemed to have authorized and directed the depositary to appoint the chairman of our Board of Directors (or his or her designate) for a particular meeting of shareholders as representative (the "**Voting Representative**") to represent you at our shareholders' meeting and to vote the shares deposited with the Custodian according to the terms of the GDSs. The voting rights of holders of shares are described in "Description of the Shares — Voting rights."

The depositary will mail to you any notice of shareholders' meeting received from us together with information explaining how to instruct the depositary to exercise the voting rights of the securities represented by GDSs.

If we fail to provide in a timely manner the depositary with an English language translation of our notice of meeting or other materials related to any meeting of owners of shares in accordance with the deposit agreements, the depositary will endeavor to cause all the deposited securities represented by GDSs to be present at the applicable meeting, insofar as practicable and permitted under applicable law, but will not cause those securities to be voted.

If the depositary receives in a timely manner voting instructions from holders of at least 51.0% of the outstanding GDSs to vote in the same direction regarding one or more resolutions to be considered at the meeting, including the election of directors and supervisors (if applicable), the depositary will notify the Voting Representative of the instructions and appoint the Voting Representative, as the representative of the depositary and such holders to attend the meeting and vote all the securities represented by the holders' GDSs, in accordance with the direction received from holders of at least 51.0% of the outstanding GDSs.

If we have provided in a timely manner the depositary with the materials described in the applicable Deposit Agreement and the depositary has not timely received instructions from holders of at least 51.0% of the outstanding GDSs to vote in the same direction regarding any resolution to be considered at the meeting, including the election of directors and supervisors (if applicable), then you will be deemed to have authorized and directed the depositary to give a discretionary proxy to the Voting Representative to attend and vote at the meeting all the securities represented by your GDSs in any manner the Voting Representative may wish, which may not be in the interests of GDS holders.

If we have not timely provided the depositary with the materials described in the applicable Deposit Agreement and the depositary has not otherwise distributed such notice of Shareholders' meeting and other materials described in the applicable deposit agreements, the depositary shall endeavor to cause all shares represented by GDSs to be present at the relevant shareholders' meeting but will not cause the shares represented by the GDSs to be voted.

By accepting and continuing to hold GDSs or any interest therein, a holder will be deemed to have agreed to the voting provisions set forth in the applicable Deposit Agreement, as such provisions may be amended from time to time to comply with applicable ROC law.

Please note that the ability of the depositary to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depositary in a timely manner.

Fees and Charges

As a GDS holder, you will be required to pay the following service fees to the depositary:

<u>Service</u>	<u>Fees</u>
Issuance of GDSs	Up to 5¢ per GDS issued
Delivery of deposited securities against surrender of GDSs	Up to 5¢ per GDS surrendered
Distribution of cash dividends or other cash distributions (i.e., sale of rights and other entitlements)	Up to 5¢ per GDS held
Distribution of GDSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional GDSs	Up to 5¢ per GDS held
Distribution of securities other than GDSs or rights to purchase additional GDSs (i.e. spin-off shares)	Up to 5¢ per GDS held
Depositary Services Fee	Up to 5¢ per GDS held on the applicable record date established by the depositary
Transfer of GDRs	\$1.50 per certificate presented for transfer

As a GDS holder you will also be responsible to pay certain fees and expenses incurred by the depositary and certain taxes and governmental charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- registration fees as may from time to time be in effect for the registration of Shares or other deposited securities on the share register and applicable to transfers of Shares or other deposited securities to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;
- cable, telex, and facsimile transmission and delivery expenses as are expressly provided in the Deposit Agreement to be at the expense of the person depositing or withdrawing Shares or holders and beneficial owners of GDSs;
- the expenses and charges incurred by the Depositary in the conversion of foreign currency;
- such fees and expenses as are incurred by the Depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to Shares, deposited securities, GDSs and GDRs; and
- fees and expenses incurred by the depositary, the custodian or any nominee in connection with the delivery or servicing of deposited securities.

We have agreed to pay certain other charges and expenses of the depositary. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes. In addition, the depositary may reimburse us for certain expenses that we incurred in respect of the GDR program established pursuant to the Deposit Agreements, by making available a portion of the depositary fees charged in respect of the GDR program or otherwise, upon such terms and conditions as we and the depositary may agree from time to time. We shall pay to the depositary such fees and charges and reimburse the depositary for such out-of-pocket expenses as the depositary and we may agree from time to time. Responsibility for payment of such charges and reimbursements may from time to time be changed by agreement between us and the depositary. Unless otherwise agreed, the depositary shall present its statement for such expenses and fees or charges to us once every three months. The charges and expenses of the Custodian are for the sole account of the depositary.

Amendments and Termination

We may agree with the depositary to modify the deposit agreements at any time without your consent. We undertake to give holders 30 days' prior notice of any modifications that would materially prejudice any of their substantial rights under the deposit agreements. We will not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the GDSs to be registered under the Securities Act, in each case without imposing or increasing the fees and charges you are required to pay (other than charges in connection with foreign exchange control regulations and taxes and other governmental charges, delivery expenses and such other expenses). In addition, we may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the deposit agreements if you continue to hold your GDSs after the modifications to the applicable deposit agreements become effective.

We have the right to direct the depositary to terminate the deposit agreements. Similarly, the depositary may in certain circumstances on its own initiative terminate the deposit agreements. In either case, the depositary must give notice to the holders at least 30 days before termination. After termination, the depositary will continue to collect distributions received (but will not distribute any such property until you request the cancellation of your GDSs) and may sell the securities held on deposit. After the sale, the depositary will hold the proceeds from such sale and any other funds then held for the holders of GDSs in a non-interest bearing account. At that point, the depositary will have no further obligations to holders other than to account for the funds then held for the holders of GDSs still outstanding (after deduction of applicable fees, taxes and expenses).

Books of the Depositary

The depositary will maintain GDS holder records at its depositary office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the GDSs and the deposit agreements.

The depositary will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of GDRs. These facilities may be closed from time to time, to the extent not prohibited by law.

Limitations on Obligations and Liabilities

The deposit agreements limit our obligations and the depositary's obligations to you. Please note the following:

- We and the depositary are obligated only to take the actions specifically stated in the deposit agreements without negligence or bad faith.

- The depositary disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreements.
- The depositary disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in shares, for the validity or worth of the shares, for any tax consequences that result from the ownership of GDSs, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreements, for the timeliness of any of our notices or for our failure to give notice.
- We and the depositary will not be obligated to perform any act that is inconsistent with the terms of the deposit agreements.
- We and the depositary disclaim any liability if we are prevented or forbidden from acting on account of any law or regulation, any provision of our Articles of Incorporation, any provision of any securities on deposit or by reason of any act of God or war or other circumstances beyond our control.
- We and the depositary disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for the deposit agreements or in our Articles of Incorporation or in any provisions of securities on deposit.
- We and the depositary further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting shares for deposit, any holder of GDSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.
- We and the depositary also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit which is made available to holders of shares but is not, under the terms of the deposit agreements, made available to you.
- We and the depositary may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.
- We and the depositary also disclaim any liability for consequential or punitive damages for any breach of the terms of the applicable deposit agreements.
- We and the Depositary disclaim any obligation to appear in, prosecute or defend any action, suit, or other proceeding in respect of any Shares or in respect of the GDR certificates or GDSs which in the Depositary's opinion may involve the Depositary in expense or liability, unless indemnity satisfactory to us or the Depositary against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be required.
- The Depositary shall not incur any liability for any failure to determine that any distribution or action may be lawful or reasonably practicable, for the content of any information submitted to it by us for distribution to you or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the deposited securities or GDSs, for the validity or worth of the deposited securities for the creditworthiness of any third party, or for any tax consequences that may result from the ownership of GDSs, Shares, or other deposited securities, for allowing any rights to lapse upon the terms of the Deposit Agreement, for allowing any rights to lapse upon the terms of the Deposit Agreement, or for the failure or timeliness of any notice from us. The Depositary shall not be obligated in any way to maintain or enforce our obligations.

- Nothing in the Deposit Agreement gives rise to a partnership or joint venture, or establishes a fiduciary relationship, among us, the depositary bank, and you as GDS holder.
- Nothing in the Deposit Agreement precludes Citibank (or its affiliates) from engaging in transactions in which parties adverse to us or the GDS owners have interests, and nothing in the Deposit Agreement obligates Citibank to disclose those transactions, or any information obtained in the course of those transactions, to us or to the GDS owners, or to account for any payment received as part of those transactions.

Pre-Release Transactions

The Depositary no longer engages in Pre-Release Transactions.

Taxes

You will be responsible for the taxes and other governmental charges payable on the GDSs and the securities represented by the GDSs. We, the depositary and the custodian may deduct from any distribution the taxes and governmental charges payable by holders and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. You will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The depositary may refuse to issue GDSs, to deliver, transfer, split and combine GDRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The depositary and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on your behalf. However, you may be required to provide to the depositary and to the custodian proof of taxpayer status and residence and such other information as the depositary and the custodian may require to fulfill legal obligations. You are required to indemnify us, the depositary and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

Foreign Currency Conversion

The depositary will arrange for the conversion of all foreign currency received into US dollars if such conversion is practicable, and it will distribute the US dollars in accordance with the terms of the deposit agreements. You may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency is not practicable or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the depositary may take the following actions in its discretion:

- Convert the foreign currency to the extent practicable and lawful and distribute the US dollars to the holders for whom the conversion and distribution is lawful and practicable.
- Distribute the foreign currency to holders for whom the distribution is lawful and practicable.
- Hold the foreign currency (without liability for interest) for the applicable holders.

Legends

The Rule 144A GDR(s) issued to represent the Rule 144A GDSs offered for sale herein shall contain, and all owners of Rule 144A GDSs shall be bound by the terms of, the following legend:

NEITHER THIS RULE 144A GDR, NOR THE RULE 144A GDSs EVIDENCED HEREBY, NOR THE RULE 144A DEPOSITED SECURITIES REPRESENTED THEREBY HAVE BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY

SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE OFFER, SALE, PLEDGE OR OTHER TRANSFER OF THIS RULE 144A GDR, THE RULE 144A GDSs EVIDENCED HEREBY AND THE RULE 144A DEPOSITED SECURITIES REPRESENTED THEREBY IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. THE HOLDERS AND THE BENEFICIAL OWNERS HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THIS RULE 144A GDR AND THE RULE 144A GDSs EVIDENCED HEREBY, ACKNOWLEDGE THAT SUCH RULE 144A GDR, THE RULE 144A GDSs EVIDENCED HEREBY AND THE RULE 144A DEPOSITED SECURITIES REPRESENTED THEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND AGREE FOR THE BENEFIT OF THE COMPANY AND THE DEPOSITARY THAT THIS RULE 144A GDR, THE RULE 144A GDSs EVIDENCED HEREBY AND THE RULE 144A DEPOSITED SECURITIES REPRESENTED THEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES AND ONLY (1) OUTSIDE THE UNITED STATES TO A PERSON OTHER THAN A U.S. PERSON (AS SUCH TERMS ARE DEFINED IN REGULATION S UNDER THE SECURITIES ACT) IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) TO A PERSON WHOM THE HOLDER AND THE BENEFICIAL OWNER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

THE BENEFICIAL OWNER OF RULE 144A DEPOSITED SECURITIES RECEIVED UPON CANCELLATION OF ANY RULE 144A GDS MAY NOT DEPOSIT OR CAUSE TO BE DEPOSITED SUCH SECURITIES INTO ANY DEPOSITARY RECEIPT FACILITY ESTABLISHED OR MAINTAINED BY A DEPOSITARY, OTHER THAN A RULE 144A RESTRICTED DEPOSITARY RECEIPT FACILITY, SO LONG AS SUCH SECURITIES ARE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144(a)(3) UNDER THE SECURITIES ACT. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THE SECURITIES OR THE RULE 144A GDSs.

EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THIS RULE 144A GDR OR A BENEFICIAL INTEREST IN THE RULE 144A GDSs EVIDENCED HEREBY, AS THE CASE MAY BE, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

The Regulation S GDR(s) issued to represent the Regulation S GDSs offered for sale herein shall contain, and all owners of Regulation S GDSs shall be bound by the terms of, the following legend:

NEITHER THIS REGULATION S GDR, NOR THE REGULATION S GDSs EVIDENCED HEREBY, NOR THE REGULATION S DEPOSITED SECURITIES REPRESENTED THEREBY HAVE BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE OFFER, SALE, PLEDGE OR OTHER TRANSFER OF THIS REGULATION S GDR, THE REGULATION S GDSs EVIDENCED HEREBY AND THE REGULATION S DEPOSITED SECURITIES REPRESENTED THEREBY EACH IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. THE HOLDERS AND THE BENEFICIAL OWNERS HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THIS REGULATION S GDR AND THE REGULATION S GDSs EVIDENCED HEREBY, ACKNOWLEDGE THAT SUCH REGULATION S GDR, THE REGULATION S GDSs EVIDENCED HEREBY AND THE REGULATION S DEPOSITED SECURITIES REPRESENTED THEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND AGREE FOR THE BENEFIT OF THE COMPANY AND THE DEPOSITARY THAT THIS REGULATION S GDR, THE REGULATION S GDSs EVIDENCED HEREBY AND THE REGULATION S DEPOSITED SECURITIES REPRESENTED THEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES.

EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THIS REGULATION S GDR OR A BENEFICIAL INTEREST IN THE REGULATION S GDSs EVIDENCED HEREBY, AS THE CASE MAY BE AT ANY TIME DURING THE RESTRICTED PERIOD, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

TAXATION

Prospective investors should consult their own advisers concerning the tax consequences of an investment in the GDSs or Shares.

ROC Taxation

The following summary addresses the principal ROC tax consequences of the ownership and disposition of the Shares or GDSs by a non-resident individual or non-resident entity that holds such Shares or GDSs (each a “**Non-ROC Holder**”). A “non-resident individual” is a foreign national individual who is not physically present in the ROC for 183 days or more during any calendar year in which he or she owns the Shares or GDSs and a “non-resident entity” is a corporation or a non-corporate body that is organized under the laws of a jurisdiction other than the ROC and does not have a fixed place of business or business agent in the ROC. You should consult your tax advisors concerning the ROC tax consequences of owning the Shares or GDSs and the laws of any relevant taxing jurisdiction to which you are subject.

Dividends

Dividends (whether in cash or Shares) declared by the Company out of its retained earnings and distributed to a Non-ROC Holder in respect of the Shares are ROC sourced income and therefore subject to ROC withholding tax, currently at the rate of 21%, on the amount of the distribution (in the case of cash dividends) or on the par value of the Shares (in the case of stock dividends) unless a lower withholding rate is provided under an applicable tax treaty between the ROC and the jurisdiction where the Non-ROC Holder is a resident. A 10% undistributed earnings tax was imposed on an ROC company for its after-tax earnings generated after January 1, 1998 which were not distributed in the following year. The undistributed earnings tax was reduced to 5% on January 1, 2018. The undistributed earnings tax so paid will further reduce the retained earnings available for future distribution. Starting from year 2019, no undistributed retained earnings tax paid can be offset as a credit against the 21% withholding tax. Distributions of stock dividends or cash dividends declared by the Company out of its capital reserves are not subject to withholding tax, except under limited circumstances.

Withdrawal of Shares

The receipt of Shares upon a cancellation of GDSs and a withdrawal of Shares from the GDR facility is not subject to ROC tax.

Capital Gains

Starting from January 1, 2016, capital gains realized from the sale or disposal of the Shares are exempt from ROC income tax under Article 4-1 of the ROC Income Tax Act.

Sales of the GDSs are not regarded as sales of ROC securities and thus any gains derived from transfers of the GDSs are not regarded as ROC sourced income. Accordingly, any gains derived from transfers of the GDSs by Non-ROC Holders are not currently subject to ROC income tax.

Securities Transaction Tax

Securities transaction tax will be withheld at the rate of 0.3% of the transaction price upon a sale of the Shares. Nevertheless, transfers of the GDSs are not subject to ROC securities transaction tax.

Pre-emptive Rights

Distributions of statutory subscription rights for the Shares in compliance with the ROC Company Law are currently not subject to ROC tax. Proceeds derived from sales of statutory subscription rights evidenced by securities are subject to securities transaction tax, currently at the rate of 0.3% of the gross amount received.

As non ROC persons, holders are exempt from income tax on capital gains from such sale. Proceeds derived from sales of statutory subscription rights which are not evidenced by securities are not subject to securities transaction tax but are subject to income tax at the rate of 20% of the income if the seller is a Non-ROC Holder. Subject to compliance with ROC laws, the Company has the sole discretion to determine whether statutory subscription rights shall be evidenced by the issuance of securities.

Estate Tax and Gift Tax

ROC estate tax is payable on any property located within the ROC left by a deceased, and ROC gift tax is payable on any property located within the ROC donated by an individual. Estate tax and gift tax are currently imposed at the progressive rates of 10%, 15% and 20%. Under the ROC Estate and Gift Tax Act, the Shares are deemed located within the ROC regardless of the location of the owner. Nevertheless, it is unclear whether a holder of the GDSs will be considered to own the Shares for this purpose.

Tax Treaties

At present, the ROC has income tax treaties with Singapore, Indonesia, South Africa, Australia, New Zealand, Vietnam, Gambia, Eswatini, Malaysia, North Macedonia, the Netherlands, United Kingdom, Senegal, Sweden, Belgium, Denmark, Israel, Paraguay, Hungary, France, India, Slovakia, Switzerland, Germany, Thailand, Kiribati, Luxembourg, Austria, Italy, Japan, Canada, Poland, Czech Republic and Saudi Arabia, which may limit the rate of withholding tax on dividends or interest paid by ROC companies to residents of these countries. Holders of the Shares or GDSs should consult their own tax advisers concerning their eligibility for benefits under an income tax treaty with respect to the Shares or GDSs.

United States Federal Income Tax Considerations

This section describes the material United States federal income tax consequences to a U.S. holder (as defined below) of owning GDSs. It applies to you only if you acquire your GDSs in this offering and you hold your GDSs as capital assets for tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of your particular circumstances, including non-United States, state or local tax consequences, estate and gift tax consequences, net investment income or alternative minimum tax consequences, and tax consequences applicable to holders subject to special rules, including:

- certain financial institutions,
- a dealer in securities,
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings,
- a tax-exempt organization,
- a life insurance company,
- a person that actually or constructively owns 10% or more of the combined voting power of our voting stock or of the total value of our stock,
- a person that holds GDSs as part of a straddle or a hedging or conversion transaction,
- a person that purchases or sells GDSs as part of a wash sale for tax purposes, or
- a person whose functional currency is not the U.S. dollar.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, and published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis. In addition, this section is based on the assumption

that each obligation in the Deposit Agreements and any related agreement will be performed in accordance with its terms.

If an entity or arrangement that is treated as a partnership for United States federal income tax purposes holds our GDSs, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding our GDSs should consult its tax advisor with regard to the United States federal income tax treatment of an investment in our GDSs.

You are a U.S. holder if you are a beneficial owner of GDSs and you are, for United States federal income tax purposes:

- a citizen or resident of the United States,
- a domestic corporation,
- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

You should consult your own tax advisor regarding the United States federal, state and local and other tax consequences of owning and disposing of the GDSs in your particular circumstances.

This discussion addresses only United States federal income taxation.

In general, and taking into account the earlier assumptions, for United States federal income tax purposes, if you hold GDSs, you will be treated as the owner of the Common Shares represented by those GDSs. Exchanges of Common Shares for GDSs, and GDSs for Common Shares, generally will not be subject to United States federal income tax.

The tax treatment of your GDSs will depend in part on whether or not we are classified as a PFIC, for United States federal income tax purposes. Except as discussed below under “– PFIC Classification,” this discussion assumes that we are not correctly classified, and that we will not be classified in the future, as a PFIC for United States federal income tax purposes.

Dividends

The gross amount of any distribution we pay out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes) will be treated as a dividend that is subject to United States federal income taxation. Dividends that constitute qualified dividend income are generally taxable to a noncorporate U.S. holder at the preferential rates applicable to long-term capital gains provided that certain holding period requirements are met. However, because there is currently no comprehensive income tax treaty between the United States and the ROC, we expect that dividends with respect to the GDSs will not be qualified dividend income. You must include any ROC tax withheld from the dividend payment in this gross amount even though you do not in fact receive it. The dividend is taxable to you when the Depositary receives the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. The amount of the dividend distribution that you must include in your income will be the U.S. dollar value of the NT dollar payments made, determined at the spot NT dollar/U.S. dollar rate on the date the dividend is distributed, regardless of whether the Depositary converts the payment into U.S. dollars on such date. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend is distributed until the date that the Depositary converts the payment into U.S. dollars will be treated as ordinary income or loss. The gain or

loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the GDSs and thereafter as capital gain. However, we do not expect to calculate earnings and profits in accordance with United States federal income tax principles. Accordingly, you should expect to generally treat distributions we make as dividends.

Subject to certain limitations, the ROC tax withheld and paid over to the ROC may be creditable or deductible against your United States federal income tax liability. However, under recently issued United States Treasury regulations, it is possible that such withholding tax will not be creditable. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. To the extent a refund of the tax withheld is available to you under ROC law, the amount of tax withheld that is refundable will not be eligible for credit against your United States federal income tax liability.

Dividends will generally be income from sources outside the United States and will generally be “passive” income for purposes of computing the foreign tax credit allowable to you.

As discussed above under “Description of the Global Depositary Shares – Fees and Charges,” the amount of any dividend that is paid to a U.S. holder of GDSs will be reduced by a fee that it will be required to pay to the Depositary. The amount of the dividend that you are deemed to receive and include in income for United States federal income tax purposes will equal the gross amount of the dividend and will not be reduced by the amount of the fees that are withheld in respect of the dividend payment.

Sale or Disposition of GDSs

If you sell or otherwise dispose of your GDSs, you will recognize capital gain or loss for United States federal income tax purposes equal to the difference between the amount that you realize and your tax basis, in your GDSs. Capital gain of a non-corporate U.S. holder is generally taxed at preferential rates where the property is held for more than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Depositary Fees

As discussed above under “Description of the Global Depositary Shares—Fees and Charges,” you will be required to pay certain fees to the Depositary. Such fees will generally be treated as items of investment expense which may not be deductible in the case of certain investors due to general limitations on the deduction of investment expenses. U.S. holders are urged to consult their tax advisors regarding the tax treatment of such expenses.

PFIC Classification

We believe that we should not be currently classified as a PFIC for United States federal income tax purposes and we do not expect to become a PFIC in the foreseeable future. However, this conclusion is a factual determination that is made annually and thus may be subject to change. It is therefore possible that we could become a PFIC in a future taxable year. In addition, our current position that we are not a PFIC is based in part upon the value of our goodwill which is based on the market value for our active assets, including a decline in the value of our Shares. Accordingly, we could become a PFIC in the future if there is a substantial decline in the value of our Shares, or if there is a substantial increase in the value of our passive assets.

In general we will be a PFIC in a taxable year if:

- at least 75% of our gross income for the taxable year is passive income or
- at least 50% of the value, determined on the basis of a quarterly average, of our assets in such taxable year is attributable to assets that produce or are held for the production of passive income.

“Passive income” generally includes dividends, interest, gains from the sale or exchange of investment property rents and royalties (other than certain rents and royalties derived in the active conduct of a trade or business) and certain other specified categories of income. If a foreign corporation owns at least 25% by value of the stock of another corporation, the foreign corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation, and as receiving directly its proportionate share of the other corporation’s income.

If we are treated as a PFIC, and you did not make a mark-to-market election, as described below, you will generally be subject to special rules with respect to:

- any gain you realize on the sale or other disposition of your GDSs and
- any excess distribution that we make to you (generally, any distributions to you during a single taxable year, other than the taxable year in which your holding period in the GDSs begins, that are greater than 125% of the average annual distributions received by you in respect of the GDSs during the three preceding taxable years or, if shorter, your holding period for the GDSs that preceded the taxable year in which you receive the distribution).

Under these rules:

- the gain or excess distribution will be allocated ratably over your holding period for the GDSs;
- the amount allocated to the taxable year in which you realized the gain or excess distribution or to prior years before the first year in which we were a PFIC with respect to you will be taxed as ordinary income;
- the amount allocated to each other prior year will be taxed at the highest tax rate in effect for that year, and
- the interest charge generally applicable to underpayments of tax will be imposed in respect of the tax attributable to each such year.

Special rules apply for calculating the amount of the foreign tax credit with respect to excess distributions by a PFIC.

If we are a PFIC in a taxable year and our GDSs are treated as “marketable stock” in such year, you may make a mark-to-market election with respect to your GDSs. If you make this election, you will not be subject to the PFIC rules described above. Instead, in general, you will include as ordinary income each year the excess, if any, of the fair market value of your GDSs at the end of the taxable year over your adjusted basis in your GDSs. You will also recognize an ordinary loss in respect of the excess, if any, of the adjusted basis of your GDSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). Your basis in the GDSs will be adjusted to reflect any such income or loss amounts. Any gain that you recognize on the sale or other disposition of your GDSs would be ordinary income and any loss would be an ordinary loss to the extent of the net amount of previously included income as a result of the mark-to-market election and, thereafter, a capital loss.

Unless you make certain elections, your GDSs will generally be treated as stock in a PFIC if we were a PFIC at any time during your holding period in your GDSs, even if we are not currently a PFIC.

If you own GDSs during any year that we are a PFIC with respect to you, you may be required to file Internal Revenue Service (“**IRS**”) Form 8621.

Information with Respect to Foreign Financial Assets

Owners of “specified foreign financial assets” with an aggregate value in excess of \$50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with their tax returns. “Specified foreign financial assets” may include financial accounts maintained by foreign financial institutions, as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-United States persons, (ii) financial instruments and contracts that have non-United States issuers or counterparties, and (iii) interests in foreign entities. Significant penalties may apply for failing to satisfy this filing requirement. U.S. holders are urged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the GDSs.

Backup Withholding and Information Reporting

If you are a non-corporate U.S. holder, information reporting requirements, on IRS Form 1099, generally will apply to dividend payments or other taxable distributions made to you within the United States, and the payment of proceeds to you from the sale of GDSs effected at a United States office of a broker.

Additionally, backup withholding may apply to such payments if you fail to comply with applicable certification requirements or (in the case of dividend payments) are notified by the IRS that you have failed to report all interest and dividends required to be shown on your federal income tax returns.

Payment of the proceeds from the sale of GDSs effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker could be subject to information reporting in the same manner as a sale within the United States (and in certain cases may be subject to backup withholding as well) if (i) the broker has certain connections to the United States, (ii) the proceeds or confirmation are sent to the United States or (iii) the sale has certain other specified connections with the United States.

You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the IRS.

TRANSFER RESTRICTIONS

The GDSs and the Shares represented by such GDSs have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, United States persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The GDSs are being offered or sold in the United States through the U.S. selling agents of the Initial Purchaser only to QIBs, as defined in Rule 144A, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A.

The GDSs offered and sold outside the United States and the ROC will be offered by the Initial Purchaser to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act.

Except in certain limited circumstances, interests in the GDSs may only be held through owning beneficial interests in the master global depositary receipts ("**master GDRs**"). Such interests in the master GDRs will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream.

Any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the restrictions described below will not be recognized by us or the Depositary, as the case may be.

Transfer Restrictions on the Rule 144A GDSs

Each owner of an interest in Rule 144A GDSs, by its acceptance thereof, will be deemed to have acknowledged and represented to and agreed with us, the Depositary and the Initial Purchaser that (terms used herein that are defined in Rule 144A or Regulation S are used as defined therein):

1. the Rule 144A GDSs and the Shares represented thereby have not been and are not expected to be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer;
2. such owner is purchasing the Rule 144A GDSs for:
 - its own account and it is a QIB; or
 - an account with respect to which it exercises sole investment discretion or for transfer to an account as it may lawfully direct the Depositary and that such account is a QIB;
3. such owner is aware that the transferor of such securities is relying on the exemption from registration under the Securities Act provided by Rule 144A for the transfer;
4. such owner will not offer, sell, pledge or otherwise transfer any interest in the Rule 144A GDSs or Shares represented thereby except as permitted by the applicable legend set forth in paragraph (5) below;
5. the Rule 144A GDRs will bear legends to the following effect, unless we and the Depositary determine otherwise in compliance with applicable law, and that such owner will observe the restrictions contained therein:

NEITHER THIS RULE 144A GDR, NOR THE RULE 144A GDSs EVIDENCED HEREBY, NOR THE RULE 144A DEPOSITED SECURITIES REPRESENTED THEREBY HAVE BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE OFFER, SALE, PLEDGE OR OTHER TRANSFER OF THIS RULE 144A GDR, THE RULE

144A GDSs EVIDENCED HEREBY AND THE RULE 144A DEPOSITED SECURITIES REPRESENTED THEREBY IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. THE HOLDERS AND THE BENEFICIAL OWNERS HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THIS RULE 144A GDR AND THE RULE 144A GDSs EVIDENCED HEREBY, ACKNOWLEDGE THAT SUCH RULE 144A GDR, THE RULE 144A GDSs EVIDENCED HEREBY AND THE RULE 144A DEPOSITED SECURITIES REPRESENTED THEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND AGREE FOR THE BENEFIT OF THE COMPANY AND THE DEPOSITARY THAT THIS RULE 144A GDR, THE RULE 144A GDSs EVIDENCED HEREBY AND THE RULE 144A DEPOSITED SECURITIES REPRESENTED THEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES AND ONLY (1) OUTSIDE THE UNITED STATES TO A PERSON OTHER THAN A U.S. PERSON (AS SUCH TERMS ARE DEFINED IN REGULATION S UNDER THE SECURITIES ACT) IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) TO A PERSON WHOM THE HOLDER AND THE BENEFICIAL OWNER REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

THE BENEFICIAL OWNER OF RULE 144A DEPOSITED SECURITIES RECEIVED UPON CANCELLATION OF ANY RULE 144A GDS MAY NOT DEPOSIT OR CAUSE TO BE DEPOSITED SUCH SECURITIES INTO ANY DEPOSITARY RECEIPT FACILITY ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK, OTHER THAN A RULE 144A RESTRICTED DEPOSITARY RECEIPT FACILITY, SO LONG AS SUCH SECURITIES ARE “RESTRICTED SECURITIES” WITHIN THE MEANING OF RULE 144(a)(3) UNDER THE SECURITIES ACT. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THE RULE 144A DEPOSITED SECURITIES OR THE RULE 144A GDSs.

EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THIS RULE 144A GDR OR A BENEFICIAL INTEREST IN THE RULE 144A GDSs EVIDENCED HEREBY, AS THE CASE MAY BE, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

Transfer Restrictions on the Regulation S GDSs

Each owner of an interest in Regulation S GDSs, by its acceptance thereof, will be deemed to have acknowledged and represented to and agreed with us, the Depositary and the Initial Purchasers that (terms used herein that are defined in Rule 144A or Regulation S are used as defined therein):

1. the Regulation S GDSs and the Shares represented thereby have not been and are not expected to be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer;
2. such owner will not offer, sell, pledge or otherwise transfer any interest in the Regulation S GDSs or Shares represented thereby except as permitted by the applicable legend set forth in paragraph (3) below;
3. the Regulation S GDRs will bear legends to the following effect, unless we and the Depositary determine otherwise in compliance with applicable law, and that such owner will observe the restrictions contained therein:

NEITHER THIS REGULATION S GDR, NOR THE REGULATION S GDSs EVIDENCED HEREBY, NOR THE REGULATION S DEPOSITED SECURITIES REPRESENTED THEREBY HAVE BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”),

OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE OFFER, SALE, PLEDGE OR OTHER TRANSFER OF THIS REGULATION S GDR, THE REGULATION S GDSs EVIDENCED HEREBY AND THE REGULATION S DEPOSITED SECURITIES REPRESENTED THEREBY EACH IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. THE HOLDERS AND THE BENEFICIAL OWNERS HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THIS REGULATION S GDR AND THE REGULATION S GDSs EVIDENCED HEREBY, ACKNOWLEDGE THAT SUCH REGULATION S GDR, THE REGULATION S GDSs EVIDENCED HEREBY AND THE REGULATION S DEPOSITED SECURITIES REPRESENTED THEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND AGREE FOR THE BENEFIT OF THE COMPANY AND THE DEPOSITARY THAT THIS REGULATION S GDR, THE REGULATION S GDSs EVIDENCED HEREBY AND THE REGULATION S DEPOSITED SECURITIES REPRESENTED THEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES.

PLAN OF DISTRIBUTION

Citigroup Global Markets Limited is the sole bookrunner of this offering.

Subject to the terms and conditions stated in a purchase agreement, dated as of June 27, 2023, entered into between us and the Initial Purchaser (the “**Purchase Agreement**”), the Initial Purchaser has agreed to purchase, and we have agreed to sell to the Initial Purchaser, the following respective number of GDSs:

Initial Purchaser	Number of GDSs
Citigroup Global Markets Limited ⁽¹⁾	30,000,000
Total	30,000,000

Notes:

- (1) The address of Citigroup Global Markets Limited is Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

The Purchase Agreement provides that the obligations of the Initial Purchaser to purchase the GDSs included in this offering are subject to certain conditions, including receipt of certain legal opinions, and entitles the Initial Purchaser to terminate it in certain circumstances prior to payment being made to us.

The purchase price for the GDSs will be the initial offering price set forth on the cover page of this Offering Circular (the “**GDS Offering Price**”), less an underwriting commission equal to 1.4% of the gross proceeds of the GDS offering. The Initial Purchaser proposes to resell the GDSs at the GDS Offering Price within the United States to QIBs in reliance on Rule 144A and outside the United States in reliance on Regulation S. After the GDSs are released for sale, the offering price and other selling terms may from time to time be varied by the Initial Purchaser.

The GDSs and the Shares have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See “Transfer Restrictions.” The GDSs will not be offered or sold directly or indirectly in the ROC, or to, or for the account or benefit of, any ROC person.

To our best knowledge, no major shareholder, directors or members of our management or administrative bodies or any person intends to subscribe for more than 5% of this Offering.

We have applied to have the GDSs listed on the Luxembourg Stock Exchange. However, we cannot assure you that the prices at which the GDSs will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the GDSs will develop and continue after this offering. The Initial Purchaser has advised us that it currently intends to make a market in the GDSs. However, it is not obligated to do so and it may discontinue any market-making activities with respect to the GDSs at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the GDSs. In connection with the offering, the Initial Purchaser may purchase and sell the GDSs in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions, and stabilizing purchases.

- Short sales involve secondary market sales by the Initial Purchaser of a greater number of securities than they are required to purchase in the offering.
- Covering transactions involve purchases of securities in the open market after the distribution has been completed in order to cover short positions.

- Stabilizing transactions involve bids to purchase securities so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the Initial Purchaser for its own accounts, may have the effect of preventing or retarding a decline in the market price of the GDSs. It may also cause the price of the GDSs to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The Initial Purchaser may conduct these transactions in the over-the-counter market or otherwise. If the Initial Purchaser commences any of these transactions, it may discontinue them at any time.

We expect to deliver the GDSs against payment for the GDSs on or about the date specified in the last paragraph of the cover page of this Offering Circular.

From the date hereof and until 90 days after the Closing Date, we and certain of our shareholders, officers and directors will not, without the prior written consent of the Initial Purchaser, lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to (i) swap or other agreements that transfer to another, in whole or in part, any of the economic consequences of ownership of the Shares, the GDSs or any equity securities (the “**Equity Securities**”) of the Company or (ii) cash settlement or otherwise) by the Company or any of its Affiliate or any person in privity with the Company or any of its Affiliate) directly or indirectly, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act, and the rules and regulations of the Commission promulgated thereunder, with respect to, or announce the offering of, any Shares, GDSs or Equity Securities or any securities convertible into, or exchangeable for, the Shares, the GDSs or the Equity Securities.

Notwithstanding the foregoing, we may (i) issue employee bonus shares, restricted shares and stock dividends (if any) approved in the Company’s annual general meeting of shareholders, (ii) implement stock splits and employee stock option plans, (iii) issue common shares issuable upon the conversion of securities or the exercise of warrants outstanding at the Execution Time as described in this Offering Circular, and (iv) sell the Securities to the Initial Purchaser pursuant to the Purchase Agreement.

The Initial Purchaser has performed commercial banking, investment banking and advisory services for us from time to time for which it has received customary fees and reimbursement of expenses. The Initial Purchaser may, from time to time, engage in transactions with and perform services for us in the ordinary course of its business for which it may receive customary fees and reimbursement of expenses. In addition, affiliates of the Initial Purchaser are lenders, and in some cases agents or managers for the lenders, under our credit facility.

Pursuant to the Purchase Agreement, we have agreed to indemnify the Initial Purchaser against certain losses and liabilities, including civil liabilities under the Securities Act in certain situation, or to contribute to payments that the Initial Purchaser may be required to make in respect thereof.

In connection with this offering, the Initial Purchaser (or its affiliates) may, for its/their own accounts, enter into derivative transactions relating to the GDSs and/or the Common Shares represented thereby at the same time as the offer and sale of the GDSs or in secondary market transactions. As a result of such transactions, the Initial Purchaser (or its affiliates) may hold long or short positions in such GDSs or derivatives or in the Common Shares. These transactions may comprise a substantial portion of this offering and no disclosure will be made of such positions. The Initial Purchaser (or its affiliates) may have purchased GDSs and been allocated GDSs for asset management and/or proprietary purposes and not with a view to distribution.

Restriction on related party subscription under ROC law

The GDSs may not be offered or sold directly or indirectly in the ROC, or to, or for the account or benefit of, any ROC person.

Under applicable ROC laws and regulations, we and the Initial Purchaser are prohibited from offering and selling the GDSs to the “related parties” as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the persons as specified in Section 36 of the ROC Securities Association Rules Governing Underwriting and Resale of Securities by Securities Firms. Therefore, each subscriber or purchaser of the GDSs described in this Offering Circular will be deemed to have acknowledged and represented to us and the Initial Purchaser that he, she or it is not: (a) a related party to us, (b) a business entity that is invested by us using equity method in our accounting reporting, (c) a business entity that invests in our company and uses equity method in its accounting reporting; (d) a company whose chairperson of the board or president is the same as that of our company or is the spouse thereof, (e) a foundation with one-third or more of its total paid-in fund donated by us, (f) our director, supervisor, president, vice-president, assistant vice president, and other department head under the immediate supervision by our president, (g) a spouse of our director, supervisor, or president, (h) a director, supervisor, or employee of any member of the underwriting syndicate or a spouse thereto, and (i) a person subscribing for the GDSs on behalf of or for the benefit of any person set forth in items (b) to (h) above.

Notice to prospective investors in the European Economic Area

In relation to each member state of the European Economic Area, no GDSs have been offered or will be offered pursuant to this Offering Circular to the public in that member state other than:

- (a) to any legal entity which is a qualified investor as defined in Article 2 of the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the Initial Purchaser for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of GDSs shall require the Company or the Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any of the GDSs described in this Offering Circular in any member state means the communication in any form and by any means of sufficient information on the terms of the offer and any of the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

Notice to prospective investors in the United Kingdom

No GDSs have been offered or will be offered pursuant to this Offering Circular to the public in the United Kingdom other than:

- (a) to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Initial Purchaser for any such offer; or
- (c) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of GDSs shall require the Company or the Initial Purchaser to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any of the GDSs described in this Offering Circular in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any of the securities to be offered so as to enable an investor to decide to purchase or subscribe for any securities and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Notice to prospective investors in Hong Kong

The securities may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong), and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong). No advertisement, invitation or document relating to the securities may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to prospective investors in Japan

The securities offered in this Offering Circular have not been registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948) (as amended) (the “**FIEA**”). Accordingly, the securities have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to, or for the account of, any resident of Japan, or to others for re-offering or re-sale, directly or indirectly in Japan or to, for the benefit of, any resident of Japan, except pursuant to any exemption from the registration requirements of the FIEA and otherwise in compliance with the FIEA and other applicable provisions of Japanese laws, regulations and governmental guidelines. As used in this paragraph, “resident of Japan” means any person residing in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to prospective investors in Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”), (ii) to a relevant person (as defined in Section 4A of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) whose sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor;
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities pursuant to an offer made under Section 275 of the SFA except:
 - (a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
 - (b) where no consideration is or will be given for the transfer;
 - (c) where the transfer is by operation of law;
 - (d) as specified in Section 276(7) of the SFA; or
 - (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notice to prospective investors in the United Arab Emirates

This Offering Circular is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates (the "UAE"). The GDSs have not been and will not be registered under Federal Law No. 4 of 2000 concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities Market or with any other UAE exchange.

The offering of the GDSs has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities in the UAE, and does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

In relation to its use in the UAE, this Offering Circular is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The GDSs may not be offered or sold directly or indirectly to the public in the UAE.

Notice to prospective investors in the PRC

This Offering Circular is not intended to constitute a public offer of the GDSs, whether by way of sale or subscription, in the PRC. Other than to qualified domestic institutional investors in the PRC, the GDSs are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. Pursuant to the Measures for the Administration of Overseas Securities Investment by Qualified Domestic Institutional Investors, with the exception of qualified domestic institutional investors in the PRC, the GDSs may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

SUMMARY OF CERTAIN MATERIAL DIFFERENCES BETWEEN TAIWAN IFRS AND IFRS

Our financial statements are prepared and presented in accordance with Taiwan IFRS, which differs in certain material respects from IFRS. Certain material differences between Taiwan IFRS applicable to us and IFRS are summarized below. The summary should not be taken as inclusive of all Taiwan IFRS/IFRS differences.

Additionally, no attempt has been made to quantify all differences or identify all disclosure, presentation or classification differences that would affect the manner in which events and transactions are presented in the financial statements or notes thereto. Further, no attempt has been made to identify future differences between Taiwan IFRS and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate Taiwan IFRS and IFRS have significant projects ongoing that could affect future comparisons such as this one.

If we were to prepare a complete reconciliation between Taiwan IFRS and IFRS additional accounting and disclosure differences might have come to our attention.

Subject	Taiwan IFRS	IFRS
Tax on undistributed earnings	Under Taiwan IFRS, companies in the ROC are subject to 10% surtax on profit earned and retained since December 31, 1997. If the retained profits are distributed to the shareholders in the fiscal year following the year of earnings, the surtax could be avoided. If the earnings are not fully distributed to the shareholders, surtax is recorded as income tax expenses in the fiscal year when shareholders' decision on distribution is made. In addition, starting from 2018, the rate of the corporate surtax applicable to the unappropriated earnings is reduced from 10% to 5%.	Under IFRS, current and deferred tax assets and liabilities are measured at the tax rate applicable to the undistributed profits. Consequently, tax on undistributed earnings should be accrued during the period the earnings arise and adjusted to the extent of the distributions approved by the shareholders in the following year.
Disclosure of goodwill from business combinations	Taiwan IFRS requires additional disclosure if there is a significant difference between the actual operation conditions after a business combination and the expected benefits at the acquisition date.	Under IFRS, there is no such additional disclosure required as Taiwan IFRS.
Disclosure of related party transactions	Taiwan IFRS requires additional disclosure of the names of the related parties and the relationships with whom the company has significant transactions. If the transaction amount or balance with a specific related party is 10% or more of the company's respective total transaction amount or balance, such transactions should be separately disclosed by the name of each related party. Furthermore, Taiwan IFRS also stipulates that other companies or institutions of which the chairman of the company's board of directors or president serves as the chairman of the board of directors or the president of the company or its subsidiaries, or is the spouse or second immediate family member of the chairman of the company's board of directors or president of the company or its subsidiaries, are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists.	Under IFRS, in considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form. However, there is no such additional disclosure required as Taiwan IFRS.

The information set forth above does not in any way attempt to quantify the effects of the aforementioned differences between Taiwan IFRS and IFRS and the impact of such differences would have on net income or shareholder's equity under IFRS.

LEGAL MATTERS

Certain legal matters with respect to the GDSs will be passed upon for us by Baker & McKenzie as to ROC law, and for the Initial Purchaser by Sullivan & Cromwell (Hong Kong) LLP as to U.S. federal and New York law.

INDEPENDENT AUDITORS

The consolidated financial statements of Walsin Lihwa Corporation (華新麗華股份有限公司) and its subsidiaries as of and for the years ended December 31, 2020, 2021 and 2022, included in this Offering Circular, have been audited by Deloitte & Touche, independent auditors, as stated in their report appearing herein. With respect to the unaudited interim consolidated financial information of Walsin Lihwa Corporation (華新麗華股份有限公司) and its subsidiaries as of and for the three months ended March 31, 2022 and 2023, included in this Offering Circular, Deloitte & Touche, independent auditors, reported that they have applied limited procedures in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” for a review of such information. However, their report with respect thereto included in this Offering Circular states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

Deloitte & Touche are located at 20/F, No. 100, Songren Road., Xinyi District, Taipei, Taiwan.

GENERAL INFORMATION

The Company was incorporated under the laws of the ROC on December 2, 1966 with indefinite length of life. The Company's Shares have been listed on the Main Board of TWSE since November 1972 under the ticker of "1605." The ISIN code of the underlying Shares listed on TWSE is TW0001605004. As of the date of this Offering Circular, our authorized share capital was 6,500,000,000 Common Shares, NT\$10.00 par value, with an issued and fully paid-in share capital of 3,731,332,948 Common Shares. Our registered and principal executive office is located at 25/F, No.1, Songzhi Road, Taipei, Taiwan, ROC, and our telephone number is +886-2-8726-2211. We are registered with the MOEA and our business registration number is 35412204. Our Legal Entity Identifier Code is 254900SKYY99YINZ3U83. We hold our own administration of shareholder services and maintain our register of shareholders at offices in Taipei, Taiwan, and enter transfers of Common Shares in such register upon presentation of, among other documents, certificates in respect of the transferred Common Shares.

Pursuant to our Articles of Incorporation, the industries where our Company is operating includes: (1) H701010 Residential and Commercial Building development, Rental and sales Business, (2) E601010 Power Equipment Installation and Maintenance Business, (3) CC01020 Electric Wires and Cables Manufacturing, and (4) CA01010 Iron and Steel Smelt, (5) CA01020 Steel Rolling, (6) CA01050 Secondary Steelmaking, (7) B201010 Mining of Metal Ores, and (8) ZZ99999 Except the permitted business, the company may engage in other businesses not prohibited or restricted by laws and regulations.

Except otherwise disclosed in this Offering Circular, as of the date of this Offering Circular, we do not have any outstanding convertible or exchangeable debt securities or debt securities with warrants attached. No company in which we have a direct or indirect holding of more than 50% of capital or issued shares holds any Shares.

The GDSs have been accepted for clearance and settlement through the facilities of DTC, Euroclear and Clearstream, Luxembourg. Relevant trading information is set forth below.

	ISIN	CUSIP	Common Code
The GDSs:			
Rule 144A GDSs.....	US9331331002	933133100	012660847
Regulation S GDSs	USY9489R1125	Y9489R112	006056326

Application has been made to admit the GDSs on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF market of the Luxembourg Stock Exchange.

We will apply to the TWSE for the listing of the Shares underlying the GDSs as soon as practicable after the Closing Date. It is expected that the TWSE will approve the listing of the Shares in the form of Individual Scripless Certificates of Payment on the fourth business day in the ROC following the Closing Date, although there is no assurance that such listing approval will be obtained by such date (if at all).

We have obtained all necessary consents, approvals and authorizations in connection with the issue of the Shares and the GDSs. The issue of the Shares and GDSs was authorized by the shareholders at a meeting held on May 19, 2023 and by the resolutions of our board of directors passed on March 24, 2023 and May 29, 2023. Our shareholders waived their pre-emptive rights in respect of the Shares to be represented by the GDSs pursuant to a resolution passed at the same shareholders' meeting held on May 19, 2023. In addition, there is no applicable conversion procedure for our Shares, as all Shares issued by us are common shares.

Except as disclosed, there has been no significant change in our financial or trading position since March 31, 2023 or any material adverse change in our financial position or prospects since March 31, 2023.

Neither we nor any of our subsidiaries is involved in any litigation or arbitration proceedings which may have, or have had during the period recently preceding the date of this Offering Circular, a material adverse effect on our financial position, nor, so far as we or any of our subsidiaries is aware, are any such proceedings pending or threatened except as may be otherwise disclosed or referred to herein.

As of March 31, 2023, no public takeovers relating to us have taken place, and we did not attempt to acquire any other company with a public exchange offer.

Copies (and certified English translations where the documents are not in English) of the following documents may be inspected, free of charge, at the specified offices of the Depositary, so long as the GDSs remain outstanding:

- our Articles of Incorporation;
- the deposit agreements relating to the GDSs;
- the purchase agreement relating to the GDSs;
- this Offering Circular; and
- a copy of the audit reports of the independent auditors and our audited consolidated financial statements as of and for the years ended December 31, 2020, 2021 and 2022, and the unaudited consolidated financial statements as of and for the three months ended March 31, 2022 and 2023.

We published both our audited and quarterly unaudited consolidated financial statements, which are available for inspection, free of charge, at our website www.walsin.com/en/investors/financial-info. For as long as the GDSs are traded on the Euro MTF Market, we will publish all notices (including the ones such as notices relating to any general meetings, dividends, rights issues and capital increases) to holders of GDSs on the website of the Luxembourg Stock Exchange, which is www.luxse.com.

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**Walsin Lihwa Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Walsin Lihwa Corporation

Opinion

We have audited the accompanying consolidated financial statements of Walsin Lihwa Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, 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.

In our opinion, based on our audits and the reports of other auditors (as set out in the Other Matter section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the key audit matters of the consolidated financial statements of the Group as of and for the year ended December 31, 2021:

Sales Revenue Recognition

In 2021, the main products of the Group's wires and cables business unit include bare copper wires, wires and cables. The fluctuation in prices of bare copper wires is often subject to the movement in prices of raw materials, and thus some of the sales prices are set according to the market prices agreed under the contracts at the time of shipments. The Group prepares reports on point of sale transactions by referring to the actual shipments and market price adjustments as the basis for revenue recognition. Due to the large number of transactions and different market prices that have been agreed upon by customers, the processing, recording and maintenance of such reports are performed manually in which their amounts are significant to the consolidated financial statements. Therefore, the accuracy of revenue recognized from sales of bare copper wires was considered as a key audit matter. Refer to Notes 4 and 24 to the consolidated financial statements for related accounting policies and disclosure of information relating to revenue recognition.

Our audit procedures performed in respect of the above key audit matter were as follows:

1. We obtained an understanding and tested the reasonableness of revenue recognition policy and internal control procedures over the sales of bare copper wires, and evaluated the effectiveness of relevant internal controls.
2. We performed sampling and reconciliation of sales prices and quantities with their respective amounts in the contracts and verified the accuracy of market price adjustments.
3. We verified the accuracy of monthly reports by recalculating the sales revenue and confirmed that the recognized amounts were consistent with those recorded in the general ledger.

Other Matter

The financial statements of certain subsidiaries included in the consolidated financial statements as of and for the years ended December 31, 2021 and 2020 were audited by other auditors. Our opinion, insofar as it relates to such subsidiaries, is based solely on the reports of other auditors. The total assets of such subsidiaries amounted to NT\$10,292,042 thousand and NT\$10,148,841 thousand, which constituted 5.62% and 6.70% of the Group's consolidated total assets, as of December 31, 2021 and 2020, respectively, and the total net operating revenue of such subsidiaries amounted to NT\$17,799,306 thousand and NT\$18,427,711 thousand, which constituted 11.36% and 16.37% of the Group's consolidated total net operating revenue, for the years ended December 31, 2021 and 2020, respectively.

We did not audit the financial statements of some associates accounted for using the equity method included in the consolidated financial statements of the Group, but such statements were audited by other auditors. As of December 31, 2021, the total asset of these associates was NT\$1,053,790 thousand, representing 0.58% of the consolidated total assets; the share of losses of these associates was NT\$5,936 thousand, representing (0.03%) of the consolidated income before income tax.

We have also audited the parent company only financial statements of Walsin Lihwa Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion with other matter.

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 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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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 Group'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 Group'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 Group 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group 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, 2021 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 audit resulting in this independent auditors' report are Wen-Yea Shyu and Ker-Chang Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 22, 2022

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.

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 10,387,581	6	\$ 11,944,408	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	16,147	-	73,329	-
Financial assets at amortized cost - current (Notes 4 and 9)	-	-	1,315,970	1
Derivative financial assets for hedging - current (Notes 4 and 8)	89,232	-	8,282	-
Contract assets - current (Notes 4 and 10)	5,750,344	3	4,460,992	3
Notes receivable (Notes 4, 11 and 31)	2,627,411	2	2,974,132	2
Trade receivables (Notes 4, 11 and 31)	11,045,689	6	7,543,131	5
Finance lease receivables (Notes 4 and 12)	58,042	-	56,128	-
Other receivables (Note 31)	1,620,595	1	887,091	1
Inventories (Notes 4 and 13)	31,659,723	17	21,080,535	14
Other financial assets - current (Notes 6 and 32)	530,650	-	705,277	-
Other current assets	<u>5,535,226</u>	<u>3</u>	<u>5,127,533</u>	<u>3</u>
Total current assets	<u>69,320,640</u>	<u>38</u>	<u>56,176,808</u>	<u>37</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	-	-	5,683,859	4
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 14)	16,290,587	9	6,910,644	5
Investments accounted for using the equity method (Notes 4 and 16)	39,451,117	22	32,767,091	22
Property, plant and equipment (Notes 4 and 17)	41,474,488	23	34,294,221	23
Right-of-use assets (Notes 4 and 18)	1,803,510	1	1,664,406	1
Investment properties (Notes 4 and 19)	10,431,063	6	9,874,926	6
Other intangible assets	173,430	-	175,000	-
Deferred tax assets (Notes 4 and 26)	2,818,549	1	2,428,545	2
Refundable deposits (Note 6)	207,622	-	221,314	-
Long-term finance lease receivables - non-current (Notes 4 and 12)	662,543	-	720,585	-
Other non-current assets (Notes 6 and 32)	<u>401,349</u>	<u>-</u>	<u>646,607</u>	<u>-</u>
Total non-current assets	<u>113,714,258</u>	<u>62</u>	<u>95,387,198</u>	<u>63</u>
TOTAL	<u>\$ 183,034,898</u>	<u>100</u>	<u>\$ 151,564,006</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	\$ 7,108,766	4	\$ 6,591,019	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	37,439	-	8,374	-
Contract liabilities - current	3,426	-	1,499	-
Notes payable	346,947	-	235,258	-
Trade payables	8,493,921	5	7,494,471	5
Current tax liabilities (Notes 4 and 26)	6,082,152	3	4,557,761	3
Other payables	4,861,341	3	5,143,921	4
Lease liabilities - current (Notes 4 and 18)	71,470	-	75,261	-
Current portion of long-term borrowings (Note 20)	10,719,081	6	6,162,400	4
Other current liabilities (Note 30)	<u>1,127,970</u>	<u>-</u>	<u>1,188,193</u>	<u>1</u>
Total current liabilities	<u>38,852,513</u>	<u>21</u>	<u>31,458,157</u>	<u>21</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 21)	7,500,000	4	-	-
Long-term borrowings (Note 20)	24,785,952	14	31,406,829	21
Deferred tax liabilities (Notes 4 and 26)	2,214,650	1	214,457	-
Lease liabilities - non-current (Notes 4 and 18)	243,676	-	274,442	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	560,362	-	384,299	-
Other non-current liabilities (Note 28)	<u>931,477</u>	<u>1</u>	<u>544,992</u>	<u>-</u>
Total non-current liabilities	<u>36,236,117</u>	<u>20</u>	<u>32,825,019</u>	<u>21</u>
Total liabilities	<u>75,088,630</u>	<u>41</u>	<u>64,283,176</u>	<u>42</u>
EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 23)				
Share capital	<u>34,313,329</u>	<u>19</u>	<u>32,260,002</u>	<u>21</u>
Capital surplus	<u>18,440,875</u>	<u>10</u>	<u>15,690,406</u>	<u>11</u>
Retained earnings				
Legal reserve	6,109,568	3	5,428,200	4
Special reserve	2,712,250	2	3,110,410	2
Unappropriated earnings	<u>38,965,389</u>	<u>21</u>	<u>27,791,577</u>	<u>18</u>
Total retained earnings	<u>47,787,207</u>	<u>26</u>	<u>36,330,187</u>	<u>24</u>
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(6,100,687)	(3)	(5,905,135)	(4)
Unrealized gain on financial assets at fair value through other comprehensive income	11,534,267	6	6,092,775	4
Other equity-other	<u>(91,467)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other equity	<u>5,342,113</u>	<u>3</u>	<u>187,640</u>	<u>-</u>
Total equity attributable to owners of WLC	105,883,524	58	84,468,235	56
NON-CONTROLLING INTERESTS				
	<u>2,062,744</u>	<u>1</u>	<u>2,812,595</u>	<u>2</u>
Total equity	<u>107,946,268</u>	<u>59</u>	<u>87,280,830</u>	<u>58</u>
TOTAL	<u>\$ 183,034,898</u>	<u>100</u>	<u>\$ 151,564,006</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 22, 2022)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of U.S. Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 375,274	6	\$ 431,518	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	583	-	2,649	-
Financial assets at amortized cost - current (Notes 4 and 9)	-	-	47,542	1
Derivative financial assets for hedging - current (Notes 4 and 8)	3,224	-	299	-
Contract assets - current (Notes 4 and 10)	207,744	3	161,163	3
Notes receivable (Notes 4, 11 and 31)	94,921	2	107,447	2
Trade receivables (Notes 4, 11 and 31)	399,049	6	272,512	5
Finance lease receivables (Notes 4 and 12)	2,097	-	2,028	-
Other receivables (Note 31)	58,548	1	32,048	1
Inventories (Notes 4 and 13)	1,143,776	17	761,580	14
Other financial assets - current (Notes 6 and 32)	19,171	-	25,480	-
Other current assets	<u>199,971</u>	<u>3</u>	<u>185,243</u>	<u>3</u>
Total current assets	<u>2,504,358</u>	<u>38</u>	<u>2,029,509</u>	<u>37</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	-	-	205,342	4
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 14)	588,533	9	249,662	5
Investments accounted for using the equity method (Notes 4 and 16)	1,425,257	22	1,183,782	22
Property, plant and equipment (Notes 4 and 17)	1,498,356	23	1,238,953	23
Right-of-use assets (Notes 4 and 18)	65,156	1	60,130	1
Investment properties (Notes 4 and 19)	376,845	6	356,753	6
Other intangible assets	6,266	-	6,322	-
Deferred tax assets (Notes 4 and 26)	101,826	1	87,736	2
Refundable deposits (Note 6)	7,501	-	7,995	-
Long-term finance lease receivables - non-current (Notes 4 and 12)	23,936	-	26,033	-
Other non-current assets (Notes 6 and 32)	<u>14,498</u>	<u>-</u>	<u>23,361</u>	<u>-</u>
Total non-current assets	<u>4,108,174</u>	<u>62</u>	<u>3,446,069</u>	<u>63</u>
TOTAL	<u>\$ 6,612,532</u>	<u>100</u>	<u>\$ 5,475,578</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	\$ 256,820	4	\$ 238,115	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	1,353	-	303	-
Contract liabilities - current	124	-	54	-
Notes payable	12,534	-	8,499	-
Trade payables	306,861	5	270,754	5
Current tax liabilities (Notes 4 and 26)	219,731	3	164,659	3
Other payables	175,626	3	185,835	4
Lease liabilities - current (Notes 4 and 18)	2,582	-	2,719	-
Current portion of long-term borrowings (Note 20)	387,250	6	222,630	4
Other current liabilities (Note 30)	<u>40,750</u>	<u>-</u>	<u>42,926</u>	<u>1</u>
Total current liabilities	<u>1,403,631</u>	<u>21</u>	<u>1,136,494</u>	<u>21</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 21)	270,954	4	-	-
Long-term borrowings (Note 20)	895,446	14	1,134,640	21
Deferred tax liabilities (Notes 4 and 26)	80,009	1	7,748	-
Lease liabilities - non-current (Notes 4 and 18)	8,803	-	9,915	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	20,244	-	13,884	-
Other non-current liabilities (Note 28)	<u>33,652</u>	<u>1</u>	<u>19,689</u>	<u>-</u>
Total non-current liabilities	<u>1,309,108</u>	<u>20</u>	<u>1,185,876</u>	<u>21</u>
Total liabilities	<u>2,712,739</u>	<u>41</u>	<u>2,322,370</u>	<u>42</u>
EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 23)				
Share capital	<u>1,239,643</u>	<u>19</u>	<u>1,165,463</u>	<u>21</u>
Capital surplus	<u>666,217</u>	<u>10</u>	<u>566,850</u>	<u>11</u>
Retained earnings				
Legal reserve	220,721	3	196,105	4
Special reserve	97,986	2	112,370	2
Unappropriated earnings	<u>1,407,709</u>	<u>21</u>	<u>1,004,031</u>	<u>18</u>
Total retained earnings	<u>1,726,416</u>	<u>26</u>	<u>1,312,506</u>	<u>24</u>
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(220,400)	(3)	(213,337)	(4)
Unrealized gain on financial assets at fair value through other comprehensive income	416,700	6	220,115	4
Other equity-other	<u>(3,304)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other equity	<u>192,996</u>	<u>3</u>	<u>6,778</u>	<u>-</u>
Total equity attributable to owners of WLC	3,825,272	58	3,051,597	56
NON-CONTROLLING INTERESTS	<u>74,521</u>	<u>1</u>	<u>101,611</u>	<u>2</u>
Total equity	<u>3,899,793</u>	<u>59</u>	<u>3,153,208</u>	<u>58</u>
TOTAL	<u>\$ 6,612,532</u>	<u>100</u>	<u>\$ 5,475,578</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 22, 2022)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 24)	\$ 156,664,766	100	\$ 112,546,603	100
OPERATING COSTS (Notes 4 and 13)	<u>(136,855,301)</u>	<u>(88)</u>	<u>(100,078,265)</u>	<u>(89)</u>
GROSS PROFIT	<u>19,809,465</u>	<u>12</u>	<u>12,468,338</u>	<u>11</u>
OPERATING EXPENSES				
Selling and marketing expenses	2,487,342	2	1,868,164	2
General and administrative expenses	3,784,683	2	3,091,413	3
Research and development expenses	<u>191,888</u>	<u>-</u>	<u>123,699</u>	<u>-</u>
Total operating expenses	<u>6,463,913</u>	<u>4</u>	<u>5,083,276</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>13,345,552</u>	<u>8</u>	<u>7,385,062</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	91,952	-	261,523	-
Dividend income	561,499	-	110,990	-
Other income	549,102	-	136,095	-
Gain (loss) on disposal of property, plant and equipment	20,468	-	(7,979)	-
Gain on valuation of financial assets and liabilities at fair value through profit or loss	647,228	-	732,121	1
(Recognition) reversal of impairment loss (Note 25)	(693,892)	-	674	-
Other expenses	(231,656)	-	(381,505)	-
Foreign exchange loss, net	(237,222)	-	(66,726)	-
Interest expense	(417,951)	-	(539,982)	-
Gain (loss) on disposal of investments (Note 25)	679,207	1	(75,927)	-
Share of profit of associates accounted for using the equity method	<u>4,808,211</u>	<u>3</u>	<u>1,696,319</u>	<u>1</u>
Total non-operating income and expenses	<u>5,776,946</u>	<u>4</u>	<u>1,865,603</u>	<u>2</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	19,122,498	12	9,250,665	8
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(3,865,184)</u>	<u>(2)</u>	<u>(2,244,864)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>15,257,314</u>	<u>10</u>	<u>7,005,801</u>	<u>6</u>

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (153,272)	-	\$ 36,292	-
Unrealized gain on financial assets at fair value through other comprehensive income	2,594,208	1	1,077,834	1
Share of the other comprehensive income of associates accounted for using the equity method	<u>2,906,573</u>	<u>2</u>	<u>2,664,780</u>	<u>2</u>
	<u>5,347,509</u>	<u>3</u>	<u>3,778,906</u>	<u>3</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(105,982)	-	(358,081)	-
Share of the other comprehensive loss of associates accounted for using the equity method	<u>(127,834)</u>	<u>-</u>	<u>(82,616)</u>	<u>-</u>
	<u>(233,816)</u>	<u>-</u>	<u>(440,697)</u>	<u>-</u>
Other comprehensive income for the year	<u>5,113,693</u>	<u>3</u>	<u>3,338,209</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 20,371,007</u>	<u>13</u>	<u>\$ 10,344,010</u>	<u>9</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of WLC	\$ 14,642,629	9	\$ 6,691,149	6
Non-controlling interests	<u>614,685</u>	<u>1</u>	<u>314,652</u>	<u>-</u>
	<u>\$ 15,257,314</u>	<u>10</u>	<u>\$ 7,005,801</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of WLC	\$ 19,791,160	13	\$ 10,114,207	9
Non-controlling interests	<u>579,847</u>	<u>-</u>	<u>229,803</u>	<u>-</u>
	<u>\$ 20,371,007</u>	<u>13</u>	<u>\$ 10,344,010</u>	<u>9</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 4.27</u>		<u>\$ 2.04</u>	
Diluted	<u>\$ 4.26</u>		<u>\$ 2.04</u>	

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

(With Deloitte & Touche auditors' report dated February 22, 2022)

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of U.S. Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 24)	\$ 5,659,854	100	\$ 4,065,990	100
OPERATING COSTS (Notes 4 and 13)	<u>(4,944,194)</u>	<u>(88)</u>	<u>(3,615,544)</u>	<u>(89)</u>
GROSS PROFIT	<u>715,660</u>	<u>12</u>	<u>450,446</u>	<u>11</u>
OPERATING EXPENSES				
Selling and marketing expenses	89,861	2	67,491	2
General and administrative expenses	136,730	2	111,684	3
Research and development expenses	<u>6,932</u>	<u>-</u>	<u>4,469</u>	<u>-</u>
Total operating expenses	<u>233,523</u>	<u>4</u>	<u>183,644</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>482,137</u>	<u>8</u>	<u>266,802</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	3,322	-	9,448	-
Dividend income	20,285	-	4,010	-
Other income	19,838	-	4,917	-
Gain (loss) on disposal of property, plant and equipment	739	-	(288)	-
Gain on valuation of financial assets and liabilities at fair value through profit or loss	23,383	-	26,449	1
(Recognition) reversal of impairment loss (Note 25)	(25,068)	-	24	-
Other expenses	(8,369)	-	(13,782)	-
Foreign exchange loss, net	(8,570)	-	(2,411)	-
Interest expense	(15,099)	-	(19,508)	-
Gain (loss) on disposal of investments (Note 25)	24,538	1	(2,743)	-
Share of profit of associates accounted for using the equity method	<u>173,707</u>	<u>3</u>	<u>61,283</u>	<u>1</u>
Total non-operating income and expenses	<u>208,706</u>	<u>4</u>	<u>67,399</u>	<u>2</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	690,843	12	334,201	8
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(139,639)</u>	<u>(2)</u>	<u>(81,101)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>551,204</u>	<u>10</u>	<u>253,100</u>	<u>6</u>

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of U.S. Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (5,537)	-	\$ 1,311	-
Unrealized gain on financial assets at fair value through other comprehensive income	93,721	1	38,939	1
Share of the other comprehensive income of associates accounted for using the equity method	<u>105,006</u>	<u>2</u>	<u>96,271</u>	<u>2</u>
	<u>193,190</u>	<u>3</u>	<u>136,521</u>	<u>3</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(3,829)	-	(12,936)	-
Share of the other comprehensive loss of associates accounted for using the equity method	<u>(4,618)</u>	<u>-</u>	<u>(2,985)</u>	<u>-</u>
	<u>(8,447)</u>	<u>-</u>	<u>(15,921)</u>	<u>-</u>
Other comprehensive income for the year	<u>184,743</u>	<u>3</u>	<u>120,600</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 735,947</u>	<u>13</u>	<u>\$ 373,700</u>	<u>9</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of WLC	\$ 528,997	9	\$ 241,732	6
Non-controlling interests	<u>22,207</u>	<u>1</u>	<u>11,367</u>	<u>-</u>
	<u>\$ 551,204</u>	<u>10</u>	<u>\$ 253,099</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of WLC	\$ 714,999	13	\$ 365,398	9
Non-controlling interests	<u>20,948</u>	<u>-</u>	<u>8,302</u>	<u>-</u>
	<u>\$ 735,947</u>	<u>13</u>	<u>\$ 373,700</u>	<u>9</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 0.07</u>		<u>\$ 0.03</u>	
Diluted	<u>\$ 0.07</u>		<u>\$ 0.03</u>	

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

(With Deloitte & Touche auditors' report dated February 22, 2022)

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of WLC											
						Other Equity						
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translation the Financial Statement of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Other	Treasury Shares	Total	Non-controlling Interests	Total Equity
Legal Reserve			Special Reserve	Unappropriated Earnings								
BALANCE AT JANUARY 1, 2020	\$ 33,260,002	\$ 16,055,238	\$ 5,113,232	\$ 4,043,138	\$ 22,023,141	\$ (5,546,359)	\$ 2,435,949	\$ -	\$ -	\$ 77,384,341	\$ 1,181,773	\$ 78,566,114
Appropriation of 2019 earnings (Note 23)												
Legal reserve	-	-	314,968	-	(314,968)	-	-	-	-	-	-	-
Special reserve	-	-	-	(932,728)	932,728	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(1,663,000)	-	-	-	-	(1,663,000)	-	(1,663,000)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	-	-	-	(2,481)	-	-	-	-	(2,481)	-	(2,481)
Change in capital surplus from investments in associates under the equity method	-	135,304	-	-	97,145	-	(97,145)	-	-	135,304	-	135,304
Net profit for the year ended December 31, 2020	-	-	-	-	6,691,149	-	-	-	-	6,691,149	314,652	7,005,801
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	27,863	(358,776)	3,753,971	-	-	3,423,058	(84,849)	3,338,209
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	6,719,012	(358,776)	3,753,971	-	-	10,114,207	229,803	10,344,010
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	(1,500,108)	(1,500,108)	-	(1,500,108)
Cancellation of treasury shares	(1,000,000)	(500,108)	-	-	-	-	-	-	1,500,108	-	-	-
Others	-	(28)	-	-	-	-	-	-	-	(28)	-	(28)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,401,019	1,401,019
BALANCE, DECEMBER 31, 2020	32,260,002	15,690,406	5,428,200	3,110,410	27,791,577	(5,905,135)	6,092,775	-	-	84,468,235	2,812,595	87,280,830
Appropriation of 2020 earnings (Note 23)												
Legal reserve	-	-	681,368	-	(681,368)	-	-	-	-	-	-	-
Special reserve	-	-	-	(398,160)	398,160	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(3,088,200)	-	-	-	-	(3,088,200)	-	(3,088,200)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	3,124	-	-	-	-	-	-	-	3,124	-	3,124
Change in capital surplus and retained earnings from investments in associates under the equity method	-	(26,782)	-	-	77,160	-	(77,160)	(91,467)	-	(118,249)	-	(118,249)
Issuance of new shares in exchange for the shares of another company	2,053,327	2,771,798	-	-	-	-	-	-	-	4,825,125	-	4,825,125
Net profit for the year ended December 31, 2021	-	-	-	-	14,642,629	-	-	-	-	14,642,629	614,685	15,257,314
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(174,569)	(195,552)	5,518,652	-	-	5,148,531	(34,838)	5,113,693
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	14,468,060	(195,552)	5,518,652	-	-	19,791,160	579,847	20,371,007
Others	-	2,329	-	-	-	-	-	-	-	2,329	-	2,329
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,329,698)	(1,329,698)
BALANCE, DECEMBER 31, 2021	\$ 34,313,329	\$ 18,440,875	\$ 6,109,568	\$ 2,712,250	\$ 38,965,389	\$ (6,100,687)	\$ 11,534,267	\$ (91,467)	\$ -	\$ 105,883,524	\$ 2,062,744	\$ 107,946,268

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

(With Deloitte & Touche auditors' report dated February 22, 2022)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of U.S. Dollars)

	Equity Attributable to Owners of WLC											
						Other Equity						
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translation the Financial Statement of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Other	Treasury Shares	Total	Non-controlling Interests	Total Equity
Legal Reserve			Special Reserve	Unappropriated Earnings								
BALANCE AT JANUARY 1, 2020	\$ 1,201,590	\$ 580,030	\$ 184,727	\$ 146,067	\$ 795,634	\$ (200,374)	\$ 88,004	\$ -	\$ -	\$ 2,795,678	\$ 42,694	\$ 2,838,372
Appropriation of 2019 earnings (Note 23)												
Legal reserve	-	-	11,378	-	(11,378)	-	-	-	-	-	-	-
Special reserve	-	-	-	(33,697)	33,697	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(60,081)	-	-	-	-	(60,081)	-	(60,081)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	-	-	-	(91)	-	-	-	-	(91)	-	(91)
Change in capital surplus from investments in associates under the equity method	-	4,888	-	-	3,511	-	(3,511)	-	-	4,888	-	4,888
Net profit for the year ended December 31, 2020	-	-	-	-	241,732	-	-	-	-	241,732	11,367	253,099
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	1,007	(12,963)	135,622	-	-	123,666	(3,065)	120,601
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	242,739	(12,963)	135,622	-	-	365,398	8,302	373,700
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	(54,194)	(54,194)	-	(54,194)
Cancellation of treasury shares	(36,127)	(18,067)	-	-	-	-	-	-	54,194	-	-	-
Others	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	50,615	50,615
BALANCE, DECEMBER 31, 2020	1,165,463	566,850	196,105	112,370	1,004,031	(213,337)	220,115	-	-	3,051,597	101,611	3,153,208
Appropriation of 2020 earnings (Note 23)												
Legal reserve	-	-	24,616	-	(24,616)	-	-	-	-	-	-	-
Special reserve	-	-	-	(14,384)	14,384	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(11,567)	-	-	-	-	(11,567)	-	(11,567)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	113	-	-	-	-	-	-	-	113	-	113
Change in capital surplus and retained earnings from investments in associates under the equity method	-	(968)	-	-	2,788	-	(2,788)	(3,304)	-	(4,272)	-	(4,272)
Issuance of new shares in exchange for the shares of another company	74,180	100,138	-	-	-	-	-	-	-	174,318	-	174,318
Net profit for the year ended December 31, 2021	-	-	-	-	528,997	-	-	-	-	528,997	22,207	551,204
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(6,308)	(7,063)	199,373	-	-	186,002	(1,259)	184,743
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	522,689	(7,063)	199,373	-	-	714,999	20,948	735,947
Others	-	84	-	-	-	-	-	-	-	84	-	84
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(48,038)	(48,038)
BALANCE, DECEMBER 31, 2021	\$ 1,239,643	\$ 666,217	\$ 220,721	\$ 97,986	\$ 1,507,709	\$ (220,400)	\$ 416,700	\$ (3,304)	\$ -	\$ 3,925,272	\$ 74,521	\$ 3,999,793

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

(With Deloitte & Touche auditors' report dated February 22, 2022)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 19,122,498	\$ 9,250,665
Adjustments for:		
Depreciation expense	2,799,315	2,405,513
Amortization expense	31,498	35,485
Expected credit (reversed) loss recognized on trade receivables	(7,901)	12,209
Net gain on fair value change of financial assets and liabilities as at fair value through profit or loss	(647,228)	(732,121)
Interest expense	417,951	539,982
Interest income	(91,952)	(261,523)
Dividend income	(561,499)	(110,990)
Compensation cost of employees share options	11,490	8,804
Share of profit of associates accounted for using the equity method	(4,808,211)	(1,696,319)
(Gain) loss on disposal of property, plant and equipment	(20,468)	7,979
(Gain) loss on disposal of investments	(679,207)	75,927
Impairment loss (reversed) recognized on non-financial assets	693,892	(674)
Unrealized loss on foreign currency exchange	89,472	962
Gain on lease modification	-	(38)
Changes in operating assets and liabilities		
Increase in contract assets	(1,289,352)	(446,320)
Decrease in notes receivable	346,721	602,201
(Increase) decrease in trade receivables	(3,494,657)	311,810
(Increase) decrease in other receivables	(775,485)	467,742
(Increase) decrease in inventories	(11,987,254)	938,706
Increase in other current assets	(45,654)	(2,794,980)
Decrease (increase) in other financial assets	174,627	(387,544)
Increase in other operating assets	(626,734)	(366,618)
Increase in financial liabilities held for trading	513,105	75,283
Increase in contract liabilities	1,927	981
Increase (decrease) in notes payable	111,689	(107,151)
Increase in trade payables	999,450	526,654
Increase in other payables	674,668	152,124
(Decrease) increase in other current liabilities	(60,224)	532,710
Increase (decrease) in net defined benefit liabilities	176,063	(152,315)
Increase (decrease) in other operating liabilities	565,146	(133,769)
Cash generated from operations	1,633,686	8,755,375
Interest received	69,679	294,277
Dividends received	1,359,121	789,298
Interest paid	(491,575)	(534,655)
Income tax paid	(1,254,756)	(2,156,365)
Net cash generated from operating activities	1,316,155	7,147,930

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (1,985,957)	\$ (507,274)
Capital reduction and refund from financial assets at fair value through other comprehensive income	3,615	-
Disposal of financial assets at amortized cost	1,325,403	252,140
Purchase of financial assets at fair value through profit or loss	-	(5,353,790)
Disposal of financial assets at fair value through profit or loss	4,948,895	-
Acquisition of investments accounted for using the equity method	(3,227)	-
Net cash flow on disposal of subsidiaries	-	2,025,974
Payments for property, plant and equipment	(6,415,398)	(8,816,415)
Proceeds from disposal of property, plant and equipment	50,410	21,684
Decrease (increase) in refundable deposits	13,208	(36,228)
Payments for intangible assets	(6,248)	(9,327)
Payments for right-of-use assets	(222,330)	(18,989)
Payments for investment properties	(2,362)	(546)
Other investing activities	<u>1,308,017</u>	<u>132,890</u>
Net cash used in investing activities	<u>(985,974)</u>	<u>(12,309,881)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	485,651	(5,804,988)
Proceeds from bonds payable	7,500,000	-
Proceeds from long-term borrowings	4,000,000	20,640,014
Repayment of long-term borrowings	(6,064,196)	(6,564,196)
Repayment of the principal portion of lease liabilities	(89,794)	(83,862)
Cash dividends paid	(3,088,030)	(1,662,891)
Payments for buy-back of ordinary shares	-	(1,500,108)
Acquisition of subsidiaries	(5,003,810)	-
Changes in non-controlling interests	(21,666)	586,927
Other financing activities	<u>2,329</u>	<u>(28)</u>
Net cash (used in) generated from financing activities	<u>(2,279,516)</u>	<u>5,610,868</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>392,508</u>	<u>(257,515)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,556,827)</u>	<u>191,402</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>11,944,408</u>	<u>11,753,006</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>\$ 10,387,581</u></u>	<u><u>\$ 11,944,408</u></u>

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

(With Deloitte & Touche auditors' report dated February 22, 2022)

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of U.S. Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 690,843	\$ 334,200
Adjustments for:		
Depreciation expense	101,131	86,904
Amortization expense	1,138	1,282
Expected credit (reversed) loss recognized on trade receivables	(285)	441
Net gain on fair value change of financial assets and liabilities as at fair value through profit or loss	(23,383)	(26,449)
Interest expense	15,099	19,508
Interest income	(3,322)	(9,448)
Dividend income	(20,285)	(4,010)
Compensation cost of employees share options	415	318
Share of profit of associates accounted for using the equity method	(173,707)	(61,283)
(Gain) loss on disposal of property, plant and equipment	(739)	288
(Gain) loss on disposal of investments	(24,538)	2,743
Impairment loss (reversed) recognized on non-financial assets	25,068	(24)
Unrealized loss on foreign currency exchange	3,232	35
Gain on lease modification	-	(1)
Changes in operating assets and liabilities		
Increase in contract assets	(46,581)	(16,124)
Decrease in notes receivable	12,526	21,756
(Increase) decrease in trade receivables	(126,252)	11,265
(Increase) decrease in other receivables	(28,016)	16,898
(Increase) decrease in inventories	(433,066)	33,913
Increase in other current assets	(1,649)	(100,975)
Decrease (increase) in other financial assets	6,309	(14,001)
Increase in other operating assets	(22,642)	(13,245)
Increase in financial liabilities held for trading	18,537	2,720
Increase in contract liabilities	70	35
Increase (decrease) in notes payable	4,035	(3,871)
Increase in trade payables	36,107	19,027
Increase in other payables	24,374	5,496
(Decrease) increase in other current liabilities	(2,176)	19,245
Increase (decrease) in net defined benefit liabilities	6,361	(5,503)
Increase (decrease) in other operating liabilities	20,417	(4,833)
Cash generated from operations	59,021	316,307
Interest received	2,517	10,631
Dividends received	49,101	28,515
Interest paid	(17,759)	(19,316)
Income tax paid	(45,331)	(77,903)
Net cash generated from operating activities	47,549	258,234

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of U.S. Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (71,747)	\$ (18,326)
Capital reduction and refund from financial assets at fair value through other comprehensive income	131	-
Disposal of financial assets at amortized cost	47,883	9,109
Purchase of financial assets at fair value through profit or loss	-	(193,417)
Disposal of financial assets at fair value through profit or loss	178,790	-
Acquisition of investments accounted for using the equity method	(117)	-
Net cash flow on disposal of subsidiaries	-	73,193
Payments for property, plant and equipment	(231,770)	(318,512)
Proceeds from disposal of property, plant and equipment	1,821	783
Decrease (increase) in refundable deposits	477	(1,309)
Payments for intangible assets	(226)	(337)
Payments for right-of-use assets	(8,032)	(686)
Payments for investment properties	(85)	(20)
Other investing activities	<u>47,255</u>	<u>4,801</u>
Net cash used in investing activities	<u>(35,620)</u>	<u>(444,721)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	17,545	(209,718)
Proceeds from bonds payable	270,954	-
Proceeds from long-term borrowings	144,509	745,665
Repayment of long-term borrowings	(219,082)	(237,146)
Repayment of the principal portion of lease liabilities	(3,244)	(3,030)
Cash dividends paid	(111,562)	(60,076)
Payments for buy-back of ordinary shares	-	(54,195)
Acquisition of subsidiaries	(180,773)	-
Changes in non-controlling interests	(783)	21,204
Other financing activities	<u>84</u>	<u>(1)</u>
Net cash (used in) generated from financing activities	<u>(82,352)</u>	<u>202,703</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>14,179</u>	<u>(9,301)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(56,244)	6,915
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>431,518</u>	<u>424,603</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 375,274</u>	<u>\$ 431,518</u>

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

(With Deloitte & Touche auditors' report dated February 22, 2022)

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

1. GENERAL INFORMATION

Walsin Lihwa Corporation (“WLC”) was incorporated in December 1966 and commenced business in December 1966. WLC made various investments in construction, electronics, material science, real estate, etc., to diversify its operations. WLC’s main products are wires, cables and stainless steel.

WLC’s shares have been listed on the Taiwan Stock Exchange (TWSE) since November 1972. In October 1995 and November 2010, WLC increased its share capital and issued Global Depositary Receipts (GDR), which were listed on the Luxembourg Stock Exchange under stock number 168527.

The consolidated financial statements are presented in WLC’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of WLC and its subsidiaries (collectively, the “Group”) were approved by the board of directors of WLC on February 22, 2022.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by the IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

1) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 “Financial Instruments”, were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

2) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

3) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

4) Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

The amendments specify that when assessing whether a contract is onerous, the “cost of fulfilling a contract” includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence over an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate, i.e., the Group’s share of the gain or loss is eliminated.

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

3) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

4) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

5) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Group will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

Except for the above impact, as of the date the financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

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

c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period and
- Liabilities for which WLC does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

- Principle of preparation of the consolidated financial statements

The consolidated financial statements incorporate the financial statements of WLC and the entities controlled by WLC. Control is achieved when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Refer to Note 15 and Table 8 for the percent of ownership, main businesses and details of the subsidiaries.

e. Foreign currencies

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

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries and associates in other countries with currencies used different from the Group) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Group and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests of the subsidiary and are not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Inventories include real estate and constructions-in-progress, which are stated at acquisition costs plus construction costs incurred. Interest expenses on constructions-in-progress are capitalized.

g. Investment in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Group's share of equity of associates. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investment and carrying amount of investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

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

h. Property, plant and equipment

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

Property, plant and equipment in the course of construction for production, supply or administrative purposes are measured at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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

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

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer from the investment properties classification to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer from the property, plant and equipment classification to investment properties, the deemed cost of the property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss.

j. Intangible assets

Intangible assets are measured initially at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

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

k. Impairment of property, plant and equipment, right-of-use asset, investment properties, intangible assets other than goodwill and assets related to contract costs

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

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

l. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

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

1) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss. Fair value is determined in the manner described in Note 30.

b) Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition or time deposits with original maturities within 3-12 months from the date of acquisition and the interest paid to deposits which are terminated before maturity are higher than demand deposits, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, operating/finance lease receivables, as well as contract assets.

The Group always recognizes lifetime Expected Credit Losses (ECLs) for trade receivables and operating/finance lease receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- a) Internal or external information shows that the debtor is unlikely to pay its creditors.
- b) Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

3) Derecognition of financial assets

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

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

Equity instruments

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

Repurchase of WLC's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of WLC's own equity instruments.

Financial liabilities

1) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 30.

b) Financial guarantee contracts

Financial guarantee contracts issued by the Group, if not designated as at FVTPL, are subsequently measured at the higher of:

- i. The amount of the loss allowance reflecting expected credit losses; and
- ii. The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the revenue recognition policies.

2) Derecognition of financial liabilities

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

Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

m. Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

1) Fair value hedges

Gain or losses on derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

2) Cash flow hedges

The effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

n. Levies

Levies imposed by a government are accrued as other liabilities when the transactions or activities that trigger the payment of such levies occur. If the obligating event occurs over a period of time, the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold, the liability is recognized when that minimum threshold is reached.

o. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

p. Revenue recognition

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

1) Revenue from the sale of goods and real estate

Revenue from the sale of goods and real estate comes from sales of wires, cables, stainless steel and real estate. Sales of wires, cables and stainless steel are recognized as revenue when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

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

Regarding contracts relating to the sale of real estate in the course of ordinary activities, a fixed transaction price is received in instalments and recognized as a contract liability. The transaction price, after adjusting for the effect of the significant financing component, is recognized as revenue when the construction is completed and the real estate is transferred to the buyer.

2) Revenue from the others

a) Revenue from the rendering of services

Service income is recognized when services are rendered. Revenue should be recognized over time by measuring the progress toward complete satisfaction of the performance obligation. Payment for installation services is not due from the customer until the installation services are complete, and therefore, a contract asset is recognized over the period in which the installation services are performed. The contract asset is reclassified to trade receivables when installation is complete.

b) Construction contract revenue

A contract asset is recognized during construction and is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognized to date, then the Group recognizes a contract liability for the difference. Certain payments retained by the customer as specified in the contract are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligation.

When it is not able to reasonably measure the Group's progress toward satisfaction of the performance obligation but expects to recover costs, the Group recognizes revenue only to the extent of costs incurred.

q. Leases

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

a) The Group as lessor

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

Under finance leases, the lease payments comprise fixed payments and variable lease payments which depend on an index or a rate. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

b) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

r. Government grants

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

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

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

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

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

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

t. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

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

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The accounts include allowance for doubtful trade receivable accounts, inventory valuation losses, depreciation, impairment, pension, deferred tax assets, etc. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are audited on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 2,926	\$ 3,216
Checking accounts and cash in bank	8,473,267	9,723,431
Cash equivalents		
Time deposits	1,801,526	2,108,064
Short-term bills	<u>109,862</u>	<u>109,697</u>
	<u>\$ 10,387,581</u>	<u>\$ 11,944,408</u>

The market rate intervals of cash in the bank at the end of the year were as follows (except for the checking accounts' interest rate of 0.00%):

	December 31	
	2021	2020
Bank balance	0.001%-2.75%	0.001%-3.90%
Short-term bills	0.16%	0.18%

As of December 31, 2021 and 2020, certain time deposits were classified and pledged as follows:

	Purpose	December 31	
		2021	2020
Other financial assets - current			
Restricted time deposits	Negotiable certificate of deposits (not expired)	\$ -	\$ 2,300
Restricted deposits	To meet contract requirements for completing construction	18,139	14,516
	To secure short-term borrowings and letters of credit	370,054	523,952
	Repatriation of offshore funds and project grants	<u>80,493</u>	<u>85,160</u>
		<u>468,686</u>	<u>625,928</u>
Refundable deposits			
Other - pledged time deposits	To meet contract requirements for completing construction	51,667	51,528
	To meet required security deposit	867	878
Other non-current assets - other	To secure long-term borrowings	<u>-</u>	<u>8,730</u>
		<u>52,534</u>	<u>61,136</u>
		<u>\$ 521,220</u>	<u>\$ 687,064</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
Commodity futures contracts	\$ 1,940	\$ 73,329
Foreign exchange forward contracts	14,207	-
Options	-	-
Hybrid financial assets		
Corporate bonds	<u>-</u>	<u>5,683,859</u>
Financial assets at FVTPL	<u>\$ 16,147</u>	<u>\$ 5,757,188</u>

(Continued)

		December 31	
		2021	2020
Current		\$ 16,147	\$ 73,329
Non-current		<u>-</u>	<u>5,683,859</u>
		<u>\$ 16,147</u>	<u>\$ 5,757,188</u>
<u>Financial liabilities held for trading</u>			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts		\$ -	\$ 8,374
Exchange rate swap contracts		<u>37,439</u>	<u>-</u>
Financial liabilities at FVTPL		<u>\$ 37,439</u>	<u>\$ 8,374</u>
Current		\$ 37,439	\$ 8,374
Non-current		<u>-</u>	<u>-</u>
		<u>\$ 37,439</u>	<u>\$ 8,374</u>
			(Concluded)

- a. As of December 31, 2021 and 2020, outstanding commodity futures not under hedge accounting were as follows:

	Type of Transaction	Quantity (Tons)	Trade Date	Expiration Date	Exercise Price (In Thousands)	Market Price (In Thousands)	Valuation (Loss) Gain (In Thousands)
<u>December 31, 2021</u>							
Commodity futures contracts							
Copper	Buy	9,925	2021.09.01-2021.12.31	2022.01.19-2022.04.20	US\$ 94,424	US\$ 96,834	US\$ 2,410
Copper	Sell	3,050	2021.12.10-2021.12.31	2022.01.19-2022.03.31	US\$ 29,229	US\$ 29,846	US\$ (617)
Nickel	Sell	2,238	2021.11.04-2021.12.31	2022.02.04-2022.03.31	US\$ 44,698	US\$ 46,459	US\$ (1,761)
Copper	Buy	1,770	2021.09.07-2021.12.31	2022.01.31-2022.06.30	RMB 124,483	RMB 124,618	RMB 135
Zinc	Buy	275	2021.10.14-2021.12.10	2022.03.31	RMB 6,520	RMB 6,630	RMB 110
<u>December 31, 2020</u>							
Commodity futures contracts							
Copper	Buy	10,250	2020.04.30-2020.12.31	2021.01.20-2021.10.20	US\$ 76,919	US\$ 79,276	US\$ 2,357
Nickel	Sell	882	2020.10.15-2020.12.17	2021.01.15-2021.03.17	US\$ 14,560	US\$ 14,597	US\$ (37)
Copper	Buy	1,125	2020.10.12-2020.12.30	2021.01.31-2021.07.31	RMB 63,272	RMB 65,034	RMB 1,762
Zinc	Buy	155	2020.12.09-2020.12.30	2021.01.31-2021.02.28	RMB 3,318	RMB 3,233	RMB (85)
Stainless steel	Buy	3,000	2020.12.31	2021.03.31	RMB 40,121	RMB 40,110	RMB (11)

b. At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>			
Sell	EUR to USD	2022.01.08-2022.02.17	EUR18,000/USD20,326
	USD to NTD	2022.01.07-2022.02.10	USD100,000/NTD2,776,800
	USD to RMB	2022.01.13-2022.07.20	USD83,643/RMB536,528
	EUR to MYR	2022.01.14-2022.03.02	EUR1,160/MYR5,590
Buy	USD to NTD	2022.01.06-2022.02.21	USD129,363/NTD3,579,887
	USD to JPY	2022.01.12-2022.01.24	USD9,430/JPY1,077,970
	EUR to USD	2022.01.10	EUR25,405/USD28,694
	USD to SGD	2022.01.12	USD20,207/SGD27,651
	USD to RMB	2022.01.13	USD10,000/RMB63,611
<u>December 31, 2020</u>			
Sell	EUR to MYR	2021.01.15-2021.06.28	EUR887/MYR4,378
	USD to MYR	2021.01.29	USD300/MYR1,210
	EUR to USD	2021.04.08	EUR8,180/USD10,065
	USD to NTD	2021.04.08	USD10,000/NTD280,870
	USD to RMB	2021.01.04-2021.01.28	USD115,000/RMB752,822
Buy	USD to NTD	2021.01.05	USD60,000/NTD1,699,190
	USD to JPY	2021.01.28	USD5,343/JPY553,220
	USD to SGD	2021.01.19	USD38,781/SGD51,851

c. As of December 31, 2021, outstanding exchange rate swap contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2021	USD to NTD	2022.01.12	USD75,000/NTD2,097,188
	USD to NTD	2022.01.12	USD70,000/NTD1,957,375
	USD to NTD	2022.01.14	USD40,000/NTD1,109,600

- d. For the years ended December 31, 2021 and 2020, the Group's strategy for commodity futures contracts, foreign exchange forward contracts and exchange rate swap contracts was to hedge exposures to fluctuations of essential materials' prices and foreign exchange rates. However, those derivative financial instruments did not meet the criteria of hedge effectiveness; therefore, they were not accounted for by hedge accounting.
- e. In January 2020, the Group bought 2-year corporate bonds of Golden Harbour International Pte. Ltd. in the amount of US\$178,500 thousand. The bonds are embedded derivative instruments that pay a fixed interest rate of 5% plus a floating spread per annum. Due to the cash flow demand, the Group communicated with Golden Harbour International Pte. Ltd. on August 27, 2021 to exercise the early redemption to pay back the bonds. Refer to Note 15.
- f. In January 2020, the Group bought an option contract for US\$50 thousand. Under the contract, the issuer of the option will make an unconditional payment to the Group for the principal and interest of the abovementioned bonds if Golden Harbour International Pte. Ltd fails to redeem the bonds at maturity.

8. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2021	2020
<u>Financial assets - current</u>		
Fair value hedges - exchange rate swap contracts	<u>\$ 89,232</u>	<u>\$ 8,282</u>

The Group used exchange rate swap contracts to minimize its exposure to changes in the exchange rate of its foreign-currency trade receivable and trade payable. The exchange rate swaps and the corresponding financial assets have the same terms, and management believes that the exchange rate swaps are highly effective hedging instruments. The outstanding exchange rate swap contracts of the Group at the end of the year were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>			
Exchange rate swap contracts	USD to RMB	2022.01.14	USD75,000/RMB488,325
	USD to RMB	2022.01.14	USD70,000/RMB455,700
	USD to RMB	2022.06.08	USD20,000/RMB129,220
	USD to RMB	2022.06.08	USD15,000/RMB96,921

<u>December 31, 2020</u>			
Exchange rate swap contracts	USD to NTD	2021.01.13	USD21,000/NTD607,457
	USD to NTD	2021.01.13	USD21,000/NTD607,467
	USD to NTD	2021.01.13	USD30,000/NTD867,795
	USD to NTD	2021.01.13	USD30,000/NTD867,810
	USD to NTD	2021.01.13	USD30,000/NTD867,810
	USD to NTD	2021.01.13	USD30,000/NTD867,810
	USD to NTD	2021.01.13	USD27,000/NTD781,029
	USD to NTD	2021.01.13	USD11,000/NTD318,197
	USD to RMB	2021.01.15	USD21,000/RMB141,259
	USD to RMB	2021.01.15	USD21,000/RMB141,246
	USD to RMB	2021.01.15	USD80,000/RMB538,128
	USD to RMB	2021.01.15	USD40,000/RMB269,040
	USD to RMB	2021.01.15	USD27,000/RMB181,607

	For the Year Ended December 31	
	2021	2020
Gain on the hedging instruments	<u>\$ 89,232</u>	<u>\$ 8,282</u>
Loss on the hedged items	<u>\$ 52,963</u>	<u>\$ 42,075</u>

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
<u>Current</u>		
Foreign investments		
Interest rate-linked structured investment deposits	\$ <u>-</u>	\$ <u>1,315,970</u>

The interest rates for interest rate-linked structured investment deposits was 3.2% as of December 31, 2020.

10. CONTRACT ASSETS

As of December 31, 2021 and 2020, contract balances were as follows:

	December 31	
	2021	2020
Contract assets		
Cable installation	\$ 840,341	\$ 781,196
Solar power systems installation	4,910,003	3,679,796
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Contract assets - current	\$ <u>5,750,344</u>	\$ <u>4,460,992</u>

The changes in the balance of contract assets primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

11. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2021	2020
<u>Notes receivable</u>		
Notes receivable	\$ <u>2,627,411</u>	\$ <u>2,974,132</u>
<u>Trade receivables</u>		
Trade receivables	\$ 11,138,592	\$ 7,637,153
Less: Allowance for impairment loss	<u>(92,903)</u>	<u>(94,022)</u>
	\$ <u>11,045,689</u>	\$ <u>7,543,131</u>

The average credit period on the sale of goods was 60 days. In determining the collectability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by

counterparty limits that are reviewed and approved by the risk management committee annually. In this regard, the management believes the Group's credit risk is significantly reduced.

The Group applies the simplified approach prescribed by IFRS 9 to measure the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience with the respective debtors and an analysis of the debtors' current financial positions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on the past due status of receivables is not further distinguished according to different segments of the Group's customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, they are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2021

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 365 Days	More than 365 Days	Total
Expected credit loss rate	0%	0%-2%	0%-50%	0%-100%	50%-100%	
Gross carrying amount	\$ 9,374,469	\$ 1,373,270	\$ 224,201	\$ 74,105	\$ 92,547	\$ 11,138,592
Loss allowance (lifetime ECLs)	<u>-</u>	<u>(2,081)</u>	<u>(12,786)</u>	<u>(10,688)</u>	<u>(67,348)</u>	<u>(92,903)</u>
Amortized cost	<u>\$ 9,374,469</u>	<u>\$ 1,371,189</u>	<u>\$ 211,415</u>	<u>\$ 63,417</u>	<u>\$ 25,199</u>	<u>\$ 11,045,689</u>

December 31, 2020

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 365 Days	More than 365 Days	Total
Expected credit loss rate	0%	0%-2%	0%-50%	0%-100%	50%-100%	
Gross carrying amount	\$ 4,721,878	\$ 2,367,951	\$ 276,842	\$ 153,113	\$ 117,369	\$ 7,637,153
Loss allowance (lifetime ECLs)	<u>-</u>	<u>(1,937)</u>	<u>(8,503)</u>	<u>(13,451)</u>	<u>(70,131)</u>	<u>(94,022)</u>
Amortized cost	<u>\$ 4,721,878</u>	<u>\$ 2,366,014</u>	<u>\$ 268,339</u>	<u>\$ 139,662</u>	<u>\$ 47,238</u>	<u>\$ 7,543,131</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 94,022	\$ 68,967
Add: Amount recovered	8,764	26,688
(Less) add: Net remeasurement of loss allowance	(7,900)	12,209
Less: Amounts written off	(508)	(13,135)
Foreign exchange gains and losses	<u>(1,475)</u>	<u>(707)</u>
Balance at December 31	<u>\$ 92,903</u>	<u>\$ 94,022</u>

12. FINANCE LEASE RECEIVABLES

	December 31	
	2021	2020
<u>Undiscounted lease payments</u>		
Year 1	\$ 81,359	\$ 81,359
Year 2	81,359	81,359
Year 3	81,359	81,359
Year 4	81,359	81,359
Year 5	81,359	81,359
Year 6 onwards	<u>450,376</u>	<u>531,735</u>
	857,171	938,530
Less: Unearned finance income	<u>(136,586)</u>	<u>(161,817)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 720,585</u>	<u>\$ 776,713</u>
Current	\$ 58,042	\$ 56,128
Non-current	<u>662,543</u>	<u>720,585</u>
	<u>\$ 720,585</u>	<u>\$ 776,713</u>

The power supply contracts of solar power equipment are recognized in accordance with the accounting policies of finance leases. The average term of finance leases entered into was 20 years.

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The average effective interest rate contracted was approximately 3.30% per annum as of December 31, 2021 and 2020.

The finance lease receivables as of December 31, 2021 and 2020 were neither past due nor impaired.

The amounts of finance lease receivables and lease receivables pledged as collateral for bank borrowings are set out in Note 32.

13. INVENTORIES

	December 31	
	2021	2020
Manufacturing and trading industries		
Raw materials	\$ 6,753,215	\$ 3,804,593
Raw materials in transit	2,609,416	1,426,333
Supplies	1,780,788	1,420,645
Work-in-process	3,726,215	2,495,808
Finished goods and merchandise	9,435,648	5,493,205
Contracts in progress	<u>229,425</u>	<u>317,612</u>
	<u>24,534,707</u>	<u>14,958,196</u>
Real estate development industry		
Undeveloped land	3,434	3,434
Buildings and land held for sale	211,858	218,402
Contracts in progress	<u>6,909,724</u>	<u>5,900,503</u>
	<u>7,125,016</u>	<u>6,122,339</u>
	<u>\$ 31,659,723</u>	<u>\$ 21,080,535</u>

- a. The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was NT\$135,868,487 thousand and NT\$99,095,630 thousand, respectively.
- b. The cost of goods sold for the years ended December 31, 2021 and 2020 included reversals of inventory write-downs of NT\$38,114 thousand and NT\$323,333 thousand, respectively. The reversals of previous write-downs for the years ended December 31, 2021 and 2020 resulted from the inventory closeout.
- c. The purchase of inventory for the real estate development industry is primarily for the land, construction costs of future construction and construction projects which are still under development of Walsin (Nanjing) Construction Co., Ltd.
- d. Walsin (Nanjing) Construction Co., Ltd. entered into an agreement with third parties for the sale of real estate as of December 31, 2021 and 2020; the selling prices for the related residential buildings and office buildings were RMB2,400 thousand and RMB1,346,175 thousand, respectively. The sales of the real estate in the amounts of NT\$9,918 thousand and NT\$5,495,319 thousand were recorded as operating revenue for the years ended December 31, 2021 and 2020, respectively.

14. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
Domestic listed ordinary shares		
HannStar Display Corp.	\$ 5,423,342	\$ 3,685,476
HannStar Board Corp.	2,894,429	2,763,734
TECO Electric & Machinery Corp.	7,293,386	26,378
Global PMX Co., Ltd.	15,928	-
Domestic unlisted ordinary shares	560,757	339,955
Foreign unlisted ordinary shares	<u>102,745</u>	<u>95,101</u>
	<u>\$ 16,290,587</u>	<u>\$ 6,910,644</u>
Current	\$ -	\$ -
Non-current	<u>16,290,587</u>	<u>6,910,644</u>
	<u>\$ 16,290,587</u>	<u>\$ 6,910,644</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management selected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. In the December 31, 2021 and 2020, the unrealized valuation gains resulting from these investments in equity instruments were NT\$2,594,208 thousand and NT\$1,077,834 thousand, respectively, recognized in other comprehensive income (loss).

On January 6, 2021, the Group issued 205,333 thousand shares in exchange for 171,104 thousand shares of TECO Electric & Machinery Co., Ltd. WLC and TECO agreed to build a strategic alliance to enhance competitiveness and cooperation in next generation smart grid, smart manufacturing, and green energy industry. In addition, the Group also acquired the shares of TECO Electric & Machinery Co., Ltd. from the open market. As of December 31, 2021 and December 31, 2020, the Group held a total of 230,439 thousand and 954 thousand shares, respectively, of TECO Electric & Machinery Co., Ltd.

15. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

The consolidated entities as of December 31, 2021 and 2020 were as follows:

Investor	Investee	Main Business	% of Ownership	
			December 31	
			2021	2020
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited (WLHL)	Investment holding	100.00	100.00
	Concord Industries Limited (CIL)	Investment holding	100.00	100.00
	Ace Result Global Limited	Investment holding	100.00	100.00
	Energy Pilot Limited (Energy Pilot)	Investment holding	-	-
			(Note 2)	(Note 2)
	Market Pilot Limited (Market Pilot)	Investment holding	-	-
			(Note 5)	(Note 5)
	Min Maw Precision Industry Corp. (Min Maw)	Solar power systems management, design, and installation	100.00	100.00
	Walsin Info-Electric Corp. (Walsin Info-Electric)	Mechanical and electrical, communications, and power systems	99.51	99.51
	Jin-Cheng Construction Co. (Jin-Cheng)	Investment in the construction of residential and commercial buildings sold, rented design and interior decoration business contractors	99.22	99.22
	Joint Success Enterprises Limited	Investments	49.05	49.05
	P.T. Walsin Lippo Industries (P.T. Walsin)	Manufacture and sale of cables and wires	70.00	70.00
	PT. Walsin Lippo Kabel	Cables and wires	70.00	70.00
	Waltuo Green Resources Corp.	Waste disposal, resource recovery and cement products	100.00	100.00
	PT. Walsin Nickel Industrial Indonesia	Manufacture and sale of nickel pig iron	50.00	50.00
			(Note 1)	(Note 1)
	Walsin Precision Technology Sdn. Bhd.	Manufacture and sale of stainless steel	100.00	-
			(Note 8)	
	New Hono Investment Pte. Ltd.	Investment holding	100.00	-
			(Note 1)	
New Hono Investment Pte. Ltd.	PT. Walsin Nickel Industrial Indonesia	Manufacture and sale of nickel pig iron	42.00	-
			(Note 1)	(Note 1)
WLHL	Walsin (China) Investment Co., Ltd.	Investment holding	100.00	100.00
	Jiangyin Walsin Steel Cable Co., Ltd. (JHS)	Manufacture and sale of steel cables and wires	100.00	100.00
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	95.71	95.71
	Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	100.00	100.00
	Renowned International Limited	Investments	-	-
			(Note 3)	(Note 3)
	Walsin International Investments Limited	Investments	100.00	100.00
	Borrego Solar System, Inc.	Solar power system	73.49	73.66
	Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and assets management, consulting and advertising services	100.00	100.00
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat-rolled products	18.37	18.37
CIL	Walsin Specialty Steel Corp.	Sale of specialty steel products and investment	100.00	100.00
	Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes, rods and wires	100.00	100.00
	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Manufacture and sale of stainless steel	100.00	100.00
	Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of new-type alloy materials	100.00	100.00
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat-rolled products	81.63	81.63
	Walsin Precision Technology Sdn. Bhd.	Manufacture and sale of stainless steel	-	100.00
			(Note 8)	

(Continued)

Investor	Investee	Main Business	% of Ownership	
			December 31	
			2021	2020
Jin-Cherng	XiAn Walsin Metal Product Co., Ltd.	Production and sale of medium and heavy specialty steel plates	100.00	100.00
	Walsin Lihwa (Changzhou) Investment Co., Ltd.	Commerce and investments	- (Note 6)	- (Note 6)
	Joint Success Enterprises Limited	Investments	50.95	50.95
	Walsin (Nanjing) Construction Limited	Construction, rental and sale of buildings and industrial factories	100.00	100.00
	Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	100.00	100.00
	Walsin Nanjing Culture and Arts Co., Ltd.	Organize culture and arts communication activity, cultural performance, culture and arts forwarding agency	- (Note 9)	100.00
	Walsin Nanjing Commercial Management Co., Ltd.	Business management, food marketing, catering services and sale of groceries	- (Note 4)	- (Note 4)
Market Pilot Limited	XiAn Walsin United Technology Co., Ltd.	Electronic devices and module	- (Note 7)	- (Note 7)
(Concluded)				

Note 1: In January 2020, the Group invested capital to establish PT. Walsin Nickel Industrial Indonesia (“WNII”). New Hono Investment Pte. Ltd (“NHI”) held 42% equity of WNII. According to the joint venture agreement signed by the Group and NHI in January 2020, the Group had the right to purchase 100% of NHI’s shares on the terms agreed by all parties to acquire 42% equity of WNII indirectly. On June 25, 2021, the board of directors of the Company resolved to acquire 100% of NHI’s shares and the Group acquired 100% of NHI’s shares at a price US\$178,500 thousand on July 30, 2021. After the transaction, the Group directly and indirectly acquired 92% of WNII’s shares. The Investment Commission of the Ministry of Economic Affairs has approved the investment to pay by the Group’s own foreign exchange. Therefore, the Group communicated with Golden Harbour International Pte. Ltd. to exercise the early redemption and to pay back the US-currency bonds. The Group will pay the purchase of NHI’s shares by the redemption of the bonds. As of December 31, 2021, US\$178,500 thousand has been paid.

Note 2: The liquidation of Energy Pilot Limited was completed on September 3, 2020.

Note 3: The liquidation of Renowned International Limited was completed on August 24, 2020.

Note 4: The liquidation of Walsin Nanjing Commercial Management Co., Ltd. was completed on December 7, 2020.

Note 5: The liquidation of Market Pilot Limited was completed on December 9, 2020.

Note 6: The liquidation of Walsin Lihwa (Changzhou) Investment Co., Ltd. was completed on October 19, 2020.

Note 7: The liquidation of XiAn Walsin United Technology Co., Ltd. was completed on December 7, 2020.

Note 8: In order to adjust the investment structure of the Group, it was transferred from CIL to WLC.

Note 9: The liquidation of Walsin Nanjing Culture and Arts Co., Ltd. was completed on December 22, 2021.

b. The following entities were excluded from consolidation as of December 31, 2021 and 2020:

Investor	Investee	Main Business	% of Ownership		Note
			December 31		
			2021	2020	
WLHL	Walcom Chemical Industrial Limited	Commerce	65.00	65.00	Note

Note: The investee has a capital of HK\$500 thousand and total assets of HK\$1 thousand. As of December 31, 2021 and 2020, the investee had no sales, and its total assets were less than 1% of the Group's consolidated total assets.

The financial statements of certain subsidiaries included in the consolidated financial statements, namely P.T. Walsin Lippo Industries (P.T. Walsin), Borrego Solar System, Inc. and Walsin Precision Technology Sdn, Bhd. were not audited by the auditor of WLC but by other auditors. As of December 31, 2021 and 2020, the combined total assets of those subsidiaries were NT\$10,292,042 thousand and NT\$10,148,841 thousand, respectively; for the years ended December 31, 2021 and 2020, the combined net operating revenues of these subsidiaries were NT\$17,799,306 thousand and NT\$18,427,711 thousand, respectively.

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates:

Name of Associate	December 31			
	2021		2020	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
<u>Material associates</u>				
Winbond Electronics Corp.	\$ 18,357,864	22.21	\$ 14,595,661	22.21
Walton Advanced Engineering, Inc.	2,322,664	21.01	2,601,028	21.65
Walsin Technology Corp.	8,166,415	18.30	7,068,731	18.30
<u>Associates that are not individually material</u>				
Others	10,604,174		8,501,671	
	<u>\$ 39,451,117</u>		<u>\$ 32,767,091</u>	

Refer to Table 8 "Information on Investees" and Table 9 "Information on Investments in Mainland China" for the nature of activities, principal place of business and country of incorporation of the associates.

The Group is the single largest shareholder of the abovementioned material associates in which the Group has an ownership percentage of less than 50%. Considering the relative size and wide dispersion of the voting rights owned by other shareholders, the Group has no ability to direct the relevant activities of the associates and therefore has no control over these associates.

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

Name of Associate	December 31	
	2021	2020
Winbond Electronics Corp.	\$ 30,050,846	\$ 25,675,797
Walton Advanced Engineering, Inc.	\$ 2,066,495	\$ 1,512,872
Walsin Technology Corp.	\$ 14,846,688	\$ 20,491,986

All the associates are accounted for using the equity method.

The Group's share of profit and other comprehensive income of associates for the years ended December 31, 2021 and 2020 were based on the associates' financial statements audited by independent auditors for the same period.

a. Material associates

December 31, 2021

	Winbond Electronics Corp.	Walton Advanced Engineering, Inc.	Walsin Technology Corp.
Current assets	\$ 72,506,733	\$ 8,361,878	\$ 41,187,886
Non-current assets	80,233,551	13,155,507	52,910,618
Current liabilities	(28,644,931)	(5,019,961)	(21,557,433)
Non-current liabilities	<u>(34,061,841)</u>	<u>(5,259,172)</u>	<u>(19,062,857)</u>
Equity	90,033,512	11,238,252	53,478,214
Non-controlling interests	<u>(7,589,399)</u>	<u>(297,416)</u>	<u>(9,089,372)</u>
	<u>\$ 82,444,113</u>	<u>\$ 10,940,836</u>	<u>\$ 44,388,842</u>
Proportion of the Group's ownership	22.21%	21.01%	18.30%
Equity attributable to the Group	\$ 18,310,837	\$ 2,298,670	\$ 8,123,158
Other adjustments	<u>47,027</u>	<u>23,994</u>	<u>43,257</u>
Carrying amount	<u>\$ 18,357,864</u>	<u>\$ 2,322,664</u>	<u>\$ 8,166,415</u>
Operating revenue	<u>\$ 99,569,924</u>	<u>\$ 8,118,256</u>	<u>\$ 42,108,708</u>
Net profit for the year	\$ 15,000,122	\$ 118,732	\$ 8,961,076
Other comprehensive income (loss)	<u>4,186,931</u>	<u>(892,554)</u>	<u>1,157,156</u>
Total comprehensive income for the year	<u>\$ 19,187,053</u>	<u>\$ (773,822)</u>	<u>\$ 10,118,232</u>

December 31, 2020

	Winbond Electronics Corp.	Walton Advanced Engineering, Inc.	Walsin Technology Corp.
Current assets	\$ 47,530,801	\$ 6,497,236	\$ 39,636,422
Non-current assets	78,512,439	11,013,279	42,416,526
Current liabilities	(25,475,006)	(3,189,422)	(19,714,368)
Non-current liabilities	<u>(29,975,547)</u>	<u>(2,436,908)</u>	<u>(16,684,386)</u>
Equity	70,592,687	11,884,185	45,654,194
Non-controlling interests	<u>(5,143,568)</u>	<u>-</u>	<u>(7,033,732)</u>
	<u><u>\$ 65,449,119</u></u>	<u><u>\$ 11,884,185</u></u>	<u><u>\$ 38,620,462</u></u>
Proportion of the Group's ownership	22.21%	21.65%	18.30%
Equity attributable to the Group	\$ 14,536,249	\$ 2,572,926	\$ 7,067,545
Other adjustments	<u>59,412</u>	<u>28,102</u>	<u>1,186</u>
Carrying amount	<u><u>\$ 14,595,661</u></u>	<u><u>\$ 2,601,028</u></u>	<u><u>\$ 7,068,731</u></u>
Operating revenue	<u><u>\$ 60,683,171</u></u>	<u><u>\$ 5,399,201</u></u>	<u><u>\$ 35,599,197</u></u>
Net profit for the year	\$ 1,519,043	\$ 254,887	\$ 7,217,645
Other comprehensive income (loss)	<u>3,291,251</u>	<u>(49,194)</u>	<u>657,013</u>
Total comprehensive income for the year	<u><u>\$ 4,810,294</u></u>	<u><u>\$ 205,693</u></u>	<u><u>\$ 7,874,658</u></u>

b. Associates that are not individually material

	For the Year Ended December 31	
	2021	2020
The Group's share of:		
Gain (loss) from continuing operations	\$ 327,147	\$ 119,854
Other comprehensive income	<u>1,839,778</u>	<u>1,809,645</u>
Total comprehensive income for the year	<u><u>\$ 2,166,925</u></u>	<u><u>\$ 1,929,499</u></u>

The Group's share of profit and other comprehensive income of the associates for the year ended December 31, 2021 and 2020 was based on the associates' financial statements audited by independent auditors for the same period. For the year ended December 31, 2021, Walsin Color Co., Ltd. was not audited by the auditor of WLC but by other auditors. As of December 31, 2021, the carrying amount of investments accounted for using the equity method was NT\$1,053,790 thousand; for the year ended December 31, 2021, the amounts of the share of loss were NT\$5,936 thousand, respectively.

17. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2021	2020
Assets used by the Group	<u><u>\$ 41,474,488</u></u>	<u><u>\$ 34,294,221</u></u>

	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress	Total
Cost						
Balance at January 1, 2021	\$ 3,483,995	\$ 16,545,654	\$ 25,806,284	\$ 7,133,130	\$ 8,576,988	\$ 61,546,051
Additions	78,421	90,205	1,600,733	648,730	7,592,258	10,010,347
Disposals	(1,164)	(41,482)	(323,350)	(178,162)	(60)	(544,218)
Reclassified	49,773	1,463,134	8,021,006	209,169	(9,743,082)	-
Reclassified as inventories	-	682,342	-	-	-	682,342
Effect of foreign currency exchange differences	-	(68,579)	(135,618)	(29,229)	(120,729)	(354,155)
Balance at December 31, 2021	<u>\$ 3,611,025</u>	<u>\$ 18,671,274</u>	<u>\$ 34,969,055</u>	<u>\$ 7,783,638</u>	<u>\$ 6,305,375</u>	<u>\$ 71,340,367</u>
Accumulated depreciation and impairment						
Balance at January 1, 2021	\$ 8,067	\$ 6,265,972	\$ 15,948,131	\$ 5,029,660	\$ -	\$ 27,251,830
Disposals	-	(37,511)	(305,754)	(171,011)	-	(514,276)
Impairment losses recognized (reversed)	-	71,468	630,232	(7,898)	-	693,802
Depreciation expenses	-	760,482	1,288,451	450,632	-	2,499,565
Reclassified	-	55,108	4,583	(59,691)	-	-
Effect of foreign currency exchange differences	-	(12,753)	(37,899)	(14,390)	-	(65,042)
Balance at December 31, 2021	<u>\$ 8,067</u>	<u>\$ 7,102,766</u>	<u>\$ 17,527,744</u>	<u>\$ 5,227,302</u>	<u>\$ -</u>	<u>\$ 29,865,879</u>
Carrying amount at December 31, 2021	<u>\$ 3,602,958</u>	<u>\$ 11,568,508</u>	<u>\$ 17,441,311</u>	<u>\$ 2,556,336</u>	<u>\$ 6,305,375</u>	<u>\$ 41,474,488</u>
Cost						
Balance at January 1, 2020	\$ 3,453,378	\$ 16,144,426	\$ 25,268,998	\$ 6,375,790	\$ 2,001,693	\$ 53,244,285
Additions	30,617	71,752	250,651	554,663	7,840,247	8,747,930
Disposals	-	(6,290)	(252,518)	(132,739)	(15,476)	(407,023)
Reclassified	-	206,871	501,545	292,364	(1,000,780)	-
Reclassified as inventories	-	(20,674)	-	(2,782)	-	(23,456)
Effect of foreign currency exchange differences	-	149,569	37,608	45,834	(248,696)	(15,685)
Balance at December 31, 2020	<u>\$ 3,483,995</u>	<u>\$ 16,545,654</u>	<u>\$ 25,806,284</u>	<u>\$ 7,133,130</u>	<u>\$ 8,576,988</u>	<u>\$ 61,546,051</u>
Accumulated depreciation and impairment						
Balance at January 1, 2020	\$ 8,067	\$ 5,531,108	\$ 15,120,400	\$ 4,739,601	\$ -	\$ 25,399,176
Disposals	-	(5,723)	(243,278)	(128,359)	-	(377,360)
Impairment losses recognized (reversed)	-	-	-	(691)	-	(691)
Depreciation expenses	-	696,929	1,021,262	385,930	-	2,104,121
Reclassified	-	-	(976)	976	-	-
Reclassified as inventories	-	-	-	(2,086)	-	(2,086)
Effect of foreign currency exchange differences	-	43,658	50,723	34,289	-	128,670
Balance at December 31, 2020	<u>\$ 8,067</u>	<u>\$ 6,265,972</u>	<u>\$ 15,948,131</u>	<u>\$ 5,029,660</u>	<u>\$ -</u>	<u>\$ 27,251,830</u>
Carrying amount at December 31, 2020	<u>\$ 3,475,928</u>	<u>\$ 10,279,682</u>	<u>\$ 9,858,153</u>	<u>\$ 2,103,470</u>	<u>\$ 8,576,988</u>	<u>\$ 34,294,221</u>

The property, plant, and machinery equipment of PT. Walsin Nickel Industrial Indonesia which is the subsidiary of the Group is depreciated on an accelerated basis over their estimated useful lives for 16 years.

Apart from stated above, the above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	3-50 years
Machinery and equipment	3-20 years
Other equipment	3-15 years

The Group's main buildings and electrical and mechanical power equipment are depreciated over their estimated useful lives of 20-50 years and 18-20 years, respectively.

WLC owns parcels of land which were registered in the name of certain individuals because of certain regulatory restrictions. To secure its ownership of such parcels of land, WLC keeps in its possession the land titles with the annotation of the land being pledged to WLC. As of December 31, 2021 and 2020, the recorded total carrying amount of such parcels of land amounted to NT\$491,917 thousand.

After appropriate evaluation, the Group recognized an impairment loss on property, plant and equipment of NT\$693,801 thousand for the year ended December 31, 2021.

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amount</u>		
Land	\$ 1,643,343	\$ 1,480,251
Buildings	124,948	156,056
Transportation equipment	<u>35,219</u>	<u>28,099</u>
	<u>\$ 1,803,510</u>	<u>\$ 1,664,406</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 291,861</u>	<u>\$ 424,199</u>
Disposal	<u>\$ (7,762)</u>	<u>\$ (1,245)</u>
Depreciation charge for right-of-use assets		
Land	\$ 57,774	\$ 53,383
Buildings	57,569	62,564
Transportation equipment	<u>16,964</u>	<u>15,469</u>
	<u>\$ 132,307</u>	<u>\$ 131,416</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	<u>\$ 71,470</u>	<u>\$ 75,261</u>
Non-current	<u>\$ 243,676</u>	<u>\$ 274,442</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Land	0.83%-6.123%	0.83%-6.123%
Buildings	1.409%-8%	1.409%-8%
Transportation equipment	3.038%-5.75%	3.038%-5.75%

c. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	<u>\$ 45,453</u>	<u>\$ 77,768</u>
Expenses relating to low-value asset leases	<u>\$ 722</u>	<u>\$ 663</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 8,688</u>	<u>\$ 8,683</u>
Total cash outflow for leases	<u>\$ (144,657)</u>	<u>\$ (170,946)</u>

19. INVESTMENT PROPERTIES

	December 31	
	2021	2020
Completed investment properties	<u>\$ 10,431,063</u>	<u>\$ 9,874,926</u>
		Completed Investment Properties
<u>Cost</u>		
Balance at January 1, 2021		\$ 12,271,365
Additions		2,362
Reclassified from inventories		725,571
Effects of foreign currency exchange differences		<u>(7,944)</u>
Balance at December 31, 2021		<u>\$ 12,991,354</u>
Balance at January 1, 2020		\$ 12,248,696
Additions		547
Transferred to inventories		(2,188)
Effects of foreign currency exchange differences		<u>24,310</u>
Balance at December 31, 2020		<u>\$ 12,271,365</u>

(Continued)

**Completed
Investment
Properties**

Accumulated depreciation and impairment

Balance at January 1, 2021	\$ 2,396,439
Depreciation expense	167,443
Effect of foreign currency exchange differences	<u>(3,591)</u>
Balance at December 31, 2021	<u>\$ 2,560,291</u>
Balance at January 1, 2020	\$ 2,215,707
Depreciation expense	169,976
Effect of foreign currency exchange differences	<u>10,756</u>
Balance at December 31, 2020	<u>\$ 2,396,439</u> (Concluded)

The completed investment properties are depreciated under the straight-line method over their estimated useful lives of 20 to 50 years.

The main investment properties of the Group are Walsin Xin Yi Building and the completed investment properties of Walsin (Nanjing) Construction Co., Ltd. The building's valuation was commissioned by independent appraisal agencies (third parties). As of December 31, 2021 and 2020, the fair values of completed investment properties' were NT\$35,173,881 thousand and NT\$33,971,481 thousand, respectively.

20. BORROWINGS

	<u>December 31</u>	
	2021	2020
Short-term borrowings	<u>\$ 7,108,766</u>	<u>\$ 6,591,019</u>
Current portion of long-term borrowings	<u>\$ 10,719,081</u>	<u>\$ 6,162,400</u>
Long-term borrowings	<u>\$ 24,785,952</u>	<u>\$ 31,406,829</u>

a. Short-term borrowings as of December 31, 2021 and 2020 were as follows:

	<u>December 31</u>			
	<u>2021</u>		<u>2020</u>	
	<u>Interest Rate</u>		<u>Interest Rate</u>	
	%	Amount	%	Amount
Procurement loans	0.64-0.70	\$ 2,111,447	0.70-0.90	\$ 5,091,019
Bank's lines of credit	0.69-3.50	<u>4,997,319</u>	0.65	<u>1,500,000</u>
		<u>\$ 7,108,766</u>		<u>\$ 6,591,019</u>

Refer to Notes 6 and 32 for collateral pledged for short-term borrowings as of December 31, 2021 and 2021.

b. Long-term borrowings as of December 31, 2021 and 2020 were as follows:

		December 31	
		2021	2020
	Significant Covenant	Amount	Amount
First Commercial Bank	Long-term credit loan; principal repayment at maturity, from December 28, 2018 to December 28, 2021	\$ -	\$ 1,000,000
Hua Nan Commercial Bank	Long-term credit loan; principal repayment at maturity, from March 5, 2018 to March 5, 2021	-	1,500,000
Hua Nan Commercial Bank	Long-term credit loan; principal repayment at maturity, from December 28, 2018 to December 28, 2021	-	1,500,000
Chinatrust Commercial Bank	Mid-term credit loan; principal repayment at maturity, from March 5, 2018 to March 5, 2021	-	1,000,000
Mega International Commercial Bank Co., Ltd.	Long-term credit loan; principal repayment at maturity, from March 5, 2018 to March 5, 2021	-	1,000,000
Bank of Taiwan	Long-term credit loan; principal repayment at maturity, from March 4, 2019 to March 4, 2022	3,000,000	3,000,000
Cathay United Bank	Long-term credit loan; principal repayment at maturity, from March 4, 2019 to March 4, 2022	1,500,000	1,500,000
Taiwan Cooperative Bank	Long-term credit loan; principal repayment at maturity, from March 4, 2019 to March 4, 2022	1,000,000	1,000,000
Taipei Fubon Commercial Bank	Long-term credit loan; principal repayment at maturity, from June 3, 2019 to June 3, 2022	1,000,000	1,000,000
Chang Hwa Commercial Bank	Long-term credit loan; principal repayment at maturity, from June 3, 2019 to June 3, 2022	1,000,000	1,000,000
KGI Bank	Long-term credit loan; principal repayment at maturity, from June 3, 2019 to June 3, 2022	1,500,000	1,500,000
Chinatrust Commercial Bank	Long-term credit loan; principal repayment at maturity, from September 3, 2019 to September 3, 2022	1,500,000	1,500,000
Standard Chartered Bank	Long-term credit loan; principal repayment at maturity, from January 14, 2020 to December 31, 2023	5,352,144	5,352,144
DBS Bank	Long-term credit loan; principal repayment at maturity, from March 30, 2020 to March 30, 2023	3,028,500	3,028,500
DBS Bank	Long-term credit loan; principal repayment at maturity, from March 31, 2020 to March 31, 2023	3,018,600	3,018,600
DBS Bank	Long-term credit loan; principal repayment at maturity, from April 15, 2020 to April 15, 2023	3,010,000	3,010,000
Standard Chartered Bank	Long-term credit loan; principal repayment at maturity, from September 27, 2020 to December 31, 2023	2,093,000	2,093,000
Bank of Taiwan	Long-term credit loan; principal repayments at maturity, from September 22, 2020 to September 22, 2025; principal to be repaid in two phases: From the 5th year, repayments are due once every six months; at rates of 20% and 80%, respectively.	3,000,000	3,000,000
The Export-Import Bank of the Republic of China	Long-term credit loan from December 4, 2020 to December 4, 2027; principal to be repaid evenly in seven phases; 1st repayment due 48 months after the drawdown date, after which repayments are due once every six months	1,137,770	1,137,770
Hua Nan Commercial Bank	Long-term credit loan; Principal repayments at maturity, from March 29, 2021 to March 29, 2026; principal to be repaid in two phases: From the 5th year, repayments are due once every six months	2,000,000	-
Taiwan Cooperative Bank	Long-term credit loan; Principal repayments at maturity, from June 28, 2021 to June 28, 2026; principal to be repaid in two phases: 1st repayment due 48 months after the drawdown date, 2nd repayment due maturity date.	2,000,000	-
Cathay United Bank	Long-term secured loan; from December 15, 2011 to December 15, 2021; the grace period for principal is 6 months, after which repayments are due monthly	98,203	117,844
Cathay United Bank	Long-term secured loan; from September 27, 2012 to September 27, 2022; the grace period for principal is 6 months, after which repayments are due monthly	104,669	122,844
Cathay United Bank	Long-term secured loan; from February 21, 2012 to February 21, 2022; the grace period for principal is 6 months, after which repayments are due monthly	84,805	101,218

(Continued)

December 31			
2021		2020	
	Significant Covenant	Amount	Amount
Taipei Fubon Bank	Long-term secured loan; from December 25, 2013 to October 11, 2023; the grace period for principal is 6 months, after which repayments are due monthly	\$ 27,500	\$ 31,167
Taipei Fubon Bank	Long-term secured loan; from February 14, 2014 to October 11, 2023; the grace period for principal is 6 months, after which repayments are due monthly	24,267	27,467
Taipei Fubon Bank	Long-term secured loan; from October 6, 2014 to October 11, 2023; the grace period for principal is 6 months, after which repayments are due monthly	<u>25,575</u>	<u>28,675</u>
		35,505,033	37,569,229
Less: Current portion of long-term borrowings		<u>(10,719,081)</u>	<u>(6,162,400)</u>
		<u>\$ 24,785,952</u>	<u>\$ 31,406,829</u>
			(Concluded)

- 1) Under the loan agreements with DBS Bank, WLC should maintain certain financial ratios during the loan term, which are based on the annual and semi-annual consolidated financial statements audited by the independent auditors. The financial ratios are as follows:
 - a) Ratio of current assets to current liabilities not less than 100%;
 - b) Ratio of total liabilities less cash and cash equivalents to tangible net worth not more than 120%;
 - c) Ratio of net income before interest expenses, taxation, depreciation and amortization to interest expenses not less than 150%; and
 - d) Tangible net worth (net worth less intangible assets) not less than NT\$55,000,000 thousand.
- 2) As of December 31, 2021 and 2020, the effective interest rate range of the credit borrowings was 0.85%-1.20% and 0.10%-1.50% per annum, respectively. As of December 31, 2021 and 2020, the effective interest rate range of the secured borrowings was 1.66%-2.07% per annum.
- 3) As of December 31, 2021 and 2020, the Group's current portion of long-term borrowings were NT\$10,719,081 thousand and NT\$6,162,400 thousand, respectively, under the loan agreements. The Group's consolidated financial statements for the years ended December 31, 2021 and 2020 showed that the Group was in compliance with the aforementioned financial ratio requirements.
- 4) Refer to Note 32 for collaterals pledged on bank borrowings as of December 31, 2021 and 2020.

21. BONDS PAYABLE

	December 31	
	2021	2020
The 1st unsecured bonds in 2021	<u>\$ 7,500,000</u>	<u>\$ -</u>

On October 8, 2021, the Company issued the first unsecured bonds for NT\$7.5 billion, each with a face value of NT\$10 million. The issuance period is 5 years, and the maturity date is on October 8, 2026. The annual interest rate is 0.7%. From the issuance date, the interest will be paid once a year, and the principal will be repaid once due.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

The total expense recognized in profit or loss for the years ended December 31, 2021 and 2020 was NT\$95,977 thousand and NT\$89,868 thousand, respectively, which represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

b. Defined benefit plans

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

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

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 1,487,554	\$ 1,371,774
Fair value of plan assets	<u>(1,037,916)</u>	<u>(1,083,800)</u>
Net defined benefit liabilities	<u>\$ 449,638</u>	<u>\$ 287,974</u>

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2020	<u>\$ 1,462,115</u>	<u>\$ (1,003,099)</u>	<u>\$ 459,016</u>
Service cost			
Current service cost	12,743	-	12,743
Net interest expense (income)	<u>10,917</u>	<u>(7,483)</u>	<u>3,434</u>
Recognized in profit or loss	<u>23,660</u>	<u>(7,483)</u>	<u>16,177</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(32,941)	(32,941)
Actuarial loss - changes in demographic assumptions	3,949	-	3,949

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Actuarial loss - changes in financial assumptions	\$ 30,358	\$ -	\$ 30,358
Actuarial gain - experience adjustments	(45,036)	-	(45,036)
Recognized in other comprehensive loss	(10,729)	(32,941)	(43,670)
Contributions from the employer	-	(128,929)	(128,929)
Benefits paid	(88,652)	88,652	-
Account paid	(14,620)	-	(14,620)
Balance at December 31, 2020	<u>1,371,774</u>	<u>(1,083,800)</u>	<u>287,974</u>
Service cost			
Current service cost	10,917	-	10,917
Net interest expense (income)	6,801	(5,366)	1,435
Recognized in profit or loss	<u>17,718</u>	<u>(5,366)</u>	<u>12,352</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(13,584)	(13,584)
Actuarial loss - changes in demographic assumptions	38,641	-	38,641
Actuarial gain - changes in financial assumptions	(15,729)	-	(15,729)
Actuarial loss - experience adjustments	151,322	-	151,322
Recognized in other comprehensive loss	<u>174,234</u>	<u>(13,584)</u>	<u>160,650</u>
Contributions from the employer	-	(11,338)	(11,338)
Benefits paid	<u>(76,172)</u>	<u>76,172</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 1,487,554</u>	<u>\$ (1,037,916)</u>	<u>\$ 449,638</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2021	2020
Operating costs	\$ 6,240	\$ 9,465
Selling and marketing expenses	945	1,286
General and administrative expenses	4,918	4,947
Research and development expenses	<u>249</u>	<u>479</u>
	<u>\$ 12,352</u>	<u>\$ 16,177</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2021	2020
Discount rates	0.625%	0.50%
Expected rates of salary increase	2.25%	2.25%

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

	December 31	
	2021	2020
Discount rates		
0.5% increase	<u>\$ (61,945)</u>	<u>\$ (59,752)</u>
0.5% decrease	<u>\$ 66,092</u>	<u>\$ 63,935</u>
Expected rates of salary increase		
0.5% increase	<u>\$ 63,726</u>	<u>\$ 61,541</u>
0.5% decrease	<u>\$ (60,375)</u>	<u>\$ (58,145)</u>

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

23. EQUITY

	December 31	
	2021	2020
Share capital		
Ordinary shares	\$ 34,313,329	\$ 32,260,002
Capital surplus	18,440,875	15,690,406
Retained earnings	47,787,207	36,330,187
Others	5,342,113	187,640
Non-controlling interests	<u>2,062,744</u>	<u>2,812,595</u>
	<u>\$ 107,946,268</u>	<u>\$ 87,280,830</u>

a. Share capital

Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	<u>6,500,000</u>	<u>6,500,000</u>
Amount of authorized shares	<u>\$ 65,000,000</u>	<u>\$ 65,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>3,431,333</u>	<u>3,226,000</u>
Amount of issued shares	<u>\$ 34,313,329</u>	<u>\$ 32,260,002</u>

As of January 1, 2020, the amount of WLC's issued shares was all NT\$33,260,002 thousand, which consisted of 3,326,000 thousand shares at par value of NT\$10.

In August 2020 and November 2020, WLC reduced capital and cancelled 40,000 thousand and 60,000 thousand treasury shares, respectively. In January 2021, the Group issued 205,333 thousand shares of TECO Electric & Machinery Co., Ltd. Hence, as of December 31, 2021, the paid-in capital was NT\$34,313,329 thousand, divided into 3,431,333 thousand ordinary shares at par value of NT\$10.

As of December 31, 2021, 2 thousand GDRs of WLC were traded on the Luxemburg Stock Exchange. The number of common shares represented by the GDRs was 22 thousand shares (one GDR represents 10 common shares).

b. Capital surplus

	December 31	
	2021	2020
Issuance of ordinary shares	\$ 12,639,452	\$ 9,867,654
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	3,124	-
Share of changes in capital surplus of associates	440,288	467,070
Treasury share transactions	2,254,074	2,254,074
Gain on disposal of property, plant and equipment	2,074,231	2,074,231
Others	<u>1,029,706</u>	<u>1,027,377</u>
	<u>\$ 18,440,875</u>	<u>\$ 15,690,406</u>

The premium from shares issued in excess of par (share premium from issuance of ordinary shares, conversion of bonds and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Group's capital surplus and to once a year).

The capital surplus arises from changes in capital surplus of subsidiaries accounted for using the equity method, employee share options and share warrants may not be used for any purpose.

c. Retained earnings and dividend policy

The shareholders of WLC held their regular meeting on July 15, 2021, and in that meeting, resolved the amendments to WLC's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where WLC made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit this requirement is not applicable when the legal reserve has reached the total capital, and then any remaining profit together with prior unappropriated earnings shall be appropriated for special reserve or appropriate reversal of special reserve in accordance with the laws and regulations, and then the balance shall be used by WLC's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends to shareholders. Other than the aforementioned regulations, WLC shall reserve no lesser than 40% of the balance amount as shareholders' profit after offsetting its loss and tax payments in the previous year, capital reserve, and special reserve adjusted by the accumulated net deduction of other equity. The profits shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

Before the amendments, where WLC made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit this requirement is not applicable when the legal reserve has reached the total capital, and then any remaining profit together with prior unappropriated earnings shall be appropriated for setting aside or reversing a special reserve in accordance with the laws and regulations, and then shall be used by WLC's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends to shareholders. WLC shall reserve no lesser than 40% of the balance amount as shareholders' profit after offsetting its loss and tax payments in the previous year, capital reserve and special reserve. The profits shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals WLC's paid-in capital. The legal reserve may be used to offset any deficits. If WLC has no deficit and the legal reserve has exceeded 25% of WLC's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by WLC.

Refer to Note 25 for the policies on the distribution of employees' compensation and remuneration of directors and supervisors.

The appropriation of earnings for 2020 and 2019, which were approved in the shareholders' meeting on July 15, 2021 and May 29, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2020	2019	2020	2019
Legal reserve	\$ 681,368	\$ 314,968	\$ -	\$ -
Special reserve	(398,160)	(932,728)	-	-
Cash dividends	<u>3,088,200</u>	<u>1,663,000</u>	0.9	0.5
	<u>\$ 3,371,408</u>	<u>\$ 1,045,240</u>		

The appropriation of earnings for 2021, which were proposed by WLC's board of directors on February 22, 2022, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 1,454,522	\$ -
Cash dividends	<u>5,490,133</u>	1.6
	<u><u>\$ 6,944,655</u></u>	

The appropriations of earnings for 2021 are subject to the resolution of the shareholders in their meeting to be held on May 13, 2022.

d. Special reserve

	December 31	
	2021	2020
Special reserve	<u>\$ 2,712,250</u>	<u>\$ 3,110,410</u>

Information regarding any changes to the above special reserve was as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 3,110,410	\$ 4,043,138
Appropriations	<u>(398,160)</u>	<u>(932,728)</u>
Balance at December 31	<u><u>\$ 2,712,250</u></u>	<u><u>\$ 3,110,410</u></u>

e. Other equity items

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (5,905,135)	\$ (5,546,359)
Share from subsidiaries and associates accounted for using the equity method	<u>(195,552)</u>	<u>(358,776)</u>
Balance at December 31	<u><u>\$ (6,100,687)</u></u>	<u><u>\$ (5,905,135)</u></u>

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (the New Taiwan dollar) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

2) Unrealized valuation gain (loss) on financial assets at FVOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 6,092,775	\$ 2,435,949
Unrealized gain - equity instruments	2,594,208	1,258,198
Share from associates accounted for using the equity method	<u>2,847,284</u>	<u>2,398,628</u>
Balance at December 31	<u>\$ 11,534,267</u>	<u>\$ 6,092,775</u>

3) Cash flow hedges

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ -	\$ -
Other equity from associates accounted for using the equity	<u>(91,467)</u>	<u>-</u>
Balance at December 31	<u>\$ (91,467)</u>	<u>\$ -</u>

f. Treasury shares

Treasury share transactions for the year ended December 31, 2020 were summarized as follows:

Purpose of Buy-back	Number of Shares at January 1, 2020	Increase During the Period	Decrease During the Period	Number of Shares at December 31, 2020
To restore credibility and preserve shareholders' rights	<u>-</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>-</u>

Article 28.2 of the Securities and Exchange Act stipulates that the number of treasury shares held by WLC should not exceed 10% of the number of shares issued and that the cost of acquisition of treasury shares should not exceed the total of retained earnings, additional paid-in capital and other realized capital surplus. In addition, WLC shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

24. OPERATING REVENUE

	For the Year Ended December 31	
	2021	2020
Sales revenue	\$ 152,001,410	\$ 105,217,487
Sales of real estate	9,918	5,495,319
Other revenue	<u>4,653,438</u>	<u>1,833,797</u>
	<u>\$ 156,664,766</u>	<u>\$ 112,546,603</u>

25. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

Non-operating Income and Expense - Gain (Loss) on Disposal of Investment

	For the Year Ended December 31	
	2021	2020
Gain (loss) on disposal of investments - commodity futures	\$ 513,703	\$ (217,842)
Gain on disposal of investments - foreign exchange forward contracts	167,227	142,504
Gain on disposal of investments - exchange rate swap contracts	14,301	2,349
Loss on disposal of investments - commodity options	<u>(16,024)</u>	<u>(2,938)</u>
	<u>\$ 679,207</u>	<u>\$ (75,927)</u>

Non-operating Income and Expense - Impairment Loss (Recognized) Reversed

	For the Year Ended December 31	
	2021	2020
Impairment loss (recognized) reversed on property, plant and equipment	\$ (693,801)	\$ 691
Others	<u>(91)</u>	<u>(17)</u>
	<u>\$ (693,892)</u>	<u>\$ 674</u>

Employee Benefits Expense, Depreciation and Amortization

	For the Year Ended December 31, 2021			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term employment benefits	<u>\$ 3,540,027</u>	<u>\$ 2,529,250</u>	<u>\$ -</u>	<u>\$ 6,069,277</u>
Post-employment benefits	<u>\$ 190,141</u>	<u>\$ 115,367</u>	<u>\$ -</u>	<u>\$ 305,508</u>
Other employee benefits	<u>\$ 439,493</u>	<u>\$ 301,869</u>	<u>\$ -</u>	<u>\$ 741,362</u>
Depreciation				
Property, plant and equipment	\$ 1,918,969	\$ 577,770	\$ 2,826	\$ 2,499,565
Right-of-use assets	32,101	100,206	-	132,307
Investment properties	<u>165,918</u>	<u>1,525</u>	<u>-</u>	<u>167,443</u>
	<u>\$ 2,116,988</u>	<u>\$ 679,501</u>	<u>\$ 2,826</u>	<u>\$ 2,799,315</u>
Amortization	<u>\$ 4,225</u>	<u>\$ 27,273</u>	<u>\$ -</u>	<u>\$ 31,498</u>

For the Year Ended December 31, 2020

	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term employment benefits	\$ 3,132,714	\$ 2,254,057	\$ -	\$ 5,386,771
Post-employment benefits	\$ 103,937	\$ 75,465	\$ -	\$ 179,402
Other employee benefits	\$ 410,065	\$ 232,115	\$ -	\$ 642,180
Depreciation				
Property, plant and equipment	\$ 1,839,259	\$ 261,784	\$ 3,078	\$ 2,104,121
Right-of-use assets	31,990	99,426	-	131,416
Investment properties	164,050	5,926	-	169,976
	<u>\$ 2,035,299</u>	<u>\$ 367,136</u>	<u>\$ 3,078</u>	<u>\$ 2,405,513</u>
Amortization	<u>\$ 5,664</u>	<u>\$ 29,821</u>	<u>\$ -</u>	<u>\$ 35,485</u>

According to the Company's Articles, the Company accrues employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the years ended December 31, 2021 and 2020, the compensation of employees amounted to NT\$187,000 thousand and NT\$68,500 thousand, respectively, and the remuneration of directors and supervisors amounted to NT\$75,000 thousand and NT\$34,050 thousand, respectively. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2021 and 2020 were approved by the Group's board of directors on February 22, 2022 and February 26, 2021, respectively.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual consolidated financial statements are authorized for issue are adjusted in the year the compensation and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2020 and 2019 resolved by WLC's board of directors on February 26, 2021 and February 27, 2020, respectively, and the respective amounts were recognized in the consolidated financial statements.

Information on the employees' compensation and remuneration of directors and supervisors resolved by WLC's board of directors for 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Income tax expense are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 2,173,361	\$ 1,155,082
Income tax on unappropriated earnings	83,446	48,843
Adjustments for prior year	(7,968)	(5,279)
Land value increment tax	6,156	1,375,227
Others	-	16,218
	<u>2,254,995</u>	<u>2,590,090</u>
Deferred tax		
In respect of the current year	1,615,411	(280,516)
Adjustments to deferred tax attributable to changes in tax rates and laws	(5,222)	(64,710)
	<u>1,610,189</u>	<u>(345,226)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,865,184</u>	<u>\$ 2,244,864</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	<u>\$ 19,122,498</u>	<u>\$ 9,250,665</u>
Income tax expense calculated at the statutory rate	\$ 3,931,277	\$ 2,961,094
Equity in investees' net gain	481,251	(1,008,704)
Tax-exempt dividend income	(111,889)	(21,701)
Loss on disposal of equity investments	-	(560,411)
Loss on investments	(384,000)	(495,100)
Tax-exempt subsidize revenue	-	(3,880)
Others	(23,339)	150,520
Unrecognized loss carryforwards/deductible temporary differences	(104,528)	(131,035)
Adjustments for prior years' tax	(13,190)	(69,989)
Income tax on unappropriated earnings	83,446	48,843
Land value increment tax	<u>6,156</u>	<u>1,375,227</u>
Income tax expense recognized in profit or loss	<u>\$ 3,865,184</u>	<u>\$ 2,244,864</u>

In July 2019, the president of the ROC announced the amendments to the statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable (recorded under other non-current assets - others)	<u>\$ 28,619</u>	<u>\$ 47,864</u>
Current tax liabilities		
Income tax payable	<u>\$ 6,082,152</u>	<u>\$ 4,557,761</u>

c. Deferred tax assets and liabilities

	December 31	
	2021	2020
<u>Deferred tax assets</u>		
Loss carryforwards	\$ 119,774	\$ 300,951
Pension expense not currently deductible	32,000	32,000
Provision for devaluation loss on obsolete and slow-moving inventories	42,307	34,564
Provision for impairment loss on idle assets	10,000	17,000
Unrealized gross profit from intercompany transactions	2,000	6,489
Provision for devaluation loss on long-term investments	547,000	547,000
Difference between financial and tax accounting of the depreciation of property, plant and equipment	21,583	400
Prepaid expense	899,015	1,173,984
Loss of liquidation of investments	384,000	-
Others	<u>760,870</u>	<u>316,157</u>
	<u>\$ 2,818,549</u>	<u>\$ 2,428,545</u>
<u>Deferred tax liabilities</u>		
Difference between financial and tax accounting of the depreciation of property, plant and equipment	\$ (67,388)	\$ (60,930)
Reserve for land value increment tax	(153,214)	(173,329)
Unrealized gain on investments	(2,020,432)	-
Others	<u>26,384</u>	<u>19,802</u>
	<u>\$ (2,214,650)</u>	<u>\$ (214,457)</u>

d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets were as follows:

Loss Carryforwards	December 31	
	2021	2020
Expiry in 2021	\$ -	\$ 643,157
Expiry in 2022	44,883	77,524
Expiry in 2023	75,676	109,241
Expiry in 2024	85,267	90,064
Expiry in 2025	82,435	3,937
Expiry in 2026	<u>2,186</u>	<u>-</u>
	<u>\$ 290,447</u>	<u>\$ 923,923</u>

e. The Group's tax loss carryforwards as of December 31, 2021 were as follows:

Expiry Year	Tax Loss Carryforwards
2022	\$ 44,883
2023	152,856
2024	87,057
2025	95,532
2026	16,392
2031	<u>13,501</u>
	<u>\$ 410,221</u>

f. WLC's income tax returns through 2018 had been assessed by the tax authorities.

27. EARNINGS PER SHARE

	For the Year Ended December 31					
	2021		2020			
	Amounts (Numerator)	Earnings Per Share (In Dollars)	Amounts (Numerator)	Earnings Per Share (In Dollars)		
	After Income Tax (Attributable to Parent's Shareholders)	Shares (Denominator) (In Thousands)	After Income Tax (Attributable to Parent's Shareholders)	Shares (Denominator) (In Thousands)	After Income Tax (Attributable to Parent's Shareholders)	
Basic earnings per share						
Net income	\$ 14,642,629	3,428,520	\$ 6,691,149	3,276,128	\$ 2.04	
Effect of potentially dilutive ordinary shares						
Diluted earnings per share	<u>-</u>	<u>7,632</u>	<u>-</u>	<u>4,100</u>		
Employee bonus	<u>\$ 14,642,629</u>	<u>3,436,152</u>	<u>\$ 6,691,149</u>	<u>3,280,228</u>	<u>\$ 2.04</u>	

28. OPERATING LEASE ARRANGEMENTS

Operating leases relate to leases of investment properties owned by the Group with lease terms between 5 and 10 years, with an option to extend for another 10 years. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to renew. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

As of December 31, 2021 and 2020, deposits received under operating leases amounted to NT\$329,321 thousand and NT\$303,187 thousand, respectively (recorded under other non-current liabilities).

As of December 31, 2021, the Group's future minimum lease receivables on non-cancelable operating lease commitments are as follows:

2022	\$ 1,237,025
2023-2027	2,028,375
After 2027	<u>232,010</u>
	<u>\$ 3,497,410</u>

29. CAPITAL MANAGEMENT

The Group's capital management objective is to ensure that it has the necessary financial resources and operational plan so that it can cope with the next 12 months working capital requirements, capital expenditures, debt repayments and dividends spending.

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

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel, consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management considers the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate the fair values.

December 31, 2021

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Bonds payable	\$ 7,500,000	\$ -	\$ 7,500,000	\$ -	\$ 7,500,000

The fair values of the financial assets and financial liabilities included in the Level 2 categories above have been determined in accordance with the income approach based on a discounted cash flow analysis. The observable inputs including bond duration, bond interest rates and credit rating.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ 1,940	\$ 14,207	\$ -	\$ 16,147
Derivatives financial assets for hedging	-	89,232	-	89,232
	<u>\$ 1,940</u>	<u>\$ 103,439</u>	<u>\$ -</u>	<u>\$ 105,379</u>
<u>Financial assets at fair value FVTOCI</u>				
Investments in equity instruments				
Listed securities in the ROC	\$ 15,627,085	\$ -	\$ -	\$ 15,627,085
Unlisted securities	-	-	663,502	663,502
	<u>\$ 15,627,085</u>	<u>\$ -</u>	<u>\$ 663,502</u>	<u>\$ 16,290,587</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives not designated as hedging instruments	<u>\$ -</u>	<u>\$ 37,439</u>	<u>\$ -</u>	<u>\$ 37,439</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ 73,329	\$ -	\$ -	\$ 73,329
Corporate bonds	-	-	5,683,859	5,683,859
Derivatives financial assets for hedging	-	8,282	-	8,282
	<u>\$ 73,329</u>	<u>\$ 8,282</u>	<u>\$ 5,683,859</u>	<u>\$ 5,765,470</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at fair value FVTOCI				
Investments in equity instruments				
Listed securities in the ROC	\$ 6,475,588	\$ -	\$ -	\$ 6,475,588
Unlisted securities	<u>-</u>	<u>-</u>	<u>435,056</u>	<u>435,056</u>
	<u>\$ 6,475,588</u>	<u>\$ -</u>	<u>\$ 435,056</u>	<u>\$ 6,910,644</u>
Financial liabilities at FVTPL				
Derivatives not designated as hedging instruments	<u>\$ -</u>	<u>\$ 8,374</u>	<u>\$ -</u>	<u>\$ 8,374</u> (Concluded)

- 2) There were no transfers between Levels 1, 2 and 3 for the years ended December 31, 2021 and 2020.
- 3) Reconciliation of Level 3 fair value measurements of financial instruments.

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2021	\$ 435,056
Additions	177,887
Capital reduction and refund	(3,615)
Recognized in other comprehensive income	54,678
Effects of exchange rate changes	<u>(504)</u>
Balance at December 31, 2021	<u>\$ 663,502</u>

For the year ended December 31, 2020

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2020	\$ 593,981
Additions	58,950
Recognized in other comprehensive income	(222,166)
Effects of exchange rate changes	<u>4,291</u>
Balance at December 31, 2020	<u>\$ 435,056</u>

4) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - exchange rate swap contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

5) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Unlisted equity securities	Market approach. Fair values are determined based on observable and comparable companies' fair values at the end of the reporting period, adjusted by price earnings ratio and price-to-book ratio of the investees. Net asset method. Fair values are determined based on the book value of companies. Discounted cash flow. Present values are determined based on future cash flows discounted at market yield.
Derivatives - options	Option pricing models. Fair values are determined using option pricing models where significant unobservable input is historical volatility.
Hybrid instruments - corporate bonds	Discounted cash flow. Future cash flows are estimated based on contract rates and discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 10,387,581	\$ 11,944,408
Contract assets - current	5,750,344	4,460,992
Notes receivable and trade receivables (including related parties)	13,673,100	10,517,263
Finance lease receivables (current and non-current)	720,585	776,713
Other receivables	1,620,595	887,091
Other financial assets	530,650	705,277
Refundable deposits	207,622	221,314
		(Continued)

	December 31	
	2021	2020
Financial assets at amortized cost - current	\$ -	\$ 1,315,970
Derivative financial assets for hedging (current and non-current)	89,232	8,282
Financial assets at FVTPL (current and non-current)	16,147	5,757,188
Financial assets at FVTOCI (current and non-current)	16,290,587	6,910,644
<u>Financial liabilities</u>		
Financial liabilities at FVTPL (current and non-current)	37,439	8,374
Financial liabilities at amortized cost		
Short-term borrowings	7,108,766	6,591,019
Contract liabilities	3,426	1,499
Notes payable and trade payables	8,840,868	7,729,729
Other payables	4,861,341	5,143,921
Bonds payable	7,500,000	-
Long-term borrowings (including current portion)	35,505,033	37,569,229
Deposits received (accounted for as other current and non-current liabilities)	920,410	532,530
		(Concluded)

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and investments, borrowings, trade receivables, and trade payables. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provides written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and investments of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments for speculative purposes.

1) Market risk

The Group's activities exposed is primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into foreign exchange forward contracts and interest rate swaps contracts to hedge foreign currency risk and interest rate risk.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

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

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as follows:

	December 31	
	2021	2020
<u>Assets</u>		
U.S. dollar	\$ 22,471,643	\$ 7,361,149
Japanese yen	122,926	27,663
Euro	953,435	487,961
Singapore dollar	67,335	-
Hong Kong dollar	15,903	8,771
Australian dollar	31,714	12,493
Malaysian ringgit	-	713,350
Indonesian rupiah	3,267,147	111,268
<u>Liabilities</u>		
U.S. dollar	6,392,384	14,723,112
Japanese yen	-	1,108
Euro	830	159
Malaysian ringgit	-	48,113
Renminbi	743	795,234
Swiss franc	513	549
Indonesian rupiah	103,634	-

The carrying amounts of the Group's derivatives exposed to foreign currency risk at the end of the reporting period were as follows:

	December 31	
	2021	2020
<u>Assets</u>		
U.S. dollar	\$ 9,660,314	\$ 8,661,457
Euro	795,675	-
<u>Liabilities</u>		
U.S. dollar	10,204,046	8,951,264
Euro	600,096	317,514

Sensitivity analysis

The Group was mainly exposed to the U.S. dollars.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (functional currency) against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts the translation at the end of the reporting period for a 1% change in foreign currency rates.

	U.S. Dollar Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	\$ 155,355	\$ (95,784)

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates.

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial liabilities	<u>\$ 7,500,000</u>	<u>\$ -</u>
Cash flow interest rate risk		
Financial assets	\$ -	\$ 1,315,970
Financial liabilities	42,613,799	44,160,248

Sensitivity analysis

The sensitivity analysis below shows the possible effect on profit and loss assuming a change in was determined based on the Group's exposure to interest rates for financial instruments at the end of the reporting period. For floating liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% basis points higher and all other variables were held constant, the Group's pre-tax, net profit for the years ended December 31, 2021 and 2020 would have decreased by NT\$426,138 thousand and NT\$428,443 thousand, respectively.

Hedge accounting

For the year ended December 31, 2021

The Group's hedging strategy is to enter into exchange rate swap contracts to avoid exchange rate exposure on 100% of the fair value of its foreign currency receipts and payments and to manage exchange rate exposure. Those transactions are designated as fair value hedges. Adjustments are recognized directly in profit or loss and are presented as hedged items on the consolidated statements of comprehensive income.

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Price	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Effectiveness
						Asset	Liability	
Fair value hedges								
Exchange rate swap contracts	USD to RMB	USD75,000/ RMB488,325	2022.1.14	RMB 498,529	Financial assets for hedging	RMB 10,204	\$ -	\$ -
Exchange rate swap contracts	USD to RMB	USD70,000/ RMB455,700	2022.1.14	RMB 465,153	Financial assets for hedging	RMB 9,453	-	-
Exchange rate swap contracts	USD to RMB	USD20,000/ RMB129,220	2022.6.08	RMB 129,728	Financial assets for hedging	RMB 508	-	-
Exchange rate swap contracts	USD to RMB	USD15,000/ RMB96,921	2022.6.08	RMB 97,308	Financial assets for hedging	RMB 387	-	-

For the year ended December 31, 2020

The Group's hedging strategy is to enter into exchange rate swap contracts to avoid exchange rate exposure on 100% of the fair value of its foreign currency denominated receipts and payments and to manage exchange rate exposure. Those transactions are designated as fair value hedges. Adjustments are recognized directly in profit or loss and are presented as hedged items on the consolidated statements of comprehensive income.

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Price	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Effectiveness
						Asset	Liability	
Fair value hedges								
Exchange rate swap contracts	USD to NTD	USD21,000/ NTD607,457	2021.1.13	\$ 590,059	Financial liabilities for hedging	\$ -	\$ (17,398)	\$ -
Exchange rate swap contracts	USD to NTD	USD30,000/ NTD867,795	2021.1.13	842,940	Financial liabilities for hedging	-	(24,855)	-
Exchange rate swap contracts	USD to NTD	USD30,000/ NTD867,810	2021.1.13	842,940	Financial liabilities for hedging	-	(24,870)	-
Exchange rate swap contracts	USD to NTD	USD21,000/ NTD607,467	2021.1.13	590,058	Financial liabilities for hedging	-	(17,409)	-
Exchange rate swap contracts	USD to NTD	USD30,000/ NTD867,810	2021.1.13	842,940	Financial liabilities for hedging	-	(24,870)	-
Exchange rate swap contracts	USD to NTD	USD27,000/ NTD781,029	2021.1.13	758,646	Financial liabilities for hedging	-	(22,383)	-
Exchange rate swap contracts	USD to NTD	USD30,000/ NTD867,810	2021.1.13	842,940	Financial liabilities for hedging	-	(24,870)	-
Exchange rate swap contracts	USD to NTD	USD11,000/ NTD318,197	2021.1.13	309,078	Financial liabilities for hedging	-	(9,119)	-
Exchange rate swap contracts	USD to RMB	USD21,000/ RMB141,259	2021.1.15	RMB 145,695	Financial assets for hedging	RMB 4,436	-	-
Exchange rate swap contracts	USD to RMB	USD80,000/ RMB538,128	2021.1.15	RMB 555,027	Financial assets for hedging	RMB 16,899	-	-
Exchange rate swap contracts	USD to RMB	USD21,000/ RMB141,246	2021.1.15	RMB 145,669	Financial assets for hedging	RMB 4,423	-	-
Exchange rate swap contracts	USD to RMB	USD40,000/ RMB269,040	2021.1.15	RMB 277,466	Financial assets for hedging	RMB 8,426	-	-
Exchange rate swap contracts	USD to RMB	USD27,000/ RMB181,607	2021.1.15	RMB 187,300	Financial assets for hedging	RMB 5,693	-	-

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

- The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst the approved counterparties. Also, credit exposure is controlled by setting credit limits that are reviewed and approved annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk was significantly reduced.

3) Liquidity risk

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

- a) The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods.

December 31, 2021

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$17,827,847	\$16,648,182	\$ 7,000,000	\$ 1,137,770	\$42,613,799
Lease liabilities	83,709	68,394	100,609	141,279	393,991
Fixed interest rate liabilities	-	-	7,500,000	-	7,500,000
Non-interest bearing	<u>14,491,770</u>	<u>29,024</u>	<u>101,825</u>	<u>-</u>	<u>14,622,619</u>
	<u>\$32,403,326</u>	<u>\$16,745,600</u>	<u>\$14,702,434</u>	<u>\$ 1,279,049</u>	<u>\$65,130,409</u>

December 31, 2020

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$12,753,419	\$18,144,584	\$12,124,475	\$ 1,137,770	\$44,160,248
Lease liabilities	110,061	69,523	129,031	153,615	462,230
Non-interest bearing	<u>13,262,780</u>	<u>28,216</u>	<u>115,184</u>	<u>-</u>	<u>13,406,180</u>
	<u>\$26,126,260</u>	<u>\$18,242,323</u>	<u>\$12,368,690</u>	<u>\$ 1,291,385</u>	<u>\$58,028,658</u>

b) The Group's derivative financial instruments with agreed upon settlement dates were as follows:

December 31, 2021

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Net settled</u>					
Commodity futures contracts	\$ 16,434	\$ (19,571)	\$ 5,077	\$ -	\$ 1,940
Foreign exchange forward contracts	13,115	146	946	-	14,207
Exchange rate swap contracts	<u>47,904</u>	<u>-</u>	<u>3,889</u>	<u>-</u>	<u>51,793</u>
	<u>\$ 77,453</u>	<u>\$ (19,425)</u>	<u>\$ 9,912</u>	<u>\$ -</u>	<u>\$ 67,940</u>

December 31, 2020

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Net settled</u>					
Commodity futures contracts	\$ (617)	\$ 62,663	\$ 11,283	\$ -	\$ 73,329
Foreign exchange forward contracts	(8,020)	(44)	(310)	-	(8,374)
Exchange rate swap contracts	<u>8,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,282</u>
	<u>\$ (355)</u>	<u>\$ 62,619</u>	<u>\$ 10,973</u>	<u>\$ -</u>	<u>\$ 73,237</u>

e. Transfers of financial assets

Factored trade receivables that are not overdue at the end of the year were as follows:

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
<u>December 31, 2021</u>					
CTBC bank	<u>\$ 150,495</u>	<u>\$ 5,786</u>	<u>US\$ 2,700</u>	<u>\$ -</u>	-
<u>December 31, 2020</u>					
CTBC bank	<u>\$ 137,121</u>	<u>\$ 21,266</u>	<u>US\$ 2,700</u>	<u>\$ -</u>	-

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between WLC and its subsidiaries, which are related parties of WLC, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as below:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Winbond Electronics Corp.	Associate
Walsin Technology Corp.	Associate
Walton Advanced Engineering, Inc.	Associate
Chin-Xin Investment Co., Ltd.	Associate
Changzhou China Steel Precision Materials Co., Ltd.	Associate
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Associate
Walsin Color Co., Ltd.	Associate
Nuvoton Technology Corporation	Associate
Prosperity Dielectrics Co., Ltd.	Associate
HannStar Display Corp.	Substantive related party
Kuong Tai Metal Industrial Co., Ltd.	Substantive related party
HannStar Board Tech. (Jiangyin) Corp	Substantive related party
HannStar Board Corp.	Substantive related party
Global Brands Manufacture Ltd.	Substantive related party
Info-Tek Corp.	Substantive related party

b. Sales

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Associates	\$ 6,458	\$ 8,782
Other related parties	<u>1,751,701</u>	<u>903,376</u>
	<u>\$ 1,758,159</u>	<u>\$ 912,158</u>

c. Rental income

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Associates	\$ 46,197	\$ 44,514
Other related parties	<u>1,029</u>	<u>993</u>
	<u>\$ 47,226</u>	<u>\$ 45,507</u>

d. Purchases of goods

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Associates	\$ 33,027	\$ 30,100
Other related parties	<u>4,961</u>	<u>3,891</u>
	<u>\$ 37,988</u>	<u>\$ 33,991</u>

e. Administrative expenses

	For the Year Ended December 31	
	2021	2020
Associates	\$ 14,889	\$ 12,955
Other related parties	<u>13,558</u>	<u>10,725</u>
	<u><u>\$ 28,447</u></u>	<u><u>\$ 23,680</u></u>

The stock registration matters of WLC and related parties were handled together. The related fees allocated to the related parties were charged against general and administrative expenses.

f. Dividend income

	For the Year Ended December 31	
	2021	2020
HannStar Display Corp.	\$ 149,816	\$ -
HannStar Board Corp.	140,259	106,722
Other related parties	<u>7,705</u>	<u>2,890</u>
	<u><u>\$ 297,780</u></u>	<u><u>\$ 109,612</u></u>

g. Notes receivable

	December 31	
	2021	2020
Associates	<u><u>\$ 2,186</u></u>	<u><u>\$ 6,312</u></u>

h. Trade receivables

	December 31	
	2021	2020
Other related parties	<u><u>\$ 17,229</u></u>	<u><u>\$ 39,054</u></u>

i. Notes payable

	December 31	
	2021	2020
Associates	<u><u>\$ 10,257</u></u>	<u><u>\$ 16,857</u></u>

j. Trade payables

	December 31	
	2021	2020
Other related parties	<u><u>\$ 601</u></u>	<u><u>\$ 684</u></u>

k. Other receivables (excluding financing provided)

	December 31	
	2021	2020
Associates	\$ 19,279	\$ 9,945
Other related parties	<u>2,648</u>	<u>2,598</u>
	<u><u>\$ 21,927</u></u>	<u><u>\$ 12,543</u></u>

l. Financing provided

Financing provided for years ended December 31, 2021 and 2020 are as follows:

	December 31, 2021			
Related Parties	Highest Balance for the Period	Ending Balance	Interest Income	Interest Rate
Hangzhou Walsin Power Cable & Wire Co., Ltd.	<u>\$ 350,991</u>	<u>\$ 347,329</u>	<u>\$ 15,310</u>	4.35%
	December 31, 2020			
Related Parties	Highest Balance for the Period	Ending Balance	Interest Income	Interest Rate
Hangzhou Walsin Power Cable & Wire Co., Ltd.	<u>\$ 350,663</u>	<u>\$ 349,187</u>	<u>\$ 16,159</u>	4.35%-4.79%

m. Guarantee deposits

	December 31	
	2021	2020
Associates	\$ 7,453	\$ 7,225
Other related parties	<u>282</u>	<u>282</u>
	<u><u>\$ 7,735</u></u>	<u><u>\$ 7,507</u></u>

n. Disposal of property, plant and equipment (included investment properties)

	For the Year Ended December 31			
	2021		2020	
	Price	Gain on Disposals	Price	Gain on Disposals
Prosperity Dielectrics Co., Ltd.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 295</u>	<u>\$ 295</u>

o. Compensation of key management personnel

The remuneration of directors and key executives was as follows:

	December 31	
	2021	2020
Short-term benefits	\$ 217,518	\$ 127,218
Post-employment benefits	<u>1,392</u>	<u>1,414</u>
	<u>\$ 218,910</u>	<u>\$ 128,632</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collaterals for bank borrowings, the deposits for completing constructions and tariff guarantees for imported raw materials:

	December 31	
	2021	2020
Refundable deposits (recorded under other financial assets - current)	\$ 61,964	\$ 79,977
Restricted deposits (recorded under other financial assets - current)	388,193	538,468
Pledged time deposits (recorded under other financial assets - current)	8,683	-
Pledged time deposits (recorded under other financial assets - non-current)	-	8,730
Finance lease receivables - current	58,042	56,128
Finance lease receivables - non-current	662,543	720,585
Other non-current assets	<u>52,534</u>	<u>52,406</u>
	<u>\$ 1,231,959</u>	<u>\$ 1,456,294</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, unrecognized commitments and significant contingencies of the Group at December 31, 2021 and 2020 were as follows:

- a. Outstanding letters of credit not reflected in the accompanying consolidated financial statements as of December 31, 2021 and 2020 were as follows (in thousands):

	December 31	
	2021	2020
U.S. dollar	US\$ 9,572	US\$ 17,455
Japanese Yen	JPY 160,710	JPY 108,812
Euro	EUR 26,852	EUR 4,770
Renminbi	RMB 13,134	RMB 13,134
New Taiwan dollar	NT\$ 47,575	NT\$ 82,347

b. Outstanding standby letters of credit not reflected in the consolidated financial statements as follows (in thousands):

	December 31	
	2021	2020
New Taiwan dollar	<u>NT\$ 665,286</u>	<u>NT\$ 392,784</u>
U.S. dollar	<u>US\$ 30</u>	<u>US\$ 30</u>
Renminbi	<u>RMB 111,504</u>	<u>RMB 41,533</u>

c. Based on the tariff and relevant regulations, the Group shall issue a letter of credit to import goods and to meet the needs of post-release duty payment. The guaranteed amount was as follows:

	December 31	
	2021	2020
New Taiwan dollar	<u>NT\$ 462,000</u>	<u>NT\$ 434,000</u>

d. Non-cancelable raw material procurement contracts were as follows:

	December 31	
	2021	2020
U.S. dollar	<u>US\$ 42,595</u>	<u>US\$ 22,681</u>
Renminbi	<u>RMB 259,005</u>	<u>RMB -</u>

e. The Group entered into a contract for the construction of new plants on the Group's own land. The amount of the unrecognized commitments were as follow:

	December 31	
	2021	2020
New Taiwan dollar	<u>NT\$2,702,350</u>	<u>NT\$ -</u>
U.S. dollar	<u>US\$ 4,362</u>	<u>US\$ 115,670</u>
Renminbi	<u>RMB 395,368</u>	<u>RMB -</u>

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities dominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$	811,837	\$ 22,471,643
Japanese yen		511,128	122,926

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Euro	\$ 30,442	31.3200	\$ 953,435
Hong Kong dollar	4,481	3.5490	15,903
Australian dollar	1,579	20.0800	31,714
Singapore dollars	3,291	20.4600	67,335
Indonesian rupiah	1,650,074,291	0.00198	3,267,147
Non-monetary items			
U.S. dollar	320	27.6800	8,864

Financial liabilities

Monetary items			
U.S. dollar	230,939	27.68	6,392,384
Euro	27	31.3200	830
Renminbi	171	4.3416	743
Swiss franc	17	31.1750	513
Indonesian rupiah	52,340,604	0.00198	103,634
Non-monetary items			
U.S. dollar	1,353	27.68	37,439
			(Concluded)

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$ 258,467	28.4800	\$ 7,361,149
Japanese yen	100,120	0.2763	27,663
Euro	13,934	35.0200	487,961
Hong Kong dollar	2,388	3.6730	8,771
Australian dollar	596	21.9500	12,493
Malaysian ringgit	105,067	6.7895	713,350
Indonesian rupiah	54,811,630	0.0020	111,268
Non-monetary items			
U.S. dollar	201,893	28.4800	5,749,918
Renminbi	43,268	4.3648	188,857

Financial liabilities

Monetary items			
U.S. dollar	516,963	28.4800	14,723,112
Japanese yen	4,011	0.2763	1,108
Euro	5	35.0200	159
Malaysian ringgit	7,086	6.7895	48,113
Renminbi	182,191	4.3648	795,234
Swiss franc	17	32.3050	549
Non-monetary items			
U.S. dollar	6,377	28.4800	181,613

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses were NT\$237,222 thousand and NT\$66,726 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies in the Group.

35. SEPARATELY DISCLOSED ITEMS

a. Information about on significant transactions and information on investees:

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

b. Information on investments in mainland China:

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 9)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 10):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period;
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period;

- c) The amount of property transactions and the amount of the resultant gains or losses;
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes;
 - e) The highest balance, the ending period balance, the interest rate range, and total current period interest with respect to the financing of funds; and
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 11)

36. SEGMENT INFORMATION

a. Basic information

1) Classification

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

a) Wires and cables

The segment's main products include copper rods, wires, connectors and components which are sold to industries involving cables and wires, communications cable, heavy electronics, home electrical appliances and construction.

b) Stainless steel

The segment's main products included smelting, rolled stainless steel, carbon steel and precision alloy wire which are sold to industries involving construction components, crankshafts, machine tools, plumbing, heat exchange, drainage, petrochemicals and construction.

c) Real estate

Real estate is responsible for the development of commercial and real estate complexes and real estate management. Furthermore, the modes of operation are the construction of residences, offices, markets and hotels, and the offering of rental space, operating management and after-sales services.

d) Administration and investing

The segment of administration and investing refers to other investments in mainland China.

2) Estimates of operating segment income and expenses, assets and liabilities

Accounting policies of operating segments are the same with those summarized in Note 4 to the consolidated financial statements. Operating segment income and expenses are measured based on estimated future potential profit and pre-tax operating profit adjusted by hedge accounting. Sales

and transfers between segments are treated as transactions with third parties and evaluated at fair value.

The Group does not allocate income tax expense (benefit), investment income (loss) recognized under equity method, foreign exchange gain (loss), net investment income (loss), gain (loss) on disposal of investments, gain (loss) on valuation of financial assets and liabilities and extraordinary items to reportable segments. The amounts reported are consistent with the report used by chief operating decision maker.

3) Identification of operating segments

The reported operating segments are classified according to the different products and services that are managed separately because they use different technology and selling strategies.

b. Financial information

1) Segment revenue and results:

	(NT\$ in Thousand)					
	Wires and Cables	Stainless Steel	Resource	Real Estate	Administration and Investing	Total
For the year ended <u>December 31, 2021</u>						
External net sales and operating revenues	\$ 64,422,883	\$ 65,297,118	\$ 8,571,368	\$ 1,882,235	\$ 16,491,162	\$156,664,766
Operating profit	2,239,742	5,904,114	4,009,584	214,240	977,872	13,345,552
Net non-operating income (expenses)						
Net interest income (expenses)						(325,999)
Share of profit of associates accounted for using the equity method						4,808,211
Dividend income						561,499
Gain on disposal of property, plant and equipment						20,468
Gain on disposal of investments						679,207
Foreign exchange gain, net						(237,222)
Gain on financial assets and liabilities at fair value through profit or loss						647,228
Impairment loss						(693,892)
Net other income						<u>317,446</u>
Consolidated income before income tax						<u>\$ 19,122,498</u>
For the year ended <u>December 31, 2020</u>						
External net sales and operating revenues	41,378,992	46,030,715	-	7,099,820	18,037,076	\$112,546,603
Operating profit	1,242,325	1,196,472	(53,818)	3,583,825	1,252,635	7,221,439
Net non-operating income (expenses)						
Net interest income (expenses)						(278,459)
Share of profit of associates accounted for using the equity method						1,696,319
Dividend income						110,990
Gain on disposal of property, plant and equipment						(7,979)
Loss on disposal of investments						87,696
Foreign exchange loss, net						(66,726)
Gain on financial assets and liabilities at fair value through profit or loss						732,121
Impairment loss						674
Net other expenses						<u>(245,410)</u>
Consolidated income before income tax						<u>\$ 9,250,665</u>

2) Segment assets and liabilities

	Wires and Cables	Stainless Steel	Resource	Real Estate	Administration and Investing	Total
<u>Segment assets</u>						
December 31, 2021	\$ 15,420,471	\$ 38,002,224	\$ 17,042,352	\$ 28,324,476	\$ 84,245,375	<u>\$ 183,034,898</u>
December 31, 2020	11,208,815	30,235,244	15,047,662	27,684,853	67,387,432	<u>\$ 151,564,006</u>
<u>Segment liabilities</u>						
December 31, 2021	11,025,954	16,632,104	7,578,444	12,893,795	26,958,333	<u>\$ 75,088,630</u>
December 31, 2020	3,902,905	14,463,048	11,710,614	12,371,783	21,834,826	<u>\$ 64,283,176</u>

3) Geographical information

The Group's revenue from external customers and non-current assets, excluding those classified as held for sale, financial instruments, deferred tax assets, and post-employment benefit, categorized by geographical location is as follows:

	Revenue from External Customers		Non-current Assets December 31	
	2021	2020	2021	2020
Asia	\$ 134,031,146	\$ 90,763,089	\$ 54,005,146	\$ 46,169,318
United States of America	17,315,503	17,896,829	225,071	156,460
Europe	3,662,416	2,048,572	-	-
Others	<u>1,655,701</u>	<u>1,838,113</u>	<u>-</u>	<u>-</u>
	<u>\$ 156,664,766</u>	<u>\$ 112,546,603</u>	<u>\$ 54,230,217</u>	<u>\$ 46,325,778</u>

Note: Revenue from external customers is classified by geographical location.

4) Information about major customer

No single customer contributed 10% or more to the Group's revenue for both 2021 and 2020.

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In thousands of New Taiwan Dollars and U.S. Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
0	Walsin Lihwa Corporation	PT. Walsin Nickel Industrial Indonesia	Other receivables	Yes	\$ 17,824,000 (US\$ 640,000)	\$ 8,857,600 (US\$ 320,000)	\$ - (US\$ -)	3.50	Operating capital	\$ -	Operating capital and equipment purchase	\$ -	-	\$ -	\$ 42,353,410 (US\$ 1,530,109)	\$ 42,353,410 (US\$ 1,530,109)

Notes:

1. According to the financing provided by Walsin Lih wa Corporation, the limit on the amount of financing provided to a single enterprise that holds directly or indirectly 100% of the voting rights of a subsidiary cannot exceed 40% of the equity presented in the consolidated financial statements of Walsin Lihwa Corporation.

a. The limit on the amount of financing provided to a single enterprise was as follows:

PT. Walsin Nickel Industrial Indonesia = \$105,883,524 × 40% = \$42,353,410 (US\$1,530,109)

b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = \$105,883,524 × 40% = \$42,353,410 (US\$1,530,109)
2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.
3. The currency exchange rate as of December 31, 2021 was as follows: US\$ to NT\$ = 1:27.68.

TABLE 1-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
1	Walsin (China) Investment Co., Ltd.	Hangzhou Walsin Power Cable & Wire Co., Ltd.	Other receivables	Yes	350,991 (RMB 80,000)	347,329 (RMB 80,000)	347,329 (RMB 80,000)	4.35	Operating capital	-	Operating capital	-	-	-	1,780,563 (US\$ 64,325)	1,780,563 (US\$ 64,325)
		Walsin (Nanjing) Construction Limited	Other receivables	Yes	4,387,390 (RMB 1,000,000)	4,341,610 (RMB 1,000,000)	3,023,515 (RMB 696,404)	4.05	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$ 1,530,109)	42,353,410 (US\$ 1,530,109)
		Yantai Walsin Stainless Steel Co., Ltd.	Other receivables	Yes	6,612,155 (US\$ 100,000) (RMB 860,000)	6,501,785 (US\$ 100,000) (RMB 860,000)	3,239,085 (US\$ 60,115) (RMB 362,792)	1.15-3.00	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$ 1,530,109)	42,353,410 (US\$ 1,530,109)
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Other receivables	Yes	1,805,170 (US\$ 45,000) (RMB 120,000)	1,766,593 (US\$ 45,000) (RMB 120,000)	1,234,307 (US\$ 44,592) (RMB -)	1.15-1.65	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$ 1,530,109)	42,353,410 (US\$ 1,530,109)
		Changshu Walsin Specialty Steel Co., Ltd.	Other receivables	Yes	2,393,248 (US\$ 58,000) (RMB 170,000)	2,343,514 (US\$ 58,000) (RMB 170,000)	1,543,714 (US\$ 55,770) (RMB -)	1.15-1.65	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$ 1,530,109)	42,353,410 (US\$ 1,530,109)
		Dongguan Walsin Wire & Cable Co., Ltd.	Other receivables	Yes	2,282,800 (US\$ 80,000)	2,214,400 (US\$ 80,000)	1,895,443 (US\$ 68,477)	1.15-1.65	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$ 1,530,109)	42,353,410 (US\$ 1,530,109)
		Jiangyin Walsin Steel Cable Co., Ltd.	Other receivables	Yes	2,038,856 (US\$ 10,000) (RMB 400,000)	2,013,444 (US\$ 10,000) (RMB 400,000)	1,168,579 (US\$ 8,708) (RMB 213,640)	1.15-3.00	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$ 1,530,109)	42,353,410 (US\$ 1,530,109)
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Other receivables	Yes	256,815 (US\$ 9,000)	249,120 (US\$ 9,000)	247,653 (US\$ 8,947)	1.15-1.65	Operating capital	-	Operating capital	-	-	-	445,141 (US\$ 16,081)	1,780,563 (US\$ 64,325)
2	Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	2,851,804 (RMB 650,000)	2,822,047 (RMB 650,000)	2,396,200 (RMB 551,915)	2.70	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$ 1,530,109)	42,353,410 (US\$ 1,530,109)
3	Walsin International Investments Limited	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	15,794,322 (US\$ 382,000) (RMB 1,127,000)	15,466,754 (US\$ 382,000) (RMB 1,127,000)	11,040,170 (US\$ 242,000) (RMB 1,000,000)	0.98-2.60	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$ 1,530,109)	42,353,410 (US\$ 1,530,109)
		Walsin Lihwa Corporation	Other receivables	Yes	9,844,575 (US\$ 345,000)	9,549,600 (US\$ 345,000)	- (US\$ -)	0.12-0.23	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$ 1,530,109)	42,353,410 (US\$ 1,530,109)
		PT. Walsin Nickel Industrial Indonesia	Other receivables	Yes	6,920,000 (US\$ 250,000)	6,920,000 (US\$ 250,000)	6,920,000 (US\$ 250,000)	3.50	Operating capital	-	Operating capital	-	-	-	7,322,605 (US\$ 264,537)	7,322,605 (US\$ 264,537)

(Continued)

Notes:

1. According to the financing regulations provided by Walsin (China) Investment Co., Ltd., Dongguan Walsin Wire & Cable Co., Ltd. and Walsin International Investments Ltd., the total limit on the amount of the financing provided to a single enterprise that holds directly or indirectly 100% of the voting rights of a subsidiary whose equity is 100%-owned, directly or indirectly by the parent company cannot exceed 40% of the equity of the parent company as presented in the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a single enterprise that holds less than 100% of a subsidiary whose equity is less than 100%-owned, directly or indirectly by its parent company, cannot exceed 40% of the parent company’s equity as presented in its the consolidated financial statements of a subsidiary. If the financing is an one-time funding, the amount for an individual loan shall not exceed 40 % of the financing company’s net worth as stated in the financing company’s most current consolidated financial statements. If it is a revolving funding, the amount for an individual loan shall not exceed 10 % of the financing company’s net worth in the financing company’s most current consolidated financial statements.
- a. The limit on the amount of financing provided to a single enterprise was as follows:

Jiangyin Walsin Steel Cable Co., Ltd. = \$105,883,524 × 40% = \$42,353,410 (US\$1,530,109)

Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. = US\$160,812×10% = US\$16,081 (445,141)

Walsin (China) Investment Co., Ltd. = \$105,883,524 × 40% = \$42,353,410 (US\$1,530,109)

Walsin Lihwa Corporation = \$105,883,524 × 40% = \$42,353,410 (US\$1,530,109)

Walsin (Nanjing) Construction Limited = \$105,883,524 × 40% = \$42,353,410 (US\$1,530,109)

Yantai Walsin Stainless Steel Co., Ltd. = \$105,883,524 × 40% = \$42,353,410 (US\$1,530,109)

Jiangyin Walsin Specialty Alloy Materials Co., Ltd. = \$105,883,524 × 40% = \$42,353,410 (US\$1,530,109)

Changshu Walsin Specialty Steel Co., Ltd. = \$105,883,524 × 40% = \$42,353,410 (US\$1,530,109)

Dongguan Walsin Wire & Cable Co., Ltd. = \$105,883,524 × 40% = \$42,353,410 (US\$1,530,109)

Walsin Lihwa Holdings Limited = \$105,883,524 × 40% = \$42,353,410 (US\$1,530,109)

Hangzhou Walsin Power Cable & Wire Co., Ltd. = US\$160,812 × 40% = US\$64,325 (1,780,563)

PT. Walsin Nickel Industrial Indonesia = US\$661,343 × 40% = US\$264,537 (7,322,605)

b. The limit on the amount of financing provided was as follows:

Walsin Lihwa Corporation = \$105,883,524 × 40% = \$42,353,410 (US\$1,530,109)

Walsin (China) Investment Co., Ltd. = US\$160,812 × 40% = US\$64,325 (\$1,780,563)

2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.

3. The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68; RMB to NT\$ = 1:4.34161; US\$ to RMB = 1:6.3757.
- (Concluded)
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CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
4	Concord Industries Limited	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	\$ 4,387,390 (RMB 1,000,000)	\$ - (RMB -)	\$ - (RMB -)	-	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 42,353,410 (US\$ 1,530,109)	\$ 42,353,410 (US\$ 1,530,109)
5	Changshu Walsin Specialty Steel Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	307,117 (RMB 70,000)	303,913 (RMB 70,000)	164,469 (RMB 37,882)	2.70	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$ 1,530,109)	42,353,410 (US\$ 1,530,109)
6	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	877,478 (RMB 200,000)	868,322 (RMB 200,000)	430,887 (RMB 99,246)	2.70	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$ 1,530,109)	42,353,410 (US\$ 1,530,109)

Notes:

- According to the financing regulations of Yantai Walsin Stainless Steel Co., Ltd., Changshu Walsin Specialty Steel Co., Ltd. and Jiangyin Walsin Specialty Alloy Materials Co., Ltd., the limit on the amount of financing provided to a single enterprise that holds directly or indirectly 100% of the voting rights of a subsidiary cannot exceed 40% of the parent company's equity presented in the consolidated financial statements of Walsin Lihwa Corporation.
 - The limit on the amount of financing provided to a single enterprise was as follows:

$$\text{Walsin (China) Investment Co., Ltd.} = \$105,883,524 \times 40\% = \$42,353,410 \text{ (US\$1,530,109)}$$
 - The limit on the amount of financing provided was as follows:

$$\text{The limit on the amount of financing provided} = \$105,883,524 \times 40\% = \$42,353,410 \text{ (US\$1,530,109)}$$
- Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.
- The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68; RMB to NT\$ = 1:4.34161; US\$ to RMB = 1:6.3757.

JIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
7	Joint Success Enterprises Limited	Walsin (Nanjing) Construction Co., Ltd.	Other receivables	Yes	\$ 755,607 (US\$ 26,480)	\$ 732,966 (US\$ 26,480)	\$ 732,966 (US\$ 26,480)	2.48	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 42,353,410 (US\$ 1,530,109)	\$ 42,353,410 (US\$ 1,530,109)
8	Walsin (Nanjing) Construction Limited	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	2,193,695 (RMB 500,000)	- (RMB -)	- RMB -	-	Operating capital	-	Operating capital	-	-	-	42,353,410 (US\$ 1,530,109)	42,353,410 (US\$ 1,530,109)

Notes:

- According to the financing regulation provided by Joint Success Enterprises Limited and Walsin (Nanjing) Development Co., Ltd., the total limit on the amount of the financing provided to a subsidiary whose equity is 100%-owned, directly or indirectly by the parent company, cannot exceed 40% of the equity of the parent company as presented in the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a subsidiary whose equity is less than 100%-owned, directly or indirectly by its parent company, cannot exceed 40% of the parent company's equity as presented in the parent company's most current consolidated financial statements. If the financing is a one-time funding, the amount for an individual loan shall not exceed 40 % of the parent company's net worth in the parent company's most current consolidated financial statements. If it is a revolving fund, the amount for an individual loan shall not exceed 10 % of the parent company's net worth in the parent company's most current consolidated financial statements.
 - The limit on the amount of financing provided to a single enterprise was as follows:

 Walsin (Nanjing) Construction Co., Ltd. = $\$105,883,524 \times 40\% = \$42,353,410$ (US\$1,530,109)
 Walsin (China) Investment Co., Ltd. = $\$105,883,524 \times 40\% = \$42,353,410$ (US\$1,530,109)
 - The limit on the amount of financing provided was as follows:

 The limit on the amount of financing provided = $\$105,883,524 \times 40\% = \$42,353,410$ (US\$1,530,109)
- Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.
- The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68; RMB to NT\$ = 1:4.34161; US\$ to RMB = 1:6.3757.

WALSIN INFO-ELECTRIC CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
9	Walsin Info-Electric Corp.	Walsin Lihwa Corporation	Other receivables	Yes	\$ 130,000	\$ 130,000	\$ 130,000	0.70	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 134,809	\$ 134,809

Notes:

1. According to the financing regulation provided by Walsin Info-electric Corp. Corporation, the total limit on the amount of the financing provided to a subsidiary whose equity is 100% owned, directly or indirectly by the parent company, cannot exceed 40% of the equity of the parent company as presented in the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a subsidiary whose equity is less than 100% owned, directly or indirectly by its parent company, cannot exceed 40% of the parent company's equity as presented in the parent company's most current consolidated financial statements. If the financing is a one-time funding, the amount for an individual loan shall not exceed 40% of the parent company's net worth in the parent company's most current consolidated financial statements. If it is a revolving fund, the amount for an individual loan shall not exceed 10% of the parent company's net worth in the parent company's most current consolidated financial statements.
- a. The limit on the amount of financing provided to a single enterprise was as follows:

Walsin Lihwa Corporation = \$337,022 × 40% = \$134,809
- b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = \$337,022 × 40% = \$134,809

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and U.S. Dollars)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 4)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies
		Name	Relationship (Note 2)										
0	Walsin Lihwa Corporation	PT. Walsin Nickel Industrial Indonesia	b	\$ 12,196,998 (US\$ 440,643)	\$ 2,491,200 (US\$ 90,000)	\$ 2,491,200 (US\$ 90,000)	\$ 1,107,200 (US\$ 40,000)	\$ -	-	\$ 105,883,524	Yes	No	No

Notes:

- The information on Walsin Lihwa Corporation and its subsidiaries is listed and labeled on the entitled “No.” column.
 - “0” represents Walsin Lihwa Corporation.
 - Subsidiaries are numbered consecutively starting from 1.
- The relationship between Walsin Lihwa Corporation and the endorsed/guaranteed entities can be classified into the following categories
 - A company with which Walsin Lihwa Corporation does business.
 - A company in which Walsin Lihwa Corporation directly and indirectly holds more than 50% of the voting shares.
 - A company that directly and indirectly holds more than 50% of the voting shares in Walsin Lihwa Corporation.
 - A company in which Walsin Lihwa Corporation directly or indirectly holds 90% or more of the voting shares.
 - A company that fulfills Walsin Lihwa Corporation’s contractual obligations by providing mutual endorsements/guarantees for an other company in the same industry or for joint builders for purposes of undertaking a construction project.
 - A company in which all capital contributing shareholders make endorsements/guarantees for it and Walsin Lihwa Corporation’s joint-investment company in proportion to their shareholding percentages.
 - A company in the same industry as Walsin Lihwa Corporation whereby either provides among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.
- According to the endorsements/guarantees provided and financing provided by Walsin Lihwa Corporation, the total limit on the amount of endorsements/guarantees cannot exceed 100% of the net value of Walsin Lihwa Corporation’s current parent -company-only financial statements (including the consolidated financial statements). The limit on the amount of endorsements/guarantees provided and financing provided to a single enterprise cannot exceed the net value of the guaranteed company. The limit on the amount of guarantees provided to an investee in which over 66.67% of the common shares are held cannot exceed the amount which is 250% of the net value multiplied by the equity percentage of the guarantee provider; however, the limits mentioned above are not applicable to Walsin Lihwa Corporation’s wholly-owned holding companies incorporated in duty-free areas overseas.
 - The limit on the amount of endorsements/guarantees provided was as follows:

$$\text{NT\$}105,883,524 \times 100\% = \text{\$}105,883,524$$
 - The limit on the amount of endorsements/guarantees provided to a single entity was as follows:

$$\text{PT. Walsin Nickel Industrial Indonesia.: US\$}191,584 \times 250\% \times 92\% = \text{US\$}440,643$$
- The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68.

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 4)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies
		Name	Relationship (Note 2)										
1	Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	c	\$ 11,128,190 (US\$ 402,030)	\$ 1,362,361 (RMB 310,579)	\$ - (RMB -)	\$ - US\$ -	\$ -	-	\$ 105,883,524	No	No	Yes

Notes:

1. The information on Walsin Lihwa Corporation and its subsidiaries is listed and labeled on the entitled “No.” column.
 - a. “0” represents Walsin Lihwa Corporation.
 - b. Subsidiaries are numbered consecutively starting from 1.
2. The relationship between Walsin Lihwa Corporation and the endorsed/guaranteed entities can be classified into the following categories
 - a. A company with which Walsin Lihwa Corporation does business.
 - b. A company in which Walsin Lihwa Corporation directly and indirectly holds more than 50% of the voting shares.
 - c. A company that directly and indirectly holds more than 50% of the voting shares in Walsin Lihwa Corporation.
 - d. A company in which Walsin Lihwa Corporation directly or indirectly holds 90% or more of the voting shares.
 - e. A company that fulfills Walsin Lihwa Corporation’s contractual obligations by providing mutual endorsements/guarantees for an other company in the same industry or for joint builders for purposes of undertaking a construction project.
 - f. A company in which all capital contributing shareholders make endorsements/guarantees for it and Walsin Lihwa Corporation’s joint-investment company in proportion to their shareholding percentages.
 - g. A company in the same industry as Walsin Lihwa Corporation whereby either provides among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.
3. According to the endorsements/guarantees provided and financing provided by Walsin Lihwa Corporation, the total limit on the amount of endorsements/guarantees cannot exceed 100% of the net value of Walsin Lihwa Corporation’s current parent-company-only financial statements (including the consolidated financial statements). The limit on the amount of endorsements/guarantees provided and financing provided to a single enterprise cannot exceed the net value of the guaranteed company. The limit on the amount of guarantees provided to an investee in which over 66.67% of the common shares are held cannot exceed the amount which is 250% of the net value multiplied by the equity percentage of the guarantee provider; however, the limits mentioned above are not applicable to Walsin Lihwa Corporation’s wholly-owned holding companies incorporated in duty-free areas overseas.
 - a. The limit on the amount of endorsements/guarantees provided was as follows:

$$\text{NT\$}105,883,524 \times 100\% = \text{\$}105,883,524$$
 - b. The limit on the amount of endorsements/guarantees provided to a single entity was as follows:

$$\text{Walsin (China) Investment Co., Ltd.: US\$}160,812 \times 250\% \times 100\% = \text{US\$}402,030$$
4. The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68; RMB to NT\$ = 1:4.34161.

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021**
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 4)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies
		Name	Relationship (Note 2)										
2	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Walsin (China) Investment Co., Ltd.	d	\$ 11,128,190 (US\$ 402,030)	\$ 1,362,631 (RMB 310,579)	\$ - (RMB -)	\$ - US\$ -	\$ -	-	\$ 105,883,524	No	No	Yes

Notes:

- The information on Walsin Lihwa Corporation and its subsidiaries is listed and labeled on the entitled “No.” column.
 - “0” represents Walsin Lihwa Corporation.
 - Subsidiaries are numbered consecutively starting from 1.
- The relationship between Walsin Lihwa Corporation and the endorsed/guaranteed entities can be classified into six categories.
 - A company with which Walsin Lihwa Corporation does business.
 - A company in which Walsin Lihwa Corporation directly and indirectly holds more than 50% of the voting shares.
 - A company that directly and indirectly holds more than 50% of the voting shares in Walsin Lihwa Corporation.
 - A company in which Walsin Lihwa Corporation directly or indirectly holds 90% or more of the voting shares.
 - A company that fulfills Walsin Lihwa Corporation’s contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
 - A company in which all capital contributing shareholders make endorsements/guarantees for it and Walsin Lihwa Corporation’s joint-investment company in proportion to their shareholding percentages.
 - A company in the same industry as Walsin Lihwa Corporation whereby either provides among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.
- According to the endorsements/guarantees provided and financing provided by Walsin Lihwa Corporation, the total limit on the amount of endorsements/guarantees cannot exceed 100% of the net value of Walsin Lihwa Corporation’s current parent-company-only financial statements (including the consolidated financial statements). The limit on the amount of endorsements/guarantees provided and financing provided to a single enterprise cannot exceed the net value of the guaranteed company. The limit on the amount of guarantees provided to an investee in which over 66.67% of the common shares are held cannot exceed the amount which is 250% of the net value multiplied by the equity percentage of the guarantee provider; however, the limits mentioned above are not applicable to Walsin Lihwa Corporation’s wholly-owned holding companies incorporated in duty-free areas overseas.
 - The limit on the amount of endorsements/guarantees provided was as follows:

$$\text{NT\$}105,883,524 \times 100\% = \text{NT\$}105,883,524$$
 - The limit on the amount of endorsements/guarantees provided to a single entity was as follows:

$$\text{Walsin (China) Investment Co., Ltd.: US\$}160,812 \times 250\% \times 100\% = \text{US\$}402,030$$
- The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68; RMB to NT\$ = 1:4.34161.

TABLE 3

WALSIN LIHWA CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Lihwa Corporation	Share							
	HannStar Display Corp.	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	299,632,180	\$ 5,423,342	9.90	\$ 5,423,342	
	HannStar Board Corp.	The chairman of the holding company and the chairman of the company are second-class relatives	Financial assets at fair value through other comprehensive income - non-current	63,753,952	2,894,429	12.06	2,894,429	
	TECO Electric & Machinery Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	230,438,730	7,293,386	10.77	7,293,386	
	Kuong Tai Metal Industrial Co., Ltd.	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	9,631,802	276,509	9.39	276,509	
	Taiwan Submarine Cable Co., Ltd. (formerly known as One-Seven Trading Co., Ltd.)	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	30,000	149	6.67	149	
	Global Investment Holdings	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	5,221,228	60,283	2.97	60,283	
	WK Technology Fund	-	Financial assets at fair value through other comprehensive income - non-current	19,024	187	1.91	187	
	Universal Venture Capital Investment	-	Financial assets at fair value through other comprehensive income - non-current	1,400,000	12,650	1.16	12,650	
	Hwa Bao Botanic Conservation Corp.	The holding company is a supervisor of the issuer company	Financial assets at fair value through other comprehensive income - non-current	3,000,000	28,596	15.00	28,596	
	Tung Mung Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	14,285,000	149,993	4.01	149,993	

TABLE 3-1

CONCORD INDUSTRIES CONSTRUCTION CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of Renminbi)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
XiAn Lv Jing Technology Co., Ltd.	<u>Certification of capital verification</u> Shaanxi Tianhong Silicon Industrial Corporation	-	Financial assets at fair value through other comprehensive income - non-current	N/A	\$ -	19.00	\$ -	
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	<u>Certification of capital verification</u> Shaanxi Electronic Group Optoelectronics Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	N/A	17,240	6.02	17,240	

JIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Jin-Cherng Construction Co.	Share Gsharp Corporation	-	Financial assets at fair value through other comprehensive income - non-current	270,000	\$ -	2.73	\$ -	

WALSIN INFO-ELECTRIC CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Info-Electric Corp.	Share							
	W T International Inc.	-	Financial assets at fair value through other comprehensive income - non-current	228,000	\$ 2,568	5.43	\$ 2,568	
	Ufi Space Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	297,069	29,822	1.07	29,822	
	Global PMX Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	88,000	15,928	0.08	15,928	
	Landing AI	-	Financial assets at fair value through other comprehensive income - non-current	265,583	27,894	0.54	27,894	

TABLE 4

WALSIN LIHWA CORPORATION

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Purpose of Transaction	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Walsin Lihwa Corporation	Share													
	Concord Industries Limited	Investments accounted for using the equity method	Capital investment/ capital reduction	Subsidiaries	285,903,187	\$ 4,631,181	47,000,000	\$ 1,156,955 (Note 1)	15,398,007	\$ 434,994	\$ 434,994	\$ -	317,505,180	\$ 5,353,142
	Walsin Precision Technology Corp.	Investments accounted for using the equity method	Concord Industries Limited	Subsidiaries	-	-	32,178,385	447,963 (Note 2)	-	-	-	-	32,178,385	447,963
	New Hono Investment Pte. Ltd	Investments accounted for using the equity method	Capital investment	Subsidiaries	-	-	42,000,000	5,828,396 (Note 2)	-	-	-	-	42,000,000	5,828,396
	TECO Electric & Machinery Corp.	Financial assets at fair value through profit or loss	Capital investment	-	954,000	26,378	229,484,730	7,267,008 (Note 3)	-	-	-	-	230,438,730	7,293,386

Note 1: The amount included subscription for shares, investment income or loss and changes in other equity.

Note 2: The amount included the purchase amount, investment income or loss and changes in other equity.

Note 3: The amount included issuance of new shares in exchange for the shares of another company and adjustments through fair value.

TABLE 4-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of Renminbi)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Walsin Lihwa Holdings Limited	<u>Share</u> Walsin International Investments Limited	Investments accounted for using the equity method	Capital investment	Subsidiary	4,303,960,202	\$ 3,874,450	349,411,500	\$ 342,076 (Note)	-	\$ -	\$ -	\$ -	4,653,371,702	\$ 4,216,526
Walsin (China) Investment Co., Ltd.	<u>Certificate of capital verification</u> Fubon Bank (China) RMB structured deposits	Financial assets at amortized cost	Fubon Bank	-	N/A	300,000	N/A	1,500,000	N/A	1,805,457	1,800,000	5,457	N/A	-

Note: The amount included subscription for shares and investment income or loss.

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of Renminbi)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Concord Industries Limited	Share Walsin Precision Technology Corp.	Investments accounted for using the equity method	Walsin Lihwa Corporation	Subsidiaries	32,178,385	\$ 168,042	-	\$ -	32,178,385	\$ 99,848	\$ 123,750 (Note 1)	\$ (23,902) (Note 2)	-	\$ -

Note 1: The amount included investment income or loss, distribution of dividends from the capital surplus and cumulative translation adjustments.

Note 2: Loss on disposal is unrealized in the consolidated report.

TABLE 5

WALSIN LIHWA CORPORATION

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Types of Property	Transaction Date	Transaction Amount (Foreign Currencies in Thousands)	Payment Term	Counterparty	Nature of Relationships	Prior Transaction of Related Counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
Walsin Lihwa Corporation	Plant	2021/08/19-2021/12/23	\$ 521,333	Based on the terms in the contract	Chung-Lu Construction Co., Ltd.	-	N/A	N/A	N/A	N/A	Based on the marketability	Manufacturing and operating purpose	-

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of Renminbi)

Company Name	Types of Property	Transaction Date	Transaction Amount (Foreign Currencies in Thousands)	Payment Term	Counterparty	Nature of Relationships	Prior Transaction of Related Counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
Yantai Walsin Stainless Steel Co., Ltd.	Plant	2021/07/12-2021/09/14	\$ 89,064	Based on the terms in the contract	China Construction Eighth Engineering Division. Co., Ltd.	-	N/A	N/A	N/A	N/A	Based on the marketability	Manufacturing and operating purpose	-

TABLE 6

WALSIN LIHWA CORPORATION

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Walsin Lihwa Corporation	Dongguan Walsin Wire & Cable Co., Ltd.	100% indirectly owned subsidiary	Sales	\$ (2,273,189)	(2)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	\$ 81,510	2	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Sales	(668,583)	(1)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	245,996	5	
	Koung Tai Metal Industrial Co., Ltd.	Director of the related party	Sales	(1,743,620)	(2)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	17,229	-	
	Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Sales	(595,996)	(1)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	281,518	5	

TABLE 6-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Renminbi)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Dongguan Walsin Wire & Cable Co., Ltd.	Walsin Lihwa Corporation Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Parent company Both subsidiaries of Walsin Lihwa Corporation	Purchases Sales	\$ 2,273,189 RMB (49,712)	12 (1)	Normal Normal	Normal Normal	Normal Normal	\$ (81,510) RMB 14,014	(27) 10	
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Dongguan Walsin Wire & Cable Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Purchases	RMB 49,712	6	Normal	Normal	Normal	RMB (14,014)	(7)	

TABLE 6-2

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Renminbi)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	RMB (242,772)	(11)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 27,331	6	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	RMB (233,251)	(11)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 6,386	1	
	Changshu Walsin Specialty Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	RMB 32,926	2	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB (5,739)	(2)	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	RMB 40,500	2	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB (1,213)	-	
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	RMB (40,500)	(10)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 1,213	1	
	Walsin Lihwa Corporation	Parent company	Purchases	668,583	37	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	(245,996)	(76)	
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	RMB 233,251	57	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB (6,386)	(9)	
Changshu Walsin Specialty Steel Co., Ltd.	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	RMB (32,926)	(5)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 5,739	4	
	Walsin Lihwa Corporation	Parent company	Purchases	595,996	25	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	(281,518)	(32)	
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	RMB 242,772	44	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB (27,331)	(14)	

TABLE 7

WALSIN LIHWA CORPORATION

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Walsin Lihwa Corporation	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Trade receivables \$ 245,996	3.87	\$ -	-	\$ 99,789	\$ -
	Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Trade receivables 281,518	4.12	-	-	194,308	-

TABLE 7-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021**

(In Thousands of Renminbi and U.S. Dollars)

Company Name	Related Party	Nature of Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	100% owned subsidiary	Other receivables RMB 261,794	-	\$ -	-	\$ -	\$ -
Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited	Parent company	Other receivables US\$ 4,900	-	-	-	-	-
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables US\$ 60,175 RMB 363,643	-	-	-	-	-
	Changshu Walsin Specialty Steel Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables US\$ 55,825	-	-	-	-	-
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	18.37% owned subsidiary	Other receivables US\$ 44,636	-	-	-	-	-
	Jiangyin Walsin Steel Cable Co., Ltd.	100% owned subsidiary	Other receivables US\$ 8,717 RMB 214,155	-	-	-	-	-
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	95.71% directly owned subsidiary	Other receivables US\$ 8,955	-	-	-	-	-
	Walsin (Nanjing) Development Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 698,586	-	-	-	-	-
	Hangzhou Walsin Power Cable & Wire Co., Ltd.	Associate	Other receivables RMB 81,228	-	-	-	-	-
	XiAn Walsin Metal Product Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 176,213	-	-	-	-	-
	Nanjing Taiwan Trade Mart Management Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 37,250	-	-	-	-	-
	Dongguan Walsin Wire & Cable Co., Ltd.	100% owned subsidiary	Other receivables US\$ 68,544	-	-	-	-	-
Walsin International Investments Limited	PT. Walsin Nickel Industrial Indonesia	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 1,596,871	-	-	-	-	-
	Walsin (China) Investment Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 2,558,656	-	-	-	-	-
Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Parent company	Other receivables RMB 553,394	-	-	-	-	-
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Parent company	Other receivables RMB 83,540	-	-	-	-	-

Note: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars.

TABLE 7-2

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of Renminbi)

Company Name	Related Party	Nature of Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Both are subsidiaries of Concord Industries Limited	Trade receivables \$ 27,331	8.07	\$ -	-	\$ -	\$ -
Changshu Walsin Specialty Steel Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both are subsidiaries of Walsin Lihwa Corporation	Other receivables 37,911	-	-	-	-	-
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both are subsidiaries of Walsin Lihwa Corporation	Other receivables 99,473	-	-	-	-	-

TABLE 7-3

JIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of Renminbi)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Joint Success Enterprises Limited	Walsin (Nanjing) Construction Co., Ltd.	Subsidiary	Other receivables \$ 177,412	-	\$ -	-	\$ -	\$ -

TABLE 8

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE GROUP EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2021**

Information of investees that Walsin Lihwa Corporation has controlling power or significant influence over was as follows (in thousands of New Taiwan dollars):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	Investments	\$ 14,495,777	\$ 14,760,298	473,730,393	100.00	\$ 26,803,960	\$ 1,081,312	\$ 1,081,391	(Note 1)
	Concord Industries Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	Investments	13,611,135	12,724,589	317,505,180	100.00	5,353,142	(162,677)	(58,882)	
	Ace Result Global Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	Investments	1,587,416	1,587,416	44,739,988	100.00	383,632	46,062	46,062	
	Min Maw Precision Industry Corp.	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Solar power systems management, design, and installation	180,368	180,368	29,995,859	100.00	365,703	31,059	31,059	
	Waltuo Green Resources Corporation	No. 47, Bade Rd., Yanshui District, Tainan City 73743, Taiwan, R.O.C.	Waste disposal, resource recovery and cement products	10,000	10,000	1,000,000	100.00	19,203	10,366	10,366	
	Walsin Precision Technology Corp.	2115-1, Kawasan Perindustrian air Keroh, Fasa IV, Air Keroh, 75450 Melaka, Malaysia	Production and sale of stainless steel plates	434,994	-	32,178,385	100.00	447,963	47,066	30,256	
	New Hono Investment Pte. Ltd	2 Battery Road, #27-01, Maybank Tower, Singapore 049907	Investments	5,003,810	-	42,000,000	100.00	5,828,396	953,732	849,748	
	Jin-Cherng Construction Co.	5th Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C.	Construction	611,688	611,688	577,583,403	99.22	6,348,728	(108,838)	(108,129)	
	Walsin Info-Electric Corp.	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Mechanical and electrical, communications, and power systems	270,034	270,034	29,854,246	99.51	335,371	(4,767)	(4,744)	
	PT. Walsin Lippo Industries	Jl. MH. Thamrin Block A1-1, Delta Silicon Industrial Park, Lippo Cikarang, Bekasi 17550, Indonesia	Steel wires	481,663	481,663	10,500	70.00	818,205	90,143	63,100	
	PT. Walsin Lippo Kabel	Jl. Jati 3 Blok J7/5, Newton Techno Park, Serang, Cikarang Selatan, Bekasi, Jawa Barat	Production and sale of cables and wires	11,656	11,656	1,050,000	70.00	12,690	5,705	3,994	
	PT. Walsin Nickel Industrial Indonesia	Gedung Wisma Mulia LT. 41 JL Jend Gatot Subroto NO. 42 Kuningan Barat Mmpang Prapatan Kota ADM. Jakarta Selatan Dki Jakarta	Production and sale of nickel pig iron	1,509,171	1,509,171	500,000	50.00	2,381,125	2,598,802	1,128,008	
	Joint Success Enterprises Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	Investments	1,164,273	1,164,273	36,058,184	49.05	5,175,692	(237,201)	(115,394)	
	Chin-Xin Investment Co., Ltd	26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Investments	2,237,969	2,237,969	179,468,270	37.00	8,011,194	528,594	195,580	
	Walsin Color Co., Ltd.	24F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Management of investments and conglomerates	457,610	457,610	49,831,505	33.97	1,053,790	(17,475)	(5,936)	
	Concord II Venture Capital Co., Ltd.	4F., No. 76, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106., R.O.C.	Venture capital and consulting affairs	257,860	257,860	26,670,699	26.67	174,332	(16,822)	(4,486)	
	Winbond Electronics Corp.	No. 8, Keya 1st Rd., Daya Township, Taichung County 428, Taiwan, R.O.C.	Research, development, production and sale of semiconductors and related components	7,429,920	7,429,920	883,848,423	22.21	18,357,864	13,594,643	2,984,304	
	Walton Advanced Engineering, Inc.	No. 18, Yugang N. 1st Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan, R.O.C.	Production, sale, and testing of semiconductors	1,185,854	1,185,854	109,628,376	21.01	2,322,664	219,897	46,403	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Walsin Lihwa Holding Limited	Walsin Technology Corp.	24F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Production and sale of ceramic capacitors	\$ 1,649,039	\$ 1,649,039	88,902,325	18.30	\$ 8,166,415	\$ 7,931,941	\$ 1,450,358	(Note 3)
	Powertec Electrochemical Corp.'s	13 F, No. 337, Fuxing N. Rd., Songshan Dist., Taipei City 105, Taiwan, R.O.C.	Basic industrial chemical manufacturing and energy technical services	2,945,925	2,945,925	318,522,792	22.46	-	-	-	
	Walsin International Investments Limited	Unit 9-15, 22/F, Millennium City, 378 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong	Investments	HK\$ 4,653,372	HK\$4,303,960	4,653,371,702	100.00	18,306,511	222,439	222,439	
	Walcom Chemicals Industrial Limited	Unit 714,7/F, Miramat Tower, 1-23 Kimberley Road, Tsimshatsui, Kowloon, Hong Kong	Commerce	US\$ 0.030	US\$ 0.030	325,000	65.00	0.829	-	-	
Concord Industries Limited	Borrego Solar Systems, Inc.	6210 Lake Shore Drive, San Diego, CA92119, USA	Grid-connected solar electric systems	US\$ 15,000	US\$ 15,000	1,460,458	73.49	3,420,689	875,401	639,533	
	Walsin Specialty Steel Corp.	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110, BVI	Commerce and investments	US\$ 101,400 (Note 2)	US\$ 101,400 (Note 2)	101,400,000	100.00	1,016,241	51,770	51,770	
	Walsin Precision Technology Sdn. Bhd.	2115-1, Kawasan Perindustrian air Keroh, Fasaiv, Air Keroh, 75450 Melaka, Malaysia	Production and sale of stainless steel plates	US\$ -	US\$ 8,470	-	-	-	47,066	16,810	
Jin-Cherng Construction Co.	Joint Success Enterprises Limited	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110, BVI	Investments	1,202,993	1,202,993	37,461,816	50.95	5,273,922	(237,201)	(120,854)	
	Dingsin Development Co., Ltd.	5th Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C.	Investment of real estate and related business	8,540	8,540	2,119,200	35.32	39,427	5,282	1,866	
	Concord II Venture Capital Co., Ltd.	4F., No. 76, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)	Venture capital and consulting affairs	1,603	1,603	172,342	0.17	1,127	(16,822)	(72)	
	Chin-Xin Investment Co., Ltd	26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C.	Investments	54,154	54,154	3,264,092	0.67	146,794	528,594	3,546	
New Hono Investment Pte. Ltd.	PT. Walsin Nickel Industrial Indonesia	Gedung Wisma Mulia LT. 41 JL Jend Gatot Subroto NO. 42 Kuningan Barat Mmpang Prapatan Kota ADM. Jakarta Selatan Dki Jakarta	Production and sale of nickel pig iron	US\$ 42,000	US\$ -	42,000	42.00	2,227,285	2,598,802	953,791	

Note 1: Due to adjustments in the investment structure of the Group, it was transferred from Concord Industries Limited to Walsin Lihwa Corporation.

Note 2: The amount included capitalization of retained earnings of US\$4,500 thousand.

Note 3: Due to adjustments in the investment structure of the Group, it was transferred from Concord Industries Limited to Walsin Lihwa Corporation.

Note 4: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars and Hong Kong dollars.

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

A. Walsin Lihwa Corporation

1. The names of investee companies in mainland China, their main businesses and products, total amount of paid-in capital, investment type, investment flows, percentage of ownership in investment, investment gain or loss, carrying amount, accumulated inward remittance of earnings and upper limit on investment in mainland China were as follows:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	Percentage of Ownership in Investment (%)	Investment Gain (Loss) (Note 16)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Jiangyin Walsin Steel Cable Co., Ltd.	Manufacture and sale of steel cables and wires	\$ 553,600 (US\$ 20,000)	b	\$ 720,815 (US\$ 26,041) (Note 2)	\$ - -	\$ - -	\$ 720,815 (US\$ 26,041) (Note 2)	\$ 84,065	100.00	\$ 84,065	\$ 871,873	\$ -
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	432,555 (US\$ 15,627)	b	413,982 (US\$ 14,956) (Note 3)	- -	- -	413,982 (US\$ 14,956) (Note 3)	124,098	95.71	118,774	1,153,271	-
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Manufacture and sale of cables and wires	4,929,254 (US\$ 178,080)	b	2,335,638 (US\$ 84,380) (Note 4)	- -	- -	2,335,638 (US\$ 84,380) (Note 4)	188,273	40.00	73,296	622,240	-
Walsin (China) Investment Co., Ltd.	Investments	2,175,648 (US\$ 78,600)	b	2,175,648 (US\$ 78,600) (Note 5)	- -	- -	2,175,648 (US\$ 78,600) (Note 5)	217,722	100.00	217,722	4,451,409	-
Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes	2,684,960 (US\$ 97,000)	b	2,684,960 (US\$ 97,000) (Note 6)	- -	- -	2,684,960 (US\$ 97,000) (Note 6)	39,607	100.00	39,607	700,497	-
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Manufacture and sale of stainless steel	470,560 (US\$ 17,000) (Note 7)	b	1,079,520 (US\$ 39,000) (Note 8)	- -	- -	1,079,520 (US\$ 39,000) (Note 8)	13,217	100.00	13,217	233,101	-
Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	719,680 (US\$ 26,000)	b	719,680 (US\$ 26,000) (Note 9)	- -	- -	719,680 (US\$ 26,000) (Note 9)	7,337	100.00	7,337	1,651,531	-
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat rolled products	1,356,320 (US\$ 49,000)	b	1,356,320 (US\$ 49,000) (Note 10)	- -	- -	1,356,320 (US\$ 49,000) (Note 10)	(1,462)	100.00	(1,462)	1,981,997	-
XiAn Walsin Metal Product Co., Ltd. (Note 13)	Manufacture and sale of specialized stainless steel plates	1,532,088 (US\$ 55,350)	b	834,552 (US\$ 30,150)	- -	- -	834,552 (US\$ 30,150)	(14,119)	100.00	(14,119)	(766,837)	-
Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of electronic components and new alloy materials	9,274,599 (US\$ 335,065) (Note 11)	b	3,679,419 (US\$ 132,927)	2,214,400 (US\$ 80,000)	- -	5,893,819 (US\$ 212,927)	(260,618)	100.00	(260,618)	4,705,064	-

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	Percentage of Ownership in Investment (%)	Investment Gain (Loss) (Note 16)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Changzhou China Steel Precision Materials Co., Ltd.	Melting and forging of nonferrous metallic materials and composites as well as new types of alloys	\$ 1,206,848 (US\$ 43,600)	b	\$ 362,054 (US\$ 13,080)	\$ - -	\$ - -	\$ 362,054 (US\$ 13,080)	\$ 210,875	30.00	\$ 63,264	\$ 441,125	\$ 844,794 (US\$ 30,520)
Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and asset management, consulting and advertising services	27,680 (US\$ 1,000)	b	27,680 (US\$ 1,000)	- -	- -	27,680 (US\$ 1,000)	15,963	100.00	15,963	(414,815)	-
Shaanxi Tianhong Silicon Industrial Corporation	Polysilicon production	5,209,932 (RMB 1,200,000)	b	- (US\$ -)	- -	- -	- (US\$ -)	(1,132,244)	19.00	-	- (Note 12)	-
Jiangsu Taiwan Trade Mart Development Co., Ltd.	Development and management of Nanjing Taiwan Trade Mart Management Co., Ltd.	43,416 (RMB 10,000)	b	8,415 (US\$ 304)	- -	- -	8,415 (US\$ 304)	456	20.00	91	9,326	-
Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. (Note 14)	Communications equipment and electronic components	675,541 (RMB 155,597)	b	- (RMB -)	- -	- -	- (RMB -)	11,768	6.02	-	74,849	-
Walsin (Nanjing) Development Co., Ltd.	Construction, rental and sale of buildings and industrial factories	1,384,000 (US\$ 50,000)	b	1,378,464 (US\$ 49,800) (Note 15)	- -	- -	1,378,464 (US\$ 49,800) (Note 15)	(234,792)	99.60	(233,859)	9,607,206	-
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	4,342 (RMB 1,000)	b	- (RMB -)	- -	- -	- (RMB -)	(6,073)	99.60	(6,049)	(5,206)	-
Walsin Nanjing Culture and Arts Co., Ltd.	Organize culture and arts communication activity, cultural performance, culture and arts forwarding agency	6,512 (RMB 1,500)	b	- (RMB -)	- -	- -	- (RMB -)	8,676	99.60	8,643	-	-

2. The upper limit on investment of WLC in mainland China was as follows:

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (NT\$ and US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (NT\$ and US\$ in Thousands)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (NT\$ in Thousands)
\$ 17,817,284 (US\$ 643,688)	\$ 17,646,969 (US\$ 637,535)	N/A (Note 19)

(Continued)

Notes:

1. Investments can be classified into the following three categories:
 - a. Direct investment in mainland China.
 - b. Reinvestment in mainland China through companies in a third country.
 - c. Others.
2. Including US\$15,000 thousand investment through Walsin (China) Investment Co., Ltd.
3. Including US\$14,950 thousand investment through Walsin (China) Investment Co., Ltd.
4. Including US\$13,300 thousand investment through Walsin (China) Investment Co., Ltd., US\$53,000 thousand investment through Ace Result Global Ltd. and US\$22,730 thousand dividends appropriated from Dongguan Walsin Wire & Cable Co., Ltd., Jiangying Walsin Steel Cable Co., Ltd., Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. and Hangzhou Walsin Power Cable & Wire Co., Ltd.
5. Capital investment of US\$28,600 thousand was contributed from the accounts payable of Walsin (China) Investment Co., Ltd. to Walsin Lihwa Holdings Limited.
6. Including US\$20,000 thousand investment through Walsin Specialty Steel Corp. and US\$42,000 thousand dividends appropriated from Changshu Walsin Specialty Steel Co., Ltd. and Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.
7. Inclusive of capital reduction to cover accumulated deficits US\$22,000 thousand.
8. Including US\$4,800 thousand investment through Walsin (China) Investment.
9. Investment through Walsin (China) Investment Co., Ltd.
10. Including investments through Walsin (China) Investment Co., Ltd. of US\$4,500 thousand and US\$4,500 thousand of the own capital of Walsin (China) Investment Co., Ltd.
11. Including investments of its own capital of RMB578,796 thousand from Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd., Changzhou Wujin NSL Co., Ltd. and Changshu Walsin Specialty Steel Co., Ltd. and RMB3,750 thousand made through Changzhou Wujin NSL Co., Ltd. Including US\$32,927 thousand investment through Yantai Huanghai Iron and Steel Co., Ltd. and Yantai Dazhong Recycling Resource Co., Ltd. which were merged.
12. The amount was adjusted by the capital of XiAn Lv Jing Technology Co., Ltd. of RMB228,000 thousand and by the fair value.
13. XiAn Walsin Metal Product Co., Ltd. merged XiAn Lv Jing Technology Co., Ltd. and XiAn Walsin Opto-electronic Limited.
14. Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. was formerly known as Shaanxi Optoelectronics Technology Co., Ltd.
15. The amount included investment through Joint Success Enterprise Limited approved in the previous years.
16. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.
17. The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68, RMB to NT\$ = 1:4.34161. The average exchange rates of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.976, RMB to NT\$ = 1:4.33908.
18. Amount was recognized based on audited financial statements.
19. Upper limit on investment:

WLC was approved as the operation headquarter by the Industrial Development Bureau, Ministry of Economic Affairs and is thus exempted from the related regulations of “Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China”.

(Continued)

B. Jin-Cherng Construction Co.

1. The names of investee companies in mainland China, their main businesses and products, total amount of paid-in capital, investment type, investment flows, percentage of ownership in investment, investment gain or loss, carrying amount, accumulated inward remittance of earnings and upper limit on investment in mainland China were as follows:

(In Thousands of U.S. and Renminbi)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	Percentage of Ownership in Investment (%)	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Walsin (Nanjing) Development Co., Ltd.	Construction, rental and sale of buildings and industrial factories	US\$ 50,000	Note 1	US\$ 25,475	\$ -	\$ -	US\$ 25,475	\$ (54,111)	50.95	\$ (27,570)	\$ 1,131,931	\$ -
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	1,000	Note 1	-	-	-	-	(1,400)	50.95	(713)	(613)	-
Walsin Nanjing Culture and Arts Co., Ltd.	Organize culture and arts communication activity, cultural performance, culture and arts forwarding agency	1,500	Note 1	-	-	-	-	1,999	50.95	1,019	-	-

2. The upper limit on investment in mainland China

Accumulated Outward Remittance for Mainland China as of December 31, 2021 (US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (NT\$ in Thousands)
US\$25,475	US\$25,475	NT\$3,839,173 (Note 3)

Note 1: Investing in companies in mainland China through the companies already established and existing in the areas other than Taiwan and mainland China.

Note 2: Amount was recognized based on audited financial statements.

Note 3: The upper limit on investment in mainland China was as follows:

$$\text{NT\$6,398,621 thousand} \times 60\% = \text{NT\$3,839,173 thousand.}$$

Note 4: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars.

(Concluded)

TABLE 10

WALSIN LIHWA CORPORATION AND INVESTEEES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, US Dollars and Renminbi)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Walsin Lihwa Corporation	<u>2021</u> Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	\$ 81,510	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	281,518	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jianyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	245,996	The terms are set by quotations on the local market and are similar to those of general customers	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	4,515	The terms are set by quotations on the local market and are similar to those of general customers	-
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Sales	2,773,189	The terms are set by quotations on the local market and are similar to those of general customers	1
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	595,996	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jianyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Sales	668,583	The terms are set by quotations on the local market and are similar to those of general customers	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Sales	18,689	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	7,723	The terms are set by quotations on the local market and are similar to those of general customers	-
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	32,849	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jianyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	37,008	The terms are set by quotations on the local market and are similar to those of general customers	-
1	Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 261,794	Based on capital demand	1
		Walsin Lihwa Corporation	Transactions between parent company and subsidiaries	Trade receivables	RMB 10,259	The terms are set by quotations on the local market and are similar to those of general customers	-
2	Joint Success Enterprise Limited	Walsin (Nanjing) Development Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 177,412	Based on capital demand	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
3	Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited	Transactions between subsidiaries and parent company	Other receivables	US\$ 4,900	Based on capital demand	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 60,175	Based on capital demand	2
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 363,643 US\$ 44,636	Based on capital demand	1
		Jiangyin Walsin Steel Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 8,717	Based on capital demand	1
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 214,155 US\$ 8,955	Based on capital demand	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 55,825	Based on capital demand	1
		Walsin (Nanjing) Development Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 698,586	Based on capital demand	2
		XiAn Walsin Metal Product Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 176,213	Based on capital demand	-
		Nanjing Taiwan Trade Mart Management Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 37,250	Based on capital demand	-
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 68,544	Based on capital demand	1
4	Walsin International Investments Limited	PT. Walsin Nickel Industrial Indonesia	Transactions between subsidiaries	Other receivables	RMB 1,596,871	Based on capital demand	4
		Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 2,558,656	Based on capital demand	6
5	Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 27,311	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 6,386	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 242,772	The terms are set by quotations on the local market and are similar to those of general customers	1
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Sales	RMB 233,251	The terms are set by quotations on the local market and are similar to those of general customers	1
6	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 10,581	Based on capital demand	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 1,213	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 40,500	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 99,473	Based on capital demand	-
7	Walsin Specialty Steel Corp.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 8,453	Based on capital demand	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
8	Changshu Walsin Specialty Steel Co., Ltd.	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 1,130	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 5,739	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Sales	RMB 817	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 32,926	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 37,911	Based on capital demand	-
9	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Sales	RMB 6	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 83,540	Based on capital demand	-
10	Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 553,394	Based on capital demand	1
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between subsidiaries	Sales	RMB 49,712	The terms are set by quotations on the local market and are similar to those of general customers	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 14,014	The terms are set by quotations on the local market and are similar to those of general customers	-
12	Jiangyin Walsin Steel Cable Co., Ltd.	Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 581	The terms are set by quotations on the local market and are similar to those of general customers	-
13	Nanjing Walsin Property Management Co., Ltd.	Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 5,420	Based on capital demand	-
0	2020 Walsin Lihwa Corporation	Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	\$ 207,701	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	7,732	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	99,820	The terms are set by quotations on the local market and are similar to those of general customers	-
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Sales	2,482,034	The terms are set by quotations on the local market and are similar to those of general customers	2
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	47,457	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Sales	200,926	The terms are set by quotations on the local market and are similar to those of general customers	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Sales	1,733	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	18,654	The terms are set by quotations on the local market and are similar to those of general customers	-
		PT. Walsin Nickel Industrial Indonesia	Transactions between parent company and subsidiaries	Long-term receivables	5,349,885	Based on capital demand	4

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
1	Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 321,124	Based on capital demand	1
		Walsin Lihwa Corporation	Transactions between parent company and subsidiaries	Trade receivables	RMB 10,499	The terms are set by quotations on the local market and are similar to those of general customers	-
2	Joint Success Enterprise Limited	Walsin (Nanjing) Construction Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 177,219	Based on capital demand	1
3	Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited	Transactions between parent company and subsidiaries	Other receivables	US\$ 4,900	Based on capital demand	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 72,407	Based on capital demand	3
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 435,970 US\$ 44,564	Based on capital demand	1
		Jiangyin Walsin Steel Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 9,987	Based on capital demand	1
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 295,409 US\$ 8,986	Based on capital demand	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 46,675	Based on capital demand	1
		Walsin (Nanjing) Construction Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 250,291	Based on capital demand	1
		Hangzhou Walsin Power Cable & Wire Co., Ltd.	Associates	Other receivables	RMB 81,218	Based on capital demand	-
		XiAn Walsin Metal Product Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 173,857	Based on capital demand	1
		Nanjing Taiwan Trade Mart Management Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 55,292	Based on capital demand	-
		Dongguan Walsin Wire & Cable Co., Ltd	Transactions between parent company and subsidiaries	Other receivables	US\$ 78,600	Based on capital demand	1
4	Walsin International Investments Limited	Walsin Lihwa Corporation	Transactions between parent company and subsidiaries	Other receivables	RMB 1,305,589	Based on capital demand	4
		Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 2,436,212	Based on capital demand	7
5	Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 30,471	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 26,445	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 234,934	The terms are set by quotations on the local market and are similar to those of general customers	1
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Sales	RMB 172,669	The terms are set by quotations on the local market and are similar to those of general customers	1
6	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Yantai Walsin Stainless Steel Co., Ltd.	Transaction between subsidiaries	Other receivables	RMB 6,228	Based on capital demand	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transaction between subsidiaries	Trade receivables	RMB 2,066	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transaction between subsidiaries	Sales	RMB 11,060	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin (China) Investment Co., Ltd.	Transaction between subsidiaries	Other receivables	RMB 174,069	Based on capital demand	1

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
7	Walsin Specialty Steel Corp.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 8,453	Based on capital demand	-
		Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 553	Based on capital demand	-
8	Changshu Walsin Specialty Steel Co., Ltd.	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transaction between subsidiaries	Trade receivables	RMB 71	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transaction between subsidiaries	Trade receivables	RMB 7,122	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin Lihwa Corporation	Transactions between subsidiaries and parent company	Sales	RMB 50	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transaction between subsidiaries	Sales	RMB 871	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transaction between subsidiaries	Sales	RMB 6,677	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 49,075	Based on capital demand	-
		Changzhou China Steel Precision Materials Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 1,220	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changzhou China Steel Precision Materials Co., Ltd.	Transactions between subsidiaries	Sales	RMB 1,945	The terms are set by quotations on the local market and are similar to those of general customers	-

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
LGT Bank (Singapore) Investment Fund under the custody of Standard Chartered	251,504,000	7.32
Winbond Electronics Corp.	222,000,000	6.46
Chin-Xin Investment Co., Ltd.	220,011,000	6.41
TECO Electric & Machinery Co., Ltd.	205,332,690	5.98

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers their shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

**Walsin Lihwa Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Walsin Lihwa Corporation

Opinion

We have audited the accompanying consolidated financial statements of Walsin Lihwa Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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.

In our opinion, based on our audits and the reports of other auditors (as set out in the Other Matter section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, 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 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. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the key audit matters of the consolidated financial statements of the Group as of and for the year ended December 31, 2022:

Sales Revenue Recognition

In 2022, the main products of the Group's wires and cables business unit include bare copper wires, wires and cables. The fluctuation in prices of bare copper wires is often subject to the movement in prices of raw materials, and thus some of the sales prices are set according to the market prices agreed under the contracts at the time of shipments. The Group prepares reports on point of sale transactions by referring to the actual shipments and market price adjustments as the basis for revenue recognition. Due to the large number of transactions and different market prices that have been agreed upon by customers, the processing, recording and maintenance of such reports are performed manually in which their amounts are significant to the consolidated financial statements. Therefore, the accuracy of revenue recognized from sales of bare copper wires was considered as a key audit matter. Refer to Notes 4 and 26 to the consolidated financial statements for related accounting policies and disclosure of information relating to revenue recognition.

Our audit procedures performed in respect of the above key audit matter were as follows:

1. We obtained an understanding and tested the reasonableness of revenue recognition policy and internal control procedures over the sales of bare copper wires, and evaluated the effectiveness of relevant internal controls.
2. We performed sampling and reconciliation of sales prices and quantities with their respective amounts in the contracts and verified the accuracy of market price adjustments.
3. We verified the accuracy of monthly reports by recalculating the sales revenue and confirmed that the recognized amounts were consistent with those recorded in the general ledger.

Other Matter

The financial statements of certain subsidiaries included in the consolidated financial statements as of and for the years ended December 31, 2022 and 2021 were audited by other auditors. Our opinion, insofar as it relates to such subsidiaries, is based solely on the reports of other auditors. The total assets of such subsidiaries amounted to NT\$27,113,218 thousand and NT\$10,292,042 thousand, which constituted 10.74% and 5.62% of the Group's consolidated total assets, as of December 31, 2022 and 2021, respectively, and the total net operating revenue of such subsidiaries amounted to NT\$3,409,851 thousand and NT\$17,799,306 thousand, which constituted 1.89% and 11.36% of the Group's consolidated total net operating revenue, for the years ended December 31, 2022 and 2021, respectively.

We did not audit the financial statements of some associates accounted for using the equity method included in the consolidated financial statements of the Group, but such statements were audited by other auditors. As of December 31, 2022 and 2021, the carrying amount of investments accounted for using the equity method were NT\$4,869,105 thousand and NT\$1,053,790 thousand, representing 1.93% and 0.58% of the consolidated total assets, respectively, and the share of losses of these associates were NT\$313 thousand and NT\$5,936 thousand, representing (0.00%) and (0.03%) of the consolidated income before income tax, respectively.

We have also audited the parent company only financial statements of Walsin Lihwa Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion with other matter.

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 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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable 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 Group'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 Group'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 Group 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group 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, 2022 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 audit resulting in this independent auditors' report are Wen-Yea Shyu and Ker-Chang Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2023

Notice to Readers

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

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 19,397,973	8	\$ 10,387,581	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	7,631	-	16,147	-
Financial assets at amortized cost - current (Notes 4 and 9)	2,202	-	-	-
Financial assets for hedging - current (Notes 4 and 8)	20,615	-	89,232	-
Contract assets - current (Notes 4 and 10)	3,022,237	1	5,750,344	3
Notes receivable (Notes 4, 11 and 36)	4,537,322	2	2,627,411	2
Trade receivables (Notes 4, 11 and 36)	17,294,990	7	11,045,689	6
Finance lease receivables - current (Notes 4, 12 and 37)	60,020	-	58,042	-
Other receivables (Note 31)	3,857,091	2	1,620,595	1
Inventories (Notes 4 and 13)	36,080,291	14	31,659,723	17
Other financial assets - current (Notes 6 and 37)	546,126	-	530,650	-
Other current assets (Note 21)	<u>7,880,887</u>	<u>3</u>	<u>5,535,226</u>	<u>3</u>
Total current assets	<u>92,707,385</u>	<u>37</u>	<u>69,320,640</u>	<u>38</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	2,639,755	1	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 14)	12,342,232	5	16,290,587	9
Financial assets at amortized cost - non-current (Notes 4 and 9)	189,242	-	-	-
Financial assets for hedging - non-current (Notes 4 and 8)	144,404	-	-	-
Investments accounted for using the equity method (Notes 4 and 16)	46,189,399	18	39,451,117	22
Property, plant and equipment (Notes 4 and 17)	65,656,466	26	41,474,488	23
Right-of-use assets (Notes 4 and 18)	4,309,355	2	1,803,510	1
Investment properties (Notes 4 and 19)	16,123,806	7	10,431,063	6
Goodwill (Notes 4 and 20)	83,393	-	152,771	-
Other intangible assets (Notes 4 and 31)	4,883,141	2	20,659	-
Deferred tax assets (Notes 4 and 28)	3,448,277	1	2,818,549	1
Refundable deposits (Note 6)	288,948	-	207,622	-
Finance lease receivables - non-current (Notes 4, 12 and 37)	602,523	-	662,543	-
Other non-current assets (Notes 6, 21, 28 and 37)	<u>2,916,527</u>	<u>1</u>	<u>401,349</u>	<u>-</u>
Total non-current assets	<u>159,817,468</u>	<u>63</u>	<u>113,714,258</u>	<u>62</u>
TOTAL	<u>\$ 252,524,853</u>	<u>100</u>	<u>\$ 183,034,898</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 22)	\$ 22,496,307	9	\$ 7,108,766	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	64,772	-	37,439	-
Financial liabilities for hedging - current (Notes 4 and 8)	222,272	-	-	-
Contract liabilities - current	6,014	-	3,426	-
Notes payable (Note 36)	591,536	-	346,947	-
Trade payables (Note 36)	17,497,315	7	8,493,921	5
Other payables	9,939,969	4	4,861,341	3
Current tax liabilities (Notes 4 and 28)	6,103,462	2	6,082,152	3
Lease liabilities - current (Notes 4 and 18)	245,223	-	71,470	-
Current portion of long-term borrowings (Notes 22 and 23)	1,207,209	1	10,719,081	6
Other current liabilities	<u>2,495,289</u>	<u>1</u>	<u>1,127,970</u>	<u>-</u>
Total current liabilities	<u>60,869,368</u>	<u>24</u>	<u>38,852,513</u>	<u>21</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	363,192	-	-	-
Bonds payable (Note 23)	7,742,955	3	7,500,000	4
Long-term borrowings (Note 22)	40,820,860	16	24,785,952	14
Long-term notes and bills payable (Note 22)	1,497,914	1	-	-
Deferred tax liabilities (Notes 4 and 28)	5,797,938	3	2,214,650	1
Lease liabilities - non-current (Notes 4 and 18)	2,309,732	1	243,676	-
Net defined benefit liabilities - non-current (Notes 4 and 24)	348,779	-	560,362	-
Other non-current liabilities (Note 33)	<u>2,952,903</u>	<u>1</u>	<u>931,477</u>	<u>1</u>
Total non-current liabilities	<u>61,834,273</u>	<u>25</u>	<u>36,236,117</u>	<u>20</u>
Total liabilities	<u>122,703,641</u>	<u>49</u>	<u>75,088,630</u>	<u>41</u>
EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 25)				
Share capital	<u>37,313,329</u>	<u>15</u>	<u>34,313,329</u>	<u>19</u>
Capital surplus	<u>24,672,454</u>	<u>10</u>	<u>18,440,875</u>	<u>10</u>
Retained earnings				
Legal reserve	7,564,090	3	6,109,568	3
Special reserve	2,712,250	1	2,712,250	2
Unappropriated earnings	<u>51,762,058</u>	<u>20</u>	<u>38,965,389</u>	<u>21</u>
Total retained earnings	<u>62,038,398</u>	<u>24</u>	<u>47,787,207</u>	<u>26</u>
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(4,256,774)	(2)	(6,100,687)	(3)
Unrealized gain on financial assets at fair value through other comprehensive income	6,693,877	3	11,534,267	6
Loss on hedging instruments	(105,801)	-	-	-
Other equity - other	<u>(2,774,607)</u>	<u>(1)</u>	<u>(91,467)</u>	<u>-</u>
Total other equity	<u>(443,305)</u>	<u>-</u>	<u>5,342,113</u>	<u>3</u>
Total equity attributable to owners of WLC	123,580,876	49	105,883,524	58
NON-CONTROLLING INTERESTS	<u>6,240,336</u>	<u>2</u>	<u>2,062,744</u>	<u>1</u>
Total equity	<u>129,821,212</u>	<u>51</u>	<u>107,946,268</u>	<u>59</u>
TOTAL	<u>\$ 252,524,853</u>	<u>100</u>	<u>\$ 183,034,898</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 24, 2023)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of U.S. Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 631,650	8	\$ 338,248	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	248	-	526	-
Financial assets at amortized cost - current (Notes 4 and 9)	72	-	-	-
Financial assets for hedging - current (Notes 4 and 8)	671	-	2,906	-
Contract assets - current (Notes 4 and 10)	98,412	1	187,247	3
Notes receivable (Notes 4, 11 and 36)	147,747	2	85,556	2
Trade receivables (Notes 4, 11 and 36)	563,171	7	359,677	6
Finance lease receivables - current (Notes 4, 12 and 37)	1,954	-	1,890	-
Other receivables (Note 31)	125,597	2	52,771	1
Inventories (Notes 4 and 13)	1,174,871	14	1,030,926	17
Other financial assets - current (Notes 6 and 37)	17,783	-	17,279	-
Other current assets (Note 21)	<u>256,622</u>	<u>3</u>	<u>180,242</u>	<u>3</u>
Total current assets	<u>3,018,798</u>	<u>37</u>	<u>2,257,268</u>	<u>38</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	85,958	1	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 14)	401,896	5	530,465	9
Financial assets at amortized cost - non-current (Notes 4 and 9)	6,162	-	-	-
Financial assets for hedging - non-current (Notes 4 and 8)	4,702	-	-	-
Investments accounted for using the equity method (Notes 4 and 16)	1,504,051	18	1,284,634	22
Property, plant and equipment (Notes 4 and 17)	2,137,951	26	1,350,521	23
Right-of-use assets (Notes 4 and 18)	140,324	2	58,727	1
Investment properties (Notes 4 and 19)	525,034	7	339,663	6
Goodwill (Notes 4 and 20)	2,715	-	-	-
Other intangible assets (Notes 4 and 31)	159,008	2	5,647	-
Deferred tax assets (Notes 4 and 28)	112,285	1	91,780	1
Refundable deposits (Note 6)	9,409	-	6,761	-
Finance lease receivables - non-current (Notes 4, 12 and 37)	19,620	-	21,574	-
Other non-current assets (Notes 6, 21, 28 and 37)	<u>94,974</u>	<u>1</u>	<u>13,067</u>	<u>-</u>
Total non-current assets	<u>5,204,089</u>	<u>63</u>	<u>3,702,839</u>	<u>62</u>
TOTAL	<u>\$ 8,222,887</u>	<u>100</u>	<u>\$ 5,960,107</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 22)	\$ 732,540	9	\$ 231,480	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	2,109	-	1,219	-
Financial liabilities for hedging - current (Notes 4 and 8)	7,238	-	-	-
Contract liabilities - current	196	-	112	-
Notes payable (Note 36)	19,262	-	11,298	-
Trade payables (Note 36)	569,760	7	276,585	5
Other payables	323,672	4	158,298	3
Current tax liabilities (Notes 4 and 28)	198,745	2	198,051	3
Lease liabilities - current (Notes 4 and 18)	7,985	-	2,327	-
Current portion of long-term borrowings (Notes 22 and 23)	39,310	1	349,042	6
Other current liabilities	<u>81,253</u>	<u>1</u>	<u>36,730</u>	<u>-</u>
Total current liabilities	<u>1,982,070</u>	<u>24</u>	<u>1,265,142</u>	<u>21</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	11,827	-	-	-
Bonds payable (Note 23)	252,131	3	244,220	4
Long-term borrowings (Note 22)	1,329,237	16	807,097	14
Long-term notes and bills payable (Note 22)	48,776	1	-	-
Deferred tax liabilities (Notes 4 and 28)	188,796	3	72,115	1
Lease liabilities - non-current (Notes 4 and 18)	75,211	1	7,935	-
Net defined benefit liabilities - non-current (Notes 4 and 24)	11,357	-	18,247	-
Other non-current liabilities (Note 33)	<u>96,154</u>	<u>1</u>	<u>30,331</u>	<u>1</u>
Total non-current liabilities	<u>2,013,489</u>	<u>25</u>	<u>1,179,945</u>	<u>20</u>
Total liabilities	<u>3,995,559</u>	<u>49</u>	<u>2,445,087</u>	<u>41</u>
EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 25)				
Share capital	<u>1,215,022</u>	<u>15</u>	<u>1,117,334</u>	<u>19</u>
Capital surplus	<u>803,401</u>	<u>10</u>	<u>600,484</u>	<u>10</u>
Retained earnings				
Legal reserve	246,307	3	198,944	3
Special reserve	88,318	1	88,318	2
Unappropriated earnings	<u>1,685,511</u>	<u>20</u>	<u>1,268,818</u>	<u>21</u>
Total retained earnings	<u>2,020,136</u>	<u>24</u>	<u>1,556,080</u>	<u>26</u>
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(138,611)	(2)	(198,655)	(3)
Unrealized gain on financial assets at fair value through other comprehensive income	217,971	3	375,587	6
Loss on hedging instruments	(3,445)	-	-	-
Other equity - other	<u>(90,348)</u>	<u>(1)</u>	<u>(2,978)</u>	<u>-</u>
Total other equity	<u>(14,433)</u>	<u>-</u>	<u>173,954</u>	<u>3</u>
Total equity attributable to owners of WLC	4,024,126	49	3,447,852	58
NON-CONTROLLING INTERESTS	<u>203,202</u>	<u>2</u>	<u>67,168</u>	<u>1</u>
Total equity	<u>4,227,328</u>	<u>51</u>	<u>3,515,020</u>	<u>59</u>
TOTAL	<u>\$ 8,222,887</u>	<u>100</u>	<u>\$ 5,960,107</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 24, 2023)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 26)	\$ 180,400,719	100	\$ 156,664,766	100
OPERATING COSTS (Note 13)	<u>(163,054,414)</u>	<u>(91)</u>	<u>(136,855,301)</u>	<u>(88)</u>
GROSS PROFIT	<u>17,346,305</u>	<u>9</u>	<u>19,809,465</u>	<u>12</u>
OPERATING EXPENSES				
Selling and marketing expenses	2,880,008	1	2,487,342	2
General and administrative expenses	4,748,280	3	3,784,683	2
Research and development expenses	<u>219,303</u>	<u>-</u>	<u>191,888</u>	<u>-</u>
Total operating expenses	<u>7,847,591</u>	<u>4</u>	<u>6,463,913</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>9,498,714</u>	<u>5</u>	<u>13,345,552</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	240,793	-	91,952	-
Dividend income	766,857	-	561,499	-
Other income	1,130,256	1	549,102	-
Gain on disposal of property, plant and equipment	68,051	-	20,468	-
Gain on disposal of investments (Note 27)	7,210,043	4	679,207	1
Foreign exchange gains (loss), net	1,748,708	1	(237,222)	-
Gain on valuation of financial assets and liabilities at fair value through profit or loss	265,134	-	647,228	-
Other expenses	(305,781)	-	(231,656)	-
Recognition of impairment loss (Note 27)	(87)	-	(693,892)	-
Interest expense	(827,715)	-	(417,951)	-
Share of profit of associates accounted for using the equity method	<u>3,607,040</u>	<u>2</u>	<u>4,808,211</u>	<u>3</u>
Total non-operating income and expenses	<u>13,903,299</u>	<u>8</u>	<u>5,776,946</u>	<u>4</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	23,402,013	13	19,122,498	12
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(4,261,937)</u>	<u>(2)</u>	<u>(3,865,184)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>19,140,076</u>	<u>11</u>	<u>15,257,314</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	260,538	-	(153,272)	-

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	\$ (4,067,542)	(2)	\$ 2,594,208	1
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(644,358)	(1)	2,906,573	2
	<u>(4,451,362)</u>	<u>(3)</u>	<u>5,347,509</u>	<u>3</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	1,757,704	1	(105,982)	-
Loss on hedging instruments	(105,801)	-	-	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	180,029	-	(127,834)	-
	<u>1,831,932</u>	<u>1</u>	<u>(233,816)</u>	<u>-</u>
Other comprehensive (loss) income for the year	<u>(2,619,430)</u>	<u>(2)</u>	<u>5,113,693</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 16,520,646</u>	<u>9</u>	<u>\$ 20,371,007</u>	<u>13</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of WLC	\$ 19,352,097	11	\$ 14,642,629	9
Non-controlling interests	<u>(212,021)</u>	<u>-</u>	<u>614,685</u>	<u>1</u>
	<u>\$ 19,140,076</u>	<u>11</u>	<u>\$ 15,257,314</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of WLC	\$ 16,639,046	9	\$ 19,791,160	13
Non-controlling interests	<u>(118,400)</u>	<u>-</u>	<u>579,847</u>	<u>-</u>
	<u>\$ 16,520,646</u>	<u>9</u>	<u>\$ 20,371,007</u>	<u>13</u>
EARNINGS PER SHARE (Note 29)				
Basic	<u>\$ 5.45</u>		<u>\$ 4.27</u>	
Diluted	<u>\$ 5.44</u>		<u>\$ 4.26</u>	

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

(With Deloitte & Touche auditors' report dated February 24, 2023)

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of U.S. Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 26)	\$ 5,874,331	100	\$ 5,101,425	100
OPERATING COSTS (Note 13)	<u>(5,309,489)</u>	<u>(91)</u>	<u>(4,456,376)</u>	<u>(88)</u>
GROSS PROFIT	<u>564,842</u>	<u>9</u>	<u>645,049</u>	<u>12</u>
OPERATING EXPENSES				
Selling and marketing expenses	93,781	1	80,995	2
General and administrative expenses	154,617	3	123,239	2
Research and development expenses	<u>7,141</u>	<u>-</u>	<u>6,248</u>	<u>-</u>
Total operating expenses	<u>255,539</u>	<u>4</u>	<u>210,482</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>309,303</u>	<u>5</u>	<u>434,567</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	7,841	-	2,994	-
Dividend income	24,971	-	18,284	-
Other income	36,804	1	17,880	-
Gain on disposal of property, plant and equipment	2,216	-	666	-
Gain on disposal of investments (Note 27)	234,778	4	22,117	1
Foreign exchange gain (loss), net	56,945	1	(7,723)	-
Gain on valuation of financial assets and liabilities at fair value through profit or loss	8,633	-	21,075	-
Other expenses	(9,957)	-	(7,543)	-
Recognition of impairment loss (Note 27)	(3)	-	(22,595)	-
Interest expense	(26,953)	-	(13,610)	-
Share of profit of associates accounted for using the equity method	<u>117,455</u>	<u>2</u>	<u>156,568</u>	<u>3</u>
Total non-operating income and expenses	<u>452,730</u>	<u>8</u>	<u>188,113</u>	<u>4</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	762,033	13	622,680	12
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(138,781)</u>	<u>(2)</u>	<u>(125,861)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>623,252</u>	<u>11</u>	<u>496,819</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	8,484	-	(4,991)	-

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of U.S. Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	\$ (132,450)	(2)	\$ 84,474	1
Share of the other comprehensive (loss) income of associates accounted for using the equity method	<u>(20,982)</u>	<u>(1)</u>	<u>94,646</u>	<u>2</u>
	<u>(144,948)</u>	<u>(3)</u>	<u>174,129</u>	<u>3</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	57,236	1	(3,451)	-
Loss on hedging instruments	(3,445)	-	-	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>5,862</u>	<u>-</u>	<u>(4,163)</u>	<u>-</u>
	<u>59,653</u>	<u>1</u>	<u>(7,614)</u>	<u>-</u>
Other comprehensive (loss) income for the year	<u>(85,295)</u>	<u>(2)</u>	<u>166,515</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 537,957</u>	<u>9</u>	<u>\$ 663,334</u>	<u>13</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of WLC	\$ 630,156	11	\$ 476,803	9
Non-controlling interests	<u>(6,904)</u>	<u>-</u>	<u>20,016</u>	<u>1</u>
	<u>\$ 623,252</u>	<u>11</u>	<u>\$ 496,819</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of WLC	\$ 541,812	9	\$ 644,453	13
Non-controlling interests	<u>(3,855)</u>	<u>-</u>	<u>18,881</u>	<u>-</u>
	<u>\$ 537,957</u>	<u>9</u>	<u>\$ 663,334</u>	<u>13</u>
EARNINGS PER SHARE (Note 29)				
Basic	<u>\$ 0.18</u>		<u>\$ 0.14</u>	
Diluted	<u>\$ 0.18</u>		<u>\$ 0.14</u>	

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

(With Deloitte & Touche auditors' report dated February 24, 2023)

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of WLC											
						Other Equity						
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation the Financial Statement of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Loss on Hedging Instrument	Others	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2021	\$ 32,260,002	\$ 15,690,406	\$ 5,428,200	\$ 3,110,410	\$ 27,791,577	\$ (5,905,135)	\$ 6,092,775	\$ -	\$ -	\$ 84,468,235	\$ 2,812,595	\$ 87,280,830
Appropriation of 2020 earnings (Note 25)												
Legal reserve	-	-	681,368	-	(681,368)	-	-	-	-	-	-	-
Special reserve	-	-	-	(398,160)	398,160	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(3,088,200)	-	-	-	-	(3,088,200)	-	(3,088,200)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	3,124	-	-	-	-	-	-	-	3,124	-	3,124
Changes in capital surplus from investments in associates accounted for using the equity method	-	(26,782)	-	-	77,160	-	(77,160)	-	(91,467)	(118,249)	-	(118,249)
Issuance of new shares in exchange for the shares of another company	2,053,327	2,771,798	-	-	-	-	-	-	-	4,825,125	-	4,825,125
Net profit for the year ended December 31, 2021	-	-	-	-	14,642,629	-	-	-	-	14,642,629	614,685	15,257,314
Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	(174,569)	(195,552)	5,518,652	-	-	5,148,531	(34,838)	5,113,693
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	14,468,060	(195,552)	5,518,652	-	-	19,791,160	579,847	20,371,007
Others	-	2,329	-	-	-	-	-	-	-	2,329	-	2,329
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,329,698)	(1,329,698)
BALANCE, DECEMBER 31, 2021	34,313,329	18,440,875	6,109,568	2,712,250	38,965,389	(6,100,687)	11,534,267	-	(91,467)	105,883,524	2,062,744	107,946,268
Appropriation of 2021 earnings (Note 25)												
Legal reserve	-	-	1,454,522	-	(1,454,522)	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(5,490,133)	-	-	-	-	(5,490,133)	-	(5,490,133)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	(2,683,140)	(2,683,140)	-	(2,683,140)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	(994)	-	-	-	-	-	-	-	(994)	-	(994)
Disposal of equity instrument measured at fair value through other comprehensive income	-	-	-	-	(3,589)	-	3,589	-	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	887	-	-	79,546	-	(79,546)	-	-	887	-	887
Issuance of ordinary shares for cash	3,000,000	6,000,000	-	-	-	-	-	-	-	9,000,000	-	9,000,000
Net profit for the year ended December 31, 2022	-	-	-	-	19,352,097	-	-	-	-	19,352,097	(212,021)	19,140,076
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	313,270	1,843,913	(4,764,433)	(105,801)	-	(2,713,051)	93,621	(2,619,430)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	19,665,367	1,843,913	(4,764,433)	(105,801)	-	16,639,046	(118,400)	16,520,646
Share-based payment	-	225,000	-	-	-	-	-	-	-	225,000	-	225,000
Others	-	6,686	-	-	-	-	-	-	-	6,686	-	6,686
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	4,295,992	4,295,992
BALANCE, DECEMBER 31, 2022	<u>\$ 37,313,329</u>	<u>\$ 24,672,454</u>	<u>\$ 7,564,090</u>	<u>\$ 2,712,250</u>	<u>\$ 51,762,058</u>	<u>\$ (4,256,774)</u>	<u>\$ 6,693,877</u>	<u>\$ (105,801)</u>	<u>\$ (2,774,607)</u>	<u>\$ 123,580,876</u>	<u>\$ 6,240,336</u>	<u>\$ 129,821,212</u>

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

(With Deloitte & Touche auditors' report dated February 24, 2023)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of U.S. Dollars)**

	Equity Attributable to Owners of WLC											
	Retained Earnings					Other Equity						
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation the Financial Statement of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Loss on Hedging Instrument	Others	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2021	\$ 1,050,472	\$ 510,921	\$ 176,757	\$ 101,283	\$ 904,969	\$ (192,287)	\$ 198,398	\$ -	\$ -	\$ 2,750,513	\$ 91,586	\$ 2,842,099
Appropriation of 2020 earnings (Note 25)												
Legal reserve	-	-	22,187	-	(22,187)	-	-	-	-	-	-	-
Special reserve	-	-	-	(12,965)	12,965	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(100,560)	-	-	-	-	(100,560)	-	(100,560)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	102	-	-	-	-	-	-	-	102	-	102
Changes in capital surplus from investments in associates accounted for using the equity method	-	(872)	-	-	2,512	-	(2,513)	-	(2,978)	(3,851)	-	(3,851)
Issuance of new shares in exchange for the shares of another company	66,862	90,257	-	-	-	-	-	-	-	157,119	-	157,119
Net profit for the year ended December 31, 2021	-	-	-	-	476,803	-	-	-	-	476,803	20,016	496,819
Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	(5,684)	(6,368)	179,702	-	-	167,650	(1,135)	166,515
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	471,119	(6,368)	179,702	-	-	644,453	18,881	663,334
Others	-	76	-	-	-	-	-	-	-	76	-	76
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(43,299)	(43,299)
BALANCE, DECEMBER 31, 2021	1,117,334	600,484	198,944	88,318	1,268,818	(198,655)	375,587	-	(2,978)	3,447,852	67,168	3,515,020
Appropriation of 2021 earnings (Note 25)												
Legal reserve	-	-	47,363	-	(47,363)	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(178,773)	-	-	-	-	(178,773)	-	(178,773)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	(87,370)	(87,370)	-	(87,370)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	(32)	-	-	-	-	-	-	-	(32)	-	(32)
Disposal of equity instrument measured at fair value through other comprehensive income	-	-	-	-	(117)	-	117	-	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	29	-	-	2,590	-	(2,590)	-	-	29	-	29
Issuance of ordinary shares for cash	97,688	195,376	-	-	-	-	-	-	-	293,064	-	293,064
Net profit for the year ended December 31, 2022	-	-	-	-	630,156	-	-	-	-	630,156	(6,904)	623,252
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	10,200	60,044	(155,143)	(3,445)	-	(88,344)	3,049	(85,295)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	640,356	60,044	(155,143)	(3,445)	-	541,812	(3,855)	537,957
Share-based payment	-	7,327	-	-	-	-	-	-	-	7,327	-	7,327
Others	-	217	-	-	-	-	-	-	-	217	-	217
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	139,889	139,889
BALANCE, DECEMBER 31, 2022	<u>\$ 1,215,022</u>	<u>\$ 803,401</u>	<u>\$ 246,307</u>	<u>\$ 88,318</u>	<u>\$ 1,685,511</u>	<u>\$ (138,611)</u>	<u>\$ 217,971</u>	<u>\$ (3,445)</u>	<u>\$ (90,348)</u>	<u>\$ 4,024,126</u>	<u>\$ 203,202</u>	<u>\$ 4,227,328</u>

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

(With Deloitte & Touche auditors' report dated February 24, 2023)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 23,402,013	\$ 19,122,498
Adjustments for:		
Depreciation expenses	4,385,647	2,799,315
Amortization expenses	65,655	31,498
Expected credit loss recognized (reversed) on trade receivables	105,680	(7,901)
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(265,134)	(647,228)
Interest expenses	827,715	417,951
Interest income	(240,793)	(91,952)
Dividend income	(766,857)	(561,499)
Compensation costs of employee share options	233,077	11,490
Share of profit of associates accounted for using the equity method	(3,607,040)	(4,808,211)
Gain on disposal of property, plant and equipment	(68,051)	(20,468)
Loss on lease modification	6	-
Gain on disposal of investments	(7,210,043)	(679,207)
Impairment loss recognized on non-financial assets	87	693,892
Unrealized loss on foreign currency exchange	183,114	89,472
Gain on bargain purchase	(339,526)	-
Changes in operating assets and liabilities		
Increase in contract assets	(581,544)	(1,289,352)
(Increase) decrease in notes receivable	(1,909,911)	346,721
Decrease (increase) in trade receivables	100,992	(3,494,657)
Increase in other receivables	(1,225,918)	(775,485)
Increase in inventories	(2,101,272)	(11,987,254)
Decrease (increase) in other current assets	631,447	(45,654)
(Increase) decrease in other financial assets	(15,476)	174,627
Increase in other operating assets	(446,591)	(626,734)
(Decrease) increase in financial liabilities held for trading	(823,192)	513,105
Increase in contract liabilities	-	1,927
Increase in notes payable	244,589	111,689
Increase in trade payables	3,673,923	999,450
Increase in other payables	1,094,617	674,668
Increase (decrease) in other current liabilities	273,773	(60,224)
(Decrease) increase in net defined benefit liabilities	(211,583)	176,063
(Decrease) increase in other operating liabilities	(556,293)	565,146
Cash generated from operations	14,853,111	1,633,686
Interest received	357,042	69,679
Dividends received	2,166,803	1,359,121
Interest paid	(740,191)	(491,575)
Income tax paid	(2,731,958)	(1,254,756)
Net cash generated from operating activities	13,904,807	1,316,155

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (140,417)	\$ (1,985,957)
Disposal of financial assets at fair value through other comprehensive income	24,004	-
Capital reduction and refund from financial assets at fair value through other comprehensive income	-	3,615
Purchase of financial assets at amortized cost	(183,665)	-
Proceeds from sale of financial assets at amortized cost	-	1,325,403
Disposal of financial assets at fair value through profit or loss	-	4,948,895
Acquisition of investments accounted for using the equity method	(4,980,030)	(3,227)
Increase in prepaid long-term investments	(2,204,073)	-
Acquisition of additional interests in subsidiaries	(11,037,204)	-
Net cash inflow on disposal of subsidiaries	9,242,576	-
Payments for property, plant and equipment	(15,499,282)	(6,415,398)
Proceeds from disposal of property, plant and equipment	154,162	50,410
(Increase) decrease in refundable deposits	(68,728)	13,208
Purchase of intangible assets	(141,056)	(6,248)
Purchase of investment properties	(182)	(2,362)
Acquisition of right-of-use assets	(283,745)	(222,330)
Other investing activities	<u>(1,228,906)</u>	<u>1,308,017</u>
Net cash used in investing activities	<u>(26,346,546)</u>	<u>(985,974)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	13,088,885	485,651
Proceeds from bonds payable	-	7,500,000
Repayment of bonds payable	(46,684)	-
Proceeds from long-term borrowings	21,755,400	4,000,000
Repayment of long-term borrowings	(19,732,834)	(6,064,196)
Increase in long-term notes and bills payable	1,497,914	-
Repayment of the principal portion of lease liabilities	(120,625)	(89,794)
Cash dividends paid	(5,489,781)	(3,088,030)
Proceeds from issuance of ordinary shares	9,000,000	-
Acquisition of subsidiaries	-	(5,003,810)
Changes in non-controlling interests	359,522	(21,666)
Other financing activities	<u>6,685</u>	<u>2,329</u>
Net cash generated from (used in) financing activities	<u>20,318,482</u>	<u>(2,279,516)</u>

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>\$ 1,133,649</u>	<u>\$ 392,508</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,010,392	(1,556,827)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>10,387,581</u>	<u>11,944,408</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 19,397,973</u>	<u>\$ 10,387,581</u>

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

(With Deloitte & Touche auditors' report dated February 24, 2023)

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of U.S. Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 762,033	\$ 622,680
Adjustments for:		
Depreciation expenses	142,808	91,153
Amortization expenses	2,138	1,026
Expected credit loss recognized (reversed) on trade receivables	3,441	(257)
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(8,633)	(21,075)
Interest expenses	26,953	13,610
Interest income	(7,841)	(2,994)
Dividend income	(24,971)	(18,284)
Compensation costs of employee share options	7,590	374
Share of profit of associates accounted for using the equity method	(117,455)	(156,568)
Gain on disposal of property, plant and equipment	(2,216)	(666)
Gain on disposal of investments	(234,778)	(22,117)
Impairment loss recognized on non-financial assets	3	22,595
Unrealized loss on foreign currency exchange	5,963	2,913
Gain on bargain purchase	(11,056)	-
Changes in operating assets and liabilities		
Increase in contract assets	(18,937)	(41,985)
(Increase) decrease in notes receivable	(62,192)	11,290
Decrease (increase) in trade receivables	3,289	(113,795)
Increase in other receivables	(39,919)	(25,252)
Increase in inventories	(68,423)	(390,337)
Decrease (increase) in other current assets	20,562	(1,487)
(Increase) decrease in other financial assets	(504)	5,686
Increase in other operating assets	(14,542)	(20,408)
(Decrease) increase in financial liabilities held for trading	(26,805)	16,708
Increase in contract liabilities	-	63
Increase in notes payable	7,964	3,637
Increase in trade payables	119,633	32,545
Increase in other payables	35,644	21,969
Increase (decrease) increase in other current liabilities	8,915	(1,961)
(Decrease) increase in net defined benefit liabilities	(6,890)	5,733
(Decrease) increase in other operating liabilities	(18,114)	18,403
Cash generated from operations	483,660	53,199
Interest received	11,626	2,269
Dividends received	70,557	44,257
Interest paid	(24,103)	(16,007)
Income tax paid	(88,960)	(40,858)
Net cash generated from (used in) operating activities	452,780	42,860

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of U.S. Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (4,572)	\$ (64,668)
Disposal of financial assets at fair value through other comprehensive income	782	-
Capital reduction and refund from financial assets at fair value through other comprehensive income	-	118
Purchase of financial assets at amortized cost	(5,981)	-
Proceeds from sale of financial assets at amortized cost	-	43,159
Disposal of financial assets at fair value through profit or loss	-	161,149
Acquisition of investments accounted for using the equity method	(162,163)	(105)
Increase in prepaid long-term investments	(71,771)	-
Acquisition of additional interests in subsidiaries	(359,401)	-
Net cash inflow on disposal of subsidiaries	300,963	-
Payments for property, plant and equipment	(504,698)	(208,903)
Proceeds from disposal of property, plant and equipment	5,020	1,641
(Increase) decrease in refundable deposits	(2,238)	430
Purchase of intangible assets	(4,593)	(203)
Purchase of investment properties	(6)	(77)
Acquisition of right-of-use assets	(9,239)	(7,240)
Other investing activities	<u>(40,016)</u>	<u>42,593</u>
Net cash used in investing activities	<u>(857,913)</u>	<u>(32,106)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	426,209	15,814
Proceeds from bonds payable	(1,520)	244,220
Repayment of bonds payable	-	-
Proceeds from long-term borrowings	708,414	130,251
Repayment of long-term borrowings	(642,554)	(197,466)
Increase in long-term notes and bills payable	48,776	-
Repayment of the principal portion of lease liabilities	(3,928)	(2,924)
Cash dividends paid	(178,762)	(100,555)
Proceeds from issuance of ordinary shares	293,064	-
Acquisition of subsidiaries	-	(162,937)
Changes in non-controlling interests	11,707	(706)
Other financing activities	<u>218</u>	<u>76</u>
Net cash generated from (used in) financing activities	<u>661,624</u>	<u>(74,227)</u>

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of U.S. Dollars)

	2022	2021
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>\$ 36,911</u>	<u>\$ 12,779</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	293,402	(50,694)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>338,248</u>	<u>388,942</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 631,650</u>	<u>\$ 338,248</u>

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

(With Deloitte & Touche auditors' report dated February 24, 2023)

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

1. GENERAL INFORMATION

Walsin Lihwa Corporation (“WLC”) was incorporated in December 1966 and commenced operations in December 1966. To diversify its operations, WLC made various investments in construction, electronics, material science, real estate, etc. WLC’s main products are wires, cables, stainless steel, resource business and real estate.

WLC’s shares have been listed on the Taiwan Stock Exchange (TWSE) since November 1972. In October 1995 and November 2010, WLC increased its share capital and issued Global Depositary Receipts (GDRs), which were listed on the Luxembourg Stock Exchange under stock number 168527.

The consolidated financial statements are presented in WLC’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of WLC and its subsidiaries (collectively, the “Group”) were approved by the board of directors of WLC on February 24, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and the Group shall recognize the cumulative effect of initial application in retained earnings at that date. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of

the gain or loss is eliminated.

- 2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

- 3) Amendments to IFRS 16 “Leases Liability in a Sale and leaseback”

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, related regulations and IFRSs as endorsed and issued into effect by the FSC.

b. Basic of preparation

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

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

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

c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of WLC and the entities controlled by WLC. Control is achieved when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Total comprehensive income of subsidiaries is attributed to the owners of WLC and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

Refer to Note 15 and Table 8 for the percentage of ownership, main businesses and details of the subsidiaries.

e. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

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

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained

interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

Inventories of construction industry include land held for construction site and constructions-in-progress, which are recorded based on acquisition costs or construction costs depends on the type of the construction. Interest expenses on constructions-in-progress are capitalized as part of the construction costs.

g. Investment in associates

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

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the group's share of equity of associates. If the Group's ownership interest is reduced due to its additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

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

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of the property for subsequent accounting is its carrying amount at the commencement of owner-occupation.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of the property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

Intangible assets are derecognized when they are disposed or are not expected to generate future economic benefits through usage or through disposal.

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

k. Impairment of property, plant and equipment, right-of-use asset, investment properties, intangible assets other than goodwill and assets related to contract costs

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

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

l. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

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

1) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses are recognized in profit or loss. The net gain or loss recognized in profit or loss. Fair value is determined in the manner described in Note 35.

b) Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition or time deposits with original maturities within 3-12 months from the date of acquisition and the interest paid to deposits which is terminated before maturity is higher than demand deposits, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, operating/finance lease receivables, as well as contract assets.

The Group always recognizes lifetime Expected Credit Losses (ECLs) for trade receivables and operating/finance lease receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- a) Internal or external information shows that the debtor is unlikely to pay its creditors.
- b) Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

3) Derecognition of financial assets

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

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

Equity instruments

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

The repurchase of WLC's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of WLC's own equity instruments.

Financial liabilities

1) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses are recognized in profit or loss. Fair value is determined in the manner described in Note 35.

b) Financial guarantee contracts

Financial guarantee contracts issued by the Group, if not designated as at FVTPL, are subsequently measured at the higher of:

- i. The amount of the loss allowance reflecting expected credit losses; and
- ii. The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the revenue recognition policies.

2) Derecognition of financial liabilities

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

Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

m. Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

1) Fair value hedges

Gain or losses on derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

2) Cash flow hedges

The effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income (from the period when the hedge was effective) remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

n. Levies

Levies imposed by a government are accrued as other liabilities when the transactions or activities that trigger the payment of such levies occur. If the obligating event occurs over a period of time, the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold, the liability is recognized when that minimum threshold is reached.

o. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle the obligation and the amount of the obligation can be measured reliably.

p. Revenue recognition

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

1) Revenue from the sale of goods and real estate

Revenue from the sale of goods and real estate comes from sales of wires, cables, stainless steel and real estate. Sales of wires, cables and stainless steel are recognized as revenue when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

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

For contracts to sell properties in the ordinary course of business, the fixed transaction price is received in instalments and recognized as a contract liability. The transaction price, after adjusting for the effect of the significant financing component, is recognized as revenue when the construction is completed and the property is transferred to the buyer.

2) Revenue from the others

a) Revenue from the rendering of services

Service income is recognized when services are rendered. Revenue should be recognized over time by measuring the progress toward complete satisfaction of the performance obligation.

b) Construction contract revenue

Contract assets are recognized during construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payment exceeds the revenue recognized to date, then the Group recognizes a contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables

are recognized as contract assets until the Group satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

q. Leases

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

a) The Group as lessor

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

Under finance leases, the lease payments comprise fixed payments and variable lease payments which depend on an index or a rate. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

b) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

r. Government grants

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

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

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

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

t. Share-based payment arrangements

Employee share options granted to employees and others providing similar services.

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

u. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

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

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

the carrying amount of its assets and liabilities.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact when making its critical accounting estimates. The estimates and underlying assumptions are audited on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 4,413	\$ 2,926
Checking accounts and cash in banks	15,013,929	8,473,267
Cash equivalents		
Time deposits	4,265,727	1,801,526
Short-term bills	<u>113,904</u>	<u>109,862</u>
	<u>\$ 19,397,973</u>	<u>\$ 10,387,581</u>

The market rate intervals of cash in the bank at the end of the year were as follows (except for the checking accounts' interest rate of 0.00%):

	December 31	
	2022	2021
Bank balance	0.001%-3.8%	0.001%-2.75%
Short-term bills	0.4%-0.5%	0.16%

Other bank deposits have been reclassified to other accounts for the following purposes:

	Purpose	December 31	
		2022	2021
Other financial assets - current			
Restricted deposits	To meet contract requirements for completing construction	\$ 34,648	\$ 18,139
	To secure short-term borrowings and letters of credit	167,546	370,054
	Repatriation of offshore funds and project grants	40,786	80,493
Refundable deposits	Futures deposits	<u>303,146</u>	<u>61,964</u>
		<u>546,126</u>	<u>530,650</u>
Refundable deposits			
Other - pledged time deposits	To meet contract requirements for completing construction	51,718	51,667
	To meet required security deposit	268	867
Other non-current assets - other			
Restricted deposits	To meet construction project and performance letter of guarantee	11,023	10,854
Pledged time deposits	To meet required security deposit	<u>1,439</u>	<u>-</u>
		<u>64,448</u>	<u>63,388</u>

\$ 610,574 \$ 594,038

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
Commodity futures contracts	\$ -	\$ 1,940
Foreign exchange forward contracts	-	14,207
Options	7,629	-
Interest rate swap contracts	2	-
Non-derivative financial assets		
Contingent consideration (Note 32)	2,567,786	-
Foreign unlisted shares	<u>71,969</u>	<u>-</u>
Financial assets at FVTPL	<u>\$ 2,647,386</u>	<u>\$ 16,147</u>
Current	\$ 7,631	\$ 16,147
Non-current	<u>2,639,755</u>	<u>-</u>
	<u>\$ 2,647,386</u>	<u>\$ 16,147</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Commodity futures contracts	\$ 21,189	\$ -
Foreign exchange forward contracts	21,470	-
Exchange rate swap contracts	22,113	37,439
Non-derivative financial liabilities		
Contingent consideration (Note 31)	<u>363,192</u>	<u>-</u>
Financial liabilities at FVTPL	<u>\$ 427,964</u>	<u>\$ 37,439</u>
Current	\$ 64,772	\$ 37,439
Non-current	<u>363,192</u>	<u>-</u>
	<u>\$ 427,964</u>	<u>\$ 37,439</u>

- a. As of December 31, 2022 and 2021, outstanding commodity futures not under hedge accounting were as follows:

	Type of Transaction	Quantity (Tons)	Trade Date	Maturity Date	Exercise Price (In Thousands)	Market Price (In Thousands)	Valuation (Loss) Gain (In Thousands)
<u>December 31, 2022</u>							
Commodity futures contracts							
Copper	Buy	5,900	2022.08.15- 2022.12.30	2023.01.08- 2023.06.21	US\$ 48,178	US\$ 49,332	US\$ 1,154
Copper	Buy	555	2022.11.11- 2022.12.30	2023.01.31- 2023.03.31	RMB 36,816	RMB 36,797	RMB (19)
Copper	Sell	25	2022.12.02	2023.03.02	US\$ 210	US\$ 209	US\$ 1
Nickel	Sell	4,188	2022.11.15-	2023.01.18-	US\$ 122,940	US\$ 124,780	US\$ (1,840)

	Type of Transaction	Quantity (Tons)	Trade Date	Maturity Date	Exercise Price (In Thousands)		Market Price (In Thousands)		Valuation (Loss) Gain (In Thousands)
Zinc	Buy	25	2022.12.30 2022.12.05	2023.03.20 2023.02.28	RMB	613	RMB	593	RMB (20) (Continued)

	Type of Transaction	Quantity (Tons)	Trade Date	Maturity Date	Exercise Price (In Thousands)	Market Price (In Thousands)	Valuation (Loss) Gain (In Thousands)
<u>December 31, 2021</u>							
Commodity futures contracts							
Copper	Buy	9,925	2021.09.01-2021.12.31	2022.01.19-2022.04.20	US\$ 94,424	US\$ 96,834	US\$ 2,410
Copper	Sell	3,050	2021.12.10-2021.12.31	2022.01.19-2022.03.31	US\$ 29,229	US\$ 29,846	US\$ (617)
Nickel	Sell	2,238	2021.11.04-2021.12.31	2022.02.04-2022.03.31	US\$ 44,698	US\$ 46,459	US\$ (1,761)
Copper	Buy	1,770	2021.09.07-2021.12.31	2022.01.31-2022.06.30	RMB 124,483	RMB 124,618	RMB 135
Zinc	Buy	275	2021.10.14-2021.12.10	2022.03.31	RMB 6,520	RMB 6,630	RMB 110
							(Concluded)

- b. As of December 31, 2022 and 2021, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2022</u>			
Sell	USD to RMB	2023.01.31-2023.05.05	USD2,543/RMB17,228
	EUR to MYR	2023.01.31-2023.06.30	EUR1,499/MYR7,048
	EUR to USD	2023.01.03-2023.01.10	EUR7,987/USD8,500
Buy	USD to IDR	2023.01.31	USD91,000/IDR1,429,633,100
	USD to JPY	2023.01.05	USD3,000/JPY412,605
	USD to RMB	2023.01.05	USD16,571/RMB116,504
	EUR to USD	2023.01.05	EUR15,834/USD16,571
	USD to SGD	2023.01.30-2023.02.01	USD13,127/SGD17,778
	EUR to KRW	2023.01.31-2023.02.28	EUR434/KRW592,638
	EUR to TRY	2023.01.31	EUR292/TRY6,000
	EUR to ZAR	2023.01.18-2023.02.17	EUR710/ZAR12,483
	EUR to GBP	2023.01.31-2023.03.31	EUR4,944/GBP4,340
	EUR to BRL	2023.01.17-2023.03.15	EUR5,485/BRL29,982
<u>December 31, 2021</u>			
Sell	EUR to USD	2022.01.18-2022.02.17	EUR18,000/USD20,326
	USD to NTD	2022.01.07-2022.02.10	USD100,000/NTD2,776,800
	USD to RMB	2022.01.13-2022.07.20	USD83,643/RMB536,528
	EUR to MYR	2022.01.14-2022.03.02	EUR1,160/MYR5,590
Buy	USD to NTD	2022.01.06-2022.02.21	USD129,363/NTD3,579,887
	USD to JPY	2022.01.12-2022.01.24	USD9,430/JPY1,077,970
	EUR to USD	2022.01.10	EUR25,405/USD28,694
	USD to SGD	2022.01.12	USD20,207/SGD27,651
	USD to RMB	2022.01.13	USD10,000/RMB63,611

c. As of December 31, 2022 and 2021, outstanding exchange rate swap contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2022	USD to RMB	2023.01.18	USD75,000/RMB516,585
	EUR to USD	2023.01.17	EUR15,955/USD17,000
	EUR to ZAR	2023.01.18	EUR133/ZAR2,390
December 31, 2021	USD to NTD	2022.01.12	USD75,000/NTD2,097,188
	USD to NTD	2022.01.12	USD70,000/NTD1,957,375
	USD to NTD	2022.01.14	USD40,000/NTD1,109,600

- d. As of December 31, 2022, outstanding commodity futures option contracts not under hedge accounting were as follows:

Notional Amount	Type of Transaction	Buyer/Seller	Premium Paid	Fair Value
USD29,118	Put	Buyer	USD672	USD249

- e. As of December 31, 2022, outstanding interest rate swap contracts not under hedge accounting were as follows:

	Notional Amount	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
December 31, 2022	EUR19,934	2023.02.01	-0.433%	Note

Note: It is the three-month interest rate of Euro Interbank Offered Rate (Euribor) on the second business day before the issuance date.

- f. For the years ended December 31, 2022 and 2021, the Group's strategies for commodity futures contracts, foreign exchange forward contracts, exchange rate swap contracts and interest rate swap contracts were to hedge exposures to fluctuations in the prices of raw material, foreign exchange rates and interest rates. However, those derivative financial instruments did not meet the criteria of hedge effectiveness; therefore, they were not accounted for hedge accounting.
- g. Financial Assets - contingent consideration is the amount of consideration to be received by the Group from the acquirer in the disposal of the subsidiary (the "Target Company") on July 27, 2022. In accordance with the agreement of contingent consideration, the acquirer shall respectively pay additional payments when the gross profit of Target Company during the period starting from the settlement date to December 31, 2023 and the gross profit in the year 2024 meet the amount agreed upon by Target Company.
- h. Financial liabilities - contingent consideration according to the agreement of acquisition, the Group is required to make additional payments to the seller if Cogne Acciai Speciali S.p.A.'s earnings before interest, income tax, depreciation and amortization from the settlement date to 2025 meet the contract requirements. The fair value of this obligation at the acquisition date is estimated to be \$355,089 thousand.

8. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2022	2021
<u>Financial assets</u>		
Fair value hedges - exchange rate swap contracts	\$ -	\$ 89,232
Cash flow hedges - interest rate swap contracts	<u>165,019</u>	<u>-</u>
	<u>\$ 165,019</u>	<u>\$ 89,232</u>
Current	\$ 20,615	\$ 89,232
Non-current	<u>144,404</u>	<u>-</u>
	<u>\$ 165,019</u>	<u>\$ 89,232</u>
<u>Financial liabilities</u>		
Cash flow hedges - gas swap contracts	<u>\$ 222,272</u>	<u>\$ -</u>
Current	\$ 222,272	\$ -
Non-current	<u>-</u>	<u>-</u>
	<u>\$ 222,272</u>	<u>\$ -</u>

- a. The Group entered into exchange rate swap contracts to avoid exchange rate exposure of its foreign-currency trade receivables and trade payables. The conditions of the exchange rate swaps are the same as the one of the corresponding financial assets, so the management believes that the exchange rate swaps are highly effective hedging instruments. The outstanding exchange rate swap contracts of the Group at the end of the year were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>			
Exchange rate swap contracts	USD to RMB	2022.01.14	USD75,000/RMB488,325
	USD to RMB	2022.01.14	USD70,000/RMB455,700
	USD to RMB	2022.06.08	USD20,000/RMB129,220
	USD to RMB	2022.06.08	USD15,000/RMB96,921
			For the Year Ended December 31, 2021
Gain on the hedging instruments			<u>\$ 89,232</u>
Loss on the hedged items			<u>\$ 52,963</u>

b. The Group converts some of the issued floating rate financial liabilities from floating rate to fixed rate through the interest rate swap contracts in order to reduce the risk of the cash flow of the issued floating rate financial liabilities due to changes in interest rates. The conditions of the interest rate swap contracts are the same as the one of the related financial liabilities, therefore, the management of the Group considers they can be highly effective hedging instruments. The outstanding interest rate swap contracts of the Group at the end of the year were as follows:

December 31, 2022	Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
Exchange rate swap contracts	EUR95,177	2023.05.31-2030.12.18	-0.255%-3.120%	Euribor three to six months

- c. The Group is exposed to the risk that the future cash flows of the assets and liabilities may fluctuate due to changes in market prices of gas that are required for the Group's operations. The Group assesses that the risk may be significant and therefore enters into gas swap contracts for hedging purposes. The breakdown of the cash flow hedge items and derivative financial instruments designated for hedging as of December 31, 2022 were as follows:

Financial Commodity	Type of Transaction	Quantity (Tons)	Trade Date	Maturity Date	Notional Amount (In Thousands)	Market Price (In Thousands)	Valuation (Loss) Gain (In Thousands)
<u>December 31, 2022</u>							
Gas	Buy	139,800	2022.04.22- 2022.12.28	2023.01.31- 2023.12.31	EUR17,700	EUR10,907	EUR(6,793)

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Foreign investments		
Structured deposit	\$ 2,202	\$ -
<u>Non-current</u>		
Foreign investments		
Government bonds	\$ 189,242	\$ -

The interest rates for the government bonds the Group purchased was 4.45% as of December 31, 2022.

10. CONTRACT ASSETS

As of December 31, 2022 and 2021, contract balances were as follows:

	<u>December 31</u>	
	2022	2021
Contract assets		
Cable installation and steel cable sales contract	\$ 1,242,468	\$ 840,341
Solar power systems installation	1,779,769	4,910,003
Less: Allowance for impairment loss	-	-

Contract assets - current	<u>\$ 3,022,237</u>	<u>\$ 5,750,344</u>

The changes in the balance of contract assets primarily resulted from the timing differences between the Group's satisfaction of performance obligations and the respective customer's payment.

11. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
Notes receivable	<u>\$ 4,537,322</u>	<u>\$ 2,627,411</u>
<u>Trade receivables</u>		
Trade receivables	\$ 17,575,200	\$ 11,138,592
Less: Allowance for impairment loss	<u>(280,210)</u>	<u>(92,903)</u>
	<u>\$ 17,294,990</u>	<u>\$ 11,045,689</u>

a. Notes receivable

The Group entered into a factoring agreement with financial institutions to sell its discounted notes receivable. Although the Group has transferred the contractual rights to receive cash flows, the Group is still obligated to bear the default risk of such discounted notes receivable. Thus, it did not meet the conditions for derecognition of financial assets. The related information is as follows:

December 31, 2022

Factoring Partners	Notes Receivable Transferred (Note)	Amount Advanced	Interest Rate
Shanghai Pudong Development Bank Co., Ltd.	\$ 1,425,350	\$ 1,425,350	1.25%-2.20%
China Minsheng Banking Corp., Ltd.	<u>128,663</u>	<u>128,663</u>	1.57%-2.10%
	<u>\$ 1,554,013</u>	<u>\$ 1,554,013</u>	

Note: Classified under short-term borrowings; for related information on guarantee and short-term borrowings, refer to Notes 22 and 37.

b. Trade receivable

The average credit period on the sales of goods was 60 days. In determining the collectability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. When the Group dealt with new entities, the Group reviewed the credit ratings of the entities and obtained sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure

is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. In this regard, the management believes the Group's credit risk is significantly reduced.

The Group permits the use of a lifetime expected credit losses allowance for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience with the respective debtors and an analysis of the debtors' current financial positions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on the past due status of receivables is not further distinguished according to different segments of the Group's customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, they are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2022

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0%-1%	0%-2%	0%-50%	0%-100%	50%-100%	
Gross carrying amount	\$ 14,708,361	\$ 2,274,401	\$ 255,547	\$ 172,148	\$ 164,743	\$ 17,575,200
Loss allowance (lifetime ECLs)	<u>(8,432)</u>	<u>(31,422)</u>	<u>(26,064)</u>	<u>(71,707)</u>	<u>(142,585)</u>	<u>280,210</u>
Amortized cost	<u>\$ 14,699,929</u>	<u>\$ 2,242,979</u>	<u>\$ 229,483</u>	<u>\$ 100,441</u>	<u>\$ 22,158</u>	<u>\$ 17,294,990</u>

December 31, 2021

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0%	0%-2%	0%-50%	0%-100%	50%-100%	
Gross carrying amount	\$ 9,374,469	\$ 1,373,270	\$ 224,201	\$ 74,105	\$ 92,547	\$ 11,138,592
Loss allowance (lifetime ECLs)	<u>-</u>	<u>(2,081)</u>	<u>(12,786)</u>	<u>(10,688)</u>	<u>(67,348)</u>	<u>(92,903)</u>
Amortized cost	<u>\$ 9,374,469</u>	<u>\$ 1,371,189</u>	<u>\$ 211,415</u>	<u>\$ 63,417</u>	<u>\$ 25,199</u>	<u>\$ 11,045,689</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 92,903	\$ 94,022
Add: Amounts recovered	-	8,764
Add (less): Net remeasurement of loss allowance	105,680	(7,900)
Add: Acquisition through merger	91,508	-
Less: Amounts written off	(17,859)	(508)
Foreign exchange gains and losses	<u>7,978</u>	<u>(1,475)</u>
Balance at December 31	<u>\$ 280,210</u>	<u>\$ 92,903</u>

12. FINANCE LEASE RECEIVABLES

	December 31	
	2022	2021
<u>Undiscounted lease payments</u>		
Year 1	\$ 81,359	\$ 81,359
Year 2	81,359	81,359
Year 3	81,359	81,359
Year 4	81,359	81,359
Year 5	81,359	81,359
Year 6 onwards	<u>369,017</u>	<u>450,376</u>
	775,812	857,171
Less: Unearned finance income	<u>(113,269)</u>	<u>(136,586)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 662,543</u>	<u>\$ 720,585</u>
Current	\$ 60,020	\$ 58,042
Non-current	<u>602,523</u>	<u>662,543</u>
	<u>\$ 662,543</u>	<u>\$ 720,585</u>

The power supply contracts of solar power equipment are processed according to the finance leases accounting policy. The average term of finance leases entered into was 20 years.

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The average effective interest rate contracted was 3.30% per annum as of December 31, 2022 and 2021.

The finance lease receivables as of December 31, 2022 and 2021 were neither past due nor impaired.

The amounts of finance lease receivables pledged as collateral or for security are set out in Note 37.

13. INVENTORIES

	December 31	
	2022	2021
Manufacturing and trading industries		
Raw materials	\$ 7,852,613	\$ 6,753,215
Raw materials in transit	1,871,877	2,609,416
Supplies	2,256,735	1,780,788
Work-in-process	8,652,837	3,726,215
Finished goods and merchandise	12,807,714	9,435,648
Contracts in progress	<u>462,456</u>	<u>229,425</u>
	<u>33,904,232</u>	<u>24,534,707</u>
Real estate development industry		
Undeveloped land	3,434	3,434
Buildings and land held for sale	208,551	211,858
Contracts in progress	<u>1,964,074</u>	<u>6,909,724</u>
	<u>2,176,059</u>	<u>7,125,016</u>
	<u>\$ 36,080,291</u>	<u>\$ 31,659,723</u>

- a. The cost of goods sold related to inventories for the years ended December 31, 2022 and 2021 were NT\$162,026,574 thousand and NT\$135,868,487 thousand, respectively.
- b. The cost of goods sold for the years ended December 31, 2022 and 2021 included inventory write-downs of NT\$101,667 thousand and reversals of inventory write-downs of NT\$38,114 thousand, respectively. The reversals of previous write-downs for the years ended December 31, 2021 resulted from the inventory closeout.
- c. The inventory for the real estate development business are primarily land and construction costs for future construction and contracts in progress of WLC subsidiary Walsin (Nanjing) Development Co., Ltd.
- d. Walsin (Nanjing) Development Co., Ltd. entered into an agreement with third parties for the sale of real estate as of December 31, 2022 and 2021; the selling prices for the related residential buildings and office buildings were RMB4,710 thousand and RMB2,400 thousand, respectively. The sale of the real estate in the amounts of NT\$19,786 thousand and NT\$9,918 thousand were recognized as operating revenue for the years ended December 31, 2022 and 2021, respectively.

14. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
Domestic listed ordinary shares		
HannStar Display Corp.	\$ 3,340,899	\$ 5,423,342
HannStar Board Corp.	2,017,812	2,894,429
TECO Electric & Machinery Co., Ltd.	6,348,587	7,293,386
Global PMX Co., Ltd.	-	15,928
K. S. Terminals Inc.	10,179	-
Domestic unlisted ordinary shares	564,148	560,757
Foreign unlisted ordinary shares	<u>60,607</u>	<u>102,745</u>
	<u>\$ 12,342,232</u>	<u>\$ 16,290,587</u>
Current	\$ -	\$ -
Non-current	<u>12,342,232</u>	<u>16,290,587</u>
	<u>\$ 12,342,232</u>	<u>\$ 16,290,587</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management selected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. On December 31, 2022 and 2021, the unrealized valuation (losses) gains resulting from these investments in equity instruments were NT\$(4,067,542) thousand and NT\$2,594,208 thousand, respectively, recognized in other comprehensive income (loss).

On January 6, 2021, the Group issued 205,333 thousand shares in exchange for 171,104 thousand shares of TECO Electric & Machinery Co., Ltd. WLC and TECO agreed to build a strategic alliance to enhance competitiveness and cooperation in next generation smart grid, smart manufacturing, and green energy industry. In addition, the Group also acquired the shares of TECO Electric & Machinery Co., Ltd. from the open market. As of December 31, 2022 and 2021, the Group held a total of 230,439 thousand shares of TECO Electric & Machinery Co., Ltd.

15. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

The consolidated entities as of December 31, 2022 and 2021 were as follows:

Investor	Investee	Main Business	Percentage of Ownership (%)	
			December 31	December 31
			2022	2021
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited (WLHL)	Investment holding	100.00	100.00
	Concord Industries Limited (CIL)	Investment holding	100.00	100.00
	Ace Result Global Limited	Investment holding	100.00	100.00
	Min Maw Precision Industry Corp. (Min Maw)	Solar power systems management, design, and installation	100.00	100.00
	Walsin Info-Electric Corp. (Walsin Info-Electric)	Mechanical and electrical, communications, and power systems	99.51	99.51
	Chin-Cherng Construction Co. (Chin-Cheng)	Investment in the construction of residential and sale of commercial buildings, rental design and interior decoration business	99.22	99.22
	Joint Success Enterprises Limited	Investments	49.05	49.05
	P.T. Walsin Lippo Industries (P.T. Walsin)	Manufacture and sale of cables and wires	70.00	70.00
	P.T. Walsin Lippo Kabel	Cables and wires	70.00	70.00
	Waltuo Green Resources Corp.	Waste disposal, resource recovery and cement products	100.00	100.00
	PT. Walsin Nickel Industrial Indonesia	Manufacture and sale of nickel pig iron	50.00 (Note 1)	50.00 (Note 1)
	Walsin Precision Technology Sdn. Bhd.	Manufacture and sale of stainless steel	100.00	100.00
	Walsin Singapore Pte. Ltd. (former name: New Hono Investment Pte. Ltd.)	Investment holding	100.00 (Note 1)	100.00 (Note 1)
	Walsin America, LLC	Investment holding	100.00	-
	Walsin Lihwa Europe S.a.r.l.	Investment holding	(Notes 3 and 4) 100.00	-
	PT. Walsin Research Innovation Indonesia	Consulting and Management	(Note 5) 99.00	-
			(Note 6)	
Walsin Singapore Pte. Ltd.	PT. Walsin Nickel Industrial Indonesia	Manufacture and sale of nickel pig iron	42.00 (Note 1)	42.00 (Note 1)
	PT. Sunny Metal Industry	Manufacture and sale of nickel matte	50.10 (Note 7)	-
WLHL	Walsin (China) Investment Co., Ltd.	Investment holding	100.00	100.00
	Jiangyin Walsin Steel Cable Co., Ltd. (JHS)	Manufacture and sale of steel cables and wires	100.00	100.00
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	95.71	95.71
	Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	100.00	100.00
	Walsin International Investments Limited	Investments	100.00	100.00
	Borrego Solar System, Inc.	Solar power system	- (Note 2)	73.49
	Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and assets management, consulting and advertising services	100.00	100.00
CIL	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat-rolled products	18.37	18.37
	Walsin Specialty Steel Corp.	Sale of specialty steel products and investment holding	100.00	100.00
	Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes, rods and wires	100.00	100.00
	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Manufacture and sale of stainless steel	- (Note 8)	100.00 (Note 8)
	Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of new-type alloy materials	100.00	100.00
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat-rolled products	81.63	81.63
	XiAn Walsin Metal Product Co., Ltd.	Production and sale of medium and heavy specialty steel plates	100.00	100.00
Chin-Cherng Construction Co.	Joint Success Enterprises Limited	Investments	50.95	50.95
	Walsin (Nanjing) Development Co., Ltd.	Construction, rental and sale of buildings and industrial factories	100.00	100.00
	Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	100.00	100.00
Min Maw Precision Industry Corp. (Min Maw)	PT. Walsin Research Innovation Indonesia	Consulting and management	1.00 (Note 6)	-
Walsin America, LLC	Borrego Energy Holdings LLC	Solar power system	72.55 (Note 2)	- (Note 2)
Borrego Energy Holdings LLC	Borrego Energy, LLC	Solar power system	100.00	-
Walsin Lihwa Europe S.a.r.l.	MEG S.A.	Investment holding	85.03 (Note 5)	-
MEG S.A.	Cogne Acciai Speciali S.p.A.	Manufacture and sale of stainless steel	82.32	-

Note 1: In January 2020, the Group invested capital to establish PT. Walsin Nickel Industrial Indonesia (“WNII”). Walsin Singapore Pte. Ltd. (“WLS”) formerly known as New Hono Investment Pte. Ltd. held 42% equity of WNII. According to the joint venture agreement signed by the Group and WLS in January 2020, the Group had the right to purchase 100% of WLS’s shares on the terms agreed by all parties to acquire 42% equity of WNII indirectly. On June 25, 2021, the board of directors of the Group resolved to acquire 100% of WLS’s shares and the Group acquired 100% of WLS’s shares at a price US\$178,500 thousand on July 30, 2021. After the transaction, the Group directly and indirectly acquired 92% of WNII’s shares.

The Investment Commission of the Ministry of Economic Affairs has approved the investment to pay by the Group's own foreign exchange. Therefore, the Group communicated with Golden Harbour International Pte. Ltd. to exercise the early redemption and to pay back the US-currency bonds. The Group will pay the purchase of WLS's shares by the redemption of the bonds. As of December 31, 2021, US\$178,500 thousand has been paid.

Note 2: On May 24, 2022, WLC's board of directors resolved that the subsidiary, Borrego Solar Systems, Inc. would split its business into its 100% subsidiaries New Leaf Energy, Inc. (original name of the announcement: 2022 Solar Development, Inc.) and Borrego Energy, LLC, and sold its subsidiary New Leaf Energy, Inc. The transaction was completed on July 28, 2022 (United States local time July 27, 2022).

Note 3: On May 24, 2022, WLC's board of directors resolved to establish Walsin America, LLC. After the Group's organizational restructuring, Walsin America, LLC acquired 72.55% shares of Borrego Energy Holdings, LLC's shares. Borrego Energy Holdings, LLC owns 100% of Borrego Energy Holdings, LLC's shares.

Note 4: Due to the adjustment of the investment structure of the Group, it was transferred from WLHL to WLC in December 2022.

Note 5: On May 31, 2022, WLC's board of directors resolved to establish Walsin Lihwa Europe S.a.r.l. and Walsin Lihwa Europe S.a.r.l. acquired 85.03% shares of Luxembourg MEG S.A.

Note 6: The Group established PT. Walsin Research Innovation Indonesia on November 4, 2022.

Note 7: On September 23, 2022, the Group acquired 50.10% shares of PT. Sunny Metal Industry from Ever Rising Limited and Berg Holding Limited at the price of US\$200,000 thousand. On November 4, 2022, WLC's board of directors resolved to transfer PT. Sunny Metal Industry to Walsin Singapore Pte. Ltd.

Note 8: Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd was dissolved on July 13, 2022.

b. The following entities were excluded from consolidation as of December 31, 2022 and 2021:

Investor	Investee	Main Business	Percentage of Ownership (%)		Note
			December 31		
			2022	2021	
WLHL	Walcom Chemicals Industrial Limited	Commerce	65.00	65.00	Note

Note: The investee has a capital of HK\$500 thousand and total assets of HK\$1 thousand. As of December 31, 2022 and 2021, the investee had no sales, and its total assets were less than 1% of the Group's consolidated total assets.

The financial statements of certain subsidiaries included in the consolidated financial statements, namely P.T. Walsin Lippo Industries, Walsin Precision Technology Sdn, Bhd. and Cogne Acciai Speciali S.p.A. for the year ended December 31, 2022 and P.T. Walsin Lippo Industries, Walsin Precision Technology Sdn, Bhd. and WLHL's subsidiary Borrego Solar Systems, Inc. for the year ended December 31, 2021 were not audited by the auditor of WLC but by other auditors. As of December 31, 2022 and 2021, the combined total assets of those subsidiaries were NT\$27,113,218 thousand and NT\$10,292,042 thousand, respectively; for the years ended December 31, 2022 and 2021, the combined net operating revenues of these subsidiaries were NT\$3,409,851 thousand and NT\$17,799,306 thousand, respectively.

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates:

Name of Associate	December 31			
	2022		2021	
	Carrying Amount	Ownership Percentage (%)	Carrying Amount	Ownership Percentage (%)
<u>Material associates</u>				
Winbond Electronics Corp.	\$ 20,953,105	22.21	\$ 18,357,864	22.21
Walton Advanced Engineering, Inc.	2,109,400	21.01	2,322,664	21.01
Walsin Technology Corp.	8,147,080	18.30	8,166,415	18.30
<u>Associates that are not individually material</u>				
Others	<u>14,979,814</u>		<u>10,604,174</u>	
	<u>\$ 46,189,399</u>		<u>\$ 39,451,117</u>	

Refer to Table 8 “Information on Investees” and Table 9 “Information on Investments in Mainland China” for the nature of activities, principal places of business and countries of incorporation of the associates.

The Group is the single largest shareholder of the abovementioned material associates in which the Group has an ownership percentage of less than 50%. Considering the relative size and wide dispersion of the voting rights owned by other shareholders, the Group has no ability to direct the relevant activities of the associates and therefore has no control over these associates.

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

Name of Associate	December 31	
	2022	2021
Winbond Electronics Corp.	<u>\$ 17,323,429</u>	<u>\$ 30,050,846</u>
Walton Advanced Engineering, Inc.	<u>\$ 1,244,282</u>	<u>\$ 2,066,495</u>
Walsin Technology Corp.	<u>\$ 7,023,284</u>	<u>\$ 14,846,688</u>

All the associates were accounted for using the equity method.

The Group’s share of profit and other comprehensive income of associates for the years ended December 31, 2022 and 2021 were based on the associates’ financial statements audited by independent auditors for the same period.

a. Material associates

December 31, 2022

	Winbond Electronics Corp.	Walton Advanced Engineering, Inc.	Walsin Technology Corp.
Current assets	\$ 68,537,523	\$ 8,080,399	\$ 42,078,074
Non-current assets	115,627,470	11,240,954	49,653,421
Current liabilities	(27,776,754)	(5,110,938)	(19,230,081)
Non-current liabilities	<u>(53,654,523)</u>	<u>(3,970,323)</u>	<u>(18,917,380)</u>
Equity	102,733,716	10,240,092	53,584,034
Non-controlling interests	<u>(8,570,720)</u>	<u>(200,109)</u>	<u>(9,303,110)</u>
	<u><u>\$ 94,162,996</u></u>	<u><u>\$ 10,039,983</u></u>	<u><u>\$ 44,280,924</u></u>
Proportion of the Group's ownership	22.21%	21.01%	18.30%
Equity attributable to the Group	\$ 20,913,601	\$ 2,109,400	\$ 8,103,409
Other adjustments	<u>39,504</u>	<u>-</u>	<u>43,671</u>
Carrying amount	<u><u>\$ 20,953,105</u></u>	<u><u>\$ 2,109,400</u></u>	<u><u>\$ 8,147,080</u></u>
Operating revenue	<u><u>\$ 94,529,790</u></u>	<u><u>\$ 9,506,348</u></u>	<u><u>\$ 35,297,163</u></u>
Net profit for the year	\$ 14,986,552	\$ 156,098	\$ 2,295,275
Other comprehensive income (loss)	<u>2,717,903</u>	<u>(1,186,315)</u>	<u>218,387</u>
Total comprehensive income for the year	<u><u>\$ 17,704,455</u></u>	<u><u>\$ (1,030,217)</u></u>	<u><u>\$ 2,513,662</u></u>

December 31, 2021

	Winbond Electronics Corp.	Walton Advanced Engineering, Inc.	Walsin Technology Corp.
Current assets	\$ 72,506,733	\$ 8,361,878	\$ 41,187,886
Non-current assets	80,233,551	13,155,507	52,910,618
Current liabilities	(28,644,931)	(5,019,961)	(21,557,433)
Non-current liabilities	<u>(34,061,841)</u>	<u>(5,259,172)</u>	<u>(19,062,857)</u>
Equity	90,033,512	11,238,252	53,478,214
Non-controlling interests	<u>(7,589,399)</u>	<u>(297,416)</u>	<u>(9,089,372)</u>
	<u><u>\$ 82,444,113</u></u>	<u><u>\$ 10,940,836</u></u>	<u><u>\$ 44,388,842</u></u>
Proportion of the Group's ownership	22.21%	21.01%	18.30%

(Continued)

	Winbond Electronics Corp.	Walton Advanced Engineering, Inc.	Walsin Technology Corp.
Equity attributable to the Group	\$ 18,310,837	\$ 2,298,670	\$ 8,123,158
Other adjustments	<u>47,027</u>	<u>23,994</u>	<u>43,257</u>
Carrying amount	<u>\$ 18,357,864</u>	<u>\$ 2,322,664</u>	<u>\$ 8,166,415</u>
Operating revenue	<u>\$ 99,569,924</u>	<u>\$ 8,118,256</u>	<u>\$ 42,108,708</u>
Net profit for the year	\$ 15,000,122	\$ 118,732	\$ 8,961,076
Other comprehensive income (loss)	<u>4,186,931</u>	<u>(892,554)</u>	<u>1,157,156</u>
Total comprehensive income for the year	<u>\$ 19,187,053</u>	<u>\$ (773,822)</u>	<u>\$ 10,118,232</u> (Concluded)

b. Associates that are not individually material

	For the Year Ended December 31	
	2022	2021
The Group's share of:		
Net profit from continuing operations	\$ 389,057	\$ 327,147
Other comprehensive (loss) income	<u>(893,111)</u>	<u>1,839,778</u>
Total comprehensive income for the year	<u>\$ (504,054)</u>	<u>\$ 2,166,925</u>

The Group's share of profit and other comprehensive income of the associates for the years ended December 31, 2022 and 2021 was based on the associates' financial statements audited by independent auditors for the same period. PT. Westrong Metal Industry and PT. CNGR Walsin New Energy and Technology Indonesia for the year ended 2022 and Tsai Yi Corporation (formerly known as Walsin Color Co., Ltd.) for the year ended 2021 were not audited by the auditor of WLC but by other auditors. As of December 31, 2022 and 2021, the carrying amounts of investments accounted for using the equity method were NT\$4,869,105 thousand and NT\$1,053,790 thousand, respectively; for the years ended December 31, 2022 and 2021, the amounts of the share of loss were NT\$313 thousand and NT\$5,936 thousand, respectively.

17. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2022	2021
Assets used by the Group	<u>\$ 65,656,466</u>	<u>\$ 41,474,488</u>

<u>Cost</u>	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress	Total
Balance at January 1, 2022	\$ 3,611,025	\$ 18,671,274	\$ 34,969,055	\$ 7,783,638	\$ 6,305,375	\$ 71,340,367
Additions	80,867	38,133	456,243	558,271	12,079,434	13,212,948
Disposals	(50,357)	(12,016)	(294,063)	(208,508)	(401)	(565,345)
Acquisition through business combination	27,303	2,117,040	11,468,941	126,563	8,905,089	22,644,936
Reclassified	107,209	316,857	2,574,412	429,784	(3,428,262)	-
Transfers from (to) investment properties	-	87,958	-	(100,679)	-	(12,721)
Transfers from inventories	-	1,291,378	-	-	-	1,291,378
Effects of foreign currency exchange differences	<u>623</u>	<u>354,562</u>	<u>1,254,274</u>	<u>17,936</u>	<u>1,404</u>	<u>1,628,799</u>
Balance at December 31, 2022	<u>\$ 3,776,670</u>	<u>\$ 22,865,186</u>	<u>\$ 50,428,862</u>	<u>\$ 8,607,005</u>	<u>\$ 23,862,639</u>	<u>\$ 109,540,362</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	\$ 8,067	\$ 7,102,766	\$ 17,527,744	\$ 5,227,302	\$ -	\$ 29,865,879
Depreciation expenses	-	879,711	2,423,403	589,329	-	3,892,443
Disposals	-	(9,863)	(273,116)	(196,262)	-	(479,241)
Reclassified	-	156,976	(344,870)	187,894	-	-
Impairment losses reversed	-	-	(111)	(44)	-	(155)
Transfers from (to) investment properties	-	5,223	-	(17,082)	-	(11,859)
Acquisition through business combination	-	1,566,907	8,513,323	70,907	-	10,151,137
Effects of foreign currency exchange differences	<u>-</u>	<u>88,355</u>	<u>325,815</u>	<u>51,522</u>	<u>-</u>	<u>465,692</u>
Balance at December 31, 2022	<u>\$ 8,067</u>	<u>\$ 9,790,075</u>	<u>\$ 28,172,188</u>	<u>\$ 5,913,566</u>	<u>\$ -</u>	<u>\$ 43,883,896</u>
Carrying amount at December 31, 2022	<u>\$ 3,768,603</u>	<u>\$ 13,075,111</u>	<u>\$ 22,256,674</u>	<u>\$ 2,693,439</u>	<u>\$ 23,862,639</u>	<u>\$ 65,656,466</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 3,483,995	\$ 16,545,654	\$ 25,806,284	\$ 7,133,130	\$ 8,576,988	\$ 61,546,051
Additions	78,421	90,205	1,600,733	648,730	7,592,258	10,010,347
Disposals	(1,164)	(41,482)	(323,350)	(178,162)	(60)	(544,218)
Reclassified	49,773	1,463,134	8,021,006	209,169	(9,743,082)	-
Transfers from inventories	-	682,342	-	-	-	682,342
Effects of foreign currency exchange differences	<u>-</u>	<u>(68,579)</u>	<u>(135,618)</u>	<u>(29,229)</u>	<u>(120,729)</u>	<u>(354,155)</u>
Balance at December 31, 2021	<u>\$ 3,611,025</u>	<u>\$ 18,671,274</u>	<u>\$ 34,969,055</u>	<u>\$ 7,783,638</u>	<u>\$ 6,305,375</u>	<u>\$ 71,340,367</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ 8,067	\$ 6,265,972	\$ 15,948,131	\$ 5,029,660	\$ -	\$ 27,251,830
Depreciation expenses	-	760,482	1,288,451	450,632	-	2,499,565
Disposals	-	(37,511)	(305,754)	(171,011)	-	(514,276)
Reclassified	-	55,108	4,583	(59,691)	-	-
Impairment losses recognized (reversed)	-	71,468	630,232	(7,899)	-	693,801
Effects of foreign currency exchange differences	<u>-</u>	<u>(12,753)</u>	<u>(37,899)</u>	<u>(14,389)</u>	<u>-</u>	<u>(65,041)</u>
Balance at December 31, 2021	<u>\$ 8,067</u>	<u>\$ 7,102,766</u>	<u>\$ 17,527,744</u>	<u>\$ 5,227,302</u>	<u>\$ -</u>	<u>\$ 29,865,879</u>
Carrying amount at December 31, 2021	<u>\$ 3,602,958</u>	<u>\$ 11,568,508</u>	<u>\$ 17,441,311</u>	<u>\$ 2,556,336</u>	<u>\$ 6,305,375</u>	<u>\$ 41,474,488</u>

The machinery equipment of property, plant, and equipment of PT. Walsin Nickel Industrial Indonesia which is the subsidiary of the Group is depreciated on an accelerated basis over their estimated useful lives for 16 years.

Apart from stated above, the above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	3-50 years
Machinery and equipment	3-20 years
Other equipment	3-15 years

The Group's main buildings, office buildings and electrical and mechanical power equipment are depreciated over their estimated useful lives of 20-50 years and 18-20 years, respectively.

The Group owns parcels of land which were registered in the name of certain individuals because of certain regulatory restrictions. To secure its ownership of such parcels of land, WLC keeps in its possession the land titles with the annotation of the land being pledged to WLC. As of December 31, 2022 and 2021, the recorded total carrying amount of such parcels of land amounted to NT\$491,917 thousand and NT\$542,274 thousand, respectively.

After appropriate evaluation, the Group recognized a reversal of impairment loss on property, plant and equipment of NT\$155 thousand and NT\$(693,801) thousand for the years ended December 31, 2022 and 2021, respectively.

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Land	\$ 3,443,726	\$ 1,643,343
Buildings	506,666	124,948
Machinery equipment	263,942	-
Office equipment	61,617	-
Transportation equipment	<u>33,404</u>	<u>35,219</u>
	<u>\$ 4,309,355</u>	<u>\$ 1,803,510</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 1,751,920</u>	<u>\$ 291,861</u>
Acquisition through business combination	<u>\$ 933,182</u>	<u>\$ -</u>
Disposals	<u>\$ (48,913)</u>	<u>\$ (7,762)</u>
Depreciation charge for right-of-use assets		
Land	\$ 115,110	\$ 57,774
Buildings	61,748	57,569
Machinery equipment	3,357	-
Office equipment	762	-
Transportation equipment	<u>18,211</u>	<u>16,964</u>
	<u>\$ 199,188</u>	<u>\$ 132,307</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Current	<u>\$ 245,223</u>	<u>\$ 71,470</u>
Non-current	<u>\$ 2,309,732</u>	<u>\$ 243,676</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Land	0.83%-6.123%	0.83%-6.123%
Buildings	1.198%-8%	1.409%-8%
Machinery equipment	3.00%-3.90%	-
Office equipment	3.00%-3.90%	-
Transportation equipment	1.964%-5.75%	3.038%-5.75%

c. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 52,133</u>	<u>\$ 45,453</u>
Expenses relating to low-value asset leases	<u>\$ 936</u>	<u>\$ 722</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 9,052</u>	<u>\$ 8,688</u>
Total cash outflow for leases	<u>\$ (182,746)</u>	<u>\$ (144,657)</u>

19. INVESTMENT PROPERTIES

	December 31	
	2022	2021
Completed investment properties	<u>\$ 16,123,806</u>	<u>\$ 10,431,063</u>
		Completed Investment Properties
<u>Cost</u>		
Balance at January 1, 2022		\$ 12,991,354
Additions		182
Reclassification from property, plant and equipment		12,721
Others		72,339
Transferred from inventories		5,968,587
Effects of foreign currency exchange differences		<u>33,660</u>
Balance at December 31, 2022		<u>\$ 19,078,843</u>

(Continued)

	Completed Investment Properties
Balance at January 1, 2021	\$ 12,271,365
Additions	2,362
Transferred from inventories	725,571
Effects of foreign currency exchange differences	<u>(7,944)</u>
Balance at December 31, 2021	<u><u>\$ 12,991,354</u></u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ 2,560,291
Depreciation expenses	294,016
Reclassification from property, plant and equipment	11,859
Others	76,950
Effects of foreign currency exchange differences	<u>11,921</u>
Balance at December 31, 2022	<u><u>\$ 2,955,037</u></u>
Balance at January 1, 2021	\$ 2,396,439
Depreciation expenses	167,443
Effects of foreign currency exchange differences	<u>(3,591)</u>
Balance at December 31, 2021	<u><u>\$ 2,560,291</u></u> (Concluded)

The completed investment properties are depreciated on a straight-line method over their estimated useful lives of 20 to 50 years.

The investment properties of the Group increased because the Group changed the purpose of use of the completed commercial building of Walsin (Nanjing) Development Co., Ltd. and transferred it to investment property. The main investment properties of the Group are Walsin Xin Yi Building and the completed investment properties of Walsin (Nanjing) Development Co., Ltd. The building's valuation was commissioned by independent appraisal agencies (third parties). As of December 31, 2022 and 2021, the fair values of the investment properties were NT\$45,032,010 thousand and NT\$35,173,881 thousand, respectively.

20. GOODWILL

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Cost</u>		
Opening balance	\$ 152,771	\$ 153,589
Acquisition through business combination (Note 31)	85,585	-
Disposal of subsidiary (Note 32)	(157,359)	-
Effects of foreign currency exchange differences	<u>2,396</u>	<u>(818)</u>
Balance at December 31, 2022	<u><u>\$ 83,393</u></u>	<u><u>\$ 152,771</u></u> (Continued)

	For the Year Ended December 31	
	2022	2021
<u>Accumulated impairment</u>		
Opening balance	\$ -	\$ -
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>
Carrying amount at December 31, 2022	<u>\$ 83,393</u>	<u>\$ 152,771</u> (Concluded)

The Group acquired PT. Sunny Metal Industry on September 23, 2022 and recognized the goodwill of NT\$85,585 thousand. As of the issuance date of the financial statements, the Group has not obtained the formal valuation reports. The amount may be subject for adjustments after obtaining the official results. Refer to Note 31.

21. OTHER ASSETS

	December 31	
	2022	2021
Prepayment for purchases	\$ 3,694,957	\$ 2,502,327
Prepaid expense	999,406	1,241,926
Prepaid sales tax	3,142,781	1,789,340
Prepayment for investments	2,204,073	-
Others	<u>756,197</u>	<u>402,982</u>
	<u>\$ 10,797,414</u>	<u>\$ 5,936,575</u>
Current	\$ 7,880,887	\$ 5,535,226
Non-current	<u>2,916,527</u>	<u>401,349</u>
	<u>\$ 10,797,414</u>	<u>\$ 5,936,575</u>

22. BORROWINGS

	December 31	
	2022	2021
Short-term borrowings	<u>\$ 22,496,307</u>	<u>\$ 7,108,766</u>
Current portion of long-term borrowings	<u>\$ 1,109,049</u>	<u>\$ 10,719,081</u>
Long-term borrowings	<u>\$ 40,820,860</u>	<u>\$ 24,785,952</u>
Long-term notes and bills payable	<u>\$ 1,497,914</u>	<u>\$ -</u>

a. Short-term borrowings as of December 31, 2022 and 2021 were as follows:

	December 31			
	2022		2021	
	Interest Rate %	Amount	Interest Rate %	Amount
Procurement loans	-	\$ -	0.64%-0.70%	\$ 2,111,447
Bank lines of credit	0.95%-6.42%	15,566,558	0.69%-3.50%	4,997,319
Discounted notes receivable	1.25%-2.20%	1,554,013	-	-
Other loans	3.384%-5.21%	5,375,736	-	-
		<u>\$ 22,496,307</u>		<u>\$ 7,108,766</u>

Notes receivable financing is based on notes receivable of the Group which are used to apply for a discounted loan. Refer to Note 35 for the amount of discounted notes receivable and relevant terms with recourse rights.

Refer to Notes 6 and 37 for collaterals pledged for short-term borrowings as of December 31, 2022 and 2021.

b. Long-term borrowings as of December 31, 2022 and 2021 were as follows:

	December 31		
	2022	2021	
	Significant Covenant	Amount	Amount
<u>Long-term secured loan</u>			
Cathay United Bank	From December 15, 2011 to September 27, 2027; after the grace period, repayments are due monthly	\$ 233,439	\$ 287,677
Taipei Fubon Commercial Bank	From December 25, 2013 to October 11, 2023; after the grace period, repayments are due in stages	67,375	77,342
Other long-term secured loan	From January 12, 2019 to December 18, 2030; repayments are due according to contracts	<u>78,365</u>	<u>-</u>
		<u>379,179</u>	<u>365,019</u>
<u>Long-term credit loan</u>			
Bank of Taiwan	Principal repayment at maturity, from March 4, 2019 to March 4, 2022	-	3,000,000
Taipei Fubon Commercial Bank	Principal repayment at maturity, from June 3, 2019 to June 3, 2022	-	1,000,000
Chinatrust Commercial Bank	Principal repayment at maturity, from September 3, 2019 to September 3, 2022	-	1,500,000
Taiwan Cooperative Bank	Principal repayment at maturity, from March 4, 2019 to March 4, 2022	-	1,000,000
Cathay United Bank	Principal repayment at maturity, from March 4, 2019 to March 4, 2022	-	1,500,000
KGI Bank	Principal repayment at maturity, from June 3, 2019 to June 3, 2022	-	1,500,000
Standard Chartered Bank	Principal repayment at maturity, from September 27, 2021 to December 31, 2023	-	5,352,144
Standard Chartered Bank	Principal repayment at maturity, from September 27, 2021 to December 31, 2023	-	2,093,000
Chang Hwa Commercial Bank	Principal repayment at maturity, from June 3, 2019 to June 3, 2022	-	1,000,000

(Continued)

December 31			
		2022	2021
	Significant Covenant	Amount	Amount
The Export-Import Bank of the Republic of China	Loan from December 4, 2020 to December 4, 2027; principal to be repaid evenly in seven phases; 1st repayment is due 48 months after the drawdown date, after which repayments are due once every six months	\$ 1,137,770	\$ 1,137,770
Bank of Taiwan	From September 22, 2020 to October 4, 2027; principal to be repaid in two phases: From the 5th year, repayments are due once every six months; at rates of 20% and 80%, respectively	9,000,000	3,000,000
Taiwan Cooperative Bank	From June 28, 2021 to June 28, 2026; principal to be repaid in two phases: 1st repayment due 48 months after the drawdown date, 2nd repayment due maturity date	2,000,000	2,000,000
DBS Bank	Principal repayment at maturity, from March 30, 2020 to April 15, 2025	7,552,100	9,057,100
Hua Nan Commercial Bank	From March 29, 2021 to March 29, 2026; principal to be repaid in two phases: From the 5th year, repayments are due once every six months	2,000,000	2,000,000
Chinatrust Commercial Bank	Principal repayment at maturity, from October 4, 2022 to October 3, 2025	1,500,000	-
Taiwan Cooperative Bank	From October 4, 2022 to October 4, 2027; principal to be repaid in two phases: 1st repayment due 48 months after the drawdown date, 2nd repayment due maturity date	3,000,000	-
KGI Bank	Principal repayment at maturity, from October 24, 2022 to April 24, 2027	1,500,000	-
Standard Chartered Bank	Principal repayment at maturity, from November 16, 2022 to December 31, 2024	1,555,400	-
Hua Nan Commercial Bank	Principal repayment at maturity, from March 8, 2022 to March 28, 2027	2,500,000	-
Agricultural Bank of Taiwan	Principal repayment at maturity, from October 31, 2022 to October 31, 2025	1,000,000	-
Chang Hwa Commercial Bank	Principal repayment at maturity, from March 8, 2022 to October 4, 2027	3,000,000	-
Intesa Sanpaolo S.p.A	Principal repayment at maturity, from December 8, 2019 to June 4, 2025	1,007,776	-
Other long-term credit loans	From April 30, 2019 to September 4, 2029; repayments are due according to contracts	4,797,684	-
		<u>41,550,730</u>	<u>35,139,984</u>
		41,929,909	35,505,033
Less: Current portion of long-term borrowings		<u>(1,109,049)</u>	<u>(10,719,081)</u>
		<u>\$40,820,860</u>	<u>\$24,785,952</u> (Concluded)

1) Under the loan agreements with DBS Bank, WLC should maintain certain financial ratios during the loan term, which are based on the annual and semi-annual consolidated financial statements audited by the independent auditors. The financial ratios are as follows:

- a) Ratio of current assets to current liabilities not less than 100%;
- b) Ratio of total liabilities less cash and cash equivalents to tangible net worth not more than 120%;
- c) Ratio of Interest Coverage Ratio which included net income before interest expenses, taxation, depreciation and amortization to interest expenses not less than 150%; and
- d) Tangible net worth (net worth less intangible assets) not less than NT\$55,000,000 thousand.

- 2) As of December 31, 2022 and 2021, the effective interest rate ranges of the credit borrowings were 0.10%-5.56% and 0.85%-1.20% per annum, respectively. As of December 31, 2022 and 2021, the effective interest rate ranges of the secured borrowings were 0.55%-4.70% and 1.66%-2.07% per annum, respectively.
- 3) As of December 31, 2022 and 2021, the Group's current portion of long-term borrowings under the loan agreements were NT\$1,109,049 thousand and NT\$10,719,081 thousand, respectively. The Group's consolidated financial statements for the years ended December 31, 2022 and 2021 showed that the Group was in compliance with the aforementioned financial ratio requirements.
- 4) Refer to Note 37 for collaterals pledged on bank borrowings as of December 31, 2022 and 2021.
- c. Long-term notes and bills payables as of December 31, 2022 was as follows:

December 31, 2022

Acceptance Agency	Type	Interest Rate	Amount
China Bills and International Bills	Unsecured	1.395-1.50	\$ 1,500,000
Less: Discount on short-term bills payable			<u>(2,086)</u>
			<u>\$ 1,497,914</u>

23. BONDS PAYABLE

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Domestic unsecured bonds in 2021	\$ 7,500,000	\$ 7,500,000
Overseas unsecured bonds	341,115	-
Less: Current portion of long-term borrowings	<u>(98,160)</u>	<u>-</u>
	<u>\$ 7,742,955</u>	<u>\$ 7,500,000</u>

On October 8, 2021, the Company issued the first unsecured bonds for NT\$7.5 billion, each with a face value of NT\$10 million. The issuance period is 5 years, and the maturity date is on October 8, 2026. The annual rate is 0.7%. Since the issuance date, the interest will be paid once a year, and the principal will be repaid once due.

The overseas unsecured bonds were acquired through business combination and were issued on June 24, 2019 in the amount of EUR15,000 thousand, each with a face value of EUR100 thousand. The insurance period is 7 years, and the maturity date is on June 24, 2026. The annual percentage rate is 3.5%. Since the insurance date, the interest will be paid in half a year, and the principal will be repaid in 10 installments from the second year.

24. RETIREMENT BENEFIT PLANS

- a. Defined contribution plan

WLC and its subsidiaries in the ROC adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, WLC and its subsidiaries in the ROC make monthly contributions to employees' individual pension accounts at 6% of monthly salaries

and wages.

The Group recognized expenses of NT\$109,019 thousand and NT\$95,977 thousand for the years ended December 31, 2022 and 2021, respectively, which is based on the specified ratio in defined contributions plan.

b. Defined benefit plans

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

Cogne Acciai Speciali S.p.A. of the Group also adopts defined benefit plan.

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

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 1,332,167	\$ 1,487,554
Fair value of plan assets	<u>(1,060,075)</u>	<u>(1,037,916)</u>
Net defined benefit liabilities	<u>\$ 272,092</u>	<u>\$ 449,638</u>
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets
		Net Defined Benefit Liability (Asset)
Balance at January 1, 2020	<u>\$ 1,371,774</u>	<u>\$ (1,083,800)</u>
Service cost		
Current service cost	10,917	-
Net interest expense (income)	<u>6,801</u>	<u>(5,366)</u>
Recognized in profit or loss	<u>17,718</u>	<u>(5,366)</u>
Remeasurement		
Return on plan assets (excluding amounts included in net interest)	-	(13,584)
Actuarial loss - changes in demographic assumptions	38,641	-
Actuarial gain - changes in financial assumptions	(15,729)	-
Actuarial loss - experience adjustments	<u>151,322</u>	<u>-</u>
Recognized in other comprehensive loss	<u>174,234</u>	<u>(13,584)</u>
Contributions from the employer	-	(11,338)
Benefits paid	<u>(76,172)</u>	<u>76,172</u>
Balance at December 31, 2021	<u>1,487,554</u>	<u>(1,037,916)</u>

(Continued)

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liability (Asset)
Service cost			
Current service cost	\$ 10,455	\$ -	\$ 10,455
Net interest expense (income)	<u>9,721</u>	<u>(6,442)</u>	<u>3,279</u>
Recognized in profit or loss	<u>20,176</u>	<u>(6,442)</u>	<u>13,734</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(82,973)	(82,973)
Actuarial gain - changes in financial assumptions	(63,850)	-	(63,850)
Actuarial gain - experience adjustments	<u>(113,715)</u>	<u>-</u>	<u>(113,715)</u>
Recognized in other comprehensive loss	<u>(177,565)</u>	<u>(82,973)</u>	<u>(260,538)</u>
Contributions from the employer	-	(52,475)	(52,475)
Benefits paid	(119,731)	119,731	-
Acquisition of subsidiaries through business combination	118,977	-	118,977
Exchange difference	<u>2,756</u>	<u>-</u>	<u>2,756</u>
Balance at December 31, 2022	<u>\$ 1,332,167</u>	<u>\$ (1,060,345)</u>	<u>\$ 272,092</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans are as follows:

	For the Year Ended December 31	
	2022	2021
Operating costs	\$ 6,982	\$ 6,240
Selling and marketing expenses	914	945
General and administrative expenses	5,638	4,918
Research and development expenses	<u>200</u>	<u>249</u>
	<u>\$ 13,734</u>	<u>\$ 12,352</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2022	2021
Discount rates	1.25%-3.00%	0.625%
Expected rates of salary increase	2.25%-2.80%	2.25%

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

	December 31	
	2022	2021
Discount rates		
0.5% increase	<u>\$ (47,681)</u>	<u>\$ (61,945)</u>
0.5% decrease	<u>\$ 50,683</u>	<u>\$ 66,092</u>
Expected rates of salary increase		
0.5% increase	<u>\$ 49,149</u>	<u>\$ 63,726</u>
0.5% decrease	<u>\$ (46,718)</u>	<u>\$ (60,375)</u>

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

25. EQUITY

	December 31	
	2022	2021
Share capital		
Ordinary shares	\$ 37,313,329	\$ 34,313,329
Capital surplus	24,672,454	18,440,875
Retained earnings	62,038,398	47,787,207
Others	(443,305)	5,342,113
Non-controlling interests	<u>6,240,336</u>	<u>2,062,744</u>
	<u>\$ 129,821,212</u>	<u>\$ 107,946,268</u>

a. Share capital

Ordinary shares

	December 31	
	2022	2021
Number of authorized shares (in thousands)	<u>6,500,000</u>	<u>6,500,000</u>
Amount of authorized shares	<u>\$ 65,000,000</u>	<u>\$ 65,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>3,731,333</u>	<u>3,431,333</u>
Amount of issued shares	<u>\$ 37,313,329</u>	<u>\$ 34,313,329</u>

As of January 1, 2021, the balances of WLC's capital account were NT\$32,260,002 thousand, which consisted of 3,226,000 thousand shares at par value of NT\$10.

The Group issued 205,333 thousand shares in exchange shares of TECO Electric & Machinery Co., Ltd. in January 2021. On June 6, 2022, WLC's board of directors resolved to issue 300,000 thousand ordinary shares at a price of NT\$33 per share with August 10, 2022 as the base date for capital increase. On July 21, 2022 WLC chairman of the board adjusted the new share issuing price from NT\$33 to NT\$30, which authorized by the board. As of December 31, 2022, the paid-in capital was NT\$37,313,329 thousand, divided into 3,731,333 thousand ordinary shares at par value of NT\$10.

As of December 31, 2022, 2 thousand GDRs of WLC were traded on the Luxembourg Stock Exchange. The number of ordinary shares represented by the GDRs was 22 thousand shares (one GDR represents 10 ordinary shares).

b. Capital surplus

	December 31	
	2022	2021
<u>May be used to offset a deficit, distributed as cash dividend or transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ 18,864,452	\$ 12,639,452
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	2,130	3,124
Share of changes in capital surplus of associates	441,175	440,288
Treasury share transactions	2,254,074	2,254,074
Gain on disposal of property, plant and equipment	2,074,231	2,074,231
Others	<u>1,036,392</u>	<u>1,029,706</u>
	<u>\$ 24,672,454</u>	<u>\$ 18,440,875</u>

Note: The premium from shares issued in excess of par (share premium from issuance of ordinary shares, conversion of bonds and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Group's capital surplus and to once a year).

c. Retained earnings and dividend policy

The shareholders of WLC have held their regular meeting on May 13, 2022, and in that meeting, have resolved the amendments to WLC's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where WLC made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit this requirement is not applicable when the legal reserve has reached the total capital, and then any remaining profit together with prior unappropriated earnings shall be appropriated for special reserve or appropriate reversal of special reserve in accordance with the laws and regulations, and then the balance shall be used by WLC's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends to shareholders. If appropriated earnings are distributed in cash, the cash distribution shall be resolved by WLC's board of directors and reported in the shareholders' meeting. Other than the aforementioned regulations, the distribution shall be after deducting the share of profit of associates accounted for using the equity method and adding cash dividends of associates accounted for using the equity method. WLC shall reserve no lesser than 40% of the balance amount as shareholders' profit

after offsetting its loss and tax payments in the previous year, capital reserve, and special reserve adjusted by the accumulated net deduction of other equity. The profits shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

Before the amendments, where WLC made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (this requirement is not applicable when the legal reserve has reached the total capital) and then any remaining profit together with prior unappropriated earnings shall be appropriated for setting aside or reversing a special reserve in accordance with the laws and regulations, and then shall be used by WLC's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends to shareholders. Other than the aforementioned regulations, WLC shall reserve no lesser than 40% of the balance amount as shareholders' profit after offsetting its loss and tax payments in the previous year, capital reserve and special reserve. The profits shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals WLC's paid-in capital. The legal reserve may be used to offset any deficits. If WLC has no deficit and the legal reserve has exceeded 25% of WLC's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by WLC.

Refer to Note 25 for the policies on the distribution of employees' compensation and remuneration of directors and supervisors.

The appropriation of earnings for 2021 and 2020, which were approved in the shareholders' meeting on May 13, 2022 and July 15, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$ 1,454,522	\$ 681,368	\$ -	\$ -
Special reserve	-	(398,160)	-	-
Cash dividends	<u>5,490,133</u>	<u>3,088,200</u>	1.6	0.9
	<u>\$ 6,944,655</u>	<u>\$ 3,371,408</u>		

The appropriation of earnings for 2022, which were resolved by WLC's board of directors on February 24, 2023, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 1,974,132	\$ -
Cash dividends	<u>6,716,399</u>	1.8
	<u>\$ 8,690,531</u>	

d. Special reserve

December 31	
2022	2021

Special reserve	<u>\$ 2,712,250</u>	<u>\$ 2,712,250</u>

Information regarding above special reserve changes as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 2,712,250	\$ 3,110,410
Reversals	<u>-</u>	<u>(398,160)</u>
Balance at December 31	<u>\$ 2,712,250</u>	<u>\$ 2,712,250</u>

e. Other equity items

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (6,100,687)	\$ (5,905,135)
Share from subsidiaries and associates accounted for using the equity method	<u>1,843,913</u>	<u>(195,552)</u>
Balance at December 31	<u>\$ (4,256,774)</u>	<u>\$ (6,100,687)</u>

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (the New Taiwan dollar) were recognized directly in other comprehensive income and accumulated in the exchange differences on the translation of the financial statements of foreign operations. Exchange differences previously accumulated in the exchange differences on the translation of the financial statements of foreign operations were reclassified to profit or loss when disposing foreign operation.

2) Unrealized valuation gain (loss) on financial assets at FVOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 11,534,267	\$ 6,092,775
Unrealized (loss) gain - equity instruments	(4,067,542)	2,611,742
Share from associates accounted for using the equity method	(696,891)	2,906,910
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(75,957)</u>	<u>(77,160)</u>
Balance at December 31	<u>\$ 6,693,877</u>	<u>\$ 11,534,267</u>

3) Loss on hedging instruments

	For the Year Ended December 31	
	2022	2021
<u>Cash flow hedges</u>		
Balance at January 1	\$ -	\$ -
Loss on hedging instruments	<u>(105,801)</u>	<u>-</u>
Balance at December 31	<u>\$ (105,801)</u>	<u>\$ -</u>

4) Other equity - others

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (91,467)	\$ -
Originally recognized equity items arising from the acquisition of subsidiary equity instrument put options	(2,683,140)	-
Other comprehensive loss from associates accounted for using the equity method	<u>-</u>	<u>(91,467)</u>
Balance at December 31	<u><u>\$ (2,774,607)</u></u>	<u><u>\$ (91,467)</u></u>

26. OPERATING REVENUE

	For the Year Ended December 31	
	2022	2021
Sales revenue	\$ 175,754,340	\$ 152,001,410
Sales of real estate	19,786	9,918
Other revenue	<u>4,626,593</u>	<u>4,653,438</u>
	<u><u>\$ 180,400,719</u></u>	<u><u>\$ 156,664,766</u></u>

27. NET PROFIT FROM CONTINUING OPERATIONS

Non-operating Income and Expense - Gain (Loss) on Disposal of Investment

	For the Year Ended December 31	
	2022	2021
(Loss) gain on disposal of investments - commodity futures	\$ (646,558)	\$ 513,703
Gain on disposal of investments - foreign exchange forward contracts	152,471	167,227
(Loss) gain on disposal of investment - exchange rate swap contracts	(169,573)	14,301
Loss on disposal of investment - options	(25,673)	(16,024)
Gain on disposals of investments - subsidiaries	<u>7,899,376</u>	<u>-</u>
	<u><u>\$ 7,210,043</u></u>	<u><u>\$ 679,207</u></u>

Non-operating Income and Expense - Impairment Losses (Recognized) Reversed

	For the Year Ended December 31	
	2022	2021
Impairment loss reversed (recognized) on property, plant and equipments	\$ 155	\$ (693,801)
Others	<u>(242)</u>	<u>(91)</u>
	<u><u>\$ (87)</u></u>	<u><u>\$ (693,892)</u></u>

Employee Benefits Expense, Depreciation and Amortization

For the Year Ended December 31, 2022				
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term employment benefits	\$ 4,430,500	\$ 2,906,207	\$ -	\$ 7,336,707
Post-employment benefits	\$ 202,994	\$ 103,448	\$ -	\$ 306,442
Other employee benefits	\$ 602,524	\$ 789,918	\$ -	\$ 1,392,442
Depreciation				
Property, plant and equipments	\$ 3,458,410	\$ 431,174	\$ 2,859	\$ 3,892,443
Right-of-use assets	44,479	154,709	-	199,188
Investment properties	291,837	2,179	-	294,016
	<u>\$ 3,794,726</u>	<u>\$ 588,062</u>	<u>\$ 2,859</u>	<u>\$ 4,385,647</u>
Amortization	<u>\$ 23,497</u>	<u>\$ 42,158</u>	<u>\$ -</u>	<u>\$ 65,655</u>
For the Year Ended December 31, 2021				
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term employment benefits	\$ 3,540,027	\$ 2,529,250	\$ -	\$ 6,069,277
Post-employment benefits	\$ 190,141	\$ 115,367	\$ -	\$ 305,508
Other employee benefits	\$ 439,493	\$ 301,869	\$ -	\$ 741,362
Depreciation				
Property, plant and equipments	\$ 1,918,969	\$ 577,770	\$ 2,826	\$ 2,499,565
Right-of-use assets	32,101	100,206	-	132,307
Investment properties	165,918	1,525	-	167,443
	<u>\$ 2,116,988</u>	<u>\$ 679,501</u>	<u>\$ 2,826</u>	<u>\$ 2,799,315</u>
Amortization	<u>\$ 4,225</u>	<u>\$ 27,273</u>	<u>\$ -</u>	<u>\$ 31,498</u>

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. For the years ended December 31, 2022 and 2021, the employees' compensation amounted to NT\$252,000 thousand and NT\$187,000 thousand, respectively, and the remuneration of directors amounted to NT\$100,050 thousand and NT\$75,000 thousand, respectively. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2022 and 2021 were approved by the Group's board of directors on February 24, 2023 and February 22, 2022, respectively.

If there is a change in the amounts before the annual consolidated financial statements are authorized for issue, the differences are recorded in the expenses as an adjustment.

The employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2021 and 2020 resolved by WLC's board of directors on February 22, 2022 and February 26, 2021, respectively are the same as the amounts recognized in the 2021 and 2020 consolidated financial statements.

Information on the employees' compensation and remuneration of directors and supervisors resolved by WLC's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

28. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 792,895	\$ 2,173,361
Income tax on unappropriated earnings	321,642	83,446
Adjustments for prior year	17,976	(7,968)
Land value-added tax	175,864	6,156
	<u>1,308,377</u>	<u>2,254,995</u>
Deferred tax		
In respect of the current year	2,916,207	1,615,411
Adjustments for prior year	37,353	(5,222)
	<u>2,953,560</u>	<u>1,610,189</u>
Income tax expense recognized in profit or loss	<u>\$ 4,261,937</u>	<u>\$ 3,865,184</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	<u>\$ 23,402,013</u>	<u>\$ 19,122,498</u>
Income tax expense calculated at the statutory rate	\$ 4,097,945	\$ 3,931,277
Investment income accounted for using equity method	262,151	481,251
Tax-exempt dividend income	(183,234)	(111,889)
Loss on investments	(2,630)	(384,000)
Others	(58,684)	(23,339)
Unrecognized loss carryforwards/deductible temporary differences	(406,446)	(104,528)
Adjustments for prior years'	55,329	(13,190)
Income tax on unappropriated earnings	321,642	83,446
Land value-added tax	<u>175,864</u>	<u>6,156</u>
Income tax expense recognized in profit or loss	<u>\$ 4,261,937</u>	<u>\$ 3,865,184</u>

b. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable (recorded under other non-current assets		
- others)	<u>\$ 397,168</u>	<u>\$ 28,619</u>
Current tax liabilities		
Income tax payable	<u>\$ 6,103,462</u>	<u>\$ 6,082,152</u>

c. Deferred tax assets and liabilities

	December 31	
	2022	2021
<u>Deferred tax assets</u>		
Loss carryforwards	\$ 1,001,877	\$ 119,774
Pension expense overlimit	23,000	32,000
Unrealized loss on inventories write-down	140,047	42,307
Impairment loss on idle assets	15,000	10,000
Unrealized deferred gross profit	-	2,000
Unrealized impairment loss on long-term investments	7,000	547,000
Difference between financial and tax accounting of the		
depreciation of property, plant and equipment	22,149	21,583
Prepaid expense	1,165,401	899,015
Loss on liquidation of investments	591,000	384,000
Other	<u>482,803</u>	<u>760,870</u>
	<u>\$ 3,448,277</u>	<u>\$ 2,818,549</u>
<u>Deferred tax liabilities</u>		
Difference between financial and tax accounting of the		
depreciation of property, plant and equipment	\$ (81,836)	\$ (67,388)
Provision for land value-added tax	(147,215)	(153,214)
Unrealized gain on investments	(5,364,542)	(2,020,432)
Others	<u>(204,345)</u>	<u>26,384</u>
	<u>\$ (5,797,938)</u>	<u>\$ (2,214,650)</u>

d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets were as follows:

	December 31	
Loss Carryforwards	2022	2021
Expiry in 2022	\$ -	\$ 44,883
Expiry in 2023	98	75,676
Expiry in 2024	3,898	85,267
Expiry in 2025	3,439	82,435
Expiry in 2026	6,032	2,186
Expiry in 2027	<u>24,897</u>	<u>-</u>
	<u>\$ 38,364</u>	<u>\$ 290,447</u>

e. As of December 31, 2022, the Group's tax loss carryforwards were as follows:

Expiry Year	Tax Loss Carryforwards
2023	\$ 44,924
2024	90,495
2025	17,700
2026	221,283
2027	511,143
2028	41,729
2031	102,199
2032	10,768
	<u>\$ 1,040,241</u>

f. WLC's income tax returns through 2020, except 2019, have been assessed by the tax authorities.

29. EARNINGS PER SHARE

	For the Year Ended December 31					
	2022			2021		
	Amounts (Numerator) After Income Tax (Attributable to Parent's Shareholders)	Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars) After Income Tax (Attributable to Parent's Shareholders)	Amounts (Numerator) After Income Tax (Attributable to Parent's Shareholders)	Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars) After Income Tax (Attributable to Parent's Shareholders)
Basic earnings per share						
Net income	\$ 19,352,097	3,549,689	<u>\$ 5.45</u>	\$ 14,642,629	3,428,520	<u>\$ 4.27</u>
Effect of potentially dilutive ordinary shares						
Employee bonus	<u>-</u>	<u>5.690</u>		<u>-</u>	<u>7.632</u>	
	<u>\$ 19,352,097</u>	<u>3,555,379</u>	<u>\$ 5.44</u>	<u>\$ 14,642,629</u>	<u>3,436,152</u>	<u>\$ 4.26</u>

30. SHARE-BASED PAYMENT AGREEMENTS

Employee Share Option Plan for Cash Capital Increase

WLC was approved by the Securities and Futures Bureau (FSC) on March 11, 2022 to issue 300,000 thousand shares for cash capital increase. The board of directors resolved to retain 10% of the issued shares for employees' subscription. The number of shares retained for employees' subscription and the subscription price were confirmed on June 27, 2022. WLC recognized the capital surplus of NT\$157,800 thousand on the grant date at the fair value computed based on the Black-Scholes option evaluation model.

a. The share-based payment arrangement of WLC as of **December 31, 2022** is as follows:

Type of Agreement	Grant Date	Quantity Granted	Vesting Conditions
Shares retained for employees to subscribe	2022.6.27	30,000 thousand shares	Vesting immediately

- b. WLC used the Black-Scholes option evaluation model to calculate the fair value of employee subscriptions for cash capital increase on June 27, 2022. Relevant information is as follows:

Share Price on the Grant Date (In Dollars)	Exercise Price (In Dollars)	Expected Ratio of Stock Price Fluctuation	Expected Duration	Expected Dividend Rate	Risk-Free Interest Rate	Fair Value Per Share (In Dollars)
\$37.45	\$33	52.95%	38 days	0.00%	0.52%	\$5.26

- c. In view of the dramatic changes in the capital market environment, in order to maintain the shareholders' rights and ensure the completion of the fundraising, the chairman of the Company, authorized by the board of directors, adjusted the new share issuing price from NT\$33 to NT\$30 on July 21, 2022. In addition, due to the price adjustment, the remuneration cost of the relevant share-based payment agreement increased by NT\$67,200 thousand.

WLC used the Black-Scholes option evaluation model to calculate the fair value of employee subscriptions for cash capital increase as remeasurement on July 21, 2022. Relevant information is as follows:

Share Price on the Grant Date (In Dollars)	Exercise Price (In Dollars)	Expected Ratio of Stock Price Fluctuation	Expected Duration	Expected Dividend Rate	Risk-Free Interest Rate	Fair Value Per Share (In Dollars)
\$34.05	\$30	54.13%	14 days	0.00%	0.72%	\$2.24

31. BUSINESS COMBINATIONS

- a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
PT. Sunny Metal Industry	Manufacture and sale of nickel matte	September 23, 2022	50.10	<u>\$ 6,016,800</u>
MEG S.A.	Manufacture and sale of stainless steel	December 1, 2022	85.03	<u>\$ 6,497,972</u>

To deploy new energy industry, the Group acquired PT. Sunny Metal Industry and increased its investment in Matte and Nickel Pig Iron to increase production capacity.

To combine the acquired company's products, technologies and market advantages and expand its stainless steel business, the Group acquired 85.03% of the shares of MEG S.A. at a consideration of \$6,497,972 thousand on December 1, 2022 and held 82.32% of the shares of Cogne Acciai Speciali S.p.A. through MEG S.A. The Group finally held 70% of the shares of Cogne Acciai Speciali S.p.A.

b. Consideration transferred

	PT. Sunny Metal Industry	MEG S.A.
Cash	\$ 6,016,800	\$ 6,497,972
Contingent consideration arrangement (Note 1)	-	355,089
Issue option (Note 2)	-	(137,557)
	<u>\$ 6,016,800</u>	<u>\$ 6,715,504</u>

- 1) According to the agreement of acquisition, the Group is required to pay additional EUR15,000 thousand if MEG S.A.'s earnings before interest, tax, depreciation and amortization from the settlement date to 2025 exceed EUR180,000 thousand. Based on the results of the financial forecast, the management of the Group believes that it is probable to make this payment. The fair value of this obligation at the date of acquisition was estimated at \$355,089 thousand.
- 2) According to the agreement of acquisition, the Group has the right to acquire the remaining equity interest from the minority shareholders for a period of 6.5 to 7 years from the settlement date. The fair value of this option at the acquisition date was estimated to be \$137,557 thousand.

c. Assets acquired and liabilities assumed at the date of acquisition

	PT. Sunny Metal Industry	MEG S.A.
Current assets		
Cash and cash equivalents	\$ 103,771	\$ 1,373,797
Financial asset at fair value through profit - current	-	10,456
Hedging derivative financial assets - current	-	175,136
Financial assets at amortised cost - current	-	2,153
Net trade receivables	-	6,455,973
Other receivables	4,904	-
Inventories	29,021	9,550,240
Other current assets	1,603,712	648,923
Non-current assets		
Financial asset at fair value through profit - non-current	-	71,200
Property, plant and equipment	7,853,727	4,640,072
Right-of-use assets	-	933,182
Other intangible assets	4,814,767	85,076
Deferred tax assets	-	137,536
Other non-current assets	-	15,494
Current liabilities		
Short-term borrowings	(587,375)	(1,420,750)
Financial liabilities at fair value through profit - current	-	(4,909)
Hedging derivative financial liabilities - current	-	(42,710)
Trade payables	(232,779)	(5,244,797)
Other payables	(5,610,735)	(3,885)
Current tax liabilities	-	(617,198)
Lease liabilities - current	-	(137,417)
Other current liabilities	(2,480)	(1,761,848)

(Continued)

	PT. Sunny Metal Industry	MEG S.A.
Non-current liabilities		
Bonds payable	\$ -	\$ (285,159)
Long-term payable	-	(3,347,986)
Deferred tax liabilities	(134,396)	(112,229)
Lease liabilities - non-current	-	(710,774)
Defined benefit liabilities	-	(118,977)
Other current liabilities	-	(14,515)
	<u>\$ 7,842,137</u>	<u>\$ 10,276,084</u>
		(Concluded)

At the issuance date of the consolidated financial statements, the market valuations and other calculations have not been finalized, and they may change after publishing official assessment report.

d. Non-controlling interests

The non-controlling interests of PT. Sunny Metal Industry is based on the carrying value on the acquisition date and the amount was NT\$1,577,723 thousand. The carrying value is based on the assigned proportionate of the identifiable net assets on the acquisition date. At the issuance date of the consolidated financial statements, the market valuations and other calculations have not been finalized.

The non-controlling interests of MEG S.A. are based on the carrying value on the acquisition date, the amount was NT\$3,082,995 thousand. The carrying value is based on the assigned proportionate of the identifiable net assets on the acquisition date. At the issuance date of the consolidated financial statements, the market valuations and other calculations have not been finalized.

e. Goodwill recognized on acquisitions

	PT. Sunny Metal Industry	MEG S.A.
Consideration transferred	\$ 6,016,800	\$ 6,715,504
Plus: Non-controlling interests	1,577,723	3,082,995
Less: Carrying value of identifiable net assets acquired	(7,842,137)	(10,276,084)
Exchange difference	<u>333,199</u>	<u>138,059</u>
Goodwill recognized on acquisitions (gain on bargain purchase)	<u>\$ 85,585</u>	<u>\$ (339,526)</u>

The goodwill from the merger was expected not to be recognized as tax deductible.

f. Net cash outflow on the acquisition of subsidiaries

	PT. Sunny Metal Industry	MEG S.A.
Consideration paid in cash	\$ 6,016,800	\$ 6,497,972
Less: Cash and cash equivalent acquired	<u>(103,771)</u>	<u>(1,373,797)</u>
	<u>\$ 5,913,029</u>	<u>\$ 5,124,175</u>

g. Impact of business combination on the results of the Group

The financial results of the acquired company since the acquisition dates, were as follows:

	PT. Sunny Metal Industry	MEG S.A.
Operating revenue	\$ <u> -</u>	\$ <u>1,626,172</u>
Net profit	\$ <u>(14,280)</u>	\$ <u>(273,406)</u>

If the acquisitions of PT. Sunny Metal Industry and MEG S.A. in September and December 2022 had occurred on January 1, 2022, the Group's proposed operating revenue and net profit for fiscal 2022 would have been \$210,605,160 thousand and \$20,786,576 thousand, respectively. These amounts cannot reflect the actual revenue and operating results of the Group, if the business combination is completed on the beginning date of the acquisition year and should not be used to forecast future operating results.

32. DISPOSAL OF SUBSIDIARIES

The Group entered into a sale agreement with ECP (third party) to dispose of its subsidiary New Leaf Energy, Inc. (original name of the announcement: 2022 Solar Development, Inc.) and completed the transaction on July 28, 2022. (United States local time July 27, 2022)

a. Consideration received from disposals

	Amount
Consideration received in cash and cash equivalents	\$ 10,029,371
Contingent consideration (Note)	<u>2,195,677</u>
Total consideration received	<u>\$ 12,225,048</u>

Note: In accordance with the agreement of contingent consideration, the acquirer shall respectively pay additional payments when the gross profit of Target Company during the period starting from the settlement date to December 31, 2023 and the gross profit in the year of 2024 meet the amount agreed upon by Target Company. The fair value of this obligation on the acquisition date is estimated to be NT\$2,195,677 thousand.

b. Analysis of assets and liabilities on the date control was lost:

	Amount
Current assets	
Cash and cash equivalents	\$ 22,836
Contract assets	3,356,257
Other current assets	59,784
Tax assets	48,384
Non-current assets	
Deferred tax assets	274,265
Goodwill	<u>157,359</u>
Total assets	<u>\$ 3,918,885</u>

(Continued)

	Amount
Current liabilities	
Notes payable and trade payables	\$ (150,190)
Other payables	<u>(313,081)</u>
Total current liabilities	<u>(463,271)</u>
Net assets disposed of	<u>\$ 3,455,614</u>
	(Concluded)

c. Gain on disposal of subsidiaries

	Amount
Consideration received	\$ 10,029,371
Contingent consideration	2,195,677
Net assets disposed of	(3,455,614)
Costs of disposal	(217,679)
Non-controlling interests	905,234
Exchange difference	35,417
Employee compensation costs - disposal related	<u>(1,039,328)</u>
Gain on disposals	<u>\$ 8,453,078</u>

The above gain on disposal of equity, which is NT\$8,453,078 thousand, deduced the loss due to the reduction of operation after disposal, which is NT\$553,702 thousand and the remaining amount of NT\$7,899,376 thousand was recognized under “gain on disposal of investments” in 2022.

d. Net cash inflow on disposals of subsidiaries

	Amount
Consideration received in cash and cash equivalents	\$ 10,029,371
Less: Cash and cash equivalent balances disposed of	<u>(22,519)</u>
Net cash inflow on disposals of subsidiaries	10,006,852
Less: Employee compensation costs and costs of disposal paid	<u>(764,276)</u>
Net cash inflow on disposals of subsidiaries	<u>\$ 9,242,576</u>

The above share transaction was completed on July 28, 2022. (United States local time July 27, 2022)

33. OPERATING LEASE ARRANGEMENTS

Operating leases related to leases of investment properties owned by the Group with lease terms between 5 and 10 years and the Group has an option to extend for another 10 years. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to renew. The lessees do not have bargain purchase options to acquire the properties at the expiry of the lease periods.

As of December 31, 2022 and 2021, deposits received under operating leases amounted to NT\$339,128 thousand and NT\$329,321 thousand, respectively (recorded under other non-current liabilities).

As of December 31, 2022, the Group's future minimum lease receivables on non-cancelable operating lease commitments are as follows:

	Amount
2023	\$ 1,271,481
2024-2027	1,921,321
After 2028	<u>210,070</u>
	<u><u>\$ 3,402,872</u></u>

34. CAPITAL MANAGEMENT

The Group's capital management objective is to ensure that it has the necessary financial resources and operational plan so that it can cope with the next 12 months working capital requirements, capital expenditures, debt repayments and dividends spending.

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

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel, consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

35. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Except the following assets and liabilities, the management considers that the carrying amounts of financial assets and financial liabilities not recognized at fair value approximate to their fair values.

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
Structured deposit	\$ 2,202	\$ -	\$ -	\$ 2,202	\$ 2,202
Government bonds	<u>189,242</u>	<u>-</u>	<u>-</u>	<u>189,242</u>	<u>189,242</u>
	<u><u>\$ 191,444</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 191,444</u></u>	<u><u>\$ 191,444</u></u>
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Bonds payable	<u><u>\$7,742,955</u></u>	<u><u>\$ -</u></u>	<u><u>\$7,386,233</u></u>	<u><u>\$ -</u></u>	<u><u>\$7,386,233</u></u>

December 31, 2021

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Bonds payable	\$7,500,000	\$ -	\$7,500,000	\$ -	\$7,500,000

The fair values of the financial assets and financial liabilities included in the Level 2 and Level 3 categories above have been determined in accordance with the income approach based on a discounted cash flow analysis. The observable inputs included bond duration, bond interest rates and credit rating. The significant unobservable input used in Level 3 is the discount rate that reflects the credit risk of counterparties.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ -	\$ 7,631	\$ -	\$ 7,631
Foreign unlisted shares	-	-	71,969	71,969
Contingent consideration	-	-	2,567,786	2,567,786
Derivatives financial assets for hedging	-	165,019	-	165,019
	<u>\$ -</u>	<u>\$ 172,650</u>	<u>\$ 2,639,755</u>	<u>\$ 2,812,405</u>

Financial assets at FVTOCI

Investments in equity instruments				
Listed securities in ROC	\$ 11,717,477	\$ -	\$ -	\$ 11,717,477
Unlisted securities	-	-	624,755	624,755
	<u>\$ 11,717,477</u>	<u>\$ -</u>	<u>\$ 624,755</u>	<u>\$ 12,342,232</u>

Financial liabilities at
FVTPL

Derivatives not designated as hedging instruments	\$ 21,189	\$ 43,583	\$ -	\$ 64,772
Contingent consideration	-	-	363,192	363,192
Hedging derivative financial liabilities	-	222,272	-	222,272
	<u>\$ 21,189</u>	<u>\$ 265,855</u>	<u>\$ 363,192</u>	<u>\$ 650,236</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ 1,940	\$ 14,207	\$ -	\$ 16,147
Derivatives financial assets for hedging	-	89,232	-	89,232
	<u>\$ 1,940</u>	<u>\$ 103,439</u>	<u>\$ -</u>	<u>\$ 105,379</u>
<u>Financial assets at fair value FVTOCI</u>				
Investments in equity instruments				
Listed securities in ROC	\$ 15,627,085	\$ -	\$ -	\$ 15,627,085
Unlisted securities	-	-	663,502	663,502
	<u>\$ 15,627,085</u>	<u>\$ -</u>	<u>\$ 663,502</u>	<u>\$ 16,290,587</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives not designated as hedging instruments	<u>\$ -</u>	<u>\$ 37,439</u>	<u>\$ -</u>	<u>\$ 37,439</u>

- 2) There were no transfers between Levels 1, 2 and 3 for the years ended December 31, 2022 and 2021.
- 3) Reconciliation of Level 3 fair value measurements of financial instruments.

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2022	\$ 663,502
Additions	120,000
Capital reduction and refund	(335)
Recognized in other comprehensive loss	(159,580)
Effects of exchange difference	<u>1,168</u>
Balance at December 31, 2022	<u>\$ 624,755</u>

	Financial Assets at FVTPL	
	Financial Assets	Financial Liabilities
Balance at January 1, 2022	\$ -	\$ -
Additions	2,267,373	355,089
Recognized in profit or loss	372,109	-
Effects of exchange difference	<u>273</u>	<u>8,103</u>
Balance at December 31, 2022	<u><u>\$ 2,639,755</u></u>	<u><u>\$ 363,192</u></u>

For the year ended December 31, 2021

	Financial Assets at FVTOCI
	Equity Instruments
Balance at January 1, 2021	\$ 435,056
Additions	177,887
Capital reduction and refund	(3,615)
Recognized in other comprehensive income	54,678
Effects of exchange rate changes	<u>(504)</u>
Balance at December 31, 2021	<u><u>\$ 663,502</u></u>

4) Valuation technique and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Technique and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates and discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - exchange rate swap contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates and discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - interest rate contracts	Discounted cash flow. Future cash flows are estimated based on observable floating rates at the end of the reporting period and fixed interest rates under contracts.
Derivatives - option	Black-Scholes Model. The significant unobservable input value is the market price volatility of the commodity.
Derivatives - gas swap contracts	Discounted cash flow. Future cash flows are estimated based on observable forward gas prices at the end of the reporting period and fixed gas prices under contract.

5) Valuation technique and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Technique and Inputs
Unlisted equity securities	Market approach. Fair values are determined based on observable and comparable companies' fair values at the end of the reporting period, adjusted by price earnings ratio and price-to-book ratio of the investees. Net asset method. Fair values are determined based on the book value of companies. Discounted cash flow. Present values are determined based on future cash flows discounted at market yield.
Hybrid instruments - bonds	Discounted cash flow. Future cash flows are estimated based on contract rates and discounted at a rate that reflects the credit risk of various counterparties.
Contingent consideration	The estimated fair value is discounted according to the probability of reaching the agreed conditions and based on the credit risk discount rate and other information.

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 19,397,973	\$ 10,387,581
Contract assets - current	3,022,237	5,750,344
Notes receivable and trade receivables (including related parties)	21,832,312	13,673,100
Finance lease receivables (current and non-current)	662,543	720,585
Other receivables	3,857,091	1,620,595
Other financial assets	546,126	530,650
Refundable deposits	288,948	207,622
Financial assets at amortized cost - (current and non-current)	191,444	-
Derivative financial assets for hedging (current and non-current)	165,019	89,232
Financial assets at FVTPL (current and non-current)	2,647,386	16,147
Financial assets at FVTOCI (current and non-current)	12,342,232	16,290,587
<u>Financial liabilities</u>		
Financial liabilities at FVTPL (current and non-current)	427,964	37,439
Derivative financial liabilities for hedging (current and non-current)	222,272	-
Financial liabilities at amortized cost		
Short-term borrowings	22,496,307	7,108,766
Contract liabilities	6,014	3,426
Notes payable and trade payables	18,088,851	8,840,868

(Continued)

	December 31	
	2022	2021
Other payables	\$ 9,939,969	\$ 4,861,341
Bonds payable	7,742,955	7,500,000
Long-term borrowings (including current portion of notes payable)	43,525,983	35,505,033
Deposits received (recorded under other current and non-current liabilities)	385,210	920,410
		(Concluded)

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and investments, borrowings, trade receivables, and trade payables. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provides written principles on foreign exchange risk, interest rate risk and credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments for speculative purposes.

1) Market risk

The Group's activities exposed is primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into foreign exchange forward contracts and interest rate swaps contracts to hedge foreign currency risk and interest rate risk.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

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

It is the Group's policy to make the terms of the derivatives instruments match the terms of the hedged items and to maximize the hedge effectiveness.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the period are set out in Note 39.

The carrying amounts of the Group's derivatives exposed to foreign currency risk at the end of the reporting period were as follows:

	December 31	
	2022	2021
<u>Assets</u>		
U.S. dollar	\$ 3,798,744	\$ 9,660,314
Euro	1,432,653	795,675
<u>Liabilities</u>		
U.S. dollar	2,381,338	10,204,046
Euro	310,405	600,096

Sensitivity analysis

The Group is mainly exposed to the U.S. dollars.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e. functional currency) against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates.

	U.S. Dollar Impact	
	For the Year Ended December 31	For the Year Ended December 31
	2022	2021
Profit or loss	\$ (7,848)	\$ 155,355

	Euro Impact	
	For the Year Ended December 31	For the Year Ended December 31
	2022	2021
Profit or loss	\$ 23,330	\$ 11,482

Hedge accounting

For the year ended December 31, 2021

The Group's hedging strategy is to enter into foreign exchange forward contracts to avoid exchange rate exposure on 100% of the fair value of its foreign currency receipts and payments and to manage exchange rate exposure. Those transactions are designated as fair value hedges. Adjustments are recognized directly in profit or loss and are presented as hedged items on the consolidated statements of comprehensive income.

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Price	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Ineffectiveness
						Asset	Liability	
Exchange rate swap contracts	USD to RMB	USD75,000/ RMB488,325	2022.1.14	RMB 498,529	Financial assets for hedging	RMB 10,204	\$ -	\$ -
Exchange rate swap contracts	USD to RMB	USD70,000/ RMB455,700	2022.1.14	RMB 465,153	Financial assets for hedging	RMB 9,453	-	-
Exchange rate swap contracts	USD to RMB	USD20,000/ RMB129,220	2022.6.08	RMB 129,728	Financial assets for hedging	RMB 508	-	-
Exchange rate swap contracts	USD to RMB	USD15,000/ RMB96,921	2022.6.08	RMB 97,308	Financial assets for hedging	RMB 387	-	-

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates.

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

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 189,242	\$ -
Financial liabilities	7,742,955	7,500,000
Cash flow interest rate risk		
Financial assets	2,202	-
Financial liabilities	66,022,290	42,613,799

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for financial instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year.

If interest rates had been 1% basis points higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased by NT\$660,201 thousand and NT\$426,138 thousand, respectively.

Hedge accounting

For the year ended December 31, 2022

The Group entered into interest rate swap contracts to mitigate the risk of changes in interest rates on cash flow exposure related to its outstanding variable rate debt. Interest rate swaps are settled on a contract basis. The floating rate on interest rate swaps is Euro Interbank Offered Rate (Euribor). The Group will settle the difference between the fixed and floating interest rates on a net basis.

The following tables summarize the information relating to the hedges for interest rate risk.

Hedging Instrument	Currency	Contract Amount	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Ineffectiveness
							Asset	Liability	
Cash flow hedges									
Interest rate swap contracts	EUR	\$ 95,177	2023.05.31-2030.12.18	-0.255%-3.120%	Note	Financial assets for hedging	\$ 5,043	\$ -	\$ -

Note: It is the three months interest rate of Euro Interbank Offered Rate (Euribor) on the second business day before the issuance date.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to financial guarantees provided by the Group, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst the approved counterparties. Credit exposure is controlled by setting credit limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade receivables at the end of the year to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk was significantly reduced.

3) Liquidity risk

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

- a) The following table details the Group's expected maturities for its non-derivative financial liabilities with agreed upon repayment periods.

December 31, 2022

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$ 23,605,356	\$ 13,379,779	\$ 28,258,134	\$ 680,861	\$ 65,924,130
Lease liabilities	254,655	454,115	617,027	1,939,529	3,265,326
Fixed interest rate liabilities	98,160	98,160	7,546,635	-	7,742,955
Non-interest bearing liabilities	<u>28,275,365</u>	<u>75,051</u>	<u>59,111</u>	<u>2,546,847</u>	<u>30,956,374</u>
	<u>\$ 52,233,536</u>	<u>\$ 14,007,105</u>	<u>\$ 36,480,907</u>	<u>\$ 5,167,237</u>	<u>\$ 107,888,785</u>

December 31, 2021

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$ 17,827,847	\$ 16,648,182	\$ 7,000,000	\$ 1,137,770	\$ 42,613,799
Lease liabilities	83,709	68,394	100,609	141,279	393,991
Fixed interest rate liabilities	-	-	7,500,000	-	7,500,000
Non-interest bearing liabilities	<u>14,491,770</u>	<u>29,024</u>	<u>101,825</u>	<u>-</u>	<u>14,622,619</u>
	<u>\$ 32,403,326</u>	<u>\$ 16,745,600</u>	<u>\$ 14,702,434</u>	<u>\$ 1,279,049</u>	<u>\$ 65,130,409</u>

- b) The Group's expected maturities for its derivative financial instruments with agreed upon settlement dates were as follows:

December 31, 2022

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Net settled</u>					
Commodity futures contracts	\$ (44,810)	\$ 15,096	\$ 8,525	\$ -	\$ (21,189)
Foreign exchange forward contracts	(26,741)	6,844	(1,573)	-	(21,470)
Exchange rate swap contracts	(22,113)	-	-	-	(22,113)
Interest rates swap contracts	-	2	20,615	144,404	165,021
Gas swap contracts	(74,893)	(122,352)	(25,027)	-	(222,272)
Futures options	<u>-</u>	<u>7,629</u>	<u>-</u>	<u>-</u>	<u>7,629</u>
	<u>\$ (168,557)</u>	<u>\$ (92,781)</u>	<u>\$ 2,540</u>	<u>\$ 144,404</u>	<u>\$ (114,394)</u>

December 31, 2021

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Net settled</u>					
Commodity futures contracts	\$ 16,434	\$ (19,571)	\$ 5,077	\$ -	\$ 1,940
Foreign exchange forward contracts	13,115	146	946	-	14,207
Exchange rate swap contracts	<u>47,904</u>	<u>-</u>	<u>3,889</u>	<u>-</u>	<u>51,793</u>
	<u>\$ 77,453</u>	<u>\$ (19,425)</u>	<u>\$ 9,912</u>	<u>\$ -</u>	<u>\$ 67,940</u>

e. Transfers of financial assets

1) Transfers of financial assets with recourse

From January 1 to December 31, 2022, the Group transferred part of banker's acceptances on notes receivable to a bank in mainland China. According to the contract, if the notes receivable cannot be recovered when they are due, the bank has the right to require the Group to pay outstanding balance. Therefore, the Group has not transferred the significant risks and remuneration of the notes receivable. The Group continues to recognize all the notes receivable and uses the transferred notes receivable as collateral for the loan. Refer to Note 22 for the relevant loan information.

2) Transfers of financial assets without recourse

Factored trade receivables that are not overdue at the end of the year were as follows:

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
<u>December 31, 2022</u>					
CTBC bank	<u>\$ 151,902</u>	<u>\$ 18,449</u>	<u>US\$ 2,700</u>	<u>\$ -</u>	-
<u>December 31, 2021</u>					
CTBC bank	<u>\$ 150,495</u>	<u>\$ 5,786</u>	<u>US\$ 2,700</u>	<u>\$ -</u>	-

36. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of WLC, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as below:

a. Related party name and category

Related Party Name	Related Party Category
Winbond Electronics Corp.	Associate
Walsin Technology Corp.	Associate
Walton Advanced Engineering, Inc.	Associate
Chin-Xin Investment Co., Ltd.	Associate
Changzhou China Steel Precision Materials Co., Ltd.	Associate
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Associate
Tsai Yi Corporation (formerly known as Walsin Color Co., Ltd.)	Associate
Nuvoton Technology Corporation	Associate
Prosperity Dielectrics Co., Ltd.	Associate
PT. Westrong Metal Industry	Associate
HannStar Display Corp.	Substantive related party
Kuong Tai Metal Industrial Co., Ltd.	Substantive related party

(Continued)

Related Party Name	Related Party Category
HannStar Board Tech. (Jiangyin) Corp	Substantive related party
HannStar Board Corp.	Substantive related party
Global Brands Manufacture Ltd.	Substantive related party
Info-Tek Corp.	Substantive related party
Hwa Bao Botanic Conservation Corp.	Substantive related party
	(Concluded)

b. Sales

	For the Year Ended December 31	
	2022	2021
Associates	\$ 22,653	\$ 6,458
Other related parties	<u>1,452,637</u>	<u>1,751,701</u>
	<u><u>\$ 1,475,290</u></u>	<u><u>\$ 1,758,159</u></u>

c. Rental income

	For the Year Ended December 31	
	2022	2021
Associates	\$ 48,329	\$ 46,197
Other related parties	<u>1,135</u>	<u>1,029</u>
	<u><u>\$ 49,464</u></u>	<u><u>\$ 47,226</u></u>

d. Purchases of goods

	For the Year Ended December 31	
	2022	2021
Associates	\$ 58,289	\$ 33,027
Other related parties	<u>4,308</u>	<u>4,961</u>
	<u><u>\$ 62,597</u></u>	<u><u>\$ 37,988</u></u>

e. Administrative expenses

	For the Year Ended December 31	
	2022	2021
Associates	\$ 15,053	\$ 14,889
Other related parties	<u>13,630</u>	<u>13,558</u>
	<u><u>\$ 28,683</u></u>	<u><u>\$ 28,447</u></u>

The stock registration matters of WLC and related parties were handled together. The related fees allocated to the related parties were charged against general and administrative expenses.

f. Dividend income

For the Year Ended December 31

	2022	2021

HannStar Display Corp.	\$ 298,293	\$ 149,816
HannStar Board Corp.	140,259	140,259
Other related parties	7,705	7,705
	\$ 446,257	\$ 297,780

g. Notes receivable

December 31

	2022	2021

Associates	\$ 9,332	\$ 2,186

h. Trade receivables

December 31

	2022	2021

Associates	\$ 2,481	\$ -
Other related parties	42,651	17,229
	\$ 45,132	\$ 17,229

i. Notes payable

December 31

	2022	2021

Associates	\$ 16,553	\$ 10,257

j. Trade payables

December 31

	2022	2021

Associates	\$ 225	\$ -
Other related parties	504	601
	\$ 729	\$ 601

k. Other receivables (excluding financing provided)

December 31

	2022	2021

Associates	\$ 13,056	\$ 19,279
Other related parties	3,062	2,648
	\$ 16,118	\$ 21,927

l. Financing provided

Financing provided for the years ended December 31, 2022 and 2021 were as follows:

December 31, 2022				
Related Parties	Highest Balance for the Period	Ending Balance	Interest Income	Interest Rate
Hangzhou Walsin Power Cable & Wire Co., Ltd.	<u>\$ 360,721</u>	<u>\$ 352,747</u>	<u>\$ 15,563</u>	4.35%
PT. Westrong Metal Industry	<u>\$ 2,780,100</u>	<u>\$ 1,228,400</u>	<u>\$ 463</u>	6.79%

December 31, 2021				
Related Parties	Highest Balance for the Period	Ending Balance	Interest Income	Interest Rate
Hangzhou Walsin Power Cable & Wire Co., Ltd.	<u>\$ 350,991</u>	<u>\$ 347,329</u>	<u>\$ 15,310</u>	4.35%

m. Guarantee deposits

December 31			
	2022	2021	
Associates	\$ 7,362	\$ 7,453	
Other related parties	<u>282</u>	<u>282</u>	
	<u>\$ 7,644</u>	<u>\$ 7,735</u>	

n. Disposal of property, plant and equipment

For the Year Ended December 31				
	2022		2021	
	Price	Gain on Disposals	Price	Gain on Disposals
Hwa Bao Botanic Conservation Corp.	<u>\$ 128,800</u>	<u>\$ 78,443</u>	<u>\$ -</u>	<u>\$ -</u>

The above transaction prices were determined with reference to the transaction prices of similar real estate in the vicinity and professional valuation reports.

o. Remuneration of key management personnel

The remunerations of directors and key executives were as follows:

December 31		
	2022	2021
Short-term employee benefits	\$ 265,970	\$ 217,518
Post-employment benefits	<u>1,299</u>	<u>1,392</u>
	<u>\$ 267,269</u>	<u>\$ 218,910</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collaterals for bank borrowings, tariff guarantee for imported raw material and the deposits for completing constructions and futures:

	December 31	
	2022	2021
Refundable deposits (recorded under other financial assets - current)	\$ 303,146	\$ 61,964
Restricted deposits (recorded under other financial assets - current)	202,194	388,193
Pledged time deposits (recorded under other financial assets - other)	1,439	-
Restricted deposits (recorded under other financial assets - other)	11,023	10,854
Finance lease receivables	60,020	58,042
Long-term finance lease receivables	602,523	662,543
Refundable deposits	51,986	52,534
Discounted notes receivable	<u>1,554,013</u>	<u>-</u>
	<u>\$ 2,786,344</u>	<u>\$ 1,234,130</u>

38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at December 31, 2022 and 2021 were as follows:

- a. Outstanding letters of credit not reflected in the accompanying consolidated financial statements as of December 31, 2022 and 2021 were as follows (in thousands):

	December 31	
	2022	2021
New Taiwan dollar	NT\$ 20,939	NT\$ 47,575
U.S. dollar	US\$ 3,186	US\$ 9,572
Renminbi	RMB 2,189	RMB 13,134
Japanese yen	JPY 54,144	JPY 160,710
Euro	EUR 34,490	EUR 26,852

- b. Outstanding standby letters of credit and bid bonds of contingent liabilities not reflected in the consolidated financial statements were as follows (in thousands):

	December 31	
	2022	2021
New Taiwan dollar	NT\$ 841,035	NT\$ 665,286
U.S. dollar	US\$ 30	US\$ 30
Renminbi	RMB 16,884	RMB 111,504

- c. Based on tariff and relevant regulations, the Group issue tariff letters of credit to import goods and to meet the needs of post-release duty payment. The amount of tariff letters of credit were as follows:

	December 31	
	2022	2021
New Taiwan dollar	NT\$ 496,000	NT\$ 462,000

- d. Non-cancelable raw material procurement contracts were as follows:

	December 31	
	2022	2021
U.S. dollar	US\$ 43,926	US\$ 42,595
Renminbi	RMB 85,530	RMB 259,005

- e. The Group entered into a contract for the construction of new plants on the Group's own land. The amount of the unrecognized commitments were as follow:

	December 31	
	2022	2021
New Taiwan dollar	NT\$2,237,159	NT\$2,702,350
U.S. dollar	US\$ 72,295	US\$ 4,362
Renminbi	RMB 780,815	RMB 395,368
Euro	EUR 70,927	EUR -
Japanese yen	JPY 11,680	JPY -
Indonesian rupiah	IDR89,743,621	IDR -

39. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities dominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$ 575,500	30.7100	\$ 17,673,605
Japanese yen	236,526	0.2324	54,969
Euro	37,125	32.7200	1,214,730
Hong Kong dollar	2,505	3.9380	9,865
Australian dollar	1,298	20.8300	27,037
Singapore dollar	5,432	22.8800	124,284
Indonesian rupiah	2,267,040,632	0.00198	4,488,740
Renminbi	21,137	4.40934	93,200
Korean won	394,230	0.02457	9,686
Turkish lira	6,605	1.643167	10,854
(Continued)			

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
U.S. dollar	\$ 645,822	30.7100	\$ 19,833,194
Euro	121	32.7200	3,959
Renminbi	406,181	4.40934	1,790,990
Swiss franc	17	33.2050	564
Indonesian rupiah	300,118,783	0.00198	594,235
Non-monetary items			
U.S. dollar	1,677	30.7100	51,501
Renminbi	233	4.40934	1,027
			(Concluded)

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$ 811,837	27.6800	\$ 22,471,643
Japanese yen	511,128	0.2405	122,926
Euro	30,442	31.3200	953,435
Hong Kong dollar	4,481	3.5490	15,903
Australian dollar	1,579	20.0800	31,714
Singapore dollar	3,291	20.4600	67,335
Indonesian rupiah	1,650,074,291	0.00198	3,267,147
Non-monetary items			
U.S. dollar	320	27.6800	8,864

Financial liabilities

Monetary items			
U.S. dollar	230,939	27.68	6,392,384
Euro	27	31.3200	830
Renminbi	171	4.3416	743
Swiss franc	17	31.1750	513
Indonesian rupiah	52,340,604	0.00198	103,634
Non-monetary items			
U.S. dollar	1,353	27.68	37,439

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gain and loss were NT\$1,748,708 thousand and NT\$237,222 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies in the Group.

40. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees:

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

b. Information on investments in mainland China:

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 9)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 10):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year;
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year;
 - c) The amount of property transactions and the amount of the resultant gains or losses;
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes;
 - e) The highest balance, the ending period balance, the interest rate range, and total current period

interest with respect to the financing of funds; and

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 11)

41. SEGMENT INFORMATION

a. Basic information

1) Classification

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

a) Wires and cables

The segment's main products include copper rods, wires, connector and components which are sold to industries involving cables and wires, communications cable, heavy electronics, home electrical appliances and construction.

b) Stainless steel

The segment's main products include smelting, rolled stainless steel, carbon steel and precision alloy wire which are sold to industries involving construction components, crankshaft, machine tools, plumbing, heat exchanger, drainage, petrochemical and construction.

c) Resource

The segment's main business include nickel pig iron, sales of stainless steel products as an agent in Taiwan and important metal procurement and hedging.

d) Real estate

Real estate is responsible for the development of commercial and real estate complex and real estate management. Furthermore, the modes of operation are the construction of residences, offices, markets and hotels, and the offering of rental space, operating management and after-sales services.

e) Administration and investing

The segment of administration and investing refers to other investment in mainland China.

2) Estimates of operating segment income and expenses, assets and liabilities

Accounting policies of operating segments are the same as those summarized in Note 4. Sales and transfers between segments are treated as transactions with third parties and evaluated at fair value.

The Group does not allocate income tax expense (benefit), investment income (loss) recognized under equity method, foreign exchange gain (loss), net investment income (loss), gain (loss) on disposal of investments, gain (loss) on valuation of financial assets and liabilities and extraordinary items to reportable segments. The amounts reported are consistent with the report used by chief operating decision makers.

3) Identification of operating segment

The reportable segments of the Group are strategic business units, providing different products and services. They are managed separately because they use different technologies and sales strategies.

b. Financial information

1) Segment revenues and results:

						(NT\$ in Thousand)
	Wires and Cables	Stainless Steel	Resource	Real Estate	Administration and Investing	Total
<u>For the year ended December 31, 2022</u>						
Revenue from external customers	58,861,592	79,025,174	23,469,051	1,972,699	17,072,203	\$ 180,400,719
Segment profit (loss)	2,983,318	4,463,460	7,011,709	94,428	(5,054,201)	9,498,714
Net non-operating income (expenses)						(586,922)
Net interest income (expenses)						
Share of profit of associates accounted for using the equity method						3,607,040
Dividend income						766,857
Gain on disposal of property, plant and equipment						68,051
Gain on disposal of investments						7,210,043
Foreign exchange gain						1,748,708
Gain on financial assets and liabilities at fair value through profit or loss						265,134
Impairment loss						(87)
Net other income						824,475
Consolidated income before income tax						<u>\$ 23,402,013</u>
<u>For the year ended December 31, 2021</u>						
Revenue from external customers	62,302,436	67,417,565	8,571,368	1,882,235	16,491,162	\$ 156,664,766
Segment profit (loss)	2,267,026	5,876,831	4,009,584	214,240	977,871	13,345,552
Net non-operating income (expenses)						(325,999)
Net interest income (expenses)						
Share of profit of associates accounted for using the equity method						4,808,211
Dividend income						561,499
Gain on disposal of property, plant and equipment						20,468
Gain on disposal of investments						679,207
Foreign exchange gain						(237,222)
Gain on financial assets and liabilities at fair value through profit or loss						647,228
Impairment loss						(693,892)
Net other income						317,446
Consolidated income before income tax						<u>\$ 19,122,498</u>

2) Segment assets and liabilities

	Wires and Cables	Stainless Steel	Resource	Real Estate	Administration and Investing	Total
<u>Segment assets</u>						
December 31, 2022	\$ 9,871,071	\$ 45,004,557	\$ 43,443,642	\$ 30,296,978	\$ 124,049,301	<u>\$ 252,665,549</u>
December 31, 2021	12,961,862	40,460,833	17,042,352	28,324,476	84,245,375	<u>\$ 183,034,898</u>
<u>Segment liabilities</u>						
December 31, 2022	5,690,853	26,924,149	27,486,296	15,638,505	47,963,838	<u>\$ 123,703,641</u>
December 31, 2021	8,815,068	18,842,990	7,578,444	12,893,795	26,958,333	<u>\$ 75,088,630</u>

Note: Due to the adjustment of departmental organization, segment assets and liabilities were reclassified on 2021 for reference and comparison.

3) Geographical information

The Group's non-current assets (exclude financial instruments, deferred tax assets and post-employment benefit assets) and revenue from single geographical location are detailed below.

	Revenue from External Customers (Note)		Non-current Assets December 31	
	2022	2021	2022	2021
Asia	\$ 155,926,113	\$ 134,031,146	\$ 60,969,279	\$ 54,005,146
United States of America	18,346,783	17,315,503	245,719	225,071
Europe	4,040,919	3,662,416	5,891,034	-
Others	<u>2,086,904</u>	<u>1,655,701</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 180,400,719</u></u>	<u><u>\$ 156,664,766</u></u>	<u><u>\$ 67,106,032</u></u>	<u><u>\$ 54,230,217</u></u>

Note: Revenue from external customers is classified by geographical location.

4) Information about major customers

No single customer contributed 10% or more to the Group's revenue for both 2022 and 2021.

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In thousands of New Taiwan Dollars and U.S. Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
0	Walsin Lihwa Corporation	PT. Walsin Nickel Industrial Indonesia	Other receivables	Yes	\$ 2,255,050 (US\$ 70,000)	\$ - (US\$ -)	\$ - (US\$ -)	-	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 49,432,350 (US\$ 1,609,650)	\$ 49,432,350 (US\$ 1,609,650)
		PT. Sunny Metal Industry	Other receivables	Yes	7,745,668 (US\$ 250,750)	7,700,533 (US\$ 250,750)	5,397,283 (US\$ 175,750)	5.80-6.90	Operating capital	-	Equipment purchase	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
		PT. Westrong Metal Industry	Other receivables	Yes	2,780,100 (US\$ 90,000)	2,763,900 (US\$ 90,000)	1,228,400 (US\$ 40,000)	6.79	Operating capital	-	Equipment purchase	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)

Notes:

1. According to the financing regulations provided by Walsin Lihwa Corporation, the limit on the amount of financing provided to a single enterprise that holds directly or indirectly 100% of the voting rights of a subsidiary cannot exceed 40% of the equity presented in the consolidated financial statements of Walsin Lihwa Corporation.

a. The limit on the amount of financing provided to a single enterprise was as follows:

PT. Walsin Nickel Industrial Indonesia = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)
PT. Sunny Metal Industry = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)
PT. Westrong Metal Industry = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)

b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)

2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.

3. The currency exchange rate as of December 31, 2022 was as follows: US\$ to NT\$ = 1:30.71.
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TABLE 1-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
1	Walsin (China) Investment Co., Ltd.	Hangzhou Walsin Power Cable & Wire Co., Ltd.	Other receivables	Yes	\$ 360,721 (RMB 80,000)	\$ 352,747 (RMB 80,000)	\$ 352,747 (RMB 80,000)	4.35	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,720,129 (US\$ 56,013)	\$ 1,720,129 (US\$ 56,013)
		Walsin (Nanjing) Development Co., Ltd.	Other receivables	Yes	5,636,263 (RMB 1,250,000)	5,511,675 (RMB 1,250,000)	3,549,132 (RMB 804,912)	4.05	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
		Yantai Walsin Stainless Steel Co., Ltd.	Other receivables	Yes	10,367,832 (US\$ 202,000) (RMB 860,000)	9,995,452 (US\$ 202,000) (RMB 860,000)	6,427,864 (US\$ 140,304) (RMB 480,600)	1.15-3.00	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Other receivables	Yes	1,988,336 (US\$ 45,000) (RMB 120,000)	1,822,884 (US\$ 45,000) (RMB 100,000)	1,369,530 (US\$ 44,596) (RMB -)	1.15	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
		Changshu Walsin Specialty Steel Co., Ltd.	Other receivables	Yes	3,114,798 (RMB 170,000) (US\$ 73,000)	2,550,484 (RMB \$ 70,000) (US\$ 73,000)	1,387,772 (RMB -) (US\$ 45,190)	1.15	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
		Dongguan Walsin Wire & Cable Co., Ltd.	Other receivables	Yes	2,577,200 (US\$ 80,000) (RMB -)	2,149,700 (US\$ 70,000) (RMB -)	742,540 (US\$ 24,179) (RMB -)	1.15	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
		Jiangyin Walsin Steel Cable Co., Ltd.	Other receivables	Yes	2,117,686 (US\$ 10,000) (RMB 400,000)	1,409,435 (US\$ 10,000) (RMB 250,000)	714,418 (US\$ 8,059) (RMB 105,896)	1.15-3.00	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Other receivables	Yes	289,935 (US\$ 9,000)	- (US\$ -)	- (US\$ -)	-	Operating capital	-	Operating capital	-	-	-	430,032 (US\$ 14,003)	1,720,129 (US\$ 56,013)
2	Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	3,156,307 (RMB 700,000)	3,086,538 (RMB 700,000)	968,651 (RMB 219,682)	2.70	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
3	Walsin International Investments Limited	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	19,619,260 (US\$ 400,000) (RMB 1,500,000)	18,898,010 (US\$ 400,000) (RMB 1,500,000)	12,769,666 (US\$ 254,000) (RMB 1,127,000)	0.98-2.60	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
		Walsin Lihwa Corporation	Other receivables	Yes	11,114,175 (US\$ 345,000)	7,677,500 (US\$ 250,000)	3,470,230 (US\$ 113,000)	4.3-4.4	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
		PT. Walsin Nickel Industrial Indonesia	Other receivables	Yes	8,053,750 (US\$ 350,000)	3,071,000 (US\$ 100,000)	3,071,000 (US\$ 100,000)	6.4-6.7	Operating capital	-	Operating capital	-	-	-	7,833,998 (US\$ 255,102)	7,833,998 (US\$ 255,102)

(Continued)

Notes:

1. According to the financing regulations provided by Walsin (China) Investment Co., Ltd., Dongguan Walsin Wire & Cable Co., Ltd. and Walsin International Investments Ltd., the total limit on the amount of the financing provided to a single enterprise that holds directly or indirectly 100% of the voting rights of a subsidiary whose equity is 100%-owned, directly or indirectly by the parent company cannot exceed 40% of the equity of the parent company as presented in the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a single enterprise that holds less than 100% of a subsidiary whose equity is less than 100%-owned, directly or indirectly by its parent company, cannot exceed 40% of the parent company’s equity as presented in its the consolidated financial statements of a subsidiary. If the financing is a one-time funding, the amount for an individual loan shall not exceed 40 % of the financing company’s equity as stated in the financing company’s latest consolidated financial statements. If it is a revolving funding, the amount for an individual loan shall not exceed 10 % of the financing company’s equity in the financing company’s latest consolidated financial statements.
- a. The limit on the amount of financing provided to a single enterprise was as follows:

Jiangyin Walsin Steel Cable Co., Ltd. = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. = US\$140,033 × 10% = US\$14,003 (\$430,032)
Walsin (China) Investment Co., Ltd. = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)
Walsin Lihwa Corporation = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)
Walsin (Nanjing) Development Co., Ltd. = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)
Yantai Walsin Stainless Steel Co., Ltd. = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)
Jiangyin Walsin Specialty Alloy Materials Co., Ltd. = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)
Changshu Walsin Specialty Steel Co., Ltd. = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)
Dongguan Walsin Wire & Cable Co., Ltd. = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)
Hangzhou Walsin Power Cable & Wire Co., Ltd. = US\$140,033 × 40% = US\$56,013 (\$1,720,129)
PT. Walsin Nickel Industrial Indonesia = US\$637,755 × 40% = US\$255,102 (\$7,833,998)
- b. The limit on the amount of financing provided was as follows:

Walsin Lihwa Corporation = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)
Walsin (China) Investment Co., Ltd. = US\$140,033 × 40% = US\$56,013 (\$1,720,129)
Walsin International Investments Limited = US\$637,755 × 40% = US\$255,102 (\$7,833,998)
2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.
3. The currency exchange rates as of December 31, 2022 were as follows: US\$ to NT\$ = 1:30.71; RMB to NT\$ = 1:4.40934 US\$ to RMB = 1:6.9646.

(Concluded)

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
4	Changshu Walsin Specialty Steel Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	\$ 315,631 (RMB 70,000)	\$ 308,654 (RMB 70,000)	\$ 135,010 (RMB 30,619)	2.70	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 49,432,350 (US\$ 1,609,650)	\$ 49,432,350 (US\$ 1,609,650)
5	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	901,802 (RMB 200,000)	881,868 (RMB 200,000)	411,494 (RMB 93,323)	2.70	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)

Notes:

1. According to the financing regulations of Changshu Walsin Specialty Steel Co., Ltd. and Jiangyin Walsin Specialty Alloy Materials Co., Ltd., the limit on the amount of financing provided to a single enterprise that holds directly or indirectly 100% of the voting rights of a subsidiary cannot exceed 40% of the parent company’s equity presented in the consolidated financial statements of Walsin Lihwa Corporation.

a. The limit on the amount of financing provided to a single enterprise was as follows:

Walsin (China) Investment Co., Ltd. = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)

b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)
2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.
3. The currency exchange rates as of December 31, 2022 were as follows: US\$ to NT\$ = 1:30.71; RMB to NT\$ = 1:4.40934; US\$ to RMB = 1:6.9646.

CHIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
7	Joint Success Enterprises Limited	Walsin (Nanjing) Development Co., Ltd.	Other receivables	Yes	\$ 853,053 (US\$ 26,480)	\$ 813,201 (US\$ 26,480)	\$ 813,201 (US\$ 26,480)	2.48	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 49,432,350 (US\$ 1,609,650)	\$ 49,432,350 (US\$ 1,609,650)

Notes:

1. According to the financing regulations provided by Joint Success Enterprises Limited, the total limit on the amount of the financing provided to a subsidiary whose equity is 100%-owned, directly or indirectly by the parent company, cannot exceed 40% of the equity of the parent company as presented in the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a subsidiary whose equity is less than 100%-owned, directly or indirectly by its parent company, cannot exceed 40% of the parent company’s equity as presented in the parent company’s latest consolidated financial statements. If the financing is a one-time funding, the amount for an individual loan shall not exceed 40 % of the parent company’s equity in the parent company’s latest consolidated financial statements. If it is a revolving fund, the amount for an individual loan shall not exceed 10 % of the parent company’s equity in the parent company’s latest consolidated financial statements.
- a. The limit on the amount of financing provided to a single enterprise was as follows:

Walsin (Nanjing) Development Co., Ltd. = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)
- b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)
2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.
3. The currency exchange rates as of December 31, 2022 were as follows: US\$ to NT\$ = 1:30.71; RMB to NT\$ = 1:4.40934; US\$ to RMB = 1:6.9646.

WALSIN INFO-ELECTRIC CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
9	Walsin Info-Electric Corporation	Walsin Lihwa Corporation	Other receivables	Yes	\$ 130,000	\$ 130,000	\$ -	-	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 126,222	\$ 126,222

Notes:

1. According to the financing regulations provided by Walsin Info-Electric Corporation, the total limit on the amount of the financing provided to a subsidiary whose equity is 100% owned, directly or indirectly by the parent company, cannot exceed 40% of the equity of the parent company as presented in the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a subsidiary whose equity is less than 100% owned, directly or indirectly by its parent company, cannot exceed 40% of the parent company's equity as presented in the parent company's latest consolidated financial statements. If the financing is a one-time funding, the amount for an individual loan shall not exceed 40% of the parent company's equity in the parent company's latest consolidated financial statements. If it is a revolving fund, the amount for an individual loan shall not exceed 10% of the parent company's equity in the parent company's latest consolidated financial statements.
- a. The limit on the amount of financing provided to a single enterprise was as follows:

Walsin Lihwa Corporation = \$315,554 × 40% = \$126,222
- b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = \$315,554 × 40% = \$126,222
2. The board of directors of the Group will soon propose an improvement plan for the excess amount of funds lent to individual targets.

TABLE 2

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and U.S. Dollars)

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 4)	Actual Amount Borrowed	Amount of Endorsement/ Guarantee by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	Walsin Lihwa Corporation	PT. Walsin Nickel Industrial Indonesia	b	\$ 27,912,319 (US\$ 908,900)	\$ 2,899,350 (US\$ 90,000)	\$ - (US\$ -)	\$ - (US\$ -)	\$ -	-	\$ 123,580,876	Yes	No	No
		Borrego Energy, LLC	b	357,710 (US\$ 11,648)	368,520 (US\$ 12,000)	368,520 (US\$ 12,000)	- (US\$ -)	-	0.30	123,580,876	Yes	No	No

Notes:

1. The information on Walsin Lihwa Corporation and its subsidiaries is listed and labeled on the entitled “No.” column.

a. “0” represents Walsin Lihwa Corporation.
b. Subsidiaries are numbered consecutively starting from 1.
2. The relationship between Walsin Lihwa Corporation and the endorsed/guaranteed entities can be classified into the following categories

a. A company with which Walsin Lihwa Corporation does business.
b. A company in which Walsin Lihwa Corporation directly and indirectly holds more than 50% of the voting shares.
c. A company that directly and indirectly holds more than 50% of the voting shares in Walsin Lihwa Corporation.
d. A company in which Walsin Lihwa Corporation directly or indirectly holds 90% or more of the voting shares.
e. A company that fulfills Walsin Lihwa Corporation’s contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
f. A company in which all capital contributing shareholders make endorsements/guarantees for it and Walsin Lihwa Corporation’s joint-investment company in proportion to their shareholding percentages.
g. A company in the same industry as Walsin Lihwa Corporation whereby either provides among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.
3. According to the endorsements/guarantees provided and financing regulations provided by Walsin Lihwa Corporation, the total limit on the amount of endorsements/guarantees cannot exceed 100% of the equity of Walsin Lihwa Corporation’s current financial statements (including the consolidated financial statements). The limit on the amount of endorsements/guarantees provided and financing provided to a single enterprise cannot exceed the equity of the guaranteed company. The limit on the amount of guarantees provided to an investee in which over 66.67% of the common shares are held cannot exceed the amount which is 250% of the net value multiplied by the equity percentage of the guarantee provider; however, the limits mentioned above are not applicable to Walsin Lihwa Corporation’s wholly-owned holding companies incorporated in duty-free areas overseas.

a. The limit on the amount of endorsements/guarantees provided was as follows:

NT\$123,580,876 × 100% = \$123,580,876

b. The limit on the amount of endorsements/guarantees provided to a single entity was as follows:

PT. Walsin Nickel Industrial Indonesia.: US\$395,174 × 250% × 92% = US\$908,900
Borrego Energy, LLC: US\$6,422 × 250% × 72.55% = US\$11,648
4. The currency exchange rates as of December 31, 2022 were as follows: US\$ to NT\$ = 1:30.71.
5. The Group's plan to improve the excess amount of single corporate endorsement guarantees will be proposed by the audit committee soon.

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Lihwa Corporation	Share							
	HannStar Display Corp.	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	299,632,180	\$ 3,340,899	9.90	\$ 3,340,899	
	HannStar Board Corp.	The chairman of the holding company and the chairman of the company are second-class relatives	Financial assets at fair value through other comprehensive income - non-current	63,753,952	2,017,812	12.06	2,017,812	
	TECO Electric & Machinery Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	230,438,730	6,348,587	10.77	6,348,587	
	Kuong Tai Metal Industrial Co., Ltd.	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	9,631,802	201,788	9.39	201,788	
	Global Investment Holdings	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	5,221,228	55,794	2.97	55,794	
	Universal Venture Capital Investment	-	Financial assets at fair value through other comprehensive income - non-current	1,400,000	12,904	1.16	12,904	
	Hwa Bao Botanic Conservation Corp.	The holding company is a supervisor of the issuer company	Financial assets at fair value through other comprehensive income - non-current	12,000,000	132,152	15.00	132,152	
	Tung Mung Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	14,285,000	96,264	4.01	96,264	

TABLE 3-1

CONCORD INDUSTRIES CONSTRUCTION CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of Renminbi)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
XiAn Walsin Metal Product Co., Ltd.	<u>Certification of capital verification</u> Shaanxi Tianhong Silicon Industrial Corporation	-	Financial assets at fair value through other comprehensive income - non-current	N/A	\$ -	19.00	\$ -	
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	<u>Certification of capital verification</u> Shaanxi Electronic Group Optoelectronics Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	N/A	12,828	6.02	12,828	

CHIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chin-Cherng Construction Co.	Share Gsharp Corporation	-	Financial assets at fair value through other comprehensive income - non-current	270,000	\$ -	2.73	\$ -	

WALSIN INFO-ELECTRIC CORP.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Info-Electric Corp.	Share							
	K. S. Terminals Inc.	-	Financial assets at fair value through other comprehensive income - non-current	145,000	\$ 10,179	0.09	\$ 10,179	
	W T International Inc.	-	Financial assets at fair value through other comprehensive income - non-current	228,000	2,278	5.43	2,278	
	Ufi Space Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	297,069	42,569	0.95	42,569	
	InSynerger Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	750,000	20,397	6.60	20,397	
	Landing AI	-	Financial assets at fair value through other comprehensive income - non-current	265,583	4,044	0.54	4,044	

PT. WALSIN LIPPO INDUSTRIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of U.S. Dollars)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Pt. Walsin Lippo Industries	<u>Government bonds</u> Indonesia Government Bonds	-	Financial assets at amortized cost - non-current	-	\$ 6,162	N/A	\$ 6,162	

COGNE ACCIAI SPECIALI S.P.A.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of Euro)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Cogne Acciai Speciali S.p.A.	Share Geo Storage	-	Financial assets at fair value through profit or loss - non-current	N/A	\$ 2	-	\$ 2	
	Metal Interconnector	-	Financial assets at fair value through profit or loss - non-current	2,114,787	2,197	1.64	2,197	

TABLE 4

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Purpose of Transaction/Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Walsin Lihwa Corporation	Share													
	Walsin Lihwa Holdings Limited	Investments accounted for using the equity method	Capital reduction	Subsidiaries	473,730,393	\$26,803,960	-	\$ 8,448,083 (Note 1)	365,000,000	\$11,178,225	\$ -	\$ -	108,730,393	\$24,073,818
	Walsin Lihwa Europe S.a r.l.	Investments accounted for using the equity method	Capital investment	Subsidiaries	-	-	12,000	4,146,986 (Note 2)	-	-	-	-	12,000	4,146,986
	Walsin Singapore Pte. Ltd. (formerly known as New Hono Investment Pte. Ltd)	Investments accounted for using the equity method	Capital investment	Subsidiaries	42,000,000	5,828,396	380,000,000	13,774,869 (Note 2)	-	-	-	-	422,000,000	19,603,265
	PT. Sunny Metal Industry	Investments accounted for using the equity method	Ever Rising Limited and Berg Holding Limited	-	-	-	50,100	6,010,659 (Note 3)	-	-	-	-	-	-
	PT. Sunny Metal Industry	Investments accounted for using the equity method	Walsin Singapore Pte. Ltd. (formerly known as New Hono Investment Pte. Ltd)	Subsidiaries	-	-	-	-	50,100	6,251,000	6,010,659	240,341 (Note 4)	-	-
	PT. Westrong Metal Industry	Investments accounted for using the equity method	Capital investment	Associated companies	-	-	590,000	4,590,864	-	-	-	-	590,000	4,590,864

Note 1: The amount included investment income or loss and changes in other equity.

Note 2: The amount included a capital increase in cash, recognition of investment gains and losses, and changes in other equity.

Note 3: The amount included the purchase amount, investment income or loss and changes in other equity.

Note 4: The difference between the price of equity under capital surplus-acquiring or disposing of subsidiaries and the carrying value.

TABLE 4-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of Renminbi)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Purpose of Transaction/ Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Walsin Lihwa Holdings Limited	<u>Share</u> Borrego Solar Systems, Inc.	Investments accounted for using the equity method	New Leaf Energy, Inc. and Borrego Energy, LLC	Subsidiary	1,460,458	\$ 787,885	-	\$ -	1,460,458	\$ -	\$ 787,885 (Notes 1 and 2)	\$ -	-	\$ -
	<u>Share</u> New Leaf Energy, Inc. (formerly named 2022 Solar Development, Inc.)	Investments accounted for using the equity method	Borrego Solar Systems, Inc.	Subsidiary	-	-	1,460,458	675,004 (Note 2)	-	-	-	-	-	-
	<u>Share</u> New Leaf Energy, Inc. (formerly named 2022 Solar Development, Inc.)	Investments accounted for using the equity method	ECP	-	-	-	-	-	1,371,729	2,772,189	980,903 (Note 3)	1,791,286	-	-
	<u>Share</u> New Leaf Energy, Inc. (formerly named 2022 Solar Development, Inc.)	Investments accounted for using the equity method	Walsin America, LLC	Subsidiary	-	-	-	-	88,729	-	104,703 (Note 4)	-	-	-
	<u>Share</u> Walsin America, LLC	Investments accounted for using the equity method	New Leaf Energy, Inc. and Borrego Energy, LLC	Subsidiary	-	-	N/A	32,450 (Notes 4 and 5)	-	-	-	-	-	-
Walsin America, LLC	<u>Share</u> Borrego Energy Holdings, LLC	Investments accounted for using the equity method	Capital investment	Subsidiary	-	-	N/A	32,450 (Note 5)	-	-	-	-	N/A	32,450
Borrego Energy Holdings, LLC	<u>Share</u> Borrego Energy Holdings, LLC	Investments accounted for using the equity method	Capital investment	Subsidiary	-	-	N/A	44,727 (Note 5)	-	-	-	-	N/A	44,727

Notes:

1. The amount included the loss of investments and cumulative translation adjustment for the period.
2. The subsidiary Borrego Solar Systems, Inc. has been dissolved after the merger with its subsidiary New Leaf Energy, Inc.
3. The amount included the disposal of related direct costs and related costs of employees' compensation.
4. The amount included Walsin Lihwa Holdings' contribution of New Leaf Energy, Inc.'s shares to establish its subsidiary Walsin America, LLC and also the cash capital increase.
5. The amount included cash capital increase, recognized investment gain or loss, and cumulative translation adjustment.
6. The adjustments between the price of equity under capital surplus-acquiring or disposing of subsidiaries and its carrying value.
7. Due to the investment structure adjustments of the Group, it was transferred from WLHL to WLC in December 2022.

WALSIN SINGAPORE PTE. LTD.

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of U.S. Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Walsin Singapore Pte. Ltd. (Formerly known as New Hono Investment Pte. Ltd.)	<u>Share</u> PT. Sunny Metal Industry	Investments accounted for using the equity method	Walsin Lihwa Corporation	Parent company	-	\$ -	50,100	\$ 189,531 (Note)	-	\$ -	\$ -	\$ -	50,100	\$ 189,531

Note: The amount included the purchase amount, recognized investment income or loss and changes in other equity.

WALSIN LIHWA EUROPE S.A R.L.

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of Euro)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Walsin Lihwa Europe S.a r.l.	<u>Share</u> MEG S.A	Investments accounted for using the equity method	Eugenoi Marzorati and three others	-	-	\$ -	5,102	\$ 177,148 (Note)	-	\$ -	\$ -	\$ -	50,102	\$ 177,148

Note: The amount included the purchase amount, recognized investment income or loss and changes in other equity.

TABLE 5

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)

Company Name	Property	Transaction Date	Transaction Amount (Foreign Currencies in Thousands)	Payment Term	Counterparty	Relationships	Information on Previous Title Transfer If Counterparty Is A Related Party				Price Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationships	Transaction Date	Amount			
Walsin Lihwa Corporation	Plant	2022/03/02-2022/12/26	\$ 1,293,729	Based on the terms in the contract	Chung-Lu Construction Co., Ltd.	-	N/A	N/A	N/A	N/A	Based on the marketability	Manufacturing and operating purpose	-
Yantai Walsin Stainless Steel Co., Ltd.	Plant	2022/01/14-2022/12/31	RMB 154,868	Based on the terms in the contract	China Construction Eighth Engineering Division. Co., Ltd.	-	N/A	N/A	N/A	N/A	Based on the marketability	Manufacturing and operating purpose	-
PT. Sunny Metal Industry	Plant	2022/10/14-2022/10/21	US\$ 52,296	Based on the terms in the contract	PT. Perintis Makmur Indonesia etc.	-	N/A	N/A	N/A	N/A	Based on the marketability	Manufacturing and operating purpose	-

TABLE 6

WALSIN LIHWA CORPORATION

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Walsin Lihwa Corporation	Dongguan Walsin Wire & Cable Co., Ltd.	100% indirectly owned subsidiary	Sales	\$ (326,711)	-	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	\$ -	-	
	Koung Tai Metal Industrial Co., Ltd.	Director of the related party	Sales	(1,447,563)	(1)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	42,651	1	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Sales	(255,763)	-	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	150,819	4	
	Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Sales	(242,061)	-	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	102,984	3	

TABLE 6-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Renminbi)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Dongguan Walsin Wire & Cable Co., Ltd.	Walsin Lihwa Corporation	Parent company	Purchases	\$ 326,711	2	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	\$ -	-	
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Sales	RMB (79,290)	(2)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 2,513	3	
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Dongguan Walsin Wire & Cable Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Purchases	RMB 79,290	12	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB (2,513)	(38)	
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Sales	RMB (32,480)	(4)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 4,145	4	

TABLE 6-2

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars and Renminbi)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	RMB (198,637)	(6)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 25,973	2	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	RMB (278,697)	(8)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 19,682	2	
	Changshu Walsin Specialty Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	RMB 50,664	1	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB (8,381)	(2)	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	RMB 28,542	1	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB (2,695)	(1)	
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Purchases	RMB 32,480	1	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB (4,145)	-	
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Walsin Lihwa Corporation	Parent company	Purchases	255,763	16	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	(150,819)	(54)	
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	RMB 278,697	79	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 19,682	(31)	
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	RMB (28,542)	(7)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 2,695	2	
Changshu Walsin Specialty Steel Co., Ltd.	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	RMB 198,637	32	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB (25,973)	(11)	
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	RMB (50,664)	(6)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 8,381	3	
	Walsin Lihwa Corporation	Parent company	Purchases	242,061	9	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	(102,984)	(10)	

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Walsin Lihwa Corporation	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Trade receivables \$ 150,819	1.29	\$ -	-	\$ -	\$ -
	Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Trade receivables 102,984	1.26	-	-	-	-
	PT. Sunny Metal Industry	50.1% indirectly owned subsidiary	Other receivables 5,481,736	-	-	-	-	-
	PT. Westrong Metal Industry	29.5% indirectly owned associate	Other receivables 1,228,863	-	-	-	-	-

TABLE 7-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022**

(In Thousands of Renminbi and U.S. Dollars)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd. Walsin Lihwa Corporation	100% owned subsidiary Parent company	Other receivables RMB 264,805	-	\$ -	-	\$ -	\$ -
			Trade receivables RMB 53,230	-	-	-	-	-
Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited Yantai Walsin Stainless Steel Co., Ltd.	Parent company	Other receivables US\$ 4,900	-	-	-	-	-
		Both subsidiaries of Walsin Lihwa Corporation	Other receivables US\$ 140,443 RMB 481,667	-	-	-	-	-
	Changshu Walsin Specialty Steel Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables US\$ 45,237	-	-	-	-	-
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables US\$ 44,640	-	-	-	-	-
	Jiangyin Walsin Steel Cable Co., Ltd.	100% owned subsidiary	Other receivables US\$ 8,067 RMB 106,151	-	-	-	-	-
	Hangzhou Walsin Power Cable & Wire Co., Ltd.	Associate	Other receivables RMB 81,237	-	-	-	-	-
	XiAn Walsin Metal Product Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 179,818	-	-	-	-	-
	Nanjing Taiwan Trade Mart Management Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 96,282	-	-	-	-	-
	Dongguan Walsin Wire & Cable Co., Ltd.	100% owned subsidiary	Other receivables US\$ 24,210	-	-	-	-	-
	Walsin (Nanjing) Development Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 807,674	-	-	-	-	-
Walsin International Investments Limited	Walsin Lihwa Corporation	Parent company	Other receivables RMB 788,305	-	-	-	-	-
	PT. Walsin Nickel Industrial Indonesia	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 701,665	-	-	-	-	-
	Walsin (China) Investment Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 2,915,745	-	-	-	-	-
Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 220,228	-	-	-	-	-
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 128,409	-	-	-	-	-

Note: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars.

TABLE 7-2

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of Renminbi)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Both are subsidiaries of Concord Industries Limited	Trade receivables \$ 25,973	7.45	\$ -	-	\$ 5,250	\$ -
Changshu Walsin Specialty Steel Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both are subsidiaries of Walsin Lihwa Corporation	Other receivables 30,702	-	-	-	-	-
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both are subsidiaries of Walsin Lihwa Corporation	Other receivables 93,552	-	-	-	-	-

TABLE 7-3

CHIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of Renminbi)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Joint Success Enterprises Limited	Walsin (Nanjing) Development Co., Ltd.	Subsidiary	Other receivables \$ 198,436	-	\$ -	-	\$ -	\$ -

WALSIN SINGAPORE PTE. LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of U.S. Dollars)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Walsin Singapore Pte. Ltd.	Walsin Lihwa Corporation	Parent company	Other receivables \$ 179,800	-	\$ -	-	\$ -	\$ -

TABLE 8

WALSIN LIHWA CORPORATION

**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE GROUP EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2022**

Information of investees that Walsin Lihwa Corporation has controlling power or significant influence over was as follows (in thousands of New Taiwan dollars U.S. dollars and Hong Kong dollars):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited	British Virgin Islands	Investments holding	\$ 3,317,552	\$ 14,495,777	108,730,393	100.00	\$ 24,073,818	\$ 7,661,077	\$ 7,661,054	
	Concord Industries Limited	British Virgin Islands	Investments holding	13,611,135	13,611,135	308,498,375	100.00	5,210,454	(210,389)	(210,389)	
	Ace Result Global Limited	British Virgin Islands	Investments holding	1,587,416	1,587,416	44,739,988	100.00	354,722	(34,906)	(34,906)	
	Min Maw Precision Industry Corp.	Taiwan	Solar power systems management, design, and installation	180,368	180,368	32,791,149	100.00	388,436	22,733	22,733	
	Waltuo Green Resources Corporation	Taiwan	Waste disposal, resource recovery and cement products	10,000	10,000	1,828,287	100.00	17,660	(1,543)	(1,543)	
	Walsin Precision Technology Corp.	Malaysia	Production and sale of stainless steel plates	434,994	434,994	32,178,385	100.00	563,204	88,275	88,275	
	Chin-Cherng Construction Co.	Taiwan	Investment in the construction of residential, sale of commercial buildings, rental design and interior decoration business	611,688	611,688	577,583,403	99.22	6,182,490	(239,992)	(238,136)	
	Walsin Info-Electric Corp.	Taiwan	Mechanical and electrical, communications, and power systems	270,034	270,034	29,854,246	99.51	314,008	2,025	2,015	
	PT. Walsin Lippo Industries	Indonesia	Steel wires	481,663	481,663	10,500	70.00	953,239	26,703	18,692	
	PT. Walsin Lippo Kabel	Indonesia	Production and sale of cables and wires	11,656	11,656	1,050,000	70.00	12,000	(1,001)	(701)	
	PT. Walsin Nickel Industrial Indonesia	Indonesia	Production and sale of nickel pig iron	1,509,171	1,509,171	500,000	50.00	5,832,774	6,067,971	3,069,275	
	Joint Success Enterprises Limited	British Virgin Islands	Investments holding	1,164,273	1,164,273	36,058,184	49.05	5,084,267	(508,445)	(172,225)	
	Chin-Xin Investment Co., Ltd.	Taiwan	Investments	2,237,969	2,237,969	179,468,270	37.00	7,744,232	1,026,112	369,503	
	Tsai Yi Corporation (Formerly known as Walsin Color Co., Ltd.)	Taiwan	Management and investments holding	457,610	457,610	49,831,505	33.97	799,618	4,840	1,644	
	Concord II Venture Capital Co., Ltd.	Taiwan	Venture capital and consulting affairs	257,860	257,860	26,670,699	26.67	174,997	(15,248)	(4,067)	
	Winbond Electronics Corp.	Taiwan	Research, development, production and sale of semiconductors and related components	7,429,920	7,429,920	883,848,423	22.21	20,953,105	12,927,165	2,863,601	
	Walton Advanced Engineering, Inc.	Taiwan	Production, sale, and testing of semiconductors	1,185,854	1,185,854	109,628,376	21.01	2,109,400	258,067	54,220	
	Walsin Technology Corp.	Taiwan	Production and sale of ceramic capacitors	1,649,039	1,649,039	88,902,325	18.30	8,147,080	1,640,227	300,162	
	Powertec Electrochemical Corp.'s	Taiwan	Basic industrial chemical manufacturing and energy technical services	2,945,925	2,945,925	318,522,792	22.46	-	-	-	
	Walsin Singapore Pte. Ltd.(formerly known as New Hono Investment Pte. Ltd)	Singapore	Investments holding	16,790,710	5,003,810	422,000,000	100.00	19,603,265	2,465,074	2,022,543	
page +1 * mergeformat	PT. Sunny Metal Industry	Indonesia	Manufacture and sale of nickel matte	-	-	-	-	-	(25,416)	(6,141)	(Note 4)
	Walsin Lihwa Europe S.a r.l.	Luxembourg	Investments holding	6,692,862	-	12,000	100.00	4,146,986	148,026	148,026	
	PT. Walsin Research Innovation Indonesia	Indonesia	Consulting and management	22,223	-	6,930	99.00	21,342	25	25	
	Walsin America, LLC	USA	Investments	185,752	-	N/A	100.00	(17,487)	(1,001,746)	-	(Note 5)
	PT. CNGR Walsin New Energy and Technology Indonesia	Indonesia	Investments holding	300,000	-	140,651	29.17	278,241	(869)	(313)	
	PT. Westrong Metal Industry	Indonesia	Manufacture and sale of nickel matte	4,680,030	-	590,000	29.50	4,590,864	(3,352)	-	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Walsin Lihwa Holding Limited	Walsin International Investments Limited	Hong Kong	Investments	HK\$ 4,653,372	HK\$ 4,653,372	\$4,653,371,702	100.00	\$ 19,584,996	\$ 993,233	\$ 993,233	(Note 5) (Note 1)
	Walcom Chemicals Industrial Limited	Hong Kong	Commerce	US\$ 0.030	US\$ 0.030	325,000	65.00	0.842	-	-	
	Walsin America, LLC	USA	Investments	-	-	N/A	-	-	(1,001,746)	(1,001,746)	
	Borrego Solar Systems, Inc.	USA	Grid-connected solar electric systems	US\$ -	US\$ 15,000	-	-	-	(1,013,915)	(744,463)	
Walsin America, LLC	Borrego Energy Holdings, LLC	USA	Investments	US\$ 38,147	US\$ -	N/A	72.55	143,078	(1,380,776)	(1,001,746)	
Borrego Energy Holdings, LLC	Borrego Energy, LLC	USA	Grid-connected solar electric systems	US\$ 52,576 (Note 2)	US\$ -	N/A	100.00	197,220	(1,380,776)	(1,380,776)	
Concord Industries Limited	Walsin Specialty Steel Corp.	British Virgin Islands	Commerce and investments	US\$ 92,393 (Note 3)	US\$ 101,400 (Note 3)	92,393,195	100.00	1,383,391	351,416	351,416	
Chin-Cherng Construction Co.	Joint Success Enterprises Limited Dingshin Development Co., Ltd.	British Virgin Islands Taiwan	Investments	1,202,993	1,202,993	37,461,816	50.95	5,097,232	(508,445)	(259,053)	
			Investment of real estate and related business	8,540	8,540	2,119,200	35.32	38,212	2,559	904	
	Concord II Venture Capital Co., Ltd. Chin-Xin Investment Co., Ltd.	Taiwan Taiwan	Venture capital and consulting affairs	1,603	1,603	172,342	0.17	1,131	(15,248)	4	
			Investments	54,154	54,154	3,264,092	0.67	142,143	1,026,112	6,882	
Walsin Singapore Pte. Ltd. (Formerly known as New Hono Investment Pte. Ltd)	PT. Walsin Nickel Industrial Indonesia	Indonesia	Production and sale of nickel pig iron	US\$ 42,000	US\$ 42,000	42,000	42.00	5,097,031	6,067,971	2,548,548	
	PT. Sunny Metal Industry	Indonesia	Manufacture and sale of nickel matte	US\$ 200,000	-	50,100	50.10	5,820,497	(25,416)	(82,853)	(Note 4)
Walsin Lihwa Europe S.a r.l.	MEG S.A.	Luxembourg	Investments	EUR 207,216	-	5,102	85.03	5,796,269	(225,154)	148,084	

Note 1: On May 24, 2022, WLC's board of directors resolved that its subsidiary Borrego Solar Systems, Inc. would split its business into its 100% subsidiaries New Leaf Energy, Inc. (original name of the announcement: 2022 Solar Development, Inc.) and Borrego Energy, LLC, and sold its subsidiary New Leaf Energy, Inc.; the transaction was completed on July 28, 2022 (United States local time July 27, 2022).

Note 2: The amount of the payment of US\$10,372 thousand was deducted for Borrego Energy, LLC employees' compensation, which was paid by Walsin Lihwa Corporation.

Note 3: The amount included capitalization of retained earnings of US\$4,500 thousand.

Note 4: Due to adjustments in the investment structure of the Group, it was transferred from Walsin Lihwa Corporation to Walsin Singapore Pte. Ltd.

Note 5: Due to adjustments in the investment structure of the Group, it was transferred from Walsin Lihwa Holding Limited to Walsin Lihwa Corporation.

Note 6: Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Hong Kong dollars.

(Concluded)

TABLE 9

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022**
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

A. Walsin Lihwa Corporation

1. The names of investee companies in mainland China, their main businesses and products, total amount of paid-in capital, investment type, investment flows, percentage of ownership in investment, investment gain or loss, carrying amount, accumulated inward remittance of earnings and upper limit on investment in mainland China were as follows:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 16)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Jiangyin Walsin Steel Cable Co., Ltd.	Manufacture and sale of steel cables and wires	\$ 614,200 (US\$ 20,000)	b	\$ 799,719 (US\$ 26,041) (Note 2)	\$ - -	\$ - -	\$ 799,719 (US\$ 26,041) (Note 2)	\$ (43,738)	100.00	\$ (43,738)	\$ 841,752	\$ -
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	479,905 (US\$ 15,627)	b	459,299 (US\$ 14,956) (Note 3)	- -	- -	459,299 (US\$ 14,956) (Note 3)	90,369	95.71	86,492	1,207,083	-
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Manufacture and sale of cables and wires	5,468,837 (US\$ 178,080)	b	2,591,310 (US\$ 84,380) (Note 4)	- -	- -	2,591,310 (US\$ 84,380) (Note 4)	(142,964)	40.00	(57,187)	681,239	-
Walsin (China) Investment Co., Ltd.	Investments	2,413,806 (US\$ 78,600)	b	2,413,806 (US\$ 78,600) (Note 5)	- -	- -	2,413,806 (US\$ 78,600) (Note 5)	(217,027)	100.00	(217,027)	4,300,323	-
Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes	2,978,870 (US\$ 97,000)	b	2,978,870 (US\$ 97,000) (Note 6)	- -	- -	2,978,870 (US\$ 97,000) (Note 6)	337,522	100.00	337,522	1,048,836	-
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Manufacture and sale of stainless steel	- -	b	1,197,690 (US\$ 39,000) (Note 7)	- -	1,197,690 (US\$ 39,000)	- -	(1,028)	-	(1,028)	- (Note 8)	-
Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	798,460 (US\$ 26,000)	b	798,460 (US\$ 26,000) (Note 9)	- -	- -	798,460 (US\$ 26,000) (Note 9)	(191,422)	100.00	(191,422)	1,485,939	-
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat rolled products	1,504,790 (US\$ 49,000)	b	1,504,790 (US\$ 49,000) (Note 10)	- -	- -	1,504,790 (US\$ 49,000) (Note 10)	(230,096)	100.00	(230,096)	1,763,939	-
XiAn Walsin Metal Product Co., Ltd. (Note 13)	Manufacture and sale of specialized stainless steel plates	1,699,799 (US\$ 55,350)	b	925,907 (US\$ 30,150)	- -	- -	925,907 (US\$ 30,150)	(14,022)	100.00	(14,022)	(792,817)	-
Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of electronic components and new alloy materials	10,289,846 (US\$ 335,065) (Note 11)	b	6,538,988 (US\$ 212,927)	- -	- -	6,538,988 (US\$ 212,927)	(678,277)	100.00	(678,277)	4,100,422	-

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 16)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Changzhou China Steel Precision Materials Co., Ltd.	Melting and forging of nonferrous metallic materials and composites as well as new types of alloys	\$ 1,338,956 (US\$ 43,600)	b	\$ 401,687 (US\$ 13,080)	\$ - -	\$ - -	\$ 401,687 (US\$ 13,080)	\$ 238,066	30.00	\$ 71,420	\$ 519,403	\$ 937,269 (US\$ 30,520)
Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and asset management, consulting and advertising services	30,710 (US\$ 1,000)	b	30,710 (US\$ 1,000)	- -	- -	30,710 (US\$ 1,000)	(97,643)	100.00	(97,643)	(518,896)	-
Dong Guan Cogne Steel Products Co., Ltd.	Stainless Steel Products	835,312 (US\$ 27,200)	b	- -	- -	- -	- -	32,389	100.00	32,389	163,535	-
Shaanxi Tianhong Silicon Industrial Corporation	Polysilicon production	5,291,208 (RMB 1,200,000)	b	- (US\$ -)	- -	- -	- (US\$ -)	-	19.00	-	- (Note 12)	-
Jiangsu Taiwan Trade Mart Development Co., Ltd.	Development and management of Nanjing Taiwan Trade Mart Management Co., Ltd.	44,093 (RMB 10,000)	b	9,336 (US\$ 304)	- -	- -	9,336 (US\$ 304)	1,332	20.00	265	9,736	-
Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. (Note 14)	Communications equipment and electronic components	686,080 (RMB 155,597)	b	- RMB -	- -	- -	- RMB -	31,798	6.02	-	56,563	-
Walsin (Nanjing) Development Co., Ltd.	Construction, rental and sale of buildings and industrial factories	1,535,500 (US\$ 50,000)	b	1,529,358 (US\$ 49,800) (Note 15)	- -	- -	1,529,358 (US\$ 49,800) (Note 15)	(526,029)	99.60	(523,937)	9,233,321	-
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	4,409 (RMB 1,000)	b	- RMB -	- -	- -	- RMB -	(12,868)	99.60	(12,818)	(18,100)	-

2. The upper limit on investment of WLC in mainland China was as follows:

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (NT\$ and US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (NT\$ and US\$ in Thousands)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (NT\$ in Thousands)
\$ 19,767,658 (US\$ 643,688)	\$ 19,706,392 (US\$ 641,693)	N/A (Note 19)

(Continued)

Notes:

1. Investments can be classified into three categories as follows:
 - a. Direct investment in mainland China.
 - b. Reinvestment in mainland China through companies in a third country companies.
 - c. Others.
2. Including US\$15,000 thousand investment through Walsin (China) Investment Co., Ltd.
3. Including US\$14,950 thousand investment through Walsin (China) Investment Co., Ltd.
4. Including US\$13,300 thousand investment through Walsin (China) Investment Co., Ltd., US\$53,000 thousand investment through Ace Result Global Ltd. and US\$22,730 thousand dividends appropriated from Dongguan Walsin Wire & Cable Co., Ltd., Jiangying Walsin Steel Cable Co., Ltd., Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. and Hangzhou Walsin Power Cable & Wire Co., Ltd.
5. Capital investment of US\$28,600 thousand was contributed from the accounts payable of Walsin (China) Investment Co., Ltd. to Walsin Lihwa Holdings Limited.
6. Including US\$20,000 thousand investment through Walsin Specialty Steel Corp. and US\$42,000 thousand dividends appropriated from Changshu Walsin Specialty Steel Co., Ltd. and Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.
7. Including US\$4,800 thousand investment through Walsin (China) Investment.
8. The liquidation and deregistration of Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd were completed on July 13, 2022.
9. Investment through Walsin (China) Investment Co., Ltd.
10. Including investments through Walsin (China) Investment Co., Ltd. of US\$4,500 thousand and US\$4,500 thousand of the own capital of Walsin (China) Investment Co., Ltd.
11. Including investments of its own capital of RMB578,796 thousand from Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd., Changzhou Wujin NSL Co., Ltd. and Changshu Walsin Specialty Steel Co., Ltd. and RMB3,750 thousand investments through Changzhou Wujin NSL Co., Ltd. Including US\$32,927 thousand investment through Yantai Huanghai Iron and Steel Co., Ltd. and Yantai Dazhong Recycling Resource Co., Ltd. which were merged.
12. The amount was adjusted by the capital of XiAn Lv Jing Technology Co., Ltd. of RMB228,000 thousand and the fair value.
13. XiAn Walsin Metal Product Co., Ltd. merged XiAn Lv Jing Technology Co., Ltd. and XiAn Walsin Opto-electronic Limited.
14. Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. was formerly known as Shaanxi Optoelectronics Technology Co., Ltd.
15. The amount included investment through Joint Success Enterprise Limited approved in the previous years.
16. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.
17. The currency exchange rates as of December 31, 2022 were as follows: US\$ to NT\$ = 1:30.71, RMB to NT\$ = 1:4.40934. The average exchange rates of December 31, 2022 were as follows: US\$ to NT\$ = 1:29.805, RMB to NT\$ = 1:4.41084.
18. The basis for recognizing investment gains and losses in the current period is the financial report audited by an international accounting firm that has a cooperative relationship with the accounting firm of the Republic of China.
19. Upper limit on investment:

WLC was approved as the operation headquarter by the Industrial Development Bureau, Ministry of Economic Affairs and is thus exempted from the related regulations of “Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China”.

(Concluded)

TABLE 9-1

B. Chin-Cherng Construction Co.

1. The names of investee companies in mainland China, their main businesses and products, total amount of paid-in capital, investment type, investment flows, percentage of ownership in investment, investment gain or loss, carrying amount, accumulated inward remittance of earnings and upper limit on investment in mainland China were as follows:

(In Thousands of U.S. and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 16)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Walsin (Nanjing) Development Co., Ltd.	Construction, rental and sale of buildings and industrial factories	US\$ 50,000	Note 1	US\$ 25,475	\$ -	\$ -	US\$ 25,475	\$ (119,258)	50.95	\$ (60,762)	\$ 1,071,169	\$ -
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	1,000	Note 1	-	-	-	-	(2,917)	50.95	(1,486)	(2,100)	-

2. The upper limit on investment in mainland China

Accumulated Investment in Mainland China as of December 31, 2022 (US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (NT\$ in Thousands)
US\$25,475	US\$25,475	NT\$3,738,655 (Note 3)

Note 1: Investing in companies in mainland China through the companies already established and existing in the areas other than Taiwan and mainland China.

Note 2: The basis for recognizing investment gains and losses in the current period is the financial statements audited by an international accounting firm that has a cooperative relationship with the accounting firm of the Republic of China.

Note 3: The upper limit on investment in mainland China was as follows:

$$\text{NT\$6,231,092} \times 60\% = \text{NT\$3,738,655 thousand.}$$

Note 4: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars.

(Concluded)

TABLE 10

WALSIN LIHWA CORPORATION AND INVESTEEES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, US Dollars and Renminbi)

No.	Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Walsin Lihwa Corporation	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	\$ 102,984	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jianyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	150,819	The terms are set by quotations on the local market and are similar to those of general customers	-
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Sales	326,711	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	242,061	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jianyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Sales	255,763	The terms are set by quotations on the local market and are similar to those of general customers	-
		PT. Sunny Metal Industry	Transactions between parent company and subsidiaries	Other receivables	5,481,736	Based on capital demand	2
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	36,445	Based on capital demand	-
1	Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 264,805	Based on capital demand	-
		Walsin Lihwa Corporation	Transactions between subsidiaries and parent company	Trade receivables	RMB 53,230	The terms are set by quotations on the local market and are similar to those of general customers	-
2	Joint Success Enterprises Limited	Walsin (Nanjing) Development Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 198,436	Based on capital demand	-
3	Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited	Transactions between subsidiaries and parent company	Other receivables	US\$ 4,900	Based on capital demand	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 140,443	Based on capital demand	3
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 481,667 US\$ 44,640	The terms are set by quotations on the local market and are similar to those of general customers	1
		Jiangyin Walsin Steel Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 8,067 RMB 106,151	Based on capital demand	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 45,237	Based on capital demand	1
		Walsin (Nanjing) Development Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 807,674	Based on capital demand	1
		XiAn Walsin Metal Product Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 179,818	Based on capital demand	-
		Nanjing Taiwan Trade Mart Management Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 96,282	Based on capital demand	-
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 24,210	Based on capital demand	-

(Continued)

No.	Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
4	Walsin International Investments Limited	Walsin Lihwa Corporation	Transactions between subsidiaries and parent company	Other receivables	RMB 788,305	Based on capital demand	1
		PT. Walsin Nickel Industrial Indonesia	Transactions between subsidiaries	Other receivables	RMB 701,665	Based on capital demand	1
		Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 2,915,745	Based on capital demand	5
5	Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 25,973	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 19,682	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 198,637	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Sales	RMB 278,697	The terms are set by quotations on the local market and are similar to those of general customers	1
6	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 3,105	Based on capital demand	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 2,695	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 28,542	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 93,552	Based on capital demand	-
7	Walsin Specialty Steel Corp.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 8,453	Based on capital demand	-
8	Changshu Walsin Specialty Steel Co., Ltd.	Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 8,381	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 50,664	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 30,702	Based on capital demand	-
9	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 128,409	Based on capital demand	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 4,145	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 32,480	The terms are set by quotations on the local market and are similar to those of general customers	-
10	Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries and parent company	Other receivables	RMB 220,228	Based on capital demand	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between subsidiaries	Sales	RMB 79,290	The terms are set by quotations on the local market and are similar to those of general customers	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 2,513	The terms are set by quotations on the local market and are similar to those of general customers	-
11	Walsin Singapore Pte. Ltd.	Walsin Lihwa Corporation	Transactions between subsidiaries and parent company	Other receivables	US\$ 179,800	Based on capital demand	2

(Continued)

No.	Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Walsin Lihwa Corporation	2021 Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	\$ 81,510	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	281,518	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	245,996	The terms are set by quotations on the local market and are similar to those of general customers	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	4,515	The terms are set by quotations on the local market and are similar to those of general customers	-
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Sales	2,773,189	The terms are set by quotations on the local market and are similar to those of general customers	1
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	595,996	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Sales	668,583	The terms are set by quotations on the local market and are similar to those of general customers	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Sales	18,689	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	7,723	The terms are set by quotations on the local market and are similar to those of general customers	-
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	32,849	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	37,008	The terms are set by quotations on the local market and are similar to those of general customers	-
1	Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 261,794	Based on capital demand	1
		Walsin Lihwa Corporation	Transactions between subsidiaries and parent company	Trade receivables	RMB 10,259	The terms are set by quotations on the local market and are similar to those of general customers	-
2	Joint Success Enterprise Limited	Walsin (Nanjing) Development Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 177,412	Based on capital demand	-
3	Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited	Transactions between subsidiaries and parent company	Other receivables	US\$ 4,900	Based on capital demand	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 60,175	Based on capital demand	2
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 363,643	Based on capital demand	1
		Jiangyin Walsin Steel Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 44,636	Based on capital demand	1
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 8,717	Based on capital demand	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 214,155	Based on capital demand	1
		Walsin (Nanjing) Development Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 55,825	Based on capital demand	2
		XiAn Walsin Metal Product Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 698,586	Based on capital demand	-
		Nanjing Taiwan Trade Mart Management Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 176,213	Based on capital demand	-
		Dongguan Walsin Wire & Cable Co., Ltd	Transactions between parent company and subsidiaries	Other receivables	RMB 37,250	Based on capital demand	1
				Other receivables	US\$ 68,544	Based on capital demand	

(Continued)

No.	Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
4	Walsin International Investments Limited	PT. Walsin Nickel Industrial Indonesia Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries Transactions between subsidiaries	Other receivables Other receivables	RMB 1,596,871 RMB 2,558,656	Based on capital demand Based on capital demand	4 6
5	Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd. Changshu Walsin Specialty Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries Transactions between subsidiaries Transactions between subsidiaries Transactions between subsidiaries	Trade receivables Trade receivables Sales Sales	RMB 27,311 RMB 6,386 RMB 242,772 RMB 233,251	The terms are set by quotations on the local market and are similar to those of general customers The terms are set by quotations on the local market and are similar to those of general customers The terms are set by quotations on the local market and are similar to those of general customers The terms are set by quotations on the local market and are similar to those of general customers	- - 1 1
6	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Yantai Walsin Stainless Steel Co., Ltd. Yantai Walsin Stainless Steel Co., Ltd. Yantai Walsin Stainless Steel Co., Ltd. Walsin (China) Investment Co., Ltd.	Transaction between subsidiaries Transaction between subsidiaries Transaction between subsidiaries Transaction between subsidiaries	Other receivables Trade receivables Sales Other receivables	RMB 10,581 RMB 1,213 RMB 40,500 RMB 99,473	Based on capital demand The terms are set by quotations on the local market and are similar to those of general customers The terms are set by quotations on the local market and are similar to those of general customers Based on capital demand	- - - -
7	Walsin Specialty Steel Corp.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 8,453	Based on capital demand	-
8	Changshu Walsin Specialty Steel Co., Ltd.	Jiangyin Walsin Specialty Alloy Materials Co., Ltd. Yantai Walsin Stainless Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd. Yantai Walsin Stainless Steel Co., Ltd. Walsin (China) Investment Co., Ltd.	Transaction between subsidiaries Transaction between subsidiaries Transaction between subsidiaries Transaction between subsidiaries Transactions between subsidiaries	Trade receivables Trade receivables Sales Sales Other receivables	RMB 1,130 RMB 5,739 RMB 817 RMB 32,926 RMB 37,911	The terms are set by quotations on the local market and are similar to those of general customers The terms are set by quotations on the local market and are similar to those of general customers The terms are set by quotations on the local market and are similar to those of general customers The terms are set by quotations on the local market and are similar to those of general customers Based on capital demand	- - - - -
9	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Jiangyin Walsin Specialty Alloy Materials Co., Ltd. Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries Transactions between subsidiaries	Sales Other receivables	RMB 6 RMB 83,540	The terms are set by quotations on the local market and are similar to those of general customers Based on capital demand	- -
10	Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd. Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between subsidiaries and parent company Transactions between subsidiaries Transactions between subsidiaries	Other receivables Sales Trade receivables	RMB 553,394 RMB 49,712 RMB 14,014	Based on capital demand The terms are set by quotations on the local market and are similar to those of general customers The terms are set by quotations on the local market and are similar to those of general customers	1 - -
12	Jiangyin Walsin Steel Cable Co., Ltd.	Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 581	The terms are set by quotations on the local market and are similar to those of general customers	-
13	Nanjing Walsin Property Management Co., Ltd.	Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 5,420	Based on capital demand	-

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Winbond Electronics Corp.	247,527,493	6.63
Chin-Xin Investment Co., Ltd.	247,399,375	6.63
LGT Bank (Singapore) Investment Fund under the custody of Standard Chartered	262,598,000	7.03
TECO Electric & Machinery Co., Ltd.	210,332,390	5.63

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers their shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

**Walsin Lihwa Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Walsin Lihwa Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Walsin Lihwa Corporation and its subsidiaries (the "Group") as of March 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended March 31, 2023 and 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews and the review reports of other auditors (refer to the Other Matter section), nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of some subsidiaries included in the consolidated financial statements of the Group, but such statements were reviewed by other auditors. Our conclusion, insofar as it relates to the amounts included in these consolidated financial statements for such subsidiaries, is based solely on the reviews of other auditors. As of March 31, 2023 and 2022, the combined total assets of these subsidiaries were NT\$32,874,833 thousand and NT\$10,612,020 thousand, respectively, representing 13.10% and 5.17%, respectively, of the consolidated total assets; for the three months ended March 31, 2023 and 2022, the amounts of combined net operating revenue of these subsidiaries were NT\$10,519,543 thousand and NT\$2,671,955 thousand, respectively, representing 20.74% and 6.28%, respectively, of the consolidated net operating revenue.

The engagement partners on the reviews resulting in this independent auditors' review report are Wen-Yea Shyu and Ker-Chang Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 5, 2023

Notice to Readers

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

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

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 8,216,726	3	\$ 19,397,973	8	\$ 13,984,934	7
Financial assets at fair value through profit or loss - current (Note 7)	150,209	-	7,631	-	52,562	-
Financial assets at amortized cost - current (Note 9)	1,509	-	2,202	-	-	-
Financial assets for hedging - current (Note 8)	15,460	-	20,615	-	50,313	-
Contract assets - current (Note 10)	2,446,676	1	3,022,237	1	5,025,198	3
Notes receivable (Notes 11 and 34)	1,826,797	1	4,537,322	2	1,698,900	1
Trade receivables (Notes 11 and 34)	19,312,036	8	17,294,990	7	12,555,963	6
Finance lease receivables (Notes 12 and 35)	60,526	-	60,020	-	58,530	-
Other receivables (Note 34)	6,202,647	3	3,857,091	2	3,760,884	2
Inventories (Note 13)	36,151,920	14	36,080,291	14	37,187,784	18
Other financial assets - current (Notes 6 and 35)	496,362	-	546,126	-	2,235,131	1
Other current assets (Notes 22 and 35)	9,623,805	4	7,880,887	3	12,563,486	6
Total current assets	84,504,673	34	92,707,385	37	89,173,685	44
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	2,599,155	1	2,639,755	1	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 14)	16,568,020	7	12,342,232	5	15,421,802	7
Financial assets at amortized cost - non-current (Note 9)	186,500	-	189,242	-	91,621	-
Financial assets for hedging - non-current (Note 8)	132,470	-	144,404	-	-	-
Investments accounted for using the equity method (Note 16)	46,746,078	19	46,189,399	18	39,366,056	19
Property, plant and equipment (Note 17)	67,915,897	27	65,656,466	26	42,302,848	21
Right-of-use assets (Note 18)	4,486,323	2	4,309,355	2	3,520,162	2
Investment properties (Note 19)	16,010,594	6	16,123,806	7	10,528,310	5
Goodwill (Note 20)	82,701	-	83,393	-	158,662	-
Other intangible assets (Note 21)	4,695,309	2	4,883,141	2	20,219	-
Deferred tax assets (Note 4)	3,570,752	1	3,448,277	1	3,155,481	2
Refundable deposits (Note 6)	241,940	-	288,948	-	212,192	-
Finance lease receivables - non-current (Notes 12 and 35)	587,201	-	602,523	-	647,726	-
Other non-current assets (Notes 6, 22 and 35)	2,717,821	1	2,916,527	1	401,523	-
Total non-current assets	166,540,761	66	159,817,468	63	115,826,602	56
TOTAL	\$ 251,045,434	100	\$ 252,524,853	100	\$ 205,000,287	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 23)	\$ 17,394,322	7	\$ 22,496,307	9	\$ 13,401,266	7
Short-term notes and bills payable (Note 23)	-	-	-	-	4,399,148	2
Financial liabilities at fair value through profit or loss - current (Note 7)	18,378	-	64,772	-	217,410	-
Financial liabilities for hedging - current (Note 8)	66,311	-	222,272	-	-	-
Contract liabilities - current	13,881	-	6,014	-	4,305	-
Notes payable (Note 34)	176,295	-	591,536	-	343,798	-
Trade payables (Note 34)	18,295,498	7	17,497,315	7	11,081,605	5
Other payables	13,760,672	6	9,939,969	4	4,167,679	2
Current tax liabilities (Note 4)	6,328,478	3	6,103,462	2	6,560,971	3
Lease liabilities - current (Note 18)	217,009	-	245,223	-	87,633	-
Current portion of long-term borrowings (Notes 23 and 24)	1,188,819	-	1,207,209	1	5,146,146	3
Other current liabilities	2,629,298	1	2,495,289	1	1,333,207	1
Total current liabilities	60,088,961	24	60,869,368	24	46,743,168	23
NON-CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss - non-current (Note 7)	393,633	-	363,192	-	-	-
Bonds payable (Note 24)	7,746,245	3	7,742,955	3	7,500,000	4
Long-term borrowings (Note 23)	36,452,897	15	40,820,860	16	32,342,837	16
Long-term notes and bills payable (Note 23)	2,997,825	1	1,497,914	1	-	-
Deferred tax liabilities (Note 4)	6,059,067	3	5,797,938	3	2,815,265	1
Lease liabilities - non-current (Note 18)	2,467,003	1	2,309,732	1	1,618,065	1
Net defined benefit liabilities non-current (Note 4)	321,206	-	348,779	-	510,149	-
Other non-current liabilities (Note 31)	3,018,782	1	2,952,903	1	942,787	-
Total non-current liabilities	59,456,658	24	61,834,273	25	45,729,103	22
Total liabilities	119,545,619	48	122,703,641	49	92,472,271	45
EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 26)						
Share capital	37,313,329	15	37,313,329	15	34,313,329	17
Capital surplus	24,637,494	10	24,672,454	10	18,448,756	9
Retained earnings						
Legal reserve	7,564,090	3	7,564,090	3	6,109,568	3
Special reserve	2,712,250	1	2,712,250	1	2,712,250	1
Unappropriated earnings	47,137,847	19	51,762,058	20	42,805,718	21
Total retained earnings	57,414,187	23	62,038,398	24	51,627,536	25
Other equity						
Exchange differences on translation of the financial statement of foreign operations	(4,271,403)	(2)	(4,256,774)	(2)	(3,929,234)	(2)
Unrealized gain on financial assets at fair value through other comprehensive income	12,754,628	5	6,693,877	3	9,965,959	5
Loss on hedging instruments	(39,697)	-	(105,801)	-	-	-
Other equity - other	(2,774,607)	(1)	(2,774,607)	(1)	(91,467)	-
Total other equity	5,668,921	2	(443,305)	-	5,945,258	3
Total equity attributable to owners of WLC	125,033,931	50	123,580,876	49	110,334,879	54
NON-CONTROLLING INTERESTS	6,465,884	2	6,240,336	2	2,193,137	1
Total equity	131,499,815	52	129,821,212	51	112,528,016	55
TOTAL	\$ 251,045,434	100	\$ 252,524,853	100	\$ 205,000,287	100

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

(With Deloitte & Touche review report dated May 5, 2023)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Note 27)	\$ 50,713,578	100	\$ 42,557,415	100
OPERATING COSTS (Note 13)	<u>(46,084,931)</u>	<u>(91)</u>	<u>(37,064,999)</u>	<u>(87)</u>
GROSS PROFIT	<u>4,628,647</u>	<u>9</u>	<u>5,492,416</u>	<u>13</u>
OPERATING EXPENSES				
Selling and marketing expenses	509,506	1	777,427	2
General and administrative expenses	1,319,734	3	974,075	2
Research and development expenses	<u>60,996</u>	<u>-</u>	<u>50,414</u>	<u>-</u>
Total operating expenses	<u>1,890,236</u>	<u>4</u>	<u>1,801,916</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>2,738,411</u>	<u>5</u>	<u>3,690,500</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	116,501	-	20,083	-
Dividend income	346,657	1	311,092	1
Other income	121,786	-	174,816	-
Gain (loss) on valuation of financial assets and liabilities at fair value through profit or loss	154,240	-	(168,132)	-
Recognition of impairment loss (Note 28)	1	-	59	-
Other expenses	(91,129)	-	(39,293)	-
Foreign exchange (loss) gain, net	(128,896)	-	181,730	-
Loss on disposal of property, plant and equipment	(3,518)	-	(2,647)	-
Gain (loss) on disposal of investments (Note 28)	531,087	1	(634,660)	(2)
Interest expense	(455,084)	(1)	(129,565)	-
Share of profit of associates accounted for using the equity method	<u>(220,488)</u>	<u>-</u>	<u>1,150,732</u>	<u>3</u>
Total non-operating income and expenses	<u>371,157</u>	<u>1</u>	<u>864,215</u>	<u>2</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	3,109,568	6	4,554,715	11
INCOME TAX EXPENSE (Notes 4 and 29)	<u>(598,891)</u>	<u>(1)</u>	<u>(666,531)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>2,510,677</u>	<u>5</u>	<u>3,888,184</u>	<u>9</u>

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (723)	-	\$ -	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	4,201,515	8	(892,074)	(2)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>1,857,078</u>	<u>4</u>	<u>(670,565)</u>	<u>(1)</u>
	<u>6,057,870</u>	<u>12</u>	<u>(1,562,639)</u>	<u>(3)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(287,819)	-	1,911,712	4
Gain on hedging instruments	94,579	-	-	-
Share of the other comprehensive income of associates accounted for using the equity method	<u>54,655</u>	<u>-</u>	<u>268,102</u>	<u>1</u>
	<u>(138,585)</u>	<u>-</u>	<u>2,179,814</u>	<u>5</u>
Other comprehensive income for the period, net of income tax	<u>5,919,285</u>	<u>12</u>	<u>617,175</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 8,429,962</u>	<u>17</u>	<u>\$ 4,505,359</u>	<u>11</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of WLC	\$ 2,095,226	4	\$ 3,834,617	9
Non-controlling interests	<u>415,451</u>	<u>1</u>	<u>53,567</u>	<u>-</u>
	<u>\$ 2,510,677</u>	<u>5</u>	<u>\$ 3,888,184</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of WLC	\$ 8,204,414	16	\$ 4,443,474	11
Non-controlling interests	<u>225,548</u>	<u>1</u>	<u>61,885</u>	<u>-</u>
	<u>\$ 8,429,962</u>	<u>17</u>	<u>\$ 4,505,359</u>	<u>11</u>

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 30)				
Basic	<u>\$ 0.56</u>		<u>\$ 1.12</u>	
Diluted	<u>\$ 0.56</u>		<u>\$ 1.12</u>	

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

(With Deloitte & Touche review report dated May 5, 2023)

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of WLC					Other Equity						
	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translation the Financial Statements of Foreign Operations	Unrealized Valuation Gain on Financial Assets at Fair Value through Other Comprehensive Income	(Loss) Gain on Hedging Instrument	Others	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve								
BALANCE AT JANUARY 1, 2022	\$ 34,313,329	\$ 18,440,875	\$ 6,109,568	\$ 2,712,250	\$ 38,965,389	\$ (6,100,687)	\$ 11,534,267	\$ -	\$ (91,467)	\$ 105,883,524	\$ 2,062,744	\$ 107,946,268
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	2,409	-	-	-	-	-	-	-	2,409	-	2,409
Changes in capital surplus from investments in associates accounted for using the equity method	-	5,550	-	-	5,719	-	(5,719)	-	-	5,550	-	5,550
Net profit for the three months ended March 31, 2022	-	-	-	-	3,834,617	-	-	-	-	3,834,617	53,567	3,888,184
Other comprehensive (loss) income for the three months ended March 31, 2022, net of income tax	-	-	-	-	(7)	2,171,453	(1,562,589)	-	-	608,857	8,318	617,175
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	3,834,610	2,171,453	(1,562,589)	-	-	4,443,474	61,885	4,505,359
Others	-	(78)	-	-	-	-	-	-	-	(78)	-	(78)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	68,508	68,508
BALANCE AT MARCH 31, 2022	<u>\$ 34,313,329</u>	<u>\$ 18,448,756</u>	<u>\$ 6,109,568</u>	<u>\$ 2,712,250</u>	<u>\$ 42,805,718</u>	<u>\$ (3,929,234)</u>	<u>\$ 9,965,959</u>	<u>\$ -</u>	<u>\$ (91,467)</u>	<u>\$ 110,334,879</u>	<u>\$ 2,193,137</u>	<u>\$ 112,528,016</u>
BALANCE AT JANUARY 1, 2023	\$ 37,313,329	\$ 24,672,454	\$ 7,564,090	\$ 2,712,250	\$ 51,762,058	\$ (4,256,774)	\$ 6,693,877	\$ (105,801)	\$ (2,774,607)	\$ 123,580,876	\$ 6,240,336	\$ 129,821,212
Appropriation of 2022 earnings Cash dividends distributed by WLC	-	-	-	-	(6,716,399)	-	-	-	-	(6,716,399)	-	(6,716,399)
Changes in capital surplus from investments in associates accounted for using the equity method	-	(34,945)	-	-	(17)	-	17	-	-	(34,945)	-	(34,945)
Net profit for the three months ended March 31, 2023	-	-	-	-	2,095,226	-	-	-	-	2,095,226	415,451	2,510,677
Other comprehensive (loss) income for the three months ended March 31, 2023, net of income tax	-	-	-	-	(3,021)	(14,629)	6,060,734	66,104	-	6,109,188	(189,903)	5,919,285
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	2,092,205	(14,629)	6,060,734	66,104	-	8,204,414	225,548	8,429,962
Others	-	(15)	-	-	-	-	-	-	-	(15)	-	(15)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT MARCH 31, 2023	<u>\$ 37,313,329</u>	<u>\$ 24,637,494</u>	<u>\$ 7,564,090</u>	<u>\$ 2,712,250</u>	<u>\$ 47,137,847</u>	<u>\$ (4,271,403)</u>	<u>\$ 12,754,628</u>	<u>\$ (39,697)</u>	<u>\$ (2,774,607)</u>	<u>\$ 125,033,931</u>	<u>\$ 6,465,884</u>	<u>\$ 131,499,815</u>

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

(With Deloitte & Touche review report dated May 5, 2023)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,109,568	\$ 4,554,715
Adjustments for:		
Depreciation expenses	1,590,586	996,641
Amortization expenses	149,568	7,416
Expected credit loss recognized on trade receivables	23,336	13,145
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(154,240)	168,132
Interest expenses	455,084	129,565
Interest income	(116,501)	(20,083)
Dividend income	(346,657)	(311,092)
Compensation costs of employee share options	-	3,206
Share of profit of associates accounted for using the equity method	220,488	(1,150,732)
Loss on disposal of property, plant and equipment	3,518	2,647
(Gain) loss on disposal of investments	(531,087)	634,660
Impairment loss recognized on non-financial assets	(1)	(59)
Loss on lease modification	10	6
Unrealized (gain) loss on foreign currency exchange	(20,153)	79,355
Changes in operating assets and liabilities		
Decrease in contract assets	575,561	725,146
Decrease in notes receivable	2,710,525	928,511
Increase in trade receivables	(2,040,382)	(1,523,419)
Decrease (increase) in other receivables	405,780	(873,052)
Increase in inventories	(71,629)	(5,528,061)
Increase in other current assets	(2,213,029)	(6,727,805)
Decrease (increase) in other financial assets	49,764	(1,704,481)
Decrease (increase) in other operating assets	432,614	(170,062)
Increase (decrease) in financial liabilities held for trading	469,017	(87,288)
Decrease in notes payable	(415,241)	(3,149)
Increase in trade payables	798,183	2,587,684
Increase in contract liabilities	6,949	-
Decrease in other payables	(1,442,187)	(1,539,310)
Decrease in net defined benefit liabilities	(27,573)	(50,213)
Increase in other current liabilities	242,803	205,237
Increase (decrease) in other operating liabilities	37,059	(12,236)
Cash generated from (used in) operations	3,901,733	(8,664,976)
Interest received	88,289	10,691
Dividends received	2,230	-
Interest paid	(410,623)	(25,616)
Income tax paid	(46,269)	(13,795)
Net cash generated from (used in) operating activities	3,535,360	(8,693,696)

(Continued)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (23,994)	\$ (20,417)
Purchase of financial assets at amortized cost	-	(89,602)
Payments for property, plant and equipment	(5,160,378)	(1,001,818)
Proceeds from disposal of property, plant and equipment	1,540	3,243
Decrease (increase) in refundable deposits	47,673	(732)
Purchase of intangible assets	(203)	(16)
Acquisition of right-of-use assets	-	(283,665)
Other investing activities	<u>(1,449,025)</u>	<u>(3,836)</u>
Net cash used in investing activities	<u>(6,584,387)</u>	<u>(1,396,843)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(5,105,973)	6,089,680
Increase in short-term notes and bills payable	-	4,399,148
Proceeds from long-term borrowings	6,528,500	7,500,000
Repayment of long-term borrowings	(10,938,044)	(5,516,050)
Increase in long-term notes and bills payable	1,499,911	-
Repayment of the principal portion of lease liabilities	(118,497)	(23,510)
Other financing activities	<u>(15)</u>	<u>(78)</u>
Net cash (used in) generated from financing activities	<u>(8,134,118)</u>	<u>12,449,190</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>1,898</u>	<u>1,238,702</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(11,181,247)	3,597,353
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>19,397,973</u>	<u>10,387,581</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>\$ 8,216,726</u></u>	<u><u>\$ 13,984,934</u></u>

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

(With Deloitte & Touche review report dated May 5, 2023)

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Walsin Lihwa Corporation (“WLC”) was incorporated in December 1966 and commenced operations in December 1966. To diversify its operations, WLC made various investments in construction, electronics, material science, real estate, etc. WLC’s main products are wires, cables, stainless steel, resource business and real estate.

WLC’s shares have been listed on the Taiwan Stock Exchange (TWSE) since November 1972. In October 1995 and November 2010, WLC increased its share capital and issued Global Depositary Receipts (GDRs), which were listed on the Luxembourg Stock Exchange under stock number 168527.

The consolidated financial statements are presented in WLC’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATE FINANCIAL STATEMENTS

The consolidated financial statements of WLC and its subsidiaries (collectively, the “Group”) were approved by the board of directors of WLC on May 5, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies:

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

When applying the amendments, the Group refers to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The Group applied the amendments since January 1, 2023. The Group defines accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group applied the amendments and recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. Upon initial application of the amendments to IAS 12, the Group recognized the cumulative effect of retrospective application in retained earnings on January 1, 2022, and restated comparative information.

- b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

- 1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate, or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

- 2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

3) Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basic of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

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

c. Basis of consolidation

See Note 15 and Table 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

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

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the consolidated financial statements for the year ended December 31, 2022 for the critical accounting judgments and key sources of estimation uncertainty of these consolidated financial statements.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 3,947	\$ 4,413	\$ 3,088
Checking accounts and cash in banks	7,425,143	15,013,929	13,234,983
Cash equivalents			
Time deposits	404,498	4,265,727	636,979
Short-term bills	<u>383,138</u>	<u>113,904</u>	<u>109,884</u>
	<u>\$ 8,216,726</u>	<u>\$ 19,397,973</u>	<u>\$ 13,984,934</u>

Other bank deposits have been reclassified to other accounts for the following purposes:

Purpose		March 31, 2023	December 31, 2022	March 31, 2022
Other financial assets - current				
Restricted deposits	To meet contract requirements for completing construction	\$ 34,354	\$ 34,648	\$ 29,203
	To secure short-term borrowings and letters of credit	369,988	167,546	1,156,921
	Repatriation of offshore funds and project grants	40,325	40,786	52,458
Refundable deposits	Futures deposits	<u>51,580</u>	<u>303,146</u>	<u>996,549</u>
		<u>496,247</u>	<u>546,126</u>	<u>2,235,131</u>
Refundable deposits				
Other - pledged time deposits	To meet contract requirements for completing construction	51,718	51,718	51,667
	To meet required security deposit	-	268	874
Other non-current assets - other				
Restricted deposits	To meet construction project and performance letter of guarantee	11,078	11,023	11,273
Pledged time deposits	To meet required security deposit	<u>1,444</u>	<u>1,439</u>	<u>-</u>
		<u>64,240</u>	<u>64,448</u>	<u>63,814</u>
		<u>\$ 560,487</u>	<u>\$ 610,574</u>	<u>\$ 2,298,945</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Commodity futures contracts	\$ 145,280	\$ -	\$ -
Foreign exchange forward contracts	-	-	52,562
Options	4,682	7,629	-
Interest rate swap contracts	-	2	-
Exchange rate swap contracts	247	-	-
Non-derivative financial assets			
Contingent consideration	2,528,842	2,567,786	-
Foreign unlisted shares	<u>70,313</u>	<u>71,969</u>	<u>-</u>
Financial assets at FVTPL	<u>\$ 2,749,364</u>	<u>\$ 2,647,386</u>	<u>\$ 52,562</u>
Current	\$ 150,209	\$ 7,631	\$ 52,562
Non-current	<u>2,599,155</u>	<u>2,639,755</u>	<u>-</u>
	<u>\$ 2,749,364</u>	<u>\$ 2,647,386</u>	<u>\$ 52,562</u>

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial liabilities held for trading</u>			
Derivative financial liabilities (not under hedge accounting)			
Commodity futures contracts	\$ -	\$ 21,189	\$ 198,624
Foreign exchange forward contracts	18,378	21,470	-
Exchange rate swap contracts	-	22,113	18,786
Non-derivative financial liabilities			
Contingent consideration	<u>393,633</u>	<u>363,192</u>	<u>-</u>
Financial liabilities at FVTPL	<u>\$ 412,011</u>	<u>\$ 427,964</u>	<u>\$ 217,410</u>
Current	\$ 18,378	\$ 64,772	\$ 217,410
Non-current	<u>393,633</u>	<u>363,192</u>	<u>-</u>
	<u>\$ 412,011</u>	<u>\$ 427,964</u>	<u>\$ 217,410</u>

(Concluded)

- a. As of March 31, 2023, December 31, 2022 and March 31, 2022, outstanding commodity futures not under hedge accounting were as follows:

	Type of Transaction	Quantity (Tons)	Trade Date	Expiration Date	Exercise Price (In Thousands)	Market Price (In Thousands)	Valuation (Loss) Gain (In Thousands)
<u>March 31, 2023</u>							
Commodity futures contracts							
Copper	Buy	11,850	2022.11.08-2023.03.31	2023.04.19-2023.08.16	US\$ 102,988	US\$ 106,399	US\$ 3,411
Copper	Sell	1,875	2023.03.22-2023.03.31	2023.04.19-2023.04.19	US\$ 16,778	US\$ 16,875	US\$ (97)
Nickel	Sell	1,452	2023.02.01-2023.03.31	2023.04.19-2023.06.30	US\$ 35,609	US\$ 34,201	US\$ 1,408
Zinc	Sell	250	2023.01.19-2023.03.24	2023.04.30-2023.06.30	RMB 5,818	RMB 5,686	RMB 132
Copper	Buy	405	2023.02.22-2023.03.31	2023.05.30	RMB 27,922	RMB 28,123	RMB 201
<u>December 31, 2022</u>							
Commodity futures contracts							
Copper	Buy	5,900	2022.08.15-2022.12.30	2023.01.08-2023.06.21	US\$ 48,178	US\$ 49,332	US\$ 1,154
Copper	Buy	555	2022.11.11-2022.12.30	2023.01.31-2023.03.31	RMB 36,816	RMB 36,797	RMB (19)
Copper	Sell	25	2022.12.02	2023.03.02	US\$ 210	US\$ 209	US\$ 1
Nickel	Sell	4,188	2022.11.15-2022.12.30	2023.01.18-2023.03.20	US\$ 122,940	US\$ 124,780	US\$ (1,840)
Zinc	Buy	25	2022.12.05	2023.02.28	RMB 613	RMB 593	RMB (20)
<u>March 31, 2022</u>							
Commodity futures contracts							
Copper	Buy	6,900	2021.11.19-2022.03.31	2022.04.20-2022.07.20	US\$ 67,988	US\$ 71,479	US\$ 3,431
Copper	Sell	3,850	2022.02.14-2022.03.30	2022.04.20-2022.06.30	US\$ 39,362	US\$ 39,926	US\$ (564)
Nickel	Buy	1,494	2022.03.07	2022.06.07	US\$ 67,365	US\$ 47,922	US\$ (19,443)
Nickel	Sell	5,430	2022.02.10-2022.03.30	2022.05.04-2022.06.07	US\$ 183,408	US\$ 174,281	US\$ 9,127
Zinc	Buy	450	2022.03.09-2022.03.10	2022.04.30-2022.05.31	RMB 11,509	RMB 12,078	RMB 569
Copper	Buy	1,975	2021.12.27-2022.03.31	2022.04.30-2022.06.30	RMB 142,235	RMB 144,905	RMB 2,670

- b. As of March 31, 2023, December 31, 2022 and March 31, 2022, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2023</u>			
Sell	USD to IDR	2023.04.06	USD31,000/IDR471,322,980
	EUR to USD	2023.04.11-2023.04.24	EUR9,000/USD9,619
	USD to RMB	2023.04.13-2023.05.05	USD68,953/RMB475,985
	EUR to MYR	2023.04.14-2023.09.25	EUR1,633/MYR7,772
Buy	USD to JPY	2023.04.06	USD3,000/JPY406,329
	USD to IDR	2023.04.06	USD108,000/IDR1,637,856,000
	USD to RMB	2023.04.06	USD11,651/RMB80,313
	EUR to USD	2023.04.06	EUR10,929/USD11,651
	EUR to TRY	2023.04.28	EUR336/TRY7,000
	EUR to ZAR	2023.05.17-2023.07.19	EUR568/ZAR10,956
	EUR to GBP	2023.04.28-2023.06.30	EUR3,726/GBP3,300
	EUR to BRL	2023.04.17-2023.06.16	EUR5,182/BRL29,630
	EUR to KRW	2023.06.30-2023.07.31	EUR240/KRW329,114
<u>December 31, 2022</u>			
Sell	USD to RMB	2023.01.31-2023.05.05	USD2,543/RMB17,228
	EUR to MYR	2023.01.31-2023.06.30	EUR1,499/MYR7,048
	EUR to USD	2023.01.03-2023.01.10	EUR7,987/USD8,500
Buy	USD to IDR	2023.01.31	USD91,000/IDR1,429,633,100
	USD to JPY	2023.01.05	USD3,000/JPY412,605
	USD to RMB	2023.01.05	USD16,571/RMB116,504
	EUR to USD	2023.01.05	EUR15,834/USD16,571
	USD to SGD	2023.01.30-2023.02.01	USD13,127/SGD17,778
	EUR to KRW	2023.01.31-2023.02.28	EUR434/KRW592,638
	EUR to TRY	2023.01.31	EUR292/TRY6,000
	EUR to ZAR	2023.01.18-2023.02.17	EUR710/ZAR12,483
	EUR to GBP	2023.01.31-2023.03.31	EUR4,944/GBP4,340
	EUR to BRL	2023.01.17-2023.03.15	EUR5,485/BRL29,982
<u>March 31, 2021</u>			
Sell	EUR to USD	2022.04.01-2022.04.22	EUR28,000/USD31,043
	USD to NTD	2022.04.12-2022.04.25	USD90,000/NTD2,546,790
	USD to RMB	2022.04.11-2022.07.20	USD70,756/RMB449,621
	EUR to MYR	2022.04.29-2022.05.31	EUR1,167/MYR5,545
Buy	USD to NTD	2022.04.12-2022.04.25	USD90,000/NTD2,493,160
	USD to JPY	2022.04.20-2022.05.02	USD9,847/JPY1,173,660
	USD to SGD	2022.04.14	USD15,316/SGD20,685
	USD to RMB	2022.04.11-2022.05.06	USD8,000/RMB50,929

c. As of March 31, 2023, December 31, 2022 and March 31, 2022, outstanding exchange rate swap contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
March 31, 2023	USD to RMB	2023.06.30	USD20,000/RMB136,424
December 31, 2022	USD to RMB	2023.01.18	USD75,000/RMB516,585
	EUR to USD	2023.01.17	EUR15,955/USD17,000
	EUR to ZAR	2023.01.18	EUR133/ZAR2,390
March 31, 2022	USD to NTD	2022.04.08	USD50,000/NTD1,414,075

d. As of March 31, 2023, and December 31, 2022, outstanding commodity options not under hedge accounting were as follows:

March 31, 2023

Notional Amount	Type of Transaction	Buyer/Seller	Premium Paid	Fair Value
US\$ 16,290	Put	Buyer	US\$ 546	US\$ 154

December 31, 2022

Notional Amount	Type of Transaction	Buyer/Seller	Premium Paid	Fair Value
RMB 29,118	Put	Buyer	US\$ 672	US\$ 249

e. As of December 31, 2022, outstanding interest rate swap contracts not under hedge accounting were as follows:

	Notional Amount	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
December 31, 2022	EUR 19,934	2023.02.01	-0.433%	Note

Note: It is the three-month interest rate of Euro Interbank Offered Rate (Euribor) on the second business day before the issuance date.

- f. For the three months ended March 31, 2023 and 2022, the Group's strategies for commodity futures contracts, foreign exchange forward contracts and exchange rate swap contracts were to hedge exposures to fluctuations in the prices of raw material and foreign exchange rates and interest rates. However, those derivative financial instruments did not meet the criteria of hedge effectiveness; therefore, they were not accounted for by hedge accounting.
- g. Financial assets - contingent consideration is the amount of consideration to be received by the Group from the acquirer in the disposal of the subsidiary (the "Target Company") on July 27, 2022. In accordance with the agreement of contingent consideration, the acquirer shall respectively pay additional payments when the gross profit of Target Company during the period starting from the settlement date to December 31, 2023 and the gross profit in the year 2024 meet the amount agreed upon by Target Company.
- h. Financial liabilities - contingent consideration according to the agreement of acquisition, the Group is required to make additional payments to the seller if Cogne Acciai Speciali S.p.A.'s earnings before interest, income tax, depreciation and amortization from the settlement date to 2025 meet the contract requirements.

8. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Fair value hedges - exchange rate swap contracts	\$ -	\$ -	\$ 50,313
Cash flow hedges - interest rate swap contracts	<u>147,930</u>	<u>165,019</u>	<u>-</u>
	<u>\$ 147,930</u>	<u>\$ 165,019</u>	<u>\$ 50,313</u>
Current	\$ 15,460	\$ 20,615	\$ 50,313
Non-current	<u>132,470</u>	<u>144,404</u>	<u>-</u>
	<u>\$ 147,930</u>	<u>\$ 165,019</u>	<u>\$ 50,313</u>
<u>Financial liabilities</u>			
Fair value hedges - exchange rate swap contracts	\$ 7,531	\$ -	\$ -
Cash flow hedges - gas swap contracts	<u>58,780</u>	<u>222,272</u>	<u>-</u>
	<u>\$ 66,311</u>	<u>\$ 222,272</u>	<u>\$ -</u>
Current	\$ 66,311	\$ 222,272	\$ -
Non-current	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 66,311</u>	<u>\$ 222,272</u>	<u>\$ -</u>

- a. The Group entered into exchange rate swap contracts to avoid exchange rate exposure of its foreign-currency trade receivables and trade payables. The conditions of the exchange rate swaps are same as the one of the corresponding financial assets, so the management believes that the exchange rate swaps are highly effective hedging instruments. The outstanding exchange rate swap contracts of the Group at the end of the reporting period were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2023</u>			
Exchange rate swap contracts	USD to RMB	2023.06.27	USD31,563/RMB213,514
	USD to RMB	2023.06.29	USD12,525/RMB85,352
	USD to RMB	2023.06.30	USD23,000/RMB156,888
	USD to RMB	2023.06.30	USD7,000/RMB47,755
<u>March 31, 2022</u>			
Exchange rate swap contracts	USD to RMB	2022.06.08	USD20,000/RMB129,220
	USD to RMB	2022.06.08	USD15,000/RMB96,921
	USD to RMB	2022.07.13	USD75,000/RMB483,165
	USD to RMB	2022.07.13	USD70,000/RMB450,975

	For the Three Months Ended March 31	
	2023	2022
(Loss) gain on the hedging instruments	<u>\$ (7,531)</u>	<u>\$ 50,313</u>
(Gain) loss on the hedged items	<u>\$ (7,936)</u>	<u>\$ 23,713</u>

- b. The Group converts some of the issued floating rate financial liabilities from floating rate to fixed rate through the interest rate swap contracts in order to reduce the risk of the cash flow of the issued floating rate financial liabilities due to changes in interest rates. The conditions of the interest rate swap contracts are the same as the one of the related financial liabilities, therefore, the management of the Group considers they can be highly effective hedging instruments. The outstanding interest rate swap contracts of the Group at the end of the period were as follows:

March 31, 2023	Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
Exchange rate swap contracts	EUR 89,718	2023.09.30-2030.12.18	-0.255%-3.120%	Euribor three to six months

December 31, 2022	Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
Exchange rate swap contracts	EUR 95,177	2023.05.31-2030.12.18	-0.255%-3.120%	Euribor three to six months

- c. The Group is exposed to the risk that the future cash flows of the assets and liabilities may fluctuate due to changes in market prices of gas that are required for the Group's operations. The Group assesses that the risk may be significant and therefore enters into gas swap contracts for hedging purposes. The breakdown of the cash flow hedge items and derivative financial instruments designated for hedging at the end of the reporting period were as follows:

Financial Commodity	Type of Transaction	Quantity (Tons)	Trade Date	Maturity Date	Notional Amount (In Thousands)	Market Price (In Thousands)	Valuation (Loss) Gain (In Thousands)
<u>March 31, 2023</u>							
Gas	Buy	85,997	2022.12.21- 2023.03.03	2023.04.30- 2023.12.31	EUR 6,298	EUR 4,525	EUR (1,773)
<u>December 31, 2022</u>							
Gas	Buy	139,800	2022.04.22- 2022.12.28	2023.01.31- 2023.12.31	EUR17,700	EUR10,907	EUR (6,793)

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Foreign investments			
Corporate bonds	\$ 304	\$ 588	\$ -
Mutual funds	<u>1,205</u>	<u>1,614</u>	<u>-</u>
	<u>\$ 1,509</u>	<u>\$ 2,202</u>	<u>\$ -</u>

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Foreign investments			
Government bonds	<u>\$ 186,500</u>	<u>\$ 189,242</u>	<u>\$ 91,621</u> (Concluded)

The interest rate for the government bonds the Group purchased was 4.45% as of March 31, 2023, December 31, 2022, and March 31, 2022.

10. CONTRACT ASSETS

As of March 31, 2023, December 31, 2022 and March 31, 2022, contract balances were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Contract assets			
Cable installation	\$ 1,193,382	\$ 1,242,468	\$ 792,102
Solar power systems installation	1,253,294	1,779,769	4,233,096
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
Contract assets - current	<u>\$ 2,446,676</u>	<u>\$ 3,022,237</u>	<u>\$ 5,025,198</u>

The changes in the balance of contract assets primarily resulted from the timing differences between the Group's satisfaction of performance obligations and the respective customer's payment.

11. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Notes receivable</u>			
Notes receivable	<u>\$ 1,826,797</u>	<u>\$ 4,537,322</u>	<u>\$ 1,698,900</u>
<u>Trade receivables</u>			
Trade receivables	\$ 19,617,300	\$ 17,575,200	\$ 12,665,439
Less: Allowance for impairment loss	<u>(305,264)</u>	<u>(280,210)</u>	<u>(109,476)</u>
	<u>\$ 19,312,036</u>	<u>\$ 17,294,990</u>	<u>\$ 12,555,963</u>

a. Notes receivable

The Group entered into a factoring agreement with financial institutions to sell its discounted notes receivable. Although the Group has transferred the contractual rights to receive cash flows, the Group is still obligated to bear the default risk of such discounted notes receivable. Thus, it did not meet the conditions for derecognition of financial assets. The related information is as follows:

December 31, 2022

Factoring Partners	Notes Receivable Transferred (Note)	Amount Advanced	Interest Rate
Shanghai Pudong Development Bank Co., Ltd.	\$ 1,425,350	\$ 1,425,350	1.25%-2.20%
China Minsheng Banking Corp., Ltd.	<u>128,663</u>	<u>128,663</u>	1.57%-2.10%
	<u>\$ 1,554,013</u>	<u>\$ 1,554,013</u>	

Note: Classified under short-term borrowings; for related information on guarantee and short-term borrowings, refer to Notes 23 and 35.

b. Trade receivable

The average credit period on the sales of goods was 60 days. In determining the collectability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. When the Group dealt with new entities, the Group reviewed the credit ratings of the entities and obtained sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. In this regard, the management believes the Group's credit risk is significantly reduced.

The Group permits the use of a lifetime expected credit losses allowance for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience with the respective debtors and an analysis of the debtors' current financial positions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on the past due status of receivables is not further distinguished according to different segments of the Group's customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, they are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix:

March 31, 2023

	Not Past Due	Up to 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0%-1%	0%-2%	0%-50%	0%-100%	50%-100%	
Gross carrying amount	\$ 17,786,345	\$ 1,500,276	\$ 65,646	\$ 68,803	\$ 196,230	\$ 19,617,300
Loss allowance (lifetime ECLs)	<u>(13,835)</u>	<u>(24,973)</u>	<u>(25,393)</u>	<u>(51,087)</u>	<u>(189,976)</u>	<u>(305,264)</u>
Amortized cost	<u>\$ 17,772,510</u>	<u>\$ 1,475,303</u>	<u>\$ 40,253</u>	<u>\$ 17,716</u>	<u>\$ 6,254</u>	<u>\$ 19,312,036</u>

December 31, 2022

	Not Past Due	Up to 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0%-1%	0%-2%	0%-50%	0%-100%	50%-100%	
Gross carrying amount	\$ 14,708,361	\$ 2,274,401	\$ 255,547	\$ 172,148	\$ 164,743	\$ 17,575,200
Loss allowance (lifetime ECLs)	<u>(8,432)</u>	<u>(31,422)</u>	<u>(26,064)</u>	<u>(71,707)</u>	<u>(142,585)</u>	<u>(280,210)</u>
Amortized cost	<u>\$ 14,699,929</u>	<u>\$ 2,242,979</u>	<u>\$ 229,483</u>	<u>\$ 100,441</u>	<u>\$ 22,158</u>	<u>\$ 17,294,990</u>

March 31, 2022

	Not Past Due	Up to 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0%	0%-2%	0%-50%	0%-100%	50%-100%	
Gross carrying amount	\$ 11,576,486	\$ 807,853	\$ 77,565	\$ 136,219	\$ 67,316	\$ 12,665,439
Loss allowance (lifetime ECLs)	<u>-</u>	<u>(4,394)</u>	<u>(4,476)</u>	<u>(34,005)</u>	<u>(66,601)</u>	<u>(109,476)</u>
Amortized cost	<u>\$ 11,576,486</u>	<u>\$ 803,459</u>	<u>\$ 73,089</u>	<u>\$ 102,214</u>	<u>\$ 715</u>	<u>\$ 12,555,963</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 280,210	\$ 92,903
Add: Net remeasurement of loss allowance	23,336	13,145
Less: Amounts written off	-	(238)
Foreign exchange gains	<u>1,718</u>	<u>3,666</u>
Balance at March 31	<u>\$ 305,264</u>	<u>\$ 109,476</u>

12. FINANCE LEASE RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Undiscounted lease payments</u>			
Year 1	\$ 81,359	\$ 81,359	\$ 81,359
Year 2	81,359	81,359	81,359
Year 3	81,359	81,359	81,359
Year 4	81,359	81,359	81,359
Year 5	81,359	81,359	81,359
Year 5 onwards	<u>348,677</u>	<u>369,017</u>	<u>430,036</u>
	755,472	775,812	836,831
Less: Unearned finance income	<u>(107,746)</u>	<u>(113,269)</u>	<u>(130,575)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 647,726</u>	<u>\$ 662,543</u>	<u>\$ 706,256</u>
Current	\$ 60,526	\$ 60,020	\$ 58,530
Non-current	<u>587,201</u>	<u>602,523</u>	<u>647,726</u>
	<u>\$ 647,726</u>	<u>\$ 662,543</u>	<u>\$ 706,256</u>

The power supply contracts of solar power equipment are processed according to the finance leases accounting policy. The average term of finance leases entered into was 20 years.

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The average effective interest rate contracted was 3.30% per annum as of March 31, 2023, December 31, 2022 and March 31, 2022.

The finance lease receivables as of March 31, 2023, December 31, 2022 and March 31, 2022 were neither past due nor impaired.

The amounts of finance lease receivables pledged as collateral or for security are set out in Note 35.

13. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Manufacturing and trading industries			
Raw materials	\$ 7,936,720	\$ 7,852,613	\$ 7,741,493
Raw materials in transit	3,156,301	1,871,877	2,942,529
Supplies	2,903,667	2,256,735	2,126,025
Work-in-process	8,315,438	8,652,837	4,296,623
Finished goods and merchandise	11,149,385	12,807,714	11,835,886
Contracts in progress	<u>444,993</u>	<u>462,456</u>	<u>381,385</u>
	<u>33,906,504</u>	<u>33,904,232</u>	<u>29,323,941</u>
Real estate development industries			
Undeveloped land	3,434	3,434	3,434
Buildings and land held for sale	208,206	208,551	220,027
Contracts in progress	<u>2,033,776</u>	<u>1,964,074</u>	<u>7,640,382</u>
	<u>2,245,416</u>	<u>2,176,059</u>	<u>7,863,843</u>
	<u>\$ 36,151,920</u>	<u>\$ 36,080,291</u>	<u>\$ 37,187,784</u>

- a. The costs of goods sold related to inventories for the three months ended March 31, 2023 and 2022 were NT\$45,779,503 thousand and NT\$36,810,556 thousand, respectively.
- b. The cost of goods sold for the three months ended March 31, 2023 and 2022 included inventory write-downs of NT\$79,825 thousand and NT\$45,371 thousand, respectively.
- c. The inventories for the real estate development business are primarily land use rights and construction costs for future construction and contracts in progress of WLC's subsidiary, Walsin (Nanjing) Development Co., Ltd.
- d. Walsin (Nanjing) Development Co., Ltd. entered into an agreement with third parties for the sale of real estate for the three months ended March 31, 2023; the selling prices for the related residential buildings and office buildings was RMB600 thousand. The sale of this real estate in the amounts of NT\$2,531 thousand was recognized as operating revenue for the three months ended March 31, 2023.

14. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2023	December 31, 2022	March 31, 2022
Domestic listed ordinary shares			
HannStar Display Corp.	\$ 3,820,310	\$ 3,340,899	\$ 4,629,317
HannStar Board Corp.	2,266,453	2,017,812	2,696,792
TECO Electric & Machinery Corp.	9,821,951	6,348,587	7,408,605
Global PMX Co., Ltd.	-	-	21,379
K. S. Terminals Inc.	10,368	10,179	12,427
Domestic unlisted ordinary shares	576,461	564,148	558,605
Foreign unlisted ordinary shares	<u>72,477</u>	<u>60,607</u>	<u>94,677</u>
	<u>\$ 16,568,020</u>	<u>\$ 12,342,232</u>	<u>\$ 15,421,802</u>
Current	\$ -	\$ -	\$ -
Non-current	<u>16,568,020</u>	<u>12,342,232</u>	<u>15,421,802</u>
	<u>\$ 16,568,020</u>	<u>\$ 12,342,232</u>	<u>\$ 15,421,802</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management selected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. For the three months ended March 31, 2023 and 2022, the unrealized valuation gains (loss) resulting from these investments in equity instruments were NT\$4,201,515 thousand and NT\$(892,074) thousand, respectively, recognized in other comprehensive income (loss).

15. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

The consolidated entities as of March 31, 2023, December 31, 2022 and March 31, 2022 were as follows:

Investor	Investee	Main Business	Percentage of Ownership (%)		
			March 31, 2023	December 31, 2022	March 31, 2022
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited (WLHL)	Investment holding	100.00	100.00	100.00
	Concord Industries Limited (CIL)	Investment holding	100.00	100.00	100.00
	Ace Result Global Limited	Investment holding	100.00	100.00	100.00
	Min Maw Precision Industry Corp. (Min Maw)	Solar power systems management, design, and installation	100.00	100.00	100.00
	Walsin Info-Electric Corp. (Walsin Info-Electric)	Mechanical and electrical, communications, and power systems	99.51	99.51	99.51
	Chin-Cherng Construction Co. (Chin-Cherng)	Investment in the construction of residential and sale of commercial buildings, rental design and interior decoration business	99.22	99.22	99.22
	Joint Success Enterprises Limited	Investments	49.05	49.05	49.05
	P.T. Walsin Lippo Industries (P.T. Walsin)	Manufacture and sale of cables and wires	70.00	70.00	70.00
	P.T. Walsin Lippo Kabel	Cables and wires	70.00	70.00	70.00
	Waltuo Green Resources Corp.	Waste disposal, resource recovery and cement products	100.00	100.00	100.00
	P.T. Walsin Nickel Industrial Indonesia	Manufacture and sale of nickel pig iron	50.00	50.00	50.00
	Walsin Precision Technology Sdn. Bhd.	Manufacture and sale of stainless steel	100.00	100.00	100.00
	Walsin Singapore Pte. Ltd. (former name: New Hono Investment Pte. Ltd.)	Investment holding	100.00	100.00	100.00
	Walsin America, LLC	Investment holding	100.00 (Notes 2 and 3)	100.00 (Notes 2 and 3)	-
	Walsin Lihwa Europe S.a.r.l.	Investment holding	100.00 (Note 4)	100.00 (Note 4)	-
	P.T. Walsin Research Innovation Indonesia	Consulting and Management	99.00 (Note 5)	99.00 (Note 5)	-
	Walsin Energy Cable System Co., Ltd.	Submarine communication cables	100.00 (Note 8)	-	-
	P.T. Walsin Nickel Industrial Indonesia	Manufacture and sale of nickel pig iron	42.00	42.00	42.00
	P.T. Sunny Metal Industry	Manufacture and sale of nickel matte	50.10 (Note 6)	50.10 (Note 6)	-
	Walsin (China) Investment Co., Ltd.	Investment holding	100.00	100.00	100.00
WLHL	Jiangyin Walsin Steel Cable Co., Ltd. (JHS)	Manufacture and sale of steel cables and wires	100.00	100.00	100.00
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	95.71	95.71	95.71
	Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	100.00	100.00	100.00
	Walsin International Investments Limited	Investments	100.00	100.00	100.00
	Borrego Solar System, Inc.	Solar power system	-	-	73.40
	Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and assets management, consulting and advertising services	100.00	100.00 (Note 1)	100.00
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat-rolled products	18.37	18.37	18.37
	Walsin Specialty Steel Corp.	Sale of specialty steel products and investment holding	100.00	100.00	100.00
	Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes, rods and wires	100.00	100.00	100.00
	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Manufacture and sale of stainless steel	-	- (Note 7)	100.00
CIL	Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of new-type alloy materials	100.00	100.00	100.00
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat-rolled products	81.63	81.63	81.63
	XiAn Walsin Metal Product Co., Ltd.	Production and sale of medium and heavy specialty steel plates	100.00	100.00	100.00
	Chin-Cherng Construction Co.	Investments	50.95	50.95	50.95
	Walsin (Nanjing) Development Co., Ltd.	Construction, rental and sale of buildings and industrial factories	100.00	100.00	100.00
	Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	100.00	100.00	100.00
	Min Maw Precision Industry Corp. (Min Maw)	Consulting and management	1.00 (Note 5)	1.00 (Note 5)	-
	Walsin America, LLC	Borrego Energy Holdings, LLC	72.55 (Note 1)	72.55 (Note 1)	-
Borrego Energy Holdings, LLC	Borrego Energy, LLC	Solar power system	100.00	100.00	-
	Walsin Lihwa Europe S.a.r.l.	Investment holding	85.03 (Note 4)	85.03 (Note 4)	-
	MEG S.A.	Manufacture and sale of stainless steel	82.32	82.32	-

Note 1: On May 24, 2022, WLC's board of directors resolved that the subsidiary, Borrego Solar Systems, Inc. would split its business into its 100% subsidiaries New Leaf Energy, Inc. (original name of the announcement: 2022 Solar Development, Inc.) and Borrego Energy, LLC, and sold its subsidiary New Leaf Energy, Inc. The transaction was completed on July 28, 2022 (United States local time July 27, 2022).

- Note 2: On May 24, 2022, WLC's board of directors resolved to establish Walsin America, LLC. After the Group's organizational restructuring, Walsin America, LLC acquired 72.55% shares of Borrego Energy Holdings, LLC's shares. Borrego Energy Holdings, LLC owns 100% of Borrego Energy Holdings, LLC's shares.
- Note 3: Due to the adjustment of the investment structure of the Group, it was transferred from WLHL to WLC in December 2022.
- Note 4: On May 31, 2022, WLC's board of directors resolved to establish Walsin Lihwa Europe S.a r.l. and Walsin Lihwa Europe S.a r.l. acquired 85.03% shares of Luxembourg MEG S.A.
- Note 5: The Group established PT. Walsin Research Innovation Indonesia on August 23, 2022, and injected capital on November 9, 2022.
- Note 6: On September 23, 2022, the Group acquired 50.10% shares of PT. Sunny Metal Industry from Ever Rising Limited and Berg Holding Limited at the price of US\$200,000 thousand. On November 4, 2022, WLC's board of directors resolved to transfer PT. Sunny Metal Industry to Walsin Singapore Pte. Ltd.
- Note 7: Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd was dissolved on July 13, 2022.
- Note 8: The Group established Walsin Energy Cable System Co., Ltd. on February 13, 2023.
- b. The following entity was excluded from consolidation as of March 31, 2023, December 31, 2022 and March 31, 2022:

Investor	Investee	Main Business	Percentage of Ownership (%)			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
WLHL	WalcomChemicals Industrial Limited	Commerce	65.00	65.00	65.00	Note

Note: The investee has a capital of HK\$500 thousand and total assets of HK\$1 thousand. As of March 31, 2023, December 31, 2022 and March 31, 2022, the investee had no sales and its total assets were less than 1% of the Group's consolidated total assets.

The financial statements of certain subsidiaries included in the consolidated financial statements, namely P.T. Walsin Lippo Industries, Walsin Precision Technology Sdn, Bhd., Cogne Acciai Speciali S.p.A. and Walsin America, LLC's subsidiary Borrego Energy Holdings, LLC for the three months ended March 31, 2023 and P.T. Walsin Lippo Industries, Walsin Precision Technology Sdn, Bhd. and Walsin America, LLC's subsidiary Borrego Solar Systems, Inc. for the three months ended March 31, 2022 were not reviewed by the auditor of WLC but by other auditors. As of March 31, 2023 and 2022, the combined total assets of those subsidiaries were NT\$32,874,833 thousand and NT\$10,612,020 thousand, respectively; for the three months ended March 31, 2023 and 2022, the combined net operating revenues of these subsidiaries were NT\$10,519,543 thousand and NT\$2,671,955 thousand, respectively.

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates:

Name of Associate	March 31, 2023		December 31, 2022		March 31, 2022	
	Carrying Amount	Ownership Percentage (%)	Carrying Amount	Ownership Percentage (%)	Carrying Amount	Ownership Percentage (%)
<u>Material associates</u>						
Winbond Electronics Corp.	\$ 20,250,404	22.21	\$ 20,953,105	22.21	\$ 18,403,273	22.21
Walton Advanced Engineering, Inc.	2,172,560	21.01	2,109,400	21.01	2,277,519	21.01
Walsin Technology Corp.	8,334,137	18.30	8,147,080	18.30	8,456,197	18.30
<u>Associates that are not individually material</u>						
Others	<u>15,988,977</u>		<u>14,979,814</u>		<u>10,229,067</u>	
	<u>\$ 46,746,078</u>		<u>\$ 46,189,399</u>		<u>\$ 39,366,056</u>	

Refer to Table 7 “Information on Investees” and Table 8 “Information on Investments in Mainland China” for the nature of activities, principal places of business and countries of incorporation of the associates.

The Group is the single largest shareholder of the abovementioned material associates in which the Group has an ownership percentage of less than 50%. Considering the relative size and wide dispersion of the voting rights owned by other shareholders, the Group has no ability to direct the relevant activities of the associates and therefore has no control over these associates.

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

Name of Associate	March 31, 2023	December 31, 2022	March 31, 2022
Winbond Electronics Corp.	<u>\$ 23,421,983</u>	<u>\$ 17,323,429</u>	<u>\$ 27,576,071</u>
Walton Advanced Engineering, Inc.	<u>\$ 1,507,390</u>	<u>\$ 1,244,282</u>	<u>\$ 1,830,794</u>
Walsin Technology Corp.	<u>\$ 8,596,855</u>	<u>\$ 7,023,284</u>	<u>\$ 12,624,130</u>

All the associates were accounted for using the equity method.

As of March 31, 2023 and 2022, the dividends receivable from the above-mentioned associates of the Group was 883,958 thousand and it is listed under other receivables.

The Group’s share of profit and other comprehensive income of the associates for the three months ended March 31, 2023 and 2022 was based on the associates’ financial statements reviewed by independent auditors for the same period.

17. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2023	December 31, 2022	March 31, 2022
Assets used by the Group	<u>\$ 67,915,897</u>	<u>\$ 65,656,466</u>	<u>\$ 42,302,848</u>

	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress	Total
Cost						
Balance at January 1, 2023	\$ 3,776,670	\$ 22,865,186	\$ 50,428,862	\$ 8,607,005	\$ 23,862,639	\$ 109,540,362
Additions	207,703	34,203	222,464	27,542	3,185,550	3,677,462
Disposals	-	(227)	(124,481)	(63,735)	(23)	(188,466)
Reclassified	12,652	2,237,528	7,495,511	1,849,091	(11,594,782)	-
Transfers to investment properties	-	-	-	(2,650)	-	(2,650)
Effects of foreign currency exchange differences	367	74,817	191,824	4,724	(37,903)	233,829
Balance at March 31, 2023	<u>\$ 3,997,392</u>	<u>\$ 25,211,507</u>	<u>\$ 58,214,180</u>	<u>\$ 10,421,977</u>	<u>\$ 15,415,481</u>	<u>\$ 113,260,537</u>
Accumulated depreciation and impairment						
Balance at January 1, 2023	\$ 8,067	\$ 9,790,075	\$ 28,172,188	\$ 5,913,566	\$ -	\$ 43,883,896
Depreciation expenses	-	275,999	953,315	165,043	-	1,394,357
Disposals	-	(103)	(122,742)	(60,563)	-	(183,408)
Impairment losses reversed	-	-	-	(7)	-	(7)
Transfers to investment properties	-	-	-	(2,329)	-	(2,329)
Effects of foreign currency exchange differences	-	36,727	211,334	4,070	-	252,131
Balance at March 31, 2023	<u>\$ 8,067</u>	<u>\$ 10,102,698</u>	<u>\$ 29,214,095</u>	<u>\$ 6,019,780</u>	<u>\$ -</u>	<u>\$ 45,344,640</u>
Carrying amount at March 31, 2023	<u>\$ 3,989,325</u>	<u>\$ 15,108,809</u>	<u>\$ 29,000,085</u>	<u>\$ 4,402,197</u>	<u>\$ 15,415,481</u>	<u>\$ 67,915,897</u>
Cost						
Balance at January 1, 2022	\$ 3,611,025	\$ 18,671,274	\$ 34,969,055	\$ 7,783,638	\$ 6,305,375	\$ 71,340,367
Additions	27,694	7,467	20,744	136,478	880,214	1,072,594
Disposals	-	(6,009)	(34,134)	(35,000)	(3)	(75,146)
Reclassified	79,389	88,969	2,042,033	73,173	(2,283,564)	-
Transfers to investment properties	-	-	-	(91,943)	-	(91,943)
Effects of foreign currency exchange differences	-	434,729	452,747	140,749	98,629	1,126,854
Balance at March 31, 2022	<u>\$ 3,718,018</u>	<u>\$ 19,196,430</u>	<u>\$ 37,450,445</u>	<u>\$ 8,007,092</u>	<u>\$ 5,000,651</u>	<u>\$ 73,372,726</u>
Accumulated depreciation and impairment						
Balance at January 1, 2022	\$ 8,067	\$ 7,102,766	\$ 17,527,744	\$ 5,227,302	\$ -	\$ 29,865,879
Depreciation expenses	-	209,985	574,693	126,789	-	911,467
Disposals	-	(5,554)	(30,065)	(33,637)	-	(69,256)
Impairment losses reversed	-	-	(111)	(75)	-	(186)
Transfers to investment properties	-	-	-	(10,126)	-	(10,126)
Effects of foreign currency exchange differences	-	108,312	171,591	92,197	-	372,100
Balance at March 31, 2022	<u>\$ 8,067</u>	<u>\$ 7,415,509</u>	<u>\$ 18,243,852</u>	<u>\$ 5,402,450</u>	<u>\$ -</u>	<u>\$ 31,069,878</u>
Carrying amount at March 31, 2022	<u>\$ 3,710,041</u>	<u>\$ 11,780,921</u>	<u>\$ 19,206,593</u>	<u>\$ 2,604,642</u>	<u>\$ 5,000,651</u>	<u>\$ 42,302,848</u>

- a. Apart from the machinery equipment of Resource Department which is depreciated on an accelerated basis over their estimated useful lives for 16 years, the property, plant and equipment of the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	3-50 years
Machinery and equipment	3-20 years
Other equipment	3-15 years

The Group's main buildings, office building and electrical and mechanical power equipment are depreciated over their estimated useful lives of 20-50 years and 18-20 years, respectively.

- b. The Group owns parcels of land which were registered in the name of certain individuals because of certain regulatory restrictions. To secure its ownership of such parcels of land, WLC keeps in its possession the land titles with the annotation of the land being pledged to WLC. As of March 31, 2023, December 31, 2022 and March 31, 2022, the recorded total carrying amount of such parcels of land amounted to NT\$491,917 thousand, NT\$491,917 thousand and NT\$542,274 thousand.

- c. After appropriate evaluation, the Group recognized a reversal of impairment loss on property, plant and equipment of NT\$7 thousand and NT\$186 thousand for the three months ended March 31, 2023 and 2022, respectively.

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Land	\$ 3,418,173	\$ 3,443,726	\$ 3,363,591
Buildings	483,727	506,666	120,076
Machinery equipment	491,749	263,942	-
Office equipment	60,173	61,617	-
Transportation equipment	<u>32,501</u>	<u>33,404</u>	<u>36,495</u>
	<u>\$ 4,486,323</u>	<u>\$ 4,309,355</u>	<u>\$ 3,520,162</u>
		<u>For the Three Months Ended March 31</u>	
		<u>2023</u>	<u>2022</u>
Additions to right-of-use assets		<u>\$ 235,231</u>	<u>\$ 1,733,210</u>
Disposals		<u>\$ (240)</u>	<u>\$ (45,972)</u>
Depreciation charge for right-of-use assets			
Land		\$ 38,137	\$ 20,510
Buildings		27,616	15,356
Machinery equipment		9,954	-
Office equipment		2,271	-
Transportation equipment		<u>3,520</u>	<u>4,895</u>
		<u>\$ 81,498</u>	<u>\$ 40,761</u>

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Current	<u>\$ 217,009</u>	<u>\$ 245,223</u>	<u>\$ 87,633</u>
Non-current	<u>\$ 2,467,003</u>	<u>\$ 2,309,732</u>	<u>\$ 1,618,065</u>

Range of discount rate for lease liabilities were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Land	0.83%-6.123%	0.83%-6.123%	0.83%-6.123%
Buildings	1.198%-8.00%	1.198%-8.00%	1.198%-8.00%
Machinery equipment	3.00%-3.90%	3.00%-3.90%	-
Office equipment	3.00%-3.90%	3.00%-3.90%	-
Transportation equipment	1.964%-5.75%	1.964%-5.75%	1.964%-5.75%

c. Other lease information

	For the Three Months Ended March 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 20,761</u>	<u>\$ 8,142</u>
Expenses relating to low-value asset leases	<u>\$ 215</u>	<u>\$ 170</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,265</u>	<u>\$ 1,651</u>
Total cash outflow for leases	<u>\$ (140,738)</u>	<u>\$ (33,473)</u>

19. INVESTMENT PROPERTIES

	March 31, 2023	December 31, 2022	March 31, 2022
Completed investment properties	<u>\$ 16,010,594</u>	<u>\$ 16,123,806</u>	<u>\$ 10,528,310</u>

**Completed
Investment
Property**

Cost

Balance at January 1, 2023	\$ 19,078,843
Reclassified from property, plant and equipment	2,650
Reclassified to inventories	(34,697)
Effects of foreign currency exchange differences	<u>41,290</u>
Balance at March 31, 2023	<u>\$ 19,088,086</u>
Balance at January 1, 2022	\$ 12,991,354
Reclassified from property, plant and equipment	91,943
Effects of foreign currency exchange differences	<u>92,094</u>
Balance at March 31, 2022	<u>\$ 13,175,391</u>

(Continued)

**Completed
Investment
Property**

Accumulated depreciation and impairment

Balance at January 1, 2023	\$ 2,955,037
Depreciation expenses	114,731
Reclassified from property, plant and equipment	2,329
Effects of foreign currency exchange differences	<u>5,395</u>
Balance at March 31, 2023	<u><u>\$ 3,077,492</u></u>
Balance at January 1, 2022	\$ 2,560,291
Depreciation expenses	44,413
Reclassified from property, plant and equipment	10,126
Effects of foreign currency exchange differences	<u>32,251</u>
Balance at March 31, 2022	<u><u>\$ 2,647,081</u></u>

(Concluded)

- a. The completed investment properties are depreciated on a straight-line method over their estimated useful lives of 20 to 50 years.
- b. The investment properties of the Group increased because the Group changed the purpose of use of the completed commercial building of Walsin (Nanjing) Development Co., Ltd. and transferred it to investment property. The main investment properties of the Group are Walsin Xin Yi Building and the completed investment properties of Walsin (Nanjing) Development Co., Ltd. The building's valuation was commissioned by independent appraisal agencies (third parties). As of December 31, 2023 and 2022, the fair values of the investment properties were NT\$45,032,010 thousand and NT\$35,173,881 thousand, respectively. Management of the Group had assessed and determined that there were no significant changes in the fair value as of March 31, 2023 and 2022.

20. GOODWILL

	For the Three Months Ended March 31	
	2023	2022
<u>Cost</u>		
Balance at January 1	\$ 83,393	\$ 152,771
Effects of foreign currency exchange differences	<u>(692)</u>	<u>5,891</u>
Balance at March 31	<u><u>\$ 82,701</u></u>	<u><u>\$ 158,662</u></u>
<u>Accumulated impairment</u>		
Balance at January 1	\$ -	\$ -
Balance at March 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Carrying amount at March 31, 2023	<u><u>\$ 82,701</u></u>	<u><u>\$ 158,662</u></u>

The Group acquired PT. Sunny Metal Industry on September 23, 2022 and recognized the goodwill of NT\$85,585 thousand. As of the issuance date of the financial statements, the Group has not obtained the formal valuation reports. The amount may be subject for adjustments after obtaining the official results.

21. OTHER INTANGIBLE ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
Supply contract	\$ 2,640,967	\$ 2,734,203	\$ -
Core technology	1,857,276	1,922,845	-
Others	<u>197,066</u>	<u>226,093</u>	<u>20,219</u>
	<u>\$ 4,695,309</u>	<u>\$ 4,883,141</u>	<u>\$ 20,219</u>

- a. The Group acquired PT. Sunny Metal Industry on September 23, 2022 and recognized the supply contract and core technology of NT\$2,826,805 thousand and NT\$1,987,962 thousand, respectively. As of the issuance date of the financial statements, the Group has not obtained the formal valuation reports. The amount may be subject for adjustments after obtaining the official results.
- b. Except for the above description and the recognition of amortization expenses, there were no significant additions, disposals or impairments of other intangible assets of the Group for the three months ended March 31, 2023 and 2022.
- c. The supply contract and core technology generated by PT. Sunny Metal Industry are amortized on an accelerated basis over 8 years and 16 years, respectively.
- d. Apart from stated above, the other intangible assets of the Group are amortized on a straight-line basis over 5-18 years.

22. OTHER ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
Prepayment for purchases	\$ 5,759,380	\$ 3,694,957	\$ 9,068,858
Prepaid expense	789,931	999,406	1,284,833
Prepaid sales tax	3,063,285	3,142,781	2,202,955
Prepayment for investments	2,204,073	2,204,073	-
Others	<u>524,957</u>	<u>756,197</u>	<u>408,363</u>
	<u>\$ 12,341,626</u>	<u>\$ 10,797,414</u>	<u>\$ 12,965,009</u>
Current	\$ 9,623,805	\$ 7,880,887	\$ 12,563,486
Non-current	<u>2,717,821</u>	<u>2,916,527</u>	<u>401,523</u>
	<u>\$ 12,341,626</u>	<u>\$ 10,797,414</u>	<u>\$ 12,965,009</u>

23. BORROWINGS

	March 31, 2023	December 31, 2022	March 31, 2022
Short-term borrowings	\$ 17,394,322	\$ 22,496,307	\$ 13,401,266
Short-term notes and bills payable	\$ -	\$ -	\$ 4,399,148
Current portion of long-term borrowings	\$ 1,089,369	\$ 1,109,049	\$ 5,146,146
Long-term borrowings	\$ 36,452,897	\$ 40,820,860	\$ 32,342,837
Long-term notes and bills payable	\$ 2,997,825	\$ 1,497,914	\$ -

a. Short-term borrowings as of March 31, 2023, December 31, 2022 and March 31, 2022 were as follows:

	March 31, 2023		December 31, 2022		March 31, 2022	
	Interest Rate		Interest Rate		Interest Rate	
	%	Amount	%	Amount	%	Amount
Procurement loans	-	\$ -	-	\$ -	0.67	\$ 955,896
Bank lines of credit	1.15-6.91	110,579,353	0.95-6.42	15,566,558	0.69-3.75	12,445,370
Discounted notes receivable	-	-	1.25-2.20	1,554,013	-	-
Other loans	3.384-7.142	6,814,969	3.384-5.21	5,375,736	-	-
		<u>\$ 17,394,322</u>		<u>\$ 22,496,307</u>		<u>\$ 13,401,266</u>

Notes receivable financing is based on notes receivable of the Group which are used to apply for a discounted loan. Refer to Note 33 for the amount of discounted notes receivable and relevant terms with recourse rights.

Refer to Notes 6 and 35 for collaterals pledged for short-term borrowings as of March 31, 2023, December 31, 2022 and March 31, 2022.

b. Short-term notes and bills payable as of March 31, 2022 were as follows:

March 31, 2022

Acceptance Agency	Type	Interest Rate	Amount
		%	
China Bills, International Bills and Mega Bills	Unsecured	0.558-0.578	\$ 4,400,000
Less: Discounts on long-term bills payable			<u>(852)</u>
			<u>\$ 4,399,148</u>

c. Long-term borrowings as of March 31, 2023, December 31, 2022 and March 31, 2022 were as follows:

		March 31, 2023	December 31, 2022	March 31, 2022
	Significant Covenant	Amount	Amount	Amount
<u>Long-term secured loan</u>				
Cathay United Bank	From December 15, 2011 to September 27, 2027; after the grace period, repayments are due monthly	\$ 219,873	\$ 233,439	\$ 274,119
Taipei Fubon Commercial Bank	From December 25, 2013 to October 11, 2023; after the grace period, repayments are due in stages	64,883	67,375	74,850
Other long-term secured loan	From January 12, 2019 to December 18, 2030; repayments are due according to contracts	<u>78,483</u>	<u>78,365</u>	<u>-</u>
		<u>363,239</u>	<u>379,179</u>	<u>348,969</u>

(Continued)

		March 31, 2023	December 31, 2022	March 31, 2022
		Significant Covenant	Amount	Amount
<u>Long-term credit loan</u>				
Taipei Fubon Commercial Bank	Principal repayment at maturity, from June 3, 2019 to June 3, 2022	\$ -	\$ -	\$ 1,000,000
Chang Hwa Commercial Bank	Principal repayment at maturity, from June 3, 2019 to June 3, 2022	-	-	1,000,000
KGI Bank	Principal repayment at maturity, from June 3, 2019 to June 3, 2022	-	-	1,500,000
Chinatrust Commercial Bank	Principal repayment at maturity, from September 3, 2019 to September 3, 2022	-	-	1,500,000
Standard Chartered Bank	Principal repayment at maturity, from September 27, 2021 to December 31, 2023	-	-	5,352,144
Bank of Taiwan	Principal repayment at maturity, from March 4, 2019 to March 4, 2022	-	-	3,000,000
Standard Chartered Bank	Principal repayment at maturity, from September 27, 2021 to December 31, 2023	-	-	2,093,000
The Export-Import Bank of the Republic of China	Loan from December 4, 2020 to December 4, 2027; principal to be repaid evenly in seven phases; 1st repayment is due 48 months after the drawdown date, after which repayments are due once every six months	1,137,770	1,137,770	1,137,770
Bank of Taiwan	From September 22, 2020 to October 4, 2027; principal to be repaid in two phases: From the 5th year, repayments are due once every six months; at rates of 20% and 80%, respectively	9,000,000	9,000,000	3,000,000
Taiwan Cooperative Bank	From June 28, 2021 to June 28, 2026; principal to be repaid in two phases: 1st repayment due 48 months after the drawdown date, 2nd repayment due maturity date	2,000,000	2,000,000	2,000,000
DBS Bank	Principal repayment at maturity, from March 30, 2020 to April 15, 2025	1,505,000	7,552,100	9,057,100
Hua Nan Commercial Bank	From March 29, 2021 to March 29, 2026; principal to be repaid in two phases: From the 5th year, repayments are due once every six months	2,000,000	2,000,000	2,000,000
Hua Nan Commercial Bank	Principal repayment at maturity, from March 8, 2022 to March 8, 2027	2,500,000	2,500,000	2,500,000
Chang Hwa Commercial Bank	Principal repayment at maturity, from March 8, 2022 to October 4, 2027	3,000,000	3,000,000	2,000,000
Chinatrust Commercial Bank	Principal repayment at maturity, from October 4, 2022 to October 3, 2025	-	1,500,000	-
Taiwan Cooperative Bank	From October 4, 2022 to October 4, 2027; principal to be repaid in two phases: 1st repayment due 48 months after the drawdown date, 2nd repayment due maturity date	3,000,000	3,000,000	-
KGI Bank	Principal repayment at maturity, from October 24, 2022 to April 24, 2027	1,000,000	1,500,000	-
Standard Chartered Bank	Principal repayment at maturity, from November 16, 2022 to December 31, 2024	4,583,900	1,555,400	-
Agricultural Bank of Taiwan	Principal repayment at maturity, from October 31, 2022 to October 31, 2025	-	1,000,000	-
Bank SinoPac	Principal repayment at maturity, from July 13, 2022 to July 13, 2025	1,000,000	-	-
Far Eastern International Bank	Principal repayment at maturity, from October 21, 2022 to October 14, 2027	1,500,000	-	-
Intesa Sanpaolo S.p.A	Principal repayment at maturity, from December 30, 2019 to June 30, 2025	987,870	1,007,776	-
Other long-term credit loans	From April 30, 2019 to September 22, 2029; repayments are due according to contracts	3,964,487	4,797,684	-
		37,179,027	41,550,730	37,140,014
		37,542,266	41,929,909	37,488,983
Less current portion of long-term borrowings		(1,089,369)	(1,109,049)	(5,146,146)
		\$ 36,452,897	\$ 40,820,860	\$ 32,342,837

(Concluded)

- 1) Under the loan agreements with DBS Bank, WLC should maintain certain financial ratios during the loan term, which are based on the annual and semi-annual consolidated financial statements audited by the independent auditors. The financial ratios are as follows:
 - a) Ratio of current assets to current liabilities not less than 100%;
 - b) Ratio of total liabilities less cash and cash equivalents to tangible net worth not more than 120%;
 - c) Ratio of Interest Coverage Ratio which included net income before interest expenses, taxation, depreciation and amortization to interest expenses not less than 150%; and
 - d) Tangible net worth (net worth less intangible assets) not less than NT\$55,000,000 thousand.
 - 2) As of March 31, 2023, December 31, 2022 and March 31, 2022, the effective interest rate ranges of the credit borrowings were 0.10%-5.65%, 0.10%-5.56% and 0.93%-1.37% per annum, respectively. As of March 31, 2023, December 31, 2022 and March 31, 2022, the effective interest rate range of the secured borrowings were 0.55%-4.70%, 0.55%-4.70% and 1.66%-2.07% per annum.
 - 3) As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's current portion of long-term borrowings under the loan agreements were NT\$1,089,369 thousand, NT\$1,109,049 thousand and NT\$5,146,146 thousand, respectively. The Group's consolidated financial statements for the years ended December 31, 2022 and 2021 showed that the Group was in compliance with the aforementioned financial ratio requirements.
 - 4) Refer to Note 35 for collaterals pledged on for bank borrowings as of March 31, 2023, December 31, 2022 and March 31, 2022.
- d. Long-term notes and bills payables as of March 31, 2023 and December 31, 2022 were as follows:

March 31, 2023

Acceptance Agency	Type	Interest Rate	Amount
China Bills, Mega Bills and International Bills	Unsecured	1.211-1.422	\$ 3,000,000
Less: Discount on long-term bills payable			<u>(2,175)</u>
			<u>\$ 2,997,825</u>

December 31, 2022

Acceptance Agency	Type	Interest Rate	Amount
China Bills and International Bills	Unsecured	1.395-1.50	\$ 1,500,000
Less: Discount on long-term bills payable			<u>(2,086)</u>
			<u>\$ 1,497,914</u>

24. BONDS PAYABLE

	March 31, 2023	December 31, 2022	March 31, 2022
Domestic unsecured bonds	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000
Overseas unsecured bonds	345,695	341,115	-
Less: Current portion of long-term borrowings	<u>(99,450)</u>	<u>(98,160)</u>	<u>-</u>
	<u>\$ 7,746,245</u>	<u>\$ 7,742,955</u>	<u>\$ 7,500,000</u>

On October 8, 2021, the Company issued the first unsecured bonds for 7.5 billion, each with a face value of NT10 million. The issuance period is 5 years, and the maturity date is on October 8, 2026. The annual rate is 0.7%. Since the issuance date, the interest will be paid once a year, and the principal will be repaid once due.

The overseas unsecured bonds were acquired through business combination and were issued on June 24, 2019 in the amount of EUR15,000 thousand, each with a face value of EUR100 thousand. The insurance period is 7 years, and the maturity date is on June 24, 2026. The annual percentage rate is 3.5%. Since the insurance date, the interest will be paid in half a year, and the principal will be repaid in 10 installments from the second year.

25. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2023 and 2022, the pension expenses of defined benefit plans were NT\$28,389 thousand and NT\$3,088 thousand, respectively, which were calculated based on the pension cost rates determined by the actuarial calculation on December 31, 2022 and 2021, respectively.

26. EQUITY

	March 31, 2023	December 31, 2022	March 31, 2022
Share capital			
Ordinary shares	\$ 37,313,329	\$ 37,313,329	\$ 34,313,329
Capital surplus	24,637,494	24,672,454	18,448,756
Retained earnings	57,414,187	62,038,398	51,627,536
Others	5,668,921	(443,305)	5,945,258
Non-controlling interests	<u>6,465,884</u>	<u>6,240,336</u>	<u>2,193,137</u>
	<u>\$ 131,499,815</u>	<u>\$ 129,821,212</u>	<u>\$ 112,528,016</u>

a. Share capital

Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
Number of authorized shares (in thousands)	<u>6,500,000</u>	<u>6,500,000</u>	<u>6,500,000</u>
Amount of authorized shares	<u>\$ 65,000,000</u>	<u>\$ 65,000,000</u>	<u>\$ 65,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>3,731,333</u>	<u>3,731,333</u>	<u>3,431,333</u>
Amount of issued shares	<u>\$ 37,313,329</u>	<u>\$ 37,313,329</u>	<u>\$ 34,313,329</u>

As of January 1, 2022, the balances of WLC's capital account were NT\$34,313,329 thousand, which consisted of 3,431,333 thousand shares at par value of NT\$10.

On June 6, 2022, WLC's board of directors resolved to issue 300,000 thousand ordinary shares at a price of NT\$33 per share with August 10, 2022 as the base date for capital increase. On July 21, 2022, WLC chairman of the board adjusted the new share issuing price from NT\$33 to NT\$30, which authorized by the board. As of March 31, 2023, the paid-in capital was NT\$37,313,329 thousand, divided into 3,731,333 thousand ordinary shares at par value of NT\$10.

As of March 31, 2023, 2 thousand GDRs of WLC were traded on the Luxembourg Stock Exchange. The number of ordinary shares represented by the GDRs was 22 thousand shares (one GDR represents 10 ordinary shares).

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
May be used to offset a deficit, distributed as cash dividend or transferred to share capital (Note)			
Issuance of ordinary shares	\$ 18,864,452	\$ 18,864,452	\$ 12,639,452
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	2,130	2,130	5,533
Share of changes in capital surplus of associates	406,230	441,175	445,838
Treasury share transactions	2,254,074	2,254,074	2,254,074
Gain on disposal of property plant and equipment	2,074,231	2,074,231	2,074,231
Others	<u>1,036,377</u>	<u>1,036,392</u>	<u>1,029,628</u>
	<u>\$ 24,637,494</u>	<u>\$ 24,672,454</u>	<u>\$ 18,448,756</u>

Note: The premium from shares issued in excess of par (share premium from issuance of ordinary shares, conversion of bonds and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Group's capital surplus and to once a year). The capital surplus arises from changes in capital surplus of associates accounted for using the equity method, employee share options and share warrants may not be used for any purposes.

c. Retained earnings and dividend policy

The shareholders of WLC have held their regular meeting on May 13, 2022, and in that meeting, have resolved the amendments to WLC's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where WLC made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit this requirement is not applicable when the legal reserve has reached the total capital, and then any remaining profit together with prior unappropriated earnings shall be appropriated for special reserve or appropriate reversal of special reserve in accordance with the laws and regulations, and then the balance shall be used by WLC's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of

dividends to shareholders. If appropriated earnings are distributed in cash, the cash distribution shall be resolved by WLC's board of directors and reported in the shareholders' meeting. Other than the aforementioned regulations, the distribution shall be after deducting the share of profit of associates accounted for using the equity method and adding cash dividends of associates accounted for using the equity method. WLC shall reserve no lesser than 40% of the balance amount as shareholders' profit after offsetting its loss and tax payments in the previous year, capital reserve, and special reserve adjusted by the accumulated net deduction of other equity. The profits shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

Before the amendments, where WLC made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (this requirement is not applicable when the legal reserve has reached the total capital) and then any remaining profit together with prior unappropriated earnings shall be appropriated for setting aside or reversing a special reserve in accordance with the laws and regulations, and then shall be used by WLC's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends to shareholders. Other than the aforementioned regulations, WLC shall reserve no lesser than 40% of the balance amount as shareholders' profit after offsetting its loss and tax payments in the previous year, capital reserve and special reserve. The profits shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals WLC's paid-in capital. The legal reserve may be used to offset any deficits. If WLC has no deficit and the legal reserve has exceeded 25% of WLC's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by WLC.

Refer to Note 28 for the policies on the distribution of employees' compensation and remuneration of directors.

The appropriation of earnings for 2021, which was approved in the shareholders' meeting on May 13, 2022, was as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 1,454,522	\$ -
Cash dividends	<u>5,490,133</u>	1.6
	<u>\$ 6,944,655</u>	

The appropriations of earnings and dividends per share for 2022 were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 1,974,132	\$ -
Cash dividends	<u>6,716,399</u>	1.8
	<u>\$ 8,690,531</u>	

The above appropriations for cash dividends had been approved by the Group's board of directors on February 24, 2023, and the other appropriations will be resolved in the shareholders' meeting to be held on May 19, 2023.

d. Special reserve

	For the Three Months Ended March 31	
	2023	2022
Special reserve	<u>\$ 2,712,250</u>	<u>\$ 2,712,250</u>

Information regarding the above special reserve did not change for the three months ended March 31, 2023 and 2022.

e. Other equity items

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ (4,256,774)	\$ (6,100,687)
Share from subsidiaries and associates accounted for using the equity method	<u>(14,629)</u>	<u>2,171,453</u>
Balance at March 31	<u><u>\$ (4,271,403)</u></u>	<u><u>\$ (3,929,234)</u></u>

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (the New Taiwan dollar) were recognized directly in other comprehensive income and accumulated in the exchange differences on the translation of the financial statements of foreign operations. Exchange differences previously accumulated in the exchange differences on the translation of the financial statements of foreign operations were reclassified to profit or loss when disposing foreign operation.

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 6,693,877	\$ 11,534,267
Unrealized gain (loss) - equity instruments	4,201,515	(892,074)
Share from associates accounted for using the equity method	1,859,219	(671,055)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>17</u>	<u>(5,179)</u>
Balance at March 31	<u><u>\$ 12,754,628</u></u>	<u><u>\$ 9,965,959</u></u>

3) Loss on hedging instruments

	For the Three Months Ended March 31	
	2023	2022
<u>Cash flow hedges</u>		
Balance at January 1	\$ (105,801)	\$ -
Loss on hedging instruments	<u>66,104</u>	<u>-</u>
Balance at March 31	<u><u>\$ (39,697)</u></u>	<u><u>\$ -</u></u>

4) Other equity - others

	For the Three Months Ended March 31	
	2023	2022
Other equity - others		
Balance at March 31	<u><u>\$ (2,774,607)</u></u>	<u><u>\$ (91,467)</u></u>

Information regarding the above other equity - others did not change for the three months ended March 31, 2023 and 2022.

27. OPERATING REVENUE

	For the Three Months Ended March 31	
	2023	2022
Sales revenue	\$ 49,543,180	\$ 41,652,786
Sales of real estate	2,531	-
Other revenue	<u>1,167,867</u>	<u>904,629</u>
	<u><u>\$ 50,713,578</u></u>	<u><u>\$ 42,557,415</u></u>

28. NET PROFIT FROM CONTINUING OPERATIONS

Non-operating Income and Expense - Gain (Loss) on Disposal of Investments

	For the Three Months Ended March 31	
	2023	2022
Gain (loss) on disposal of investments - commodity futures	\$ 626,857	\$ (639,427)
(Loss) gain on disposal of investments - foreign exchange forward contracts	(59,642)	94,088
Loss on disposal of investment - exchange rate swap contracts	(22,125)	(89,321)
Loss on disposal of investment - options	<u>(14,003)</u>	<u>-</u>
	<u><u>\$ 531,087</u></u>	<u><u>\$ (634,660)</u></u>

Non-operating Income and Expense - Impairment Loss Reversed (Recognized)

	For the Three Months Ended March 31	
	2023	2022
Impairment loss reversed on property, plant and equipments	\$ 7	\$ 186
Others	<u>(6)</u>	<u>(127)</u>
	<u><u>\$ 1</u></u>	<u><u>\$ 59</u></u>

Employee Benefits Expense, Depreciation and Amortization

	For the Three Months Ended March 31, 2023			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term employment benefits	<u>\$ 1,310,409</u>	<u>\$ 912,216</u>	<u>\$ -</u>	<u>\$ 2,222,625</u>
Post-employment benefits	<u>\$ 73,688</u>	<u>\$ 34,069</u>	<u>\$ -</u>	<u>\$ 107,757</u>
Other employee benefits	<u>\$ 119,587</u>	<u>\$ 75,608</u>	<u>\$ -</u>	<u>\$ 195,195</u>
Depreciation				
Property, plant and equipments	\$ 1,233,640	\$ 160,000	\$ 717	\$ 1,394,357
Right-of-use assets	41,914	39,584	-	81,498
Investment properties	<u>114,186</u>	<u>545</u>	<u>-</u>	<u>114,731</u>
	<u>\$ 1,389,740</u>	<u>\$ 200,129</u>	<u>\$ 717</u>	<u>\$ 1,590,586</u>
Amortization	<u>\$ 132,570</u>	<u>\$ 16,998</u>	<u>\$ -</u>	<u>\$ 149,568</u>
	For the Three Months Ended March 31, 2022			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term employment benefits	<u>\$ 952,912</u>	<u>\$ 683,931</u>	<u>\$ -</u>	<u>\$ 1,636,843</u>
Post-employment benefits	<u>\$ 49,007</u>	<u>\$ 27,461</u>	<u>\$ -</u>	<u>\$ 76,468</u>
Other employee benefits	<u>\$ 133,288</u>	<u>\$ 87,610</u>	<u>\$ -</u>	<u>\$ 220,898</u>
Depreciation				
Property, plant and equipments	\$ 828,578	\$ 82,172	\$ 717	\$ 911,467
Right-of-use assets	8,373	32,388	-	40,761
Investment properties	<u>43,868</u>	<u>545</u>	<u>-</u>	<u>44,413</u>
	<u>\$ 880,819</u>	<u>\$ 115,105</u>	<u>\$ 717</u>	<u>\$ 996,641</u>
Amortization	<u>\$ 1,114</u>	<u>\$ 6,302</u>	<u>\$ -</u>	<u>\$ 7,416</u>

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended March 31, 2023 and 2022, the employees' compensation amounted to NT\$36,179 thousand and NT\$47,800 thousand, respectively, and the remuneration of directors amounted to NT\$18,750 thousand and NT\$15,510 thousand, respectively.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the issuance date of the annual consolidated financial statements are adjusted in the year the compensation and remuneration were recognized. If there is a change in the amounts after the issuance date of the annual consolidated financial statements, the differences will be recorded as a change in the accounting estimate in the next year.

The compensation of employees and the remuneration of directors for 2022 and 2021 resolved by WLC's board of directors on February 24, 2023 and February 22, 2022, respectively, are the same as the amounts recognized in the 2022 and 2021 consolidated financial statements.

	For the Year Ended December 31			
	2022		2021	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amounts resolved in shareholders' meetings	\$ 252,000	\$ 100,050	\$ 187,000	\$ 75,000
Amounts recognized in respective financial statements	<u>252,000</u>	<u>100,050</u>	<u>187,000</u>	<u>75,000</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Information on the employees' compensation and remuneration of directors resolved by WLC's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

29. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2023	2022
Current tax		
In respect of the current period	\$ 446,171	\$ 402,848
Adjustments for prior period	13,939	-
Land value-added tax	<u>127</u>	<u>-</u>
	<u>460,237</u>	<u>402,848</u>
Deferred tax		
In respect of the current period	140,972	263,260
Adjustments for prior period	<u>(2,318)</u>	<u>423</u>
	<u>138,654</u>	<u>263,683</u>
Income tax expense recognized in profit or loss	<u>\$ 598,891</u>	<u>\$ 666,531</u>

b. WLC's income tax returns through 2020, except 2019, have been assessed by the tax authorities.

30. EARNINGS PER SHARE

	For the Three Months Ended March 31					
	2023			2022		
	Amounts (Numerator)	Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars)	Amounts (Numerator)	Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars)
	After Income Tax (Attributable to Parent's Shareholders)		After Income Tax (Attributable to Parent's Shareholders)	After Income Tax (Attributable to Parent's Shareholders)		After Income Tax (Attributable to Parent's Shareholders)
Basic earnings per share						
Net income	\$ 2,095,226	3,731,333	<u>\$ 0.56</u>	\$ 3,834,617	3,431,333	<u>\$ 1.12</u>
Effect potentially of dilutive potential ordinary shares						
Employee bonus	-	6,208		-	2,518	
	<u>\$ 2,095,226</u>	<u>3,737,541</u>	<u>\$ 0.56</u>	<u>\$ 3,834,617</u>	<u>3,433,851</u>	<u>\$ 1.12</u>

31. OPERATING LEASE ARRANGEMENTS

Operating lease related to leases of investment properties owned by the Group with lease terms between 5 and 10 years, with an option to extend for an additional 10 years. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to renew. The lessee do not have bargain purchase options to acquire the properties at the expiry of the lease periods.

As of March 31, 2023, December 31, 2022 and March 31, 2022, deposits received under operating leases amounted to NT\$341,276 thousand, NT\$339,128 thousand and NT\$338,701 thousand, respectively (recorded under other non-current liabilities).

As of March 31, 2023, the Group's future minimum lease receivables on non-cancelable operating lease commitments were as follows:

2023 (from April 1 to December 31)	\$ 1,001,826
2024-2028	1,957,470
After 2028	<u>209,533</u>
	<u>\$ 3,168,829</u>

32. CAPITAL MANAGEMENT

The Group's capital management objective is to ensure that it has the necessary financial resources and operational plan so that it can cope with the next 12 months working capital requirements, capital expenditures, debt repayments and dividends spending.

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

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel, consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Except the following assets and liabilities, the management considers that the carrying amounts of financial assets and financial liabilities not recognized at fair value approxment to their fair values.

March 31, 2023

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
Structured deposit	\$ 1,509	\$ -	\$ -	\$ 1,509	\$ 1,509
Government bonds	<u>186,500</u>	<u>-</u>	<u>182,316</u>	<u>-</u>	<u>182,316</u>
	<u>\$ 188,009</u>	<u>\$ -</u>	<u>\$ 182,316</u>	<u>\$ 1,509</u>	<u>\$ 183,825</u>
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Bonds payable	\$ 7,746,245	\$ -	\$ 7,389,523	\$ -	\$ 7,389,523

December 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
Structured deposit	\$ 2,202	\$ -	\$ -	\$ 2,202	\$ 2,202
Government bonds	<u>189,242</u>	<u>-</u>	<u>179,709</u>	<u>-</u>	<u>179,709</u>
	<u>\$ 191,444</u>	<u>\$ -</u>	<u>\$ 179,709</u>	<u>\$ 2,202</u>	<u>\$ 181,911</u>
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Bonds payable	\$ 7,742,955	\$ -	\$ 7,386,233	\$ -	\$ 7,386,233

March 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost					
Government bonds	\$ 91,621	\$ -	\$ 89,070	\$ -	\$ 89,070
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Bonds payable	\$ 7,500,000	\$ -	\$ 7,500,000	\$ -	\$ 7,500,000

The fair values of the financial assets and financial liabilities included in the Level 2 and Level 3 categories above have been determined in accordance with the income approach based on a discounted cash flow analysis. The observable inputs included bond duration, bond interest rates and credit rating. The significant unobservable input used in Level 3 is the discount rate that reflects the credit risk of counterparties.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ 145,280	\$ 4,929	\$ -	\$ 150,209
Foreign unlisted shares	-	-	70,313	70,313
Contingent consideration	-	-	2,528,842	2,528,842
Derivative financial assets for hedging	-	147,930	-	147,930
	<u>\$ 145,280</u>	<u>\$ 152,859</u>	<u>\$ 2,599,155</u>	<u>\$ 2,897,294</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed securities in ROC	\$ 15,919,082	\$ -	\$ -	\$ 15,919,082
Unlisted securities	-	-	648,938	648,938
	<u>\$ 15,919,082</u>	<u>\$ -</u>	<u>\$ 648,938</u>	<u>\$ 16,568,020</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ -	\$ 18,378	\$ -	\$ 18,378
Contingent consideration	-	-	393,633	393,633
Hedging derivative financial liabilities	-	66,311	-	66,311
	<u>\$ -</u>	<u>\$ 84,689</u>	<u>\$ 393,633</u>	<u>\$ 478,322</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ -	\$ 7,631	\$ -	\$ 7,631
Foreign unlisted shares	-	-	71,969	71,969
Contingent consideration	-	-	2,567,786	2,567,786
Derivatives financial assets for hedging	-	165,019	-	165,019
	<u>\$ -</u>	<u>\$ 172,650</u>	<u>\$ 2,639,755</u>	<u>\$ 2,812,405</u>
<u>Financial assets at fair value FVTOCI</u>				
Investments in equity instruments				
Listed securities in the ROC	\$ 11,717,477	\$ -	\$ -	\$ 11,717,477
Unlisted securities	-	-	624,755	624,755
	<u>\$ 11,717,477</u>	<u>\$ -</u>	<u>\$ 624,755</u>	<u>\$ 12,342,232</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ 21,189	\$ 43,583	\$ -	\$ 64,772
Contingent consideration	-	-	363,192	363,192
Derivatives financial assets for hedging	-	222,272	-	222,272
	<u>\$ 21,189</u>	<u>\$ 265,855</u>	<u>\$ 363,192</u>	<u>\$ 650,236</u>

March 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ -	\$ 52,562	\$ -	\$ 52,562
Derivative financial assets for hedging	-	50,313	-	50,313
	<u>\$ -</u>	<u>\$ 102,875</u>	<u>\$ -</u>	<u>\$ 102,875</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed securities in ROC	\$ 14,768,520	\$ -	\$ -	\$ 14,768,520
Unlisted securities	<u>-</u>	<u>-</u>	<u>653,282</u>	<u>653,282</u>
	<u>\$ 14,768,520</u>	<u>\$ -</u>	<u>\$ 653,282</u>	<u>\$ 15,421,802</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives not designated as hedging instruments	<u>\$ 198,624</u>	<u>\$ 18,786</u>	<u>\$ -</u>	<u>\$ 217,410</u> (Concluded)

- 2) There were no transfers between Levels 1, 2 and 3 for the three months ended March 31, 2023 and 2022.
- 3) Reconciliation of Level 3 fair value measurements of financial instruments

For the three months ended March 31, 2023

Financial Assets	<u>Financial Assets at FVTOCI</u>	
	Equity Instruments	
Balance at January 1, 2023	\$ 624,755	
Recognized in other comprehensive income	23,905	
Effects of exchange difference	<u>278</u>	
Balance at March 31, 2023	<u>\$ 648,938</u>	
	<u>Financial Assets at FVTPL</u>	
	Financial Assets	Financial Liabilities
Balance at January 1, 2023	\$ 2,639,755	\$ 363,192
Additions	1	-
Recognized in profit or loss	(19,763)	25,247
Effects of exchange difference	<u>(20,838)</u>	<u>5,194</u>
Balance at March 31, 2023	<u>\$ 2,599,155</u>	<u>\$ 393,633</u>

For the three months ended March 31, 2022

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2022	\$ 663,502
Recognized in other comprehensive loss	(13,104)
Effects of exchange difference	<u>2,884</u>
Balance at March 31, 2022	<u>\$ 653,282</u>

4) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, and discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - exchange rate swap contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, and discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - interest rate contracts	Discounted cash flow. Future cash flows are estimated based on observable floating rates at the end of the reporting period and fixed interest rates under contracts.
Derivatives - option	Black-Scholes Model. The significant unobservable input value is the market price volatility of the commodity.
Derivatives - gas swap contracts	Discounted cash flow. Future cash flows are estimated based on observable forward gas prices at the end of the reporting period and fixed gas prices under contract.

5) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Technique and Inputs
Unlisted equity securities	Market approach. Fair values are determined based on the observable and comparable companies' fair values at the end of the reporting period, adjusted by price earnings ratio and price-to-book ratio of the investees. Net asset method. Fair values are determined based on the book value of companies. Discounted cash flow. Present values are determined based on future cash flows discounted at market yield.
Contingent consideration	The estimated fair value is discounted according to the probability of reaching the agreed conditions and based on the credit risk discount rate and other information.

c. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Financial assets at amortized cost			
Cash and cash equivalents	\$ 8,216,726	\$ 19,397,973	\$ 13,984,934
Contract assets - current	2,446,676	3,022,237	5,025,198
Notes receivable and trade receivables (including related parties)	21,138,833	21,832,312	14,254,863
Finance lease receivables (current and non-current)	647,727	662,543	706,256
Other receivables	6,202,647	3,857,091	3,760,884
Other financial assets	496,362	546,126	2,235,131
Refundable deposits	241,940	288,948	212,192
Financial assets at amortized cost (current and non-current)	188,009	191,444	91,621
Derivative financial assets for hedging (current and non-current)	147,930	165,019	50,313
Financial assets at FVTPL (current and non-current)	2,749,364	2,647,386	52,562
Financial assets at FVTOCI (current and non-current)	16,568,020	12,342,232	15,421,802
<u>Financial liabilities</u>			
Financial liabilities at FVTPL (current and non-current)	412,011	427,964	217,410
Derivative financial liabilities for hedging (current and non-current)	66,311	222,272	-
Financial liabilities at amortized cost			
Short-term borrowings	17,394,322	22,496,307	13,401,266
Short-term notes and bills payable	-	-	4,399,148
Contract liabilities	13,881	6,014	4,305
Notes payable and trade payables	18,471,793	18,088,851	11,425,403
Other payables	13,760,672	9,939,969	4,167,679
Bonds payable (including current portion)	7,845,695	7,841,115	7,500,000
Long-term borrowings (including current portion)	37,542,266	41,929,909	37,488,983
Long-term notes and bills payable	2,997,825	1,497,914	-
Deposits received (recorded under other current and non-current liabilities)	410,228	385,210	931,294

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and investments, borrowings, trade receivables, and trade payables. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provides written principles on foreign exchange risk, interest rate risk and credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments for speculative purposes.

1) Market risk

The Group's activities exposed is primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into foreign exchange forward contracts and interest rate swaps contracts to hedge foreign currency risk and interest rate risk.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

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

It is the Group's policy to make the terms of the derivatives instruments match the terms of the hedged items and to maximize the hedge effectiveness.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the period are set out in Note 37.

The carrying amounts of the Group's derivatives exposed to foreign currency risk at the end of the reporting period were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Assets</u>			
U.S. dollar	\$ 3,784,440	\$ 3,798,744	\$ 8,678,056
Euro	749,661	1,432,653	-
<u>Liabilities</u>			
U.S. dollar	3,652,575	2,381,338	6,032,887
Euro	660,653	310,405	931,024

Sensitivity analysis

The Group is mainly exposed to the U.S. dollars and Euro.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e. functional currency) against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates.

	U.S. Dollar Impact	
	For the Three Months Ended	
	March 31	
	2023	2022
Profit or loss	\$ 72,435	\$ 182,120

	Euro Dollar Impact	
	For the Three Months Ended	
	March 31	
	2023	2022
Profit or loss	\$ 8,298	\$ 1,814

Hedge accounting

The Group's hedging strategy is to enter into foreign exchange forward contracts to avoid exchange rate exposure on 100% of the fair value of its foreign currency receipts and payments and to manage exchange rate exposure. Those transactions are designated as fair value hedges. Adjustments are recognized directly in profit or loss and are presented as hedged items on the consolidated statements of comprehensive income.

For the three months ended March 31, 2023

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Price	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Effectiveness
						Asset	Liability	
Fair value hedges								
Exchange rate swap contracts	USD to RMB	USD/31,563 RMB213,514	2023.6.27	RMB 211,779	Financial liabilities for hedging	RMB -	RMB 1,735	\$ -
Exchange rate swap contracts	USD to RMB	USD/12,525 RMB85,352	2023.6.29	RMB 85,297	Financial liabilities for hedging	RMB -	RMB 55	-
Exchange rate swap contracts	USD to RMB	USD/23,000 RMB156,888	2023.6.30	RMB 156,952	Financial assets for hedging	RMB 64	-	-
Exchange rate swap contracts	USD to RMB	USD/7,000 RMB47,755	2023.6.30	RMB 47,782	Financial assets for hedging	RMB 26	-	-

For the three months ended March 31, 2022

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Price	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Effectiveness
						Asset	Liability	
Fair value hedges								
Exchange rate swap contracts	USD to RMB	USD/20,000 RMB129,220	2022.06.08	RMB 130,921	Financial assets for hedging	RMB 1,701	\$ -	\$ -
Exchange rate swap contracts	USD to RMB	USD/15,000 RMB96,921	2022.06.08	RMB 98,203	Financial assets for hedging	RMB 1,282	-	-
Exchange rate swap contracts	USD to RMB	USD/75,000 RMB483,165	2022.07.13	RMB 487,383	Financial assets for hedging	RMB 4,218	-	-
Exchange rate swap contracts	USD to RMB	USD/70,000 RMB450,975	2022.07.13	RMB 454,932	Financial assets for hedging	RMB 3,957	-	-

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates.

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

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial assets	\$ 186,500	\$ 189,242	\$ 91,621
Financial liabilities	7,845,695	7,841,115	11,899,148
Cash flow interest rate risk			
Financial assets	1,509	2,202	-
Financial liabilities	57,934,413	65,924,130	50,890,249

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rate for financial instruments at the end of the reporting period. For floating liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% basis points higher and all other variables were held constant, the Group's pre-tax net profit for the three months ended March 31, 2023 and 2022 would have decrease by NT\$145,081 thousand, NT\$127,226 thousand, respectively.

Hedge accounting

The Group entered into interest rate swap contracts to mitigate the risk of changes in interest rates on cash flow exposure related to its outstanding variable rate debt. Interest rate swaps are settled on a contract basis. The floating rate on interest rate swaps is Euro Interbank Offered Rate (Euribor). The Group will settle the difference between the fixed and floating interest rates on a net basis.

The following tables summarize the information relating to the hedges for interest rate risk.

Hedging Instrument	Currency	Contract Amount	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Ineffectiveness
							Asset	Liability	
Cash flow hedges									
Interest rate swap contracts	EUR	\$ 89,718	2023.09.30-2030.12.18	-0.255%-3.120%	Note	Financial assets for hedging	\$ 4,462	\$ -	\$ -

Note: It is the three months interest rate of Euro Interbank Offered Rate (Euribor) on the second business day before the issuance date.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to financial guarantees provided by the Group, could be equal to the total of the following:

- The carrying amount of the respective recognized financial assets as stated in the condensed balance sheets; and
- The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst the approved counterparties. Credit exposure is controlled by setting credit limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk was significantly reduced.

3) Liquidity risk

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

- The following table details the Group's excepted maturities for its non-derivative financial liabilities with agreed upon repayment periods.

March 31, 2023

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$ 18,483,692	\$ 5,672,787	\$ 33,105,731	\$ 672,203	\$ 57,934,413
Lease liabilities	224,956	309,895	611,939	2,222,096	3,368,886
Fixed interest rate liabilities	99,450	99,450	7,646,795	-	7,845,695
Non-interest bearing liabilities	<u>32,504,029</u>	<u>75,051</u>	<u>59,111</u>	<u>2,580,258</u>	<u>35,218,449</u>
	<u>\$ 51,312,127</u>	<u>\$ 6,157,183</u>	<u>\$ 41,423,576</u>	<u>\$ 5,474,557</u>	<u>\$ 104,367,443</u>

December 31, 2022

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$ 23,605,356	\$ 13,379,779	\$ 28,258,134	\$ 680,861	\$ 65,924,130
Lease liabilities	254,655	454,115	617,027	1,939,529	3,265,326
Fixed interest rate liabilities	98,160	98,160	7,644,795	-	7,841,115
Non-interest bearing liabilities	<u>28,275,365</u>	<u>75,051</u>	<u>59,111</u>	<u>2,546,847</u>	<u>30,956,374</u>
	<u>\$ 52,233,536</u>	<u>\$ 14,007,105</u>	<u>\$ 36,579,067</u>	<u>\$ 5,167,237</u>	<u>\$ 107,986,945</u>

March 31, 2022

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$ 18,547,412	\$ 16,603,182	\$ 7,101,885	\$ 8,637,770	\$ 50,890,249
Lease liabilities	94,288	72,910	155,079	1,499,403	1,821,680
Fixed interest rate liabilities	4,399,148	-	7,500,000	-	11,899,148
Non-interest bearing liabilities	<u>16,382,374</u>	<u>27,422</u>	<u>114,580</u>	<u>-</u>	<u>16,524,376</u>
	<u>\$ 39,423,222</u>	<u>\$ 16,703,514</u>	<u>\$ 14,871,544</u>	<u>\$ 10,137,173</u>	<u>\$ 81,135,453</u>

- b) The Group's expected maturities for its derivative financial instruments with agreed upon settlement dates were as follows:

March 31, 2023

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total
<u>Net settled</u>						
Commodity futures contracts	\$ 74,619	\$ 60,241	\$ 10,420	\$ -	\$ -	\$ 145,280
Foreign exchange forward contracts	(15,173)	(3,179)	(26)	-	-	(18,378)
Exchange rate swap contracts	-	(7,284)	-	-	-	(7,284)
Interest rate swap contracts	-	-	15,460	125,643	6,827	147,930
Gas swap contracts	(8,763)	-	(50,017)	-	-	(58,780)
Futures options	<u>-</u>	<u>4,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,682</u>
	<u>\$ 50,683</u>	<u>\$ 54,460</u>	<u>\$ (24,163)</u>	<u>\$ 125,643</u>	<u>\$ 6,827</u>	<u>\$ (213,450)</u>

December 31, 2022

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total
<u>Net settled</u>						
Commodity futures contracts	\$ (44,810)	\$ 15,096	\$ 8,525	\$ -	\$ -	\$ (21,189)
Foreign exchange forward contracts	(26,741)	6,844	(1,573)	-	-	(21,470)
Exchange rate swap contracts	(22,113)	-	-	-	-	(22,113)
Interest rate swap contracts	-	2	20,615	116,738	27,666	165,021
Gas swap contracts	(74,893)	(122,352)	(25,027)	-	-	(222,272)
Futures options	-	7,629	-	-	-	7,629
	<u>\$ (168,557)</u>	<u>\$ (92,781)</u>	<u>\$ 2,540</u>	<u>\$ 116,737</u>	<u>\$ 27,666</u>	<u>\$ (114,394)</u>

March 31, 2022

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total
<u>Net settled</u>						
Commodity futures contracts	\$ 56,312	\$ (255,539)	\$ 603	\$ -	\$ -	\$ (198,624)
Foreign exchange forward contracts	51,326	(285)	1,521	-	-	52,562
Exchange rate swap contracts	(18,786)	13,452	36,861	-	-	31,527
	<u>\$ 88,852</u>	<u>\$ (242,372)</u>	<u>\$ 38,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (114,535)</u>

e. Transfers of financial assets

The relevant information of the Group's sales of trade receivables were as follows:

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
<u>For the three months ended March 31, 2023</u>					
CTBC Bank	<u>\$ 42,134</u>	<u>\$ 25,012</u>	<u>US\$ 2,700</u>	<u>\$ -</u>	-
<u>For the three months ended March 31, 2022</u>					
CTBC Bank	<u>\$ 26,773</u>	<u>\$ 1,857</u>	<u>US\$ 2,700</u>	<u>\$ -</u>	-

34. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of WLC, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as below:

a. Related party name and category

Related Party Name	Related Party Category
Winbond Electronics Corp.	Associate
Walsin Technology Corp.	Associate
Walton Advanced Engineering, Inc.	Associate
Chin-Xin Investment Co., Ltd.	Associate
Changzhou China Steel Precision Materials Co., Ltd.	Associate
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Associate
Tsai Yi Corporation (formerly known as Walsin Color Co., Ltd.)	Associate
Nuvoton Technology Corporation	Associate
Prosperity Dielectrics Co., Ltd.	Associate
PT. Westrong Metal Industry	Associate
HannStar Display Corp.	Substantive related party
Kuong Tai Metal Industrial Co., Ltd.	Substantive related party
Hannstar Board Tech. (Jiangyin) Corp.	Substantive related party
HannStar Board Corp.	Substantive related party
Global Brands Manufacture Ltd.	Substantive related party
Info-Tek Corp.	Substantive related party
Hwa Bao Botanic Conservation Corp.	Substantive related party
Trefilados Inoxidables de Mexico, S.A. DE C.V.	Substantive related party
Ferriere di Stabio SA	Substantive related party
Novametal SA	Substantive related party
Novametal do Brasil LTDA	Substantive related party
Wire Products Stainless Steel PTY Ltd	Substantive related party
T.D.V. Trefileries des Vosges SA	Substantive related party
Novametal Europe Srl	Substantive related party
Novametal USA	Substantive related party
Dongguan Novametal Wire Co., LTD	Substantive related party

b. Sales

	For the Three Months Ended March 31	
	2023	2022
Associates	\$ 130,710	\$ 5,968
Other related parties	<u>1,322,275</u>	<u>431,252</u>
	<u>\$ 1,452,985</u>	<u>\$ 437,220</u>

c. Rental income

	For the Three Months Ended March 31	
	2023	2022
Associates	\$ 12,150	\$ 11,988
Other related parties	<u>284</u>	<u>284</u>
	<u><u>\$ 12,434</u></u>	<u><u>\$ 12,272</u></u>

d. Purchases of goods

	For the Three Months Ended March 31	
	2023	2022
Associates	\$ 4,376	\$ 24,245
Other related parties	<u>113,557</u>	<u>1,317</u>
	<u><u>\$ 117,933</u></u>	<u><u>\$ 25,562</u></u>

e. Administrative expenses

	For the Three Months Ended March 31	
	2023	2022
Associates	\$ 2,244	\$ 2,296
Other related parties	<u>1,996</u>	<u>2,028</u>
	<u><u>\$ 4,240</u></u>	<u><u>\$ 4,324</u></u>

The stock registration matters of WLC and related parties were handled together. The related fees allocated to the related parties were charged against general and administrative expenses.

f. Notes receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Associates	<u>\$ 7,520</u>	<u>\$ 9,332</u>	<u>\$ 3,831</u>

g. Trade receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Associates	\$ 143,333	\$ 2,481	\$ 1,109
Other related parties	<u>539,017</u>	<u>42,651</u>	<u>27,178</u>
	<u><u>\$ 682,350</u></u>	<u><u>\$ 45,132</u></u>	<u><u>\$ 28,287</u></u>

h. Notes payable

	March 31, 2023	December 31, 2022	March 31, 2022
Associates	<u>\$ 5,317</u>	<u>\$ 16,553</u>	<u>\$ 3,302</u>

i. Trade payables

	March 31, 2023	December 31, 2022	March 31, 2022
Associates	\$ -	\$ 225	\$ 21,776
Other related parties	<u>21,645</u>	<u>504</u>	<u>1,045</u>
	<u>\$ 21,645</u>	<u>\$ 729</u>	<u>\$ 22,821</u>

j. Other receivables (excluding financing provided)

	March 31, 2023	December 31, 2022	March 31, 2022
Associates	\$ 12,209	\$ 13,056	\$ 8,999
Other related parties	<u>1,987</u>	<u>3,062</u>	<u>2,002</u>
	<u>\$ 14,196</u>	<u>\$ 16,118</u>	<u>\$ 11,001</u>

k. Financing provided

For the Three Months Ended March 31, 2023				
Related Parties	Highest Balance for the Period	Ending Balance	Interest Income	Interest Rate
Hangzhou Walsin Power Cable & Wire Co., Ltd.	<u>\$ 355,422</u>	<u>\$ 354,486</u>	<u>\$ 3,854</u>	4.35%
PT. Westrong Metal Industry	<u>\$ 2,743,200</u>	<u>\$ 2,631,185</u>	<u>\$ 42,387</u>	6.79%-7.09%

For the Three Months Ended March 31, 2022				
Related Parties	Highest Balance for the Period	Ending Balance	Interest Income	Interest Rate
Hangzhou Walsin Power Cable & Wire Co., Ltd.	<u>\$ 360,721</u>	<u>\$ 352,747</u>	<u>\$ 15,563</u>	4.35%
PT. Westrong Metal Industry	<u>\$ 2,780,100</u>	<u>\$ 1,228,400</u>	<u>\$ 463</u>	6.79%

For the Three Months Ended March 31, 2022				
Related Parties	Highest Balance for the Period	Ending Balance	Interest Income	Interest Rate
Hangzhou Walsin Power Cable & Wire Co., Ltd.	<u>\$ 360,721</u>	<u>\$ 360,721</u>	<u>\$ 3,836</u>	4.35%

l. Guarantee deposits

	March 31, 2023	December 31, 2022	March 31, 2022
Associates	\$ 7,362	\$ 7,362	\$ 7,362
Other related parties	<u>282</u>	<u>282</u>	<u>282</u>
	<u>\$ 7,644</u>	<u>\$ 7,644</u>	<u>\$ 7,644</u>

m. Remuneration of key management personnel

The remuneration of directors and key executives were as follows:

	For the Three Months Ended March 31	
	2023	2022
Short-term employee benefits	\$ 54,750	\$ 42,045
Post-employment benefits	<u>325</u>	<u>324</u>
	<u>\$ 55,075</u>	<u>\$ 42,369</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collaterals for bank borrowings, tariff guarantee for imported raw material and the deposits for completing constructions and futures:

	March 31, 2023	December 31, 2022	March 31, 2022
Refundable deposits (recorded under other financial assets - current)	\$ 51,580	\$ 303,146	\$ 996,549
Restricted deposits (recorded under other financial assets - current)	404,342	202,194	1,186,124
Pledged time deposits (recorded under other financial assets - other)	1,444	1,439	-
Restricted deposits (recorded under other non-current assets - other)	11,078	11,023	11,273
Finance lease receivables	60,526	60,020	58,530
Long-term finance lease receivables	587,201	602,523	647,726
Refundable deposits	51,718	51,986	52,541
Discounted notes receivable	<u>-</u>	<u>1,554,013</u>	<u>-</u>
	<u>\$ 1,167,889</u>	<u>\$ 2,786,344</u>	<u>\$ 2,952,743</u>

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at March 31, 2023, December 31, 2022 and March 31, 2022 were as follows:

- a. Outstanding letters of credit not reflected in the consolidated financial statements as of March 31, 2023, December 31, 2022 and March 31, 2022 were as follows (in thousands):

	March 31, 2023	December 31, 2022	March 31, 2022
U.S. dollar	US\$ 5,313	US\$ 3,186	US\$ 6,317
Japanese yen	JPY 32,673	JPY 54,144	JPY 177,486
Euro	EUR 87,116	EUR 34,490	EUR 11,684
Renminbi	RMB 2,189	RMB 2,189	RMB -
New Taiwan dollar	NT\$ 35,442	NT\$ 20,939	NT\$ 42,730

- b. Outstanding standby letters of credit and bid bonds of contingent liabilities not reflected in the consolidated financial statements were as follows (in thousands):

	March 31, 2023	December 31, 2022	March 31, 2022
New Taiwan dollar	NT\$ 715,330	NT\$ 841,035	NT\$ 618,830
U.S. dollar	US\$ 30	US\$ 30	US\$ 30
Renminbi	RMB 42,611	RMB 16,884	RMB 8,962

- c. Based on tariff and relevant regulations, the Group issue tariff letters of credit to import goods and to meet the needs of post-release duty payment. The amount of tariff letters of credit were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
New Taiwan dollar	<u>NT\$ 236,000</u>	<u>NT\$ 496,000</u>	<u>NT\$ 260,000</u>

- d. Non-cancelable raw material procurement contracts were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
U.S. dollar	US\$ 48,030	US\$ 43,926	US\$ 36,645
Renminbi	RMB 95,501	RMB 85,530	RMB 215,924

- e. The Group entered into a contract for the construction of new plants on the Group's own land. The amount of the unrecognized commitments were as follow:

	March 31, 2023	December 31, 2022	March 31, 2022
New Taiwan dollar	NT\$ 2,193,920	NT\$ 2,237,159	NT\$ 2,943,243
U.S. dollar	US\$ 71,624	US\$ 72,295	US\$ 1,186
Renminbi	RMB 780,991	RMB 780,815	RMB 333,740
Euro	EUR 69,747	EUR 70,927	EUR 38,968
Japanese yen	JPY -	JPY 11,680	JPY 116,800
Indonesia rupiah	IDR 89,715,855	IDR 89,743,621	IDR -

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities dominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$ 728,463	30.4500	\$ 22,181,698
Japanese yen	648,382	0.2288	148,350
Euro	22,944	33.1500	760,594
Singapore dollar	4,058	22.9100	92,969
Hong Kong dollar	2,724	3.8790	10,566
Australian dollar	1,425	20.3300	28,970
Indonesian rupiah	1,605,210,264	0.00203	3,258,577
Renminbi	7,039	4.43108	31,190
Korean won	1,113,895	0.02356	26,243
Non-monetary items			
U.S. dollar	4,723	30.4500	143,815

Financial liabilities

Monetary items			
U.S. dollar	494,913	30.4500	15,070,101
Euro	598	33.1500	19,824
Renminbi	361,661	4.43108	1,602,549
Swiss Franc	17	33.2750	566
Indonesia rupiah	724,936,868	0.00203	1,471,622
Non-monetary items			
U.S. dollar	1,090	30.4500	33,191

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$ 575,500	30.7100	\$ 17,673,605
Japanese yen	236,526	0.2324	54,969
Euro	37,125	32.7200	1,214,730
Hong Kong dollar	2,505	3.9380	9,865
Australian dollar	1,298	20.8300	27,037
Singapore dollars	5,432	22.8800	124,284
Indonesian rupiah	2,267,040,632	0.00198	4,488,740

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Renminbi	\$ 21,137	4.40934	\$ 93,200
South Korean won	394,230	0.02457	9,686
Turkish lira	6,605	1.643167	10,854
Monetary items			
U.S. dollar	645,822	30.7100	19,833,194
Euro	121	32.7200	3,959
Renminbi	406,181	4.40934	1,790,990
Swiss Franc	17	33.2050	564
Indonesia rupiah	300,118,783	0.00198	594,235
Non-monetary items			
U.S. dollar	1,677	30.7100	51,501
Renminbi	233	4.40934	1,027
			(Concluded)

March 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$ 871,358	28.6250	\$ 24,942,612
Japanese yen	487,692	0.2353	114,754
Euro	34,854	31.9200	1,112,530
Singapore dollar	3,215	21.1600	68,026
Hong Kong dollar	3,175	3.6560	11,606
Australian dollar	849	21.4200	18,187
Indonesian rupiah	2,422,668,300	0.00198	4,796,883
Non-monetary items			
U.S. dollar	1,593	28.6250	45,591

Financial liabilities

Monetary items			
U.S. dollar	327,537	28.6250	9,375,758
Japanese yen	7,295	0.2353	1,716
Euro	2	31.9200	72
Swiss Franc	17	30.935	526

For the three months ended March 31, 2023 and 2022, realized and unrealized net foreign exchange losses and gains were NT\$128,896 thousand and NT\$181,730 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies in the Group.

38. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees:

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

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 9):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds; and

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

39. SEGMENT INFORMATION

a. Basic information

1) Classification

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

a) Wires and cables

The segment's main products include copper rods, wires, connector and components which are sold to industries involving cables and wires, communications cable, heavy electronics, home electrical appliances and construction.

b) Stainless steel

The segment's main products include smelting, rolled stainless steel, carbon steel and precision alloy wire which that are sold to industries involving construction components, crankshaft, machine tools, plumbing, heat exchanger, drainage, petrochemical and construction.

c) Resource

The segment's main business include nickel pig iron, sales of stainless steel products as an agent in Taiwan and important metal procurement, and hedging.

d) Real estate

Real estate is responsible for the development of commercial and real estate complex and real estate management. Furthermore, the modes of operation are construction of residences, offices, markets and hotels, and the offering of rental space, operating management and after-sales services.

e) Administration and investing

The segment of administration and investing refers to other investment in mainland China.

2) Estimates of operating segment income and expenses, assets and liabilities

Accounting policies of operating segments are the same as those summarized in Note 4. Sales and transfers between segments are treated as transactions with third parties and evaluated at fair value.

The Group does not allocate income tax expense (benefit), investment income (loss) recognized under equity method, foreign exchange gain (loss), net investment income (loss), gain (loss) on disposal of investments, gain (loss) on valuation of financial assets and liabilities and extraordinary items to reportable segments. The amounts reported are consistent with the report used by chief operating decision makers.

3) Identification of operating segments

The reportable segments of the Group are strategic business units, providing different products and services. They are managed separately because they use different technologies and sales strategies.

b. Financial information

1) Segment revenues and results

(NT\$ in Thousand)

	Wires and Cables	Stainless Steel	Resource Business	Real Estate	Administration and Investing	Total
For the three months ended March 31, 2023						
Revenue from external customers	\$ 11,678,995	\$ 24,911,928	\$ 10,900,090	\$ 515,282	\$ 2,707,283	\$ 50,713,578
Segment profit (loss)	775,385	905,762	1,464,346	(24,857)	(382,225)	2,738,411
Net non-operating income (expenses)						
Net interest income (expenses)						(338,583)
Share of profit of associates accounted for using the equity method						(220,488)
Dividend income						346,657
Loss on disposal of property, plant and equipment						(3,518)
Gain on disposal of investments						531,087
Foreign exchange loss, net						(128,896)
Gain on financial assets and liabilities at fair value through profit or loss						154,240
Reversal of impairment loss						1
Net other income						<u>30,657</u>
Consolidated income before income tax						<u>\$ 3,109,568</u>
For the three months ended March 31, 2022						
Revenue from external customers	14,823,697	19,205,425	5,687,626	490,560	2,350,107	\$ 42,577,145
Segment profit (loss)	673,410	1,551,982	2,595,685	61,290	(1,192,497)	3,690,500
Net non-operating income (expenses)						
Net interest income (expenses)						(109,482)
Share of profit of associates accounted for using the equity method						1,150,732
Dividend income						311,092
Loss on disposal of property, plant and equipment						(2,647)
Loss on disposal of investments						(634,600)
Foreign exchange gain, net						181,730
Loss on financial assets and liabilities at fair value through profit or loss						(168,132)
Reversal of impairment loss						59
Net other income						<u>135,523</u>
Consolidated income before income tax						<u>\$ 4,554,715</u>

2) Segment assets and liabilities

	Wires and Cables	Stainless Steel	Resource Business	Real Estate	Administration and Investing	Total
<u>Segment assets</u>						
March 31, 2023	\$ 9,452,754	\$ 68,767,713	\$ 42,083,310	\$ 30,137,162	\$ 100,604,494	\$ 251,045,434
December 31, 2022	\$ 9,871,071	\$ 45,004,557	\$ 43,443,642	\$ 30,296,978	\$ 123,918,605	\$ 252,524,853
March 31, 2022	\$ 17,961,549	\$ 40,336,906	\$ 29,136,546	\$ 29,853,409	\$ 87,711,877	\$ 205,000,287
<u>Segment liabilities</u>						
March 31, 2023	\$ 6,567,961	\$ 41,812,756	\$ 23,798,799	\$ 15,546,437	\$ 31,819,665	\$ 119,545,619
December 31, 2022	\$ 5,690,853	\$ 26,924,149	\$ 27,486,296	\$ 15,638,505	\$ 46,963,838	\$ 122,703,641
March 31, 2022	\$ 14,959,686	\$ 22,954,506	\$ 22,409,030	\$ 14,371,715	\$ 17,777,334	\$ 92,472,271

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars and U.S. Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
0	Walsin Lihwa Corporation	PT. Sunny Metal Industry	Other receivables	Yes	\$ 7,642,860 (US\$ 250,750)	\$ - (US\$ -)	\$ - (US\$ -)	-	Operating capital	\$ -	Operating capital and equipment purchase	\$ -	-	\$ -	\$ 50,013,572 (US\$ 1,642,482)	\$ 50,013,572 (US\$ 1,642,482)
		PT. Westrong Metal Industry	Other receivables	Yes	2,743,200 (US\$ 90,000)	2,740,500 (US\$ 90,000)	2,631,185 (US\$ 86,410)	6.79-7.09	Operating capital	-	Operating capital and equipment purchase	-	-	-	50,013,572 (US\$ 1,642,482)	50,013,572 (US\$ 1,642,482)

Notes:

1. According to the financing regulations provided by Walsin Lihwa Corporation, the limit on the amount of financing provided to a single enterprise that holds directly or indirectly 100% of the voting rights of a subsidiary cannot exceed 40% of the equity presented in the consolidated financial statements of Walsin Lihwa Corporation.

a. The limit on the amount of financing provided to a single enterprise was as follows:

PT. Sunny Metal Industry = \$125,033,931 × 40% = \$50,013,572 (US\$1,642,482)
PT. Westrong Metal Industry = \$125,033,931 × 40% = \$50,013,572 (US\$1,642,482)

b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = \$125,033,931 × 40% = \$50,013,572 (US\$1,642,482)

2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.

3. The currency exchange rate as of March 31, 2023 was as follows: US\$ to NT\$ = 1:30.45.
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TABLE 1-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
1	Walsin (China) Investment Co., Ltd.	Hangzhou Walsin Power Cable & Wire Co., Ltd.	Other receivables	Yes	\$ 355,422 (RMB 80,000)	\$ 354,486 (RMB 80,000)	\$ 354,486 (RMB 80,000)	4.35	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,712,619 (US\$ 56,245)	\$ 1,712,619 (US\$ 56,245)
		Walsin (Nanjing) Development Co., Ltd.	Other receivables	Yes	8,441,282 (RMB 1,900,000)	8,419,052 (RMB 1,900,000)	3,711,566 (RMB 837,621)	4.25	Operating capital	-	Operating capital	-	-	-	50,013,572 (US\$ 1,642,482)	50,013,572 (US\$ 1,642,482)
		Yantai Walsin Stainless Steel Co., Ltd.	Other receivables	Yes	15,947,512 (US\$ 320,000) (RMB 1,400,000)	15,947,512 (US\$ 320,000) (RMB 1,400,000)	6,745,849 (US\$ 141,468) (RMB 550,238)	3.20-4.82	Operating capital	-	Operating capital	-	-	-	50,013,572 (US\$ 1,642,482)	50,013,572 (US\$ 1,642,482)
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Other receivables	Yes	1,813,358 (US\$ 45,000) (RMB 100,000)	1,813,358 (US\$ 45,000) (RMB 100,000)	1,364,069 (US\$ 44,797) (RMB -)	3.20-4.82	Operating capital	-	Operating capital	-	-	-	50,013,572 (US\$ 1,642,482)	50,013,572 (US\$ 1,642,482)
		Changshu Walsin Specialty Steel Co., Ltd.	Other receivables	Yes	2,408,716 (RMB 50,000) (US\$ 200,000)	2,408,716 (RMB 50,000) (US\$ 200,000)	1,320,708 (RMB 43,373) (US\$ -)	3.20-4.82	Operating capital	-	Operating capital	-	-	-	50,013,572 (US\$ 1,642,482)	50,013,572 (US\$ 1,642,482)
		Dongguan Walsin Wire & Cable Co., Ltd.	Other receivables	Yes	762,000 (US\$ 25,000)	761,250 (US\$ 25,000)	739,783 (US\$ 24,295)	4.82	Operating capital	-	Operating capital	-	-	-	50,013,572 (US\$ 1,642,482)	50,013,572 (US\$ 1,642,482)
		Jiangyin Walsin Steel Cable Co., Ltd.	Other receivables	Yes	1,412,270 (US\$ 10,000) (RMB 250,000)	1,412,270 (US\$ 10,000) (RMB 250,000)	699,602 (US\$ 8,095) (RMB 102,257)	3.20-4.82	Operating capital	-	Operating capital	-	-	-	50,013,572 (US\$ 1,642,482)	50,013,572 (US\$ 1,642,482)
2	Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	3,332,085 (RMB 750,000)	3,323,310 (RMB 750,000)	1,097,211 (RMB 247,617)	2.00	Operating capital	-	Operating capital	-	-	-	50,013,572 (US\$ 1,642,482)	50,013,572 (US\$ 1,642,482)
3	Walsin International Investments Limited	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	18,737,998 (US\$ 400,000) (RMB 1,480,000)	18,737,998 (US\$ 400,000) (RMB 1,480,000)	12,949,681 (US\$ 254,000) (RMB 1,177,000)	0.98-4.65	Operating capital	-	Operating capital	-	-	-	50,013,572 (US\$ 1,642,482)	50,013,572 (US\$ 1,642,482)
		Walsin Lihwa Corporation	Other receivables	Yes	18,288,000 (US\$ 600,000)	18,270,000 (US\$ 600,000)	4,415,250 (US\$ 145,000)	4.56-4.80	Operating capital	-	Operating capital	-	-	-	50,013,572 (US\$ 1,642,482)	50,013,572 (US\$ 1,642,482)
		PT. Walsin Nickel Industrial Indonesia	Other receivables	Yes	3,048,000 (US\$ 100,000)	609,000 (US\$ 20,000)	609,000 (US\$ 20,000)	6.60-7.10	Operating capital	-	Operating capital	-	-	-	6,616,831 (US\$ 217,308)	6,616,831 (US\$ 217,308)
		PT. Sunny Metal Industry	Other receivables	Yes	2,283,750 (US\$ 75,000)	2,283,750 (US\$ 75,000)	1,342,480 (US\$ 44,088)	7.00-7.10	Operating capital	-	Operating capital	-	-	-	6,616,831 (US\$ 217,308)	6,616,831 (US\$ 217,308)

(Continued)

Notes:

1. According to the financing regulations provided by Walsin (China) Investment Co., Ltd., Dongguan Walsin Wire & Cable Co., Ltd. and Walsin International Investments Ltd., the total limit on the amount of the financing provided to a single enterprise that holds directly or indirectly 100% of the voting rights of a subsidiary whose equity is 100%-owned, directly or indirectly by the parent company cannot exceed 40% of the equity of the parent company as presented in the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a single enterprise that holds less than 100% of a subsidiary whose equity is less than 100%-owned, directly or indirectly by its parent company, cannot exceed 40% of the parent company’s equity as presented in its the consolidated financial statements of a subsidiary. If the financing is a one-time funding, the amount for an individual loan shall not exceed 40 % of the financing company’s equity as stated in the financing company’s latest consolidated financial statements. If it is a revolving funding, the amount for an individual loan shall not exceed 10 % of the financing company’s equity in the financing company’s latest consolidated financial statements.
- a. The limit on the amount of financing provided to a single enterprise was as follows:

Jiangyin Walsin Steel Cable Co., Ltd. = \$125,033,931 × 40% = \$50,013,572 (US\$1,642,482)
Walsin (China) Investment Co., Ltd. = \$125,033,931 × 40% = \$50,013,572 (US\$1,642,482)
Walsin Lihwa Corporation = \$125,033,931 × 40% = \$50,013,572 (US\$1,642,482)
Walsin (Nanjing) Development Co., Ltd. = \$125,033,931 × 40% = \$50,013,572 (US\$1,642,482)
Yantai Walsin Stainless Steel Co., Ltd. = \$125,033,931 × 40% = \$50,013,572 (US\$1,642,482)
Jiangyin Walsin Specialty Alloy Materials Co., Ltd. = \$125,033,931 × 40% = \$50,013,572 (US\$1,642,482)
Changshu Walsin Specialty Steel Co., Ltd. = \$125,033,931 × 40% = \$50,013,572 (US\$1,642,482)
Dongguan Walsin Wire & Cable Co., Ltd. = \$125,033,931 × 40% = \$50,013,572 (US\$1,642,482)
Hangzhou Walsin Power Cable & Wire Co., Ltd. = US\$140,614 × 40% = US\$56,245 (\$1,712,619)
PT. Walsin Nickel Industrial Indonesia = US\$543,271 × 40% = US\$217,308 (\$6,616,831)
PT. Sunny Metal Industry = US\$543,271 × 40% = US\$217,308 (\$6,616,831)
- b. The limit on the amount of financing provided was as follows:

Walsin Lihwa Corporation and Dongguan Walsin Wire & Cable Co., Ltd. = \$125,033,931 × 40% = \$50,013,572 (US\$1,642,482)
Walsin (China) Investment Co., Ltd. = US\$140,614 × 40% = US\$56,245 (\$1,712,619)
Walsin International Investments Limited = US\$543,271 × 40% = US\$217,308 (\$6,616,831)
2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.
3. The currency exchange rates as of March 31, 2023 were as follows: US\$ to NT\$ = 1:30.45; RMB to NT\$ = 1:4.43108; US\$ to RMB = 1:6.8717.

(Concluded)

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
4	Changshu Walsin Specialty Steel Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	\$ 444,278 (RMB 100,000)	\$ 443,108 (RMB 100,000)	\$ 194,879 (RMB 43,980)	2.00	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 50,013,572 (US\$ 1,642,482)	\$ 50,013,572 (US\$ 1,642,482)
5	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	666,417 (RMB 150,000)	664,662 (RMB 150,000)	493,068 (RMB 111,275)	2.00	Operating capital	-	Operating capital	-	-	-	50,013,572 (US\$ 1,642,482)	50,013,572 (US\$ 1,642,482)

Notes:

1. According to the financing regulations of Changshu Walsin Specialty Steel Co., Ltd. and Jiangyin Walsin Specialty Alloy Materials Co., Ltd., the limit on the amount of financing provided to a single enterprise that holds directly or indirectly 100% of the voting rights of a subsidiary cannot exceed 40% of the parent company’s equity presented in the consolidated financial statements of Walsin Lihwa Corporation.

a. The limit on the amount of financing provided to a single enterprise was as follows:

Walsin (China) Investment Co., Ltd. = \$125,033,931 × 40% = \$50,013,572 (US\$1,642,482)

b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = \$125,033,931 × 40% = \$50,013,572 (US\$1,642,482)
2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.
3. The currency exchange rates as of March 31, 2023 were as follows: US\$ to NT\$ = 1:30.45; RMB to NT\$ = 1:4.43108; US\$ to RMB = 1:6.8717.

CHIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars and U.S. Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
6	Joint Success Enterprises Limited	Walsin (Nanjing) Development Co., Ltd.	Other receivables	Yes	\$ 807,110 (US\$ 26,480)	\$ 806,316 (US\$ 26,480)	\$ 806,316 (US\$ 26,480)	2.48	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 50,013,572 (US\$ 1,642,482)	\$ 50,013,572 (US\$ 1,642,482)

Notes:

1. According to the financing regulations provided by Joint Success Enterprises Limited, the total limit on the amount of the financing provided to a subsidiary whose equity is 100%-owned, directly or indirectly by the parent company, cannot exceed 40% of the equity of the parent company as presented in the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a subsidiary whose equity is less than 100%-owned, directly or indirectly by its parent company, cannot exceed 40% of the parent company’s equity as presented in the parent company’s latest consolidated financial statements. If the financing is a one-time funding, the amount for an individual loan shall not exceed 40 % of the parent company’s equity in the parent company’s latest consolidated financial statements. If it is a revolving fund, the amount for an individual loan shall not exceed 10 % of the parent company’s equity in the parent company’s latest consolidated financial statements.

a. The limit on the amount of financing provided to a single enterprise was as follows:

Walsin (Nanjing) Development Co., Ltd. = \$125,033,931 × 40% = \$50,013,572 (US\$1,642,482)

b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = \$125,033,931 × 40% = \$50,013,572 (US\$1,642,482)
2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.
3. The currency exchange rates as of March 31, 2023 were as follows: US\$ to NT\$ = 1:30.45; RMB to NT\$ = 1:4.43108; US\$ to RMB = 1:6.8717.

WALSIN INFO-ELECTRIC CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
7	Walsin Info-Electric Corporation	Walsin Lihwa Corporation	Other receivables	Yes	\$ 130,000	\$ 80,000	\$ 80,000	1.00	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 126,418	\$ 126,418

Notes:

1. According to the financing regulations provided by Walsin Info-Electric Corporation, the total limit on the amount of the financing provided to a subsidiary whose equity is 100% owned, directly or indirectly by the parent company, cannot exceed 40% of the equity of the parent company as presented in the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a subsidiary whose equity is less than 100% owned, directly or indirectly by its parent company, cannot exceed 40% of the parent company's equity as presented in the parent company's latest consolidated financial statements. If the financing is a one-time funding, the amount for an individual loan shall not exceed 40 % of the parent company's equity in the parent company's latest consolidated financial statements. If it is a revolving fund, the amount for an individual loan shall not exceed 10 % of the parent company's equity in the parent company's latest consolidated financial statements.
- a. The limit on the amount of financing provided to a single enterprise was as follows:

Walsin Lihwa Corporation = \$316,044 × 40% = \$126,418
- b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = \$316,044 × 40% = \$126,418

WALSIN SINGAPORE PTE. LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
8	Walsin Singapore Pte. Ltd.	PT. Sunny Metal Industry	Other receivables	Yes	\$ 5,356,860 (US\$ 175,750)	\$ 5,351,588 (US\$ 175,750)	\$ 5,351,588 (US\$ 175,750)	7.10-7.15	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 10,050,049 (US\$ 330,051)	\$ 10,050,049 (US\$ 330,051)
		PT. Westrong Metal Industry	Other receivables	Yes	3,577,875 (US\$ 117,500)	3,577,875 (US\$ 117,500)	- (US\$ -)	-	Operating capital	-	Operating capital	-	-	-	10,050,049 (US\$ 330,051)	10,050,049 (US\$ 330,051)

Notes:

1. According to the financing regulations provided by Walsin Singapore Pte. Ltd., the total limit on the amount of the financing provided to a subsidiary whose equity is 100% owned, directly or indirectly by the parent company, cannot exceed 40% of the equity of the parent company as presented in the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a subsidiary whose equity is less than 100% owned, directly or indirectly by its parent company, cannot exceed 40% of the parent company's equity as presented in the parent company's latest consolidated financial statements. If the financing is a one-time funding, the amount for an individual loan shall not exceed 40% of the parent company's equity in the parent company's latest consolidated financial statements. If it is a revolving fund, the amount for an individual loan shall not exceed 10% of the parent company's equity in the parent company's latest consolidated financial statements.
- a. The limit on the amount of financing provided to a single enterprise was as follows:

Walsin Singapore Pte. Ltd. = US\$825,127 × 40% = US\$330,051 (\$10,050,049)
- b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = US\$825,127 × 40% = US\$330,051 (\$10,050,049)

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars and U.S. Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Each Guaranteed Party's Endorsement/ Guarantee Amounts (Note 3)	Highest Balance for the Period	Ending Balance (Note 4)	Actual Amount Borrowed	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statement (%)	Maximum Collateral/ Guarantee Amounts Allowable (Note 3)	Guaranteed Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
0	Walsin Lihwa Corporation	Borrego Energy, LLC	b	\$ - (US\$ -)	\$ 365,760 (US\$ 12,000)	\$ - (US\$ -)	\$ - (US\$ -)	\$ -		\$ 125,033,931	Yes	No	No

Notes:

1. The information on Walsin Lihwa Corporation and its subsidiaries is listed and labeled on the entitled “No.” column.

a. “0” represents Walsin Lihwa Corporation.
b. Subsidiaries are numbered consecutively starting from 1.
2. The relationship between Walsin Lihwa Corporation and the endorsed/guaranteed entities can be classified into the following categories.

a. A company with which Walsin Lihwa Corporation does business.
b. A company in which Walsin Lihwa Corporation directly and indirectly holds more than 50% of the voting shares.
c. A company that directly and indirectly holds more than 50% of the voting shares in Walsin Lihwa Corporation.
d. A company in which Walsin Lihwa Corporation directly or indirectly holds 90% or more of the voting shares.
e. A company that fulfills Walsin Lihwa Corporation’s contractual obligations by providing mutual endorsements/guarantees for an other company in the same industry or for joint builders for purposes of undertaking a construction project.
f. A company in which all capital contributing shareholders make endorsements/guarantees for it and Walsin Lihwa Corporation’s joint-investment company in proportion to their shareholding percentages.
g. A company in the same industry as Walsin Lihwa Corporation whereby either provides among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.
3. According to the endorsements/guarantees provided and financing regulations provided by Walsin Lihwa Corporation, the total limit on the amount of endorsements/guarantees cannot exceed 100% of the equity of Walsin Lihwa Corporation’s current financial statements (including the consolidated financial statements). The limit on the amount of endorsements/guarantees provided and financing provided to a single enterprise cannot exceed the equity of the guaranteed company. The limit on the amount of guarantees provided to an investee in which over 66.67% of the common shares are held cannot exceed the amount which is 250% of the net value multiplied by the equity percentage of the guarantee provider; however, the limits mentioned above are not applicable to Walsin Lihwa Corporation’s wholly-owned holding companies incorporated in duty-free areas overseas.

a. The limit on the amount of endorsements/guarantees provided was as follows:

NT\$125,033,931 × 100% = NT\$125,033,931

b. The limit on the amount of endorsements/guarantees provided to a single entity was as follows:

Borrego Energy, LLC: US\$0 × 250% × 72.55% = US\$0
4. The currency exchange rates as of March 31, 2023 were as follows: US\$ to NT\$ = 1:30.45.

TABLE 3

WALSIN LIHWA CORPORATION

MARKETABLE SECURITIES HELD
MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Lihwa Corporation	<u>Share</u> HannStar Display Corp.	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	299,632,180	\$ 3,820,310	10.19	\$ 3,820,310	
	HannStar Board Corp.	-	Financial assets at fair value through other comprehensive income - non-current	63,753,952	2,266,453	12.06	2,266,453	
	TECO Electric & Machinery Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	231,104,730	9,821,951	10.81	9,821,951	
	Kuong Tai Metal Industrial Co., Ltd.	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	9,631,802	211,581	9.39	211,581	
	Global Investment Holdings	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	5,221,228	58,294	2.97	58,294	
	Universal Venture Capital Investment	-	Financial assets at fair value through other comprehensive income - non-current	1,400,000	13,772	1.16	13,772	
	Hwa Bao Botanic Conservation Corp.	The holding company is a supervisor of the issuer company	Financial assets at fair value through other comprehensive income - non-current	12,000,000	133,615	15.00	133,615	
	Tung Mung Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	14,285,000	93,953	3.43	93,953	

TABLE 3-1

CONCORD INDUSTRIES CONSTRUCTION CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2023
(In Thousands of Renminbi)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship of Issuer to the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
XiAn Walsin Metal Product Co., Ltd.	<u>Certification of capital verification</u> Shaanxi Tianhong Silicon Industrial Corporation	-	Financial assets at fair value through other comprehensive income - non-current	N/A	\$ -	19.00	\$ -	
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	<u>Certification of capital verification</u> Shaanxi Electronic Group Optoelectronics Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	N/A	15,457	6.02	15,457	

CHIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship of Issuer to the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chin-Cherng Construction Co.	Share Gsharp Corporation	-	Financial assets at fair value through other comprehensive income - non-current	270,000	\$ -	2.73	\$ -	

WALSIN INFO-ELECTRIC CORP.

MARKETABLE SECURITIES HELD
MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship of Issuer to the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Info-Electric Corp.	Share							
	W T International Inc.	-	Financial assets at fair value through other comprehensive income - non-current	228,000	\$ 2,280	5.43	\$ 2,280	
	Ufi Space Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	297,069	42,569	0.95	42,569	
	InSynerger Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	750,000	20,397	6.60	20,397	
	K.S. Terminals Inc.	-	Financial assets at fair value through other comprehensive income - non-current	145,000	10,368	0.09	10,368	
	Landing AI	-	Financial assets at fair value through other comprehensive income - non-current	265,583	3,985	0.54	3,985	

PT. WALSIN LIPPO INDUSTRIES

MARKETABLE SECURITIES HELD
MARCH 31, 2023
(In Thousands of U.S. Dollars)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship of Issuer to the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Pt. Walsin Lippo Industries	<u>Government bonds</u> Indonesia Government Bonds	-	Financial assets at amortized cost - non-current	-	\$ 6,125	N/A	\$ 6,125	

PT. WAL SIN LIPPO INDUSTRIES

MARKETABLE SECURITIES HELD
MARCH 31, 2023
(In Thousands of U.S. Dollars)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship of Issuer to the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Cogne Acciai Speciali S.p.A.	Share Geo Storage	-	Financial assets at fair value through profit or loss - non-current	N/A	\$ 2	-	\$ 2	
	Metal Interconnector	-	Financial assets at fair value through profit or loss - non-current	2,114,787	2,119	1.64	2,119	
	Immobiliare Siderurgica S.r.l.	-	Financial assets at fair value through profit or loss - non-current	N/A	0.044	-	0.044	

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Purpose of Transaction/Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Walsin Lihwa Corporation	Share													
	Walsin Lihwa Holdings Limited	Investments accounted for using the equity method	Capital reduction	Subsidiaries	108,730,393	\$ 24,073,818	-	\$ -	106,000,000	\$ 3,250,268	\$ 3,250,268 (Note 1)	\$ -	2,730,393	\$ 20,823,550
	Walsin Singapore Pte. Ltd. (formerly known as New Hono Investment Pte. Ltd)	Investments accounted for using the equity method	Capital investment	Subsidiaries	422,000,000	19,603,265	266,000,000	8,574,474 (Note 2)	-	-	-	-	688,000,000	28,177,739
	PT. Westrong Metal Industry	Investments accounted for using the equity method	Walsin Singapore Pte. Ltd. (formerly known as New Hono Investment Pte. Ltd)	Subsidiaries	590,000	4,590,864	-	-	590,000	4,680,030	4,680,030	89,166 (Note 3)	-	-

Note 1: The amount included a capital decrease in cash, recognition of investment gains and losses, and changes in other equity.

Note 2: The amount included a capital increase in cash, recognition of investment gains and losses, and changes in other equity.

Note 3: The amount included exchange differences on the translation of the financial statements of foreign operations.

TABLE 4-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of Renminbi)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Purpose of Transaction/ Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Walsin Lihwa Holdings Limited	Share Walsin International Co., Ltd.	Investments accounted for using the equity method	Capital reduction	Subsidiaries	4,653,371,702	\$ 4,441,707	-	\$ -	784,662,000	\$ 708,514 (Note)	\$ -	\$ -	3,868,709,702	\$ 3,733,193

Note: The amount included a capital decrease in cash, recognition of investment gains or losses.

WALSIN SINGAPORE PTE. LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of U.S. Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Purpose of Transaction/ Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Walsin Singapore Pte. Ltd. (formerly known as New Hono Investment Pte. Ltd.)	Share PT. Westrong Metal Industry	Investments accounted for using the equity method	Walsin Lihwa Corporation	Parent company	-	\$ -	590,000	\$ 145,972 (Note)	-	\$ -	\$ -	\$ -	590,000	\$ 145,972 (Note)

Note: The amount included the purchase amount, recognized investment gain or loss and changes in other equity.

TABLE 5

WALSIN LIHWA CORPORATION

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Walsin Lihwa Corporation	Koung Tai Metal Industrial Co., Ltd.	Director of the related party	Sales	\$ (368,044)	(2)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	\$ 14,384	-	
	Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Sales	(169,227)	(1)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	170,125	5	

TABLE 5-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of Renminbi)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Hangzhou Walsin Power Cable & Wire Co., Ltd.	Both associates of Walsin Lihwa Corporation	Sales	RMB (27,752)	(22)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 31,359	29	

TABLE 5-2

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars and Renminbi)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	RMB (56,350)	(7)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 45,381	6	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	RMB (73,250)	(9)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 44,110	6	
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	RMB 73,250	60	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB (44,110)	(59)	
Changshu Walsin Specialty Steel Co., Ltd.	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	RMB 56,350	40	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB (45,381)	(26)	
	Walsin Lihwa Corporation	Parent company	Purchases	169,227	27	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	(170,125)	(22)	

WALSIN LIHWA CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Walsin Lihwa Corporation	Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Trade receivables \$ 170,125	4.96	\$ -	-	\$ -	\$ -
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Trade receivables 100,012	3.04	-	-	24,092	-
	Walsin Lihwa Holdings Limited	100% owned subsidiary	Other receivables 3,045,000	-	-	-	-	-
	PT. Sunny Metal Industry	50.1% indirectly owned subsidiary	Other receivables 100,425	-	-	-	-	-
	PT. Westrong Metal Industry	29.5% indirectly owned associate	Other receivables 2,674,035	-	-	-	-	-

TABLE 6-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2023**

(In Thousands of Renminbi and U.S. Dollars)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	100% owned subsidiary	Other receivables RMB 264,330	-	\$ -	-	\$ -	\$ -
	Walsin International Investments Limited	100% owned subsidiary	Other receivables RMB 100,000	-	-	-	-	-
Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited	Parent company	Other receivables US\$ 4,900	-	-	-	-	-
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables US\$ 142,051 RMB 551,644	-	-	-	-	-
	Changshu Walsin Specialty Steel Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables US\$ 43,552	-	-	-	-	-
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables US\$ 44,982	-	-	-	-	-
	Jiangyin Walsin Steel Cable Co., Ltd.	100% owned subsidiary	Other receivables US\$ 8,129 RMB 102,460	-	-	-	-	-
	Walsin (Nanjing) Development Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 840,686	-	-	-	-	-
	Hangzhou Walsin Power Cable & Wire Co., Ltd.	Associate	Other receivables RMB 82,107	-	-	-	-	-
	XiAn Walsin Metal Product Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 180,457	-	-	-	-	-
	Nanjing Taiwan Trade Mart Management Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 99,900	-	-	-	-	-
	Dongguan Walsin Wire & Cable Co., Ltd.	100% owned subsidiary	Other receivables US\$ 24,396	-	-	-	-	-
Walsin International Investments Limited	Walsin Lihwa Corporation	Parent company	Other receivables RMB 1,002,299	-	-	-	-	-
	PT. Sunny Metal Industry	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 303,238	-	-	-	-	-
	PT. Walsin Nickel Industrial Indonesia	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 692,305	-	-	-	-	-
	Walsin (China) Investment Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 2,951,371	-	-	-	-	-
Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 247,982	-	-	-	-	-
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 162,910	-	-	-	-	-
	Hangzhou Walsin Power Cable & Wire Co., Ltd.	Both associates of Walsin Lihwa Corporation	Trade receivables RMB 31,359	7.08	-	-	-	-

Note: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars.

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2023
(In Thousands of Renminbi)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Both are subsidiaries of Concord Industries Limited	Trade receivables \$ 45,381	6.32	\$ -	-	\$ 15,071	\$ -
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Both are subsidiaries of Concord Industries Limited	Trade receivables 44,110	9.19	-	-	36,249	-
Changshu Walsin Specialty Steel Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both are subsidiaries of Walsin Lihwa Corporation	Other receivables 44,054	-	-	-	-	-
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both are subsidiaries of Walsin Lihwa Corporation	Other receivables 111,450	-	-	-	-	-

CHIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2023
(In Thousands of Renminbi)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Joint Success Enterprises Limited	Walsin (Nanjing) Development Co., Ltd.	Subsidiary	Other receivables \$ 196,917	-	\$ -	-	\$ -	\$ -

WALSIN SINGAPORE PTE. LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2023
(In Thousands of U.S. Dollars)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Walsin Singapore Pte. Ltd.	Walsin Lihwa Corporation PT. Sunny Metal Industry	Parent company 50.1% owned subsidiary	Other receivables \$ 120,000	-	\$ -	-	\$ -	\$ -
			Other receivables 176,767	-	-	-	-	-

TABLE 7

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE GROUP EXERCISES SIGNIFICANT INFLUENCE
FOR THE THREE MONTHS ENDED MARCH 31, 2023

Information of investees that Walsin Lihwa Corporation has controlling power or significant influence was as follows (in thousands of New Taiwan dollars, U.S. dollars and Hong Kong dollars):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2023			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited	British Virgin Islands	Investments holding	\$ 103,022	\$ 3,317,552	2,730,393	100.00	\$ 20,823,550	\$ (137,671)	\$ (137,856)	
	Concord Industries Limited	British Virgin Islands	Investments holding	13,320,958	13,611,135	298,998,375	100.00	4,843,338	(112,818)	(112,818)	
	Ace Result Global Limited	British Virgin Islands	Investments holding	1,587,416	1,587,416	44,739,988	100.00	325,079	(31,381)	(31,381)	
	Min Maw Precision Industry Corp.	Taiwan	Solar power systems management, design, and installation	180,368	180,368	32,791,149	100.00	394,005	5,569	5,569	
	Waltuo Green Resources Corporation	Taiwan	Waste disposal, resource recovery and cement products	10,000	10,000	1,828,287	100.00	16,213	(1,447)	(1,447)	
	Chin-Cherng Construction Co.	Taiwan	Investment in the construction of residential, sale of commercial buildings, rental design and interior decoration business	611,688	611,688	577,583,403	99.22	6,156,043	(71,825)	(71,265)	
	Walsin Info-Electric Corp.	Taiwan	Mechanical and electrical, communications, and power systems	270,034	270,034	29,854,246	99.51	314,495	359	357	
	PT. Walsin Lippo Industries	Indonesia	Steel wires	481,663	481,663	10,500	70.00	956,674	25,481	17,837	
	PT. Walsin Lippo Kabel	Indonesia	Production and sale of cables and wires	11,656	11,656	1,050,000	70.00	11,764	(758)	(531)	
	Joint Success Enterprises Limited	British Virgin Islands	Investments holding	1,164,273	1,164,273	36,058,184	49.05	5,035,872	(148,916)	(73,439)	
	Chin-Xin Investment Co., Ltd.	Taiwan	Investments	2,237,969	2,237,969	179,468,270	37.00	8,846,926	(14,382)	(5,321)	
	Tsai Yi Corporation (formerly known as Walsin Color Co., Ltd.)	Taiwan	Management and investments holding	457,610	457,610	49,831,505	33.97	865,895	(23,748)	(8,067)	
	Concord II Venture Capital Co., Ltd.	Taiwan	Venture capital and consulting affairs	257,860	257,860	26,670,699	26.67	172,163	(4,233)	(1,129)	
	Winbond Electronics Corp.	Taiwan	Research, development, production and sale of semiconductors and related components	7,429,920	7,429,920	883,848,423	22.21	20,250,404	(1,011,167)	(224,580)	
	Walton Advanced Engineering, Inc.	Taiwan	Production, sale, and testing of semiconductors	1,185,854	1,185,854	109,628,376	21.01	2,172,560	38,302	8,047	
	Walsin Technology Corp.	Taiwan	Production and sale of ceramic capacitors	1,649,039	1,649,039	88,902,325	18.30	8,334,137	275,725	52,353	
	PT. Walsin Nickel Industrial Indonesia	Indonesia	Production and sale of nickel pig iron	1,509,171	1,509,171	500,000	50.00	6,309,994	1,040,470	528,028	
	Walsin Precision Technology Corp.	Malaysia	Production and sale of stainless steel plates	434,994	434,994	32,178,385	100.00	555,822	(574)	(574)	
	Walsin Singapore Pte. Ltd. (formerly known as New Hono Investment Pte. Ltd)	Singapore	Investments holding	24,972,360	16,790,710	688,000,000	100.00	28,177,739	492,785	386,699	
	Walsin Energy Cable System Co., Ltd.	Taiwan	Submarine communication cables	1,000	-	100,000	100.00	984	(16)	(16)	
	Walsin Lihwa Europe S.a r.l.	Luxembourg	Investments holding	6,692,862	6,692,862	12,000	100.00	4,415,744	152,998	152,998	
	PT. Walsin Research Innovation Indonesia	Indonesia	Consulting and management	22,223	22,223	6,930	99.00	20,695	(1,185)	(1,174)	
	Walsin America, LLC	USA	Investments	185,752	185,752	N/A	100.00	(58,220)	(40,817)	(40,817)	(Note 4)
	PT. CNGR Walsin New Energy and Technology Indonesia	Indonesia	Investments holding	300,000	300,000	140,651	29.17	285,113	(522)	(152)	
	PT. Westrong Metal Industry	Indonesia	Manufacture and sale of nickel matte	-	4,680,030	-	-	-	283	(504)	(Note 3)
Walsin Lihwa Holding Limited	Walsin International Investments Limited	Hong Kong	Investments	HK\$ 3,868,710	HK\$4,653,372	3,868,709,702	100.00	16,542,077	(84,575)	(84,575)	
	Walcom Chemicals Industrial Limited	Hong Kong	Commerce	US\$ 0.030	US\$ 0.030	325,000	65.00	0.846	-	-	
Walsin America, LLC	Borrego Energy Holdings, LLC	USA	Investments	US\$ 38,147	US\$ 38,147	N/A	72.55	(111,630)	(348,802)	(253,060)	
Borrego Energy Holdings, LLC	Borrego Energy, LLC	USA	Grid-connected solar electric systems	US\$ 52,576 (Note 1)	US\$ 52,576	N/A	100.00	(153,864)	(348,802)	(348,802)	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2023			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Concord Industries Limited	Walsin Specialty Steel Corp.	British Virgin Islands	Commerce and investments	US\$ 82,893 (Note 2)	US\$ 92,393 (Note 2)	82,893,195	100.00	\$ 1,146,405	\$ 45,634	\$ 45,634	(Note 3)
Chin-Cherng Construction Co.	Joint Success Enterprises Limited	British Virgin Islands	Investments	1,202,993	1,202,993	37,461,816	50.95	5,046,466	(148,916)	(75,873)	
	Dinghsin Development Co., Ltd.	Taiwan	Investment of real estate and related business	8,540	8,540	2,119,200	35.32	36,475	1,084	383	
	Concord II Venture Capital Co., Ltd.	Taiwan	Venture capital and consulting affairs	1,603	1,603	172,342	0.17	1,113	(4,233)	(18)	
	Chin-Xin Investment Co., Ltd.	Taiwan	Investments	54,154	54,154	3,264,092	0.67	162,111	(14,382)	(96)	
Walsin Singapore Pte. Ltd. (formerly known as New Hono Investment Pte. Ltd)	PT. Walsin Nickel Industrial Indonesia	Indonesia	Production and sale of nickel pig iron	US\$ 42,000	US\$ 42,000	42,000	42.00	5,491,346	1,040,470	436,997	
	PT. Sunny Metal Industry	Indonesia	Manufacture and sale of nickel matte	US\$ 200,000	US\$ 200,000	51,000	50.10	6,083,239	512,121	83,684	
	PT. Westrong Metal Industry	Indonesia	Manufacture and sale of nickel matte	US\$ 146,000	US\$ -	590,000	29.50	4,444,844	283	589	
Walsin Lihwa Europe S.a r.l.	MEG S.A.	Luxembourg	Investments	EUR 207,216	EUR 207,216	5,102	85.03	6,133,488	234,055	199,017	

Note 1: The amount of the payment of US\$10,372 thousand was deducted for Borrego Energy, LLC employees’ compensation, which was paid by Walsin Lihwa Corporation.

Note 2: The amount included capitalization of retained earnings of US\$4,500 thousand.

Note 3: Due to adjustments in the investment structure of the Group, it was transferred from Walsin Lihwa Corporation to Walsin Singapore Pte. Ltd.

Note 4: Due to adjustments in the investment structure of the Group, it was transferred from Walsin Lihwa Holding Limited to Walsin Lihwa Corporation.

Note 5: Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Hong Kong dollars.

(Concluded)

TABLE 8

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)**

1. The names of investee companies in mainland China, their main businesses and products, total amount of paid-in capital, investment type, investment flows, percentage of ownership in investment, investment gain or loss, carrying amount, accumulated inward remittance of earnings and upper limit on investment in mainland China were as follows:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 16)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023
					Outward	Inward						
Jiangyin Walsin Steel Cable Co., Ltd.	Manufacture and sale of steel cables and wires	\$ 609,000 (US\$ 20,000)	b	\$ 792,948 (US\$ 26,041) (Note 2)	\$ - -	\$ - -	\$ 792,948 (US\$ 26,041) (Note 2)	\$ (29,382)	100.00	\$ (29,382)	\$ 816,511	\$ -
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	475,842 (US\$ 15,627)	b	455,410 (US\$ 14,956) (Note 3)	- -	- -	455,410 (US\$ 14,956) (Note 3)	(1,298)	95.71	(1,240)	1,211,790	-
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Manufacture and sale of cables and wires	5,422,536 (US\$ 178,080)	b	2,569,371 (US\$ 84,380) (Note 4)	- -	- -	2,569,371 (US\$ 84,380) (Note 4)	(127,879)	40.00	(51,153)	633,427	-
Walsin (China) Investment Co., Ltd.	Investments	2,393,370 (US\$ 78,600)	b	2,393,370 (US\$ 78,600) (Note 5)	- -	- -	2,393,370 (US\$ 78,600) (Note 5)	(42,104)	100.00	(42,104)	4,281,549	-
Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes	2,953,650 (US\$ 97,000)	b	2,953,650 (US\$ 97,000) (Note 6)	- -	- -	2,953,650 (US\$ 97,000) (Note 6)	46,883	100.00	46,883	1,100,906	-
Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	791,700 (US\$ 26,000)	b	791,700 (US\$ 26,000) (Note 9)	- -	- -	791,700 (US\$ 26,000) (Note 9)	19,530	100.00	19,530	1,512,802	-
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat rolled products	1,492,050 (US\$ 49,000)	b	1,492,050 (US\$ 49,000) (Note 10)	- -	- -	1,492,050 (US\$ 49,000) (Note 10)	(58,737)	100.00	(58,737)	1,725,033	-
XiAn Walsin Metal Product Co., Ltd. (Note 13)	Manufacture and sale of specialized stainless steel plates	1,685,408 (US\$ 55,350)	b	918,068 (US\$ 30,150)	- -	- -	918,068 (US\$ 30,150)	(2,839)	100.00	(2,839)	(799,566)	-
Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of electronic components and new alloy materials	10,202,729 (US\$ 335,065) (Note 11)	b	6,483,627 (US\$ 212,927)	- -	- -	6,483,627 (US\$ 212,927)	(189,827)	100.00	(189,827)	3,930,745	-
Changzhou China Steel Precision Materials Co., Ltd.	Melting and forging of nonferrous metallic materials and composites as well as new types of alloys	1,327,620 (US\$ 43,600)	b	398,286 (US\$ 13,080)	- -	- -	398,286 (US\$ 13,080)	30,352	30.00	9,107	531,069	929,334 (US\$ 30,520)

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 16)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023
					Outward	Inward						
Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and asset management, consulting and advertising services	\$ 30,450 (US\$ 1,000)	b	\$ 30,450 (US\$ 1,000)	\$ - -	\$ - -	\$ 30,450 (US\$ 1,000)	\$ (2,946)	100.00	\$ (2,946)	\$ (524,401)	\$ -
Dong Guan Cogne Steel Products Co., Ltd	Stainless steel products	828,240 (US\$ 27,200)	b	- (US\$ -)	- -	- -	- (US\$ -)	(11,403)	70.00	(7,982)	595,198	-
Shaanxi Tianhong Silicon Industrial Corporation	Polysilicon production	5,317,296 (RMB 1,200,000)	b	- (US\$ -)	- -	- -	- (US\$ -)	-	19.00	-	- (Note 12)	-
Jiangsu Taiwan Trade Mart Development Co., Ltd.	Development and management of Nanjing Taiwan Trade Mart Management Co., Ltd.	44,311 (RMB 10,000)	b	9,257 (US\$ 304)	- -	- -	9,257 (US\$ 304)	270	20.00	53	9,837	-
Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. (Note 14)	Communications equipment and electronic components	689,463 (RMB 155,597)	b	- (RMB -)	- -	- -	-	8,567	6.02	-	68,491	-
Walsin (Nanjing) Development Co., Ltd.	Construction, rental and sale of buildings and industrial factories	1,522,500 (US\$ 50,000)	b	1,516,410 (US\$ 49,800) (Note 15)	- -	- -	1,516,410 (US\$ 49,800) (Note 15)	(141,698)	99.60	(141,137)	9,137,662	-
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	4,431 (RMB 1,000)	b	- (RMB -)	- -	- -	- (RMB -)	(10,142)	99.60	(10,100)	(28,292)	-

2. The upper limit on investment of WLC in mainland China was as follows:

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (NT\$ and US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (NT\$ and US\$ in Thousands)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (NT\$ in Thousands)
\$ 19,600,300 (US\$ 643,688)	\$ 19,526,976 (US\$ 641,280)	(Note 19)

Note 1: Investments can be classified into the following three categories as follow:

- a. Direct investment in mainland China.
- b. Reinvestment in mainland China through companies in a third country companies.
- c. Others.

Note 2: Including US\$15,000 thousand investment through Walsin (China) Investment Co., Ltd.

Note 3: Including US\$14,950 thousand investment through Walsin (China) Investment Co., Ltd.

Note 4: Including US\$13,300 thousand investment through Walsin (China) Investment Co., Ltd., US\$53,000 thousand investment through Ace Result Global Ltd. and US\$22,730 thousand dividen ds appropriated from Dongguan Walsin Wire & Cable Co., Ltd., Jiangying Walsin Steel Cable Co., Ltd., Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. and Hangzhou Walsin Power Cable & Wire Co., Ltd.

Note 5: Capital investment of US\$28,600 thousand was contributed from the accounts payable of Walsin (China) Investment Co., Ltd. to Walsin Lihwa Holdings Limited.

Note 6: Including US\$20,000 thousand investment through Walsin Specialty Steel Corp. and US\$42,000 thousand dividends appropriated from Changshu Walsin Specialty Steel Co., Ltd. and Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.

(Continued)

Note 7: Including US\$4,800 thousand investment through Walsin (China) Investment.

Note 8: The liquidation and deregistration of Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd were completed on July 13, 2022.

Note 9: Investment through Walsin (China) Investment Co., Ltd.

Note 10: Including investments through Walsin (China) Investment Co., Ltd. of US\$4,500 thousand and US\$4,500 thousand of the own capital of Walsin (China) Investment Co., Ltd.

Note 11: Including investments of its own capital of RMB578,796 thousand from Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd., Changzhou Wujin NSL Co., Ltd. and Changshu Walsin Specialty Steel Co., Ltd. and RMB3,750 thousand investments through Changzhou Wujin NSL Co., Ltd. Including US\$32,927 thousand investment through Yantai Huanghai Iron and Steel Co., Ltd. and Yantai Dazhong Recycling Resource Co., Ltd. which were merged.

Note 12: The amount was adjusted by the capital of XiAn Lv Jing Technology Co., Ltd. of RMB228,000 thousand and by the fair value.

Note 13: XiAn Walsin Metal Product Co., Ltd. merged XiAn Lv Jing Technology Co., Ltd. and XiAn Walsin Opto-electronic Limited.

Note 14: Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. was formerly known as Shaanxi Optoelectronics Technology Co., Ltd.

Note 15: The amount included investment through Joint Success Enterprise Limited approved in the previous years.

Note 16: Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.

Note 17: The currency exchange rates as of March 31, 2023 were as follows: US\$ to NT\$ = 1:30.45, RMB to NT\$ = 1:4.43108. The average exchange rates of March 31, 2023 were as follows: US\$ to NT\$ = 1:30.394, RMB to NT\$ = 1:4.42962.

Note 18: The basis for recognizing investment gains and losses in the current period is the financial report reviewed by an international accounting firm that has a cooperative relationship with the accounting firm of the Republic of China.

Note 19: Upper limit on investment:

WLC was approved as the operation headquarter by the Industrial Development Bureau, Ministry of Economic Affairs and is thus exempted from the related regulations of “Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China”.

(Concluded)

JIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of U.S. Dollars and Renminbi)

1. The names of investee companies in mainland China, main businesses and products, total amount of paid-in capital, investment type, investment flows, percentage of ownership in investment, investment gain or loss, carrying amount, accumulated inward remittance of earnings and upper limit on investment in mainland China were as follows:

(In Thousands of U.S. Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 16)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023
					Outward	Inward						
Walsin (Nanjing) Development Co., Ltd	Construction, rental and sale of buildings and industrial factories	US\$ 50,000	Note 1	US\$ 25,475	\$ -	\$ -	US\$ 25,475	\$ (31,989)	50.95	\$ (16,298)	\$ 1,054,870	\$ -
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	1,000	Note 1	-	-	-	-	(2,290)	50.95	(1,167)	(3,266)	-

2. The upper limit on investment in mainland China

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (NT\$ and US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (NT\$ and US\$ in Thousands)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (NT\$ in Thousands)
US\$25,475	US\$25,475	US\$3,772,662 (Note 3)

Note 1: Investing in companies in mainland China through the companies already established and existing in the areas other than Taiwan and mainland China.

Note 2: The basis for recognizing investment gains and losses in the current period is the financial statements reviewed by an international accounting firm that has a cooperative relationship with the accounting firm of the Republic of China.

Note 3: The upper limit on investment in mainland China was as follows:

$$\text{NT\$}6,204,437 \text{ thousand} \times 60\% = \text{NT\$}3,722,662 \text{ thousand}$$

Note 4: Amounts are stated in thousand of Renminbi, except those stated in thousands of U.S. dollars.

TABLE 9

WALSIN LIHWA CORPORATION AND INVESTEEES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023

(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

No.	Company Name	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%)
0	For the three months ended March 31, 2023 Walsin Lihwa Corporation	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	\$ 170,125	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jianyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	100,012	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	169,227	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin Lihwa Holdings Limited	Transactions between parent company and subsidiaries	Other receivables	3,045,000	Based on capital demand	1
		PT. Sunny Metal Industry	Transactions between parent company and subsidiaries	Other receivables	100,425	Based on capital demand	-
1	Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 264,330	Based on capital demand	-
		Walsin International Investments Limited	Transactions between parent company and subsidiaries	Other receivables	RMB 100,000	Based on capital demand	-
2	Joint Success Enterprise Limited	Walsin (Nanjing) Development Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 196,917	Based on capital demand	-
3	Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited	Transactions between subsidiaries and parent company	Other receivables	US\$ 4,900	Based on capital demand	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 142,051	Based on capital demand	3
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 551,644 US\$ 44,982	The terms are set by quotations on the local market and are similar to those of general customers	1
		Jiangyin Walsin Steel Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 8,129 RMB 102,460	Based on capital demand	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 43,552	Based on capital demand	1

(Continued)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			
				Financial Statement Account	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%)
		Walsin (Nanjing) Development Co., Ltd. XiAn Walsin Metal Product Co., Ltd. Nanjing Taiwan Trade Mart Management Co., Ltd. Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between subsidiaries Transactions between subsidiaries Transactions between subsidiaries Transactions between parent company and subsidiaries	Other receivables Other receivables Other receivables Other receivables	RMB 840,686 RMB 180,457 RMB 99,900 US\$ 24,396	Based on capital demand Based on capital demand Based on capital demand Based on capital demand	1 - - -
4	Walsin International Investments Limited	Walsin Lihwa Corporation PT. Walsin Nickel Industrial Indonesia PT. Sunny Metal Industry Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries and parent company Transactions between subsidiaries Transactions between subsidiaries Transactions between subsidiaries	Other receivables Other receivables Other receivables Other receivables	RMB 1,002,299 RMB 692,305 RMB 303,238 RMB 2,951,371	Based on capital demand Based on capital demand Based on capital demand Based on capital demand	2 1 1 5
5	Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd. Changshu Walsin Specialty Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries Transactions between subsidiaries Transactions between subsidiaries Transactions between subsidiaries	Trade receivables Trade receivables Sales Sales	RMB 45,381 RMB 44,110 RMB 56,350 RMB 73,250	The terms are set by quotations on the local market and are similar to those of general customers The terms are set by quotations on the local market and are similar to those of general customers The terms are set by quotations on the local market and are similar to those of general customers The terms are set by quotations on the local market and are similar to those of general customers	- - - 1
6	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 111,450	Based on capital demand	-
7	Changshu Walsin Specialty Steel Co., Ltd.	Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 44,054	Based on capital demand	-
8	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 162,910	Based on capital demand	-
9	Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries and parent company	Other receivables	RMB 247,982	Based on capital demand	1
10	Walsin Singapore Pte. Ltd.	Walsin Lihwa Corporation PT. Sunny Metal Industry	Transactions between subsidiaries and parent company Transactions between parent company and subsidiaries	Other receivables Other receivables	US\$ 120,000 US\$ 176,767	Based on capital demand Based on capital demand	1 2

(Concluded)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS

MARCH 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Winbond Electronics Corp.	247,527,493	6.63
Chin-Xin Investment Co., Ltd.	247,399,375	6.63
LGT Bank (Singapore) Investment Fund under the custody of Standard Chartered	235,713,000	6.31
TECO Electric & Machinery Co., Ltd.	210,332,690	5.63

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers their shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

APPENDIX A: THE SECURITIES MARKETS OF THE ROC

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by us, the Initial Purchaser or any of our respective affiliates or advisors in connection with this Offering.

In September 1960, the ROC government established the ROC Securities and Exchange Commission to supervise and control all aspects of the existing domestic securities market and the TWSE began to take shape soon thereafter. In the 1970s and the early 1980s, the ROC government implemented a number of steps designed to upgrade the quality and importance of the ROC securities markets, such as encouraging listing on the TWSE and establishing an over-the-counter securities exchange. In the mid-1980s, the ROC government began to revise its laws and regulations in a manner designed to facilitate the gradual internationalization of the ROC securities markets. In 1997, the ROC Securities and Exchange Commission was renamed the ROC Securities and Futures Commission. Effective July 1, 2004, the ROC Securities and Futures Commission has been renamed the ROC Securities and Futures Bureau of the FSC, and its supervisory authority has been transferred from the Ministry of Finance to the FSC.

The Taiwan Stock Exchange

In 1961, the SFB established the TWSE to provide a marketplace for securities trading. The TWSE is a corporation owned by government-controlled and privately owned banks and enterprises. The TWSE is independent of the entities transacting business through it, each of which pays to the TWSE a user's fee. Subject to limited exceptions, all transactions in listed securities by brokers, traders and integrated securities firms must be made through the TWSE.

The TWSE commenced operations in 1962. During the early 1980s, the SFB actively encouraged new listings on the TWSE and the number of listed companies has grown from 119 in 1983 to 978 as of April 23, 2023. As of April 23, 2023, the market capitalization of companies listed on the TWSE was NT\$48.9 trillion.

Historically, ROC companies have listed only shares and bonds on the TWSE. However, the SFB has encouraged companies to list other types of securities. In 1988, the Ministry of Finance permitted the issuance of ROC's first exchangeable bonds. Since 1989, there have been offerings of domestic convertible bonds and convertible preferred shares. In addition, beneficiary units evidencing beneficiary interests in closed-end investment funds and bonds issued by super-national financial institutions are also listed on the TWSE or traded on the TPEx (which is discussed below). The SFB also has promulgated regulations which permit foreign issuers to list certain securities on the TWSE.

The TWSE considers the following factors when evaluating a company for listing:

- the number and distribution of stockholders, including the diversification of such stockholders;
- length of time in business;
- amount of paid-in capital; and
- profitability.

However, special listing criteria apply to technology companies and key businesses that are engaged in the national economic development.

The following table shows for the periods indicated information relating to the TWSE.

Period	No. of Listed Companies at Period End	Stock Trading Values (in NT\$ billions)	Index High	Index Low	Index at Period End
1996	382	12,907.6	6,982.81	4,690.22	6,933.94
1997	404	37,241.1	10,116.84	6,820.35	8,187.27
1998	437	29,619.0	9,277.09	6,251.38	6,418.43
1999	462	29,291.5	8,608.91	5,474.79	8,448.84
2000	531	30,526.6	10,202.20	4,614.63	4,739.09
2001	584	18,354.9	6,104.24	3,446.26	5,551.24
2002	638	21,874.0	6,462.30	3,850.04	4,452.45
2003	669	20,333.2	6,142.32	4,139.50	5,890.69
2004	697	23,875.4	7,034.10	5,316.87	6,139.69
2005	691	18,818.9	6,575.53	5,632.97	6,548.34
2006	688	23,900.4	7,823.72	6,257.80	7,823.72
2007	698	33,043.8	9,809.88	7,344.56	8,506.28
2008	718	26,115.4	9,295.20	4,089.93	4,591.22
2009	741	29,680.5	8,188.11	4,242.61	8,188.11
2010	758	28,218.7	8,972.50	7,071.67	8,972.50
2011	790	26,197.4	9,145.35	6,633.33	7,072.08
2012	809	20,238.2	8,144.04	6,894.66	7,699.50
2013	838	18,940.9	8,623.43	7,616.64	8,611.51
2014	854	21,898.5	9,569.17	8,264.48	9,307.26
2015	874	20,191.5	9,973.12	7,410.34	8,338.06
2016	892	16,771.1	9,392.68	7,664.01	9,253.50
2017	907	23,972.2	10,854.57	9,272.88	10,642.86
2018	928	29,608.9	11,253.11	9,478.99	9,727.41
2019	942	26,464.6	12,122.45	9,382.51	11,997.14
2020	948	45,654.3	14,732.53	8,681.34	14,732.53
2021	959	92,290.0	18,248.28	14,902.03	18,218.84
2022	971	56,080.6	18,526.35	12,666.12	14,137.69
2023 (through April 30, 2023)	978	14,957.7	15,963.55	14,199.13	15,579.18

Source: TWSE

The Taipei Exchange

To complement the TWSE, the TPEX was established in November 1994 on the initiative of the SFB to encourage the trading of securities of companies that do not qualify for listing on the TWSE. As of April 30, 2023, 809 companies had listed equity securities on the TPEX and the total market capitalization of those companies was NT\$5.2 trillion. The TPEX has established specific requirements for trading securities on the TPEX based on, among others, the history of a company, the number and distribution of a company's shareholders, amount of capital and profitability.

The following table shows for the periods indicated information relating to the TPEX.

Period	No. of Listed Companies at Period End	Stock Trading Values (in NT\$ billions)	Index High	Index Low	Index at Period End
2007	547	8,537.4	233.25	137.92	154.47
2008	539	3,285.5	163.15	54.85	64.37
2009	546	5,239.0	150.05	60.49	150.05

2010	564	5,633.6	150.75	122.79	143.95
2011	607	3,993.0	146.21	86.21	93.89
2012	638	2,951.9	120.47	92.05	103.29
2013	658	4,030.9	129.57	102.77	129.57
2014	685	6,355.9	154.06	122.71	140.38
2015	712	5,689.2	147.73	99.95	129.05
2016	732	5,050.3	132.91	117.09	125.18
2017	744	7,683.5	151.28	124.01	148.52
2018	766	8,145.5	159.07	109.93	123.54
2019	775	7,607.5	149.36	122.33	149.36
2020	782	12,087.1	184.24	103.25	184.10
2021	788	20,276.0	237.55	179.54	237.55
2022	808	14,878.7	235.53	159.26	180.34
2023 (through April 30, 2023)	809	4,705.2	218.04	182.53	209.33

Source: TPEX

Price Limits, Commissions, Transaction Tax and Other Matters

The TWSE/TPEX has placed limits on block trading and on the range of daily price movements. According to the TWSE/TPEX's block trading guidelines, transactions in one class of securities that involve 500 or more trading lots or trading amounts exceeding NT\$15 million, and transactions involving five or more different classes of securities and trading amounts exceeding NT\$15 million must be registered and executed in accordance with the guidelines. Fluctuations in the price of stock traded on the TWSE/TPEX are currently subject to a restriction of 10% above and below the previous day closing price (or reference price set by the TWSE/TPEX if the previous day closing price is not available because of lack of trading activity). However, these restrictions have been modified from time to time by the SFB based on market conditions. The SFB has announced that limitations on price fluctuations may be relaxed with a view to eventually abolish all share price fluctuation controls. Brokerage commission can be set at any rate of the transaction price, provided that any rate exceeding 0.1425% shall be reported to the TWSE/TPEX and notified to the client in advance. A securities transaction tax, currently levied at 0.3% of the transaction price, is payable by the seller of equity securities. Such securities transaction taxes are withheld at the time of the transaction giving rise to such tax. Sales of shares of companies listed on the TWSE/TPEX are currently sold in round lots of 1,000 shares. Investors who desire to sell less than 1,000 shares of a listed company occasionally experience delays in effecting such sales.

Regulation and Supervision

The SFB has extensive regulatory authority over public companies. Public companies are generally required to obtain the deemed approval from the SFB for all securities offerings. The SFB has promulgated regulations requiring, unless otherwise exempted, periodic reporting of financial and operating information by all public companies. In addition, the SFB establishes standards for financial reporting and carries out licensing and supervision of participants in the ROC securities market.

The SFB has responsibility for implementing ROC Securities and Exchange Act and for overall administration of governmental policies in the ROC securities market. It has extensive regulatory authority over the offering, issuance and trading of securities. In addition, ROC Securities and Exchange Act specifically empowers the SFB to promulgate necessary rules. ROC Securities and Exchange Act prohibits market manipulation. For example, it permits a ROC public company to recover short-swing trading profits made through purchases and sales within six months by directors, managerial personnel, supervisors, as well as the spouses, minor children and nominees of these parties, and stockholders (together with their spouses, minor children and nominees) who hold more than 10% of the shares of the company. ROC Securities and Exchange Act prohibits trading by "insiders" based on non-public information that materially affects share price movement prior to publication of such information and within 18 hours after publication of such information. "Insiders" include:

- directors, supervisors, managers, as well as the spouses, minor children and nominees of these parties, and stockholders (together with their spouses, minor children and nominees) who hold more than 10% of a ROC public company's shares and any individual designated by a governmental or corporate director or supervisor to act on its behalf;
- any person who has learned material, non-public information due to an occupational or controlling relationship with a ROC public company;
- any person who has discharged from the status or position in the first and second bullet points for not more than six months; and
- any person who has learned material, non-public information from any of the above.

Sanctions include imprisonment. In addition, damages may be awarded to persons injured by the transaction. ROC Securities and Exchange Act also imposes criminal liability on certified public accountants and lawyers who make false certifications in their examination and audit of a company's contracts, reports and other documents related to securities transactions. The SFB regulations require that financial reports of listed companies be audited by accounting firms consisting of at least three certified public accountants and be signed by at least two certified public accountants.

In addition, ROC Securities and Exchange Act provides for civil liability for material misstatements or omissions made by issuers and regulation of tender offers. The SFB does not have criminal or civil enforcement powers under ROC Securities and Exchange Act. Criminal actions may be pursued only by government prosecutors. Civil actions may only be brought by plaintiffs who assert that they have suffered damages. The SFB is empowered to curb abuses and violations of laws and regulations only through administrative measures including:

- issuance of warnings;
- temporary suspension of operation;
- imposition of administrative fines; and
- revocation of licenses.

In addition to providing a market for securities trading, the TWSE/TPEX reviews applications by ROC issuers to list securities on the TWSE/TPEX. If issuers of listed securities violate laws and regulations or encounter significant difficulties, the TWSE/TPEX may, with the approval of the SFB, delist the securities of these issuers.

APPENDIX B: FOREIGN INVESTMENT AND EXCHANGE CONTROLS IN THE ROC

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by us, the Initial Purchaser or any of our respective affiliates or advisors in connection with this Offering.

Foreign Investment

Foreign investments in ROC securities markets were once restricted. Since 1983, the ROC government has adopted, enacted and amended laws and regulations to enable investment in ROC securities markets by overseas Chinese, foreign nationals, and PRC nationals. Currently, the Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals ("**Securities Investment Regulations for Foreign Investors**"), which were announced on May 26, 1983 and last amended on February 11, 2014, and the Regulations Governing Securities Investment and Futures Trading in the ROC by Mainland Area Investors ("**Securities Investment Regulations for PRC Nationals**"), which were announced on April 30, 2009 and last amended on October 6, 2010, are two of the major regulations governing foreign investment in companies listed on TWSE or TPEx in the ROC. Foreign investors who are not PRC nationals shall follow the Securities Investment Regulations for Foreign Investors for their respective investment in ROC securities.

Under the Securities Investment Regulations for Foreign Investors, investors are classified into "Offshore General Foreign Investors," "Onshore General Foreign Investors," "Offshore Foreign Institutional Investors" and "Onshore Foreign Institutional Investors," based upon whether they are institutional investors or natural persons, and whether they reside in the ROC ("Offshore General Foreign Investors" and "Offshore Foreign Institutional Investors," hereafter "**Offshore Investor**"; "Onshore General Foreign Investors" and "Onshore Foreign Institutional Investors," hereafter "**Onshore Investor**"). Foreign investors are required to register with the TWSE to trade securities listed on TWSE/TPEx, and the TWSE may withdraw or rescind the registration if the application documents submitted by foreign investors are untrue or incomplete, or if any material violation of the relevant regulations exists. Offshore investors are required to appoint their local agent or nominee to act on their behalf in the ROC.

An Offshore Investor may only invest in ROC securities as permitted by the FSC such as shares, certificates of bond conversion entitlement, and Taiwan depositary receipts publicly or privately offered by TWSE-listed, TPEx-listed or emerging market-listed companies, beneficiary certificates issued by securities investment trusts, government bonds, bank debentures, corporate bonds, convertible bonds, bonds with warrant, beneficiary securities or asset-backed securities issued by the special purpose trust or special purpose vehicle and warrants. Offshore General Foreign Investors may be subject to a maximum investment ceiling that will be separately determined by the FSC after consultation with the CBC. Currently, there is no maximum investment ceiling for Offshore General Foreign Investors. On the other hand, Offshore Foreign Institutional Investors are not subject to any ceiling for investment in the ROC securities market.

In the past, PRC persons were prohibited from investing, whether directly or indirectly, in ROC securities. The Securities Investment Regulations for PRC Nationals promulgated in 2009 (as amended in 2010) allow PRC nationals and institutional investors to make investment in ROC securities, if they are qualified for any of the following categories: (i) qualified domestic institutional investors approved by the PRC government, also known as "QDII's"; (ii) PRC residents who are employees of a TWSE-listed or TPEx listed company and thereupon granted securities; (iii) companies incorporated under the laws of PRC or PRC residents who are the stockholders of a foreign company whose shares or depositary receipts are listed and traded on the TWSE or TPEx; or (iv) other categories as permitted by the competent authority. Subject to the requirements and restrictions set forth below, a PRC investor may invest in TWSE-listed or TPEx-listed securities, beneficiary certificates issued by securities investment trusts, government bonds, bank debentures, corporate bonds issued by public companies, beneficiary securities or asset-backed securities issued by the special purpose trust or special purpose vehicle, warrants and other securities as permitted by the FSC.

- The total amount remitted into the ROC by all QDII shall not exceed US\$500 million.
- The PRC investor may not exceed the PRC ownership limit imposed by the ROC competent authority.
- An approval issued by the TWSE for the investment remittance amount, which is capped at US\$100 million, should be obtained by each QDII and such approval must be applied by the custodian bank of such QDII in advance.

Depository Receipts

In April 1992, the ROC Securities and Futures Commission (later reformed and known as the Securities and Futures Bureau of the FSC) enacted regulations permitting ROC companies with securities listed on the TWSE, with the prior approval of the FSC, to sponsor the issue and sale to foreign investors of depository receipts. Depository receipts represent deposited shares of ROC companies. In December 1994, the ROC Ministry of Finance further allowed companies whose shares are traded on the TPEX or listed on the TWSE, upon approval of the FSC, to sponsor the issue and sale of depository receipts.

After depository receipts are issued initially by a foreign depository, a holder of depository receipts may request the foreign depository to cause the underlying shares (i) to be sold in the ROC, with the proceeds from that sale distributed to the depository receipt holder after deducting tax payments and relevant costs and expenses, or (ii) to be withdrawn from the depository receipt facility and transferred to the depository receipt holder.

Currently, a holder of depository shares who is a PRC person may not withdraw and hold shares unless (i) it is a QDII, or (ii) if all the businesses of the issuer are in the positive list promulgated by the ROC Executive Yuan, the holder withdraws shares which accounts for 10% or more of the issuer's issued shares and it otherwise obtains the approval of the Investment Commission of the Ministry of Economic Affairs. However, QDIIs are currently prohibited from investing in certain industries, and their investment in a given company is restricted to a certain percentage promulgated by the competent authorities and amended from time to time. In addition, there are restrictions on the amount remitted to Taiwan for investments by each individual QDII and for QDIIs in the aggregate in certain industries. Accordingly, the qualification criteria for a PRC person to make investment, the restrictions on investment in certain industries and the investment threshold imposed by the FSC might accordingly cause a holder of depository shares who is a PRC person to be unable to withdraw and hold the underlying shares.

Under existing laws and regulations relating to foreign exchange control, a depository may, without obtaining further approvals from the CBC or any other governmental authority or agency of the ROC, convert NT dollars into other currencies, including US dollars, in respect of the following: (1) proceeds of the sale of shares represented by depository receipts, (2) proceeds of the sale of shares received as stock dividends which have been deposited into the depository receipt facility and (3) any cash dividends or cash distributions received. However, a depository may be required to obtain foreign exchange approval from the CBC on a payment-by-payment basis for conversion from NT dollars into other currencies relating to the sale of subscription rights for new shares. Proceeds from the sale of any underlying shares by holders of depository receipts withdrawn from the depository receipt facility may be converted into other currencies without obtaining CBC approval.

Proceeds from sale of the underlying shares withdrawn from the depository receipt facility may be used for reinvestment in the TWSE or the TPEX securities, subject to limitations and restrictions set forth in relevant regulations.

According to the Securities Investment Regulations for Foreign Investors, a non-resident foreign withdrawing GDS holder, when withdrawing the underlying securities from depository receipts facilities of a company listed on the TWSE or TPEX, will be required to register with the TWSE, and to appoint a local agent which is a local securities firm or financial institution (with such qualifications provided by the FSC) to open a securities trading account with a local brokerage firm and an NT dollar bank account, pay ROC

taxes, remit funds, exercise rights relating to the securities and perform such other matters as may be designated by such withdrawing GDS holder on behalf of and as an agent for such withdrawing GDS holder. The withdrawing GDS holder is also required to appoint a local bank or securities firm to act as the custodian to hold the securities and any cash proceeds in safekeeping, to make confirmation to settle trades, and to report all relevant information. Additionally, such withdrawing GDS holder is required to appoint a tax guarantor for filing tax returns and making tax payments. Without satisfying the above requirements, the withdrawing GDS holder would not be able to hold and subsequently sell or otherwise transfer the underlying shares withdrawn from the depositary receipt facility on the TWSE or otherwise.

Exchange Controls

The ROC Foreign Exchange Control Statute and regulations provide that all foreign exchange transactions must be executed by banks designated by the FSC and the CBC to handle foreign exchange transactions. Current regulations favor trade-related foreign exchange transactions. Consequently, foreign currency earned from exports of merchandise and services may now be retained and used freely by exporters. All foreign currency needed for the importation of merchandise and services may be purchased freely from the designated foreign exchange banks.

Aside from trade-related foreign exchange transactions, ROC companies and individual residents of the ROC may, without foreign exchange approval, remit to and from Taiwan in each calendar year foreign currencies of up to US\$50 million, or its equivalent, and US\$5 million, or its equivalent, respectively, or such other amount as determined by the CBC from time to time at its discretion in consideration of the ROC's economic and financial conditions or the needs to maintain the order of foreign exchange market in the ROC. These limits apply to remittances involving a conversion between NT dollars and US dollars or other foreign currencies. In addition, all private enterprises are required to register all medium- and long-term foreign debt with the CBC.

In addition, a foreign person may, subject to certain requirements, but without foreign exchange approval of the CBC, remit outside and into the ROC foreign currencies of up to US\$100,000 (or its equivalent) for each remittance if the required documentation is provided to the ROC authorities. The above limit applies to remittances involving a conversion of NT dollars to a foreign currency and vice versa.

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