

Walsin Lihwa Corporation

**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 financial statements of Walsin Lihwa Corporation (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

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 financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit 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 financial statements as of and for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are key audit matters of the Company's financial statements as of and for the year ended December 31, 2022:

Sales Revenue Recognition

In 2022, the main products of the Company'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 Company 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 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 21 to the 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 equity-method investees included in the 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 investments, is based solely on the reports of other auditors. The investments in such investees amounted to NT\$14,685,608 thousand and NT\$5,587,877 thousand, which constituted 7.30% and 3.39% of the total assets as of December 31, 2022 and 2021, respectively; and the investment (loss) gains amounted to NT\$(118,414) thousand and NT\$743,761 thousand for the years ended December 31, 2022 and 2021, respectively.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 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 financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

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

WALSIN LIHWA CORPORATION

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)	\$ 10,956,239	6	\$ 5,023,659	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	8,864	-
Contract assets - current (Notes 4 and 8)	267,147	-	151,065	-
Notes receivable (Notes 4, 9 and 31)	25,058	-	36,993	-
Trade receivables (Notes 4 and 9)	3,652,066	2	4,488,125	3
Trade receivables from related parties (Notes 4, 9 and 31)	296,053	-	630,518	-
Other receivables (Note 31)	8,272,172	4	985,084	1
Inventories (Notes 4 and 10)	11,819,088	6	15,567,272	10
Other current assets (Notes 6 and 16)	<u>2,060,227</u>	<u>1</u>	<u>2,051,688</u>	<u>1</u>
Total current assets	<u>37,348,050</u>	<u>19</u>	<u>28,943,268</u>	<u>18</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	2,567,786	1	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 11)	12,206,200	6	16,139,524	10
Investments accounted for using equity method (Notes 4 and 12)	117,556,202	59	92,360,069	56
Property, plant and equipment (Notes 4 and 13)	18,760,190	9	17,411,273	10
Right-of-use assets (Notes 4 and 14)	1,459,994	1	81,050	-
Investment properties (Notes 4 and 15)	8,170,554	4	8,243,668	5
Deferred tax assets - non-current (Notes 4 and 23)	700,710	-	1,291,573	1
Refundable deposits	31,197	-	27,548	-
Other non-current assets (Note 16)	<u>2,281,237</u>	<u>1</u>	<u>182,006</u>	<u>-</u>
Total non-current assets	<u>163,734,070</u>	<u>81</u>	<u>135,736,711</u>	<u>82</u>
TOTAL	<u>\$ 201,082,120</u>	<u>100</u>	<u>\$ 164,679,979</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ 6,600,565	3	\$ 5,074,632	3
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	51,505	-	37,439	-
Trade payables (Note 31)	3,226,544	2	3,040,224	2
Other payables	2,884,659	1	2,498,452	2
Other payables to related parties (Note 31)	9,273,554	5	178,362	-
Current tax liabilities (Notes 4 and 23)	1,420,015	1	2,040,190	1
Lease liabilities - current (Notes 4 and 14)	38,519	-	20,564	-
Current portion of long-term borrowings (Note 17)	-	-	10,500,000	7
Other current liabilities	<u>227,916</u>	<u>-</u>	<u>372,874</u>	<u>-</u>
Total current liabilities	<u>23,723,277</u>	<u>12</u>	<u>23,762,737</u>	<u>15</u>
NON-CURRENT LIABILITIES				
Bonds Payable (Note 18)	7,500,000	4	7,500,000	5
Long-term borrowings (Note 17)	37,445,270	18	24,640,014	15
Long-term notes and bills payable (Note 17)	1,497,914	1	-	-
Deferred tax liabilities (Notes 4 and 23)	5,495,675	3	2,151,564	1
Lease liabilities - non-current (Notes 4 and 14)	1,498,347	1	64,580	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	147,420	-	451,697	-
Other non-current liabilities (Note 28)	<u>193,341</u>	<u>-</u>	<u>225,863</u>	<u>-</u>
Total non-current liabilities	<u>53,777,967</u>	<u>27</u>	<u>35,033,718</u>	<u>21</u>
Total liabilities	<u>77,501,244</u>	<u>39</u>	<u>58,796,455</u>	<u>36</u>
EQUITY (Note 20)				
Share capital	<u>37,313,329</u>	<u>18</u>	<u>34,313,329</u>	<u>21</u>
Capital surplus	<u>24,672,454</u>	<u>12</u>	<u>18,440,875</u>	<u>11</u>
Retained earnings				
Legal reserve	7,564,090	4	6,109,568	4
Special reserve	2,712,250	1	2,712,250	1
Unappropriated earnings	<u>51,762,058</u>	<u>26</u>	<u>38,965,389</u>	<u>24</u>
Total retained earnings	<u>62,038,398</u>	<u>31</u>	<u>47,787,207</u>	<u>29</u>
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(4,256,774)	(2)	(6,100,687)	(4)
Unrealized gain on financial assets at fair value through other comprehensive income	6,693,877	3	11,534,267	7
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	<u>123,580,876</u>	<u>61</u>	<u>105,883,524</u>	<u>64</u>
TOTAL	<u>\$ 201,082,120</u>	<u>100</u>	<u>\$ 164,679,979</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 24, 2023)

WALSIN LIHWA CORPORATION

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 21)	\$ 98,420,045	100	\$ 97,789,648	100
OPERATING COSTS (Note 10)	(87,224,447)	(89)	(84,881,753)	(87)
REALIZED (UNREALIZED) GAIN	<u>11,802</u>	<u>-</u>	<u>(13,335)</u>	<u>-</u>
GROSS PROFIT	<u>11,207,400</u>	<u>11</u>	<u>12,894,560</u>	<u>13</u>
OPERATING EXPENSES				
Selling and marketing expenses	1,431,892	1	1,258,609	1
General and administrative expenses	1,833,812	2	1,257,078	1
Research and development expenses	<u>200,649</u>	<u>-</u>	<u>180,944</u>	<u>-</u>
Total operating expenses	<u>3,466,353</u>	<u>3</u>	<u>2,696,631</u>	<u>2</u>
PROFIT FROM OPERATIONS	<u>7,741,047</u>	<u>8</u>	<u>10,197,929</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	119,155	-	225,171	-
Dividend income	764,885	1	560,552	1
Other income - other	405,699	-	447,284	-
Gain on disposal of property, plant and equipment	78,846	-	683	-
Foreign exchange gain (loss), net	1,732,956	2	(311,352)	-
(Loss) gain on valuation of financial assets and liabilities at fair value through profit or loss	(165,235)	-	654,576	1
Other expenses	(124,715)	-	(78,196)	-
(Loss) gain on disposal of investments (Note 22)	(597,501)	(1)	461,026	-
Recognition of impairment loss (Note 22)	-	-	(557,721)	(1)
Interest expense	(727,747)	(1)	(425,367)	-
Share of profit of subsidiaries and associates accounted for using the equity method	<u>15,429,151</u>	<u>16</u>	<u>7,218,874</u>	<u>7</u>
Total non-operating income and expenses	<u>16,915,494</u>	<u>17</u>	<u>8,195,530</u>	<u>8</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	24,656,541	25	18,393,459	19
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(5,304,444)</u>	<u>(5)</u>	<u>(3,750,830)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>19,352,097</u>	<u>20</u>	<u>14,642,629</u>	<u>15</u>

(Continued)

WALSIN LIHWA CORPORATION

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	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 19)	\$ 260,538	-	\$ (160,650)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(4,022,988)	(4)	2,611,742	2
Share of the other comprehensive (loss) income of associates accounted for using the equity method	<u>(688,713)</u>	<u>(1)</u>	<u>2,892,990</u>	<u>3</u>
	<u>(4,451,163)</u>	<u>(5)</u>	<u>5,344,082</u>	<u>5</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	1,663,884	2	(67,717)	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	<u>74,228</u>	<u>-</u>	<u>(127,834)</u>	<u>-</u>
	<u>1,738,112</u>	<u>2</u>	<u>(195,551)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(2,713,051)</u>	<u>(3)</u>	<u>5,148,531</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 16,639,046</u>	<u>17</u>	<u>\$ 19,791,160</u>	<u>20</u>
EARNINGS PER SHARE (Note 24)				
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 financial statements.

(With Deloitte & Touche auditors' report dated February 24, 2023)

(Concluded)

WALSIN LIHWA CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity			Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Loss on Hedging Instrument	Others	
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
Appropriation of 2020 earnings (Note 20)										
Legal reserve	-	-	681,368	-	(681,368)	-	-	-	-	-
Special reserve	-	-	-	(398,160)	398,160	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(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
Changes in capital surplus from investments in associates accounted for using the equity method	-	(26,782)	-	-	77,160	-	(77,160)	-	(91,467)	(118,249)
Issuance of new shares in exchange for the shares of another company	2,053,327	2,771,798	-	-	-	-	-	-	-	4,825,125
Net profit for the year ended December 31, 2021	-	-	-	-	14,642,629	-	-	-	-	14,642,629
Other comprehensive (loss) income for the year ended December 31, 2021, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(174,569)</u>	<u>(195,552)</u>	<u>5,518,652</u>	<u>-</u>	<u>-</u>	<u>5,148,531</u>
Total comprehensive income (loss) for the year ended December 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,468,060</u>	<u>(195,552)</u>	<u>5,518,652</u>	<u>-</u>	<u>-</u>	<u>19,791,160</u>
Others	<u>-</u>	<u>2,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,329</u>
BALANCE AT 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
Appropriation of 2021 earnings (Note 20)										
Legal reserve	-	-	1,454,522	-	(1,454,522)	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(5,490,133)	-	-	-	-	(5,490,133)
Change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	(2,683,140)	(2,683,140)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	(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
Issuance of ordinary shares for cash	3,000,000	6,000,000	-	-	-	-	-	-	-	9,000,000
Net profit for the year ended December 31, 2022	-	-	-	-	19,352,097	-	-	-	-	19,352,097
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,270</u>	<u>1,843,913</u>	<u>(4,764,433)</u>	<u>(105,801)</u>	<u>-</u>	<u>(2,713,051)</u>
Total comprehensive income (loss) for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,665,367</u>	<u>1,843,913</u>	<u>(4,764,433)</u>	<u>(105,801)</u>	<u>-</u>	<u>16,639,046</u>
Share-based payment transaction (Note 25)	-	225,000	-	-	-	-	-	-	-	225,000
Others	<u>-</u>	<u>6,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,686</u>
BALANCE AT 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>

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

(With Deloitte & Touche auditors’ report dated February 24, 2023)

WALSIN LIHWA CORPORATION

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	\$ 24,656,541	\$ 18,393,459
Adjustments for:		
Depreciation expenses	1,422,173	1,343,326
Amortization expenses	11,750	445
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	165,235	(654,576)
Interest expenses	727,747	425,367
Interest income	(119,155)	(225,171)
Dividend income	(764,885)	(560,552)
Compensation costs of employee share options	225,000	-
Share of profit of subsidiaries and associates accounted for using the equity method	(15,429,151)	(7,218,874)
Gain on disposal of property, plant and equipment	(78,846)	(683)
Loss (gain) on disposal of investments	597,501	(461,026)
Impairment loss recognized on non-financial assets	-	557,721
(Realized) unrealized gain on the transaction with associates	(11,802)	13,335
Unrealized loss on foreign currency exchange	7,352	1,784
Loss on lease modification	6	-
Changes in operating assets and liabilities		
(Increase) decrease in financial assets mandatorily classified as at fair value through profit or loss	(555,033)	297,214
Increase in contract assets	(116,082)	(138,128)
Decrease (increase) in notes receivable	11,935	(9,716)
Decrease (increase) in trade receivables	1,170,524	(2,532,916)
Increase in other receivables	(625,476)	(640,575)
Decrease (increase) in inventories	3,748,184	(7,064,475)
Decrease in other current assets	232,752	406,860
Increase in other financial assets	(241,290)	(14,820)
Decrease (increase) in other operating assets	93,091	(64,888)
Increase in trade payables	186,320	517,896
Increase in other payables	146,827	525,554
(Decrease) increase in net defined benefit liabilities	(43,738)	810
Decrease in other current liabilities	(133,155)	(399,500)
(Decrease) increase in other operating liabilities	(50,009)	38,202
Cash generated from operations	15,234,316	2,536,073
Interest received	118,408	235,112
Dividends received	2,161,080	1,358,109
Interest paid	(649,093)	(498,619)
Income tax paid	(1,989,646)	(138,061)
Net cash generated from operating activities	14,875,065	3,492,614

(Continued)

WALSIN LIHWA CORPORATION

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	\$ (90,000)	\$ (1,944,281)
Disposal of financial assets at fair value through other comprehensive income	335	-
Capital reduction and refund from financial assets at fair value through other comprehensive income	-	3,615
Purchase of financial assets at fair value through profit or loss	(2,686,100)	-
Disposal of financial assets at fair value through profit or loss	-	4,948,895
Acquisition of investments accounted for using the equity method	(17,718,066)	(6,760,343)
Repatriation through capital reduction of investee companies accounted for using the equity method	11,178,225	699,515
Purchase of property, plant and equipment	(2,467,304)	(1,729,419)
Proceeds from disposal of property, plant and equipment	129,210	2,204
Increase in refundable deposits	(3,650)	(635)
(Increase) decrease in other receivables	(6,710,599)	7,016,224
Purchase of investment properties	(183)	(2,362)
Increase in prepaid long-term investments	(2,204,073)	-
Other investing activities	<u>(524,195)</u>	<u>(404,184)</u>
Net cash (used in) generated from investing activities	<u>(21,096,400)</u>	<u>1,829,229</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	1,518,581	(1,559,788)
Proceeds from bonds payable	-	7,500,000
Proceeds from long-term borrowings	21,755,400	4,000,000
Repayment of long-term borrowings	(19,450,144)	(6,000,000)
Increase in long-term notes and bills payable	1,497,914	-
Increase (decrease) in other payables to related parties	3,345,925	(5,640,652)
Repayment of the principal portion of lease liabilities	(30,665)	(23,133)
Cash dividends paid	(5,489,781)	(3,088,030)
Proceeds from issuance of ordinary shares	9,000,000	-
Other financing activities	<u>6,685</u>	<u>2,329</u>
Net cash generated from (used in) financing activities	<u>12,153,915</u>	<u>(4,809,274)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,932,580	512,569
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,023,659</u>	<u>4,511,090</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 10,956,239</u>	<u>\$ 5,023,659</u>

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

(With Deloitte & Touche auditors' report dated February 24, 2023)

(Concluded)

WALSIN LIHWA CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

1. GENERAL INFORMATION

Walsin Lihwa Corporation (“the Company”) was incorporated in December 1966 and commenced operations in December 1966. To diversify its operations, the Company made various investments in construction, electronics, material science, real estate, etc. The Company’s main products are wires, cables, stainless steel, resource business and real estate.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since November 1972. In October 1995 and November 2010, the Company increased its share capital and issued Global Depositary Receipts (GDRs), which were listed on the Luxembourg Stock Exchange under stock number 168527.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on February 24, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS, AMENDED 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 Company’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 will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company 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 Company 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 Company 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 Company 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 Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company 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 Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company 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 Company 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 Company shall recognize the cumulative effect of initial application in retained earnings at that date. The Company 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 financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’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 Company 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 Company loses control of a subsidiary that contains a business but retains significant influence or joint venture, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company 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 Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated. Also, when the Company 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 Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’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 Company 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 Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company 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 Company shall disclose information that enables users of financial statements to understand the risk of the Company 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 Company’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 Company’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 financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company’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 financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basic of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements 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.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

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 Company 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. Foreign currencies

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

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

e. 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.

f. Investments accounted for using the equity method

The Company uses the equity method to account for its investments in subsidiaries and associates.

1) Investment in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary 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 Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

2) Investment in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Company uses the equity method to account for its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of equity of associates.

Any excess of the cost of acquisition over the Company'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 Company'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 Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the 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 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 Company's share of losses of an associate equals or exceeds its interest in that associate, the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company 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 investments and the 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 Company 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 on 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 Company 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 Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

g. 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.

h. 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. 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.

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.

i. 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 within useful lives. 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 estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives are reported at cost less accumulated impairment loss.

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 differences between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. 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 Company 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 Company 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.

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company 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.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial asset 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 losses. Fair value is determined in the manner described in Note 30.

ii. 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 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 and 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 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.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company 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 lease receivables, as well as contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables, operating lease receivables and contract assets. For all other financial instruments, the Company 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 a financial instrument has not increased significantly since initial recognition, the Company 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 represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs 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 Company considers that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 90 days past due unless the Company 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.

c) Derecognition of financial assets

The Company 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.

2) Equity instruments

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

The repurchase of the Company'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 the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are 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 other gains or losses. Fair value is determined in the manner described in Note 30.

ii. Financial guarantee contracts

Financial guarantee contracts issued by the Company, 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.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Company 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.

1. Hedge accounting

The Company 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 Company 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 gains or losses relating to the ineffective portion are 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 adjustments in the line items relating to the hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted 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 Company 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 was previously recognized in other comprehensive income (from the period in which the hedge was effective) remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

m. 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.

n. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and the amount of the obligation can be measured reliably.

o. Revenue recognition

The Company 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

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

2) Revenue from the others

a) Revenue from the reading 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

A contract asset is recognized during construction and is 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 Company recognizes a contract liability for the difference. Certain payments retained by the customer as specified in the contract are intended to ensure that the Company adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Company satisfies its performance obligation.

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.

p. Leases

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

1) The Company as lessor

Leases are classified as finance leases whenever the terms of the 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 Company'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.

2) The Company as lessee

The Company 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 Company 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 Company 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 balance sheets.

The Company negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Company elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Company recognizes the reduction in lease payment in profit or loss as, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

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.

q. Government grants

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

Government grants are recognized profit and loss on a systematic basis over the periods in which the Company 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 Company 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.

r. 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 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 Company'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.

s. Share-based payment transaction agreements

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 Company'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.

t. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act in 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 carryforward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company 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 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except the current and deferred taxes that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes will be recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about 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 to be relevant. Actual results may differ from these estimates.

The Company 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 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	
	2022	2021
Cash on hand	\$ 1,050	\$ 1,050
Checking accounts and cash in banks	7,423,539	5,022,609
Cash equivalents		
Time deposits	<u>3,531,650</u>	<u>-</u>
	<u>\$ 10,956,239</u>	<u>\$ 5,023,659</u>

The market rate intervals of cash in the bank at the end of the year were as follows (except for checking accounts' interest rate of 0.00%):

	December 31	
	2022	2021
Bank balance	0.001%-3.80%	0.001%-0.11%
Time deposits	1.035%	-

Other bank deposits have been reclassified to other accounts for the following purposes:

		December 31	
		2022	2021
Other current assets - current			
Restricted deposits	Repatriation of offshore fund and projects grants	\$ 40,786	\$ 80,493
Refundable deposits	Futures deposits	<u>280,997</u>	<u>-</u>
		<u>321,783</u>	<u>80,493</u>
Non-current assets - other			
Pledged time deposits	To meet required security deposits	<u>600</u>	<u>600</u>
		<u>\$ 322,383</u>	<u>\$ 81,093</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

		December 31	
		2022	2021
<u>Financial assets mandatorily classified as at FVTPL</u>			
Derivative financial assets (not under hedge accounting)			
Commodity futures contracts		\$ -	\$ 873
Foreign exchange forward contracts		-	7,991
Non-derivative financial assets			
Contingent consideration		<u>2,567,786</u>	<u>-</u>
Financial assets at FVTPL		<u>\$ 2,567,786</u>	<u>\$ 8,864</u>
Current		\$ -	\$ 8,864
Non-current		<u>2,567,786</u>	<u>-</u>
		<u>\$ 2,567,786</u>	<u>\$ 8,864</u>

Financial liabilities held for trading

Derivative financial liabilities (not under hedge accounting)			
Commodity futures contracts		\$ 21,017	\$ -
Foreign exchange forward contracts		30,488	-
Exchange rate swap contracts		<u>-</u>	<u>37,439</u>
Financial liabilities at FVTPL		<u>\$ 51,505</u>	<u>\$ 37,439</u>

(Continued)

	December 31	
	2022	2021
Current	\$ 51,505	\$ 37,439
Non-current	<u>-</u>	<u>-</u>
	<u>\$ 51,505</u>	<u>\$ 37,439</u>
		(Concluded)

- 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							
Copper	Buy	5,900	2022.08.15-2022.12.30	2023.01.18-2023.06.21	US\$ 48,178	US\$ 49,332	US\$ 1,154
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)
<u>December 31, 2021</u>							
Commodity futures							
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)

- 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>			
Buy	USD to IDR	2023.01.31	USD91,000/IDR1,429,633,100
	USD to JPY	2023.01.05	USD3,000/JPY412,605
<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
Buy	EUR to USD	2022.01.10	EUR25,405/USD28,694
	USD to NTD	2022.01.06-2022.02.21	USD129,363/NTD3,579,887
	USD to JPY	2022.01.12-2022.01.18	USD4,784/JPY547,970

- c. As of the December 31, 2021, outstanding exchange rate swap contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>			
	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, 2022 and 2021, the Company's strategies for commodity futures contracts and forward exchange contracts were to hedge exposures to fluctuations in the prices of raw material 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. Contingent consideration is the amount of consideration to be received by the Company from the acquirer in the disposal of the subsidiary on July 27, 2022. In accordance with the agreement of contingent consideration, the acquirer shall respectively pay additional payments when the gross profit of the 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.

8. CONTRACT ASSETS

At the end of the year, contract balances were as follows:

	December 31	
	2022	2021
Contract assets		
Cable installation	\$ 267,147	\$ 151,065
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Contract assets - current	<u>\$ 267,147</u>	<u>\$ 151,065</u>

The changes in the balance of contract assets primarily resulted from the timing differences between the Company's satisfaction of performance obligations and the respective customer's payment.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
Notes receivable	\$ 24,016	\$ 36,024
<u>Notes receivable - non-operating</u>		
Notes receivable from related parties	<u>1,042</u>	<u>969</u>
	<u>\$ 25,058</u>	<u>\$ 36,993</u>
<u>Trade receivables</u>		
Trade receivables	\$ 3,652,066	\$ 4,488,125
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>3,652,066</u>	<u>4,488,125</u>
Trade receivables from related parties	<u>296,053</u>	<u>630,518</u>
	<u>\$ 3,948,119</u>	<u>\$ 5,118,643</u>

The average credit period on the sales of goods was 60 days. In determining the collectability of a trade receivable, the Company 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 Company dealt with new entities, the Company 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 Company uses other publicly available financial information or its own trading records to rate its major customers. The Company'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 Company's credit risk is significantly reduced.

The Company permits the use of a lifetime expected credit loss allowance for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience with the respective debtors and an analysis of the debtors' current financial positions. As the Company'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 Company's customer base.

The Company 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 Company 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 Company's provision matrix.

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%	0%-2%	0%-50%	0%-100%	50%-100%	
Gross carrying amount	\$ 3,763,039	\$ 24,816	\$ 126,508	\$ 33,756	\$ -	\$ 3,948,119
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 3,763,039</u>	<u>\$ 24,816</u>	<u>\$ 126,508</u>	<u>\$ 33,756</u>	<u>\$ -</u>	<u>\$ 3,948,119</u>

December 31, 2021

	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	\$ 4,940,106	\$ 178,537	\$ -	\$ -	\$ -	\$ 5,118,643
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 4,940,106</u>	<u>\$ 178,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,118,643</u>

10. INVENTORIES

	December 31	
	2022	2021
Raw materials	\$ 1,905,546	\$ 2,852,040
Raw materials in transit	1,488,842	2,446,150
Supplies	1,208,541	1,161,688
Work-in-process	1,746,284	1,732,064
Finished goods and merchandise	5,251,659	7,145,905
Construction in progress	<u>218,216</u>	<u>229,425</u>
	<u>\$ 11,819,088</u>	<u>\$ 15,567,272</u>

- a. The cost of goods sold related to inventories for the years ended December 31, 2022 and 2021 were NT\$86,967,000 thousand and NT\$84,624,278 thousand, respectively.
- b. The cost of goods sold for the years ended December 31, 2022 and 2021 included inventory write-downs of NT\$74,230 thousand and reversals of inventory write-downs of NT\$15,985 thousand, respectively. The reversals of previous write-downs for the year ended December 31, 2021 resulted from the inventory closeout.

11. 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
Domestic unlisted ordinary shares	<u>498,902</u>	<u>528,367</u>
	<u>\$ 12,206,200</u>	<u>\$ 16,139,524</u>
Current	\$ -	\$ -
Non-current	<u>12,206,200</u>	<u>16,139,524</u>
	<u>\$ 12,206,200</u>	<u>\$ 16,139,524</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 Company'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\$(4,022,988) thousand and NT\$2,611,742 thousand, respectively, recognized in other comprehensive income (loss).

On January 6, 2021, the Company 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 Company also acquired the shares of TECO Electric & Machinery Co., Ltd. from the open market. As of December 31, 2022 and 2021, the Company held a total of 230,439 thousand shares of TECO Electric & Machinery Co., Ltd.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	\$ 72,758,665	\$ 54,273,810
Investments in associates	<u>44,797,537</u>	<u>38,086,259</u>
	<u>\$ 117,556,202</u>	<u>\$ 92,360,069</u>

a. Investments in subsidiaries

	December 31			
	2022		2021	
Name of Subsidiary	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Unlisted companies:				
Walsin Lihwa Holdings Ltd.	\$ 24,073,818	100.00	\$ 26,803,960	100.00
Concord Industries Ltd.	5,210,454	100.00	5,353,142	100.00
Walsin Precision Technology Sdn. Bhd.	563,204	100.00	447,963	100.00
Min Maw Precision Industry Corp.	388,436	100.00	365,703	100.00
Ace Result Limited	354,722	100.00	383,632	100.00
Walsin Info-Electric Inc.	314,008	99.51	335,371	99.51
Chin-Cherng Construction Co., Ltd.	6,182,490	99.22	6,348,728	99.22
P.T. Walsin Lippo Industries	953,239	70.00	818,205	70.00
Joint Success Enterprises Ltd.	5,084,267	49.05	5,175,692	49.05
PT. Walsin Nickel Industrial Indonesia	5,832,774	50.00 (Note 1)	2,381,125	50.00 (Note 1)
Walsin Singapore Pte. Ltd. (formerly known as New Hono Investment Pte. Ltd.)	19,603,265	100.00 (Note 1)	5,828,396	100.00 (Note 1)
Walsin Lihwa Europe S.a r.l.	4,146,986	100.00 (Note 4)	-	-
Walsin America, LLC	-	100.00 (Note 2)	-	- (Note 1)
PT. Sunny Metal Industry	-	- (Note 3)	-	- (Note 1)
Others	<u>51,002</u>		<u>31,893</u>	
	<u>\$ 72,758,665</u>		<u>\$ 54,273,810</u>	

Note 1: In January 2020, the Company 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 Company and WLS in January 2020, the Company 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 Company resolved to acquire 100% of WLS’s shares and the Company acquired 100% of WLS’s shares at a price US\$178,500 thousand on July 30, 2021. After the transaction, the Company 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 Company’s own foreign exchange. Therefore, the Company communicated with Golden Harbour International Pte. Ltd. to exercise the early redemption and to pay back the US-currency bonds. The Company 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: Due to the adjustment of the investment structure of the Group, it was transferred from WLHL to Walsin Lihwa Corporation on December 2022.

Note 3: On September 23, 2022, the Company 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, the board of directors of the Company resolved to transfer PT. Sunny Metal Industry to Walsin Singapore Pte. Ltd.

Note 4: On May 31, 2022, the Company’s board of directors resolved to establish Walsin Lihwa Europe S.a r.l. and Walsin Lihwa Europe S.a r.l. acquired 85.032% shares of Luxembourg MEG S.A.

As of December 31, 2022, the carrying amount of Company’s long-term investment to Walsin America, LLC was negative, so the difference of \$17,487 thousand was reclassified to other non-current liabilities.

b. Investments in associates

Name of Associate	December 31			
	2022		2021	
	Carrying Value	Ownership Percentage	Carrying Value	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>13,587,952</u>		<u>9,239,316</u>	
	<u>\$ 44,797,537</u>		<u>\$ 38,086,259</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 Company is the single largest shareholder of the abovementioned material associates in which the Company has an ownership percentage of less than 50%. Considering the relative size and wide dispersion of the voting rights owned by other shareholders, the Company 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 quotations 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 summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

1) 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>\$ 94,162,996</u>	<u>\$ 10,039,983</u>	<u>\$ 44,280,924</u>
Proportion of the Company's ownership	22.21%	21.01%	18.30%
Equity attributable to the Company	\$ 20,913,601	\$ 2,109,400	\$ 8,103,409
Other adjustments	<u>39,504</u>	<u>-</u>	<u>43,671</u>
Carrying amount	<u>\$ 20,953,105</u>	<u>\$ 2,109,400</u>	<u>\$ 8,147,080</u>
Operating revenue	<u>\$ 94,529,790</u>	<u>\$ 9,506,348</u>	<u>\$ 35,297,163</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>\$ 17,704,455</u>	<u>\$ (1,030,217)</u>	<u>\$ 2,513,662</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>\$ 82,444,113</u>	<u>\$ 10,940,836</u>	<u>\$ 44,388,842</u>
Proportion of the Company's ownership	22.21%	21.01%	18.30%
Equity attributable to the Company	\$ 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>

2) Associates that are not individually material

	<u>For the Year Ended December 31</u>	
	2022	2021
The Company's share of:		
Net profit from continuing operations	\$ 366,767	\$ 185,157
Other comprehensive (loss) income	<u>(901,548)</u>	<u>1,794,745</u>
Total comprehensive income for the year	<u>\$ (534,781)</u>	<u>\$ 1,979,902</u>

The Company's share of profit and other comprehensive income of 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. The financial statements of certain equity-method investees included in the financial statements were not audited by the auditors of the Company, but were audited by other independent auditors. The investment in such investee amounted to NT\$14,685,608 thousand and NT\$5,587,877 thousand as of December 31, 2022 and 2021, respectively; investment (loss) gain amounted to NT\$(118,414) thousand and NT\$743,761 thousand for the years ended December 31, 2022 and 2021, respectively.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 3,611,025	\$ 7,219,012	\$ 20,438,380	\$ 4,282,943	\$ 1,779,489	\$ 37,330,849
Additions	80,867	29,938	258,714	126,330	2,180,778	2,676,627
Disposals	(50,356)	(4,979)	(78,137)	(30,930)	(3)	(164,405)
Reclassified	107,209	104,430	546,277	97,151	(855,067)	-
Balance at December 31, 2022	<u>\$ 3,748,745</u>	<u>\$ 7,348,401</u>	<u>\$ 21,165,234</u>	<u>\$ 4,475,494</u>	<u>\$ 3,105,197</u>	<u>\$ 39,843,071</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	\$ 8,067	\$ 4,365,668	\$ 12,751,878	\$ 2,793,963	\$ -	\$ 19,919,576
Disposals	-	(4,980)	(78,137)	(30,924)	-	(114,041)
Depreciation expenses	-	184,735	796,861	295,750	-	1,277,346
Balance at December 31, 2022	<u>\$ 8,067</u>	<u>\$ 4,545,423</u>	<u>\$ 13,470,602</u>	<u>\$ 3,058,789</u>	<u>\$ -</u>	<u>\$ 21,082,881</u>
Carrying amount at December 31, 2022	<u>\$ 3,740,678</u>	<u>\$ 2,802,978</u>	<u>\$ 7,694,632</u>	<u>\$ 1,416,705</u>	<u>\$ 3,105,197</u>	<u>\$ 18,760,190</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 3,483,995	\$ 6,898,636	\$ 20,102,064	\$ 4,018,641	\$ 1,283,927	\$ 35,787,263
Additions	78,421	54,540	163,434	290,573	1,136,216	1,723,184
Disposals	(1,164)	(25,232)	(90,497)	(62,645)	(60)	(179,598)
Reclassified	49,773	291,068	263,379	36,374	(640,594)	-
Balance at December 31, 2021	<u>\$ 3,611,025</u>	<u>\$ 7,219,012</u>	<u>\$ 20,438,380</u>	<u>\$ 4,282,943</u>	<u>\$ 1,779,489</u>	<u>\$ 37,330,849</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ 8,067	\$ 4,146,696	\$ 11,464,404	\$ 2,674,800	\$ -	\$ 18,293,967
Disposals	-	(25,232)	(90,296)	(62,549)	-	(178,077)
Impairment losses recognized (reversed)	-	24,962	553,609	(20,850)	-	557,721
Depreciation expenses	-	164,134	815,930	265,901	-	1,245,965
Reclassified	-	55,108	8,231	(63,339)	-	-
Balance at December 31, 2021	<u>\$ 8,067</u>	<u>\$ 4,365,668</u>	<u>\$ 12,751,878</u>	<u>\$ 2,793,963</u>	<u>\$ -</u>	<u>\$ 19,919,576</u>
Carrying amount at December 31, 2021	<u>\$ 3,602,958</u>	<u>\$ 2,853,344</u>	<u>\$ 7,686,502</u>	<u>\$ 1,488,980</u>	<u>\$ 1,779,489</u>	<u>\$ 17,411,273</u>

- a. 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 Company's main buildings, office buildings and electrical and mechanical power equipment are depreciated over their estimated useful lives of 50 years and 20 years, respectively.

- b. The Company 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, the Company keeps in its possession the land titles with the annotation of the land being pledged to the Company. 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.
- c. After appropriate evaluation, the Company recognized an impairment loss on property, plant and equipment of NT\$557,721 thousand for the year ended December 31, 2021.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Land	\$ 1,423,924	\$ 49,464
Buildings	2,666	472
Transportation equipment	<u>33,404</u>	<u>31,114</u>
	<u>\$ 1,459,994</u>	<u>\$ 81,050</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 1,450,985</u>	<u>\$ 24,290</u>
Disposal	<u>\$ (511)</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Land	\$ 56,047	\$ 6,644
Buildings	1,714	5,238
Transportation equipment	<u>13,769</u>	<u>11,987</u>
	<u>\$ 71,530</u>	<u>\$ 23,869</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Current	<u>\$ 38,519</u>	<u>\$ 20,564</u>
Non-current	<u>\$ 1,498,347</u>	<u>\$ 64,580</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Land	2.000%-3.759%	1.75%-3.759%
Buildings	1.198%	1.409%-1.9%
Transportation equipment	1.964%-3.038%	3.038%

c. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	\$ 19,512	\$ 16,203
Expenses relating to low-value asset leases	\$ 108	\$ 201
Total cash outflow for leases	\$ (50,285)	\$ (39,537)

15. INVESTMENT PROPERTIES

	December 31	
	2022	2021
Completed investment properties	\$ 8,170,554	\$ 8,243,668
		Completed Investment Properties
<u>Cost</u>		
Balance at January 1, 2022		\$ 9,977,502
Additions		183
Balance at December 31, 2022		\$ 9,977,685
Balance at January 1, 2021		\$ 9,975,140
Additions		2,362
Balance at December 31, 2021		\$ 9,977,502
<u>Accumulated depreciation and impairment</u>		
Balance at January 1, 2022		\$ 1,733,834
Depreciation expenses		73,297
Balance at December 31, 2022		\$ 1,807,131
Balance at January 1, 2021		\$ 1,660,342
Depreciation expenses		73,492
Balance at December 31, 2021		\$ 1,733,834

- 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 property of the Company are the Walsin Xin Yi Building and other completed investment properties. The building 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\$30,844,090 thousand and NT\$29,482,520 thousand, respectively.

16. OTHER ASSETS

	December 31	
	2022	2021
Prepayment for purchases	\$ 1,390,831	\$ 1,318,635
Prepaid expense	348,419	403,139
Overpaid sales taxes	-	250,658
Refundable deposits	280,997	-
Prepayment for investments	2,204,073	-
Others	<u>117,144</u>	<u>261,262</u>
	<u>\$ 4,341,464</u>	<u>\$ 2,233,694</u>
Current	\$ 2,060,227	\$ 2,051,688
Non-current	<u>2,281,237</u>	<u>182,006</u>
	<u>\$ 4,341,464</u>	<u>\$ 2,233,694</u>

17. BORROWINGS

	December 31	
	2022	2021
Short-term borrowings	<u>\$ 6,600,565</u>	<u>\$ 5,074,632</u>
Current portion of long-term borrowings	<u>\$ -</u>	<u>\$ 10,500,000</u>
Long-term borrowings	<u>\$ 37,445,270</u>	<u>\$ 24,640,014</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		Interest Rate	
	%	Amount	%	Amount
Procurement loans	-	\$ -	0.64-0.70	\$ 2,111,447
Bank lines of credit	0.95-1.62	<u>6,600,565</u>	0.69-0.91	<u>2,963,185</u>
		<u>\$ 6,600,565</u>		<u>\$ 5,074,632</u>

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 credit loan</u>			
Bank of Taiwan	Principal repayments at maturity, from March 4, 2019 to March 4, 2022	\$ -	\$ 3,000,000
Taipei Fubon Commercial Bank	Principal repayments at maturity, from June 3, 2019 to June 3, 2022	-	1,000,000
Chinatrust Commercial Bank	Principal repayments at maturity, from September 3, 2019 to September 3, 2022	-	1,500,000
Taiwan Cooperative Bank	Principal repayments at maturity, from March 4, 2019 to March 4, 2022	-	1,000,000
Cathay United Bank	Principal repayments at maturity, from March 4, 2019 to March 4, 2022	-	1,500,000
KGI Bank	Principal repayments at maturity, from June 3, 2019 to June 3, 2022	-	1,500,000
Standard Chartered Bank	Principal repayments at maturity, from September 27, 2021 to December 31, 2023	-	5,352,144
Standard Chartered Bank	Principal repayments at maturity, from September 27, 2021 to December 31, 2023	-	2,093,000
Chang Hwa Commercial Bank	Principal repayments at maturity, from June 3, 2019 to June 3, 2022	-	1,000,000
The Export-Import Bank of the Republic of China	Long-term credit loan from December 04, 2020 to December 04, 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
Bank of Taiwan	Principal repayments at maturity, 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	Principal repayment 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	2,000,000
DBS Bank	Principal repayments at maturity, from March 30, 2020 to April 15, 2025	7,552,100	9,057,100
Hua Nan Commercial Bank	Principal repayment 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	2,000,000
Chinatrust Commercial Bank	Principal repayments at maturity, from October 4, 2022 to October 3, 2025	1,500,000	-
Taiwan Cooperative Bank	Principal repayments at maturity, from October 4, 2022 to October 4, 2027; principal to be repaid in two phases: From the 4th year, repayments are due once every six months; at rates of 20% and 80%, respectively	3,000,000	-
KGI Bank	Principal repayments at maturity, from October 24, 2022 to April 24, 2027	1,500,000	-
Standard Chartered Bank	Principal repayments at maturity, from November 16, 2022 to December 31, 2024	1,555,400	-
Hua Nan Commercial Bank	Principal repayments at maturity, from March 8, 2022 to March 8, 2027	2,500,000	-
Agricultural Bank of Taiwan	Principal repayments at maturity, from October 31, 2022 to October 31, 2025	1,000,000	-
Chang Hwa Commercial Bank	Principal repayments at maturity, from March 8, 2022 to October 4, 2027	3,000,000	-
Others bank long-term credit loan	Principal repayments at maturity, from September 22, 2022 to September 22, 2029	<u>1,700,000</u>	<u>-</u>
		37,445,270	35,140,014
Less current portion of long-term borrowings		<u>-</u>	<u>(10,500,000)</u>
		<u>\$ 37,445,270</u>	<u>\$ 24,640,014</u>

1) As mentioned above, long-term borrowings are assigned to credit loans.

- 2) Under the loan agreements with DBS Bank, the Company should maintain certain financial ratios during the loan term, which are based on the annual and semi-annual 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.
- 3) As of December 31, 2022 and 2021, the Company's current portion of long-term borrowings was NT\$0 thousand and NT\$10,500,000 thousand, respectively, under the loan agreement. The Company's consolidated financial statements for the years ended December 31, 2022 and 2021 showed that the Company was in compliance with the aforementioned financial ratio requirements.
- c. Long-term notes and bills payables

December 31, 2022

Acceptance Agency	Character	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>

18. BONDS PAYABLE

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
The 1st unsecured bonds in 2021	<u>\$ 7,500,000</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 \$10 million. The issuance period is 5 years, and the maturity date is on October 8, 2026. The annual percentage rate is 0.7%. Since the issuance date, the interest will be paid once a year, and the principal will be repaid once due.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The total expenses recognized in profit or loss for the years ended December 31, 2022 and 2021 were NT\$109,019 thousand and NT\$95,977 thousand, respectively, which is based on the specified ratio in defined contributions plan.

b. Defined benefit plans

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

The amounts included in the balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 1,209,509	\$ 1,482,158
Fair value of plan assets	<u>(1,060,075)</u>	<u>(1,028,335)</u>
Net defined benefit liabilities	<u>\$ 149,434</u>	<u>\$ 453,823</u>

As of December 31, 2022 and 2021, net defined benefit liabilities of NT\$2,014 thousand and NT\$2,126 thousand, respectively, were recorded under "other payables - accrued expense."

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	<u>\$ 1,366,378</u>	<u>\$ (1,074,219)</u>	<u>\$ 292,159</u>
Service cost			
Current service cost	10,917	-	10,917
Net interest expense (income)	<u>6,801</u>	<u>(5,366)</u>	<u>1,435</u>
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 (gain) loss			
Changes in demographic assumptions	38,641	-	38,641
Changes in financial assumptions	(15,729)	-	(15,729)
Experience adjustments	<u>151,322</u>	<u>-</u>	<u>151,322</u>
Recognized in other comprehensive income	<u>174,234</u>	<u>(13,584)</u>	<u>160,650</u>
Contributions from the employer	-	(11,138)	(11,138)
Benefits paid	<u>(76,172)</u>	<u>76,172</u>	<u>-</u>
Balance at December 31, 2021	<u>1,482,158</u>	<u>(1,028,335)</u>	<u>453,823</u>

(Continued)

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Service cost			
Current service cost	\$ 10,007	\$ -	\$ 10,007
Net interest expense (income)	<u>9,244</u>	<u>(6,442)</u>	<u>2,802</u>
Recognized in profit or loss	<u>19,251</u>	<u>(6,442)</u>	<u>12,809</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(82,973)	(82,973)
Actuarial (gain) loss			
Changes in financial assumptions	(63,850)	-	(63,850)
Experience adjustments	<u>(113,715)</u>	<u>-</u>	<u>(113,715)</u>
Recognized in other comprehensive income	<u>(177,565)</u>	<u>(82,973)</u>	<u>(260,538)</u>
Contributions from the employer	-	(56,660)	(56,660)
Benefits paid	<u>(114,335)</u>	<u>114,335</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 1,209,509</u>	<u>\$ (1,060,075)</u>	<u>\$ 149,434</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	\$ 6,638	\$ 6,240
Selling and marketing expenses	894	945
General and administrative expenses	5,077	4,918
Research and development expenses	<u>200</u>	<u>249</u>
	<u>\$ 12,809</u>	<u>\$ 12,352</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau 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 plan's 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 are as follows:

	December 31	
	2022	2021
Discount rate(s)	1.25%	0.625%
Expected rate(s) 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	
	2022	2021
Discount rate(s)		
0.5% increase	<u>\$ (47,681)</u>	<u>\$ (61,945)</u>
0.5% decrease	<u>\$ 50,683</u>	<u>\$ 66,092</u>
Expected rate(s) 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.

20. 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	<u>(443,305)</u>	<u>5,342,113</u>
	<u>\$ 123,580,876</u>	<u>\$ 105,883,524</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 the Company's capital account were all NT\$32,260,002 thousand, which consisted of 3,226,000 thousand shares at par value of NT\$10.

The Company issued 205,333 thousand shares in exchange for shares of TECO Electric & Machinery Co., Ltd. in January 2021. On June 6, 2022, the Company'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 the capital increase. On July 21, 2022, the Company's chairman of the board adjusted the new share issuing price from NT\$33 to NT\$30, which was 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 a par value of NT\$10.

As of December 31, 2022, 2 thousand GDRs of the Company 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
May be used to offset a deficit, distributed as cash dividend or transferred to share capital (Note)		
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 Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

The shareholders of the Company have held their regular meeting on May 13, 2022, and in that meeting, have resolved the amendments to the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as 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 the Company'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 the Company'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. The Company 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 the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as 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 the Company'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, the Company 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 the Company's paid-in capital. The legal reserve may be used to offset any deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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 the Company.

Refer to Note 22 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 appropriations of earnings for 2022, which were resolved by the Company'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 Company's foreign operations from their functional currencies to the Company'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 Year Ended December 31	
	2022	2021
Balance at January 1	\$ 11,534,267	\$ 6,092,775
Unrealized (loss) gain - equity instruments	(4,022,988)	2,611,742
Share from associates accounted for using the equity method	(741,445)	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) gain on the hedging instruments

	For the Year Ended December 31	
	2022	2021
<u>Cash flow hedges</u>		
Balance at January 1	\$ -	\$ -
Share from associates accounted for using the equity method	<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's put and call 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>

21. OPERATING REVENUE

	For the Year Ended December 31	
	2022	2021
Sales revenue	\$ 95,624,880	\$ 94,405,651
Other revenue	<u>2,795,165</u>	<u>3,383,997</u>
	<u><u>\$ 98,420,045</u></u>	<u><u>\$ 97,789,648</u></u>

22. NET PROFIT FROM CONTINUING OPERATIONS

Non-operating Income and Expenses - Gain (Loss) on Disposal of Investments

	For the Year Ended December 31	
	2022	2021
(Loss) gain on disposal of investments - commodity futures	\$ (640,987)	\$ 431,529
Gain on disposal of investments - forward exchange contracts	259,332	16,695
(Loss) gain on disposal of investments - exchange rate swap contracts	(215,846)	14,301
Loss on disposal of investments - options	<u>-</u>	<u>(1,499)</u>
	<u><u>\$ (597,501)</u></u>	<u><u>\$ 461,026</u></u>

Non-operating Income and Expenses - Impairment Losses (Recognized) Reversed

	For the Year Ended December 31	
	2022	2021
Impairment loss recognized on property, plant and equipments	<u><u>\$ -</u></u>	<u><u>\$ (557,721)</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	\$ 1,960,313	\$ 1,745,879	\$ -	\$ 3,706,192
Post-employment benefits	\$ 70,683	\$ 51,145	\$ -	\$ 121,828
Other employee benefits	\$ 169,398	\$ 100,287	\$ -	\$ 269,685
Depreciation				
Property, plant and equipments	\$ 1,103,944	\$ 173,402	\$ -	\$ 1,277,346
Right-of-use assets	5,508	66,022	-	71,530
Investment properties	71,118	2,179	-	73,297
	\$ 1,180,570	\$ 241,603	\$ -	\$ 1,422,173
Amortization	\$ -	\$ 11,750	\$ -	\$ 11,750
For the Year Ended December 31, 2021				
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Short-term employment benefits	\$ 1,684,098	\$ 1,214,050	\$ -	\$ 2,898,148
Post-employment benefits	\$ 63,272	\$ 45,057	\$ -	\$ 108,329
Other employee benefits	\$ 150,075	\$ 79,641	\$ -	\$ 229,716
Depreciation				
Property, plant and equipments	\$ 1,105,101	\$ 140,864	\$ -	\$ 1,245,965
Right-of-use assets	4,124	19,745	-	23,869
Investment properties	71,966	1,526	-	73,492
	\$ 1,181,191	\$ 162,135	\$ -	\$ 1,343,326
Amortization	\$ -	\$ 445	\$ -	\$ 445

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 compensation of employees' 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 Company's board of directors on February 24, 2023 and February 22, 2022, respectively.

If there is a change in the amounts before the annual financial statements are authorized for issue, the differences are recorded in the expenses as an adjustment.

The employees's compensation and the remuneration of directors and supervisors for the years ended December 31, 2021 and 2020 resolved by the Company'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 financial statements.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. 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	\$ 1,059,128	\$ 1,958,584
Income tax on unappropriated earnings	321,642	83,446
Adjustments for prior year	(11,548)	(1,632)
Land value-added tax	248	-
	<u>1,369,470</u>	<u>2,040,398</u>
Deferred tax		
In respect of the current year	3,898,110	1,715,707
Adjustments for prior year	36,864	(5,275)
	<u>3,934,974</u>	<u>1,710,432</u>
Income tax expense recognized in profit or loss	<u>\$ 5,304,444</u>	<u>\$ 3,750,830</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>\$ 24,656,541</u>	<u>\$ 18,393,459</u>
Income tax expense calculated at the statutory rate	\$ 4,931,308	\$ 3,678,692
Investment income accounted for using the equity method	153,441	495,820
Tax-exempt dividend income	(152,977)	(112,110)
Loss on investments	(2,630)	(384,000)
Others	28,096	(4,111)
Land value-added tax	248	-
Income tax on unappropriated earnings	321,642	83,446
Adjustments for prior years' tax	<u>25,316</u>	<u>(6,907)</u>
Income tax expense recognized in profit or loss	<u>\$ 5,304,444</u>	<u>\$ 3,750,830</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>\$ 32,006</u>	<u>\$ 32,006</u>
Current tax liabilities		
Income tax payable	<u>\$ 1,420,015</u>	<u>\$ 2,040,190</u>

c. Deferred tax assets and liabilities

	December 31	
	2022	2021
<u>Deferred tax assets</u>		
Pension expense overlimit	\$ 23,000	\$ 32,000
Unrealized impairment loss on long-term investments	7,000	547,000
Unrealized loss on inventories write-down	39,000	25,000
Impairment loss on idle assets	15,000	10,000
Loss on liquidation of investments	591,000	384,000
Others	<u>25,710</u>	<u>293,573</u>
	<u>\$ 700,710</u>	<u>\$ 1,291,573</u>
<u>Deferred tax liabilities</u>		
Provision for land value-added tax	\$ (131,132)	\$ (131,132)
Unrealized gain of investments	<u>(5,364,543)</u>	<u>(2,020,432)</u>
	<u>\$ (5,495,675)</u>	<u>\$ (2,151,564)</u>

- d. The Company's income tax returns through 2020, except 2019, have been assessed by the tax authorities.

24. EARNINGS PER SHARE

	For the Year Ended December 31					
	2022		2021			
	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars) After Income Tax (Attributable to Owners of the Company)	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars) After Income Tax (Attributable to Owners of the Company)
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>

25. SHARE-BASED PAYMENT AGREEMENTS

Employee Share Option Plan for Cash Capital Increase

The Company 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. The Company 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 the Company 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. The Company 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. Because of the dramatic changes in the capital market environment, to maintain the shareholders' rights and ensure the completion of 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.

The Company 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

26. ACQUISITION OF A SUBSIDIARY THAT DOES NOT CONSTITUTE A BUSINESS

To develop a new energy industry and increase investment in Matte and Nickel pig iron production capacity, the Company acquired 50.10% shares of PT. Sunny Metal Industry for \$6,016,800 thousand on September 23, 2022.

In addition, to combine the acquired company's products, technologies and market advantages to expand the stainless steel business, the Company acquired 85.032% of the shares of MEG S.A. for \$6,692,862 thousand on November 30, 2022.

In accordance with IFRS 3 "Business Combinations", the aforementioned acquisition of equity does not constitute a business; therefore, the share purchase transaction is accounted for as the acquisition of a group of assets. For the description of the acquisition of the investment in subsidiaries, refer to Note 31 to the Company's consolidated financial statements for the year ended December 31, 2022.

27. DISPOSAL OF SUBSIDIARIES - WITH LOSS OF CONTROL

The Company entered into an 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). For the description of the disposal of the investment, refer to Note 32 to the Company's consolidated financial statements for the year ended December 31, 2022.

28. OPERATING LEASE ARRANGEMENTS

Operating leases relating to the investment properties owned by the Company 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 its option to renew. The lessees do not have a 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\$159,118 thousand and NT\$167,217 thousand, respectively (recorded under other non-current liabilities).

As of December 31, 2022, the Company's future minimum lease receivables on non-cancelable operating lease commitments are as follows:

2023	\$ 685,004
2024-2027	1,010,847
After 2028	<u>16,584</u>
	<u>\$ 1,712,435</u>

29. CAPITAL MANAGEMENT

The Company'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 Company consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Company 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 Company 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

Except the following assets and liabilities, the management considers 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 liabilities</u>					
Financial liabilities at amortized cost					
Bonds payable	\$ 7,500,000	\$ -	\$ 7,143,278	\$ -	\$ 7,143,278

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 included 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, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Contingent consideration	\$ -	\$ -	\$ 2,567,786	\$ 2,567,786
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed securities in ROC	\$ 11,707,298	\$ -	\$ -	\$ 11,707,298
Unlisted securities	-	-	498,902	498,902
	<u>\$ 11,707,298</u>	<u>\$ -</u>	<u>\$ 498,902</u>	<u>\$ 12,206,200</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ 21,017	\$ 30,488	\$ -	\$ 51,505

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ 873	\$ 7,991	\$ -	\$ 8,864
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed securities in ROC	\$ 15,611,157	\$ -	\$ -	\$ 15,611,157
Unlisted securities	-	-	528,367	528,367
	<u>\$ 15,611,157</u>	<u>\$ -</u>	<u>\$ 528,367</u>	<u>\$ 16,139,524</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ -	\$ 37,439	\$ -	\$ 37,439

- 2) There were no transfers between Levels 1, 2 and 3 in 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 FVTPL Financial Instruments	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2022	\$ -	\$ 528,367
Additions	2,686,100	90,000
Disposals	-	(335)
Recognized in other comprehensive loss	-	(119,130)
Recognized in profit or loss	<u>(118,314)</u>	<u>-</u>
Balance at September 30, 2022	<u>\$ 2,567,786</u>	<u>\$ 498,902</u>

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2021	\$ 307,641
Additions	149,993
Capital reduction and refund	(3,615)
Recognized in other comprehensive income	<u>74,348</u>
Balance at December 31, 2021	<u>\$ 528,367</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, 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 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.
Derivatives - options	Black-Scholes Model. The significant unobservable input value is the market price volatility of the shares.
Hybrid instruments - bonds	Discounted cash flow. Future cash flows are estimated based on contract rates 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 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	\$ 10,956,239	\$ 5,023,659
Contract assets - current	267,147	151,065
Notes receivable and trade receivables (including related parties)	3,973,177	5,155,636
Other receivables	8,272,172	985,084
Refundable deposits	31,197	27,548
Financial assets at FVTPL (current and non-current)	2,567,786	8,864
Financial assets at FVTOCI (current and non-current)	12,206,200	16,139,524
<u>Financial liabilities</u>		
Financial liabilities at FVTPL (current and non-current)	51,505	37,439
Financial liabilities at amortized cost		
Short-term borrowings	6,600,565	5,074,632
Notes payables and trade payables	3,226,544	3,040,224
Other payables	12,158,213	2,676,814
Bonds Payable	7,500,000	7,500,000
Long-term borrowings (including current portion of notes payable)	38,943,184	35,140,014
Deposits received (recorded under other non-current liabilities)	175,854	225,863

d. Financial risk management objectives and policies

The Company's major financial instruments included equity and investments, borrowings, trade receivables, trade payables and lease liabilities. The Company'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 Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Company 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 Company'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 Company did not enter into or trade financial instruments for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company 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 Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company had 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 Company's policy to negotiate the terms of the derivatives to match the terms of the hedged item to maximize hedge effectiveness.

The carrying amounts of the Company'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 34.

The carrying amounts of the Company'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	\$ 2,886,740	\$ 3,713,197
Euro	-	795,675
<u>Liabilities</u>		
U.S. dollar	-	7,888,800
Euro	-	563,760

Sensitivity analysis

The Company is mainly exposed to the U.S. dollars.

The following table details the Company'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	
	2022	2021
Profit or loss	\$ 50,651	\$ (7,048)

b) Interest rate risk

The Company was exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates.

The carrying amounts of the Company'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 liabilities	<u>\$ 7,500,000</u>	<u>\$ 7,500,000</u>
Cash flow interest rate risk		
Financial liabilities	<u>\$ 45,543,749</u>	<u>\$ 40,214,646</u>

Sensitivity analysis

The sensitivity analysis below was determined based on the Company'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 Company's pre-tax net profit for the years ended December 31, 2022 and 2021 would decrease by NT\$455,437 thousand and NT\$402,146 thousand, respectively.

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 Company. As at the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to financial guarantees provided by the Company, 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 Company 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 Company'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 Company 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 Company 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 Company consider that the Company's credit risk was significantly reduced.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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 Company'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	\$ 6,600,565	\$ 12,307,500	\$ 26,135,684	\$ 500,000	\$ 45,543,749
Lease liabilities	33,771	31,007	234,683	1,752,617	2,052,078
Non-interest bearing liabilities	15,421,946	75,051	59,111	4,503	15,560,611
Fixed interest rate liabilities	-	-	7,500,000	-	7,500,000
	<u>\$ 22,056,282</u>	<u>\$ 12,413,558</u>	<u>\$ 33,929,478</u>	<u>\$ 2,257,120</u>	<u>\$ 70,656,438</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	\$ 15,574,632	\$ 16,502,244	\$ 7,000,000	\$ 1,137,770	\$ 40,214,646
Lease liabilities	18,501	15,124	29,550	20,125	83,300
Non-interest bearing liabilities	5,812,052	29,024	101,825	-	5,942,901
Fixed interest rate liabilities	-	-	7,500,000	-	7,500,000
	<u>\$ 24,405,185</u>	<u>\$ 16,546,392</u>	<u>\$ 14,631,375</u>	<u>\$ 1,157,895</u>	<u>\$ 53,740,847</u>

- b) The Group's expected maturities for its derivative financial instruments with agreed upon settlement date 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	\$ (44,748)	\$ 15,206	\$ 8,525	\$ -	\$ (21,017)
Foreign exchange forward contracts	<u>(30,488)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,488)</u>
	<u>\$ (75,236)</u>	<u>\$ 15,206</u>	<u>\$ 8,525</u>	<u>\$ -</u>	<u>\$ (51,505)</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	\$ 14,706	\$ (25,016)	\$ 11,183	\$ -	\$ 873
Foreign exchange forward contracts	7,814	177	-	-	7,991
Exchange rate swap contracts	<u>(37,439)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,439)</u>
	<u>\$ (14,919)</u>	<u>\$ (24,839)</u>	<u>\$ 11,183</u>	<u>\$ -</u>	<u>\$ (28,575)</u>

e. Transfers of financial assets

Factored trade receivables that are not overdue at the end of the year were as follows:

Counterparty	Proceeds from Receivables Factoring	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
<u>2022</u>					
CTBC bank	<u>\$ 151,902</u>	<u>\$ 18,449</u>	<u>US\$ 2,700</u>	<u>\$ -</u>	-
<u>2021</u>					
CTBC bank	<u>\$ 150,495</u>	<u>\$ 5,786</u>	<u>US\$ 2,700</u>	<u>\$ -</u>	-

31. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed as follows:

a. Related party name and category

Related Party Name	Related Party Category
Walsin Lihwa Holdings Ltd.	Subsidiary
Walsin Info-Electric Corp.	Subsidiary
Chin-Cherng Construction Co.	Subsidiary
Min Maw Precision Industry Corp.	Subsidiary
Dongguan Walsin Wire & Cable Co., Ltd.	Subsidiary
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Subsidiary
Changshu Walsin Specialty Steel Co., Ltd.	Subsidiary
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Subsidiary
Yantai Walsin Stainless Steel Co., Ltd.	Subsidiary

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
PT. Walsin Nickel Industrial Indonesia	Subsidiary
Walsin Internation Investments Limited	Subsidiary
Borrego Energy, LLC	Subsidiary
Waltuo Green Resources Corporation	Subsidiary
PT. Sunny Metal Industry	Subsidiary
Walsin Singapore Pte. Ltd. (Formerly known as New Hono Investment Pte. Ltd.)	Subsidiary
Walsin Technology Corp.	Associate
Walton Advanced Engineering, Inc.	Associate
Chin-Xin Investment Co., Ltd.	Associate
Tsai Yi Corporation (formerly known as Walsin Color Co., Ltd.)	Associate
Winbond Electronics Corp.	Associate
Prosperity Dielectrics Co., Ltd.	Associate
Nuvton Technology Corporation	Associate
PT. Westrong Metal Industry	Associate
HannStar Display Corp.	Substantive related party
Kuong Tai Metal Industrial Co., Ltd.	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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ 835,245	\$ 3,564,180
Other related parties	<u>1,447,563</u>	<u>1,743,620</u>
	<u>\$ 2,282,808</u>	<u>\$ 5,307,800</u>

c. Rental income

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ 6,480	\$ 2,840
Associates	36,930	34,798
Other related parties	<u>1,135</u>	<u>1,029</u>
	<u>\$ 44,545</u>	<u>\$ 38,667</u>

d. Purchases of goods

	For the Year Ended December 31	
	2022	2021
Subsidiaries	\$ 5,898	\$ 5,478
Other related parties	<u>4,308</u>	<u>4,961</u>
	<u>\$ 10,206</u>	<u>\$ 10,439</u>

e. Administrative expenses

	For the Year Ended December 31	
	2022	2021
Subsidiaries	\$ 391	\$ 390
Associates	15,053	14,889
Other related parties	<u>13,630</u>	<u>13,558</u>
	<u>\$ 29,074</u>	<u>\$ 28,837</u>

The stock registration matters of the Company 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	<u>7,705</u>	<u>7,705</u>
	<u>\$ 446,257</u>	<u>\$ 297,780</u>

g. Notes receivable

Not arising from operating activities

	December 31	
	2022	2021
Associates	<u>\$ 1,042</u>	<u>\$ 970</u>

h. Trade receivables

	December 31	
	2022	2021
Subsidiaries	\$ 253,402	\$ 613,289
Other related parties	<u>42,651</u>	<u>17,229</u>
	<u>\$ 296,053</u>	<u>\$ 630,518</u>

i. Trade payables

	December 31	
	2022	2021
Subsidiaries	\$ 11,605	\$ 5,153
Other related parties	<u>504</u>	<u>601</u>
	<u>\$ 12,109</u>	<u>\$ 5,754</u>

j. Other receivables (excluding financing provided)

	December 31	
	2022	2021
Subsidiaries	\$ 36,471	\$ 70,541
Associates	13,056	19,279
Other related parties	<u>3,062</u>	<u>2,648</u>
	<u>\$ 52,589</u>	<u>\$ 92,468</u>

k. Other payables (excluding loans from related parties)

Related Party	December 31	
	2022	2021
Walsin Singapore Pte. Ltd.	\$ 5,521,658	\$ -
Other related parties	<u>275,909</u>	<u>48,300</u>
	<u>\$ 5,797,567</u>	<u>\$ 48,300</u>

l. Disposals of property, plant and equipment

Related Party	Proceeds		Gain on Disposals	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Hwa Bao Botanic Conservation Corp.	<u>\$ 128,800</u>	<u>\$ -</u>	<u>\$ 78,443</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.

m. Lease arrangements - Company is lessee

Line Item	Related Party Category	December 31	
		2022	2021
Lease liabilities	Subsidiaries	<u>\$ -</u>	<u>\$ 416</u>
Line Item	Related Party Category	For the Year Ended December 31	
		2022	2021
Interest expense	Subsidiaries	<u>\$ 1</u>	<u>\$ 59</u>
Lease liabilities	Subsidiaries	<u>\$ 4,169</u>	<u>\$ 450</u>

n. 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>

o. Loan to related parties (including interest receivable)

	December 31	
Related Party Category/Name	2022	2021
Subsidiaries		
PT. Sunny Metal Industry	<u>\$ 5,481,736</u>	<u>\$ -</u>
Associates		
PT. Westrong Metal Industry	<u>\$ 1,228,863</u>	<u>\$ -</u>

Interest revenue

	For the Year Ended December 31	
Related Party Category/Name	2022	2021
Subsidiaries		
PT. Sunny Metal Industry	<u>\$ 84,453</u>	<u>\$ 222,172</u>
Associates		
PT. Westrong Metal Industry	<u>\$ 463</u>	<u>\$ -</u>

The interest rate of the Company's loan to the above-mentioned related parties is equivalent to the market interest rate.

p. Loan from related parties (including interest payable)

	December 31	
Related Party	2022	2021
Walsin Internation Investments Limited	<u>\$ 3,475,987</u>	<u>\$ 130,062</u>

Interest expenses

Subsidiaries	<u>\$ 6,535</u>	<u>\$ 11,901</u>
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q. Endorsements and guarantees

	December 31	
	2022	2021
Subsidiaries		
Amount endorsed	<u>\$ 369</u>	<u>\$ -</u>
Amount utilized	<u>\$ -</u>	<u>\$ -</u>

r. Remuneration of key management personnel

The remunerations of directors and key executives in 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 265,922	\$ 217,470
Post-employment benefits	<u>1,299</u>	<u>1,392</u>
	<u><u>\$ 267,221</u></u>	<u><u>\$ 218,862</u></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 future deposits:

	December 31	
	2022	2021
Refundable deposits (recorded under other financial assets - current)	\$ 280,997	\$ -
Pledged time deposits (recorded under other non-current financial assets - other)	<u>600</u>	<u>600</u>
	<u><u>\$ 281,597</u></u>	<u><u>\$ 600</u></u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2022 and 2021 were as follows:

- a. Outstanding letters of credit not reflected in the 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 13,946

- b. Outstanding standby letters of credit and bid bonds of contingent liabilities not reflected in the accompanying 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

- c. Based on the tariff and relevant regulations, the Company 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

- e. The Company entered into a contract for the construction of new plants on the Company's own land. The amount of the unrecognized commitments were as follow:

	December 31	
	2022	2021
U.S. dollar	US\$ 18	US\$ -
Japanese yen	JPY 11,680	JPY -
Euro	EUR 39,064	EUR -
New Taiwan dollar	NT\$2,237,157	NT\$2,702,350

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities dominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

Unit: Foreign Currency/In Thousands of Taiwan Dollars

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$	382,488	30.7100 \$ 11,746,208
Japanese yen		236,526	0.2324 54,969
Euro		35,095	32.7200 1,148,296
Hong Kong dollar		1,027	3.9380 4,043
Australian dollar		1,298	20.8300 27,031
			(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Investments accounted for using the equity method			
U.S. dollar	\$ 884,702	30.7100	\$ 27,169,195
Renminbi	7,874,934	4.40934	34,723,262
Indonesia rupiah	2,475,983,068	0.0020	4,902,446
Euro	131,042	32.7200	4,287,682

Financial liabilities

Monetary items			
U.S. dollar	311,554	30.7100	9,567,835
Euro	121	32.7200	3,973
Swiss franc	17	33.2050	564
			(Concluded)

December 31, 2021

Unit: Foreign Currency/In Thousands of Taiwan Dollars

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$ 218,163	27.6800	\$ 6,038,747
Japanese yen	511,128	0.2405	122,926
Euro	29,590	31.3200	926,756
Singapore dollars	76	20.4600	1,559
Hong Kong dollar	3,245	3.5490	11,515
Australian dollar	1,579	20.0800	31,714
Investments accounted for using the equity method			
U.S. dollar	326,162	27.6800	9,028,163
Renminbi	8,674,482	4.3416	37,661,217
Indonesia rupiah	6,409,142	0.00198	12,690
Malaysian ringgit	70,490	6.3550	447,963

Financial liabilities

Monetary items			
U.S. dollar	92,774	27.6800	2,567,987
Euro	26	31.3200	830
Swiss franc	17	30.1750	513

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange were gain NT\$1,732,956 thousand and loss NT\$311,352 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. 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 instruments (Note 7)
- 10) Information on investees (Table 8)

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 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 9):
 - 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 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
- d. 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).

36. SEGMENT INFORMATION

The Company has provided the financial information of the operating segments in the consolidated financial statements. These parent company only financial statements do not provide such information.

TABLE 1

WALSIN LIHWA CORPORATION

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.

TABLE 2

WALSIN LIHWA CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and U.S. Dollars)

No. (Note 1)	Endorsement/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guarantee 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 (Note 3)	Guaranteed Provided by Parent Company	Guarantee Provided by A Subsidiary	Provided to Subsidiaries 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 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 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 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 equity 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 Company's plan to improve the excess amount of single corporate endorsement guarantees will be proposed by the audit committee soon.

TABLE 3

WALSIN LIHWA CORPORATION

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	<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	\$ 3,340,899	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 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, 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 its carrying value.

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, 2022
(In Thousands of New Taiwan 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	-

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	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	
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.	Similar	Similar	\$ -	-	
	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.	Similar	Similar	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.	Similar	Similar	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 7

WALSIN LIHWA CORPORATION

**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 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):

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.	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	
	PT. Sunny Metal Industry	Indonesia	Manufacture and sale of nickel matte	-	-	-	-	-	(25,416)	(6,141)	(Note 1)
	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)	-	-	(Note 2)
	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)	-	

Note 1: Due to adjustments in the investment structure of the Group, it was transferred from Walsin Lihwa Corporation to Walsin Singapore Pte. Ltd.

Note 2: Due to adjustments in the investment structure of the Group, it was transferred from Walsin Lihwa Holdings Limited to Walsin Lihwa Corporation.

WALSIN LIHWA CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Walsin Lihwa Corporation

A. 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	- (US\$ -)	b	1,197,690 (US\$ 39,000) (Note 7)	- -	1,197,690 (US\$ 39,000)	- (US\$ -) (Note 7)	(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)	-
DongGuan Cogne Steel Products Co., Ltd.	Stainless Steel Products	835,312 (US\$ 27,200)	b	- (US\$ -)	- -	- -	- (US\$ -)	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)	-

B. 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 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, 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:

The Company was approved as the operation headquarters 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)

C. Significant direct or indirect transactions between the Company and investees in mainland China

(In Thousands of New Taiwan Dollars)

Related Party	Relationship	Transaction Type	Amount	% of Total	Transaction terms			Notes/Accounts Payable or Receivable		Unrealized Loss
					Unit Price	Payment Terms	Compare to General Transactions	Ending Balance	% of Total	
Dongguan Walsin Wire & Cable Co., Ltd.	100% indirectly owned subsidiary	Sales	\$ (326,711)	-	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	\$ -	-	\$ -
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Sales	(255,763)	-	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	150,819	4	(100)
Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Sales	(242,061)	-	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	The price and payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	102,984	3	(4,564)

(Concluded)

TABLE 10**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 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

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WALSIN LIHWA CORPORATION**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Description	Amount
Cash on hand and petty cash	Company factories and offices	\$ 1,050
Cash in banks		
Checking accounts and demand deposits		6,010,784
Foreign time deposits	US\$115,000 thousand @30.71	3,531,650
Foreign currency deposits	Including US\$25,279 thousand @30.71, JPY119,433 thousand @0.2324, EUR18,602 thousand @32.72 and RMB1 thousand @4.4093	<u>1,412,755</u>
		<u>\$ 10,956,239</u>

WALSIN LIHWA CORPORATION**STATEMENT OF NOTES RECEIVABLE****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Client Name	Amount
Notes receivable from operating activities	
Client A	\$ 9,743
Client B	6,054
Client C	3,823
Client D	1,503
Client E	1,297
Others (Note)	<u>1,596</u>
	<u>24,016</u>
Notes receivable not from operating activities	
Others (Note)	<u>1,042</u>
	<u>\$ 25,058</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

WALSIN LIHWA CORPORATION

STATEMENT OF TRADE RECEIVABLES

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Client Name	Amount
Unrelated parties	
Client F	\$ 675,605
Client G	210,991
Others (Note)	<u>2,765,470</u>
	<u>\$ 3,652,066</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

WALSIN LIHWA CORPORATION**STATEMENT OF OTHER RECEIVABLES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Description	Amount
Other receivables	Business tax refund receivable	\$ 165,181
	Discount on raw material	413,268
	Other receivable - related parties	52,589
	Loan to related parties	6,710,599
	Futures deposits	728,763
	Others	<u>211,772</u>
		<u>\$ 8,282,172</u>

WALSIN LIHWA CORPORATION

STATEMENT OF INVENTORIES

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	
		Cost	Fair Value (Note 2)
Finished goods	Copper wire	\$ 619,044	\$ 619,044
	Wire and cables	1,885,582	1,823,896
	Special steel	<u>2,892,497</u>	<u>2,808,719</u>
		<u>5,397,123</u>	<u>5,251,659</u>
Work in process	Wire and cables	528,107	528,107
	Special steel	998,220	965,121
	Others	<u>253,056</u>	<u>253,056</u>
		<u>1,779,383</u>	<u>1,746,284</u>
Raw materials	Copper plates	95,062	95,046
	Special steel and alloy iron	1,496,760	1,496,718
	Others	<u>324,971</u>	<u>313,782</u>
		<u>1,916,793</u>	<u>1,905,546</u>
Raw materials in transit		<u>1,488,842</u>	<u>1,488,842</u>
Raw materials		<u>1,215,471</u>	<u>1,208,541</u>
Construction in progress		<u>218,216</u>	<u>218,216</u>
Less: Allowance for inventory and obsolescence losses (Note 1)		<u>(196,740)</u>	<u>-</u>
		<u>\$ 11,819,088</u>	<u>\$ 11,819,088</u>

Note 1: Including finished goods of \$145,464 thousand, work in process of \$33,099 thousand, raw materials of \$11,247 thousand, and raw materials in transit of \$6,930 thousand.

Note 2: Fair value is the net realizable value.

WALSIN LIHWA CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FVOCI - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Name and Type of Securities	Balance, January 1, 2022		Additions in Investment		Decrease in Investment			Balance, December 31, 2022		Collateral
	Shares	Amount	Acquired Shares	Amount	Shares	Amount		Shares	Fair Value	
HannStar Display Corp.	299,632,180	\$ 5,423,342	-	\$ -	-	\$ 2,082,443	(Note 1)	299,632,180	\$ 3,340,899	Nil
HannStar Board Corp.	63,753,952	2,894,429	-	-	-	876,617	(Note 1)	63,753,952	2,017,812	Nil
Teco Electronic and Machinery Co., Ltd.	230,438,730	7,293,386	-	-	-	944,799	(Note 1)	230,438,730	6,348,587	Nil
Kuang Tai Metal Industrial Co., Ltd.	9,631,802	276,509	-	-	-	74,721	(Note 1)	9,631,802	201,788	Nil
Global Investment Holdings	5,221,228	60,283	-	-	-	4,489	(Note 1)	5,221,228	55,794	Nil
WK Technology Fund	19,024	187	-	-	19,024	187	(Note 3)	-	-	Nil
Universal Venture Capital Investment	1,400,000	12,650	-	254	(Note 1)	-		1,400,000	12,904	Nil
Taiwan Submarine Communication Cables Corp. (One-Seven Trading Co., Ltd.)	30,000	149	-	-	30,000	149	(Note 4)	-	-	Nil
Hwa Bao Botanic Conservation Corp.	3,000,000	28,596	9,000,000	103,556	(Note 2)	-		12,000,000	132,152	Nil
Tung Mung Development Co., Ltd.	14,285,000	<u>149,993</u>	-	<u>-</u>		<u>53,729</u>	(Note 1)	14,285,000	<u>96,264</u>	Nil
		<u>\$ 16,139,524</u>		<u>\$ 103,810</u>		<u>\$ 4,037,134</u>			<u>\$ 12,206,200</u>	

Note 1: The amount included adjustments to the valuation at fair value method at the end of the year.

Note 2: The amount included a capital increase in cash and adjustments to the allowance for valuation at fair value at the end of the year.

Note 3: The investment is liquidated this year.

Note 4: The investment is sold this year.

WALSIN LIHWA CORPORATION

STATEMENT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Name and Type of Securities	Balance, December 31, 2022												
	Balance, January 1, 2022		Additions in Investment		Decrease in Investment		Percentage of Ownership			Market Value or Net Assets Value		Valuation	Collateral
	Shares	Amount	Acquired Shares	Amount	Shares	Amount	Shares	(%)	Amount	Unit Price	Total Amount		
Walsin Lihwa Holdings Limited	473,730,393	\$ 26,803,960	-	\$ 8,448,083	365,000,000	\$ 11,178,225	108,730,393	100.00	\$ 24,073,818		\$ 24,073,337	Equity method	Nil
Concord Industries Limited	317,505,180	5,353,142	-	-	9,006,805	142,688	308,498,375	100.00	5,210,454		5,210,454	Equity method	Nil
Min Maw Precision Industry Corp.	29,995,859	365,703	2,795,290	22,733	-	-	32,791,149	100.00	388,436		388,436	Equity method	Nil
Ace Result Limited	44,739,988	383,632	-	-	-	28,910	44,739,988	100.00	354,722		354,722	Equity method	Nil
Waltuo Green Resources Corporation	1,000,000	19,203	828,287	-	-	1,543	1,828,287	100.00	17,660		17,660	Equity method	Nil
Walsin Precision Technology Sdn Bhd	32,178,385	447,963	-	115,241	-	-	32,178,385	100.00	563,204		563,204	Equity method	Nil
Walsin Singapore Pte. Ltd.	42,000,000	5,828,396	380,000,000	13,774,869	-	-	422,000,000	100.00	19,603,265		19,603,625	Equity method	Nil
Walsin Lihwa Europe S.a r.l.	-	-	12,000	4,146,986	-	-	12,000	100.00	4,146,986		4,146,986	Equity method	Nil
Walsin America, LLC	-	-	-	185,752	-	203,239	-	100.00	(17,487)		(17,487)	Equity method	Nil
Chin-Cherng Construction Co.	577,583,403	6,348,728	-	-	-	166,238	577,583,403	99.22	6,182,490		6,182,490	Equity method	Nil
Walsin Info-Electric Corp.	29,854,246	335,371	-	-	-	21,363	29,854,246	99.51	314,008		314,008	Equity method	Nil
PT. Walsin Research Innovation Indonesia	-	-	6,930	22,223	-	881	6,930	99.00	21,342		21,342	Equity method	Nil
PT. Walsin Lippo Industries	10,500	818,205	-	135,034	-	-	10,500	70.00	953,239		953,239	Equity method	Nil
PT. Walsin Lippo Kabel	1,050,000	12,690	-	-	-	690	1,050,000	70.00	12,000		12,000	Equity method	Nil
PT. Sunny Metal Industry	-	-	50,100	6,251,000	50,100	6,251,000	-	-	-		-	Equity method	Nil
PT. Walsin Nickel Industrial Indonesia	500,000	2,381,125	-	3,451,649	-	-	500,000	50.00	5,832,774		5,832,774	Equity method	Nil
Joint Success Enterprises Limited	36,058,184	5,175,692	-	-	-	91,425	36,058,184	49.05	5,084,267		5,084,267	Equity method	Nil
Chin-Xin Investment Co., Ltd.	179,468,270	8,011,194	-	-	-	266,962	179,468,270	37.00	7,744,232		7,744,232	Equity method	Nil
Tsai Yi Corporation (formerly known as Walsin Color Co., Ltd.)	49,831,505	1,053,790	-	-	-	254,172	49,831,505	33.97	799,618		799,618	Equity method	Nil
PT. Westrong Metal Industry	-	-	590,000	4,680,030	-	89,166	590,000	29.50	4,590,864		2,011,629	Equity method	Nil
PT. CNGR Walsin New Energy and Technology Indonesia	-	-	140,615	300,000	-	21,759	140,615	29.17	278,241		278,241	Equity method	Nil
Concord II Venture Capital Co., Ltd.	26,670,699	174,332	-	665	-	-	26,670,699	26.67	174,997		174,997	Equity method	Nil
Powertec Electrochemical Corp.	318,552,792	1,678,639	-	-	-	-	318,552,792	22.46	1,678,639		-	Equity method	Nil
Impairment loss	-	(1,678,639)	-	-	-	-	-	-	(1,678,639)		-	Equity method	Nil
Winbond Electronics Corp.	883,848,423	18,357,864	-	2,595,241	-	-	883,848,423	22.21	20,953,105		17,323,429	Equity method	Nil
Walton Advanced Engineering, Inc.	109,628,376	2,322,664	-	-	-	213,264	109,628,376	21.01	2,109,400		1,244,282	Equity method	Nil
Walsin Technology Corp.	88,902,325	8,166,415	-	-	-	19,335	88,902,325	18.30	8,147,080		7,023,284	Equity method	Nil
		92,360,069		44,129,506		18,950,860			117,538,715		109,340,769		
Others non-current liabilities		-		17,487		-			17,487		-		
		\$ 92,360,069		\$ 44,146,993		\$ 18,950,860			\$ 117,556,202		\$ 109,340,769		

WALSIN LIHWA CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2022	Addition	Deduction	Balance at December 31, 2022
Cost				
Land	\$ 61,555	\$ 1,430,507	\$ -	\$ 1,492,062
Buildings and improvements	15,681	3,908	(15,681)	3,908
Other equipment	<u>48,857</u>	<u>16,570</u>	<u>(9,872)</u>	<u>55,555</u>
	<u>\$ 126,093</u>	<u>\$ 1,450,985</u>	<u>\$ (25,553)</u>	<u>\$ 1,551,525</u>
Accumulated depreciation				
Land	\$ 12,091	\$ 56,047	\$ -	\$ 68,138
Buildings and improvements	15,209	1,714	(15,681)	1,242
Other equipment	<u>17,743</u>	<u>13,769</u>	<u>(9,361)</u>	<u>22,151</u>
	<u>\$ 45,043</u>	<u>\$ 71,530</u>	<u>\$ (25,042)</u>	<u>\$ 91,531</u>

WALSIN LIHWA CORPORATION

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Balance, December 31, 2022	Contract Period	Annual Interest Rates (%)	Collateral
Bank lines of credit					
Standard Chartered Bank	Line of credit	\$ 1,800,565	2022.04.26-2023.01.19	Note	Nil
Taiwan Cooperative Bank	Line of credit	800,000	2022.09.22-2023.09.21	Note	Nil
Taiwan Cooperative Bank	Line of credit	1,500,000	2022.10.17-2023.10.17	Note	Nil
First Commercial Bank	Line of credit	<u>2,500,000</u>	2022.10.21-2023.04.21	Note	Nil
		<u>\$ 6,600,565</u>			

Note: The effective interest rate ranges of the bank lines of credit were 0.95%-1.62%.

WALSIN LIHWA CORPORATION**STATEMENT OF FINANCIAL LIABILITIES AT FVTPL - CURRENT****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Description	Maturity Date	Notional Amount	Fair Value
Buy foreign exchange forward contracts	USD to IDR	2023.01.31	USD91,000/IDR1,429,633,100	\$ 26,944
Buy foreign exchange forward contracts	USD to JPY	2023.01.05	USD3,000/JPY412,605	3,544
Sell futures	Nickel	2023.01.18- 2023.03.20	USD122,940	56,499
Buy futures	Copper	2023.01.18- 2023.06.21	USD48,178	(35,454)
Sell futures	Copper	2023.03.02	USD210	<u>(28)</u>
				<u>\$ 51,505</u>

WALSIN LIHWA CORPORATION**STATEMENT OF TRADE PAYABLES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Company A	\$ 508,951
Company B	360,512
Company C	227,188
Company D	185,421
Other (Note)	<u>1,944,472</u>
	<u>\$ 3,226,544</u>

Note: The amount of individual company included in others does not exceed 5% of the account balance.

WALSIN LIHWA CORPORATION**STATEMENT OF OTHER PAYABLES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Accrued expenses	Bonus	\$ 1,033,939
	Employee's compensation and remuneration of directors and supervisors	352,050
	Salaries and wages	208,136
	Others (Note)	<u>974,069</u>
		2,568,194
Payables on equipment		313,256
Other payables - others		<u>3,209</u>
		<u>\$ 2,884,659</u>

Note: The amount of individual account included in others does not exceed 5% of the account balance.

WALSIN LIHWA CORPORATION**STATEMENT OF OTHER CURRENT LIABILITIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Advance receipts		\$ 199,361
Accrued sales contract loss		20,507
Other current liabilities - other		<u>8,048</u>
		<u>\$ 227,916</u>

WALSIN LIHWA CORPORATION

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Creditor	Repayment	Contract Period	Annual Interest Rates (%)	Amount		Total	Collateral
				Current Portion of Long-term Borrowings	Non-current Portion of Long-term Borrowings		
Standard Chartered Bank	Principal repayments at maturity	2022.11.16-2024.12.11	Note	\$ -	\$ 1,555,400	\$ 1,555,400	Nil
DBS Bank	Principal repayments at maturity	2020.03.30-2025.03.30	Note	-	3,028,500	3,028,500	Nil
DBS Bank	Principal repayments at maturity	2020.03.31-2025.03.31	Note	-	3,018,600	3,018,600	Nil
DBS Bank	Principal repayments at maturity	2020.04.15-2025.04.15	Note	-	1,505,000	1,505,000	Nil
Bank of Taiwan	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	2020.09.22-2025.09.22	Note	-	3,000,000	3,000,000	Nil
The Export-Import Bank of the Republic of China	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	2020.12.04-2027.12.04	Note	-	1,137,770	1,137,770	Nil
Hua Nan Commercial Bank	Principal to be repaid in two phases: From the 5th year, repayments are due once every six months	2021.03.29-2026.03.29	Note	-	2,000,000	2,000,000	Nil
Taiwan Cooperative Bank	Principal to be repaid in two phases: 1st repayment due 48 months after the drawdown date, 2nd repayment due maturity date	2021.06.28-2026.06.28	Note	-	2,000,000	2,000,000	Nil
Bank of Taiwan	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	2022.03.08-2027.03.08	Note	-	3,000,000	3,000,000	Nil
Hua Nan Commercial Bank	Principal repayments at maturity	2022.03.08-2027.03.08	Note	-	2,500,000	2,500,000	Nil
Chang Hwa Commercial Bank	Principal repayments at maturity	2022.03.08-2027.03.08	Note	-	2,000,000	2,000,000	Nil
The Export-Import Bank of the Republic of China	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	2022.09.22-2029.09.22	Note	-	500,000	500,000	Nil
Agricultural Bank of Taiwan	Principal repayments at maturity	2022.10.31-2025.10.31	Note	-	1,000,000	1,000,000	Nil
Metropolitan Bank	Principal repayments at maturity	2022.10.31-2024.09.01	Note	-	700,000	700,000	Nil
KGI Bank	Principal repayments at maturity	2022.10.24-2025.04.24	Note	-	1,500,000	1,500,000	Nil
Far Eastern International Bank Co., Ltd.	Principal to be repaid evenly in three phases; 1st repayment due 48 months after the drawdown date, after which repayments are due once every six months	2022.10.21-2027.10.14	Note	-	500,000	500,000	Nil
Bank of Taiwan	Principal to be repaid in two phases: From the 4th year, repayments are due once every six months; at rates of 20% and 80%, respectively	2022.10.04-2027.10.04	Note	-	3,000,000	3,000,000	Nil
Chang Hwa Commercial Bank	Principal repayments at maturity	2022.10.04-2027.10.04	Note	-	1,000,000	1,000,000	Nil

(Continued)

Creditor	Repayment	Contract Period	Annual Interest Rates (%)	Amount			Collateral
				Current Portion of Long-term Borrowings	Non-current Portion of Long-term Borrowings	Total	
Chinatrust Commercial Bank	Principal repayments at maturity	2022.10.04-2025.10.03	Note	\$ -	\$ 1,500,000	\$ 1,500,000	Nil
Taiwan Cooperative Bank	Principal to be repaid in two phases: From the 4th year, repayments are due once every six months; at rates of 20% and 80%, respectively	2022.10.04-2027.10.04	Note	<u>-</u>	<u>3,000,000</u>	<u>3,000,000</u>	Nil
				<u>\$ -</u>	<u>\$ 37,445,270</u>	<u>\$ 37,445,270</u>	

Note: The effective interest rate ranges were 0.96%-2.12%.

(Concluded)

WALSIN LIHWA CORPORATION**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Item	Lease Terms	Discount Rate	Amount
Land	2011.03.01-2046.03.21	2%-3.759%	\$ 1,490,723
Buildings and improvements	2020.02.01-2024.07.25	1.198%	2,525
Other equipment	2018.06.01-2027.09.19	1.964%-3.038%	<u>43,618</u>
			1,536,866
Less: Current portion			<u>(38,519)</u>
			<u>\$ 1,498,347</u>

WALSIN LIHWA CORPORATION**STATEMENT OF OTHER NON-CURRENT LIABILITIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Deposits received		\$ 175,854
Credit balance of investment using the equity method		<u>17,487</u>
		<u>\$ 193,341</u>

WALSIN LIHWA CORPORATION**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Bare copper wire	80,197 tons	\$ 21,870,850
Wire and cables	40,458 tons	16,120,169
Copper communication cable	280 Km pair	524,663
Optical communication cable	70 Km core	96,015
Stainless steel	564,094 tons	56,063,535
Copper plates		<u>949,648</u>
		95,624,880
Other operating revenue		
Other		<u>2,795,165</u>
		<u>\$ 98,420,045</u>

WALSIN LIHWA CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Raw materials inventory, January 1	\$ 2,860,493
Add: Purchases of raw materials	55,556,244
Internal transfer variance, quantity variance	50,125
Other receiving (transfer among factories and part number)	1,954,317
Less: Other sending (resending, lending and outsourcing)	(275,229)
Selling raw materials	(634,593)
Raw materials inventory, December 31	(1,916,793)
Raw materials used	57,594,564
Direct labor	998,064
Manufacturing overhead	7,554,306
Manufacturing cost	66,146,934
Add: Work in process inventory, January 1	1,756,177
Incoming	1,585,337
Work in process variance reserved	27,727
Less: Others (picking for R&D, sample and outsourcing)	(122,477)
Internal transfer variance, quantity variance	(371,023)
Selling work in process	(277,935)
Work in process inventory, December 31	(1,779,383)
Cost of finished goods	66,965,357
Add: Finished goods inventory, January 1	7,229,298
Purchases of finished goods	2,685,744
Receiving from outsourcing and returned goods	24,892,086
Internal transfer of returned goods	1,035,335
Finished goods variance reserved	11
Less: Selling expense and picking for construction in progress, etc.	(778,825)
Others (retirement)	(91,272)
Finished goods inventory, December 31	(5,397,123)
Cost of finished goods sold	96,540,611
Add: Cost	912,528
Idle capacity loss	558,225
Loss on reduction of inventory to LCM	74,230
Less: More or less clause and gain on physical inventory	(336,004)
Others	(1,540,581)
Variance allocation	(10,016,157)
Cost of goods sold	86,192,852
Construction cost	774,148
Other operating costs	257,447
	<u>\$ 87,224,447</u>

WALSIN LIHWA CORPORATION**STATEMENT OF SELLING AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Selling and marketing expenses		
	Warehousing and shipping expense	\$ 1,028,119
	Salary and wages expense	242,035
	Other (Note)	<u>161,738</u>
		<u>\$ 1,431,892</u>

Note: The amount of individual account included in others does not exceed 5% of the account balance.

WALSIN LIHWA CORPORATION**STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
General and administrative expenses	Salary and wages expense	\$ 1,410,513
	Depreciation expense	214,827
	Professional service fee	155,020
	Remuneration of Directors	95,038
	Insurance expense	100,050
	Other (Note)	382,559
	Less: Administrative expense of investment enterprise (the deduction of investment income)	<u>(524,195)</u>
		<u>\$ 1,833,812</u>

Note: The amount of individual account included in others does not exceed 5% of the account balance.

WALSIN LIHWA CORPORATION**STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Research and development expenses	Salary and wages expense	\$ 94,784
	Research outsourcing expense	35,493
	Consumption of raw material expense	22,348
	Depreciation expense	20,589
	Others (Note)	<u>27,435</u>
		<u>\$ 200,649</u>

Note: The amount of individual account included in others does not exceed 5% of the account balance.

WALSIN LIHWA CORPORATION**STATEMENT OF NON-OPERATING INCOME AND EXPENSES - OTHER INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Other income	Financial income	\$ 326,707
	Remuneration of directors and supervisors	43,916
	Others (Note)	<u>35,076</u>
		<u>\$ 405,699</u>

Note: The amount of individual account included in others does not exceed 5% of the account balance.

WALSIN LIHWA CORPORATION**STATEMENT OF NON-OPERATING INCOME AND MISCELLANEOUS EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Miscellaneous expenses	Employee benefits	\$ 53,269
	Finance costs	30,946
	Others	<u>40,500</u>
		<u>\$ 124,715</u>

WALSIN LIHWA CORPORATION

STATEMENT OF EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION BY FUNCTION

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2022			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Employee benefits expense				
Salaries and wages expense	\$ 1,960,313	\$ 1,745,879	\$ -	\$ 3,706,192
Labor/Health insurance	\$ 169,398	\$ 100,287	\$ -	\$ 269,685
Pension expense	\$ 70,683	\$ 51,145	\$ -	\$ 121,828
Directors' salaries	\$ -	\$ 109,965	\$ -	\$ 109,965
Depreciation				
Property, plant and equipment	\$ 1,103,944	\$ 173,402	\$ -	\$ 1,277,346
Right-of-use assets	5,508	66,022	-	71,530
Investment property	71,118	2,179	-	73,297
	\$ 1,180,570	\$ 241,603	\$ -	\$ 1,422,173
Amortization expense	\$ -	\$ 11,750	\$ -	\$ 11,750
	For the Year Ended December 31, 2021			
	Operating Costs	Operating Expenses	Non-operating Expenses and Losses	Total
Employee benefits expense				
Salaries and wages expense	\$ 1,684,098	\$ 1,214,050	\$ -	\$ 2,898,148
Labor/Health insurance	\$ 150,075	\$ 79,641	\$ -	\$ 229,716
Pension expense	\$ 63,271	\$ 45,057	\$ -	\$ 108,328
Directors' salaries	\$ -	\$ 84,089	\$ -	\$ 84,089
Depreciation				
Property, plant and equipment	\$ 1,105,101	\$ 140,864	\$ -	\$ 1,245,965
Right-of-use assets	4,124	19,745	-	23,869
Investment property	71,966	1,526	-	73,492
	\$ 1,181,191	\$ 162,135	\$ -	\$ 1,343,326
Amortization expense	\$ -	\$ 445	\$ -	\$ 445

(Continued)

Note 1: As of December 31, 2022 and 2021, the Company had 2,992 and 2,820 employees, of which 11 and 11 were non-employee directors for respective years.

Note 2: The average employee benefits expenses were \$1,375 thousand and \$1,152 thousand for the years ended December 31, 2022 and 2021, respectively. The average salaries and wages were \$1,243 thousand and \$1,032 thousand for the years ended December 31, 2022 and 2021, respectively.

Note 3: There was a 20% adjusted change in the average salaries and wages.

Note 4: The Company did not have supervisions for the year ended December 31, 2022 and 2021. Therefore, there's no compensation to the supervisor.

Note 5: The company's compensation policy:

a. The Company's remuneration is established on the principle of being able to attract and retain talent as follows:

1) Salary:

- A reasonable and competitive overall remuneration based on the market value of each professional function and the employee's contribution to their responsibilities.
- Bonus payments are made in accordance with the Company's operational performance, the achievement of team objectives and the employee's personal contribution and performance.
- Employees are paid and compensated on the basis of their academic experience, technical expertise, professional seniority and personal performance, without discrimination based on gender, race, religion, political affiliation, marital status or union affiliation.
- The starting salary standards for fresh graduates and foreign workers comply with local laws and regulations.
- The Company creates harmonious labor relations within the scope of the law, in accordance with the relevant local laws and regulations.
- The Company reviews its profitability and conducts market salary survey annually to plan salary adjustments.

2) Bonuses and Rewards: The reward and compensation system offered by the Company is designed to motivate employees who perform well in their work. Performance bonuses and production bonuses are granted based on the Company's operational performance, achievement of team goals and individual performance, and employees are remunerated according to the Company's profitability.

3) The Company establishes compensation committee to ensure the compensation arrangements of the Company comply with applicable laws and regulations and are sufficient to recruit outstanding talents.

(Continued)

b. Compensation for employees and directors:

The Company's Article 25-1 includes the amount and coverage of compensation for employees and directors. If the Company turns a profit in a year, no less than 1% of the profit should be distributed to its employees as compensation and no more than 1% to directors as compensation. The actual amount should be determined by a board meeting where no less than two-thirds of the directors are present and more than half of the directors present votes to approve the suggested amounts. The amounts should be reported to the shareholders meeting. However, if the Company still has accumulated deficit from previous terms, it should first reserve the amount needed to settle the outstanding balance.

c. Remuneration of directors and supervisors:

The Company's Independent Directors and Directors who are authorized by the Board of Directors to regularly involve in the Company's operation may receive remuneration; the amount of remuneration shall be reviewed in accordance with Director's participation and value contributed in the Company's operation, together with reference of international and domestic industrial practice, by the Remuneration Committee and submitted to the Board of Directors for approval.

d. Manager Compensation:

To ensure that the manager's performance is closely linked with the Company's strategy and has a competitive salary, the company has formulated the "Manager Performance Evaluation and Salary Management Regulation" as the basis of manager performance review and remuneration payment. The abovementioned regulation includes the manager's performance evaluation and salary compensation policy, system, standard and structure, which shall be submitted to the board of directors after deliberation by the remuneration committee. The manager's remuneration includes salary and bonus. Salary refers to the company's business strategy and profitability, as well as factors such as the manager's professional ability, the scope of responsibility, and market competitiveness; bonus takes individual performance evaluation, company operating performance and future risks into account. However, if there are significant risk events that can affect the company's goodwill, improper internal management, personnel fraud and other risk events, the bonus will be reduced or not be issued.

(Concluded)