



Stock Code 2492

Walsin Technology Corporation

2022 Annual Report

(Translation)

(This English translation is prepared in accordance with the Chinese version and is for reference only. If there is any inconsistency between the Chinese version and this translation, the Chinese version shall prevail.)

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Name of Any Exchanges Where the Company's Securities Are Traded Offshore and Information: None.

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Letter to Shareholders

Dear ladies and gentlemen shareholders,

First of all, thanks to all shareholders' support to Walsin Technology in the past year. The operating challenges in 2022 were unprecedented, affected by many factors such as international geopolitical conflicts, inflation, pandemic variations, and supply chain imbalances. After more than two years of pandemic control, people are eagerly looking forward to restarting their normal lives. It was originally expected that the post-pandemic era would usher in global economic recovery, but the intensified conflicts between Russia and Ukraine have led to soaring prices of global energy, food, and raw materials. China's strict lockdown measures during the outbreak in the second quarter have once again affected the global supply chain, and the sudden lifting of restrictions at the end of the year has led to a serious impact on production and consumption activities due to the loss of pandemic control. Multiple unfavorable factors have intersected, leading to a continued rise in global inflation, accelerated interest rate hikes in Europe, America, and other regions, and a sharp depreciation of non-US currencies. Under the global monetary tightening, the turmoil in the global financial market has intensified, and the market conditions have turned from prosperous to declining.

In response to the overall severe external economic environment, the company not only prudently regulates output, strictly controls various costs and expenses, but also continues to increase the development of new products, and actively prepares for the next economic cycle. And hereby present a summary report on the previous year's operating results and this year's operating plan.

Operating results of the previous year

In retrospect, the global economic development of 2022 was deeply affected by the Covid-19 pandemic, war, and inflation. With the popularization of the vaccine and the advent of medical treatments, successfully suppressed and reversed the evolution of the virus strain towards a negative trend, so the European and American countries gradually lowered the level of this public health incident; Last year, in continuation of the operational growth and momentum driven by the supply chain crisis in the previous year, the overall supply and demand situation in the passive component market was still normal. However, in a blink of an eye, the international geopolitical risks and inflation caused a rapid decline in end demand, pushing up the inventory levels of the supply chain. Due to the sluggish end demand, the economic downturn and customer inventory destocking occurred, while the ongoing pandemic control measures in China further worsened the end demand for consumer electronics. Therefore, the revenue and profits in 2022 decreased compared to 2021.

The group's consolidated net sales amount in Year 2022 was NT\$35.3 billion , a decrease of 16.18% from Year 2021; the consolidated operating gross profit was NT\$6.3 billion , and the gross profit

margin was 17.8%; the consolidated operating net profit was NT\$2.06 billion , and the operating net profit margin rate was 5.8%; The net profit after tax was NT\$1.65 billion , the net profit rate after tax was 4.7%, and Walsin Technology's earnings per share (EPS) last year was NT\$3.40 , and the return on equity rate was 3.72%.

Summary of this year's business plan

(1) Business policy

Looking ahead to the global economic outlook in 2023, despite the post-pandemic era, there are still ongoing impacts from lifting interest rates, inflation, inventory destocking, and geopolitical conflicts such as the Ukraine-Russia war. The uncertainties affecting the growth of the global economy have not yet been eliminated, and the economy and market conditions may temporarily struggle to fully recover. However, we remain optimistic about the long-term growth potential of various industries, driven by new technologies and products such as 5G, AIoT, EV, high-frequency and high-speed demand, and efficient computing applications.

The management team of Walsin Technology has established a close strategic partnership with its customers through continuous innovation and diversified regional production capacity allocation. In the face of market cyclicity and geopolitical impacts, we have taken a balanced approach to expanding our production capacity to establish flexibility and energy for cross-regional supply scheduling, to usher in the next wave of prosperity, and to bring sustained and steady returns to all shareholders.

(2) Development strategy

In response to the current global supply chain restructuring trend, the company is actively expanding local services in overseas bases to increase sales. Internally, it adjusts product development direction based on the mainstream industry demand in the post-epidemic era, and utilizes existing production advantages to increase profitability.

The two major driving forces of the global economy, US and China, the two largest economies, have shifted from short-term confrontation to a long-term cold war ,the scope has also expanded from a few companies to the level of the technology industry to balance each other. In order to get rid of the restraint, China actively internalizes the technology industry and takes the establishment of independent production and supply chain as its national development strategy. Passive components are also its target projects. Benefiting from the policy protection, new production capacity of Chinese local peers continues to be built, while Japanese peers are major beneficiaries of automotive and high-end passive components. Under the optimistic medium and long-term demand, the original fundamentals of production expansion are still maintained. In terms of us, in addition to the most efficient allocation of operations on the basis of existing production capacity and R&D, we also integrate new business partners, step into other passive component fields, increase product depth

and expand marketing, in order to differentiate ourselves in market positioning. We hope to grasp the competitive advantage in the recovery of the post-epidemic economy in the future.

Affected by external competitive environment, legal environment and overall business environment

(1) External competitive environment and overall business environment

Looking forward to Year 2023, the global epidemic will be unblocked and enter the post-epidemic period. Although there will be geopolitical conflicts and inflation delaying the recovery, the rigid demand in the market will eventually return to normal. In the short term, due to the continuous expansion of production capacity by some competitors, it is unfavorable to maintain the balance between supply and demand. The company will increase capacity utilization on its own niche products to maintain market competitiveness.

(2) Regulatory environment

Adhering to the sacred mission of protecting the earth's environment and the concept of fulfilling social civic responsibilities, all production bases of the company have set up special units for environmental safety and health to strictly control environmental protection and safety issues, and strictly abide by environmental protection laws and regulations. and other environmental protection facilities and management systems, the greenhouse gas inventory management system has been formulated and implemented regular tracking of emission reduction effectiveness, and the Taiwan&Dongguan factories has obtained the ISO14064 third-party inventory certificate, which has been gradually extended to other overseas factories, and actively promote various energy reduction measures to contribute to a clean environment and protect the earth.

Corporate Social Responsibility

Promoting ESG (environmental, social, and corporate governance) is our persistent and valued concept. Last year, the company became a constituent company of the "FTSE4Good TIP Taiwan ESG Index" by "Taiwan Index Plus" and was awarded the "Logo for a constituent company in the FTSE4Good TIP Taiwan ESG Index". The company will continue to uphold the concept of sustainable management and implement corporate governance norms, create a sustainable working environment for employees, provide customers with various energy-efficient products and solutions that meet the spirit of ESG, and create sustainable value for shareholders.

Although the world economy is still facing many difficulties and challenges, WTC still continues to carry out many actions in business performance, green energy products and environmental protection. We hope that the company will benefit from the company and shareholders will receive reasonable remuneration. At the same time, it can further fulfill its corporate social responsibilities, create a high-quality working environment for co-existence and co-prosperity with colleagues, and

strengthen the company's operating performance, and then give back to shareholders and society, and demonstrate the sustainable business philosophy of paying equal attention to shareholder value, employee care and social responsibility with actions, and also create a solid rock for the group's sustainable development.

Thanks again to all shareholders for their long-term support and encouragement of Walsin Technology. All colleagues of Walsin Technology will continue to focus on the industry, adhere to quality, and focus on long-term strategies to allow the company to continue to strengthen its business physique and develop market areas in order to enhance competitiveness and grow steadily.

I wish you all shareholders

Joy and health, everything goes well!

Chairman
Chiao Yu-Heng

Company Profile

2.1 Date of establishment: July 29,1970

2.2 Company History & Evolution:

- 1970 Founder Mr. Chen Yan raised funds to establish Wanbang Electronic Enterprise Co., Ltd. The company was established on the 6th floor of No. 277, Section 3, Roosevelt Road, Taipei City. It purchased land 10 Hectare (approximately equal to 29,340 square feet) in Xinfeng Township, Hsinchu County, and set up a factory with a registered capital of NT\$20,000,000, which is the first domestic precision electronics industry to manufacture semiconductor element transistors, light-emitting diodes and integrated circuit processing with consistent operations.
- 1989 Improve the company's operating structure. Walsin Lihua, a domestic high-performance enterprise, will take over the entire equity and part of the private equity of the Guidance Council to continue to guide the company's operations. The company moved to the Walsin Financial Building, 10th Floor, No. 675, Minsheng East Road, Taipei, in December 1989.
- 1992 Expansion of operations, the company changed its name to Walsin Technology Co., Ltd., and in July 1992, it merged and acquired the electronic division of Walsin Lihwa Corporation, and purchased projects including tangible assets such as fixed assets and inventory, and related intangible assets such as business and technology, and established the Yangmei Factory to produce precision ceramic electronic components such as multilayer capacitors and ceramic resistors to expand operations and increase revenue.
- 1993 The shareholders' interim meeting resolved to sell the assets of the assembly department and self-manufacturing department of the Xinfeng plant, and lay off the employees of the Xinfeng plant. The Xinfeng plant ceased production on January 1, 1994. In order to improve profitability per share, the registered and paid-in capital was reduced to NT\$264.5 million.
- 1996 Established Kaohsiung branch in Kaohsiung Export Processing Zone, It is

responsible for the production of chip resistors. In the same year, a 100% shareholding subsidiary was established in Singapore to expand sales in the local area, and the subsidiary invested in the establishment of overseas sales offices.

- 1997 Established a logistics center and established a timely distribution and supply system in Yangmei Factory.
- 1999 Improve operating efficiency 、 control cost and expenditure, implement the integration of factory and office, and relocate all business personnel in the Taipei office to the Yangmei factory to work.
- 2000 Established Dongguan factory in Dongguan City, Mainland China to increase production and sales bases. It was selected by Asia Week the "best stocks in Asia" with the highest return on investment in the past year among the 1,680 stocks in Asia.
Established the high-frequency component business department and began to develop and produce high-frequency components.
- 2001 The SAP information management system was officially launched.
A strategic alliance with BC components in Europe, Walsin Technology Corporation's chip capacitor passive component products are sold to the 3C industry around the world through BC components' wide channels and customer bases in Europe, North America and Asia.
Concluded a strategic alliance with Pilkor Electronics in South Korea. Walsin Technology Corporation's full range of passive component products are sold through Pilkor Electronics's channels in South Korea.
It was listed for trading on the centralized market of the Taiwan Stock Exchange, and at the same time, it was sold off the counter at the Taiwan Stock Exchange.
Gallatown Developments., Ltd., which holds 100% of its shares, increased its capital by 1,449,005,729 Japanese yen with participation in cash to acquire Nitsuko Electronics Corporation which is wholly-owned by NEC Infrontia, a subsidiary of Nissho NEC Group Nitsuko Electronics Corp. has a 70% equity and acquires the right to operate. Developing the Japanese domestic demand market through Nitsuko, and leveraging Walsin Technology Corporation's domestic and overseas channels and customers, will further extend the Nitsuko product line to overseas markets.

- 2002 The Ministry of Economic Affairs approved the establishment of a global operations headquarters in the Kaohsiung Export Processing Zone.
- 2003 Signed a share subscription contract with Pan Overseas Industrial Co., Ltd., intends to participate in the subscription of 63,140,000 common shares of the company's private equity capital increase, and acquire 22.55% of the company's equity, in order to become a strategic partner and the expansion of the product line complementarity, optimal allocation of product economic scale, sharing of R&D resources, and cooperation in new product development effectively drive the growth of both parties' revenue and profit. This investment case was executed on May 30, 2003.
- Signed a share subscription contract with EDEN High-Tech Co., Ltd. , intends to participate in the subscription of 25 million common shares of the company's private equity capital increase, and obtain 30.38% of the company's equity, so as to become a strategic partner and use distribution channels integrate to improve the quality of customer service. Both parties can take advantage of the optimized combination of product portfolio and customer segmentation to expand market share and enhance the professional image of both companies. This investment case was executed on September 29, 2001.
- Signed a strategic alliance relationship with Vishay Electronic GmbH, representing Vishay Electronic GmbH, Germany, a subsidiary of Vishay Group in Europe; BCcomponents Hong Kong Limited, Hong Kong in Asia, and Vishay Dale Electronics, Inc., Americas in the United States. Walsin Technology Corporation and Vishay launched alliances in scientific research and product marketing. Relationship.
- Initially, MLCC products produced by Walsin Technology Corporation will be marketed in Europe, Asia and North America through the Vishay brand and channels.
- 2004 Signed a merger contract with EDEN High-Tech Co., Ltd. The two parties intend to discuss at the general meeting of shareholders on April 30, 2004. The company will be the surviving company and 2.36 shares of EDEN High-Tech Co., Ltd. will be the basis of the merger on August 1, 2004. In exchange for the issuance of new shares at a ratio of 1 share of the company, after the merger, the company will increase the number of new shares to be issued as 24,258,475 shares.
- 2005 Signed a merger contract with Pan Overseas Industrial Co., Ltd., and the two parties intend to discuss at the regular shareholders meeting on June 23,

2005. The company will be the surviving company and exchange 2 shares of Pan Overseas Industrial Co., Ltd. for the capital. The company will issue new shares at a ratio of one share.

After the merger, the company will issue more than 105,283,580 new shares for participation.

Signed a share transfer agreement with Taiwan Cement Corporation. The two parties used October 7, 2005 as the base date for the capital increase of the transferred shares, and the company issued new shares at a rate of 1.6 shares of Prosperity Dielectrics Co., Ltd. for 1 share of the company. Five hundred and fifty thousand shares were given to Taiwan Cement Corporation. for the conversion of its ten million shares of Prosperity Dielectrics Co., Ltd.

Set up an office in Munich, Germany, and actively expand the European market.

The share exchange was transferred to Prosperity Dielectrics Co., Ltd. common shares of 12,000,000 shares, and the capital increased to 7.5 million shares, making the paid-in capital amount to NT\$5,146,568,100.

Signed a distribution contract with Arrow Electronics, Inc.; through Arrow's marketing channels and extensive customer bases all over the country, Walsin Technology Corporation extended its passive component sales tentacles to Southern Europe and expanded its electronics industry applications.

2006 Cooperated with Japan's Mitsubishi Materials Corporation (MMC, Mitsubishi Materials Corporation) to obtain 85.84 percents of the Japanese subsidiary Kamaya Electric Co., Ltd. (Kamaya Electric Co., Ltd.) held by its group. Established the Taichung branch by acquiring the tangible fixed assets and inventories of the ceramic disc capacitor division of its Taiwan subsidiary MMC Electronics Taiwan Co., Ltd.

2009 Won the Enterprise Award of the 19th "National Quality Award" sponsored by the Ministry of Economic Affairs, R.O.C.

2011 Obtained the AEO safety certification of the Ministry of Finance and the General Customs Administration as a high-quality enterprise.

2012 Won the 21st Taiwan Excellence Award hosted by the Ministry of Economic Affairs, R.O.C.

2013 The company moved to the 24th floor, No. 1, Songzhi Road, Xinyi District, Taipei City.

2015 Set up a branch in South Korea to engage in research, development, and

- trading.
- 2018 Newly included in the global standard index constituent stocks by MSCI. Invited to subscribe for 45 million common shares issued by INPAQ Technology Co., Ltd. by way of private placement for cash capital increase.
- 2019 For outstanding performance in operation and growth, and fulfilling social responsibility, the company was awarded the Asia Pacific Entrepreneurship Awards (Asia Pacific Entrepreneurship Awards) by Enterprise Asia, a non-profit organization in the Asia-Pacific region.
- 2019 For long-term sustainable business development, purchased 3,895 square feet of industrial land on Zhongyuan Road, Zhongli District, Taoyuan City . Prepare to build the company's headquarters, logistics, manufacturing and office use.
- 2020 Purchased part of the factory building (approximately 11,185 square feet) in Kaohsiung Export Processing Zone A15 from Walton Advanced Engineering, Inc. and engineering facilities to expand MLCC production capacity and office use.
Acquired 9 million shares of Silitech Technology Corporation, a listed company, holding 15% of the shares, and co-operation to strengthen the automotive product market.
For sustainable business development, the contract purchase of approximately 18,693 square feet of plant area and factory equipment in Kaohsiung Luzhu Science Park, which will be used for future expansion of the company and its subsidiaries' manufacturing and production and office use.
The company's subsidiary Kamaya Electric Co., Ltd. publicly acquired 6,254,800 shares of Soshin Electric Co., Ltd., a listed company on the Tokyo Stock Exchange, accounting for 40.1% of its total outstanding shares, in order to strengthen business cooperation between the two parties, expand the scale of operations, and enhance international competition force.
- 2021 The company and the subsidiary Kamaya Electric Co., Ltd. accumulatively acquired 2,309,504 ordinary shares of Soshin Electric Co. Ltd. , a listed company on the Tokyo Stock Exchange, by open market purchase and executing conversion of convertible bonds, aggregately acquired 8,564,304 ordinary shares approximately 50.08% of the total issued and outstanding ordinary shares. Soshin Electric Co. Ltd. became the company's subsidiary since November.

Newly included in the. FTSE4Good TIP Taiwan ESG Index.

2022 Set up a subsidiary in Rotterdam, Netherlands, to build an European logistic center.

The company's subsidiary Kamaya Electric Co., Ltd. had been invited to subscribe for 638,000 common shares of Matsuo Electric Co., Ltd., a listed company on the Tokyo Stock Exchange, by specially designated third party replacement for capital increase in cash, accounting for 19.89% of its total outstanding shares, in order to expand market share in Japan and enhance group's passivecomponent product portfolio .

In order to practice corporate social responsibility, WTC established a sustainable development committee(ESG committee) in 2022.

WTC was chosen into the FTSE4Good TIP Taiwan ESG index by Taiwan index Plus Corporation in December 2022.

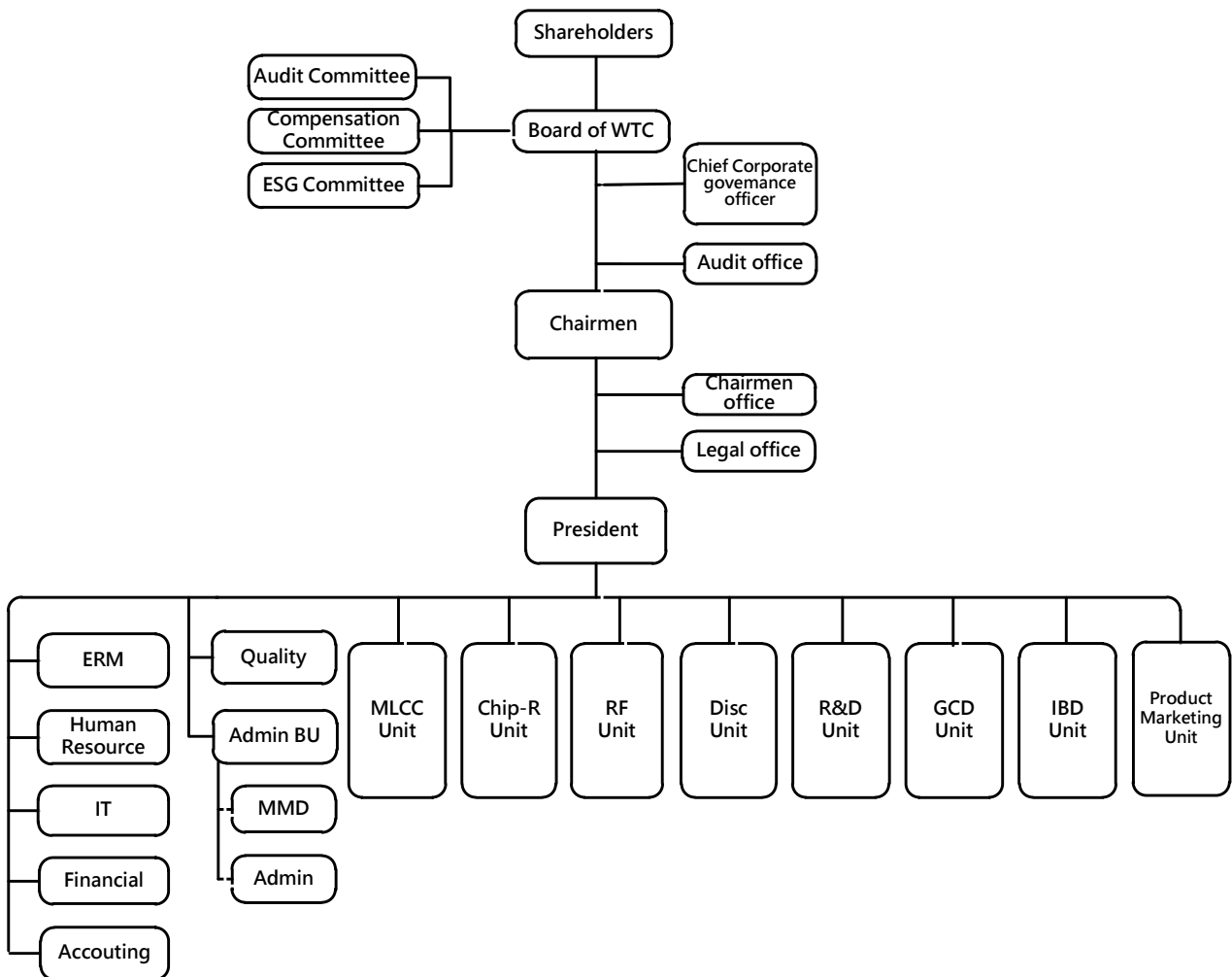
Corporate Governance Report

3.1 Company Organization

3.1.1 Organization structure

WALSIN TECHNOLOGY CORPORATION

2023. 01



3.1.2 Major Corporate Functions

Major Departments and Their Scope of Operations

Department	Business
Audit Office	Evaluate the deficiencies of the internal audit system and the efficiency of corporate operation. Prepare and submit the audit reports to the board of directors. Provide improving advice in due time to sustain a proper internal audit system. Implement the Internal Audit System effectively and assist management team to perform its duties faithfully. Assist departments in risk evaluation and self-check.
Chairmen Office	Business environment analysis and evaluation, monitoring and tracking of budget achievement, project management, public relationship, competitor analysis and strategy formulation, review and evaluation of mergers and acquisitions and strategic alliances.
Legal office	Draft, review and manage contracts. Research, consult and aid to legal issues. Suggest and deal with litigation and arbitration. Collect, compile, research and constantly update related rules, regulation and laws. Suggest and assist in trade secrets confidentiality and protection. Suggest and deal with legal enforcement of overdue receivables on demand. Suggest and assist in related government affairs. Promote and train for general legal knowledge training. Build up job description of legal department and train the related staffs.
Financial	Planning and maneuvering of company funds and investment management. Planning and execution of investors relations and shareholder services.
Accounting	Planning and evaluation of budget and costs. Planning and execution of accounting system and tax matters.
Information Technology	To plan, construct, maintain, and operate the company's information management systems and satisfy the user demand for system implementation in order to ensure maximized returns on information related investments and reduce information and operating risks for the company while making the company more competitive. Maximized returns on information related investments and reduce information and operating risks for the company while making the company more competitive.
Human Resources	Management of human resources and organizational development.

Enterprise Risk Management	Establish each business unit's authorities and responsibilities to risk management. Credit control, AR management and sales contract management.
Administration BU	<p>Material Management Division: Responsible for planning and operations management of all business units, key electronics and supplier strategies, purchase process and system building, as well as global logistic planning and operations.</p> <p>Facility: The department manages and maintains the building and the public facilities in the factory to ensure a safe working environment.</p> <p>Occupational Safety and Health: The department develops, plans, monitors and promotes workplace safety and health management standards.</p>
Quality	Planning and execution of company quality policy and establishes quality standards, designs quality assurance strategies for raw materials and final products and manages quality improvement activities. In charge of internal quality management and external quality assurance, reliability assurance and handling of quality complaints.
MLCC Unit	The planning and management of MLCC manufacturing process, raw materials and finished products.
Chip-R Unit	The planning and management of Chip-R manufacturing process, raw materials and finished products.
R & D Div.	The R&D of advanced display technologies, design, and development of new products.
RF Unit	The planning and management of RF manufacturing process, raw materials and finished products.
Greater China Sale Unit	Responsible for the collection and feedback of market data in the Greater China region, the formulation and implementation of new customer and market development sales order policies. New client development and new product promotion. Management of dealers and distributors.
International Business Unit	Responsible for the collection and feedback of market data in the Non-Greater China region, the formulation and implementation of new customer and market development sales order policies. New client development and new product promotion. Management of dealers and distributors.

Product Marketing Unit	Marketing support and product application promotion for domestic and overseas business.
Global Logistic	Consolidate orders and plan production schedules. Packaging and shipping, warehouse management. Responsible for cargo transportation (land transportation, air transportation, shipping), import and export, and bonded affairs of various factories around the world.
DISC Unit	The planning and management of safety components process, raw materials and finished products.

3.2 Information On Board Directors, President, Vice Presidents, Assistant Vice Presidents and the Heads of Various Divisions and Branches

3.2.1 Information on Board Directors (I)

2023/4/22

Title	Nationality or Registration Country	Name	Gender /Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shares Currently Held by Spouse and Underage Children		Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor Who Are Spouse or Relative within Second Degree			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
Chairman	R.O.C.	Chiao Yu-Heng	Male 61-70 years old	2022/6/15	3 years	1992/05	12,887,461	2.65	12,887,461	2.65	34,805	0.01	-	-	Golden Gate University MBA Vice Chairman of Walsin Lihwa Corp.	Note 2 Note 3	Director	Chiao Yu-Cheng	Brother	Note1
Director	R.O.C.	Walsin Lihwa Corporation	Male 61-70 years old	2022/6/15	3 years	1992/05	88,902,325	18.3	88,902,325	18.3	-	-	-	-	--	Note 4	-- Chairman	--	--	
Representative	R.O.C.	Chiao Yu-Cheng					205,628	0.04	205,628	0.04	-	-	-	-	Master of Washington University, MBA Chairman of Walsin Lihwa Corporation			Chiao Yu-Heng	None	
Director	R.O.C.	Yeh Pei-Chen	Male 61-70 years old	2022/6/15	3 years	2019/06	-	-	-	-	-	-	-	Electronics of Minghsin University of Science and Technology Industrial Technology Research Institute Engineer	Note 5	None	None	None		
Director	R.O.C.	Oliver Co., Ltd.	Male 71-80 years old	2022/6/15	3 years	2022/06	133,000	0.03	333,000	0.07	10000	0	-	-	Ph.D. in Management, National Taipei University of Technology	Note 6 Note6.1	None AVP	None Chu Li-WEN	None Father and son	Note 6.2
		Chu Yeu Yuh					280,903	0.06	280,903	0.06										

Title	Nationality or Registration Country	Name	Gender /Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shares Currently Held by Spouse and Underage Children		Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor Who Are Spouse or Relative within Second Degree			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
Independent Director	R.O.C.	Fan Po-Kang	Male 71-80 years old	2019/6/19	3 years	2019/06	-	-	-	-	-	-	-	-	California State University Department of Accounting Manager of Walsin Lihwa Corporation Supervisor of Global Brands Manufacture Ltd.	Note 7	None	None	None	
Independent Director	Malaysia	Tan Yong- Chian	Male 50-59 Years old	2019/6/19	3 years	2016/06	358	0.00	358	0.00	-	-	-	-	Department of Civil Engineering, Seattle University Director of Prosperity Dielectrics Co., Ltd.	Note 8	None	None	None	
Independent Director	Malaysia	NG Chlen Chun	Female 51-60 years old	2022/6/15	3 years	2022/06	-	-	-	-	-	-	-	-	Department of Accounting, University of Washington Accenture Solutions SDN BHD, Kuala Lumpur, Malaysia, financial and management	Note 9	None	None	None	

Note 1: The chairman and chief executive officer of the company are the same person. The main purpose to plan the company's future development and formulate the company's operating strategy, so it is necessary. In addition, more than half of the company's directors do not serve as employees or managers, which is sufficient to perform the supervisory function of the board of directors. In line with the spirit of corporate governance.

Note 2: Mr. Chiao Yu-Heng concurrently served as the company (including Prosperity Dielectrics., Ltd.(PDC)), HannStar Board Co., Ltd. (including Global Brands Manufacture Ltd.(GBM), Walton advanced Engineering inc, and INFO-TEK Corporation.For details of other duties in the company and its subsidiaries of the aforementioned companies, please refer to "I. Related Companies" in the "I. Special Records" of each company's annual report.

Below notes of other positions of the Company or other companies(Most of them are listed below)

Note3: Chairman and CEO:HannStar Board Corp, Global Brands Manufacture Ltd., Walton Advanced Engineering, Inc, Prosperity Dielectrics Co.Chairman and Chief CEO:INFO-TEK Corp.

Director: Walsin Lihwa Corp., Nitsuko Electronics Corp., KAMAYA ELECTRIC Co.,LTD., Soshin Electric Co., Ltd..Corporation's Representative as Chairman and CSO:Career Technology (MFG.) Co., Ltd. Corporation's Representative as director:Inpaq Technology Co., Ltd.

Chairman: Silitech Technology Corp.

Note4. Chairman and CEO:Winbond Electronics Corporation

Director:Winbond Electronics Corporation America 、Walsin Lihwa Corp., Nuvoton Technology Corp. Walsin Technology Corp, United Industrial Gases Co., Ltd, ,Song Yong Investment Corporation, Peaceful River Corporation,,Winbond International Corp.

Independent director:Taiwan Cement Corp.

Note5 Chairman: Giga-Byte Technology Co., Ltd, Giga-Byte Communications Inc, Giga Investment Co.

Corporation's Representative as director: BYTE International Co., Ltd, G-STYLE Ltd., Shun On Electronic Co., Limited, Spirox Corporation.

Note6. Corporation's representative as director - Walsin Technology Corporation.,Global Brands Manufacture Ltd,

Note6.1 Director: HannStar Board Corp,

Note 6.2. Olive Co., Ltd. was appointed as the director of Walsin Technology Co., Ltd. in June 2022, and Mr. Chu Yeu Yuh was the representative of the director

Mr. Chu Yeu Yuh as the director of WTC for the first time in April 1995, and resigned in June 2016, and re-elected the representative of WTC in June 2022

Note7Independent director- Walsin Technology Corporation,

Note8President : Moxiq Object Sdn. Bhd.(Malaysia);Independent director and member of Compensation Committee: Walsin Technology Corp.

Note9.Director of Infoguide Sdn Bhd Kuala Lumpur Malaysia and Walsin Technology Corporation

3.2.2 Major Shareholders of the Institutional Shareholders

(A)- Walsin Lihwa Corporation

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders	Shareholding
Walsin Lihwa Corporation (2023/3/21)	Winbond Electronics Corporation	6.63%
	Chin-Xin Investment Co., Ltd	6.63%
	LGT Bank (Singapore) Investment Fund under the custody of Business Department, Standard Chartered Bank (Taiwan) Ltd.	6.38%
	Teco Electric & Machinery co., Ltd.	5.64%
	Rong Jiang Co., Ltd.	4.92%
	Patricia Chiao	2.92%
	Huali Investment Corp.	2.87%
	Yu-Heng Chiao	1.75%
	Pai-Yung Hong	1.39%
	Yu-Chi Chiao	1.38%

(B) -Oliver Co., Ltd.

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders	Shareholding
Oliver Co., Ltd. (2023/3/31)	Tzu-Jui Chiao	45.45%
	Tzu-Yu Chiao	45.45%
	Yu-Cheng Chiao	9.10%

3.2.3 Major Shareholders of the Company's Major Institutional Shareholders

(A)- 1 Walsin Lihwa Corporation

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders	Shareholding
Winbond Electronics Corporation (2023/03/21)	Walsin Lihwa Corporation	22.20%
	Chin-Xin Investment Co., Ltd	6.03%
	Yu-Cheng Chiao	1.59%
	Chase Custodian Van Gard Emerging Market Stock Index Fund Investment Account	1.05%
	Standard Chartered Custody Royal Bank (Singapore) Limited	1.04%
	Pai-Yung Hong	0.97%
	Chase Custodian Advanced Starlight Advanced Aggregate International Stock Index Fund Special Account	0.96%
	Yu-Heng Chiao	0.75%
	Standard Chartered Managed iShares MSCI Taiwan Index Stock Fund Investment Account	0.69%
	Yu-Lon Chiao	0.65%

(A)-2 Walsin Lihwa Corporation

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders	Shareholding
Chin-Xin Investment Co., Ltd (2023/03/21)	Winbond Electronics Corp.	37.69%
	Walsin Lihwa Corporation	36.99%
	Huali Investment Corp.	4.43%
	Yu-Cheng Chiao	3.14%
	Yu-Lon Chiao	3.14%
	Yu-Heng Chiao	3.14%
	Yu-Chi Chiao	3.14%
	Walsin Technology Corporation.	1.86%
	HannStar Board Corporation	1.34%
Prosperity Dielectrics Co., Ltd.	0.72%	

(A) -3Walsin Lihwa Corporation

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders	Shareholding
Teco Electric & Machinery co., Ltd. (2023/03/21)	PJ Asset Management	17.45%
	Walsin Lihwa Corporation	10.77%
	CHIA-YUAN Investment Co., Ltd.	6.34%
	CREATIVE SENSOR INC.	3.62%
	Ho Yuan International Investment Co., Ltd.	2.14%
	HSBC Managed Hilchester International Investors International Value Stock Trust Investment Account	2.11%
	Tong Kuang Investment Co., Ltd.	1.50%
	HSBC Bank is entrusted with the special investment account of WGI Emerging Market Small Company Fund	1.44%
	Citigroup (Taiwan) Commercial Bank is entrusted with the custody of the investment account of the Norwegian Central Bank	1.35%
	Guang Yuan industrial co., ltd.	1.25%

(A)-4 Walsin Lihwa Corporation

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders	Shareholding
Rong Jiang Co., Ltd. (2023/03/21)	Tien Jiang Co., Ltd.	69.67%
	Wonderful Assets Co., Ltd	30.33%

(A)-5 Walsin Lihwa Corporation

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders	Shareholding
Huali Investment Corp. (2023/03/21)	Hannstar Display Corp.	100%

3.2.4 Information on Board Directors (II)

A. Disclosure of information as professional qualifications and independent status of directors and independent directors

Qualification Name	Professional qualifications and experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chiao Yu-Heng	Possesses five or more years of work experience required for the Company's business; current position please refer to the previous 3.2.1 (I) Information on Board Directors; and not been a person of any of the conditions defined in Article 30 of the Company Act.	<p>(1) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.</p> <p>(2) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p> <p>(3) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</p>	0
Walsin Lihwa corporation representative: Chiao Yu-Cheng	Possesses five or more years of work experience required for the Company's business; current position please refer to the previous 3.2.1 (I) Information on Board Directors; and not been a person of any of the conditions defined in	<p>(1) Not an employee of the company or any of its affiliates.</p> <p>(2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>(3) If a majority of the company's director seats or</p>	1

	Article 30 of the Company Act.	<p>voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.</p> <p>(4) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.</p> <p>(5) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the company.</p> <p>(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.</p>	
Yeh Pei-Chen	<p>Possesses five or more years of work experience required for the Company's business; current position please the previous 3.2.1 (1)Information on Board Directors; and not been a person of any conditions defined in Article 30 of the Company Act.</p>	<p>(1) Not an employee of the company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the</p>	0

	<p>Possesses five or more years of work experience required for the Company's business; current position please the previous 3.2.1 (l) Information on Board Directors; and not been a person of any conditions defined in Article 30 of the Company Act.</p>	<p>person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.</p> <p>(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.</p> <p>(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.</p> <p>(7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.</p> <p>(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified</p>	<p>0</p>
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		<p>company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the company.</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p> <p>(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p> <p>(11) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</p>	
<p>Oliver Co., Ltd. representative: Chu Yeu-Yuh</p>	<p>Possesses five or more years of work experience required for the Company's business; current position please refer to the previous 3.2.1 (I) Information on Board Directors; and not been a person of any conditions defined in Article 30 of the Company Act.</p>	<p>(1) Not an employee of the company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>(4) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.</p> <p>(5) Not a director, supervisor, officer, or</p>	<p>0</p>

		<p>shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the company.</p> <p>(6) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p> <p>(7) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p>	
Fan Po-Kang	<p>Possesses five or more years of work experience required for the Company's business; California State University Department of Accounting; current position please the previous 3.2.1 (1)Information on Board Directors; and not been a person of any conditions defined in Article 30 of the Company Act.</p>	<p>(1) Not an employee of the company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the company or any of its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p>	1
Tan Yong Chian	<p>Possesses five or more years of work experience required for the Company's business; current position please the previous 3.2.1</p>	<p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial</p>	1

	<p>Information on Board Directors; and not been a person of any conditions defined in Article 30 of the Company Act.</p>	<p>officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.</p> <p>(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.</p>	
<p>NG Chlen Chun</p>	<p>Possesses five or more years of work experience required for the Company's business; current position please the previous3.2.1 (I)Information on Board Directors; and not been a person of any conditions defined in Article 30 of the Company Act.</p>	<p>(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.</p> <p>(7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)</p> <p>(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the company.</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership,</p>	<p>0</p>

		<p>company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p> <p>(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p> <p>(11) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</p>	
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Note: According to the Rules Governing Review of Securities Listings as well as the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the Company has obtained the statement of independence for each independent director and confirms that all of them meet the independence requirements stipulated by laws and regulations.

B-1 Policy and implementation of diversity of board members

This policy adopted by the company's board of directors to achieve diversity of members.

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include basic condition(gender,nationality, education,etc)

According to Article 20 of WTC's Corporate Governance Practice Principles, members of the board of directors must generally possess the knowledge, skills and literacy necessary to perform their duties. The company has taken into account the selection of board members, and the overall members should have the following abilities:

- 1.Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

The company's board of directors is accountable to the shareholders' meeting, and is responsible for the various operations and arrangements of the corporate governance system to ensure that the board of directors exercises its powers in accordance with laws and regulations, the company's articles of association, or the resolutions of the shareholders' meeting.

In accordance with the spirit of diversity, the board of directors of the company is composed of experts in various fields. The specific management objectives are as follows:

1. Possess different professional backgrounds: three directors with background or experience in the electronics industry; two directors with business management related; all directors have more than five years of work experience in business-related backgrounds,(Please refer to table 1)
2. At least one female director: Ms. NG Chlen Chun, a female independent director, is included in this session of directors.
3. Possess different professional abilities: at least one of them is specialized in finance and accounting or information technology. At the same time, all directors have rich experience in the industry and have operational and risk management capabilities. The implementation situation is shown in table 2.

Table 1: Background of current board members

Title	Name	Gender	Nationality	Whether to serve as an employee of the company	Basic background	
					Professional background	age range
Chairman	Chiao Yu-Heng	Male	R.O.C	NO	Business Management	61-65
Director	Chiao Yu-Cheng	Male	R.O.C	NO	Electrical Engineering	66-70
Director	Yeh Pei-Chen	Male	R.O.C	NO	Electrical Engineering	61-65
Director	Chu Yeu- Yuh	Male	R.O.C	NO	Business	71-75

					Management	
Independent Director	Fan Po-Kang	Male	R.O.C	NO	Financial Accounting	71-75
Independent Director	Tan Yong -Chian	Male	Malaysia	NO	Electrical Engineering	55-60
Independent Director	NG Chlen- Chun	Female	Malaysia	NO	Financial Accounting	55-60

Table2 :Implement a diversified situation

Title	Name	Professional skills				
		Financial Accounting	Management	Information Technology	Industry experience	Risk Management
Chairman	Chiao Yu-Heng	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Director	Chiao Yu-Cheng	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Director	Yeh Pei-Chen	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Director	Chu Yeu Yuh	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Independent Director	Fan Po-Kang	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>
Independent Director	Tan Yong -Chian	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Independent Director	NG Chlen- Chun	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>

The company has obtained written statements from all independent directors, confirming the independence of itself and its immediate family relatives from the company, which is in compliance with the regulations on the establishment of independent directors of public offering companies and matters to be followed. The current board of directors has seven directors, including three independent directors, accounting for 42.8% of the seats, including one female independent director, and the term of office of all independent directors does not exceed three terms.

The company has strengthened the functions of the board of directors in Chapter 3 of the Code of Practice for Corporate Governance and formulated a policy of diversification. The nomination and selection of members of the board of directors of the company follows the provisions of the company's articles of association and adopts a candidate nomination system. Academic qualifications and board members generally have the knowledge, skills and accomplishments necessary to perform their duties. The educational experience and concurrent job diversity of the company's current seven directors (including three independent directors) are also disclosed on the company's website.

B-2 Independence of the Board:

The current board of directors has seven directors, including three independent directors, and the proportion of independent directors is 42.8%. Except for Director Jiao Yu-Heng Chiao and Director Yu-Cheng Chiao, the representative of Walsin Lihwa Co., Ltd., who are second-degree relatives, none of the other directors has any of the circumstances specified in Items 3 and 4 of Article 26-3 of the Securities and Exchange Law.

3.2.5 Information on President, Vice Presidents, Assistant Vice Presidents and the Heads of Various Divisions and Branches

2023/4/22

Title	Nationality	Name	Gender	Date Appointed	Shares Held		Shares Held by Spouse and Underage Children		Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor Who Are Spouse or Relative within Second Degree			Shares Acquired by Managers under Employee Stock Options	Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship		
President	R.O.C.	Ku Li-Chin	Male	2022/02/23	708,293	0.15	526	0.00	-	-	Chung Yuan Christian University AVP/ Vice president of Walsin Technology Corporation	Note 4	None	None	None	Note1	
Execute vice president /RD officer	R.O.C.	Chang, Jui-Tsung	Male	2022/02/23	527,114	0.11	-	-	-	-	National Taipei University of Technology/ Corporation's representative as director- Inpaq Technology Co., Ltd.	Note 4	None	None	None	Note1	

Title	Nationality	Name	Gender	Date Appointed	Shares Held		Shares Held by Spouse and Underage Children		Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor Who Are Spouse or Relative within Second Degree			Shares Acquired by Managers under Employee Stock Options	Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship		
AVP	R.O.C.	Ko, Fu-Fu	Male	2011/09/01	34,358	0.01	1,386	0.00	-	-	Master of Business Administration, Chung Yuan Christian University Manager and Director of WTC	None	None	None	None	Note1	
AVP	R.O.C.	Lee, Ting-Chu	Female	2014/08/01	114,914	0.02	-	-	-	-	Master of Business Administration in New York State, USA/ Director of WTC	None	None	None	None	Note1	
AVP	R.O.C.	Peng, Chun-Hsiung	Male	2017/07/01	57,274	0.01	86	0.00	-	-	Master of National Central University/ Director of WTC	Note4	None	None	None	Note1	

Title	Nationality	Name	Gender	Date Appointed	Shares Held		Shares Held by Spouse and Underage Children		Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor Who Are Spouse or Relative within Second Degree			Shares Acquired by Managers under Employee Stock Options	Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship		
AVP	R.O.C.	Chen, Yeh-Jeng	Female	2017/09/01	30,000	0.01	-	-	-	-	Department of Law, National Taipei University/Judge of Taiwan High Court	None	None	None	None	None	
AVP	R.O.C.	Chen, Chin-Hui	Female	2017/09/01	34,059	0.01	940	0	-	-	Master of University of East Anglia/ Director of WTC	None	None	None	None	Note1	
AVP	R.O.C.	Chang, Jui-Jung	Male	2017/12/09	57,000	0.01	-	-	-	-	Master of Kaohsiung First University of Science and Technology/ Director of WTC	None	None	None	None	None	
AVP	R.O.C.	Chen, Yi-Kuang	Male	2019/05/02	35,500	0.01	3,367	0.00	-	-	PhD, University of Cambridge/ Director of WTC	None	None	None	None	None	
AVP	R.O.C.	Liu, Hsiu-Chen	Female	2019/05/02	41,457	0.01	-	-	-	-	Master of Chung yuan University/ Director of WTC	None	None	None	None	None	

Title	Nationality	Name	Gender	Date Appointed	Shares Held		Shares Held by Spouse and Underage Children		Shares Held in Name of Others		Key Education/Work Experience	Other Current Positions Within the Company	Other Officer, Director or Supervisor Who Are Spouse or Relative within Second Degree			Shares Acquired by Managers under Employee Stock Options	Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relation Ship		
AVP	R.O.C.	Huang, Chih-Liang	Male	2020/03/01	53,500	0.01	-	-	-	-	Master of National Cheng Kung University/ Director of WTC	None	None	None	None	None	
AVP	R.O.C.	Yang, Tsung-Lin	Male	2020/03/01	45,000	0.01	-	-	-	-	National Ocean University/ Director of WTC	None	None	None	None	None	
AVP	R.O.C.	Chen, Huey-Ru	Female	2020/03/01	49,500	0.01	-	-	-	-	Master of National Taiwan University/ Director of WTC	None	None	None	None	None	
AVP	R.O.C.	Chen, Chun-Hsueh	Male	2020/03/01	28,000	0.01					Master of National Central University/ Director of WTC	None	None	None	None	None	
AVP	Malaysia	Ling Chek Leh	Male	2020/04/01	-	-	-	-	-	-	Honor Degree holder, University of Coventry, England Phycomp S.Asia Regional Manager; ASJ Pte Ltd, VP of Sales & Marketing; WTC Sales Director,	None	None	None	None	None	

											S.Asia & Global EMS					
Head of Financial and Accounting	R.O.C.	Yeh, Tse-Kuang	Male	2014.08.01 2008.07.01	41,036	0.01	-	-	-	-	Master of Accounting, Chung yuan University/Director of WTC	NOTE4	None	None	None	NOTE1
Head of Audit	R.O.C	Huang Jui-Chang	Male	2022.11.01	0	0	-	-	-	-	National Chung Cheng University Master degree of International Economics.	None	None	None	None	None
AVP	R.O.C.	Chu, Li-Wen	Male	2021/05/04	4,000	0.00					Department of Chemical Engineering, Ph.D of National Tsing Hua University Director of R&D	None	None	None	None	None

Note 1: The manager has obtained the employee stock option certificates issued by the company on June 7, 2002, May 2, 2003 and/or December 25, 2007 respectively, and the duration is five years, but they have The issuance and subscription methods execute subscriptions or expire after the expiry date, and there is no situation of holding stock warrants for existing employees.

Note 2: Mr. Ku Li-Chin became the general manager of the company since February 23, 2022, and Mr. Chang, Jui-Tsung became the executive vice president and head of R&D of the company since February 23, 2022.

Note 3: Mr. Chiao, Yu-Heng concurrently serves as the company (including Prosperity Dielectrics Co., Ltd.), HannStar Board Co., Ltd. (including Global Brands Manufacture Ltd.), Walton Advanced Engineering, Inc., and Info-Tek Corporation. For the details of other duties in the company and its subsidiaries, please refer to "I. Information about related companies" in the annual report of each company.

Note 4: For details of the other positions of Mr. Ku Li-Chin, Mr. Chang Jui-Tsung, Mr. Chen Kuei-Chen, and Mr. Yeh Tse-Kuang concurrently serving as subsidiaries of the company, please refer to "Related information of related companies."

Note5: Mr. Huang Jui Chang was newly appointed as Chief Auditing Officer on November 1, 2022.

3.3 Remuneration of Directors & Managers in 2022

3.3.1 Remuneration of Directors and Independent Directors

2022/12/31

Unit: NT\$ thousands;%

Title	Name	Directors Remuneration								Amount and Ratio of Total Remuneration (A+B+C+D) and proportion of Net Income (%)		Compensation Earned by a Director Who is an Employee of the Company or of the Company's Consolidated Entities								Amount and Ratio of Total Compensation (A+B+C+D+E+F+G) and proportion of Net Income(%)		Remuneration from Ventures Other than Subsidiaries or from the Parent Company		
		Base Compensation (A)		Severance Pay and Pensions (B)		Compensation to Directors (C)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)(Note1)		Employees' Compensation (G)								
		The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company		All Companies In Financial Statements			The Company	All Companies In Financial Statements
																		Cash	Stocks	Cash	Stock			
Chairman	Chiao Yu-Heng																							
Director	Walsin Lihwa corporation representative: Chiao Yu-Cheng																							
Director	Oliver Co., Ltd representative: Chu Yeu Yuh (Note3)																							
Director	Yeh Pei-Chen	0	1,459	0	0	11,801	13,965	180	350	11,981 0.73%	15,774 0.96%	15,962 (Note2)	61,562 (Note2)	108	108	0	0	916	0	28,051 1.70%	78,360 4.75%	39,823		
Director	HannStar Board Corporation representative: Shu Yao-Hsien (Note4)																							
Director and President	Ku Li-Chin (Note5)																							
Director	Lee Chia-Hwa (Note6)																							
Independent Director	Fan Po-Kang																							
Independent Director	Tan Yong Chian																							
Independent Director	NG Chlen Chun (Note7)	0	0	0	0	3,900	5,370	108	298	4,008 0.24%	5,668 0.34%	0	0	0	0	0	0	0	0	4,008 0.24%	5,668 0.34%	0		
Independent Director	Francis Chi (Note8)																							

1. Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent: In order to facilitate the management of the remuneration of directors and functional committee members of the Company, the Company has established the

"Regulations for the Remuneration of Directors "and "Regulations for the Board of Directors' Performance" ,which clearly define the criteria for the remuneration payable to independent directors according to the level of their participation in the business operations and the values of their contributions, while taking into account the reasonableness of the Company's operating performance and future risks.

2. Except as disclosed in the above chart, remuneration to directors received due to the services provided to all companies listed in the financial statements (such as acting as advisors of parent companies/all companies /investees listed in the financial statements who are not an employee thereof) in the most recent year: 0

Note 1: Refers to accrued pension expenses, and the actual payment of pension is NTD\$0.

Note 2: The Company provides a rental car which rental fees totaled NT\$355 thousand per year. And provides a dormitory and parking space for president which rental fees totaled NT\$366 thousand per year.

Note 3: Representative of Oliver Co. -Mr. Chu Yeu Yuh, Ltd was newly appointed on June 15,2022.

Note 4: Representative of HannStar Board Corporation- Mr. Shu Yao-Hsien was released from his position on June 15,2022.

Note 5: Mr. Ku Li-Chin was released from the position of director on June 15,2022.

Note 6: Mr. Lee Chia-Hwa was released from his position on June 15,2022.

Note 7: Mrs. NG Chlen Chun was newly appointed on June 15,2022.

Note 8: Mr. Francis Chi was released from his position on June 15,2022.

Table of Remuneration Ranges

Range of Remuneration Paid to Directors	Names of Directors			
	Aggregate of First Four Remunerations (A+B+C+D)		Aggregate of First Seven Remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in Financial Statements	The Company	The Company and All Investees
<NT\$1,000,000	Chiao Yu-Cheng、Chu Yeu Yuh、Lee Chia-Hwa、HannStar Board Corporation、Shu Yao-Hsien、NG Chlen Chun、Francis Chi	Chiao Yu-Cheng、Chu Yeu Yuh、Lee Chia-Hwa、HannStar Board Corporation、Shu Yao-Hsien、NG Chlen Chun、Francis Chi	Chiao Yu-Cheng、Chu Yeu Yuh、Lee Chia-Hwa、HannStar Board Corporation、Shu Yao-Hsien、NG Chlen Chun、Francis Chi	Chiao Yu-Cheng、Lee Chia-Hwa、HannStar Board Corporation、NG Chlen Chun、Francis Chi
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Ku Li-Chin、Walsin Lihwa corporation、Yeh Pei-Chen、Oliver Co., Ltd、Tan Yong Chian、Fan Po-Kang	Ku Li-Chin、Walsin Lihwa corporation、Yeh Pei-Chen、Oliver Co., Ltd	Walsin Lihwa corporation、Yeh Pei-Chen、Oliver Co., Ltd、Tan Yong Chian、Fan Po-Kang	Walsin Lihwa corporation、Yeh Pei-Chen、Oliver Co., Ltd
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	-	Tan Yong Chian、Fan Po-Kang	-	Chu Yeu Yuh、Tan Yong Chian、Fan Po-Kang
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive) ~ ~NT\$10,000,000 (exclusive)	Chiao Yu-Heng	Chiao Yu-Heng	Chiao Yu-Heng	Shu Yao-Hsien
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	-	-	Ku Li-Chin	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	-	-	-	Ku Li-Chin
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) ~NT\$100,000,000 (exclusive)	-	-	-	Chiao Yu-Heng
> NT\$100,000,000	-	-	-	-
Total	14	14	14	14

3.3.2 Remuneration of President, Vice President and Managers

Unit: NT\$ thousands; %

Title	Name	Salary (A)		Severance Pay (B)(Note1)		Bonuses and Allowances (C)		Employee Compensation (D)				Amount and Ratio of Total Compensation (A+B+C+D) and proportion of Net Income (%)		Remuneration from Ventures other than Subsidiaries or from the Parent Company
		The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company	All Companies In Financial Statements	The Company		All Companies In Financial Statements		The Company	All Companies In Financial Statements	
								Cash	Stock	Cash	Stock			
Former CEO	Chiao Yu-Heng (Note3)	11,505	14,900	315	315	25,157 (Note2)	55,357 (Note2)	2,000	0	2,916	0	38,977 2.36%	73,488 4.45%	25,703
President (Former Vice CEO)	Ku Li-Chin (Note4)													
Executive Vice President (Former President)	Chang, Jui-Tsung (Note5)													
Vice President	Peng, Chun-Hsiung													
Vice President	Chang, Jui-Jung													

Note 1: Refers to accrued pension expenses, and the actual payment of pension is NTD\$0 .

Note 2: The Company provides two rental car which rental fees totaled NT\$614 thousand per year. And provides a dormitory and parking space for president & vice president which rental fees totaled NT\$486 thousand per year.

Note 3: Mr. Chiao Yu- Heng was released from his position on June 15,2022.

Note 4: Mr. Ku Li-Chin was newly appointed as President on February 23,2022 and released from the position of Vice CEO on June 15,2022.

Note 5: Mr. Chang, Jui- Tsung was newly appointed as Executive Vice President and released from the position of President on February 23,2022.

Compensation Range Table

Range of Remuneration to President and Vice Presidents	Name of President and Vice Presidents	
	The Company	The Company and All Investees
<NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	-	-
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	Peng Chun-Hsiung	Peng Chun-Hsiung
NT\$5,000,000 (inclusive) ~ ~NT\$10,000,000 (exclusive)	Chiao Yu-Heng 、 Chang Jui-Jung	Chang Jui-Jung
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	Ku Li-Chin 、 Chang Jui-Tsung	Ku Li-Chin 、 Chang Jui-Tsung
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) ~NT\$100,000,000 (exclusive)	-	Chiao Yu-Heng
> NT\$100,000,000	-	-
Total	5	5

3.3.3 Distribution of Employees' Compensation to Managers

2023/04/30

Unit: NT\$ thousands; %

	Title	Name	Stock	Cash	Total	Percentage of the Total to After-tax Net Income (%)
Managers	President (Former Vice CEO)	Ku, Li-Chin(Note1)	0	8,422	8,422	0.51%
	Executive vice President (Former President)	Chang, Jui-Tsung (Note2)				
	Vice President	Peng, Chun-Hsiung				
	Vice President	Chang, Jui-Jung				
	AVP	Ko, Fu-Fu				
	AVP	Lee, Ting-Chu				
	AVP	Chen, Yeh-Jeng				
	AVP	Chen, Chin-Hui				
	AVP	Chen, Yi-Kuang				
	AVP	Liu, Hsiu-Chen				
	AVP	Chen,Huey-Ru				
	AVP	Huang, Chih-Liang				
	AVP	Chen, Chun- Hsueh				
	AVP	Yang, Tsung-Lin				
	AVP	Ling ChekLeh				
	AVP	Chu,Li Wen				
	AVP(Chief Financial and Accounting Officer)	Yeh, Tse-Kuang				
	Chief Auditing Officer	Huang Jui Chang (Note3)				

Note 1: Mr. Ku Li-Chin was newly appointed as President on February 23,2022 and was released from the position of Vice CEO on June 15,2022.

Note 2: Mr. Chang, Jui- Tsung was newly appointed as Executive Vice President and was released from the position of Vice President on February 23,2022.

Note 3: Mr. Huang Jui Chang was newly appointed as Chief Auditing Officer on November 1,2022.

3.3.4 Analysis of the ratio of total remunerations for Directors, President and vice presidents to Net Income (Loss) in the last two years and description of the policy, standards and packages of remunerations, procedure for making such decision and relation to business performance:

1. Information of total remunerations to Directors, Supervisors, President and vice presidents in the last two years:

Title	Total Remunerations as Percentage (%) of After-tax Net Income (Loss)			
	2021		2022	
	Company	All companies in Consolidated Financial Statements	Company	All Companies in Consolidated Financial Statements
Directors	1.51%	2.22%	1.94%	5.09%
President & Vice Presidents	1.17%	1.76%	2.36%	4.45%

2. Description of the policy, standards and packages of remunerations, procedure for making such decision and relation to business performance:

The remuneration to Directors of the company include transportation subsidy and remuneration to directors of earnings distribution. The transportation subsidy which is refer to the same industry standards and be reviewed by the Compensation Committee. The remuneration of earnings distribution in accordance with the Articles of Incorporation, shall be resolved by the board of directors and proposed to shareholders' meeting. The remuneration of the President and Vice Presidents include salary, bonus and employee bonus etc., that shall be performed in accordance with their position, responsibility, and reference to the remuneration level by the same position of the same industry, also based on business performance results is also taken into account. And report to the Compensation Committee for review and agreement.

3.4 Implementation of Corporate Governance

3.4.1 Operation of Board of Directors:

- ◆ The Board of Directors totally held 10 (A) meetings in the most recent year,(2022) the attendance records for Directors are as follows((5 board meetings were held before reelection, and 5 board meetings were held after reelection):

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance Percentage (%) 【B/A】	Remarks
Chairman	Chiao Yu-Heng	10	0	100%	
Director	Walsin Lihwa corporation representative: Chiao Yu-Cheng	6	3	60%	
Director	Lee Chia-Hwa	3	0	60%	Note1
Director	Ku Li-Chin	5	0	100%	Note1
Director	Yeh Pei-Chen	8	1	80%	
Director	HannStar Board Corporation representative:Shu Yao-Hsien	5	0	100%	Note1
Director	Oliver Co., Ltd. representative: Chu Yeu-Yuh	5	0	100%	Note2
Independent Director	Fan Po-Kang	10	0	100%	
Independent Director	Tan Yong Chian	10	0	100%	
Independent Director	Francis Chi	5	0	100%	Note1
Independent Director	NG Chlen Chun	5	0	100%	Note2

Note 1: Directors Lee Chia-Hwa and Ku Li-Chin and Shu Yao-Hsien and Independent Director Francis Chi were released from their position on June 15 2022.

Note 2: Directors Chu Yeu-Yuh and Independent NG Chlen Chun were newly appointed as of June 15,2022.

Note3:Independent directors attended each board meeting: Ten board meetings were held in 2022, and all three independent directors attended the Board meeting.

Other details that need to be recorded in meeting minutes:

1. In the event of the occurrence of any of the following scenarios with the operation of the Board of Directors, the dates of meetings, session number, resolution, opinions of all Independent Directors and the Company's subsequent action in response to these opinions shall be clearly stated:

(1) Matters and items stipulated in Article 14-3 of the Securities and Exchange Act: The Securities and Exchange Act §14-3 is not be applicable because the Company has established the Audit Committee. For relevant information,

2. Director recusals due to conflicts of interests totaled 8 times.

2022/12/31

No.	Term/Meeting Date	Name(s) of Directors	Proposal	Reason for Recusal	Participated in Vote or Not
1	15 th Term 22 th Meeting Jan. 13	Chiao Yu-Heng, Chiao Yu-Cheng,	To acquire the right -of-use assets from related party	Personally interested	Recused as provided by law, not participating

	2022				in discussions and voting
2	15 th Term 15 th Meeting Feb 22. 2022	Chiao Yu-Heng, Ku Li-Chin, Shu Yao-Hsien	The company intends to engage in charitable donations and Changes in senior managers	Personally interested	Recused as provided by law, not participating in discussions and voting
3.	15 th Term 24 th Meeting Mar. 23. 2022	Chiao Yu-Heng, Chiao Yu-Cheng, Yeh Pei-Chen, Lee Chia-Hwa, Ku Li-Chin, Shu Yao-Hsien, Fan Po-Kang Tan Yong Chian, Francis Chi	2022 directors Remuneration, Employee Remuneration Distribution Case, Treasury Stock Transfer to employee Case	Personally interested	Recused as provided by law, not participating in discussions and voting
4.	15 th Term 25 th Meeting May. 03. 2022	Chiao Yu-Heng, Chiao Yu-Cheng, Ku Li-Chin, Tan Yong- Chian,	To acquire the right -of-use assets from related party, To disposal the right -of-use assets from related party	Personally interested	Recused as provided by law, not participating in discussions and voting
5.	16 th Term 1 th Meeting June 15. 2022	Chiao Yu-Heng,	WTC would not continue to hire senior managers	Personally interested	Recused as provided by law, not participating in discussions and voting
6.	16 th Term 3 th Meeting August 30. 2022	Chiao Yu-Heng,	Chairman's Fixed Salary Case	Personally interested	Recused as provided by law, not participating in discussions and voting
7.	16 th Term 4 th Meeting November 01. 2022	Chiao Yu-Heng,	To release the Directors from non-competition restrictions	Personally interested	Recused as provided by law, not participating in discussions and voting
8.	16 th Term 5 th Meeting December 14. 2022	Chiao Yu-Heng,	Year-end bonus case for 2022	Personally interested	Recused as provided by law, not participating in discussions and voting

3.The Execution Status of Board of Directors Evaluation

Cycle of Evaluation	Period of Evaluation	Scope of Evaluation	Method of Evaluation	Indexes and Scoring Criteria
Once every year	2022/1/1~ 2022/12/31	Board of Directors	Internal evaluation of the Board of Directors,	<ul style="list-style-type: none"> - Participation in the operation of the Company. - Improvement of the quality of the Board of Directors' decision making. - Composition and structure of the Board of Directors. - Election and continuing education of the directors. - Internal control.

				-
Once every year	2022/1/1~ 2022/12/31	Each director	Self-evaluation by individual board members.	<ul style="list-style-type: none"> - Familiarity with the goals and missions of the company. - Awareness of the duties of a director. - Participation in the operation of the Company. - Management of internal relationship and communication. - The director's professionalism and continuing education. - Internal control.
Once every year	2022/1/1~ 2022/12/31	Functional Committees (including Compensation Committee, Audit Committee)	Internal selfevaluation of the functional committees	<ul style="list-style-type: none"> - Involvement in the operation of the Company. - Awareness of responsibilities of the functional committees. - Improve the quality of decision making in the functional committees. - Composition and selection of functional committee members. - Internal control.
Once every 3 years	2021/10/01~ 2022/09/30	Board of Directors	Evaluation by an external organization	<ul style="list-style-type: none"> - Board composition and professional development, - quality of board decision making, board operational effectiveness, - internal control and risk management, - degree of board participation in corporate social responsibility

4.. Evaluation of achievement of enhancing the Board's performance (e.g. establishing an Audit Committee and increasing information transparency):

A. The Company has formulated the "Regulation and Procedure for Board of Directors Meetings"、

"Procedures for Handling Material Inside Information"、 "Procedures for Ethical Management and

Guidelines for Conduct"、 "Corporate Governance Practice Principles" ""Standard operating procedures for handling directors' requests""to strengthen operations and compliance.

B. In 2022, the external performance evaluation of the board of directors had implemented, and the evaluation results and recommendations reported to the board of directors and placed on the company website.

3.4.2 Operation of the Audit Committee:

1. The Audit Committee's Duties and Annual Work Summary

(1) The major matters reviewed by the Audit Committee include:

1. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
4. Matters in which a director is an interested party.
5. Asset transactions or derivatives trading of a material nature.
6. Loans of funds, endorsements, or provision of guarantees of a material nature.
7. The offering, issuance, or private placement of equity-type securities.
8. The hiring or dismissal of a certified public accountant, or their compensation.
9. The appointment or discharge of a financial, accounting, or internal audit officer.
10. Financial report signed or sealed by the Chairman, manager and accounting officer.
11. Other material matters as may be required by the company or by the competent authority.

(2) Annual Work Summary:

1. Agendas prepared for the Audit Committee and other communication meetings.
2. Meeting arrangements such as meeting notifications and minutes for the Audit Committee.
3. Follow-through to implement the improvements required by Audit Committee.
4. Provision of the information necessary for independent directors to fulfill their duties.
5. Annual self-assessment of the Audit Committee.
6. Promulgation of and amendment to the Audit Committee Charter and relevant operation methods.
7. Declaration of the matters relevant to the Audit Committee Charter and how the Committee operates.
8. Related party transactions and possible conflicts of interest among all employees, managerial officers, and directors of the board.
9. Review financial reports.
10. Supervise the effective implementation of the company's internal control.
11. Follow relevant laws and regulations.

2. The Audit Committee of the first term started on June 19, 2019 and ended on June 18, 2022. The meetings were held a total of 5 times(A) in 2022, and the attendance of the independent directors in 2022 is as follows:

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance Percentage (%) 【B/A】	Remarks
Independent Director	Fan Po-Kang	5	0	100	None
Independent Director	Tan Yong Chian	5	0	100	None
Independent Director	Francis Chi	5	0	100	Dismissed on June 15, 2022

The Audit Committee of the second term started on June 15, 2022 and ended on June 18, 2025. The meetings were held 5 times(A) in 2022, and the attendance of the independent directors in 2022 is as follows:

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance Percentage (%) 【B/A】	Remarks
Independent Director	Fan Po-Kang	5	0	100	
Independent Director	Tan Yong Chian	5	0	100	
Independent Director	NG Chlen-Chun	5	0	100	Newly appointed on June 15, 2022

Other matters that need to be recorded in meeting minutes:

(1) If any of the following circumstances occurs during the operation of the Audit Committee, the Board meeting date, meeting number, the proposal contents, the resolution of the Audit Committee and our company's handling of the Audit Committee's opinions shall be clearly described.

A. Items listed in Article 14-5 of the Securities and Exchange Act:

December 31, 2022

Audit Committee Meeting Number and Date	Proposals and Resolutions	Independent directors' opinion	Company's Handling of Audit Committee Member's Opinion
1 th Term 22 th Meeting Jan. 13, 2022	Proposal: Approval for the company's acquire of the right-of-use assets from the related party (Walsin Lihwa Corporation.). Resultion: Proposal passed.	None	None
1 th Term 23 th Meeting Feb. 22, 2022	Proposal: Approval for the company's 2021 business report, stand-alone financial statements and consolidated financial statements. Resultion: Proposal passed.	None	None
	Proposal: Approval for the company's 2021 consolidated business report of related companies and consolidated financial statements of related companies. Resultion: Proposal passed.	None	None

	<p>Proposal: Kamaya Electric Co. Ltd., is the company's 99.99% own grandson company through Gallatown Developments Ltd., intends to apply for a loan funding from its 70%-owned subsidiary, Nitsuko Electronics Co., Ltd. , and submit this proposal for approval. Resultion: Proposal passed.</p>	None	None
	<p>Proposal: The company and Kamaya Electric Co. Ltd., is the company's 99.99% own grandson company through Gallatown Developments Ltd., jointly own 50.08% subsidiary Soshin Electric Co., Ltd. , intends to apply for a loan funding from its 100%-owned subsidiary, Soshin Electronics (HK) Limited, and submit this proposal for approval. Resultion: Proposal passed.</p>	None	None
	<p>Proposal: Approval for the company's 2021 declaration of internal control system. Resultion: Proposal passed.</p>	None	None
1 th Term 24 th Meeting Mar. 23, 2022	<p>Proposal: The proposal of amendments to the Company's Rules of the Procedures of Acquisition or Disposal of Assets. Resultion: Proposal passed.</p>	None	None
	<p>Proposal: Walsin Technology Corporation (HK) Ltd. ,” 100% owned by the company through Gallatown Developments Ltd. , “ is proposed to lend the funds to Kamaya Electric (M) SDN. BHD., a 100% owned subsidiary of the company through Gallatown Developments Ltd's 99.99% subsidiary Kamaya Electric Co., Ltd. Resultion: Proposal passed.</p>	None	None
	<p>Proposal: The approval for the company's intention to lend the funds to Kamaya Electric Co., Ltd., which is the company holding 99.99% its shares through Gallatown Developments Ltd. , and its 100% holding subsidiary Kamaya Electric (M) SDN. BHD. Resultion: Proposal passed.</p>	None	None
	<p>Proposal: The company and Kamaya Electric Co. Ltd., is the company's 99.99% own grandson company through Gallatown Developments Ltd., jointly own 50.08% subsidiary Soshin Electric Co., Ltd. , intends to apply for a loan funding from its 100%-owned subsidiary, Risshin Electronics Co., Ltd., and loaned the funds to its 100% subsidiary Soshin Device Co.Ltd. and Soshin Powertech Co., Ltd. respectively, and submit this proposal for approval. Resultion: Proposal passed.</p>	None	None
	<p>Proposal: Proposal for the four mainland subsidiaries, invested by Walsin Technology Holding Corporation (HK) Limited of the Company 100% comprehensive holding, plan to distribute dividends to the investor, with a total of RMB 600 million. Resultion: Proposal passed.</p>	None	None
	<p>Proposal: Gallatown Developments Limited, which is 100% owned by the Company, and its 100% owned Walsin Technology Holding Corporation (HK) Limited plan to reduce the capital and return the investment amount of USD 22 million respectively, and submit this proposal for approval. Resultion: Proposal passed.</p>	None	None
1 th Term 25 th Meeting May 3, 2022	<p>Proposal: Approval for the company's 2021 earning distribution statement. Resultion: Proposal passed.</p>	None	None
	<p>Proposal: Proposal for the annual remuneration payable to the CPA firm and the assessment of the independence and suitability of the CPAs. Resultion: Proposal passed.</p>	None	None
	<p>Proposal: Approval for the company's consolidated financial statements for the first quarter of 2022. Resultion: Proposal passed.</p>	None	None
	<p>Proposal: The company intends to continue to offer an endorsement</p>	None	None

	<p>guarantee of 550 million yen for KAMAYA Electric Co., LTD, the grandson company 99.99% owned by Gallatown Developments Ltd., and obtained a two-year bank credit from Citibank, NA, Tokyo Branch by KAMAYA Electric Co., LTD. for its operational turnover purpose and is submitted for approval. Resultion: Proposal passed.</p>		
	<p>Proposal: Walsin Technology Holding Corporation (HK) Ltd. and Walsin Technology Corporation (HK) Ltd., the grandson of the company's 100% comprehensive holding, intends to lend the funds to Kamaya Electric Co., Ltd., which is the company holding 99.99% its shares through Gallatown Developments Ltd. , and its 100% holding subsidiary Kamaya Electric (M) SDN. BHD, and submit this proposal for approval. Resultion: Proposal passed.</p>	None	None
	<p>Proposal: Approval for the company's acquire (renew) of the right-of-use assets from the related party (Walsin Lihwa Corporation.). Resultion: Proposal passed.</p>	None	None
	<p>Proposal: Approval for the company's disposal(subletting) of the right-of-use assets to the related party (Taiwan Inpaq Electronic Co., Ltd.). Resultion: Proposal passed.</p>	None	None
1 th Term 26 th Meeting Jun. 1, 2022	<p>Proposal: The approval for the company and Kamaya Electric Co. Ltd., is the company's grandson company, jointly own 50.08% subsidiary Soshin Electric Co., Ltd. , intends to lend the funds to its 100% holding subsidiary Soshin Electronics (M) Sdn. Bhd.. Resultion: Proposal passed.</p>	None	None
	<p>Proposal: Proposal to amend the Company's internal control system - principles of stock services. Resultion: Proposal passed.</p>	None	None
2 th Term 2 th Meeting Aug. 4, 2022	<p>Proposal: Approval for the company's consolidated financial statements for the second quarter of 2022. Resultion: Proposal passed.</p>	None	None
	<p>Proposal: Walsin Technology Corporation (HK) Ltd. , 100% owned by the company through Gallatown Developments Ltd., " is proposed to lend the funds to Kamaya Electric (M) SDN. BHD., a 100% owned subsidiary of the company through Gallatown Developments Ltd's 99.99% subsidiary Kamaya Electric Co., Ltd. Resultion: Proposal passed.</p>	None	None
	<p>Proposal: Dongguan Walsin Technology Electronics Co., Ltd., which is 100% ownd indirectly by the company, intends to distribute dividends to the investor again, and submit this proposal for approval. Resultion: Proposal passed.</p>	None	None
	<p>Proposal: Walsin Technology Holding Corporation(HK) Ltd., which is 100% ownd indirectly by the company and its investor, Gallatown Developments Ltd., intend to apply for a cash reduction of USD40 million and USD60 million respectively; Fine Bright Technology Limited. and Pan Overseas (B.V.I.) Investments Co., Ltd., the investors of Gallatown Developments Ltd., intend to apply for a cash reduction of USD3.636 million and USD6.564 million respectively , and submit this proposal for approval. Resultion: Proposal passed.</p>	None	None
2 th Term 3 th Meeting Aug. 30, 2022	<p>Proposal: The company intends to offer an endorsement guarantee of 200 million yen for Kamaya Electric Co., Ltd. , which is 99.99% ownd indirectly by the company, and it obtained Tokyo branch of China Trust Commercial Bank three-year bank credit line by Kamaya Electric Co., Ltd., and submit this proposal for approval. Resultion: Proposal passed.</p>	None	None

2 th Term 4 th Meeting Nov. 01, 2022	Proposal: The approval for the company's consolidated financial statements for the third quarter of 2022. Resultion: Proposal passed.	None	None
	Proposal: The company intends to offer an endorsement guarantee for Kamaya Electric Co. Ltd., the subsidiary 99.99% owned by Gallatown Developments Ltd., and it obtained Yamato branch of Japan Sumitomo Mitsui Bank three years bank credit line, submit the proposal for approval. Resultion: Proposal passed.	None	None
	Proposal: Kamaya Electric Co. Ltd., is the company's 99.99% own grandson company through Gallatown Developments Ltd., intends to apply for a loan funding from its 70%-owned subsidiary, Nitsuko Electronics Co., Ltd. and the company, and submit this proposal for approval. Resultion: Proposal passed.	None	None
	Proposal: The 2023 annual audit plan was submitted for approval. Resultion: Proposal passed.	None	None
	Proposal: Proposal to amend the Company's internal control system and internal audit implementation rules, and submit it for approval. Resultion: Proposal passed.	None	None
	Proposal: Approval to release the non-competition responsibilities of directors known to the company for self-operating or operating similar businesses for others. Resultion: Proposal passed.	None	None
	Proposal: From November 01,2022, Mr. Huang Rui-chang will assume as the audit supervisor of the company, responsible for the company's internal audit related business, and submit this proposal for approval. Resultion: Proposal passed.	None	None
2 th Term 5 th Meeting Dec. 14, 2022	Proposal: The company intends to offer an endorsement guarantee for Kamaya Electric Co., Ltd., which is 99.99% owned indirectly by the company, and it obtained bank credit line by Kamaya Electric Co., Ltd. for its operating turnover, and submit this proposal for approval. Resultion: Proposal passed.	None	None
	Proposal: Proposal for the four mainland subsidiaries, invested by Walsin Technology Holding Corporation (HK) Limited of the Company 100% comprehensive holding, plan to distribute dividends to the investor, with a total of RMB 678 million. Resultion: Proposal passed.	None	None
	Proposal: The proposal of amendments to the Company's Rules of the Procedures of Acquisition or Disposal of Assets. Resultion: Proposal passed.	None	None

B. Except for the foregoing items, the items that were not approved by the Audit Committee but were resolved by more than two-thirds of all directors: No such situation.

(2) Independent Director recusals due to conflicts of interests totaled:

No.	Audit Committee Meeting Number and Date	Name(s) of Directors	Proposals and Resolutions	Reason for Recusal	Participated in Vote or Not
1	1 th Term 25 th Meeting May 3, 2022	Fan Po-Kang, Tan Yong Chian	Proposal: Approval for the company's disposal(subletting) of the right-of-use assets to	Serve as independent director of both companies	Avoidance by law, not participating in discussions and voting

			the related party (Prosperity Dielectrics Co., Ltd.).		
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(3) Communication between independent directors, the chief internal auditor and CPAs (which should include major events, methods, results, etc. as regards the Company's financial and business conditions):

A. Communication policy between independent directors, chief internal auditor and CPAs:

- (A) The CPAs are invited to attend Audit Committee meetings at least twice a year and to report to the Audit Committee on the review or audit results of our Company's and its affiliates' financial statements and the internal control audit status. The CPA shall fully communicate any material adjustments to entries or any amendments to laws and regulations.
- (B) If necessary, a communication meeting may be called at any time with the CPAs.
- (C) The chief internal auditor attends the Audit Committee meeting at least once a quarter, and reports to independent directors how internal audit and control are implemented at the company. An Ad hoc meeting may be held anytime in case of major abnormality.
- (D) The company sends independent directors audit reports monthly and improvement action follow-up reports quarterly for review. Independent directors can also directly contact or communicate with the chief internal auditor via email or telephone on the content of the report as necessary.

B. Summary of previous communications between independent directors and CPAs for 2022:

Date	Meeting	Communication Highlights	Communication situation and results	Execution results on Directors' Recommendation
2022/02/22	Audit Committee Meeting	1.The company's 2021 financial statements. 2.Key audit matters. 3.Communicate the important matters with those charged with governance regarding. 4. Internal control audit findings.	Discussed and Approved by all members of the audit committee	Independent directors have no comment.
2022/08/04	Audit Committee Meeting	1.The company's financial statements for the second quarter of 2022. 2.Responsibilities of the company's governance unit. 3.Guidelines and Statutes Introduction.	Discussed and Approved by all members of the audit committee	Independent directors have no comment.

C. Summary of previous communications between independent directors and Chief Internal Auditor for 2022:

Date	Meeting	Communication Highlights	Communication situation and results	Execution results on Directors' Recommendation
2022/01/13	Audit Committee Meeting	Reporting on internal audit activities in Dec.,2021.	Approved by the audit committee, and submit a report to the board of directors.	Independent directors have no comment.
2022/02/22	Audit Committee Meeting	1. Reporting on internal audit activities in Jan.,2022. 2. Statement of internal control of 2021	1. All independent directors have no objection. 2. Approved by the audit committee, and submit to the board of directors for resolution.	Independent directors have no comment.
2022/03/23	Audit Committee	Reporting on improvement action follow-up report.	Approved by the audit committee, and submit a	Independent directors have no

Date	Meeting	Communication Highlights	Communication situation and results	Execution results on Directors' Recommendation
	Meeting		report to the board of directors.	comment .
2022/05/03	Audit Committee Meeting	Reporting on internal audit activities in Feb. ~ Apr.,2022.	Approved by the audit committee, and submit a report to the board of directors.	Independent directors have no comment.
2022/06/01	Audit Committee Meeting	1. Reporting on internal audit activities in May, 2022. 2. Revision for Standards for the internal control system of shareholder services and internal audit system as well.	1. All independent directors have no objection. 2. Approved by the audit committee, and submit to the board of directors for resolution.	Independent directors have no comment.
2022/08/04	Audit Committee Meeting	Reporting on internal audit activities in Jun. ~ Jul.,2022	Approved by the audit committee, and submit a report to the board of Directors.	Independent directors have no comment.
2022/08/30	Audit Committee Meeting	1. Reporting on internal audit activities in Aug., 2022. 2. Reporting on improvement action follow-up report.	Approved by the audit committee, and submit a report to the board of Directors.	Independent directors have no comment.
2022/11/01	Audit Committee Meeting	1. Change of the chief audit executive 2. Reporting on internal audit activities in Sep. ~Oct., 2022. 3. Revision for Standards for the internal control system and internal audit system of Management of Computer Operations 、 Management of the operation of the board of directors 、 Prevention of insider trading management as well. 4.Audit plan of 2023.	1. All independent directors have no objection. 2. Approved by the audit committee, and submit to the board of directors for resolution.	Independent directors have no comment.
2022/12/14	Audit Committee Meeting	1. Reporting on internal audit activities in Nov., 2022. 2. Reporting on improvement action follow-up report.	All independent directors have no objection.	Independent directors have no comment.

3.4.3 Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Corporate governance officer

The board of directors appointed Ms. Chen, Yeh-Jeng, the board of directors passed on November 2, 2020 and took office on November 3, the company's legal counsel and chief legal officer, as the head of corporate governance, responsible for corporate governance-related matters, including handling matters related to the board of directors, audit committee, remuneration committee and shareholders meeting in accordance with the law; assisting directors in appointment and continuing education; providing directors information required for business execution; and assisting directors to comply with laws and regulations, etc.

Please refer to the "Corporate Governance" of this annual report for the business execution status of the corporate governance officer.

Assessment Item	Implementation Status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
1. Has the company set and disclosed the principles for practicing corporate governance according to the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?"	V		The Company has formulated "Corporate Governance Best Practice Principles" approved by BOD which according to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and disclosed them on the Company's website. https://www.passivecomponent.com/zh-hant/about	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
2. Shareholding Structure & Shareholders' Rights (1) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly? (2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders? (3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V V V		(1) The Company establishes a spokesperson system to handle related matters in accordance with regulations. In order to protect the interests of shareholders, the spokesperson designates personnel exclusively dedicated to handling shareholder proposals, inquiries and disputes. (2) The Company shall control it according to the register of shareholders provided by the stock affairs office. The Company discloses periodically important information about its shareholders holding more than 10 percent of the outstanding shares of the Company relating to the pledge, increase or decrease of share ownership, or other matters that may possibly trigger a change in the ownership of their shares, and it has a good grasp of the list of major shareholders. (3)a. The company has established the "Regulations Governing Supervision and Management of Subsidiaries" to monitor each investee that	(1)~(4) In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
	V		<p>directly or indirectly controlled by the Company.</p> <p>b.The Company establishes sound objectives and systems for management of finance, operations, and accounting in accordance with applicable laws and regulations. It further, together with its affiliated enterprises, properly conducts an overall risk assessment of major banks they deal with and customers and suppliers, and implement the necessary control mechanisms to reduce credit risk.</p> <p>c.The Company has drawn up rigorous rules governing the lending, the endorsement/ guarantees as well as the management of disposal/acquisition of assets and derivatives transactions to/for/with its affiliates.</p> <p>(4) The company has established the "Management Procedures of inside Material Information and Prevention of Insider Transactions". When the target is informed of material information, from the moment of the establishment of the material information, to the disclosure of the important news within 18 hours, they are not allowed to purchase or sell shares of the Company or any other equity-type security of the Company; otherwise it would violate the relevant laws and regulations of insider trading.</p> <p>The company will notify the relevant insiders and directors of the "lock-up period of stock trading" in advance every quarter and year.</p>	

Assessment Item	Implementation Status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board established a diversity policy, specific management goals and implemented it accordingly?</p> <p>(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?</p> <p>(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors and use the results as reference for directors' remuneration and renewal?</p> <p>(4) Does the Company regularly evaluate its external auditors' independence?</p>	V		<p>(1) The board of directors of the Company is responsible to the shareholders meeting, and is responsible for the various procedures and arrangements of the corporate governance system to ensure that the board of directors exercises its authority in accordance with the laws and regulations, the articles of incorporation or the resolutions of the shareholders meeting of the Company.</p> <p>Chapter Three of the Corporate Governance Best Practice Principles set out by the Company is to strengthen the authority of the board of directors, and to formulate a diversity principle.</p> <p>The nomination and election of members of the company's board of directors adopts a candidate nomination system in accordance with the articles of incorporation of the Company.</p> <p>In addition to assessing the qualifications of each candidate, all members of the board shall have the knowledge, skills, and experience necessary to perform their duties.</p> <p>The qualifications and their holding diversity posts of the incumbent 7 directors including 3 independent directors of the Company were disclosed in the information of directors of this annual report.</p> <p>The Corporate Governance Best Practice Principle of the Company formulates diversified policies on</p>	<p>(1) ~(4)In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Assessment Item	Implementation Status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
	V		the composition of board members and is published on the Company's website and the annual report .	
	V		(2) In addition to the establishment of the Compensation Committee, the company also has established a Sustainable Development Committee, a Training and Development Committee, a Personnel Appraisal Committee, an Employee Welfare Committee, and an Information Security Committee, which are responsible for strengthening the execution of each function	
	V		(3) The company formulated the regulations governing the board performance evaluation in January 2020 for annual evaluation. The Company will base its determination of an individual director's remuneration on the evaluation results of his or her performance and base its election or nomination on the evaluation results of the performance of the board. The results of the performance evaluation of the 2022 Board of Directors please refer to the annual report and WTC's website. In 2022, the company conduct the performance evaluation of the board of directors by an external organization every three years, and the evaluation results will be placed on the company's website and the annual report.	
	V		(4) Please see the note at the end of the form.	

Assessment Item	Implementation Status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings, etc.)?	V		The Company has set up a chief corporate governance officer, the Company's corporate governance related matters (including providing information required by current directors to perform business, handling matters related to the board of directors and shareholders meeting in accordance with the regulations, handling company registration and change registration, and preparing the meeting minutes of board and shareholders, etc.), and formulated "Standard Operational Protocol for Responding to Requests from Directors" on April 26, 2019, so that the Company has a consistent approach in handling directors' requests for information or assistance, so as to avoid affecting directors' performance of their duties and damaging investors' rights and interests. The Company had set up a chief corporate governance officer within a time limit according to regulations. Also, directors' training information is provided from time to time to meet the continuing education hours stipulated in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
5. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	V		The Company has established a stakeholder section on Company's website to respond properly important corporate social responsibility issues of concern to stakeholders.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	V		The Company has established a share affairs office in charge of the affairs of the shareholders meeting.	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status? (2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? (3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	V V V		(1)The Company discloses periodically and non-periodically financial and business affairs as well as corporate governance information on its website. (2)The Company has maintained its website, designated staff in charge of information collection and disclosure, implemented the spokesperson system and uploaded corporate forum information on the Company's website. The website of the Market Observation Post System is http://mops.twse.com.tw The website of the Company is http://www.passivecomponent.com (3)The Company publishes and reports annual financial report within two months after the end of a fiscal year, and publishes and reports its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.	(1)~(3) In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk	V		In order to fulfill its social responsibilities, the Company has formulated many relevant regulations and standards to prevent the harm caused by the production and the process of enterprise operations, and ensure the interests of our living space, employees, suppliers, investors and stakeholders,	In line with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?			etc., such as domestic and foreign employee transfer/posting measures, retention without pay, employee leave measures, retirement measures, education and training measures, intellectual property rights management measures, inspection standards for all kinds of raw materials, noise/energy resource management measures, waste and wastewater management methods, toxic substances management methods, soil and groundwater pollution prevention management methods, safety and health risk assessment management, abnormal workload-promoting disease prevention management methods, workplace violence prevention and treatment methods and other relevant regulations. In addition, since the establishment of the Charity Society in 2000, the employees of the Company have spontaneously donated money and participated in charitable activities. The company's global factories have established ISO14001 environmental management systems to properly handle environmental issues derived from activities, services and products. The system has effectively met the requirements of environmental responsibility; global factories have also established ISO45001/OHSAS18001 occupational safety Hygiene management system to Meet the requirements of safety and health responsibility. The directors of the company do not participate in discussions and votes when encountering proposals with interests.	

Assessment Item	Implementation Status (Note)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reason(s)
	Yes	No	Explanation	
			<p>Directors' attendance at the board meeting: More than half of the directors attend the convening of the company's board of directors. Since the independent directors established the audit committee to replace the supervisor, all independent directors have attended (including entrusted attendance) each board meeting. The attendance status is disclosed in accordance with laws and regulations. , website: http://mops.twse.com.tw.</p> <p>The company will continue to purchase "Directors, Supervisors and Important Staff Liability Insurance" for one year from December 1, 2022, with an insured amount of US\$10 million.</p> <p>Over the years, the company has cared for the community, practiced green environmental protection, sponsored many public welfare and charity activities, and hoped to be a first-class citizen.</p>	
<p>9. With respect to the results of the annual Corporate Governance Evaluation most recently issued by the Corporate Governance Center of Taiwan Stock Exchange, please describe the improvements and provide priority and measures to enhance those matters that have not yet been improved.</p> <p>The Sustainable Development Committee has been established in 2022 to continue to pay attention to sustainable issues</p>				

Note: Does the Company regularly evaluate its external auditors' independence?

The Company self-assesses the independence and competency of the CPA once annually. In addition to requiring the CPA provide "Declarations of impartiality and independence", it also evaluates with reference to the Audit Quality Indicators(AQIs). Before we appoint a new CPA annually, its independence and competency shall be examined by the Audit Committee and Board of Directors for approval by resolution. In addition, we request the CPA to provide "Declarations of impartiality and independence" & "Report of the Audit Quality Indicators(AQIs)" each year. We have to confirm that except for the expenses paid to the CPA for certifying our financial statements and for handling certain financial, tax affairs, we have no other business dealings with the CPA and that their family members have not violated the independence requirements, and the independence and competency assessment of CPAs have been approved by the Company's Audit Committee and Board of Directors.

Items for assessment of the CPA's independence and competency are shown as follows.

Appraisal Items	Results	Compliant with Independence?
1.The CPA and/or any of his/her family members has/have no direct or indirect significant financial interest in the Company.	True	Yes
2.The CPA and/or any of his/her family members has/have no financing or guarantee act with the Company or its directors.	True	Yes
3.The CPA and/or any of his/her family members has/have no commercial relations with the Company, its directors and managers, which affects the CPA's independence.	True	Yes
4.Currently or in the most recent two years, the CPA does/did not hold any posts in the Company, such as the director, manager or any post which significantly influences the auditing work, neither did company promise its CPA any foregoing post.	True	Yes
5.During the audit period, no family member of the CPA held the posts in the Company, such as the director, managers or any post which directly and significantly influences the audit work.	True	Yes
6.During the audit period, none of the CPA's direct blood relations, direct relations by marriage, or collateral blood relations within the second degree of kinship acts as the Company's directors, managers or any position that has a direct and material effect on the audit work.	True	Yes
7.The CPA did not receive from the Company or its directors, managers, or major shareholders any offer or gift, the value of which exceeds the usual social etiquette standards.	True	Yes
8.The CPA's audit team has implemented the necessary procedures regarding independence/conflicts of interests without any violation of the independence or any unsettled conflict of interests.	True	Yes
Appraisal Items	Results	Compliant with Competency?
1.The professionalism of CPAs, audit team and firm (audit experience, training hours, turnover rate, professional support) has reached the audit quality index.	True	Yes
2.The quality control of CPAs, audit teams and firms (CPAs' load, audit investment, case quality control review (EQCR) review status, quality control support capabilities) has reached the audit quality index.	True	Yes
3.The independence of the firm (non-audit services, customer familiarity) has reached the audit quality index.	True	Yes
4.The firm implements supervision (missing external inspections and punishments, letters from competent authorities to improve) in accordance with relevant laws and standards.	True	Yes
5.The firm's innovation capability (innovative planning or initiative) has reached the audit quality index.	True	Yes
Note: Family members: They mean the CPA's spouse (or cohabitant), minors or other dependents. Audit period: It usually begins from the date on which the members of the audit team start auditing and ends on the date when the audit report is issued. If the audit case is cyclical, the cycle period belongs to the audit period.		

3.4.4. Duties, Composition and Operation of the Compensation Committee:

◆ Information of the members of the Compensation Committee

Identify	Name Condition	Professional Qualification Requirements	Independence Criteria	Number of Other Public Companies in Which the Member Concurrently Serving as a Compensation Committee Member
Independent Director	FAN PO-KANG	Please refer to the relevant information on the professional qualifications of directors and the disclosure of information on the independence of independent directors.	<ol style="list-style-type: none"> 1. Not an employee of the company or any of its affiliates; 2. Not a director or supervisor of the company or any of its affiliates; 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders; 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3; 5. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law; 6. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company; 7. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent); 8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company; 9. Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000"; 10. Not been a person of any conditions defined in Article 30 of the Company Law. 	1
Independent Director	TAN YONG CHIAN			1
Committee member	CHANG PI-LAN	<p>Education: Fu Jen Catholic University/MBA</p> <p>Experience: Vice Chairman of Chaintech Corporation.</p> <p>Current Job: Independent Director of ITC. Independent Director of GlobalSat WorldCom Corp. Director of G-HOME TECHNOLOGIES, INC.</p>		1

◆ **Information on Operation of the Compensation Committee**

1. The Company's Compensation Committee is comprised of three members.
2. Term for the current committee members: From June 15, 2022 to June 14, 2025. The Compensation Committee 8 times in 2022 and the job titles and attendance records of the committee members are as follows:

Title	Name	Attended in Person (B)	Attended by Proxy	Attendance Percentage (%) (B/A)	Remarks
Independent director	FAN, PO-KANG	8	0	100	Re-elected
Independent director	TAN, YONG CHIAN	8	0	100	Re-elected
Member	CHANG , PI- LAN	8	0	100	Re-elected

1. The items that were not approved by the Compensation Committee but were resolved by the Board of Directors: No such situation.

2. Decisions made by the Compensation Committee for which certain committee members were against or reservations that were recorded or expressed via written statements: No such situation.

Other matters that need to be recorded in meeting minutes:

3. The matters for discussion and resolution by the Compensation Committee and the Company's handling of the opinions of the members of the Compensation Committee:

compensation committee	Proposals	Resolution of Compensation Committee	Opinions of independent directors	Company' s Handling of Compensation Committee Member' s Opinion
4 th Term 15 th Meeting 2022.01.13	The allocation of managers year-end performance bonus for 2021.	Proposal passed by the Compensation Committee.	none	Directors approved the proposal unanimously.
	The allocation rate of employees and directors compensation for 2021.	Proposal passed by the Compensation Committee.	none	Directors approved the proposal unanimously.
4 th Term 16 th Meeting 2022.02.22	The allocation of managers second half Gate keeper bonus for 2021.	Proposal passed by the Compensation Committee.	none	Directors approved the proposal unanimously.
	Salary adjustment proposal for managers.	Proposal passed by the Compensation Committee.	none	Directors approved the proposal

				unanimously.
4 th Term 17 th Meeting 2022.03.23	The allocation of the directors and supervisor compensation for 2021.	Proposal passed by the Compensation Committee.	none	Directors approved the proposal unanimously.
	The allocation of the manager's employees compensation for 2021.	Proposal passed by the Compensation Committee.	none	Directors approved the proposal unanimously.
4 th Term 18 th Meeting 2022.06.01	The allocation of the manager's employee compensation of stock for the first time of 2022.	Proposal passed by the Compensation Committee.	none	Directors approved the proposal unanimously.
5 th Term 1 st Meeting 2022.08.04	Amend the company's "Remuneration Measures" proposal.	Proposal passed by the Compensation Committee.	none	Directors approved the proposal unanimously.
	The allocation of the president's first half year gate keeper bonuses for 2022	Proposal passed by the Compensation Committee.	none	Directors approved the proposal unanimously.
	The allocation of the managers first half year bonuses for 2022	Proposal passed by the Compensation Committee.	none	Directors approved the proposal unanimously.
	Salary adjustment proposal for managers.	Proposal passed by the Compensation Committee.	none	Directors approved the proposal unanimously.
	Old pension system settlement in advance.	Proposal passed by the Compensation Committee.	none	Directors approved the proposal unanimously.
5 th Term 2 nd Meeting 2022.08.30	The allocation of the managers first half year gate keeper bonuses for 2022.	Proposal passed by the Compensation Committee.	none	Directors approved the proposal unanimously.
	The allocation of the manager's employee compensation for the second time of 2022.	Proposal passed by the Compensation Committee.	none	Directors approved the proposal unanimously.

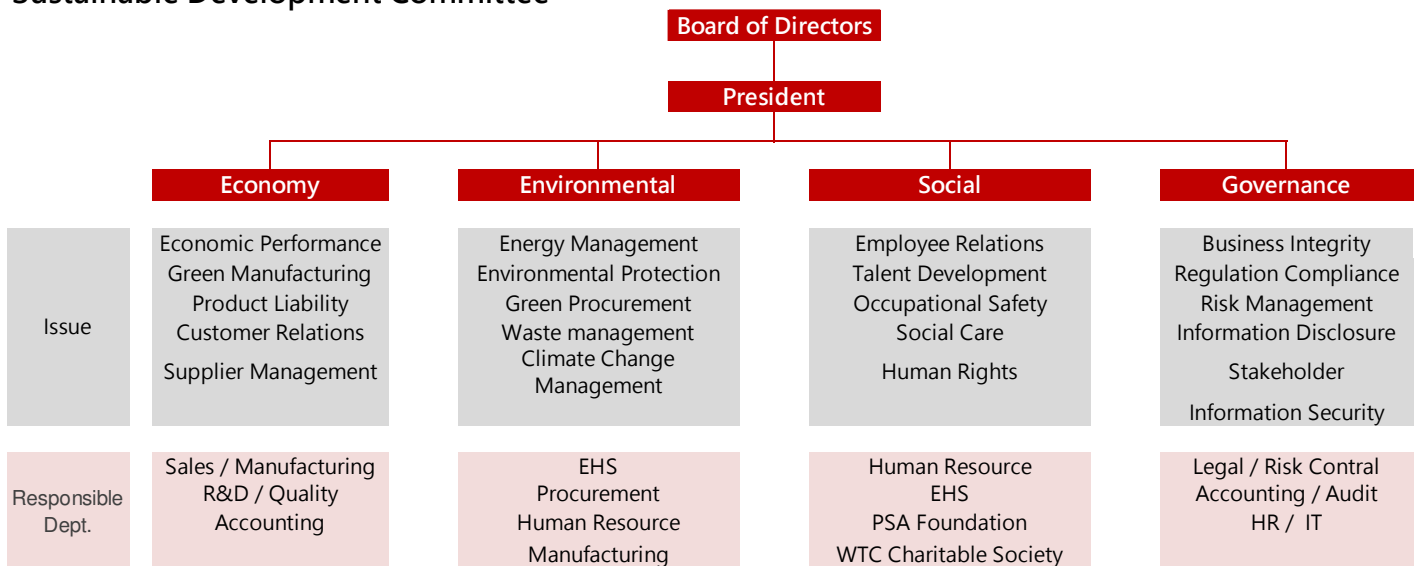
	Chairman's Fixed Salary Case.	Proposal passed by the Compensation Committee.		Directors approved the proposal unanimously.
5 th Term 3 rd Meeting 2022.11.01	Formulated the company's "Board and Functional committee Performance Evaluation Measures" proposal.	Proposal passed by the Compensation Committee.	none	Directors approved the proposal unanimously.
	Salary package for the new audit supervisor	Proposal passed by the Compensation Committee.	none	Directors approved the proposal unanimously.
5 th Term 4 th Meeting 2022.12.14	The allocation of managers year-end performance bonus for 2022.	Proposal passed by the Compensation Committee.	none	Directors approved the proposal unanimously.

Avoidance of interests

The committee shall explain at the meeting when discussing the salary of its members that if it is harmful to the interests of the company, the member shall not participate in the discussion and vote, and shall avoid the discussion and vote, and shall not represent other salary Members of the Remuneration Committee exercise their voting rights.

3.4.5 Fulfillment of Sustainable Development Implementations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Sustainable Development Committee



Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
1.Does the Company establish a governance structure to promote sustainable development, established a dedicated (part-time) unit to promote sustainable development; and did the Board of Directors authorize senior management to handle it and report the supervisory status to the Board of Directors?	V		<p>WTC established the Sustainable Development Committee in December 2022. Currently, there are three members including two independent directors and the president. Please see the organizational chart on the previous page for the organizational structure of sustainable development.</p> <p>The members of this committee assist the board of directors to continue to promote the sustainable operation of the enterprise and improve corporate governance, so as to realize the purpose of sustainable operation. The responsibilities include the formulation, revision and review of the sustainability report and related regulations; supervision and tracking of the implementation results of each plan, publicity and Implement the company's integrity management and risk management related work, and report to the board of directors once a year. The board of directors listens to relevant reports on operations, finance, corporate governance, and sustainability issues, and generates extensive and professional opinions through the different experiences of members, assisting the company in making appropriate decisions and guiding the company's clear strategic direction</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	V		<p>1. The disclosure covers the sustainability performance of the Company's main locations during January to December, 2022. The risk assessment mainly focuses on the Company, which includes locations at Taiwan and China. Meanwhile, subsidiaries of the Company, which are Dongguan Walsin Technology Electronics Co., Ltd.、 Suzhou Walsin Technology Electronics Co., Ltd.、 Pan Overseas (Guangzhou) Electronics Co., Ltd. and Dongguan Huafai Trading Co., Ltd, are considered within the assessment based on the relevance to the business and the impact on major program of the Company.</p> <p>2. Establish following risk management policies or strategies after risk assessment ,Please see the note 1. after the table.</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
3. Environmental issues				
(1) Does the Company establish an appropriate environmental management system according to its industrial characteristics?	V		Walsin Technology Corp (the company) has established ISO14001 system of environment management in each factory and set up a procedure manual for system operations. The internal audit will be conducted annually and a proof of certification will be received from a third party to ensure that the company meets the criteria of the regulations in discussion. Following the norms by ISO14064-1, the company will conduct checkups on the presence of greenhouse gases, follow up the result of our efforts on reducing carbon emissions and report the results in CRS official publication and on the company	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			<p>website. (Walsin Website: ISO14001 certificate for each factory : http://www.passivecomponent.com/zh-hant/about/environment-and-safety/ CSR : http://www.passivecomponent.com/zh-hant/csr/csr-reports/</p>	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		<p>1. The company strongly promotes the reduction of energy consumption through utilizing all possible means. So far, we use only high efficient energy and energy-saving equipments. We are also aggressively searching for the potential choices of renewable energy to maximize the efficiency of energy use.</p> <p>2-1. The use of electricity per thousand pieces (kWh/KK) was decreasing from 2019 to 2021. Compared to the electricity usage in 2020, the electricity usage in 2021 was 4% less. Compared to the electricity usage in 2019, the electricity usage in 2021 was 20% less.</p> <p>In 2022, due to the decrease in demand for consumer products and the transformation into automotive products, the relative energy consumption will increase.</p> <p>Compared to the electricity usage in 2021, the electricity usage in 2022 was 35% more.</p> <p>2-2. The plan of using renewable energy includes purchasing electricity from external resources (GHG Category II) with the goal that the use of renewal energy will reach 10% of the total energy</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			usage in ten years. 2-3. Our current effort is to evaluate and secure the renewable energy that offers the best economic benefit. 3. The company uses raw materials, all of which meet the criteria, set up by European Unions, such as RoHS, REACH, halogen-free. With the full attention to the impact of our activities, products, and services on the environment, we vow to make our greatest effort to eliminate any harm to our environment. Of all our hard works, the use of renewable energy stands out as the most distinguished achievement. We have received three Merits Awards of Green Purchase from Taoyuan City for the past 4 consecutive years since 2019.	
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues	V		Risks and opportunities posed by climate change, which may have significant influences to operations, incomes or expenses of the Company. Despite no budget to execute the TCFD simulation program, the Company still develops the following measures to deal with climate change. 1. Follow the Company regulation "Emergency Response Measures". 2. Drills & inspections at regular intervals. 3. There are always personnel at site no matter the occurrence of typhoons, earthquakes, heavy rain or other weather conditions, who can inspect the factory conditions immediately. Also, there are securities who can guarantee the safety of all personnel.	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			<p>4. The Department of EHS and the Department of Factory Affair would execute a pre-check within the Company and prepare sandbags for the upcoming typhoon season.</p> <p>5. Look out whether the areas, which customers' offices or factories locate in, are suffer from typhoons, hurricanes, earthquakes or heavy rains. Once the above situation occurs, in order to reduce the risk of bad debt, the Department of Sales Administration will check the trade volumes and account receivables of the customers. Meanwhile, notify sales employee to contact with the customers in order to obtain the information of the operation or loss status of customers.</p>	
<p>(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?</p>	V		<p>1-1. Walsin Technology Corp. has set up the system of monitoring and managing greenhouse gases since 2009. To this date, every factory continues in running the system actively. The factory in Taiwan has received a certificate of ISO14064 after the intensive inspection by a third party. for the past 4 consecutive years since 2019.</p> <p>For the detailed report, please search our official website : http://www.passivecomponent.com/zh-hant/about/environment-and-safety/</p> <p>1-2. In 2021, our oversea Dongguan Factory also received the certificate of ISO14064 after the intensive inspection by a third party. (The Taiwan and the overseas Dongguan</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			<p>factory have completed the third-party inspection in 2022, and the certificates have been updated on the official website simultaneously.)</p> <p>2-1. Policies regarding environment (greenhouse gases) have been posted in our official website for the public. (http://www.passivecomponent.com/zh-hant/about/environment-and-safety/)</p> <p>2-2 Our goal of reducing greenhouse gases: starting from 2020, together with our plan of using renewable energy, we dedicate to lower 10% of emissions (by ton of CO2e) from each unit product (per million pieces) in ten years.</p> <p>2-2 Our goal of reducing greenhouse gases: starting from 2020, together with our plan of using renewable energy, we dedicate to lower 10% of emissions (by ton of CO2e) from each unit product (per million pieces) in ten years.</p> <p>3. For the data of emissions, please find the report of CSR sustainability on our official website : http://www.passivecomponent.com/zh-hant/csr/csr-reports/</p>	
4. Social Issues				

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		WTC recognizes and voluntarily follows internationally recognized human rights standards such as the "United Nations Universal Declaration of Human Rights" and "United Nations International Labor Organization", formulates the "Human Resources and Human Rights Policy", and publishes it on the company's website. In accordance with relevant labor laws and regulations, human rights conventions, and occupational safety and health laws and regulations, the company has formulated "recruitment, selection and appointment methods", "work rules", "sexual harassment prevention measures, complaints and disciplinary measures", "RBA manual", "abnormal workload Preventive Management Procedures," "Workplace Unlawful Infringement Prevention Management Procedures", "Mother Health Protection Management Procedures", etc., to safeguard the rights and interests of employees and protect the health and safety of employees. The company passed the RBA third-party audit in October 2021 and won the Platinum Award medal.	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits),and do business performance or results reflect on employee salaries?	V		Employee welfare measures and remuneration policies are implemented in accordance with the WTC's various management measures; in 2022, employee salaries were adjusted by about 3%. In addition, Article 31 of the company's articles of association stipulates that the company's annual pre-tax net profit before employee remuneration and directors' remuneration shall be allocated 2%	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			<p>to 10% as employee remuneration. Affiliate employees of the conditions set out.</p> <p>Employee welfare measures: WTC has established an employee welfare committee to plan and provide various high-quality benefits for colleagues, such as: employee travel subsidies, birthday gift certificates, marriage allowances, maternity allowances, funeral allowances, hospital condolences, New Year celebrations, etc. The company provides colleagues group insurance, free medical examination, meal allowance and other benefits. In the vacation system, there are two days off per week, and special vacations are given in accordance with the Labor Standards Act. For colleagues who have childcare, serious injuries, major accidents, etc. and need a longer vacation, they can also apply for leave without pay. , in order to balance the needs of personal and family care.</p> <p>Diversity and equality in the workplace realize equal pay for equal work and equal promotion opportunities for men and women, and promote sustainable and inclusive economic growth. In 2022, the average proportion of female staff was 54.7%, and the average proportion of female supervisors was 45.9%.</p> <p>The company attaches great importance to the rights and welfare of employees. In terms of hardware facilities, it provides steam, parking lot, nursing room, staff restaurant, coffee bar, etc., to provide employees with convenient daily needs. In terms of taking care of the physical and mental</p>	

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			health of employees, we arrange on-site services for visually impaired masseurs, annual health checks, on-site physician services, health seminars, etc., to provide employees with stress relief and health care.	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p>1.The company’s factories respectively have already set up ISO45001 system for the management of occupation safety and health, along with QC 080000 system for the management of zero harmful materials. Each factory also established the protocol for running both systems. It will be an annual internal inspection on the operations of both systems and additional proof from the verification by a third party to ensure that the company passes the mandatory requirements for our systems. (The official website for individual factory ISO45001/QC080000 certificate:http://www.passivecomponent.com/zh-hant/about/environment-and-safety/)</p> <p>2. Additionally, in cases involving the cooperation with suppliers, the company forbids using conflict metals. (The policy of not using conflict minerals has publicly posted on our official website : http://www.passivecomponent.com/zh-hant/about/environment-and-safety/)</p> <p>3. In response to the covid-19 epidemic in 2021, we have implemented subdivisions to work and purchased rapid screening reagents for irregular testing to maintain a safe workplace environment. In 2022, the company has held a total of 88.5 hours of courses related to employee safety and healthy</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			working environment, with 861 participants.	
(4) Does the company provide its employees with career development and training Terms?	V		The company plans complete functional training for supervisors and colleagues at all levels according to the job description, including newcomer training, professional training, supervisor training, etc., to help colleagues continue to learn and grow through multiple learning methods, and according to the training plan or needs proposed by each supervisor, Arrange relevant personnel to participate in professional training courses externally to cultivate the key professional abilities of colleagues. In 2022, a total of 9,593 people participated in the training, and the total training cost was 3,043,420. During the annual regular performance interviews, the supervisors discuss with the employees and set up personal annual ability development plans. Through regular review and feedback, they help employees to tailor the best career ability development plans.	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
(5) Does the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		Walsin Technology Corporation has obtained the ISO/27001 international standard for Information Security Management Systems (ISMS), aimed at assisting organizations in establishing, implementing, maintaining, and continuously improving information security solutions. This	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			<p>standard offers a structured approach to ensure the security of information assets, reduce potential risks, and comply with legal regulations and customer demands.</p> <p>Walsin Technology's actions cover the following three aspects:</p> <p>Safeguarding information confidentiality.</p> <p>Ensuring information integrity.</p> <p>Guaranteeing information availability.</p> <p>By obtaining the ISO 27001 certification, the company demonstrates its commitment to information security and enhances the trust of customers, suppliers, and other relevant parties in its information security practices.</p>	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		<p>1. Supplier Management Policy contains 4 sections : local procurement, systematization of Environment-Related Substance management, Responsible Sourcing of Minerals and Labour Rights for suppliers and contractors. Suppliers are asked to agree to comply with the Responsible Business Alliance (RBA) Code of Conduct 7.0; and there are 1,236 suppliers have signed it in the Vendor Information Sheet (34-T-009) until 2022.</p> <p>2. The Company conducts an annual audit on the significant raw material suppliers which are listed in the "Annual Supplier Performance Evaluation" according to their transaction risk assessment levels. The audit items include the Environmental Safety Management and the Responsible Business Alliance (RBA) Code of Conduct.</p> <p>3. Unqualified suppliers will be asked to stop</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Assessment Item	Implementation Status			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
			transacting immediately and correct the failures within three months. Transaction only can be continued after being reassessed and qualified. A total of 31 raw materials in the products were investigated that – Tantalum (Ta), Tin (Sn), Tungsten (W), Gold (Au), Cobalt (Co), for example – did not come from “conflict-affected and high-risk areas (CAHRAs)”	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit??	V		The Company first released the "Corporate Social Responsibility Report" in 2013. The Company compiled the Corporate Social Responsibility Report in accordance with the GRI standards. In addition to disclosing the company's financial information, it also disclosed the company's non-financial information. The company's 2020 CSR report has obtained the assurance or assurance opinion of the BSI third-party verification agency. The 2022 Sustainability Report will be published on the company's website in June 2023.	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies: In March 2017, the board of directors of the company approved the "Code of Practice for Corporate Social Responsibility". In May 2020, the board of directors approved and revised the code to strengthen the implementation of corporate social responsibility. The most recent amendment to the Code was approved by the Board of Directors in December 2021 and renamed as "Sustainable Development Code of Practice". The company regularly reviews the implementation of this code and makes improvements accordingly. So far, there is no discrepancy in implementation.				
7. Other useful information for explaining the status of corporate social responsibility practices: (1) The company's Cihui Club has long-term adopted primary schools in remote areas. In 2022, a total of 26 schools will be donated, with a total of NTD1,718,144. (2) The company donated and purchased a total of NT\$4.64 million for the PSA Charitable Foundation in 2022, and a total of 550,000 for the VVG Culture and Art Foundation.				

Note 1.

Establish following risk management policies or strategies after risk assessment:

Major issues	Risk Type	Illustration
Environment	Climate change risk	<ol style="list-style-type: none"> To take the social responsibility of caring for Earth as starting point, Walsin Technology persist in building an active environment management system aiming for "preventing pollution, improving the efficiency of consuming of energy and resource, creating sustainable operations, and fulfilling corporate social responsibility". ISO 14001 Environmental Management System is established in all Walsin's manufacturing site. To prevent pollution, reduce greenhouse-gas emissions and commit to sustainable and feasible operation. In 2022, all Walsin's manufacturing sites have successfully reduced the emission of carbon dioxide by a total of 4,629 T/CO₂e.
Society	Environmental Protection and Occupational Safety	<ol style="list-style-type: none"> Walsin Technology Co., Ltd. takes the protection of the global environment as its sacred mission, and promises that "the control of hazardous substances meets international regulations as well as customers' requirements. Also, no hazardous products were produced." Employees of Walsin highly recognize the importance of reducing the use of hazardous substances and collaboratively achieve this goal. The procedures of Departments of R&D, Procurement, M&M, P&P and HR are also integrated into the quality management system, in order to achieve the goal of matching each stage of RoHS, WEEE, REACH, etc. In 2022, the Department of HR worked with the Department of ESH to arrange green-products-and-the-environment-related courses, which include 3 hours of RoHS-substances course and 2 hours of hazardous-substances-in-SDS course, 5 hours of Greenhouse gases and Carbon Neutrality courses in order to teach employees the importance of protecting the environment. The Department of ESH arranges not only fire drills (4 hours) annually, but also aperiodic evacuation drills (fire and earthquakes), which require all employees to take part in. Continuously improve the environmental management system and environmental performance.
	Product Safety	Walsin Technology concentrates on drastically reducing the impact of products towards the environment. In order to cooperate with the EU's laws related to the promotion of green consumption and the restriction to the use of hazardous substances, In 2010, Walsin Technology brought Hazardous Substance Management System (IECQ QC 080000) in its system. The hazardous-substances standards of all products of Walsin Technology meet international regulations as well as customers' requirements. Also, no hazardous products were produced.
Corporate Governance	Socioeconomic and Legal Compliance	Ensure all personnel of the Company strictly comply with relevant laws and regulations by establishing administration organization and implementing internal control mechanism.
	Risk Management	<ol style="list-style-type: none"> The Department of Risk Management conducts at least one risk assessment annually. For high-risk items, the Department will track and re-assess these items within half of the year, which will continue until the items turn medium-risk or low-risk. The annual report of risk assessment was completed on October 12, 2022 and approved by the general manager of the Company. On November 1, 2022, the risk assessment report, which reports the

	work results of risk management during 2022, was submitted to and approved by the board of directors. The report was later announced on the Company's website.
Information Security	<p>1. Walsin Technology obtained the ISO27001 certification on December 13, 2018. The Company complies with the regulations of ISO27001 Information Security Management System and establishes policies of information security. Also, the Company sets up a committee of information security, which makes information-security-related rules and regulations and promote related activities.</p> <p>2. An ISO27001 audit meeting was held on October 20, 2022 and the Company's ISO27001 certificate was renewed later on November 30, 2022. Training courses of information security are held annually within the Company: 2 hours of course for ordinary employees, over 3 hours of course for information-security-related employees.</p>
Strengthen the functions of directors	<p>1. Plan relevant training topics for directors. Provide directors with the latest regulations and policies and the development of the System every year. In 2022, the Company launched training classes for directors, which contains different topics e.g. impact of ESG & climate change on enterprises, insider trading and corporate social responsibility, etc.</p> <p>2. Provide directors with director liability insurance to protect their rights.</p>
Ways of Communication for Interested Parties	<p>1. For shareholders/investors: (1) Announcements through the website: Public Information Observatory, which had both Chinese and English version, (2) Aperiodic phone call conferences with shareholders.</p> <p>2. For end customers: (1) Provided technical support services (Field Application Engineering): 335 products technical services, 1,300 telephone consultation to help solve the problems, 300 on-site services. Obtain over 90% of FAE satisfaction from customers overall. (2) Customer satisfaction survey. 215 questionnaires were returned, among which the satisfaction of product quality was 97%, the satisfaction of sales service quality was 100% and the satisfaction of responses to customer complaints was 95%, which leads to the result of 95% of overall satisfaction. (3) The information provided by customers was classified and stored appropriately in accordance with the Trade Secrets Act, Personal Data Protection Act and the ISO27001 regulations, (4) In 2021, the Company successfully passed 86 on-site audits launched by end customers.</p> <p>3. To suppliers: The Responsible Business Alliance Code of Conduct (RBA 7.0) has been 100% communicated to suppliers. There are no actual or potential negative human rights impacts among suppliers.</p> <p>4. For governments and other non-profit organizations: (1) Aperiodic communication with the local governments to ensure the immediacy and accuracy of the reported information. (2) Aperiodic correspondences within the Company. (3) Aperiodic policies and regulations publicity meetings, surveys, training courses etc. within the Company. (4) Walsin Charity Group has been sponsoring elementary schools in remote areas. In 2022, it donated NTD1,718,144 to 31 schools. workplace in advance. (6) Walsin Charity Group has been sponsoring elementary schools in remote areas. In 2021, it donated NTD1,704,271 to 31 schools.</p>

A .Company's systems and measures and implementation status with respect to, community involvement, social contribution, social service, public interest, consumer interests, human rights, and other social responsibility activities:

In order to practice and fulfill the corporate responsibility to society, the company's charity association has been established in early 1989, and has continuously carried out various care for Tao Yuan City, Kaohsiung City and the remote areas of Taiwan where the company operates, such as the adoption of schoolchildren and the sponsorship of funds from disadvantaged groups. At the same time, it also cooperated with various units to organize charity sales activities.

All donations from the WTC Charity Association are 100% donated to disadvantaged groups and each donation is issued with a receipt, which can be tax deductible. 90% of the company's income depends on donations from more than 400 members, and another 10% comes from colleagues (including non-members) who have set up locations in the factory, vending machine manufacturers, labor unions, on-site charity activities, and social benevolent people. Donate. We spend 81% of our funds on assisting disadvantaged children and long-term assistance to disadvantaged children in elementary schools in remote areas, including nutritional meals, after-school guidance, book supplements, teaching equipment repairs, transportation, charity sales, talent courses, Mandarin daily subscriptions, etc. . Provide the resources that schools and children really need, and make regular visits to ensure that every funding is used for disadvantaged children.

The WTC Charity Society has footprints throughout the north and south of Taiwan, including 24 remote elementary schools in Yilan, Taoyuan, Hsinchu, Changhua, Nantou, Yunlin, Chiayi, Kaohsiung, Pingtung and other places. In 2020, due to the impact of covid-19, the WTC charity Society has provided additional funds to adopted schools to help families of children whose economic conditions are affected to overcome difficulties.

Not only externally, the WTC charity organization also assists colleagues who are in financial difficulties due to sudden changes in their families, and provide emergency relief and living assistance; in addition to the normal single grant subsidy, we will also treat them as equals. Project-based subsidies are added.

The various donations of WTC Charity Society in 2022 are as follows:

Subsidy items	Charity	Improved dining quality	Improved traffic safety for school children	Employee Emergency Relief Fund	Class support	Books and equipment subsidies	Bank transfer fee	Others activity fees	total
amount (NTD)	120,000	239,041	160,000	30,000	920,605	209,234	1,800	37,464	1,718,144
percentage	6.98%	13.91%	9.31%	1.75%	53.58%	12.18%	0.10%	2.18%	100.00%

B 、Consumer Rights

The company has a dedicated unit responsible for the annual satisfaction survey of consumers (customers), listening to the voices and opinions of consumers, as the company's efforts and positive improvement goals; and for consumers (customers) complaints, set "customer Complaints Handling Measures", the protection of the rights and interests of consumers (customers) has never slackened. We also conduct regular employee satisfaction surveys for internal customers (employees), and give formal responses to the survey results to respond to the expectations and expectations of internal customers for the company.

C › Human Rights

We attach great importance to the rights and health of employees. We prohibit the hiring of workers under 15 years of age, and treats all employees in accordance with the principles of fairness and reasonableness. In compliance with national laws and regulations, we prohibit any and every form of job discrimination, sexual harassment and inhuman treatment of employees, and we respect the free agency of job candidates to choose employment and employees' right of free association. Our personnel systems (e.g. salary, benefits, performance review, promotion, award and discipline, employee cultivation, job assignment, termination of employment contract, etc.) do not harbor differential treatment because of employee's race, color, nationality, glass, language, ideology, religion, political affiliation, hometown, place of birth, gender, sexual orientation, age, marital status, pregnancy, look, features, disability or previous status as a workers' representative. With respect to management and supervision of working hours, we pay our employees compensation in compliance with local laws, including those relating to minimum wage, overtime hours and legally mandated benefits. We hold communication meetings regularly and propagate the setup of communication channels for employees to voice their opinions.

In addition, the company also publicly announces to all employees in response to the aforementioned human resources and human rights policies, and creates a high-quality work environment for symbiosis and co-prosperity with employees. Sponsor domestic medical institutions, government agencies and public security units from time to time.

D › Other social responsibility activities

In order to practice and fulfill its social responsibilities, the company has formulated many relevant methods and standards to prevent the hazards caused by production and business operations, and to ensure the rights and interests of our living space, employees, suppliers and stakeholders. Every year, the company purchases gifts and agricultural products from caring groups or nursery factories and farmers to give employees and sponsor domestic medical institutions, government agencies and public security units from time to time , total of NTD 1,718,144 in 2022.

3.4.6 Fulfillment of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies

Assessment Item	Implementation Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
<p>1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1) Does the Company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(2) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Whether the Company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?</p>	V		<p>(1)The "Code of Conduct and Operating Procedures for Corporate Integrity Management" and "Code of Ethical Conduct for Directors and Managers" disclosed on the company's website is approved by the board of directors. The company actively implements corporate governance and implements the integrity management policy.</p> <p>(2) For operating activities within the scope of business with higher risk of unethical conduct, the Company has established relevant procedures, including "Procedure for Acquisition or Disposal of Assets", "Rules for Endorsements and Guarantees", "Operating Procedure for Fund Lending", "Operating Procedure for Transactions with Group Enterprises, Specific Companies and Related Parties", "Operating Rules for Donations", "Risk Management Policies and Procedures", and "Appeals and Reports Management Measures" in place, and observes those procedures and regulations in related-party transactions to prevent unethical conduct.</p>	(1)~(3) In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
	V		(3) All employees sign an employee service agreement and suppliers must sign an integrity undertaking. It is strictly forbidden to accept bribes/bribery by employees. The qualifications and conditions of cooperating suppliers and customers are strictly reviewed by the management unit of materials and risk control. Regarding political contributions, it is strictly forbidden to accept or offer bribes. Handle according to laws and regulations. In 2022, all new 136 suppliers were added and all signed integrity commitments, and a total of new 338 employees were newly recruited and all employees signed service agreements.	
<p>2. Ethic Management Practice</p> <p>(1) Whether the Company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?</p> <p>(2) Whether the Company has set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?</p> <p>(3) Whether the Company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement</p>	V		(1) Handle in accordance with the "Company Code of Conduct and Operating Procedures for Integrity Management". The contract signed with the transaction partner expressly stipulates the good faith behavior clause. The risk control industry management and materials unit is responsible for reviewing the qualifications and integrity records of customers and suppliers. It also signs a letter of integrity commitment to prohibit employees from accepting bribes/offering bribes.	(1)~(5) In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
	V		(2) In order to improve the management of integrity management, the company's human resources unit is responsible for the	

Assessment Item	Implementation Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
<p>such policies properly?</p> <p>(4) To implement relevant policies on ethical conducts, has the Company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?</p> <p>(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?</p>	V		<p>formulation and promotion of the integrity management policy, and the audit unit is responsible for supervision.</p> <p>The establishment of an audit committee and a compensation committee in accordance with the law, related meetings and audit reports have been submitted to the board of directors for deliberation, and always pay attention to the development of relevant standards for integrity management at home and abroad, so as to strengthen the effectiveness of the company's integrity management.</p> <p>(3) Follow the company's "Code of Practice on Corporate Governance", "Code of Conduct and Operating Procedures for Corporate Integrity Management", "Management of Important Internal Information and Prevention of Insider Transactions". It is strictly forbidden to transfer interests between the company and its related parties and shareholders and to prevent them Conflict of interest policy. Provide proper channels for presentation and implement them.</p> <p>(4) The company actively implements integrity management and follows the accounting system and internal control system regulations. The financial statements are reviewed by accountants on a quarterly basis, and the audit unit regularly conducts internal control reviews and reports the audit results to the board of directors.</p>	

Assessment Item	Implementation Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
	V		<p>(5) New employees are required to sign an employee service agreement when registering, and receive training on relevant rules and regulations. In addition to internal and external education and training related to integrity management, the company's 2020 film was shot by the chief auditor and the chief legal officer to promote the importance of integrity and integrity to all employees. The company's integrity management policy was strengthened through bulletin boards and electronic bulletin boards.</p> <p>In 2022, a total of 442 person-times and a total of 1275.5 hours of training will be conducted on integrity management (including courses on business secrets, prevention of insider trading, prevention of fraudulent currency and information security, etc.).</p>	
<p>3. Implementation of the Company's Whistleblowing System</p> <p>(1) Has the Company established concrete whistleblowing and reward system, has a convenient reporting channel in place and assigns an appropriate person to communicate with the accused?</p> <p>(2) Whether the Company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?</p>	V		<p>(1) The company has established the "Appeals and Reports Management Measures", which provides reporting mailboxes and channels for complaints. It also verifies according to the content of the complaint. Appropriate responsible personnel are assigned to the reported object.</p> <p>(2) Follow the "Company Code of Conduct and Operating Procedures for Integrity Management". Standard operating procedures</p>	(1)~(3) In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment Item	Implementation Status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Explanations	
(3) Did the Company adopt measures for protecting the whistleblower from improper treatment or retaliation?	V		and related confidentiality mechanisms have been established for the investigation and acceptance of reported matters. (3) The company follows the "Code of Conduct and Operating Procedures for Corporate Integrity Management". It is clearly committed to protect informants from being improperly disposed of due to reports.	
4. Enhancing information disclosure Has the Company disclosed its integrity principles and progress onto its website and Market Observation Post System (MOPS)?	V		The Company has disclosed its "Code of Conduct and Operating Procedures for Corporate Integrity Management" on its website to make it known internally/ externally	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
5. If the Company has established its ethical corporate management principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX listed Companies", please state the difference between such principles and implementation: The Company has established "Code of Conduct and Operating Procedures for Corporate Integrity Management" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and internal rules, and related implementation does not deviate from the established principles.				
6. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., review the Company's corporate conduct and ethics policy). The company added a specific whistleblowing system and handling procedures in 2017. It is also disclosed on the " Market Observation Post System " and the company's website: The website of " Market Observation Post System " is http://mops.twse.com.tw ; The company's website is http://www.passivecomponent.com				

Note: The Company shall provide explanations regardless of whether Implementation Status ticked "Yes" or "No."

3.4.7 Company's Corporate Governance Principles and Related Regulations:

Please refer to Company's website. <http://www.passivecomponent.com>.

And M.O.P.S <http://www.mops.twse.com.tw>

3.4.8 Other important information:

Information for 2022 and as of April 21, 2023 regarding directors' and managers' participation in advanced training courses, as well as licenses held by personnel involved in transparency of financial information:

◆ Advanced Training Courses for Directors

Title	Name	Date	Organizer	Course Title	Hours	Total Hours
Chairman	Chiao Yu-Heng	2022/10/06	SECURITIES& FUTURES INSTITUTE	Talking about the functions of the board of directors and the legality of the information security management law under the threat of ransomware from the perspective of corporate fraud prevention	3.0	7
		2022/10/07	SECURITIES& FUTURES INSTITUTE	Global Risk Perception - Opportunities and Challenges in the Next Decade	3.0	
		2022/11/04	Taiwan Corporate Governance Association	Walsin's growth in passive components	1.0	
Director	Chiao Yu-Cheng	2022/09/02	Taiwan Corporate Governance Association	From Deep Learning to practical AI application	3.0	16
		2022/10/25	Taiwan Corporate Governance Association	2022 Research and Outlook on Important Economic and Trade Issues	3.0	
		2022/11/04	Taiwan Corporate Governance Association	Walsin's growth in passive components	3.0	
		2022/12/27	Taiwan Corporate Governance Association	Analysis of the global political and economic situation in 2023; the solution for enterprises to move towards net zero: natural carbon sinks and carbon rights trading	4.0	
		2023/02/23	Taiwan Corporate Governance Association	Lesson Learned in Amazon; AI smart operation management and its application	3.0	
Director	Yeh Pei-Chen	2022/04/18	Accounting Research and Development	Creating New Enterprise Value with ESG: Operational Challenges, Responses and Layout	3.0	6

			Foundation			
		2022/08/12	Accounting Research and Development Foundation	Trends and Challenges of Information Security Governance	3.0	
Director	Chu Yeu Yuh	2022/10/06	SECURITIES& FUTURES INSTITUTE	Talking about the functions of the board of directors and the legality of the information security management law under the threat of ransomware from the perspective of corporate fraud prevention	3.0	9
		2022/10/07	SECURITIES& FUTURES INSTITUTE	Global Risk Perception - Opportunities and Challenges in the Next Decade	3.0	
		2022/11/04	Taiwan Corporate Governance Association	Walsin's growth in passive components	3.0	
Independent Director	Fan Po-Kang	2022/05/12	Taiwan Stock Exchange Corporation 、 Alliance Advisors 、 Taiwan Corporate Governance Association hold jointly	International Double Summit Online Forum	2.0	11
		2022/10/06	SECURITIES& FUTURES INSTITUTE	Talking about the functions of the board of directors and the legality of the information security management law under the threat of ransomware from the perspective of corporate fraud prevention	3.0	
		2022/10/07	SECURITIES& FUTURES INSTITUTE	Global Risk Perception - Opportunities and Challenges in the next decade	3.0	
		2022/11/04	Taiwan Corporate Governance Association	Walsin's growth in passive components	3.0	
Independent Director	Tan Yong Chian	2022/07/07	Taiwan Stock Exchange Corporation and Taipei Exchange hold jointly	Sustainable Development Roadmap Industry Theme Publicity Conference	2.0	8
		2022/10/06	SECURITIES& FUTURES INSTITUTE	Talking about the functions of the board of directors and the legality of the information security management law under the threat of ransomware from the perspective of	3.0	

				corporate fraud prevention		
		2022/10/25	Taiwan Corporate Governance Association	2022 Important Economic and Trade Issues Research and Prospect	3.0	
Independent Director	NG Chlen Chun	2022/07/13	Taiwan Stock Exchange Corporation and Taipei Exchange hold jointly	Sustainable Development Roadmap Industry Theme Publicity Conference	2.0	14
		2022/09/23	Taiwan Corporate Governance Association	The Explosion of Virtual Worlds: The Meta universe and the Future development of Crypto currency block chain	3.0	
		2022/09/30	Taiwan Corporate Governance Association	International Order Variables and Corporate Governance Responses	3.0	
		2022/10/06	SECURITIES& FUTURES INSTITUTE	Talking about the functions of the board of directors and the legality of the information security management law under the threat of ransomware from the perspective of corporate fraud prevention	3.0	
		2022/10/07	SECURITIES& FUTURES INSTITUTE	Global Risk Perception - Opportunities and Challenges in the next decade	3.0	

◆ **Advanced Training Courses for Managers**

Title	Name	Date	Organizer	Course Title	Hours	Total Hours
Head of Financial and Accounting Div.	Yeh, Tse-Kuang	2022/04/14	Accounting Research and Development Foundation	Self-compilation of financial reports in response to practice: reinvestment using the equity method	3.0	12
		2022/04/14		Analysis of the latest corporate governance policies and laws and common deficiencies	3.0	
		2022/07/25		Special Topic on Corporate Finance and Tax Practice: Prevention and Resolution of Withholding Disputes Derived from "Transnational Transactions"	3.0	
		2022/07/26		Disputes over "management right" viewed from the perspective of corporate governance and shareholder structure	3.0	
Head of Audit	Huang Jui-Chang	2022/11/08	The Institute of Internal Auditors	Subsidiary audit practice	6	12
		2022/12/06	The Institute of	"Fraud Detection Technology" and	6	

			Internal Auditors	"Technology Application" in the Digital Era		
Head of Corporate Governance	Chen, Yeh-Jeng	2022/05/12	Taiwan Stock Exchange Corporation 、 Alliance Advisors 、 Taiwan Corporate Governance Association hold jointly	International Double Summit Online Forum	2.0	13
		2022/07/20	Taiwan Stock Exchange Corporation and Taipei Exchange hold jointly	Sustainable Development Roadmap Industry Theme Publicity Conference	2.0	
		2022/10/06	SECURITIES&FUTURES INSTITUTE	Talking about the functions of the board of directors and the legality of the information security management law under the threat of ransomware from the perspective of corporate fraud prevention	3.0	
		2022/10/07	SECURITIES&FUTURES INSTITUTE	Global Risk Perception - Opportunities and Challenges in the next decade	3.0	
		2022/11/04	Taiwan Corporate Governance Association	Walsin's growth in passive components	3.0	

3.4.9 Implementation Status of Internal Control System:

- ◆ Statement of Internal Control System

Walsin Technology Corporation
Statement on Internal Control System

Date: February 23, 2023

Based on the findings of a self-assessment, Walsin Technology Corporation states the following with regard to its internal control system during the year 2022:

1. The Company is aware that it is the Board's and managers' responsibility to establish, implement and maintain an internal control system, and the Company has set up such a system. The purpose of the system is to ensure the effectiveness and efficiency (including profitability, performance and safeguarding of assets) of the Company's operations, compliance with relevant laws and regulations and that its financial statements are reliable, timely and transparent.
2. Internal control systems have their inherent limitations. No matter how perfectly they are designed, an effective internal control system can only reasonably ensure achievement of the three above objectives. In addition, the effectiveness of an internal control system may change as the environment and circumstances change. The internal control system of the Company features a self-monitoring mechanism. The Company will take actions to rectify any deficiency once identified.
3. The Company evaluates whether the design and implementation of its internal control system is effective by referring to the criteria stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter the "Regulations"). The Regulations provides measures for judging the effectiveness of the internal control system. There are five components of an internal control system, as specified in the Regulations, which are broken down based on the management-control process, namely: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication and (5) monitoring activities. Each of the components in turn contains certain audit items. Refer to the Regulations for details.
4. The Company uses the above criteria to evaluate whether the design and implementation of its internal control system is effective.
5. After an evaluation of the Company's internal control system based on the above criteria, the Company is of the opinion that, as of December 31, 2022, its internal control system (including supervision and management of subsidiaries) is effective and therefore can reasonably ensure achievement of the above objectives, which include awareness of the degree to which operating results and goals are achieved, compliance with the law and that its financial reporting is reliable, timely and transparent.
6. This statement shall become a principal part of the Company's annual report and prospectus and be made available to the public. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been approved by the Board of Directors in their meeting held on February 23, 2023, with none of the seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Walsin Technology Corporation

Chairman : Yu-Heng Chiao

President : Li-Ching Ku

If CPAs are engaged to review the internal control system, their report shall be disclosed: None.

3.4.10 Where the Company and its personnel have been penalized according to the law, or the Company has penalized its personnel for having violated its internal control system, and if the result of the penalty is likely to have a material impact on shareholders' interests or the price of securities as of the day when the annual report was prepared in the most recent year, the contents of such penalty, major deficiencies and improvement actions shall be specified: None.

3.4.11 Material resolutions of a shareholders meeting or a board of directors meeting in the most recent year and up to the date of publication of the annual report:

◆ **Shareholders Meeting Material Resolutions and Implementation**

The most recent year and as of the publication date of the annual report, Important resolutions of the shareholders meeting and the board of directors:

The important resolution of the regular shareholders meeting held on June 15, 2022.

1. Proposal: Approval for the company's 2021 business report, alone financial statements and consolidated financial statements.

Resolution: After the voting result, the agreed weight exceeds the statutory amount, and this proposal is passed.

Implementation status: Announcement of important information on the day of the shareholders meeting (important resolutions of the shareholders meeting).

2. Proposal: Approval for the company's 2021 Earnings distribution statement.

Resolution: According the voting result, the agreed weight exceeds the statutory amount, and this proposal is passed.

Implementation status: Announcement of important information on the day of the shareholders meeting (important resolutions of the shareholders meeting).

The cash dividend (distribution of cash \$ 4.50928209 per share), and had paid on 2022.09.02

3. Proposal: It is proposed to amend the Articles of Incorporation of the company and submit the proposal for approval.

Implementation status: Announcement of important information on the day of the shareholders meeting (important resolutions of the shareholders meeting) , It is processed in accordance with the revised articles and has been announced on the company's website.

4. Proposal: It is proposed to amend the rules of procedure of the shareholders meeting of the company and submit the proposal for approval.

Resolution: After the voting result, the agreed weight exceeds the statutory amount, and the proposal is passed.

Implementation status: Announcement of important information on the day of the shareholders meeting (important resolutions of the shareholders meeting) , It is processed in accordance with the revised procedures and has been announced on the company's website.

5. Proposal: The proposal of amendments to the Company's Rules of the Procedures of Acquisition or Disposal of Assets.

Resolution: After the voting result, the agreed weight exceeds the statutory amount, and the proposal is passed.

Implementation status: Announcement of important information on the day of the shareholders meeting (important resolutions of the shareholders meeting), It is processed in accordance with the revised procedures and has been announced on the company's website.

6. Proposal: Election of the sixteenth session of directors of the company.

Resolution: According the voting result, the agreed weight exceeds the statutory amount, and this proposal is passed.

The list of elected candidates is as follows:

a. Director: Chiao Yu-Heng

b. Director: Walsin Lihwa corporation representative: Chiao Yu-Cheng

c. Director: Yeh Pei-Chen

d. Director: Oliver Co., Ltd. representative: Chu Yeu-Yuh

e. Independent Director: Fan Po-Kang

f. Independent Director: Tan Yong-Chian

g. Independent Director: NG Chlen-Chun

Important resolutions of the board of directors in 2022 and up to the publication

date of the 2022 annual report:

◆ Summary of important resolutions of the board of directors

The 22th Session of the 15th Board of Directors(2022.01.13)

Important resolution: Approval for the company's acquire of the right to use assets to the related party (Walsin Lihwa Corporation.).

Result: Proposal passed .

Avoidance: Chiao, Yu- Heng, Chiao, Yu-Cheng

The 23th Session of the 15th Board of Directors(2022.02.22)

Important resolution: Approval for the company's 2021 business report, stand-alone financial statements and consolidated financial statements.

Result: Proposal passed .

Important resolution : The company intends to engage in charitable donations and submitted the proposal for approval.

Result: Proposal passed.

Avoidance: Chiao Yu- Heng, Ku Li-Chin, Shu Yao-Hsien

The 24th Session of the 15th Board of Directors(2022.03.23)

Proposal: The four mainland subsidiaries, invested by Walsin Technology Holding Corporation (HK) Limited of the Company 100% comprehensive shareholding, plan to distribute dividends to investors respectively, total RMB 600 million, please proceed to discuss.

Result: Proposal passed .

Proposal: Gallatown Developments Limited, which is 100% owned by the Company, and its wholly owned Walsin Technology Holding Corporation (HK) Limited plan to reduce the capital

and return the investment amount of US\$ 22 million respectively, please proceed to discuss.

Result: Proposal passed .

Important resolution: In order to regularly convene the company's regular shareholders' meeting in 2022, the proposal is submitted for approval .

Result: Proposal passed .

The 25th Session of the 15th Board of Directors(2022.05.03)

Important resolution: Approval for the company's 2021 earning distribution statement.

Result: Proposal passed .

Important resolution: Approval for the company's consolidated financial statements for the first quarter of 2022

Result: Proposal passed .

Important resolution: Approval for the company's acquire (renew)of the right to use assets to the related party (Walsin Lihwa Corporation.).

Result: Proposal passed .

Avoidance: Chiao, Yu- Heng, Chiao, Yu-Cheng

Important resolution: Approval for the company's disposal(subletting) of the right to use assets to the related party (Prosperity Dielectrics Co., Ltd.).

Result: Proposal passed .

Avoidance: Chiao, Yu- Heng , Ku, Li-Chin, Fan, Po-Kang, Tan, Yong- Chian

Important resolution: Approval for the company's disposal(subletting) of the right to use assets to the related party (Taiwan Inpaq Electronic Co., Ltd.).

Result: Proposal passed .

Avoidance: Chiao, Yu- Heng

The 1st Session of the 16th Board of Directors(2022.06.15)

Election

Explanation: Seventeen directors (including three independent directors) were elected by the 2022 general meeting of shareholders, and they will take office immediately after being elected. The term of office is three years from June 15, 2022. In accordance with Article 20 of the company's articles of association and Article 203 of the Company Law, the directors shall elect the sixteenth chairman of the board among themselves.

Result: All the independent directors present and the directors unanimously elected Director Chiao, Yu- Heng as the chairman of the board.

Important resolution: The company will not continue to hire senior managers.

Result: The chairman no longer concurrently serve as the CEO and the president no longer concurrently serve as the Vice CEO.

Avoidance: Chiao, Yu- Heng

The 2nd Session of the 16th Board of Directors(2022.08.04)

Important resolution: Approval for the company's consolidated financial statements for the second quarter of 2022

Result: Proposal passed .

The 4th Session of the 16th Board of Directors(2022.11.01)

Important resolution: Approval for the company's consolidated financial statements for the third quarter of 2022

Result: Proposal passed .

Important resolution: Since November 01,2022, Mr. Huang Rui-chang has assumed the position of audit supervisor of the company, responsible for the company's internal audit related business, and submit it for approval.

Result: Proposal passed .

The 5th Session of the 16th Board of Directors(2022.12.14)

Important resolution: In order to practice corporate social responsibility and promote economic, environmental and social progress to achieve the goal of sustainable development, the company established a sustainable development committee and appointed sustainable development committee members.

Result: Proposal passed .

The 6th Session of the 16th Board of Directors(2023.01.17)

Important resolution: The change of the manager of the Kaohsiung branch of the company is submitted for deliberation.

Result: Proposal passed .

The 7th Session of the 16th Board of Directors(2023.02.23)

Important resolution: Approval for the company's 2022 business report, stand-alone financial statements and consolidated financial statements.

Result: Proposal passed .

The 8th Session of the 16th Board of Directors(2023.03.21)

Important resolution: In order to regularly convene the company's regular shareholders' meeting in 2023, the proposal is submitted for approval .

Result: Proposal passed .

3.4.12 In the most recent year and up to the date of publication of the annual report, directors held different opinions (on record or with written statement) about important resolutions passed at Board meetings and the major contents are: None.

3.4.13 In the most recent year and up to the date of publication of the annual report, any of Chairman, President, Chief Accounting Officer, Chief Finance Officer, Chief Internal Auditor, Corporate Governance Officer and R&D Head resigned or was discharged:

2023/04/30

Title	Name	Inauguration date (note)	Resignation date	Reason
Chief internal auditor	Lu Wen Chuan	2009.11.02	2022.10.01	Retirement

3.5 Information on CPAs' Fees

3.5.1 (I) CPA fee schedule

Unit: NT\$ thousands

Name of CPA firm	CPA name	CPA audit period	Audit fees	Non-audit fees					Remarks
				System design	Business registration	Human Resources	Others	Sub-total	
Deloitte Touche Tohmatsu Limited	Chin-Chuan Shih Kuo-Tyan Hong	2022.01.01 ~2022.12.31 2022.01.01 ~2022.12.31	10,401	-	27	50	1,390	1,467	(Note)

(Note) "Others" item in the non- audit fees: Transfer pricing report 500 thousand dollars, Tax Advisory Service 90 thousand dollars, Country-by-Country Report and Master File Report 500 thousand dollars, Tax Consulting 300 thousand dollars.

- (I) Change of CPA firm and the audit fees paid in the year of the change are less than those paid in the previous year: Not applicable.
- (II) Audit fees paid in the current year are at least 10% less than those paid in the previous year : Not applicable.

3.6 Information on the Replacement of CPAs: Information on the Replacement of CPAs: None.

3.7 Chairman, President, or managers responsible for financial or accounting affairs who worked for the firm to which the certifying CPA belongs or its affiliate in the most recent year: None.

3.8 Any Transfer and Pledge of Shares of the Directors, Managers and Shareholders Holding More Than 10% of the Company's Shares

3.8.1 Net Change in Shares Held

Unit: shares

Title	Name	2022		As of Closure Date April 22, 2023	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Chairman / former CEO	Chiao Yu-Heng(Note1)	0		0	
Director and major shareholder over 10%	Walsin Lihwa corporation	0		0	
Director Representative	Chiao Yu-Cheng	0		0	
Director	Yeh Pei-Chen	0		0	
Director	Oliver Co., Ltd. (Note2)	333,000		0	
Director Representative	Chu Yeu Yuh (Note2)	280,903		0	
President/ former Director & Vice CEO	Ku Li-Chin (Note1)/(Note3) (Note4)	29,444		0	
former Director	Lee Chia-Hwa(Note3)	0			
former Director	HannStar Board Corp. (Note3)	150,000			
former Director Representative	Shu Yao-Hsien(Note3)				
Independent director	Tan Yong Chian	0		0	
Independent director	Fan Po-Kang	0		0	
Independent director	NG Chlen Chun (Note2)			0	
former Independent director	Francis Chi (Note3)				
Executive Vice President /Chief R&D Officer and former President	Chang Jui-Tsung (Note 4)	0		0	
Retired Assistant Vice President	Chen Kuei-Chen (Note5)	0		0	
Assistant Vice President	Ko Fu-Fu	6,000		0	
Assistant Vice President	Lee Ting-Chu	0		0	
Assistant Vice President	Peng Chun-Hsiung	(5,000)		(9,000)	
Assistant Vice President	Chen, Yeh-Jeng	1,500		0	
Assistant Vice President	Chen Chin-Hui	(6,500)		3,363	
Assistant Vice President	Chang, Jui-Jung	0		0	
Assistant Vice President	Chen Yi-Kuang	0		0	
Assistant Vice President	Liu, Hsiu-Chen	0		0	
Assistant Vice President	Huang Chih-Liang	9,000		0	
Assistant Vice President	Yang Tsung-Lin	0		0	

Assistant Vice President	Chen Huey-Ru	18,500		0	
Assistant Vice President	Chen Chun- Hsueh	(6,000)		0	
Assistant Vice President	Ling Chek Leh	0		0	
Assistant Vice President(Head of Financial and Accounting Div.)	Yeh, Tse-Kuang	(5,914)		0	
Retired Head of Audit Div	Lu Wen-Chuan (Note 6)	0		0	
Head of Audit Div	Huang Jui-Chang (Note 7)	-		0	
Assistant Vice President	Chu, Li-Wen	0		0	

Note1: The original CEO of the company: Mr. Chiao Yu-Heng and Vice CEO: Mr. Ku Li-Chin resigned the position of CEO/Vice CEO in June 2022, and has not been recruited that position since then. Therefore, until the end of 2022 and up to now, there is no chairman who is the same as the general manager or other equivalent ranks Issues concerning persons or each other as spouses or first degree relatives.

Note2: Oliver Co., Ltd 、 Chu Yeu Yuh 、 NG Chlen Chun were newly appointed on June 15, 2022 due to the overall re-election of directors, so the number of equity changes is calculated from that date.

Note3.: Hannstar Board Corp., Mr. Ku Li-Chin 、 Mr. Lee Chia-Hwa 、 Mr. Shu Yao-Hsien 、 and Mr. Chi Francis resigned from their positions of director and Director Representative on June 15, 2022 due to comprehensive re-election, and the settlement of the equity changes ended on that date of Year 2022.

Note4: Mr. Ku Li-Chin became the new president on February 23, 2022, and Mr. Chang Jui-Tsung became the executive vice president and Chief R&D Officer from February 23, 2022.

Note5:Mr. Chen Kuei-Chen retired on February 15, 2023, and the settlement of equity changes ended on that date of Year 2023.

Note6: Ms. Lu Wen-Chuan retired on September 30, 2022, and the settlement of equity changes ended on that date of that year.

Note7: Mr. Huang Jui-Chang has been appointed as the new head of audit Division since November 1, 2022, and the equity changes are calculated from that date.

3.9 Information on Relationships amongst the Top Ten Shareholders and Their Relationships with Spouses or Relatives within the Second Degree of Kinship

2023/4/22

Name	Shareholding by Self		Shareholding by Spouse and Underage Children		Shareholding under the Title of a Third Party		Name and Relationships of Related Parties to Top ten Shareholders (Spouse and Relatives within the Second Degree		Remarks
	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Title (or name)	Relation	
Walsin Lihwa Corporation	88,902,325	18.30%	0	0	0	0%	Walton advanced engineering, inc.	Note1	None
							Chiao Yu-Heng	Director of Walsin Lihwa corporation	
							Winbond Electronics Corporation	Note1	

							GLOBAL BRANDS MANUFACTURE LTD.	Note 2	
							HannStar Board Corp.	Note3	
Walsin Lihwa Corporation representative: Chiao Yu-Lun	411,058	0.08%	140,000	0.03%	0	0	Walton advanced engineering, inc.	Note 4	
							Chiao Yu-Heng	Note 5	
							GLOBAL BRANDS MANUFACTURE LTD.	Note 4	
							Winbond Electronics Corporation	Note 4	
							HannStar Board Corp.	Note 4	
HannStar Board Corp. (HSB)	37,217,115	7.66%	0	0	0	0	Walsin Lihwa Corporation	Director of HSB	
							Walton advanced engineering, inc.	The same chairman as HSB	
							Global brands manufacture ltd.	Subsidiary of HSB	
							Winbond Electronics Corporation	Second-parent relationship between two legal person Chairman	
							Chiao Yu-Heng	Chairman of HSB	
HannStar Board Corp. representative: Chiao Yu-Hen	12,887,461	2.65%	34,805	0.01%	0	0	Walsin Lihwa corporation	Director of Walsin Lihwa corporation	
							Walton advanced engineering, inc.	Chairman of Walton advanced engineering, inc.	
							Global brands manufacture ltd.	Chairman of GBM	
							Winbond Electronics Corporation	Note 4	
							Chiao Yu-Heng	The same person	
Global brands manufacture ltd.(GBM)	16,102,481	3.31%	0	0	0	0	Walsin Lihwa corporation	Note 6	
							HannStar Board Corp.	Note 7	
							Walton advanced	Note 8	

							engineering, inc.		
							Winbond Electronics Corporation	Note 9	
							Chiao Yu-Heng	Chairman of GBM	
Global brands manufacture ltd. representative: Chiao Yu-Hen	12,887,461	2.65%	34,805	0.01%	0	0	Walsin Lihwa corporation	Director of Walsin Liwha Corporation	
							Walton advanced engineering, inc.	Chairman of Walton	
							HannStar Board Corp.	Chairman of HSB	
							Winbond Electronics Corporation	Note 10	
							Chiao Yu-Heng	The same person	
Walton advanced engineering, inc.(Walton)	13,357,083	2.75%	0	0	0	0	Walsin Lihwa Corporation	Note11	
							Chiao Yu-Heng	Chairman of Walton	
							Global brands manufacture ltd.	The same chairman as Walton	
							Winbond Electronics Corporation	Note12	
							HannStar Board Corp.	The same Chairman as Walton	
Walton advanced engineering, inc. representative: Chiao Yu-Hen	12,887,461	2.65%	34,805	0.01%	0	0	Walsin Lihwa corporation	Director of Walsin Liwha Corporation	
							Chiao Yu-Heng	The same person	
							Global brands manufacture ltd.	Chairman of GBM	
							Winbond Electronics Corporation	Note 4	
							HannStar Board Corp.	Chairman of HSB	
Chiao Yu-Hen	12,887,461	2.65%	34,805	0.01%	0	0	Walsin Lihwa Corporation	Director of Walsin Lihwa corporation	
							Walton advanced engineering, inc.	Chairman of Walton	
							Global brands manufacture ltd.	Chairman of GBM	
							Winbond Electronics Corporation	Note10	
							HannStar Board Corp.	Chairman of HSB	

Kim Eng Securities Private Co., Ltd. investment account under the custody of Citibank Taiwan Ltd	12,726,967	2.62%	0	0	0	0	N/A	N/A	
Winbond Electronics Corporation	8,400,117	1.73%	0	0	0	0	Walsin Lihwa Corporation	Note 1	
							Walton advanced engineering, inc.	Note13	
							Chiao Yu-Heng	The same person	
							Global brands manufacture ltd.	Note 9	
							HannStar Board Corp.	Note 10	
Winbond Electronics Corporation representative: Chiao Yu-Cheng	205,628	0.04%	0	0	0	0	Walsin Lihwa corporation	Note 4	
							Walton advanced engineering, inc.	Note 4	
							Chiao Yu-Heng	Note 5	
							Global brands manufacture ltd.	Note 4	
							HannStar Board Corp.	Note 4	
JPMorgan Chase Bank Taipei Branch is entrusted with the safekeeping of Van Gard Emerging Market Stock Index Fund investment account of the manager of Van Gard Group	6,774,521	1.39%	0	0	0	0	N/A	N/A	
Giga Investment Co.	6,678,085	1.37%	0	0	0	0	N/A	N/A	
American JPMorgan Chase Bank Taipei Branch entrusted with the custody of the series funds of Advanced Star Fund Company Advanced Aggregate International Stock Index Fund Investment Account	6,495,615	1.34%	0	0	0	0	N/A	N/A	

Note: The shareholding ratio is calculated based on the number of ordinary shares.

Note1: The investee company of Walsin Lihwa Corporation accounted for under the equity method

Note2: The chairman of Walsin Lihwa Corporation is a second-class relative of the chairman of Global Brands Manufacture Ltd.

Note3: The chairman of Walsin Lihwa Corporation is a second-class relative of the chairman of HannStar Board Corp.

Note4: The second parent relationship with the chairman of the legal person shareholder

Note5: Second-parent relationship

Note6: The chairman of GBM is a second-class relative of the chairman of Walsin Lihwa Corporation.

Note7: GBM is a subsidiary of HSB

The chairman of GBM and the chairman of HSB are the same person

Note8: The chairman of GBM and the chairman of WALTON are the same person

Note9: The chairman of GBM is a second-class relative of the chairman of Winbond Electronics

Note10: A relative within the second-degree relative of the chairman of Winbond Electronics

Note11: Investment company that adopts equity method to evaluate Walton

Note12: A relative within the second-degree relative of the chairman of Walton

Note13: Winbond Electronics is the director of Walton, and the chairman of Walton is a second-class relative of Walton's chairman.

3.10 The Total Number of Shares of the Same Investee Held by the Company, Its Directors, Managers and Which the Company Controls Directly or Indirectly, with the Aggregate Shareholding Percentages

As of March 31, 2023

Units: Shares; %

Re-Investment Companies (Note)	Investment by the Company		Investment of Directors, Supervisors, Managers or Enterprises under Their Direct or Indirect Control		Combined Investment	
	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding
Prosperity Dielectrics Co., Ltd.	74,186,468	43.13	1,174,759	0.68	75,361,227	43.81
HannStar Board Corp.	107,381,026	20.32	81,382,993	15.40	188,764,019	35.72
Pan Overseas (B.V.I.) Investments Co., Ltd.	21,836,000	100.00	0	0.00	21,836,000	100.00
Gallatown Developments Ltd.	94,209,047	89.06	11,572,858	10.94	105,781,905	100.00
Walsin Technology Europe B.V.	870,000	100.00	0	0.00	870,000	100.00
Tsai Yi Corporation	39,052,142	26.62	54,768,597	37.34	93,820,739	63.96
Inpaq Technology Co., Ltd.	47,848,650	34.13	0	0.00	47,848,650	34.13
Joyin Co., Ltd.	0	0.00	24,265,360	31.10	24,265,360	31.10
Silitech Technology Corporation	17,000,000	25.00	0	0.00	17,000,000	25.00
Falcon Automation Equipment Corporation	3,348,000	43.90	0	0.00	3,348,000	43.90
Soshin Electric Co., Ltd.	330,800	1.93	8,233,504	48.14	8,564,304	50.08

Note: Investments accounted for using the equity method.

Fundraising Overview

4.1 Capital and Shares

4.1.1 Sources of Share Capital

◆ Historical Sources of Share Capital

Year/ Month	Issue price	Authorized capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount(NT\$)	Source of capital	Paid with property other than cash	Other
1997/ 05	10	120,000,000	1,200,000,000	110,000,000	1,100,000,000	Capital increase by earnings	No	Note1
1998/ 06	10	174,000,000	1,740,000,000	121,000,000	1,210,000,000	Capital increase by earning	No	Note2
2000/ 03	10	240,000,000	2,400,000,000	141,000,000	1,410,000,000	Capital increase by cash	No	Note 3
2000/ 11	10	240,000,000	2,400,000,000	185,000,000	1,850,000,000	Capital increase by cash	No	Note4
2001/ 11	10	423,900,000	4,239,000,000	262,978,500	2,629,785,000	Capital increase by earning	No	Note5
2003/ 01	10	423,900,000	4,239,000,000	281,844,452	2,818,444,520	The conversion of Convertible overseas Corporate bond lead to an an increase in equity.	No	Note6
2003/ 04	10	423,900,000	4,239,000,000	285,257,576	2,852,575,760	The conversion of Convertible overseas Corporate bond lead to an increase in equity.	No	Note7
2003/ 07	10	423,900,000	4,239,000,000	305,942,613	3,059,426,130	The conversion of Convertible overseas Corporate bond lead to an increase in equity.	No	Note8
2003/ 09	10	423,900,000	4,239,000,000	336,141,452	3,361,414,520	1.The conversion of Convertible overseas Corporate bond lead to an increase in equity. 2. Capital increase by earnings	No	Note 9
2003/ 12	10	423,900,000	4,239,000,000	353,558,895	3,535,588,950	The conversion of Convertible overseas Corporate bond lead to an increase in equity.	No	Note 10
2004/ 06	10	520,000,000	5,200,000,000	366,482,039	3,664,820,390	1.The conversion of Convertible overseas Corporate bond lead to an increase in equity. 2. Capital increase	No	Note 11

						by earnings		
2004/08	10	52,000,000	5,200,000,000	390,740,514	3,907,405,140	Merge EDEN High-Tech Co.,Ltd.lead to an increase in equity.	No	Note 12
2005/01	10	520,000,000	5,200,000,000	392,103,378	3,921,033,780	The conversion of Convertible overseas Corporate bond lead to an increase in equity.	No	Note 13
2005/04	10	520,000,000	5,200,000,000	394,829,106	3,948,291,060	The conversion of Convertible overseas Corporate bond lead to an increase in equity.	No	Note 14
2005/08	10	520,000,000	5,200,000,000	403,590,286	4,035,902,860	Capital increase by earnings	No	Note15
2005/09	10	520,000,000	5,200,000,000	507,156,810	5,071,568,100	Merge Pan Overseas Industrialco., Ltd. lead to an increase in equity	No	Note 16
2005/11	10	520,000,000	5,200,000,000	514,656,810	5,146,568,100	Share Exchange Of PDC Stock	No	Note 17
2006/01	10	520,000,000	5,200,000,000	515,298,810	5,152,988,100	The conversion of Employee stock Options certificate lead to anincrease in equity	No	Note 18
2006/04	10	592,000,000	5,920,000,000	557,909,252	5,579,092,520	1. The Conversion of Employee Stock Options certificate lead to an Increase in equity 2. The conversion of Convertible overseas Corporatebond lead to an increase in equity.	No	Note 19
2006/07	10	660,000,000	6,600,000,000	558,262,696	5,582,626,960	1. The Conversion of Employee stock options Certificate lead to an increase in equity 2. The conversion of Convertible overseas Corporate bond lead to an increase in equity.	No	Note 20
2006/09	10	660,000,000	6,600,000,000	587,999,896	5,879,998,960	1.Capital increase by earnings 2. The conversion of Employee stock options certificate lead to anincrease in equity	No	Note 21

2007/01	10	660,000,000	6,600,000,000	592,177,386	5,921,773,860	1. The conversion of Employee stock options Certificate lead to an increase in equity 2. The conversion of Convertible overseas Corporate bond lead to an increase in equity.	No	Note22
2007/04	10	660,000,000	6,600,000,000	593,322,886	5,933,228,860	The conversion of Employee stock options Certificate lead to an increase in equity	No	Note 23
2007/07	10	660,000,000	6,600,000,000	594,816,236	5,948,162,360	1. The conversion of Employee stock options Certificate lead to an Increase in equity 2. The conversion of Convertible overseas Corporate bond lead to an increase in equity.	No	Note 24
2007/10	10	660,000,000	6,600,000,000	595,480,665	5,954,806,650	1. The conversion of Employee stock options Certificate lead to an increase in equity 2. The conversion of Convertible overseas Corporate bond lead to an increase in equity.	No	Note 25
2008/01	10	660,000,000	6,600,000,000	595,653,665	5,956,536,650	The conversion of Employee stock options Certificate lead to an increase in equity	No	Note 26
2008/04	10	660,000,000	6,600,000,000	595,738,665	5,957,386,650	The conversion of Employee stock options Certificate lead to an increase in equity	No	Note 27
2008/07	10	660,000,000	6,600,000,000	596,038,665	5,960,386,650	The conversion of Employee stock options Certificate lead to an increase in equity	No	Note 28
2008/10	10	800,000,000	8,000,000,000	667,128,265	6,671,282,650	Capital Increase by earnings lead to an Increase in equity	No	Note 29
2009/08	10	800,000,000	8,000,000,000	663,802,265	6,638,022,650	Cancellation of treasury shares,resulting in a decrease equity.	No	Note 30
2010/04	10	800,000,000	8,000,000,000	663,829,265	6,638,292,650	The conversion of Employee stock options Certificate lead to an Increase in equity	No	Note 31
2010/07	10	800,000,000	8,000,000,000	663,963,765	6,639,637,650	The conversion of Employee stock options Certificate lead to an Increase in equity	No	Note32
2011/01	10	800,000,000	8,000,000,000	663,988,765	6,639,887,650	The conversion of Employee stock options Certificate lead to an Increase in equity	No	
2011/10	10	800,000,000	8,000,000,000	664,343,765	6,643,437,650	The conversion of	No	Note 34

05						Employee stock options Certificate lead to an Increase in equity		
2011/09	10	800,000,000	8,000,000,000	690,063,380	6,900,633,800	Capital Increase by Earnings lead to an Increase in equity	No	Note35
2014/11	10	800,000,000	8,000,000,000	683,063,380	6,830,633,800	Cancellation of treasury Shares Resulting in a decrease in equity	No	Note36
2015/08	10	800,000,000	8,000,000,000	560,000,000	5,600,000,000	Capital Reduction by cash resulting in a decrease in equity.	No	Note 37
2016/08	10	800,000,000	8,000,000,000	518,000,000	5,180,000,000	Capital Reduction by cash resulting in a decrease in equity.	No	Note 38
2017/08	10	800,000,000	8,000,000,000	485,800,000	4,858,000,000	Capital Reduction by cash resulting in a decrease in equity.	No	Note 39
2020/12	10	800,000,000	8,000,000,000	485,804,299	4,858,042,990	The conversion of corporate bond lead to an increase in equity	No	Note 40

Note1: Capital increased NT\$100,000,000 by earnings, Issued at a par value of NT\$10 per share. Used to retain own funds to continue to support the factory expansion plan.

Note2: Capital increased NT\$110,000,000 by earnings, with a par value of NT\$10 per share. To retain its own funds to continue to support the factory expansion plan, and another NT\$500 million is reserved for the issuance of corporate bonds with conversion shares.

Note3: Increased capital of NT\$ 200 million , with a par value of NT\$ 10 per share. It is used to add new factories and expand production equipment. And another NT\$ 500 million is reserved for the issuance of corporate bonds with conversion shares.

Note4: Increased capital of NT\$ 440 million, with a par value of NT\$ 10 per share. It is used to add new factories and expand production equipment. And another NT\$ 500 million is reserved for the issuance of corporate bonds with conversion shares.

Note5: Capital increased by NT\$779,785,000 earnings, with a par value of NT\$ 10 per share. Used to support future capital expenditures and enrich expenditures and working capital. And another 800 million is reserved for the issuance of corporate bonds with conversion shares, another NT\$100 million is reserved for the issuance of employee stock options certificate.

Note6: Increase share capital NT\$188,659,520

Note 7: Increase share capital NT\$34,131,240

Note8: Increase share capital NT\$206,850,370

Note9: 1. Increase share capital NT\$209,288,390

2. Capital increase by NT\$92,700,000 earnings, with a par value of NT\$10 per share. Used to support future capital expenditures and enrich expenditures and working capital.

And another NT\$200 million was reserved for the issuance of employee stock options certificate.

Note10: Increase share capital NT\$174,174,430

Note11: 1. Increase share capital NT\$48,958,340

2. Capital increased by NT\$80,273,100 earnings, with a par value of NT\$10 per share. Used to support future capital expenditures and enrich expenditures and working capital.

And another NT\$200 million was reserved for the issuance of employee stock options certificate.

Note12: Increased share capital NT\$242,584,750 The par value per share is NT\$10.

Note13: Increase share capital NT\$ 13,628,640

Note 14: Increase share capital NT\$ 27,257,280

Note 15: Capital increased by NT\$87,611,800 earnings, with a par value of NT\$10 per share. Used to support future capital expenditures and enrich expenditures and working capital.

And another NT\$200 million was reserved for the issuance of employee stock options certificate.

Note 16: Increase share capital by NT\$ 1,052,835,800, with a par value of NT\$ 10 per share. At the same time, the original share capital NT\$17,170,560 held by the Pan Overseas Industrial co., Ltd was Cancelled

Note17: Capital increased by NT\$ 75,000,000 , with a par value of NT\$10 per share

Note18: Capital increased by NT\$ 6,420,000 , with a par value of NT\$10 per share.

Note 19: 1.Increase share capital NT\$ 17,270,000 2.Increase share capital NT\$ 408,834,420.

Note20: 1.Increase share capital NT\$ 1,445,000 2.Increase share capital NT\$ 2,089,440

Note21: 1.Capital increased by NT\$295,692,000 earnings, with a par value of NT\$10 per share. Used to support future capital expenditures and enrich expenditures and working capital. and another NT\$200 million was reserved for the issuance of employee stock options certificate.
2. Increase share capital NT\$ 1,680,000

Note22: 1.Increase share capital NT\$ 14,640,000 2.Increase share capital NT\$ 27,134,900

Note23: Increase share capital NT\$ 11,455,000

Note24: 1.Increase share capital NT\$ 12,000,000 2.Increase share capital NT\$ 2,933,500

Note25:1.Increase share capital NT\$ 1,400,000 2.Increase share capital NT\$ 5,244,290

Note26: Increase share capital NT\$ 1,730,000

Note27: Increase share capital NT\$ 850,000

Note 28: Increase share capital NT\$ 3,000,000

Note 29: Capital increased by NT\$710,896,000 earnings, with a par value of NT\$10 per share. Used to support future capital expenditures and enrich expenditures and working capital.
And another NT\$200 million was reserved for the issuance of employee stock options certificate.

Note 30: Reduce share capital NT\$ 33,260,000

Note31: Increase share capital NT\$ 270,000

Note 32: Increase share capital NT\$ 1,345,000

Note33: Increase share capital NT\$ 250,000

Note 34: Increase share capital NT\$ 3,550,000

Note35: Capital increased by NT\$257,196,150 earnings, with a par value of NT\$10 per share. Used to support future capital expenditures and enrich expenditures and working capital.
And another NT\$200 million was reserved for the issuance of employee stock options certificate

Note36: Reduce share capital NT\$ 70,000,000

Note 37: Reduce share capital NT\$1,230,633,800

Note 38: Reduce share capital NT\$ 420,000,000

Note39: Reduce share capital NT\$ 322,000,000

Note40: Increase share capital NT\$ 42,990

4.1.2 Types of Shares

2023/4/22

Type of share	Authorized Capital			Remarks
	Circulating shares Issued and Outstanding (Publicly-traded Shares)	Unissued Shares	Total	
Common stock	485,804,299	314,195,701	800,000,000	None

◆ **Information on Shelf Registration:** None.

4.1.3 Shareholder Structure

2023/4/22

Shareholder Structure Quantity	Government Agency	Financial Institution	Other Institutional Entities	Individual	Foreign Institution and Foreigner	Total
No. of persons	6	38	167	76,752	302	77,265
Quantity of shares	4,141,048	5,502,809	185,377,864	215,539,096	75,243,482	485,804,299

Proportion of shareholding	0.85%	1.13%	38.16%	44.37%	15.49%	100%
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Note: The calculation of the shareholding ratio is based on the number of ordinary shares

4.1.4 Distribution of Shareholders

◆ Distribution of Common Shares

2023/04/22

Shareholding	Number of Shareholders	Quantity of Shares	Proportion of Shareholding
1 to 999	21,334	4,432,325	0.91
1,000 to 5,000	48,421	91,707,924	18.88
5,001 to 10,000	4,447	34,201,794	7.04
10,001 to 15,000	1,187	15,247,406	3.14
15,001 to 20,000	687	12,586,907	2.59
20,001 to 30,000	511	13,112,821	2.70
30,001 to 40,000	182	6,589,372	1.36
40,001 to 50,000	123	5,708,372	1.17
50,001 to 100,000	200	14,704,233	3.03
100,001 to 200,000	74	10,097,136	2.08
200,001 to 400,000	44	12,534,239	2.58
400,001 to 600,000	13	6,122,290	1.26
600,001 to 800,000	12	8,404,114	1.73
800,001 to 1,000,000	7	6,410,000	1.32
1,000,001 and more	23	243,945,366	50.21
Total	77,265	485,804,299	100.00

Note : 1. Distribution of Preferred Shares: None.

2. The "shareholding ratio" is calculated based on the number of ordinary shares

4.1.5 List of Major Shareholders

2023/4/22

Major Shareholders	Shares	Quantity of Shares	Proportion of Shareholding
Walsin Lihwa Corporation		88,902,325	18.30%
HannStar Board Corporation		37,217,115	7.66%
Global Brands Manufacture Ltd.		16,102,481	3.31%
Walton Advanced Engineering, Inc.		13,357,083	2.75%
Yu-Heng Chiao		12,887,461	2.65%
Citigroup (Taiwan) Commercial Bank entrusted with the custody of Maybank Kim Eng Securities Sdn Bhd		12,726,967	2.62%

investment account		
Winbond Electronics Corporation	8,400,117	1.73%
JPMorgan Chase Bank Taipei Branch is entrusted with the safekeeping of Van Gard Emerging Market Stock Index Fund investment account of the manager of Van Gard Group	6,774,521	1.39%
Giga Investment Co.	6,678,085	1.37%
American JPMorgan Chase Bank Taipei Branch entrusted with the custody of the series funds of Advanced Star Fund Company Advanced Aggregate International Stock Index Fund Investment Account	6,495,615	1.34%

4.1.6 Stock Price, Net Value, Earnings, Dividends and Related Information for the Past Two Years

Unit: Dollar, share

Item	Year		2021	2022	Current Year up to April 30, 2023 (Note9)
	Share Price (Note 1)	High		291.50	180.50
	Low		138.00	71.60	78.20
	Average		202.54	108.34	95.63
Net Value per Share (Note 2)	Basic		91.56	91.34	-
	Diluted		87.05	88.93(Note 8)	-
Earnings per Share	Weighted average shares (thousand shares)		485,067	484,804	-
	Earnings per Share (Note 3)	16.35	3.40	-	-
		16.35	3.40	-	-
Dividend per Share	Cash dividend (Note4)		4.509	2.4(Note 8)	-
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	-	-	-
		Stock Dividends Appropriated from Capital Reserve	-	-	-
	Accumulated unpaid dividend		-	-	-
Return Analysis	Price-earnings ratio (Note 5)		12.39	31.86	-
	Price-dividend ratio (Note 6)		44.92	45.14(Note 8)	-
	Cash dividend yield (Note 7)		2.23%	2.22%(Note 8)	-

Note 1: The highest and lowest share prices for each year are provided, with the average price for the year computed based on each year's transaction amount and volume.

Note 2: Use the number of the outstanding issued shares at year's end and the distribution passed at the following year's shareholders' meeting to fill in.

Note 3: If it is necessary to make adjustments retroactively due to situations such as issuance of bonus shares, the earnings per share before and after the adjustments should be listed.

Note 4: Cash dividends include earnings distribution and capital surplus.

Note 5: Price-earnings ratio = Average per share closing price for the year / earnings per share.

Note 6: Price-dividend ratio = Average per share closing price for the year / cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share / average per share closing price for the year.

Note 8: The proposal for 2022 appropriation of earnings will be approved with resolution by the Company's board of directors and the 2023 shareholders' meeting.

Note 9: The net value per share and earnings per share should be filled in with the information of the Independent Auditors' (Review) Report in the most recent quarter of the annual report. The remaining fields should be filled in the year of the date of publication of the annual report.

4.1.7 Dividend Policy and Implementation Status

4.1.7.1 Dividend Policy

According to the surplus distribution policy stipulated in Article 31 of the Articles of Incorporation of the Company, the Company should first set aside 10% of such profits as a legal reserve after its losses have been covered and all taxes and dues have been paid at the time of allocating surplus profits when the Company makes a profit during the fiscal year. However, it shall not apply when the legal reserve amount to the authorized capital. After the special surplus reserve is allocated or reversed according to the regulations of the law or the competent authority, the special surplus reserve may be set aside according to the Company's operating needs. If there is a balance, it shall be accumulated to the undistributed surplus. The board of directors shall draft a surplus distribution plan and submit to the shareholders' meeting for adopting a resolution of the distribute dividends to shareholders. The Company set out the distribution policy of employee compensation and director in the Article of Incorporation (See 4.1.9).

In addition to the Company surplus earnings distribution in accordance with Article 31 of the Articles of Incorporation of the Company, the shareholder dividends distributed in the current fiscal year shall be based on the principle that the proportion of stock dividends shall not exceed 50%, and the rest shall be distributed in cash dividends. However, when sufficient funds are obtained to meet the annual funding needs, the above-mentioned cash distribution ratio may be increased to 100% at discretion. As listed in the preceding paragraph, the Company may determine the most appropriate dividend policy and payment method based on the actual operating conditions of the current year and considering the capital expenditure budget plan for the next year.

4.1.7.2 The basis for estimating the amount and the actual distribution of employee and director compensation (see 4.1.9).

4.1.7.3 Proposed dividend allocation for approval at annual shareholders' meeting

The Company's board of directors has not yet approved the proposed dividend allocation for 2022 as of publication date. The Company's board of directors expects to approve the proposal 40 days prior to the shareholders' meeting, and the related resolution will be announced on the Company's website and Market Observation Post System (MOPS).

4.1.8 Impact of issuance of stock dividends proposed in this shareholders' meeting upon the Company's business performance and earning per share (EPS):N/A

4.1.9 Remuneration for Employees and Directors

1. The percentages or ranges with respect to employees and directors compensation, as set forth in the Articles of Incorporation of the Company.

The Company carried out the distribution of employees and directors compensation in accordance with the Article 31 of the Articles of Incorporation of the Company, "If the company makes a profit during the fiscal year, it shall allocate 2% to 10% of the said profit as employees compensation, which shall be distributed in stocks or cash. Also, it shall be decided by a resolution to be adopted by a majority vote of the directors at a meeting of the board of directors attended by at least two-thirds of the entire directors of the company, and report to the shareholders' meeting. Employees include employees of the affiliates, who meet certain conditions. The company may allocate no more than 2% of the said profit as directors remuneration according to the adoption by the meeting of board of the directors".

2. The basis for estimating the amount of employees and directors compensation, for calculating the number of shares to be distributed as employees compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

According to the dividend policy of the company's Articles of Incorporation and referring to the previous year contribution, the basis for estimating the amount of employees and directors compensation, for calculating the number of shares to be distributed as employees compensation, the company should enter adjusted entries based on the treatment of the change in accounting estimates, if there is any discrepancy between the actual distributed amount and the estimated figure. Furthermore, the company didn't make accounting estimates for calculating the number of shares to be distributed as employees compensation.

3. Information on any approval by the board of directors of distribution of compensation:

a. The amount of any employees compensation distributed in cash or stocks and compensation for directors.

The resolution of company's board of directors was adopted on February 23, 2023 that the total amount of employees compensation and directors compensation for the year 2022 was NT\$54,952 thousand, and the total amount was distributed in cash. The estimates and distributions are as follows:

Unit: NT\$ thousands

Item	Estimated figure in 2022	Adoption of the resolution by the board of directors on 23 Feb., 2023	Discrepancy	Accounting treatment
Directors compensation	15,701	15,701	0	None
Employees compensation distributed in cash	39,251	39,251	0	None

b. The amount of employees compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income for the current period and total employees compensation: None.

4 The actual distribution of employees and directors compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employees or directors compensation, additionally the discrepancy, cause, and how it is treated. The resolution of the shareholders' meeting in 2021 was adopted the actual allotment in cash of NT\$ 79,585 thousand for directors remuneration and NT\$ 198,963 thousand for employees remuneration. The said resolution is consistent with the resolution of the original board of directors.

4. 1.10 The Execution Status of Shares Buyback:

Repurchases already completed

As of 04/30/2023

Treasury stocks: Batch Order	16 th Batch	17 th Batch
Purpose of buy-back	transfer shares to employees	transfer shares to employees
Timeframe of buy-back	Forecast:2021/03/26~2021/05/25 Actual:2021/03/26~2021/04/01	Forecast:2021/05/04~2021/07/02 Actual:2021/05/04~2021/06/15
Price range	NTD240~252	NTD230~252
Class, quantity of shares repurchased	Common stock 600,000 shares	Common stock 400,000 shares
Value of shares repurchased (in NT\$ thousands)	NTD151,104,443	NTD85,275,824
Quantity of repurchased shares as a percentage of total shares to be repurchased (%)	100%	100%
Shares sold/transferred	0	0
Accumulated number of company shares held	600,000 shares	1,000,000 shares
Percentage of total company shares held (%)	0.12%	0.21%

4.2 Issuance of Corporate Bonds:

4.2.1 Corporate Bonds

As of 04/30/2023

Corporate Bond Type		1st Unsecured Corporate Bonds
Issue date		April 29, 2020
Denomination		NT\$100,000
Issuing and transaction location		N/A
Issue price		Issue by denomination
Total price		NT\$4,800,000,000
Coupon rate		0 %
Tenor		4 years Maturity: April 29, 2024
Guarantee agency		None
Consignee		ChinaTrust Commercial Bank
Underwriting institution		Horizon Securities
Certified lawyer		Lin Sen-min
CPA		Shih Chin-Chuan and Yu Hung-Bin
Repayment method		Repayment in lump sum upon maturity
Outstanding principal		NT\$4,799,000,000
Terms of redemption or advance repayment		According to the Clause 10 of the issue and conversion method of our company's 1st unsecured corporate bond for 2020,denomination in cash is to be paid upon maturity, except those cases when the convertible bond holders convert the bond into common stocks in accordance with clause 10 or early redemption from the securities company's business office in accordance with Clause 18.
Restrictive clause		None
Name of credit rating agency, rating date, rating of corporate bonds		None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	Converted corporate bonds amounted to NT\$1 million, with 4,299 common shares converted in total till April 30,2023
	Issuance and conversion (exchange or subscription) method	Please refer to the issue and conversion method of our company's 1st unsecured corporate bond for 2020.

Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity	Calculate the remaining corporate bond value according to the present conversion price if all convertible bonds are exchanged to become common stocks, then our company needs to reissue common stocks with a capital shareholding dilution rate of 4.38%, which would have limited impact on shareholders' equity.
Transfer agent	N/A

4.2.2 Convertible Bonds

Corporate bond type		1 st Unsecured Convertible Corporate Bond			
Item	Year	2020	2021	2022	As of the printing date of this annual report(2023/04/28)
	Market price of the convertible bond	Highest	118	128	
Lowest		101.5	103	96	96
Average		105.68	116.42	104.32	98.31
Convertible Price		NT\$240 (Conversion price adjusted to NT232.6 since 2020/08/12)	NT\$232.6 (Conversion price adjusted to NT225.6 since 2021/09/05)	NT\$225.6 (Conversion price adjusted to NT215.6 since 2022/08/16)	NT\$215.6
Issue date and conversion price at issuance		Issue Date: 2020/04/29 Conversion price at issuance: NT\$240			
Conversion methods		Issuing of new stocks			

4.3 Issuance of Preferred Shares: None.

4.4 Issuance of Global Depositary Receipts: None.

4.5 Status of Employee Stock Option Plan or Employee Restricted Stock: None.

4.6 Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

4.7 Financing Plans and Implementation:

1.Contents of Plan:

A. Competent authority approval document number: Letter No. 1090334095 of FSC(Financial Superisory Commission)issued on March 25, 2020.

B. Issued the first domestic unsecured conversion corporate bonds. The total number of issued bonds is limited to 48,000, each with a denomination of NT\$100,000. It is issued based

on the par value. The total amount of issuance is capped at NT\$4.8 billion. The annual coupon rate is 0%, and the issuance period is 4 years.

C. Planned project and progress of funds

Item	Scheduled Finish date	Actual Finish date
Purchase plant, equipment and factory facilities	Year 2022 Q1	Year 2021 Q3

D. Expected possible benefits:

a. Purchase of factory buildings: The original leased Kaohsiung factory has completed the transfer of ownership in the third quarter of 2021, which can save annual rental expenses NTD70,484 thousands, improve the company's autonomy in space utilization, and improve management efficiency and overall operating performance. Strengthen the long-term development of sustainable operation in the future.

b. Purchase of equipment and factory facilities: Although the relevant equipment and factory facilities for the purchase and production of this plan have been completed, the global economic development in 2022 was affected by the new crown epidemic, war and inflation, resulting in shrinking market demand and a significant reduction in orders. The new production capacity has actually been put into production. Benefits will be deferred.

Operational Highlights

5.1 Business Activities

5.1.1 Business scope

(1) Business scope

1. Core Business - Products and Services

The company is engaged in the researching and developing, manufacturing, processing, and sales of assorted passive components. Product lineups include multiple-layer ceramic capacitors (MLCC), chip-resistor, RF devices, disc capacitors, inductors, disc type safety capacitors, varistor, thermistor, chip fuse, ceramic dielectric powder, disc type semiconductive capacitor elements, diodes, and inductors.

2.Revenue ratio.

Primary products	Revenue Ratio of parent company	Revenue Ratio of Global sales
MLCC	70.00%	41.20%
Chip-R	21.00%	22.80%
Disc	1.00%	4.00%
Thin Film	0.00%	1.70%
RF	7.10%	14.90%
Others	0.90%	15.40%
Total	100.0%	100.0%

3. Products and Services

- (1) Multiple-layer ceramic capacitor (MLCC)
- (2) Chip Resistors (Chipr-R) and Chip-R Array
- (3) Disc Capacitors
- (4) RF Components
- (5) Varistors,
- (6) Inductors
- (7) Chip Fuse
- (8) Dielectric porcelain powder

4. Recent development plan of new product

Recent development directions of multi-layer ceramic capacitors (MLCC) in Walsin are focusing on the higher volumetric capacitance (>20uF/mm³), high frequency application, high reliability for automotive application and diversified features of device. Through the self-owned thinning ceramic layer technology, higher capacitance X5R & X7R MLCC and ultra-small size (including 01005 size) derivatives are also launched and continue to expand the product ranges of them. In response to the recent technological revolution in vehicle, such as EV & ADAS, WTC has not only expanded the capacity of automotive MLCCs production, but also developed more competitive automotive MLCCs by in-house material formulations, process technology and manufacturing management. In terms of wireless communication application, although the establishment progress of 5G infrastructure in the world affected by the epidemic of Covid-19, the new range of

microwave MLCC capacitors with high capacitance accuracy, high temperature applications (X8G) and ultra-small size (01005) have also been completed. In addition, other diversified MLCCs have been released, including high voltage type, feedthrough type, miniaturized MLCCs, etc.

In terms of chip resistors, we keep focusing on miniaturized and high reliability products for anti-sulfurization, anti-oil bath, anti-surge and ultra-low ohm current sensing resistors. Regarding the requirements of vehicle, we have developed high-power, anti-surge and Lead-Free resistor products, and many products have been launched on the market. About the on-going projects of thin-film resistors, we are developing on the current sensing resistor with low TCR and the automotive thin-film resistor.

Because of applied current become larger of industrial power, we focus to develop the anti-surge varistor and high current NTC under high temperature application. Besides, the EV growth rapidly in future. We continue to develop SMD type of high accuracy temperature compensation NTC.

In regard to the radio-frequency (RF) LTCC components, new products development focus on sub-6G, ultra wide band (UWB), WIFI 6E, WIFI 7 and millimeter wave application, including diplexer, triplexer, bandpass filter and IOT switch modules, etc. Since 5G communication products have multiple frequency bands, the anti-interference ability between each frequency band needs to be improved. Therefore, all products are developed for low loss and high out band suppression. Under the continuous optimization of process capability and design architecture, the new competitive products are promoted to market timely. And cooperated with IC Design House, WIFI 6E products are as reference design. Through new materials and the technical capabilities completed, recently, the ultra-small size product for module used have been developed and promoted to the market, such as N77 BPF and UWB diplexer. Besides, some automotive products and base station product have been promoted to clients, which can provide more complete solutions for clients.

5.1.2 Overview of Industry

Passive Component Industry Overview:

1. Passive Component Industry Status

The passive component industry is a vital part of the electronics industry, providing essential indispensable components such as capacitors, resistors, and inductors. These components work together to influence the flow of electricity running through them and protect the active units in electronic devices.

In recent years, the industry has experienced steady growth, driven by increasing demand for electronics devices in sectors such as automotive, communication, networking, industrial, medical, and aerospace sectors. The passive component industry is dominated by Japanese vendors while suppliers from South Korea, Mainland China, and Taiwan contribute the most production capacity. The Asia-Pacific region consumes approximately 70% of the global passive component supply.

The global passive components market can be classified into several sectors, including automotive, telecommunications, information technology (IT), consumer electronics, industrial, healthcare, and

defense, with telecommunications accounting for approximately 30% of the entire market.

2. Passive Component Industry Development Trend

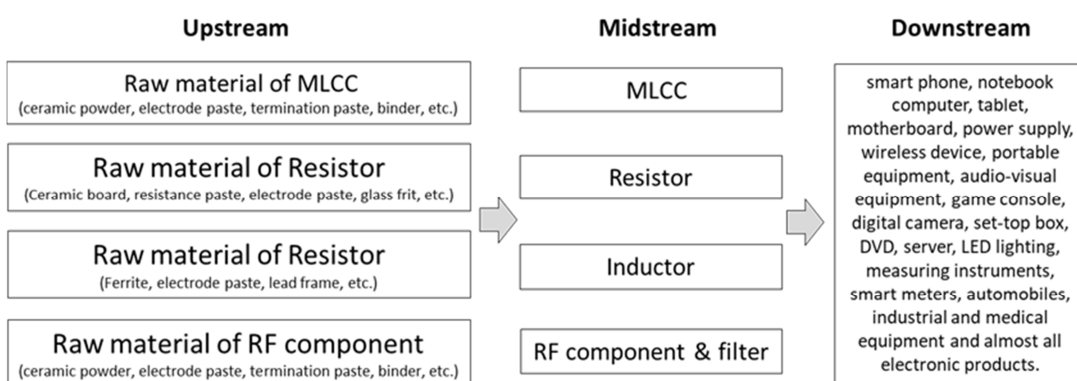
The automotive electronics and smartphone industries have had a profound impact on the passive component market. With entertainment systems, GPS navigation, and other safety-driving assistance systems (such as ADAS) being increasingly incorporated into standard vehicle features, the demand for automotive passive components is growing at an unprecedented rate. For example, a typical internal combustion engine car requires 2,000 to 3,000 capacitors, while an electric vehicle requires as many as 15,000 capacitors. As more features become digitized, the demand for passive components will continue to grow.

Automotive grade passive components enjoy a stable price and profit level due to additional quality and reliability requirements. Demand forecasts are also more stable and accurate. As various governments' incentive measures and pollution control regulations are about to be implemented worldwide, the automotive passive component market is expected to continue to grow at a double-digit rate over the next few years, making it a target for all manufacturers.

Smartphones have been another driving force behind the growth of the passive component market, with flagship smartphones using a significant number of capacitors. The global smartphone market is expected to see minor growth in 2023, mainly due to upgrades to 5G-enabled devices. However, worldwide inflation could lead to changes in consumer behavior, resulting in a decrease in demand for high-end smartphones, and ultimately, a decline in the consumption of passive components.

The shift towards new communication standards such as 5G and 6G will also have a positive impact on the market. The increasing adoption of digitalization, connectivity, and mobility further increases the complexity of electronic products and drives demand for passive components, which is likely to continue in the foreseeable future.

3. Correlation between Upstream, Midstream, and Downstream in the Supply Chain



The upstream of the passive component industry is a supplier of materials such as interface ceramic powder, ceramic substrates, alumina substrates, quartz substrates, conductive adhesives, cathode foils, etc. The raw materials of WTC's main product MLCC are ceramic powder and internal and external electrode materials.

In the early days of operation, the above-mentioned raw materials were all outsourced, after

long-term efforts, the self-made ratio of related raw materials has increased significantly.

The middle reaches of the passive component industry are the manufacturers of resistors, capacitors, inductors, filters, oscillators and so on. Passive components are indispensable components in each electronic circuit. According to their functions, they are divided into three categories: capacitors, resistors and inductors. Capacitors control and filter electric waveforms, resistors adjust current and voltage, and inductors filter noise and prevent electromagnetic interference. Through the combination of these three components, the purpose of controlling and optimizing the electrics and protecting the active components during operation can be achieved.

Since passive components are widely used in various electronic products. The downstream applications include smart phone, notebook computer, tablet, motherboard, power supply, wireless or bluetooth device, portable equipment, audio-visual equipment, game console, digital camera, set-top box, DVD, server, LED lighting, measuring instruments, smart meters, automobiles, industrial and medical equipment and almost all electronic products.

4. Development directions and application trends of the product and the market situation

(a) Capacitor products

- Higher volumetric capacitance and miniaturization: With the stable market demand of wireless communication devices, such as smart phone, tablet, smart watch and wearable devices. Therefore, MLCC components are continuously developing on miniaturization but still have the effective capacitance in application. That means a higher volumetric capacitance is required.
- Higher frequency application: In 2022, the technology development and construction of 5G base-station has been affected by the global epidemic of COVID-19. However, owing to the importance of 5G communication systems by governments, it is expected that a great number of base-stations (macro & micro) and 5G mobile phones will be demanded in the coming few years. Moreover, with the communication frequency is getting higher, the mutual interference and noise occurrence become frequently, the high accuracy of the capacitance and high temperature feature of MLCCs are more necessary to apply.
- High reliability for automotive application: Due to the trend of automotive electrification sweeping the world in recent years, the demand for automotive MLCCs has raised rapidly. WTC has not only focused on expanding the capacity of automotive MLCCs production, but also created more competitive automotive MLCC specifications through in-house materials and process technologies.
- Diversified types for different applications: Several MLCC specialties have been developed for various applications, such as high voltage, high power (temperature), high humidity, current smoothing and so forth.

(b) Chip-R products

- Requirements of anti-sulfurization and high-power resistors in application, therefore, the new product development is carried out for use in more severe operating environments.
- The demand for lead-free Chip-R market is gradually increasing. Lead-free resistor series in WTC can partially cover the applications in consumer, industry and automotive. It is planned to extend the lead-free anti-surge Chip-R and high-voltage safety Chip-R to further complete the lead-free product lines.
- Low resistance sensing current Chip-R series, and the anti-sulfuration automotive Chip-R series are developing and enriching their product ranges for higher power application.
- Due to the clear demand of high precision and long-term stability of thin-film resistors in recent, the related products have been developed and released to market gradually.

(C) RF components

- Miniaturization and thinning: In response to the multi-functional requirements of smart phones and smart wearable devices, the usage amount of passive components has increased

significantly. Under the same available layout area, miniaturization and thinning are the development trends of RF components.

- Modularization: As mentioned above, modular products are also a development trend, especially for the modularization of RF front-end receiving circuits has become a development trend. Therefore, the demand of ultra-thin filters for the module will also increase significantly.
- High reliability and automotive use: The construction of 5G base stations has become the development goal for major telecom operators. Therefore, RF components with high reliability and long life cycle must also be the direction of development in the coming years; In terms of vehicle use, due to the requirement for interconnection between vehicle networking and multimedia equipment, the demand for RF components must meet AEC-Q200 that will also grow significantly.

5. Countermeasures of the market trend

(a) To develop the following capacitor products in response to market demand, there are:

- High-capacitance: To reach higher volumetric capacitance (>20uF/mm3).
- Miniaturization: 01005 sized chip MLCCs are mass-produced gradually and new specifications with different temperature coefficients are continuously developed.
- High-frequency: microwave MLCCs for ultra-high frequency (5G), IOT , Wifi-6 and V2X applications.
- High-reliability: The AEC-Q200 compliant automotive MLCCs have been developing in WTC. And also to create a more robust MLCC product series that can withstand more severe operational conditions or testing standard by soft termination.
- High-voltage: To enrich the product range of high-voltage capacitor series for supply server, industrial computers, robots, lighting market and fast-charging system for car.

(b) Emphasizing the manufacture and sales of resistor specialties and focusing on developing and promoting automotive resistor, anti-sulfur resistor, high-power resistor, lead-free resistor, low-resistance resistor, high-voltage resistor, high-precision resistor and 0201-sized R-array.

(c) There are five strategies for the RF component:

- RF products development for miniaturization and thinning: Full-scale mass production of 0402 size filters and continuous development of new specifications.
- RF products development for module used: Cooperate with module manufacturers to customize ultra-thin filters and provide solutions for module products
- RF products development for high reliability and automotive: Development and mass production relative product that can meet AEC-Q200.
- Millimeter wave RF products development for small-cell: Development and mass production relative product that can fulfill high reliability requirement.
- New development product can be approved continuously by IC design house.

5.1.3 Technologies and R&D Overview

1. R&D expenditures years end on March 31,2023 and 2022

Unit: NT\$ thousands

Item	2022	March 31,2023
R&D Expenditures	1,133,114	247,609
Net Revenue(%)	3.21%	3.16%

2. Successfully developed technologies or products in 2022

In order to enhance independent R&D capabilities and competitive advantages, WTC persists in a long-term strategy of intellectual properties. In 2022, there are 5 domestic and foreign patents issued, and applied several new important technical patents. All patented technologies will be used in our current and future products.

WTC has successfully developed and released plenty of products in 2022, including product range enlargement on high-capacitance X5R/X7R MLCCs, automotive X7R/NPO MLCCs, automotive microwave MLCCs, Feedthrough MLCC, miniaturized (01005-size) X5R/NPO MLCCs, high temperature MLCC (X8G), etc. Many series of chip resistors are completed for high-power vehicles, high-power current sensing resistors, high-precision, anti-sulfuration, lead-free automotive chip resistor, etc. And also released N77 RF receiving modules, WiFi 6E/7 filters, WiFi 6E/7 Diplexer, UWB filters, IPD integrated modules, small cell used filters, automotive grade filters, module used filters and so forth.

3.R&D plan in next year:

A lot of new products are planned to develop in WTC in the coming year , included high-capacitance X5R/X7R MLCCs, Feedthrough MLCCs, miniaturized X5R/NPO MLCCs, High reliability MLCCs with soft terminations, high-voltage & safty MLCCs, automotive X7R/NPO MLCCs, high temperature MLCCs, automotive anti-sulfurization current-detection chip resistor, automotive high-power anti-sulfurization chip resistor, automotive anti-surge & anti-sulfurization chip resistor, automotive high-voltage anti-sulfurization chip resistor, automotive high-precision resistance anti-sulfurization chip resistors, lead-free automotive anti-sulfurization chip resistors, miniaturized anti-surge chip resistors, automotive precision thin-film chip resistors; and thin-film chip resistors, LTCC filter, RF switch module and other product series.

4. Short/Long Term Business Development Plan

Short Term Business Plan

- (1) Take advantage of the fact of being the few suppliers in the industry with volume supply capacity for automotive-grade MLCC and Chip Resistor and continue expanding the production capacity of automotive-grade products from the company's dedicated manufacturing line to keep up with the constant growing demand
- (2) Product research and development focus on miniaturization, integration, high-temperature, high voltage, and high stability to address product requirements of 5G and automotive application
- (3) Engage customers with need in high-capacitance and thin film and low resistance resistors
- (4) Leverage Walsin Technology Corporation's sales platform in Japan and proactively focus on Japan's key account penetration.

Mid-to-Long Term Business Plan

- (1) To deploy a multi-location production plan and multi-source raw material procurement strategy to cope with the uncertainties presented by the geopolitical tensions and supply-chain reform.

- (2) To ensure the company's product development keep up with the 5G infrastructure deployment, the company has been focused its product development on high Q low ESR MLCC, high precision and anti-sulfur resistor, high-power, anti-surge resistor, and LTCC filters to address demands from the sub 6GHz and customized full bank antenna to address needs from base stations, antenna, server, switch routers and PBX customers.
- (3) Make good use of the company's self-reliant powder supply and expand MLCC production capacity while adjusting the product mix with high margin products enlarged.
- (4) Continue to focus product development on high-capacitance, high-frequency, high-power, thin-film, low ohm, and other high precision products.
- (5) To further develop business in Europe and North America regions.
- (6) To further improve upon the company's profitability by expanding high margin product production capacity to fulfill demands from high-unit-price and high-margin customers.
- (7) To expand customer base through merge and alliance.

5.2 Business Overview

5.2.1 Market, Production and Sales Overview

1. Market Analysis

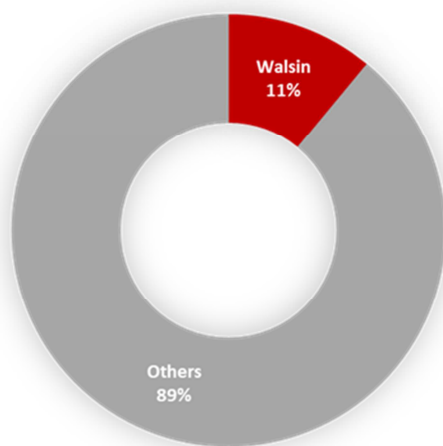
Sales region(s) of main products for Year 2022

Region(s)	Revenue Amount	Unit:NT thousands %
Asia	30,658,526	86.86%
Americas	2,261,628	6.41%
Europe	2,377,009	6.73%
Total	35,297,163	100.00%

2. Shipment Quantities & Market Share of MLCC and Chip Resistor

Multilayer ceramic capacitors (MLCCs) are generally the capacitor of choice for applications such as telecom, PC&P, and consumer electronics because of their compact size, better high-frequency performance compared to aluminum electrolytic capacitors, and better stability over temperature, depending on the temperature coefficient. MLCC shipment of Walsin Technology accounts for approximately 11% of the entire MLCC market in 2022.

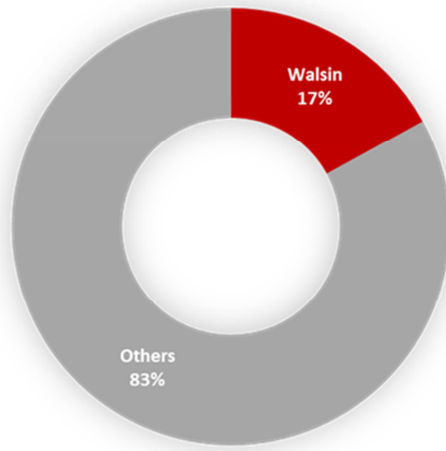
Market share of Walsin Technology's MLCC for 2022



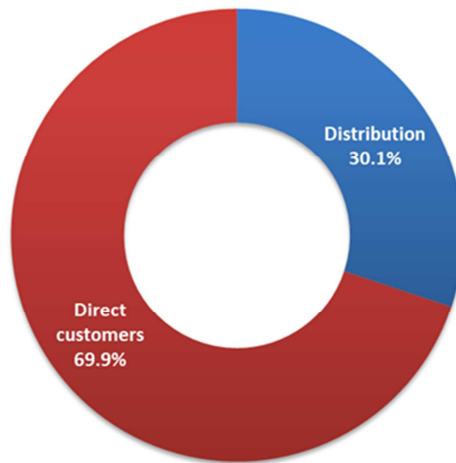
Walsin Technology has been proactively developing small-sized chip resistor, array, anti-surge, anti-sulfur, current-sensing metal plate, thin-film high precision, and other specialty products to address the latest evolution in consumer electronics, automotive application, etc.

Chip resistor shipment of Walsin Technology accounts for approximately 17% of the entire Chip Resistor market in 2022.

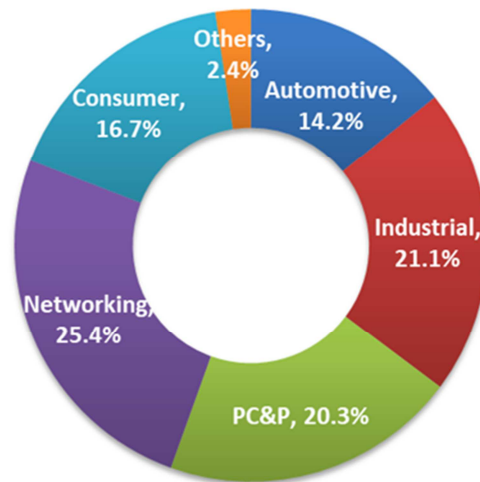
Market share of Walsin Technology's Chip Resistor for 2022



2022 Walsin Technology Revenues Breakdown by Channel



2022 Walsin Technology Revenues Breakdown by End-use Application Segment



3. Supply and Demand Status and Development Trend of the Product End-Use Applications

a. Market Demand Analysis

Looking forward, the growth of the passive component market in 2023 is expected to be driven by several factors. These include:

Increasing demand from the automotive and industrial sectors: Although the demand from these sectors has been weaker than expected, it is still a significant contributor to the growth of the passive component market.

Rising adoption of 5G technology: The deployment of 5G networks is expected to fuel demand for passive components such as filters, amplifiers, and antennas, which are critical components in 5G base stations and devices.

Growth in Internet of Things (IoT) devices: The proliferation of IoT devices in various sectors such as smart homes, healthcare, and industrial automation is expected to drive demand for passive components such as sensors, capacitors, and resistors.

Increasing demand for electric vehicles (EVs): The global shift towards EVs is expected to increase demand for passive components such as power electronics, thermal management, and energy storage.

Growing demand for consumer electronics: Despite weaker demand in 2023, the demand for consumer electronics devices such as smartphones, laptops, and gaming consoles is expected to remain uptrend in the long term, driving demand for passive components such as capacitors, resistors, and inductors.

According to the latest research report from ResearchAndMarkets, the global passive component market was valued at USD 35.69 billion in 2021. The market is expected to reach USD 49.04 billion by 2027, growing at a CAGR of 5.44% during the forecast period (2022-2027) due to. Despite the expected steady growth, the industry is also facing various challenges such as supply chain disruptions, component shortages, and rising raw material costs.

b. Market Supply Analysis

The pandemic bonus in 2020 and 2021 created a high baseline, which in turn resulted in a double-digit shipment decline in 2022 for the PC, smartphone, TV and many other consumer electronic sectors in 2H 2022. It also slowed down enterprises' investment in cloud computing and

network infrastructures. On the other hand, global inflation and supply chain reform caused by the geopolitical tensions and macroeconomic challenges all have significantly dampened consumer demand in 2022. These slowdown in demand thus created high inventory in channels which could take months to destock.

4. Competitive Advantages

- Professional management team with extensive industry experience. The company fully authorizes one according to one's position in the corporate hierarchy to ensure an effective and prompt decision-making process.
- A healthy and transparent financial status to shareholders and the public.
- Led by industry experts, the company's R&D centers are established around the Asia Pacific with state-of-the-art equipment. The company proactively co-works with colleges and universities to recruit talented students.
- From capacitors, resistors, inductors, RF devices, antenna, to protective components, the company provides customers one-stop-shop convenience for passive components.
- The company's sales and distribution channels are well established across the globe to ensure prompt and localized services.
- Through merge and alliance, not only does the constant expanding alliance improves its operation efficiency, but also leverage individual member company's strength and connections to enhance its product offerings and expand business effectively.

5. Positive and Negative Factors Affecting the Company's Development and Coping Strategies

Positive Factors

- To deploy a multi-location production plan and multi-source raw material procurement strategy to cope with the uncertainties presented by the geopolitical tensions and supply-chain reform.
- The booming demand for electric cars, deployment of the 5G network, and the post-pandemic demand for portable devices, and the launch of the new 5G smartphone all contribute to a promising industry outlook.
- The company's strong commitment to R&D and continuous investment in the research and development of the company's product and equipment.
- Industry-leading research team, self-reliant raw material supply, and ability of manufacturing machinery and process optimization.
- EV remain double-digit growth for 2023 despite IC shortage this year. Demand remains robust for the years to come.
- Commercial applications of automotive, 5G, Metaverse, and LEO Satellite (Low Earth Orbit Satellite) will drive the demand growth.

Negative Factors

- The volatility in raw material prices will be a major challenge.
- Russia is the world's largest producer of palladium and the third largest supplier of nickel. The prices of nickel has increased dramatically because of the export ban by Russia.
- The growing labor costs and political instability.

Coping Strategies

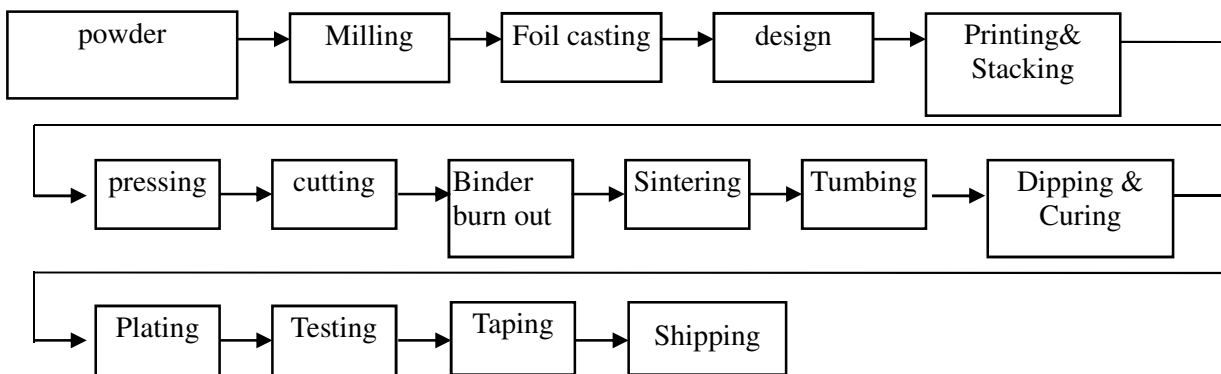
- Multi-location production plan and multi-source raw material procurement strategy.
- Automate those labor-intensive processes.
- Industry-competitive compensation and reward program and employee self-fulfillment support.
- To alleviate the potential risks caused by regional political or trade model changes by leveraging the distribution network.

5.2.2 Usage and Manufacturing Processes for the Main Products

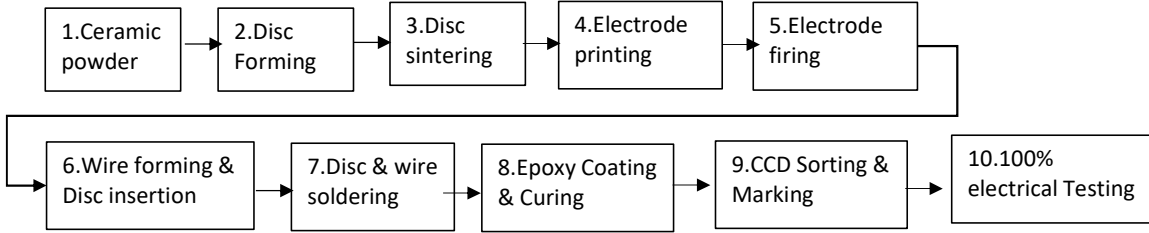
Main Products	The main purpose
MLCC	Used for the energy storage, bypass, smoothing, coupling, filtering, resonance, impedance-matching circuits, and applied to computer peripherals, communications products and consumer electronics, industrial/automotive electronics, household/Medical electronics, etc.
Protection components: DISC/Varistor /NTC (Safety protection components)	Applied to monitors, power supplies, LCD, TV, measuring instruments, cell phone charger, car stereos, household appliances, EV charger, PV Inverter
Chip-R	Used for DC step-down converter, DC voltage divider, and applied to consumer electronic products such as computer peripherals and information appliances
RF Components	Applied to wireless communication products, bluetooth communication, mobile phones, PND, eBook, wireless networks for automobile, set-top-box

◆ Manufacturing Processes:

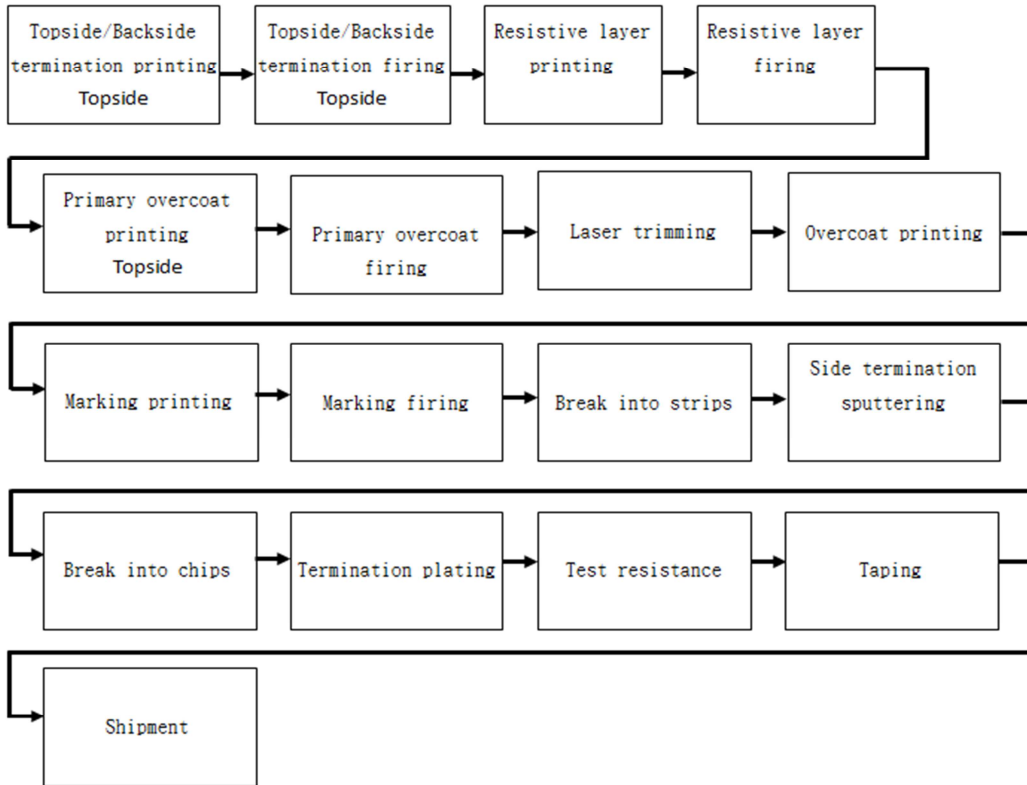
1. MLCC



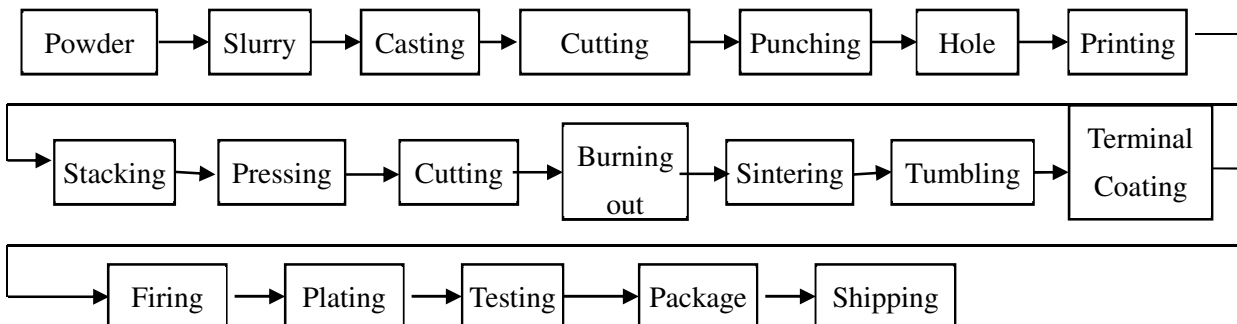
2. Safety protection components



3. Chip-R



4. RF Components



5.2.3 Main raw materials supply

Ceramic powder, internal electrodes, external electrodes and aluminum oxide substrate are the main raw materials.

Since the impact of the COVID-19 、 Russia-Ukraine war, the international raw materials and foreign exchange are continued to be fluctuated in 2022.

The Company comprehensively takes into account raw materials, exchange rate trends, funds and risks to build a safety-stock.

In order to keep a stable procurement and cost reduction, the Company not only establishes more than two qualified suppliers for each main raw material with a long-term close cooperation relationship but improves existed raw materials and develops the new.

Meanwhile, the Company reduces the impact of rising cost by continuously introducing new suppliers and self-developed critical materials.

Local Procurement percentage:

Year	Taiwan	Dongguan	Suzhou	Guangzhou
2022	70%	74%	99%	94%

5.2.4 The names, procurement (sales) amounts and ratio for suppliers whose total procurement (sales) for any year in the last two years reached 10%.

1. Major supplier information for the last two years

There is no supplier accounting for more than 10% of total amount of purchases.

2. Major customer information for the last two years

There is no customer accounting for more than 10% of the total sales amount.

5.2.5 Output volume and value for the last two years

Unit : Kpcs ; Kgs ; NT\$ thousands

Year/Output volume and value Main Products		2021			2022		
		Capacity	Output volume	Value	Capacity	Output volume	Value
MLCC	Kpcs	642,521,000	527,236,220	20,582,882	654,656,000	298,866,847	11,756,635
Chip-R	Kpcs	652,370,122	596,323,567	7,932,095	707,566,164	447,695,341	6,858,672
RF	Kpcs	5,250,000	3,941,924	5,273,234	5,782,612	2,036,824	4,693,723
Protection components	Kpcs	20,000,000	17,617,140	2,351,571	20,000,000	15,026,892	840,724
Powder	Kgs	4,862,000	4,716,427	1,466,449	4,862,000	2,323,760	743,827
Others	Kpcs	401,100	358,482	688,058	653,381	431,971	2,740,348
Total	Kpcs	1,320,542,222	1,145,477,333	36,827,840	1,388,658,157	764,057,875	26,890,102
	Kgs	4,862,000	4,716,427	1,466,449	4,862,000	2,323,760	743,827

5.2.6 Sales volume and value for the last two years

Unit : Kpcs ; Kgs ; NT\$ thousands

Year/Sales volume and value/ Main Products	Unit	2021				2022			
		Domestic Sales		Exports		Domestic Sales		Exports	
		Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
MLCC	Kpcs	41,767,675	2,532,358	418,854,278	20,374,030	26,169,940	1,699,300	305,133,804	13,842,205
Chip-R	Kpcs	34,242,186	820,907	472,872,923	8,103,212	25,090,417	634,135	390,026,130	7,411,018
RF	Kpcs	502,092	2,259,845	2,508,259	3,159,830	158,752	560,202	2,003,696	4,703,072
Protection components	Kpcs	2,620,416	564,640	13,321,663	2,324,533	1,018,738	288,486	11,803,425	2,401,870
Powder	Kgs	559,881	180,834	620,063	151,803	423,731	136,938	481,437	151,844
Others	Kpcs	22,420	14,629	477,430	1,622,087	18,803	16,582	477,707	3,451,511
Total	Kpcs	79,154,789	6,373,213	908,034,553	35,735,495	52,456,650	3,335,643	709,444,762	31,961,520
	Kgs	559,881		620,063		423,731		481,437	

5.3 Workforce Structure

Workforce Structure from the last two years and up to the date of publication of the annual report:
Employee Information

Employee Information

Fiscal Year		2021	2022	2023 up to March 31
Number of employees	Director Employee	10710	7828	8056
	Indirector Employee	3214	2996	2854
	Total	13924	10824	10910
Average age		31.4	31.8	34.0
Average years of service		4.4	4.7	6.2
Education background (%)	Ph.D	0.19%	0.28%	0.28%
	Master's	2.97%	3.55%	3.56%
	University/College	29.14%	31.91%	30.63%
	Senior High School	22.48%	23.55%	23.69%
	Senior High School and below	45.22%	40.72%	41.85%

5.4 Environmental protection expenses information

5.4.1 In the most recent year and as of the publication date of the public prospectus. The company's losses due to environmental pollution (including violations of environmental protection laws and regulations, compensation dates, scale of sanctions, violations of laws and regulations, violations of laws and regulations, sanctions compensation and environmental protection audit results), including current and future estimated amounts and Countermeasures. If it cannot be reasonably estimated, the facts that it cannot be reasonably estimated shall be stated:

1.The annual loss (as of the date of publishing annual report) due to environmental pollution is reported as follows, (including compensations for violating regulations for environment protection after being audited by environment protection officials. Itemize compensation with the information of date, penalty ID number, the regulations being violated, the details of the regulations, and the details of penalty.)

Unit : NT\$ thousands

Annual Pollution types	2022	Before the end of April 2023
Fail to follow Air Pollution Control Act or Water Pollution Control Act.	10	-
Fail to follow Toxic and Concerned Chemical Substances Control Act.	-	-
Fail to follow Waste Disposal Act.	-	-
Total (unit: NTD thousand)	10	-

(1) A grade-A waste water specialist is also an occupational safety and health administrator of WTC Kaoshiung East 15 plant. According to Article 15 of the Wastewater (Sewage) Treatment Special Unit or Personnel Establishment and Management Measures, he is full-time responsible for the business stipulated in Article 22, which has violated Article 18 of the same Measures. "Enterprises or sewage sewer systems shall make the wastewater (sewage) treatment specialists or agents set up in these Regulations comply with the following requirements..." stipulations.

(2) Actions to improve: The improvement has been completed.

5.5 Labor Relations

5.5.1 List of employee benefits, in-service training, internal training, retirements system, and implementation status. As well as employer-employee agreements and protection measures for employee entitlements:

(1) Employee welfare measures

Employee welfare planning is an important factor in maintaining labor relations. Since the establishment of the Employee Welfare Committee on April 26, 1983, the company has planned various welfare measures (including festivals vouchers, birthday vouchers, company trip, wedding and funeral celebration subsidies, appointed stores, movie tickets, restaurant meal vouchers, and club subsidies, etc.) The company also provides rental allowances, transportation vehicles, work meal, contract medical institution discounts, contract kindergartens, regular health checks, employee education scholarships, employee emergency relief, and group insurance in the care of employees. However, due to the impact of the covid-19 epidemic, many group activities were canceled and gift certificates were issued instead; a total of 3 activities will be held in 2022, and a total of 7,620 employees participated in the activities organized by the company. (2) Employee training and education

For the company, talent cultivation is one of the fastest and most effective ways to strengthen the personal abilities of employees and meet the current changes in talents and technology. The company's implementation is as follows:

- ① The Company has established a complete, diversified learning environment in accordance with the Education and Training Management Procedures. Human resources colleagues are responsible for the planning and implementation of the education and training of all employees and the development of human resources.
- ② There are a total of 155 training courses in 2022 (including online courses. The training totals of 9,593 person-hours (including internal and external training). The company implements the training and experience inheritance of internal lecturers through the "Internal Lecturer Selection Method". Staff and professions are strengthened. In addition, we continue to apply for funding subsidies through education and training, and invest training funds to enhance the overall competitiveness of the company.
- ③ In addition to internal training courses for colleagues to further their studies, employees are also encouraged to participate in training courses arranged by external professional organizations. The relevant information will be provided to colleagues in written or electronic files from time to time. The courses and trainings attended by each colleague are filed and managed and provided to relevant supervisors for reference. By motivating employees' growth through employee education and training and integrating their knowledge into the company's daily management and work, it

can improve the performance and work quality of the company's various departments.

- ④ To encourage employers' continuing development and personal growth, in accordance with the In-service Continuing Education Regulations, we recommend that employees study for Master's or Ph.D. degrees at Ministry of Education-accredited domestic universities or approved foreign universities, and the company will subsidize relevant costs. So far, there are at least 28 employees have benefited. In addition, in order to encourage employees to improve their foreign language skills, the company also provides funding subsidies for foreign language courses.
- ⑤ The company was awarded the TTQS corporate benchmark award in 2000. The company cooperates with government policies to participate in the promotion and implementation of various employment policies. The total amount of subsidies received in the past 10 years has reached NT\$ 9.75 million. In addition, it also promotes the improvement of the company's education and training system through external evaluation and feedback.

(3) Retirement system

The company has drafted retirement regulations in line with the requirements of the Labor Standards Law and Labor Pension Act. It makes contributions to the pension reserve for its employees under the old or new pension plan. Employees under the new pension plan pursuant to the Labor Pension Act: Monthly contributions are made at 6% of the corresponding pay grade into the employees' personal pension accounts and show the amount of the allocation in the monthly payroll.

As the company has been in business for more than 45 years. In consideration of the company's sustainable operation, it has formulated preferential retirement measures for those with old retirement years, so that the company can smoothly carry out organizational inheritance and improve overall operating performance. In 2022, a total of 23 retirees will be handled, and a total of NT\$26,959,847 will be paid for the old pension.

(4) Labor-management harmony and employee rights maintenance measures

Since the establishment of the company's trade union, the company has adopted two-way communication for policy promotion, employees' voices, and counseling. Labor-management meetings and occupational safety meetings are held quarterly, and employer representatives and employee representatives face-to-face communication, and timely response to employee problems and needs. The company has conducted employee satisfaction surveys on a regular basis since 2004. To understand the satisfaction of employees in all aspects of the company in terms of organizational operations, supervisor leadership, promotion assessment, salary and benefits, working environment, education and training, and respond to the immediate needs of employees. In 2022, there will be a total of 8 labor-management meetings, 8 occupational safety meetings and 1 union member representative meeting.

5.5.2 Losses (including violations of the Labor Standards Act named in labor inspections, which should list the date, document number, article number, content of the regulations violated, and penalty description) incurred for labor disputes in last two years and up to the publication date of this annual report: none

Estimated losses due to current and possible future labor-management disputes and response measures : All the company's systems are in compliance with laws and regulations, so the risk of labor disputes is extremely low. If disputes occur in the future, they will be coordinated through the Labor Bureau or other units so that the company will not suffer losses.

5.6 Cybersecurity management

1. Describe the information security risk management structure, information security policy, specific management plan and investment in information security management resources, etc:

To reinforce cyber security protection and management, Walsin Technology Corporation organized the "Cyber Security Committee" to guide the planning, execution and monitoring of cyber security policies. The committee was convened by the Chief Information Officer and the members of it were composed of Walsin Technology functional division heads. The cyber security management leader acted as the executive secretary of the committee. Cyber security task force, emergency response task force and cyber security auditing task force were established to initiate, execute, monitor and evaluate cyber security related tasks and projects. Each member of the committee has to attend professional cyber security training courses annually.

The vision of cyber security policies at Walsin Technology is to protect company's trade secret from breaching, invoke employees to the awareness of cyber-attacks, implement cyber security management on daily operation and make sure high availability of all IT services. Through the implementation of ISO27001 system, Walsin leverages this system to manage and monitor all the security threats and risks for all the information systems and equipment. We renewed our ISO27001 system certification on Nov. 30th 2022.

In year 2022, 573 indirect employees have completed the online cyber security training courses; 119 attendances have completed 6 professional cyber security training courses. Five cyber security projects were implemented to strengthen cyber security protection in year 2022, including virtual desktop infrastructure for key talents, mobile device management project, standardized remote desktop setting, vulnerability blocking project as well as endpoint protection upgrading project. We continuously joined cyber security mutual aid organization for information sharing. Through the realization of cyber security management, we continuously reinforce our cyber security protection and reduce the operation risk.

2. Walsin Technology regularly conducts the network and equipment vulnerability scans. All the system security vulnerabilities were repaired and blocked according to the scanning findings. We also joined the Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC) to obtain the most updated cyber threat intelligence. We made all effort to prevent hackers from attacking our domain. In year 2022, the Cyber Security Committee board management review meeting has reported no major cyber security incidents that seriously impact the operation.

5.7 Material Contracts

Nature of Contract	Contracting Parties	Contract Term Dates	Main Content	Restrictive Clauses
Loan contract	Hua Nan Bank	2022.08.19 ~ 2025.08.19	Total credit line of NT\$1.5 billion and promissory note guarantee	Three-years period, principal repayment at maturity
Loan contract	Far Eastern International	2022.09.30 ~ 2025.09.30	Total credit line of NT\$ 500 million and	Three-years period, principal repayment

	Bank		promissory note guarantee	at maturity
Loan contract	KGI Bank	2021.08.25 2024.08.25	~ Total credit line of NT\$2.5billion and promissory note guarantee	Three-year period, with principal repayment starting from 2023.02.25
Loan contract	Taipei Fubon Bank	2022.10.21 2025.10.21	~ Total credit line of NT\$ 300 million and promissory note guarantee	Three-year period, principal repayment at maturity
Loan contract	Bank of Taiwan	2021.09.17 2024.09.17	~ Total Credit line of NT\$3.5 billion and promissory note guarantee	Three-year period, with principal repayment starting from 2023.12.17
Loan contract	Entie Commercial Bank., Ltd.	2022.11.24 2025.11.24	~ Total credit line of NT\$ 600 million and promissory note guarantee	Three-year period, principal repayment at maturity
Loan contract	E.Sun Commercial Bank, Ltd.	2023.02.17 2025.02.17	~ Total credit line of NT\$ 500 million and promissory note guarantee	Two-year period, principal repayment at maturity
Loan contract	CTBC BANK	2022.07.31 2024.07.31	~ Total credit line of NT\$ 50 million and promissory note guarantee	Two-year period, principal repayment at maturity
Loan contract	Taishin International Bank	2023.03.31 2026.03.31	~ Total credit line of NT\$ 500 million and promissory note guarantee	Three-year period, principal repayment at maturity
Loan contract	Cathay United Bank	2022.08.26 2024.08.26	~ Total credit line of NT\$ 200 million and promissory note guarantee	Two-year period, principal repayment at maturity
Loan contract	Bank of Taiwan	2020.03.18 2025.03.18	~ Total Credit line of NT\$1 billion and promissory note guarantee	Five-year period, With principal repayment starting in the fourth year
Loan contract	E.Sun Commercial Bank	2020.04.08 2025.03.15	~ Total Credit line of NT\$1 billion and promissory note guarantee	Five-year period, with principal repayment starting in the fourth year
Loan contract	First Commercial Bank	2020.04.30 2025.04.15	~ Total Credit line of NT\$2 billion and promissory note guarantee	Five-year period, with principal repayment starting in the fourth year
Loan contract	Chang Hwa Commercial Bank	2020.05.08 2025.04.15	~ Total Credit line of NT\$1.7 billion and promissory note guarantee	Five-year period, with principal repayment starting in the fourth year
Loan contract	CTBC Bank Tokyo branch, Japan (Note 1)	2022.09.22 2025.09.22	~ The total credit line of 2 billion yen and guarantee letter	Three-year period, principal repayment at maturity
Loan contract	E.Sun Commercial Bank, Tokyo branch, Japan (Note 2)	2022.12.23 2025.12.23	~ The total credit line of 1.5 billion yen and guarantee letter	Three-year period, principal repayment at maturity
Loan contract	Taishin International Bank Tokyo branch, Japan	2021.09.03 2024.05.31	~ The total credit line of 750 million yen and guarantee letter	Three-year period, principal repayment at maturity

	(Note 3)			
Loan contract	Taishin International Bank Tokyo branch, Japan (Note 3)	2023.01.10 2025.12.16	~ The total credit line of 600 million yen and guarantee letter	Three-year period, principal repayment at maturity
Loan contract	MIZUHO Kawasaki Branch (Note 4)	2020.06.15 2026.03.31	~ Total credit line of 1.98 billion yen and collateral	Six-year period, the first year is a buffer period, and only interest is paid first. After that, the principal is repaid and interest is paid at 50 million yen every three months from the second year, and the remaining principal is repaid at 1.05 billion yen in the final period with interest repayment also.
Loan contract	SMBC Bank Japan Yamato Branch (Note 5)	2022.11.15 2025.11.15	~ The total credit line of 1.47 billion yen and guarantee letter	Three-year period, with every 6 months as a period, to amortize the principal of 245,000 thousand yen in every period.
Loan contract	SMBC Bank Japan Yamato Branch (Note 5)	2022.11.15 2025.11.15	~ The total credit line of 1.95 billion yen and guarantee letter	Three-year period, with every 6 months as a period, a total of 5 installments to amortize the principal of 155,000 thousand yen, and the remaining principal 1,175 million will be repaid in the last installment
Loan contract	Citibank Berhad Tokyo Branch (Note 6)	2022.06.22 2024.06.22	~ The total credit line of 550million yen and guarantee letter	Two-year period, principal repayment at maturity
Loan contract	United Overseas Bank(Note 7)	2021.04.16 2024.04.16	~ The total credit line of 740 million yen and guarantee letter	Three-year period, For the first 12 installments, only interest will be repaid each month, and the thirteenth to thirty-sixth installments will repay the principal plus interest every month
Loan contract	Taishin International Bank (Note 8)	2019.12.10 2024.12.10	~ Total credit line of NT\$ 600 million and promissory note guarantee	Five-year period, three-year grace period for principal repayment, principal amortized in 24

				installments
Loan contract	E.Sun Commercial Bank. (Note 9)	2019.12.26 2024.12.15	~ Total credit line of NT\$ 600 million and promissory note guarantee	Five-year period, three-year grace period for principal repayment , principal amortized in 24 installments
Loan contract	First Commercial Bank (Note 10)	2020.03.02 2025.03.02	~ Total credit line of NT\$ 900 million	Five-year period, three-year grace period for principal repayment , principal amortized in 24 installments
Land lease Contract	Taiwan Cement Corporation (Note 11)	2012.07.01~2029.06.30	Land lease for factory and dormitory at Taoyuan plant	Must not be sublet, lent or otherwise made available to others
Loan contract	E.Sun Commercial Bank. (Note 12)	2020.03.16 2025.03.15	~ Total credit line of NT\$ 500 million and promissory note guarantee	Five-year period, three-year grace period, repayment monthly on maturity
Loan contract	CTBC BANK (Note 13)	2021.12.24 2026.12.15	~ Total credit line of NT\$ 450 million and promissory note guarantee	Five-year period, three-year grace period, repayment quarterly on maturity
Loan contract	Chang Hwa Commercial Bank (Note 14)	2020.08.24 2027.08.15	~ Total credit line of NT\$ 583.2 million	Seven-year period, three-year grace period, repayment monthly on maturity
Loan contract	Chang Hwa Commercial Bank (Note 14)	2021.05.03 2031.04.15	~ Total credit line of NT\$ 384 million	Ten-year period, Three-year grace period, repayment monthly on maturity
Loan contract	Chang Hwa Commercial Bank (Note 14)	2021.02.20 2026.07.31	~ Total credit line of NT\$ 500 million	Five-year period, two-year grace period. Amortized evenly on a quarterly basis
Loan contract	Hua Nan Bank (Note 15)	2020.12.18 2025.12.18	~ Total credit line of NT\$ 300million	Five-year period, two-year grace period. Monthly evenly amortized at maturity
Loan contract	Far Eastern International Bank (Note 16)	2021.03.08 2024.03.08	~ Total credit line of NT\$ 500 million and promissory note guarantee	Three-year period, principal repayment at maturity.
Loan contract	Mega International Commercial Bank (Note 17)	2021.03.24 ~ 2026.03.23	Total credit line of NT\$ 500 million and promissory note guarantee	Five-year period, two-year grace period, repayment monthly on maturity.

Loan contract	Cathay United Bank Co., Ltd. (Note 18)	2022.05.26 ~ 2024.05.26	Total credit line of NT\$ 300 million and promissory note	Two-year period, repayment after 180 days .
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Note 1: It was signed by Kamaya Electric Co., Ltd., a subsidiary of the company, and CTBC Bank Tokyo branch, Japan.

Note 2: It was signed by Kamaya Electric Co., Ltd., a subsidiary of the company, and E.Sun Commercial Bank, Ltd. Tokyo branch, Japan.

Note 3: The agreement was signed between Kamaya Electric Co., Ltd., a subsidiary of the company, and Taishin International Bank Tokyo branch, Japan

Note 4: It was signed by the company's subsidiary Kamaya Electric Co., Ltd. and MIZUHO Japan Kawasaki branch.

Note 5: The agreement was signed between Kamaya Electric Co., Ltd., a subsidiary of the company, and SMBC Bank Yamato branch, Japan.

Note 6: The agreement was signed between Kamaya Electric Co., Ltd., a subsidiary of the company, and Citibank Tokyo branch, Japan.

Note 7: It was signed by KAMAYA ELECTRIC (M) SDN. BHD., a subsidiary of the company, and UOB Bank, Malaysia.

Note 8: It was signed by PROSPERITY DIELECTRICS CO., LTD. a subsidiary of the company, and Taishin International Bank .

Note 9: It was signed by PROSPERITY DIELECTRICS CO., LTD. a subsidiary of the company, and E.Sun Commercial Bank, Ltd.

Note 10: It was signed by PROSPERITY DIELECTRICS CO., LTD. a subsidiary of the company, and First Commercial Bank.

Note 11: It was signed by PROSPERITY DIELECTRICS CO., LTD. a subsidiary of the company, and Taiwan Cement Corporation

Note 12: It was signed by INPAQ Technology Co.,Ltd. a subsidiary of the company, and E.Sun Commercial Bank, Ltd.

Note 13: It was signed by INPAQ Technology Co.,Ltd. a subsidiary of the company, and CTBC Bank.

Note 14: It was signed by INPAQ Technology Co.,Ltd. a subsidiary of the company, and Chang Hwa Commercial Bank.

Note 15: It was signed by INPAQ Technology Co.,Ltd. a subsidiary of the company, and Hua Nan Bank.

Note 16: It was signed by INPAQ Technology Co.,Ltd. a subsidiary of the company, and Far Eastern International Bank.

Note 17: It was signed by INPAQ Technology Co.,Ltd. a subsidiary of the company, and Mega International commercial Bank

Note 18: It was signed by INPAQ Technology Co.,Ltd. a subsidiary of the company, and Cathay United Bank Co., Ltd.

5.8 Guidelines for the Adoption of Codes of Ethical Conduct for Directors and managers

1. Purpose and the scope of adoption

In recognition of the necessity to assist the companies in their establishment of codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors, and managerial officers of company (including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company) to act in line with ethical standards, and to help interested parties better understand the ethical standards of such companies.

The director who also serves as the manager of the company, when complying with this Code, shall also apply the relevant regulations of the company's employees.

The directors mentioned in this standard apply to all directors (including independent directors) of the company.

2. Content of the code

a. Prevention of conflicts of interest:

Conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the company, as for example when a director, supervisor, or managerial officer of the company is unable to perform their duties in an objective and efficient manner, or when a person in such a position takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. The company and the aforementioned personnel or their affiliated companies' capital loans or providing guarantees and major asset transactions must be reviewed in advance by the audit committee and the board of directors, and the directors may be involved in their own interests and damage the company's interests. At the time, the directors shall abide by the system of avoiding the interests of directors as stipulated in the rules of procedure of the board of directors of the company, shall not participate in discussion and voting, shall be avoided during discussion and voting, and shall not act for other directors to exercise their voting rights. Relevant purchases (sales) of goods should be handled in consideration of the best interests of the company.

b. Minimizing incentives to pursue personal gain:

The company shall prevent its directors, supervisors, or managerial officers from engaging in any of the following activities: (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions. (2) Obtaining personal gain by using company property or information or taking advantage of their positions. (3) Competing with the company. When the company has an opportunity for profit, it is the responsibility of the directors, supervisors, and managerial officers to maximize the reasonable and proper benefits that can be obtained by the company.

c. Confidentiality:

The directors, supervisors, and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and

customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.

d. Fair trade:

Directors, supervisors, and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

e. Safeguarding and proper use of company assets:

All directors, supervisors, and managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; avoid any theft, negligence in care, or waste of the assets which will all directly impact the company's profitability.

f. Legal compliance:

The company shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.

g. Encouraging reporting on illegal or unethical activities:

The company shall raise awareness of ethics internally and encourage employees to report to a company supervisor, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the company shall establish a concrete whistle-blowing system and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.

h. Disciplinary measures:

When a director, supervisor, or managerial officer violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. It is advisable that the company establish a relevant complaint system to provide the violator with remedies.

3. Procedures for exemption

The code of ethical conduct adopted by a company must require that any exemption for directors, supervisors, or managerial officers from compliance with the code be adopted by a resolution of the board of directors, and that information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an

exemption occurs.

4. Method of disclosure

company shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses and on the MOPS.

5. Implementation

This standard shall be implemented after being approved by the board of directors and submitted to the shareholders' meeting report, and the same shall apply when amended.

This standard was set on November 11th, 2014. It was revised for the first time by a resolution of the board of directors on March 23, 2015. It was revised for the second time by the resolution of the board of directors on July 30, 2019.

5.9 Work environment and personal safety protection measures for employees (for example: measures to protect employees from occupational injuries, deaths or struggles)

1. The company's factories all follow Occupational Safety and Health Act for all employees when they are on duty. Routine protocols have been set up for employees, and occupational education and training have been offered to employees on a regular basis. These efforts have created a safe working environment, where employees will be protected when they are on duty.

2. The company's factories have passed the standards recognized by International ISO45001 Occupational Safety and Health Management System. We will set up a procedure manual for system operations. The internal inspection will be conducted annually and will receive an evaluation certificate from a third party to ensure that the company meets the criteria of the regulation in discussion in order to keep the safety of the employees.

3. Group insurance: all employees receive group insurance as benefits offered by the company. In case of work injury, every employee will be covered by worker insurance and group insurance with reasonable compensation. The employees will happily work without worrying about their health benefits

Financial Highlights and Analysis

6.1 Financial Highlights

6.1.1 Condensed Balance Sheet & Statement of Comprehensive Income - IFRSs

◆ Condensed Balance Sheet – IFRSs (Consolidated)

Unit: NT\$ thousands

Year Item		Consolidated financial data of last 5 years (Note1)				
		2018	2019	2020	2021	2022
Current Assets		36,573,150	29,082,633	39,663,969	41,187,886	42,078,074
Property, Plant and Equipment		15,872,508	17,989,602	23,031,847	30,449,546	28,352,902
Intangible Assets		7,947	4,986	590,817	795,266	684,490
Other Asset		11,014,897	13,074,733	18,793,862	21,747,507	20,616,029
Total Assets		63,468,502	60,151,954	82,080,495	94,180,205	91,731,495
Current Liabilities	Before Distribution	21,234,642	16,322,976	19,655,382	21,557,432	19,230,081
	After Distribution	29,153,182	18,994,876	22,570,212	23,743,551	(Note2)
Noncurrent Liabilities		4,919,217	7,283,821	16,770,919	19,093,619	18,917,380
Total Liabilities	Before Distribution	26,153,859	23,606,797	36,426,301	40,651,051	38,147,461
	After Distribution	34,072,399	26,278,697	39,341,131	42,837,170	(Note2)
Equity Attributable to Shareholders of the Parent		34,694,408	33,829,062	38,620,462	44,388,842	44,280,924
Capital Stock		4,858,000	4,858,000	4,858,043	4,858,043	4,858,043
Capital Surplus		5,388,015	5,619,231	6,006,342	3,111,622	3,111,159
Retained Earnings	Before Distribution	24,091,592	22,843,141	26,686,269	34,665,792	34,236,105
	After Distribution	16,173,052	20,171,241	23,771,439	32,479,673	(Note2)
Other Equity		567,391	544,450	1,069,808	1,989,765	2,311,997
Treasury Shares		(210,590)	(35,760)	0	(236,380)	(236,380)
Noncontrolling Interests		2,620,235	2,716,095	7,033,732	9,140,312	9,303,110
Total Equity	Before Distribution	37,314,643	36,545,157	45,654,194	53,529,154	53,584,034
	After Distribution	29,396,103	33,873,257	42,739,364	51,343,035	(Note2)

Note 1: The financial data of the years from 2018 to 2022 have been audited by CPAs.

Note 2: The proposal for the year 2022 appropriation of earning will be approved with resolution by the company's board of directors and 2023 annual shareholders' meeting.

6.1.2 Condensed Balance Sheet - Unconsolidated (Based on IFRSs)

Unit: NT\$ thousands

Years Items		Financial Summary for the Last Five Years				
		2018	2019	2020	2021	2022
Current Assets		11,230,033	4,264,954	12,818,862	9,233,860	11,448,802
Property, Plant and Equipment		8,718,051	10,259,785	12,842,862	17,661,063	15,476,272
Intangible Assets		2,488	1,762	85,251	72,032	64,104
Other Assets		31,634,451	36,574,735	38,775,576	44,923,736	43,333,871
Total Assets		51,585,023	51,101,236	64,522,551	71,890,691	70,323,049
Current Liabilities	Before Distribution	13,576,516	12,662,499	13,570,608	13,755,003	13,569,634
	After Distribution	21,495,056	15,334,399	16,485,438	15,941,122	Note1
Non-current Liabilities		3,314,099	4,609,675	12,331,481	13,746,846	12,472,491
Total Liabilities	Before Distribution	16,890,615	17,272,174	25,902,089	27,501,849	26,042,125
	After Distribution	24,809,155	19,944,074	28,816,919	29,687,968	Note1
Capital Stock		4,858,000	4,858,000	4,858,043	4,858,043	4,858,043
Capital Surplus		5,388,015	5,619,231	6,006,342	3,111,622	3,111,159
Retained Earnings	Before Distribution	24,091,592	22,843,141	26,686,269	34,665,792	34,236,105
	After Distribution	16,173,052	20,171,241	26,686,269	32,479,673	Note1
Other Equity		597,391	544,450	1,069,808	1,989,765	2,311,997
Treasury Stock		(210,590)	(35,760)	0	(236,380)	(236,380)
Total Equity	Before Distribution	34,694,408	33,829,062	38,620,462	44,388,842	44,280,924
	After Distribution	26,775,868	31,157,162	35,705,632	42,202,723	Note1

Note1 : The proposal for 2022 appropriation of earnings will be approved with resolution by the Company's board of directors and the 2023 shareholders' meeting.

6.1.3 Condensed Comprehensive Income Statement - IFRSs (Consolidated)

Unit: NT\$ thousands (Except EPS: NT\$)

Item \ Year	Consolidated financial data of last 5 years (Note1)				
	2018	2019	2020	2021	2022
Operating Revenue	47,755,334	30,134,180	35,599,249	42,108,708	35,297,163
Gross Profit (Loss)	28,846,039	10,354,117	11,243,055	12,512,383	6,299,748
Income (Loss) from Operations	25,201,277	7,693,709	7,913,539	8,399,582	2,060,933
Non-operating Income and Expenses	406,626	1,272,859	1,121,268	2,250,332	1,476,960
Profit (Loss) before Income Tax	25,607,903	8,966,568	9,034,807	10,649,914	3,537,893
Profit (Loss) from continuing operations	20,529,452	7,081,196	7,217,645	8,961,076	2,295,275
Profit (Loss) from Discontinuing Operations	0	0	0	0	0
Net Income (Loss)	20,529,452	7,081,196	7,217,645	8,961,076	2,295,275
Other Comprehensive Income (Loss) for the Year, Net of Income Tax	(449,643)	72,511	630,752	1,157,168	218,387
Total Comprehensive Income (Loss) for the Year	20,079,809	7,153,707	7,848,397	10,118,244	2,513,662
Net Income (Loss) Attributable to: Owners of the Parent Company	19,704,564	6,648,906	6,632,254	7,931,941	1,650,587
Net Income (Loss) Attributable to: Noncontrolling Interests	824,888	432,290	585,391	1,029,135	644,688
Total Comprehensive Income (Loss) Attributable to: Owners of the Parent Company	19,379,407	6,678,269	6,992,951	8,917,652	2,078,221
Total Comprehensive Income (Loss) Attributable to: Noncontrolling Interests	700,402	475,438	855,446	1,200,592	435,441
Earnings (Loss) Per Share	40.75	13.72	13.66	16.35	3.40

Note 1: The financial data of the years from 2018 to 2022 have been audited by CPAs.

6.1.4 Condensed Income Statements - Unconsolidated (Based on IFRSs)

Unit: NT\$ thousands (Except EPS: NT\$)

Year Items	Financial Summary for the Last Five Years				
	2018	2019	2020	2021	2022
Net Sales	26,881,744	15,253,884	17,854,068	22,257,779	15,844,548
Gross Profit	13,384,316	2,430,568	4,884,530	5,350,426	633,142
Operating Income	10,101,480	3,012,847	3,357,599	3,763,948	389,850
Non-operating Revenue and Expense	11,655,903	4,669,690	3,954,028	4,800,300	1,299,699
Profit before Taxes	21,757,383	7,682,537	7,311,627	8,564,248	1,689,549
Gain from Continued Operations	19,704,564	6,648,906	6,632,254	7,931,941	1,650,587
Loss from Discontinued Operations	-	-	-	-	-
Profit for the year	19,704,564	6,648,906	6,632,254	7,931,941	1,650,587
Other comprehensive income, net of income tax	(325,157)	29,363	360,697	985,711	427,634
Total comprehensive income for the year	19,379,407	6,678,269	6,992,951	8,917,652	2,078,221
Earnings Per Share	40.75	13.72	13.66	16.35	3.40

6.1.5 Auditors' Opinions for past 5 years

Year	2018	2019	2020	2021	2022
CPA	MING-YU CHIU Hung-Bin Yu	Chin-Chuan Shih Hung-Bin Yu	Chin-Chuan Shih Hung-Bin Yu	Chin-Chuan Shih Kuo-Tyan Hong	Chin-Chuan Shih Kuo-Tyan Hong
Audit opinion	Unmodified opinion	Unmodified opinion	Unmodified opinion	Unmodified opinion with other matter section	Unmodified opinion with other matter section

6.2 Financial Analysis

6.2.1 Financial Analysis - IFRSs (Consolidated)

Year		Consolidated financial analysis of last 5 years				
		2018	2019	2020	2021	2022
Item(Note1)						
Capital Structure Analysis (%)	Debts Ratio	41.20	39.24	44.34	43.16	41.58
	Long-term Fund to Property, Plant and Equipment	266.08	243.63	271.03	238.50	255.71
Liquidity Analysis (%)	Current Ratio	172.23	178.16	201.79	191.06	218.81
	Quick Ratio	140.83	150.86	170.50	145.00	176.98
	Times Interest Earned (Times)	237.21	105.01	49.63	52.12	14.39
Operating Performance Analysis	Average Collection Turnover (Times)	4.29	2.70	3.80	3.81	3.47
	Days Sales Outstanding	85	135	96	96	105
	Average Inventory Turnover (Times)	3.70	3.68	4.74	3.78	3.30
	Average Payment Turnover (Times)	6.32	6.99	7.13	6.47	7.58
	Average Inventory Turnover Days	99	99	77	97	111
	Property, Plant and Equipment Turnover (Times)	4.01	1.77	1.73	1.57	1.20
	Total Assets Turnover (Times)	0.96	0.48	0.50	0.47	0.37
Profitability Analysis	Return on Total Assets (%)	41.85	11.56	10.35	10.35	2.69
	Return on Equity (%)	76.15	19.40	18.30	19.11	3.72
	Pre-tax Income to Paid-in Capital Ratio (%)	527.12	184.57	185.97	219.22	72.82
	Net Margin (%)	42.98	23.49	20.27	21.28	6.50
	Earnings (Loss) Per Share (NT\$)	40.75	13.72	13.66	16.35	3.40
Cash Flow	Cash Flow Ratio (%)	77.33	80.38	61.52	52.79	46.45
	Cash Flow Adequacy Ratio (%)	133.23	110.94	112.91	98.98	103.60
	Cash Flow Reinvestment Ratio (%)	22.48	7.69	10.33	7.83	5.96
Leverage	Operating Leverage	1.31	2.36	2.42	2.13	7.70
	Financial Leverage	1.00	1.01	1.02	1.02	1.14

Explanation for deviation of the year 2022 vs. 2021 financial ratios:

1. Increased in Quick Ratio (%) : Mainly due to the increase in cash and cash equivalents.
2. Decreased in Times Interest Earned (Times): Mainly due to the decrease in earnings before interest and taxes.
3. Decreased in Property, Plant and Equipment Turnover (Times): Mainly due to the decrease in operating revenue.
4. Decreased in Total Assets Turnover (Times) : Mainly due to the decrease in operating revenue.
5. Decreased in Return on Total Assets (%) : Mainly due to the decrease in net income.
6. Decreased in Return on Equity (%) : Mainly due to the decrease in net income.
7. Decreased in Pre-tax Income to Paid-in Capital Ratio (%) : Mainly due to the decrease in pre-tax income.
8. Decreased in Net Margin (%) : Mainly due to the decrease in net income.
9. Decreased in Earnings Per Share : Mainly due to the decrease in net income attributable to owners of the parent company.
10. Decreased in Cash Flow Reinvestment Ratio (%) : Mainly due to the decrease in cash provided by operating activities.
11. Increased in Operating Leverage : Mainly due to the decrease in income from operations.

The calculation formula of financial analysis is as follows:

1. Capital Structure Analysis

(1) Debt Ratio = Total Liabilities / Total Assets

(2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Liquidity Analysis

(1) Current Ratio = Current Assets / Current Liabilities

(2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

(3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance Analysis

(1) Average Collection Turnover = Operating Revenue / Average Trade Receivables

(2) Days Sales Outstanding = 365 / Average Collection Turnover

(3) Average Inventory Turnover = Cost of Sales / Average Inventory

(4) Average Inventory Turnover Days = 365 / Average Inventory Turnover

(5) Average Payment Turnover = Cost of Sales / Average Trade Payables

(6) Property, Plant and Equipment Turnover = Operating Revenue / Average Net Property, Plant and Equipment

(7) Total Assets Turnover = Operating Revenue / Average Total Assets

4. Profitability Analysis

(1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets

(2) Return on Equity = Net Income / Average Equity

(3) Net Margin = Net Income / Operating Revenue

(4) Earnings Per Share = (Net Income Attributable to Owners of the Parent Company - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5. Cash Flow

(1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities

(2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend

(3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)

6. Leverage

(1) Operating Leverage = (Operating Revenue - Variable Cost) / Income from Operations

(2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

6.2.2 Financial Analysis - Unconsolidated (Based on IFRSs)

Analysis Items		Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022
Capital structure (%)	Debt Ratio	32.74	33.80	40.14	38.25	37.03
	Ratio of Long-term Capital to Property, plant and equipment	435.97	374.65	396.73	329.17	366.71
Liquidity analysis (%)	Current Ratio	82.72	33.68	94.46	67.13	84.37
	Quick Ratio	68.12	23.47	81.90	48.67	71.31
	Interest Coverage Ratio (Times)	238.77	104.41	50.82	54.17	9.52
Operating Performance	Accounts Receivable Turnover (Times)	6.05	3.65	6.07	5.51	4.50
	Average Collection Period	60	100	60	66	81
	Inventory Turnover (Times)	9.37	8.20	8.93	8.18	7.22
	Accounts Payable turnover (Times)	11.87	7.55	5.86	6.73	6.38
	Average Days in Sales	38	44	41	45	50
	Property, plant and equipment Turnover (Times)	4.28	1.61	1.55	1.45	0.95
	Total Assets Turnover (Times)	0.68	0.30	0.31	0.32	0.22
Profitability analysis	Return on Total Assets (%)	49.94	13.07	11.68	11.81	2.54
	Return on Stockholders' equity (%)	76.15	19.40	18.30	19.11	3.72
	Pre-tax Income to Paid-in Capital (%)	447.87	158.14	150.51	176.29	34.77
	Profit Ratio (%)	73.30	43.59	37.15	35.63	10.41
	Earnings Per Share (NT\$)	40.75	13.72	13.66	16.35	3.40
Cash Flow (Note 2)	Cash Flow Ratio (%)	66.81	54.52	23.86	65.63	27.20
	Cash Flow Adequacy Ratio (%)	122.26	83.40	71.78	76.49	77.17
	Cash Reinvestment Ratio (%)	15.41	(2.11)	0.91	8.60	2.05
Leverage	Operating Leverage	1.54	1.83	2.24	2.32	12.59
	Financial Leverage	1.01	1.03	1.05	1.04	2.03

Analysis for deviation over 20% of 2022 vs. 2021 financial ratio:

- A. Increased in Current Ratio and Quick Ratio: mainly due to current assets for the year ended December 31, 2022 increased.
- B. Decreased in Interest Coverage Ratio (Times): mainly due to profit reduction for the year.
- C. Decreased in Accounts Receivable Turnover and increased in Average Collection Period: mainly due to Net Sales went down for the year.
- D. Decreased in Property, plant and equipment Turnover (Times): mainly due to Net Sales went down for the year.
- E. Decreased in each ratio of Profitability analysis: mainly due to profit reduction for the year.
- F. Decreased in Cash Flow Ratio and Cash Reinvestment Ratio: mainly due to the net cash generated from operating activities decreased.
- G. Increased in Operating Leverage and Financial Leverage: mainly due to profit reduction for the year.

Note : Financial analysis formulas see previous table.

6.3 Audit Committee's Review Report

Audit Committee's Review Report

To: The 2023 Annual General Shareholders' Meeting of Walsin Technology Corporation

The Board of Directors has prepared the Company's 2022 Business Report and Financial Statements. The Financial Statements had been audited by Deloitte & Touche Certified Public Accountants, Chin-Chuan Shih and Kuo-Tyan Hong and has issued an audit report.

The Business Report and Financial Statements have been reviewed and determined to be correct and accurate by the Audit Committee members of Walsin Technology Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Walsin Technology Corporation
Chairman of the Audit Committee : Fan Po-Kang

February 24, 2023

6.4 Financial Statement for the Most Recent Fiscal Year : Please refer to CPA's consolidate report which attached at the end of this annual report.(Page 198~Page 317)

6.5 A Parent Company Only Financial Statement for the Most Recent Fiscal Year: Please refer to CPA's parent company report which attached at the end of this annual report.(Page 318~Page 421)

6.6 Financial Difficulties and Impacts

The Company should disclose the financial impact if the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2022 and as of the date of this Annual Report: None.

Financial Status, Operating Results and Risk Management

7.1 Financial Status

Unit: NT\$ thousands

Item	Year	2022	2021	Difference	
				Amount	%
Current Assets		42,078,074	41,187,886	890,188	2%
Property, Plant and Equipment		28,352,902	30,449,546	(2,096,644)	(7%)
Intangible assets		684,490	795,266	(110,776)	(14%)
Other assets		20,616,029	21,747,507	(1,131,478)	(5%)
Total Assets		91,731,495	94,180,205	(2,448,710)	(3%)
Current Liabilities		19,230,081	21,557,432	(2,327,351)	(11%)
Non-current Liabilities		18,917,380	19,093,619	(176,239)	(1%)
Total Liabilities		38,147,461	40,651,051	(2,503,590)	(6%)
Total Equity attributable to owners of the Company		44,280,924	44,388,842	(107,918)	0%
Capital Stock		4,858,043	4,858,043	0	0%
Capital Surplus		3,111,159	3,111,622	(463)	0%
Retained Earnings		34,236,105	34,665,792	(429,687)	(1%)
Other equity		2,311,997	1,989,765	322,232	16%
Treasury Shares		-236,380	-236,380	0	0%
Non-controlling Interests		9,303,110	9,140,312	162,798	2%
Total Equity		53,584,034	53,529,154	54,880	0%
Explanation for significant changes :					
There is no item's deviation over 20%.					

7.2 Operating Results

Unit: NT\$ thousands

Item	Year	2022	2021	Difference	%
		Amount	Amount		
Operating Revenue		35,297,163	42,108,708	(6,811,545)	(16%)
Cost of Goods Sold		28,997,415	29,596,325	(598,910)	(2%)
Gross Profit		6,299,748	12,512,383	(6,212,635)	(50%)
Operating Expenses		4,238,815	4,112,801	126,014	3%
Income (Loss) from Operations		2,060,933	8,399,582	(6,338,649)	(75%)
Non-operating Income and Expenses		1,476,960	2,250,332	(773,372)	(34%)
Income (Loss) before Income Tax		3,537,893	10,649,914	(7,112,021)	(67%)
Income Tax Expense (Benefit)		(1,242,618)	(1,688,838)	446,220	(26%)
Net Income (Loss)		2,295,275	8,961,076	(6,665,801)	(74%)
Net Profit Attributable to Owners of The Company		1,650,587	7,931,941	(6,281,354)	(79%)
Explanation for significant changes :					
<ol style="list-style-type: none"> Decreased in Gross Profit and Income from Operations : Mainly due to the consumer market in 2022 affected by the War of Ukraine and Russia, globally inflation, China's epidemic control, etc., the sluggish demand for consumer electronics led to a decline in sales, and the insufficient utilization of newly built production capacity caused raising of production costs, therefore, the gross profit margin dropped sharply. Decreased in Non-operating Income and Expenses : Mainly due to the increase in loss on financial assets at Financial assets at fair value through profit or loss, the increase in foreign exchange gain, the decrease in share of profit of associates accounted for using the equity method, etc. Decreased in Income Tax Expense : Mainly due to the decrease in profit before income tax. 					

7.3 Cash Flow

Analysis of Cash Flow

Unit: NT\$ thousands

Cash Balance 2022/1/1	Net Cash from Operating Activities in 2022	Net Cash Flow from Investing and Financing Activities in 2022	Cash Balance 2022/12/31	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
11,261,504	8,932,537	(2,690,706)	17,503,335	—	—
<p>1. Analysis of Cash Flow:</p> <p>Operating activities : the net cash inflows of NT\$ 8,932,537 thousand, mainly due to the operating profit during the year and the payback of depreciation without actual cash outflow.</p> <p>Investing activities : the net cash outflows of NT\$ 3,592,868 thousand, mainly due to the acquisition of Property, Plant and Equipment in response to the growth of demand for future market.</p> <p>Financing activities : the net cash inflows of NT\$ 94,610 thousand, mainly due to net amount of long-term and short-term borrowings and the cash dividends .</p> <p>2. Improvement plan for insufficient liquidity: Not applicable.</p>					

7.4 Recent Years Major Capital Expenditures and Impact on Financial and Business

7.4.1 Major capital expenditures and source of funds

Unit: In Thousands of New Taiwan Dollars

Plan	Actual or Planned Source of Capital	Total Amount for 2022 and 2021	Actual Use of Capital	
			2022	2021
Factory building and Production Equipment	Cash flow generated from operations and loans.	14,830,345	4,622,248	10,208,097

7.4.2 Expected Benefits and Impact on Financial and Business:

According to the market demand forecasts and R&D strategies, we will continue to expand production capacity to meet customer needs for products and services, and expand new products and new customers to increase our long-term revenue and profit.

7.5 Reinvestment policy in the most recent year, the main reason for its profit or loss, improvement plan and investment plan for recent year

A. Investment Policy:

Familiar with the development of customers and industries, achieve the investment arrangement, and optimize high-efficiency production lines and services to meet customer demands for expanding domestic and overseas markets; Also, utilize own funds to make other investments to increase profits.

B. The main holding companies are as follows:

(In Thousands of New Taiwan Dollars)

Description	Investment amount	Policy	Main reason for profit or loss	Improvement Plan	Other future investment plans
Gallatown Developments Ltd.	NT\$6,007,788 thousand	Overseas investment holding company	The investment loss NT\$(122,119) thousand for the year 2022 mainly due to the operation of investees have been impacted by global end consumption demand declining of consumer electronics, laptops, panels, mobile phones, etc., the supply chains faced severe inventory problems, furthermore, the unscheduled regional	None	The plans depend on the demands of market.

			closures in China caused the slow destocking, so the investees continued to reduce capacity utilization to adjust inventory.	
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7.6 Risk Management

7.6.1 The impact of recent interest rates, exchange rate changes, and inflation on the company's profit and loss in the recent year and future measures

unit : NT\$ thousands

Item		Year 2022	
		Amount	Ratio
Net value of Interest income (expenditure)	Individual financial report	-126,839	-32.54%
	Consolidated financial report	250,636	12.16%
Net Values of exchange (profit) and loss	Individual financial report	284,868	73.07%
	Consolidated financial report	526,078	25.53%

(1) Impact of interest rate changes

WTC net interest income (expenditure) from individual and consolidated financial reports for the year 2022 were (126,839) thousand and 250,636 thousand, respectively, accounting for -32.54% and 12.16% of operating profit, respectively.

WTC belongs to capital-intensive industry. In order to expand production capacity and renew equipment, in addition to its own funds, it also needs external financing.

When the Covid-19 is raging around the world and the Russia-Ukraine war continues, various countries have been affected by inflation in 2022 years, and central banks of various countries have raised interest rates in response, resulting in continuous increase in interest rates and increase the company's net interest expenses.

(2) The impact of exchange rate changes:

WTC's 2022 individual and consolidated financial report conversion net losses were 284,868 thousand and 526,078 thousand, respectively, accounting for 73.07% and 25.53% of operating profit. In 2022, the U.S. Federal Reserve raised interest rates continuously in order to suppress the high inflation rate and pushed up the U.S. dollar index. Therefore, it was relatively strong against Taiwan dollar, renminbi and Japanese yen, and had a net exposure to foreign currency net assets of the company and overseas subsidiaries Liabilities are relatively favorable. Continue to properly avoid risks in the foreign currency asset and liability positions of the company and its subsidiaries, and adjust relatively favorable positions in accordance with the foreign currency exchange rate trend, hoping to reduce the adverse effects of exchange rate fluctuations.

(3) Inflation impact: Supply chain problems since the fourth quarter of last year: Chip shortages, energy shortages, and transportation bottlenecks have caused prices to rise, and unfavorable economic factors such as the global new crown pneumonia epidemic and the outbreak of the Russia-Ukraine war have caused global inflation and prompted consumption to tighten .

(4) Future countermeasures: The company and its overseas subsidiaries invest their own funds with dedicated personnel to obtain the interest rate difference with short-term, medium and long-term borrowing rates; regularly evaluate the foreign currency positions and exchange

rates of the company and overseas subsidiaries every two weeks. In the event of fluctuations, the net positions of foreign currency assets and liabilities offset and offset should be avoided as much as possible, so as to control the exchange rate evaluation profit and loss within a reasonable level and eliminate the adverse impact of exchange rate fluctuations on profit and loss.

7.6.2 The main reasons for the policy, profit or loss of high-risk, high-leverage investment, loan to others, endorsement/guarantee and derivative transactions in the recent year and future measures

- (1) In 2022, WTC did not engage in high-risk, high-leveraged investments. The policy of derivative commodity trading is based on the principle of hedging the physical position to reduce the risk of the company's asset price changes. WTC executes hedge transactions on physical positions in full accordance with the normative evaluation of derivative commodity transactions in the "procedures for acquiring or disposing of assets".
- (2) In 2022, the company loaned funds to others, aimed at subsidiaries that directly or indirectly held 99.99% of the shares, because of their business needs to lend funds. In 2022, the company's maximum loan amount was NTD 26,568,554 thousand, and the balance of fund loan at the end of the period was NTD842,068 thousand. Please refer to the most recent annual financial statements of this annual report for details of subsidiary funds loans to others. The above-mentioned capital loans are all operated in accordance with the "Operational Procedures for Loaning of Company Funds" of the company and its subsidiaries.
- (3) In 2022, the company's external endorsement guarantee is aimed at subsidiaries or grandson companies that directly or indirectly held 99.99% of the shares to guarantee bank financing and transactions due to their business needs. The maximum limit of the company's endorsement guarantee in 2022 was NTD 22,140,462 thousand. As of the end of 2022, the balance of endorsement guarantee at the end of the period was NTD2,964,498 thousand. Please refer to the most recent annual financial statement of this annual report for details of the subsidiary's external endorsement guarantee. The above-mentioned endorsement guarantees are performed in accordance with the "Operational Procedures for Endorsements and Guarantees" of the company and its subsidiaries.

7.6.3 Research and development plans in the recent year and future plans

1. The progress of R&D projects in 2022

The purpose of R&D in Walsin Technology Corporation is to produce the passive components with high quality and superior characteristics and made by our own core technologies. Therefore, WTC has been striving to enhance our capability in manufacture and enrich the category of product for achieving the purpose of one-stop shopping by customers.

In the recent R&D on MLCCs, we are developing toward the several goals of characteristics of MLCC, included the higher volumetric capacitance ($>20\mu\text{F}/\text{mm}^3$), superior properties at high frequency application, better reliability for automotive or high frequency operation and more diversified product-lines. In response to the continuous changes in the recent technological revolution in vehicle, such as EV & ADAS, WTC has not only expanded the capacity of automotive MLCCs production, but also developed more competitive automotive MLCC categories through our own developed material formulations and continuous improving on process technology and manufacturing system. In terms of

wireless communication application, several new series of microwave MLCC capacitors with high capacitance-accuracy, high temperature applications (X8G) and ultra-small size (01005) have also been enriching in 2022. In addition, several new MLCC products are completed gradually, included high capacitance MLCCs with various temperature coefficients (X5R & X7R), high temperature MLCC, Feedthrough MLCC, miniaturized and low profile MLCCs, etc.

In terms of chip resistors, we keep focusing on miniaturized and high reliability products for anti-sulfurization, anti-oil bath and anti-surge. Regarding the requirements of vehicle, we have been developing on high-power and surge-resistant resistor products, and many products have been launched on the market. About the on-going projects of thin-film resistors, we are developing continuously on the current sensing resistor with low TCR and the automotive thin-film resistor.

In terms of radio frequency components, in order to fulfill the market demand of mobile phones, wearables, vehicles, base stations, small cell etc., we will continue to develop competitive products. In addition to continuing to develop Sub-6G relative products, the high reliability RF product for automotive and base stations will also be developed, as well as to develop thinning product for the module. Besides, millimeter-wave filters will also be developed and launched to future market demands.

2. The progress of the unfinished R&D project

For all R&D plans WTC, we always consider and evaluate the market trend, the customer demand, competitor's R&D trends and the establishment of core competitiveness, and then planning and scheduling. According to the difficulty and importance of developing technology or product, the short-, medium-, and long-term development project plans will be decided. Moreover, from expense allocation for project, regularly progress review, product performance and quality verification to production plan are key procedures of R&D project implementation.

3. Future R&D plans and their estimated expenses

Unit: Thousand NTD

Project title	Purpose	Estimated expense	Completion time	Key factor
Hi-cap X5R/X7R MLCCs development	Capacitance increasing	20,000	2023	1. ceramic & paste recipes 2. Slurry technology 3. Thinning coating & printing 4. Sintering technology 5. Novel manufacturing process
01005 sized X5R/NPO/RF MLCCs development	Capacitance & TCC increasing	5,000	2023	1. High precision manufacturing process 2. Sintering technology
Automotive MLCCs development	Capacitance & property enhancing	30,000	2023	1. Robust structure design 2. Hi-reliable ceramic recipes 3. Soft termination paste
Specialty MLCCs development	Specifications enhancing	10,000	2023	1. New ceramic recipe 2. Novel manufacturing process 3. Specialty MLCC design

Automotive big size thin film resistor product development	Specifications enhancing	5,000	2023	1. New device design 2. Novel manufacturing
Automotive anti-sulfuring thin film resistor product development	Specifications enhancing	3,000	2023	1. New device design 2. Novel manufacturing
Development of compact size RF filter	In response to market demand and Provide a totally solution	20,000	2023	1. New ceramic recipe 2. Novel manufacturing process 3.Specialty architecture design
Development of filters for automotive and base stations	In response to market demand and Provide a totally solution	20,000	2023	1. New ceramic recipe 2. Novel manufacturing process 3.Specialty architecture design

4. Estimated time to mass production

The above-mentioned product development is scheduled and controlled by product's development plan, and the mass production time of milestones are also planned and executed in accordance with its project schedule.

5. Key successful factors of new product by R&D

- (1) Establish core-competence in-house manufacturing technology
- (2) Product property and quality meets customer needs
- (3) Effective control of cost and yield in production
- (4) Become a leader or benchmark of product specification in industry

7.6.4 The impact of major domestic and foreign policy and legal changes on company's finance in recent years and corresponding measures

At this stage, the government authorities have announced important domestic policies and legal changes, which have no immediate or significant impact on the company's finance. Internationally, the tariff adjustments in the US-China trade war have caused changes in the overall international economic and trade environment. Company has set up factories of a certain scale in Taiwan, Japan, and Malaysia to diversify the risks of the single market through globalization; the company also continues to collect relevant information for internal and external operation environment in order to adapt to possible changes and develop in the positive way.

7.6.5 Impact of recent technological changes(Including information security risks) and industry changes on the company's financial and business and corresponding measures

- A. Affected by the emerging wave of connected electric vehicles, the demand for automotive electronics will increase significantly based on the average use of more than 1,5000pcs

components per unit. In view of this, the company will continue to expand high-reliability capacitors, high-temperature capacitors, radio frequency capacitors, and anti-bending Products with flexible terminal electrode capacitors, film resistors, inductors, etc., complying with the AEC-Q200 specification for automotive use.

- B. Sub 6G is the mainstream mobile phone. 5G uses more low-loss frequency dividers than 4G mobile phones. It is necessary to develop high-quality materials and low-loss design architectures to meet market needs.
- C. With the popularization of the Internet of Things, wireless transmission will gradually become an essential infrastructure facility in various daily necessities. The company will focus its product research and development on products such as radio frequency components and small-size 0201, 01005 capacitors and thin-film resistors to meet market demand.
- D. The demand for smart electronic equipment and high-speed computing has increased significantly in recent years, which is conducive to the market application of high-capacitance capacitors. The company has also continued to deepen the development of related key technologies and products.
- E. Portable electronic products, including smart phones, wearable devices, and large-size cross-border products Phablet, etc. have emerged. Passive components used include chip capacitance/resistance, high frequency, microwave chip capacitors, thin film chip resistors, and low impedance. The demand for resistors and miniaturized parts (0201 size and below) is increasing.
- F. The application demand for industrial equipment and the market demand for LED lighting or backlight applications have maintained steady growth.

In view of this market change, WTC has developed new various products for automotive and gradually expanded capacity of production to meet customer needs.

Information security risks: The wide application of Internet of Things and wireless communication has become the major infrastructure to support the company's operation. Intellectualization has become the core objective during the process of factory's digital transformation. The possibility of factory shut down has become a major risk if any equipment in the factory has been attacked or infected by internet virus. The impact is not only the invisible data breach or goodwill loss, but the production and sales loss. Hence, setting up internal firewall, network segmentation, old equipment blocking and IP while-list are the precautions taken to prevent the cyber security incidents from happening. Walsin technology is aware of the risk and has implemented the precautions mentioned above to reduce the risk substantially.

7.6.6 The impact of corporate image changes in recent years on corporate crisis management and corresponding measures

The company receives visits from domestic and foreign legal persons and media from time to time, and regularly participates in investment and technical forum discussions to increase the understanding of the company by the investing public and customers, and to build a better image of the company.

7.6.7 Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken :None

7.6.8 Expected benefits, possible risks and countermeasures of the expansion of the plant

The expansion of the company's factory buildings are considering base on the increased risk of global trade conflicts. In order to diversify operational risks and meet market supply and demand, we will continue to invest in planned and phased expansion of production in Taiwan, and has undergone feasibility assessment and financial analysis has been carried out by the relevant technical team to grasp its possible risks. In addition to promoting the optimization of production line efficiency, it is mainly based on the medium and long-term needs of customers and the injection of research and development results, so as to gradually expand the market share of customers and products, and diversify operational risks. The company will also continue to observe changes in the market economy and adjust related plans in a timely manner to reduce the negative impact of possible risks.

7.6.9 Risks faced by purchase or sales concentration and corresponding measures

(1) In terms of procurement: In terms of raw materials, the company actively seeks overseas material technology cooperation, invests in the research and development of powder and electrode formulations, improves the ability to develop materials by themselves, and uses strategic cooperation with suppliers to reduce purchase costs. By increasing the proportion of self-made and the autonomy of materials, reducing the risk of concentrated purchases. With regard to the procurement of semi-finished products and finished products, we strictly implement global capacity planning and allocation, diversify the proportion of suppliers' purchases, and avoid risks arising from concentrated purchases. In addition, the company did not have a supplier with a purchase ratio of more than 10% in Year 2022, so there is no risk of concentration of purchases.

(2) In terms of sales: the company's main sales targets are distributed in related industries such as information, mobile devices, network telecommunications, automotive and industrial electronics and consumer electronics. In addition, it has established branches around the world to provide customers with the best services with an integrated marketing system and supply platform; and actively improve product portfolios and product quality to consolidate orders from major international manufacturers. At the same time, in the future, we will develop customers in various regions and increase agents as needed. Generally speaking, by expanding customer sources and diversifying customer industry categories, we hope to reduce the risks arising from the concentration of sales. In addition, the company did not have a customer with a sales ratio of more than 5% in Year 2022, so there is no risk of concentration of sales.

7.6.10 Directors or shareholders holding more than 10% of the shares, the impact of a large number of shares transferred or replaced on the company and risks: None.

7.6.11 Impact of changes in management rights on the company and risks: None

7.6.12 Litigation or non-litigation

Should the Company, its directors, general managers, substance representatives, subordinate companies and major shareholders holding more than 10% of the shares in the last two years have the litigation, non-litigation or administrative disputes up to the date of this annual report: None.

7.6.13 Other important risks and countermeasures

The requests of remote working and cloud meeting are dramatically increasing in the company. To prevent the system security vulnerabilities in both VPN and video conference software may cause hacker cyber-attacks, such as password stealing and cracking. Hence, we upgrade the software patches in a timely manner. Besides, we also renew password management policies, encrypted trade-secret documents, reinforce the awareness of cyber-attack to all users, review all the accounts regularly and also restrict all the account's permission in a limited area to reduce the cyber-attack risk.

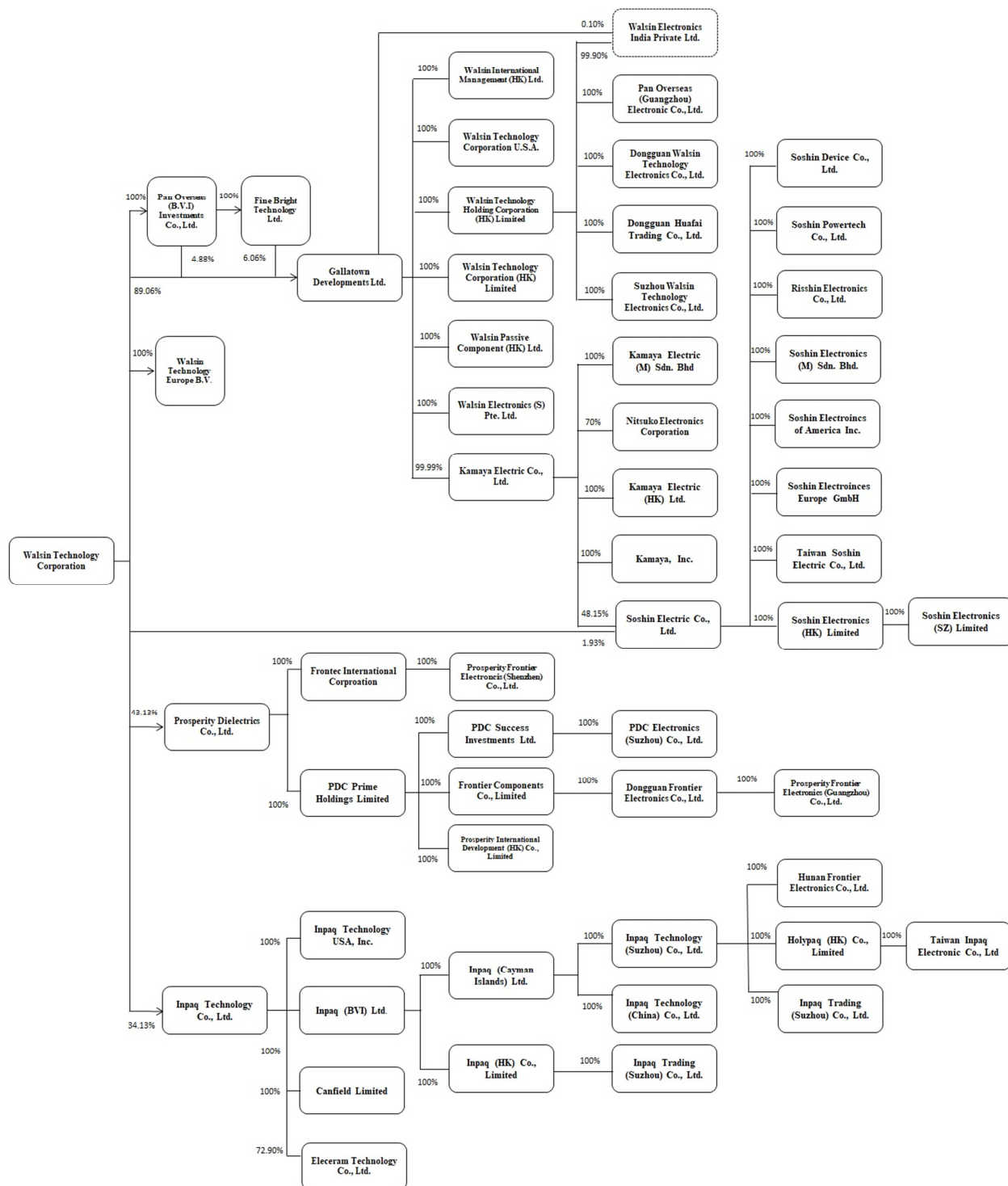
7.7 Other Important Matters: None.

Special Notes

8.1 Affiliates Information

8.1.1 Consolidated Business Report of Affiliates

a. Affiliated Organization Chart



Note: Walsin Electronics India Private Ltd. has not commenced operation yet.

b. Background Information of the Affiliates

Unit: dollars 2022/12/31

Company	Incorporation Date	Address	Paid-in Capital	Main Business Items
Gallatown Developments Ltd.	Dec. 1999	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	USD105,781,905 (30.71:1)	Investment holding
Walsin Technology Holding Corporation (HK) Limited	Nov. 2007	Rooms 2006-8, 20/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong	USD177,387,562 (30.71:1)	Investment holding
Walsin International Management (HK) Ltd.	Dec. 2011	Rooms 2006-8, 20/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong	USD6,000,001 (30.71:1)	Investment holding
Pan Overseas (B.V.I.) Investments Co., Ltd.	Oct. 1998	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD21,836,000 (30.71:1)	Investment holding
Walsin Electronics (S) Pte. Ltd.	Apr. 1999	24 Sin Ming Lane #04-100, Midview City, Singapore 573970	SGD607,025 (22.8684:1)	Marketing service
Walsin Technology Corporation U.S.A.	Apr. 1997	P.O. Box 2833, Castro Valley, CA 94546, USA	USD700,000 (30.71:1)	Marketing service

Company	Incorporation Date	Address	Capital Stock	Main Business Items
Walsin Technology Corporation (HK) Ltd.	Dec. 1996	Suite 66, 9/F., Lee King Industrial Building, 12 Ng Fong Street, San Po Kong, Kowloon, Hong Kong	HKD74,214,000 (3.9386:1)	Selling of passive electronic components
Walsin Passive Component (H.K.) Ltd.	Dec. 2000	Room D, 8/F., Wing Cheong Commercial Building, 19-25 Jervois Street, Sheung Wan, Hong Kong	USD3,000,013 (30.71:1)	Selling of passive electronic components
Walsin Electronics India Private Limited	Dec. 2018	NO: 17/28/10, Ground Floor, New Bypass Circle, Renigunta, Chittoor, Andhra Pradesh, India, 517520	INR1,000,000 (0.3711:1)	Manufacturing and selling of passive electronic components
Walsin Technology Europe B.V.	Jan. 2022	Westblaak 180, MO 1.10, 3012 KN Rotterdam, The Netherlands	EUR450,000 (32.7189:1)	Selling of passive electronic components
Suzhou Walsin Technology Electronics Co., Ltd.	Mar. 2000	No. 369, Changyang Street, Suzhou Industrial Park, Jiangsu Province, China	USD69,000,000 (30.71:1)	Manufacturing and selling of passive electronic components
Dongguan Walsin Technology Electronics Co. Ltd.	Jul. 2000	No. 638, Meijing West Road, Dalang Town, Dongguan City, Guangdong Province, China	USD128,400,000 (30.71:1)	Manufacturing and selling of passive electronic components
Fine Bright Technology Limited	May 1990	Rooms 2006-8, 20/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong	USD1,601,185 (30.71:1)	Investment holding
Pan Overseas (Guangzhou) Electronic Co., Ltd.	Jun. 1991	No. 277, Hong Ming Road, Eastern Section, Guang Zhou Econ. and Tech. Development Zone, China	USD16,500,000 (30.71:1)	Manufacturing and selling of passive electronic components

Company	Incorporation Date	Address	Capital Stock	Main Business Items
Dongguan Huafai Trading Co., Ltd.	Oct. 2009	No. 638-1, Meijing West Road, Dalang Town, Dongguan City, Guangdong Province, China	USD2,000,000 (30.71:1)	Trading of electronic parts, warehousing and commission agency
Kamaya Electric Co., Ltd.	Oct. 1957	PSA Building, 6-1-6 Chuou, Yamato-shi, Kanagawa 242-0021, Japan	JPY499,000,000 (0.2324:1)	Manufacturing and selling of high-end electronic chip and resistors
Kamaya, Inc.	Nov. 1977	6407 Cross Creek Boulevard Fort Wayne, IN 46818 U.S.A.	USD 1,460,527 (30.71:1)	Selling of passive electronic components
Kamaya Electric (M) Sdn. Bhd.	May 1991	47A, Jalan Chung Ah Ming, Pasir Puteh, 31650 Ipoh, Perak Darul Ridzuan, Malaysia	RM242,125,250 (6.9764:1)	Manufacturing and selling of high-end electronic chip and resistors
Nitsuko Electronics Corporation	Apr. 1999	2031-1 Ogawara, Suzaka, Nagano 382-0071 Japan.	JPY100,000,000 (0.2324:1)	Manufacturing and selling of film capacitors
Kamaya Electric (HK) Limited	Jun. 2007	Room D, 8/F., Wing Cheong Commercial Building, 19-25 Jervois Street, Sheung Wan, Hong Kong	HKD2,000,000 (3.9386:1)	Selling of passive electronic components
Soshin Electric Co., Ltd.	Apr. 1944	No. 800-38, Nagatoro, Saku-City, Nagano 385-0021, Japan	JPY4,256,750,000 (0.2324:1)	Researching, developing, manufacturing and selling of capacitors, thick film printed boards, laminated dielectric filters and EMI filters
Soshin Device Co., Ltd.	Mar. 1990	No. 13-4, Oyamada, Takaoka-Town, Miyazaki-City, Miyazaki 880-2214, Japan	JPY100,000,000 (0.2324:1)	Manufacturing and selling of information and communication electronic components

Company	Incorporation Date	Address	Paid-in Capital	Main Business Items
Soshin Powertech Co., Ltd.	Jul. 1986	No. 2333-7, Hananoki, Yamanokuchi-Town, Miyakonojo-City, Miyazaki 889-1802, Japan	JPY100,000,000 (0.2324:1)	Manufacturing and selling of power electronic components
Risshin Electronics Co., Ltd.	Dec. 1974	No. 871-8, Ichi, Komoro-City, Nagano 384-0083, Japan	JPY 50,000,000 (0.2324:1)	Manufacturing and selling of information and communications electronic components
Soshin Eelectronics (M) Sdn. Bhd.	Jul. 1989	Lot 14, Batu Berendam FTZ. Phase3, Batu Berendam 75350 Malacca, Malaysia	RM 16,000,000 (6.9764:1)	Manufacturing and selling of electronic components
Soshin Electronics of America Inc.	Jul. 1996	3001 Winchester Blvd., Suite 14, Campbell, CA 95008 USA	USD 100,000 (30.71:1)	Selling of electronic components
Soshin Electronics Europe GmbH	Aug. 2008	Westerbachstrasse 32 D-61476 Kronberg im Taunus, Germany	EUR 50,000 (32.7189:1)	Selling of electronic components
Taiwan Soshin Electric Co., Ltd.	Dec. 2008	2 F., No. 97, Section 2, Dunhua South Road, Da'an District, Taipei City, Taiwan	NTD 5,000,000	Selling of electronic components
Soshin Electronics (HK) Limited	Jul. 2002	Unit 1303, 13/F., Austin Tower, 22-26 Austin Avenue, Tsimshatsui, Kowloon, Hong Kong	HKD 18,737,823 (3.9386:1)	Selling of electronic components
Soshin Electronics (SZ) Limited	Apr. 2010	1403B, Level 14, Taiping Financial Tower, No. 6001 Yitian Road, Futian Distric, Shenzhen, China	USD 1,151,058 (30.71:1)	Selling of electronic components

Company	Incorporation Date	Address	Paid-in Capital	Main Business Items
Prosperity Dielectrics Co., Ltd.	May 1990	No. 566-1, Gaoshi Rd., Yangmei Dist., Taoyuan City, Taiwan	NTD1,720,000,000	Manufacturing and selling electric capacitors, resistors, ceramic dielectric powders and magnetic elements, etc.
Frontier Components Co., Limited	Jan. 2006	Room D, 8/F., Wing Cheong Commercial Building, 19-25 Jervois Street, Sheung Wan, Hong Kong	USD9,001,000 (30.71:1)	International trade
PDC Prime Holdings Limited	Oct. 2003	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD23,464,538 (30.71:1)	Investment holding
PDC Success Investments Ltd.	Oct. 2003	3rd Floor, Standard Chartered Tower, 19 Cybercity Ebene, Republic of Mauritius	USD12,009,000 (30.71:1)	Investment holding
PDC Electronics (Suzhou) Co., Ltd.	Apr. 2004	No.2588, Pangjin Rd., Yundong Economic Development Zone, Wujiang District, Suzhou City, Jiangsu Province, China	USD12,000,000 (30.71:1)	Manufacturing of electronic parts and ceramic components
Frontec International Corporation	Jul. 1997	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD8,221,614.62 (30.71:1)	Overseas investment
Dongguan Frontier Electronic Co., Ltd.	Jun. 1998	No. 658, Meijing West Road, Dalang Town, Dongguan City, Guangdong Province, China	USD6,100,000 (30.71:1)	Selling transformer, coils and rectifier diode
Prosperity International Development (HK) Co., Limited	Dec. 2011	Rooms 2006-8, 20/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong	USD2,401,000 (30.71:1)	Investment holding

Company	Incorporation Date	Address	Paid-in Capital	Main Business Items
Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	Sep. 2018	2nd Floor, No.16, Daxing 1st Road, Bu Chung Community, Shajing Street, Bao'an District, Shenzhen, China	USD6,000,000 (30.71:1)	Manufacturing and selling of transformer, coils and rectifier diode
Prosperity Frontier Electronics (Guangzhou) Co., Ltd.	May 2021	No.277, Hongming RD., Eastern Section Econ.& Tech.Development Zone,Huangpu District, Guangzhou City, China	RMB1,000,000 (4.4105:1)	Manufacturing and selling of transformer, coils and rectifier diode
Inpaq Technology Co., Ltd.	Jun. 1998	No. 11, Keyi St., Zhunan Township, Miaoli County, Taiwan	NTD 1,401,803,410	Researching, developing, manufacturing and selling of hybrid microwave antenna module, Integrated electrical protection component and Multilayer type microwave communication component and module
Inpaq (BVI) Ltd.	Nov. 2000	P.O. Box 3152, Road Town, Tortola, British Virgin Islands	USD39,908,842 (30.71:1)	Investment holding
Inpaq (Cayman Islands) Ltd.	Dec. 2000	Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands	USD32,150,000 (30.71:1)	Investment holding
Inpaq Technology USA, Inc.	Jul. 2019	2055 Junction Ave Suite 100, San Jose, CA 95131	USD500,000 (30.71:1)	Sales
Canfield Limited	Nov. 2002	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD600,000 (30.71:1)	Sales

Company	Incorporation Date	Address	Paid-in Capital	Main Business Items
Eleceram Technology Co., Ltd.	Dec. 1999	No. 231, Longshou Street, Taoyuan District, Taoyuan City, Taiwan	NTD120,000,000	Manufacturing and selling of electronic components
Inpaq (HK) Co., Ltd.	Nov. 2008	Rm 2702-03, Cc Wu Bldg, 302-8 Hennessy Rd., Wanchai, Hong Kong	HKD66,857,629 (3.9386:1)	Investment holding
Inpaq Technology (Suzhou) Co., Ltd.	Jan. 2002	No.5, Chunqiu Road, Panyang Industrial Park, Huangdai Town, Xiangcheng District, Suzhou City, Jiangsu Province, China	USD11,000,000 (30.71:1)	Manufacturing and selling of passive electronic components
Inpaq Technology (China) Co., Ltd.	Mar. 2007	No.81, Antai One Road, Anzhen Xishan Economic Development Zone, Wuxi City, Jiangsu Province, China	USD29,000,000 (30.71:1)	Manufacturing and selling of passive electronic components
Inpaq Trading (Suzhou) Co., Ltd.	Jun. 2006	No.5, Chunqiu Road, Panyang Industrial Park, Huangdai Town, Xiangcheng District, Suzhou City, Jiangsu Province, China	USD700,000 (30.71:1)	Selling of passive electronic components
Inpaq Trading (Suzhou) Co., Ltd.	Nov. 2011	Rm. 1989, 19 F, Modern Logistic Building, 88 Morden Road, Suzhou Industrial Park Zone, Suzhou City, Jiangsu Province, China	RMB2,000,000 (4.4105:1)	Selling of passive electronic components
Hunan Frontier Electronics Co., Ltd.	Jan. 2008	Fenghuan Road, Fenghuangyuan Economic Zone, Lengshuitan Town, Yongzhou City, Hunan Province, China	RMB102,515,290 (4.4105:1)	Manufacturing and selling of transformer, coils and magnetic component

Company	Incorporation Date	Address	Paid-in Capital	Main Business Items
Holypaq (HK) Co., Ltd.	Mar. 2012	Rm.2702-03, CC WU Bldg., 302-8 Hennessy Rd., Wanchai, Hong Kong	USD4,000,000 (30.71:1)	Investment holding
Taiwan Inpaq Electronic Co., Ltd	Oct. 2018	1F., No. 38, Keyi St., Zhunan Township, Miaoli County 350402, Taiwan	NTD122,239,694	Manufacturing and selling of passive electronic components

Note 1: All affiliates, regardless of their business scale, are required to be disclosed.

Note 2: If the affiliate has a factory, and its sales exceeded 10% of sales of the controlling company. The factory name, incorporation date, address and its main production items are required to be listed.

Note 3: If the affiliate is a foreign company, the name and address of the company may be in English, and the incorporation date may also be displayed in A.D. The paid-in capital may be in foreign currency but the exchange rate on the date of the report is required to be noted.

c. Shareholders in Common of WTC and its affiliates with presumed to have a relationship of control and subordination: Not applicable

Unit: NT\$ thousands, shares, %

Presumed reason	Name (Note1)	Shareholding (Note 2)		Incorporation date	Address	Paid-in capital	Main business items
		Shares	Holding %				
N/A							

Note 1: Where the shareholders in common are juristic persons, the name of juristic persons shall be disclosed. Where the shareholders in common are natural persons, the name of natural persons shall be disclosed. Nature person shareholders can be disclosed only the presumed reason, their names and shareholding status.

Note 2: Shareholding is to be filled in the shareholder's shareholding information of the controlling company.

d. The industries covered by the business operation of the overall affiliates:

(a) The business of Walsin Technology Corporation (the controlling company) is mainly the manufacturing, processing, and selling passive electronic components.

(b) The circumstance of the dealings and division of work among the business operated by individual affiliates:

As for the details of the main business or production items of each affiliate, please refer to the above-mentioned the second section, the list of background information of the affiliates.

e. Directors, Supervisors, and Presidents of the Affiliates

As of 202212/31

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Gallatown Developments Ltd.	Director	Chiao, Yu-Heng	Walsin Technology Corporation 94,209,047	89.06%
	Director	Ku, Li-Chin		
	Director	Chang, Jui-Tsung		
	G.M.	Chang, Jui-Tsung		
Walsin Technology Holding Corporation (HK) Limited	Director	Chiao, Yu-Heng	Gallatown Developments Ltd. 155,837,562	100.00%
	Director	Ku, Li-Chin		
	Director	Chang, Jui-Tsung		
Walsin International Management (HK) Ltd.	Director	Chiao, Yu-Heng	Gallatown Developments Ltd. 600,001	100.00%
	Director	Ku, Li-Chin		
	Director	Chang, Jui-Tsung		
Pan Overseas (B.V.I.) Investments Co., Ltd.	Director	Chiao, Yu-Heng	Walsin Technology Corporation 21,836,000	100.00%
	Director	Ku, Li-Chin		
	Director	Chang, Jui-Tsung		
Walsin Electronics (S) Pte. Ltd.	Director	Liew Sie Yong	Gallatown Developments Ltd. 607,025	100.00%
	Director	Chiao, Yu-Heng		
	Director	Ku, Li-Chin		
	Director	Chang, Jui-Tsung		
	G.M.	Liew Sie Yong		

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Walsin Technology Corporation U.S.A.	Director Director G.M.	Tseng, Fan-Chu Chang, Jui-Tsung Tseng, Fan-Chu	Gallatown Developments Ltd. 7,000,000	100.00%
Walsin Technology Corporation (HK) Ltd.	Director Director Director Director Director	Chang, Jui-Tsung Chen, Kuei-Chen Yeh, Tse-Kuang Peng, Chun-Hsiung Liao, Pin-Cheng	- Gallatown Developments Ltd. 1,953	100.00%
Walsin Passive Component (H.K.) Ltd.	Director Director	Peng, Chun-Hsiung Chang, Jui-Tsung	Gallatown Developments Ltd. 23,400,100	100.00%
Walsin Electronics India Private Limited	Director Director	Ku, Li-Chin Rajagopal Anandan	Walsin Technology Holding Corporation (HK) Ltd. 999 Gallatown Developments Ltd. 1	99.90% 0.10%
Walsin Technology Europe B.V.	Director Director Director G.M.	Chang, Jui-Tsung Ling, Chek Leh Chen, Wei-Jen Chen, Wei-Jen	Walsin Technology Corporation. 450,000	100.00%
Suzhou Walsin Technology Electronics Co., Ltd.	Chairman Director Director Supervisor G.M.	Peng, Chun-Hsiung Chang, Jui-Tsung Yu, Ming-Hsiung Yeh, Tse-Kuang Yu, Ming-Hsiung	Walsin Technology Holding Corporation (HK) Ltd. USD69,000,000(Note1)	100.00%

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Dongguan Walsin Technology Electronics Co. Ltd.	Chairman	Chen, Kuei-Chen	Walsin Technology Holding Corporation (HK) Ltd. USD128,400,000(Note1)	100.00%
	Director	Chang, Jui-Tsung		
	Director	Yang, Tsung-Lin		
	Supervisor G.M.	Yeh, Tse-Kuang Chen, Kuei-Chen		
Fine Bright Technology Limited	Director	Chang, Jui-Tsung	Pan Overseas (B.V.I.) Investments Co., Ltd. 37,183,927	100.00%
	Director	Hung, Chih-Mou		
Pan Overseas (Guangzhou) Electronic Co., Ltd.	Chairman	Chen, Kuei-Chen	Walsin Technology Holding Corporation (HK) Ltd. USD16,500,000(Note1)	100.00%
	Director	Chang, Jui-Tsung		
	Director	Chen, Chun-Hsuen		
	Supervisor G.M.	Yeh, Tse-Kuang Chen, Chun-Hsuen		
Dongguan Huafai Trading Co., Ltd.	Chairman	Peng, Chun-Hsiung	Walsin Technology Holding Corporation (HK) Ltd. USD2,000,000(Note1)	100.00%
	Director	Chen, Kuei-Chen		
	Director	Hung, Chih-Mou		
	Supervisor G.M.	Yeh, Tse-Kuang Peng, Chun-Hsiung		

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Kamaya Electric Co., Ltd.	Chairman	Chang, Jui-Tsung	Gallatown Developments Ltd 357,996,992	99.99%
	Director	Chen, Yi-Kuang		
	Director	Mitsuhiro Miyashita		
	Director	Chiao, Yu-Heng		
	Director	Susumu Fujimoto		
	Director	Chen, Pei-Cheng		
	Supervisor	Yeh, Tse-Kuang		
	G.M.	Chen, Yi-Kuang		
Kamaya Inc.	Director	Chen, Yi-Kuang	Kamaya Electric Co., Ltd. 699(Note3)	100.00%
	Director	Chang, Jui-Tsung		
	Director	Tseng, Fan-Chu		
	G.M.	Tseng, Fan-Chu		
Kamaya Electric (M) Sdn. Bhd.	Director	Chang, Jui-Tsung	Kamaya Electric Co., Ltd 242,125,250 (Note3)	100.00%
	Director	Chen, Yi-Kuang		
	Director	Mitsuhiro Miyashita		
	Director	Yeh, Tse-Kuang		
	Director	Chee Wei Chieh		
	Director	Yang, Tsung-Lin		
	G.M.	Chen, Yi-Kuang		
Nitsuko Electronics Corporation	Chairman	Chen, Yi-Kuang	Kamaya Electric Co., Ltd 37,333(Note3)	70.00%
	Director	Susumu Fujimoto		
	Director	Chiao, Yu-Heng		
	Director	Chang, Jui-Tsung		
	Director	Kuniyuki Morioka		
	Director	Ryuichi Furukawa		
	Supervisor	Yeh, Tse-Kuang		
	G.M.	Susumu Fujimoto		

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Kamaya Electric (HK) Limited	Director	Chang, Jui-Tsung	-	-
	Director	Chen, Yi-Kuang	-	-
	Director	Chen, Kuei-Chen	-	-
			Kamaya Electric Co., Ltd 2,000,000(Note3)	100.00%
Soshin Electric Co., Ltd.	Chairman	Masahiko Sugiyama	8,300	0.05%
	Director	Hirimitsu Takahashi	2,000	0.01%
	Director	Yoshiki Makino	1,000	0.01%
	Director	Koji Nakanishi	1,000	0.01%
	Director	Yasuhiko Mizutani	1,000	0.01%
	Director	Chang, Jui-Tsung	0	0.00%
	Director	Chen, Yi-Kuang	0	0.00%
	Director	Yositaka Kinoshita	0	0.00%
	Director (Audit and Su. Comm.)	Haruo Kawasumi	0	0.00%
	Director (Audit and Su. Comm.)	Shigeo Kobayashi	3,000	0.02%
	Director (Audit and Su. Comm.)	Kinya Suzuki	1,600	0.01%
	Director (Audit and Su. Comm.)	Chen, Ming-Ching	0	0.00%
President	Masahiko Sugiyama	8,300	0.05%	
		Kamaya Electric Co., Ltd. 8,233,504(Note2)	48.15%	
		Walsin Technology Coporation 330,880	1.93%	
Soshin Device Co., Ltd.	Chairman	Kaichiro Hirahara		
	Director	Yasuhiko Mizutani		
	Supervisor	Shuji Omori		
	G.M.	Kaichiro Hirahara		
		Soshin Electric Co., Ltd. 2,020(Not3)	100.00%	

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Soshin Powertech Co., Ltd.	Chairman	Hiroaki Niitsu	-	-
	Director	Takeharu Yoda	-	-
	Supervisor	Shuji Omori	-	-
	G.M.	Hiroaki Niitsu		
			Soshin Electric Co., Ltd 10,000(Note3)	100.00%
Risshin Electronics Co., Ltd.	Chairman	Noriaki Fujimaki		
	Director	Eiji Shinohara		
	Supervisor	Shuji Omori		
	G.M.	Noriaki Fujimaki		
			Soshin Electric Co., Ltd. 159,290 (Note3)	100.00%
Soshin Electronics (M) Sdn. Bhd.	Director	Ryota Ikeda		
	Director	Shalizan Bin Sabtu		
	Director	Norayu Binti Abd. Ghani		
	Director	Takeharu Yoda		
	Director	Keita Yanaka		
	G.M.	Ryota Ikeda		
			Soshin Electric Co., Ltd. 16,000,000 (Note3)	100.00%
Soshin Electronics of America Inc.	Director	Yoshiki Makino		
	Director	Katsuyuki Nekozyuka		
	Director	Masatoki Higuchi		
	G.M.	Yoshiki Makino		
			Soshin Electric Co., Ltd. 100,000 (Note)	100.00%
Soshin Electronics Europe GmbH	Director	Yoshiki Makino		
			Soshin Electric Co., Ltd. 1,000 (Note3)	100.00%
Taiwan Soshin Electric Co., Ltd.	Chairman	Rep. of Soshin Electric Co., Ltd.: Yoshiki Makino	500,000	100.00%
	Director	Rep. of Soshin Electric Co., Ltd.:Katsuyuki Nekozyuka	500,000	100.00%
	Director	Rep. of Soshin Electric Co., Ltd.: Yasuhiko Mizutani	500,000	100.00%
	Supervisor	Rep. of Soshin Electric Co., Ltd.: Shuji Omori	500,000	100.00%
	G.M.	Kota Komatsu		

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Soshin Electronics (HK) Limited	Director Director G.M.	Takeharu Yoda Tomohiro Kobayashi Takeharu Yoda	Soshin Electric Co., Ltd. 18,737,823 shares (Note3)	100.00%
Soshin Electronics (SZ) Limited	Chairman Director Director Supervisor G.M.	Takeharu Yoda Hideshi Watanabe Yosuke Niwa Shuji Omori Tomohiro Kobayashi	Soshin Electronics (HK) Limited USD 1,151,058 (Note3)	100.00%
Prosperity Dielectrics Co., Ltd.	Chairman	Chiao, Yu-Heng	1,065,861	0.62%
	Director	Rep. of Walsin Technology Corporation : Ku, Li-Chin	74,186,468	43.13%
	Director	Rep. of Walsin Technology Corporation : Hung, Chih-Mou	74,186,468	43.13%
	Director	Wang, Por-Yuan	-	-
	Ind. Director	Fan, Po-Kang	-	-
	Ind. Director	Chen, Chun-Kuei	10,312	0.01%
	Ind. Director	Tan Yong Chian	-	-
President	Hung, Chih-Mou	102,972	0.06%	
Frontier Components Co., Limited	Director Director Director	Hung, Chih-Mou (Rep. of PDC Prime Holdings Ltd.) Chiao,Yu-Heng (Rep. of PDC Prime Holdings Ltd.) Lin,Wen-Ko(Rep. of PDC Prime Holdings Ltd.)	PDC Prime Holdings Ltd. USD9,001,000(Note4)	100.00%
PDC Prime Holdings Limited	Director Director	Hung, Chih-Mou (Rep. of Prosperity Dielectrics Co., Ltd.) Lin,Wen-Ko (Rep. of Prosperity Dielectrics Co., Ltd.)	Prosperity Dielectrics Co., Ltd. USD23,464,538(Note4) 100.00%	100.00%

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
PDC Success Investments Ltd.	Director	Hung, Chih-Mou (Rep. of PDC Prime Holdings Ltd.)	PDC Prime Holdings Ltd. USD12,009,000(Note4)	100.00%
	Director	Lin, Wen-Ko (Rep. of PDC Prime Holdings Ltd.)		
PDC Electronics (Suzhou) Co., Ltd	Chairman	Hung, Chih-Mou (Rep. of PDC Success Investments Ltd.)	PDC Success Investments Ltd USD12,000,000(Note4)	100.00%
	Director	Kuang, Chi-Lin (Rep. of PDC Success Investments Ltd.)		
	Director	Wu, Hung-Chun (Rep. of PDC Success Investments Ltd.)		
	Supervisor	Lo, Hsia-Ying (Rep. of PDC Success Investments Ltd.)		
	G.M.	Chen, Kuo-Chou		
Frontec International Corporation	Director	Rep. of Prosperity Dielectrics Co., Ltd.: Hung, Chih-Mou	USD8,221,614.62(Note4)	100.00%
	Director	Rep. of Prosperity Dielectrics Co., Ltd.: Lin, Wen-Ko	USD8,221,614.62(Note4)	100.00%
Dongguan Frontier Electronic Co., Ltd.	Director	Hung, Chih-Mou (Rep. of Frontier Components Co., Ltd.)	-	
	Director	Chiang, Chien-Wen (Rep. of Frontier Components Co., Ltd.)	-	
	Director	Lin, Wen-Ko (Rep. of Frontier Components Co., Ltd.)	-	
	Supervisor	Lo, Hsia-Ying (Rep. of Frontier Components Co., Ltd.)	-	
	G.M.	Lin, Wen-Ko	-	
			Frontier Components Co., Ltd. USD6,100,000(Note4)	100.00%
Prosperity International Development (HK) Co., Limited	Director	Hung, Chih-Mou (Rep. of PDC Prime Holdings Ltd.)	PDC Prime Holdings Ltd. USD2,401,000(Note4)	100.00%
	Director	Lin, Wen-Ko (Rep. of PDC Prime Holdings Ltd.)		

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Prosperity Frontier electronics (shenzhen) Co., Ltd.	Director	Chen, Kuei-Chen (Rep. of Frontec International Corporation)		
	Director	Chen, Chun-Hsuen (Rep. of Frontec International Corporation)		
	Director	Chiang, Chien-Wen (Rep. of Frontec International Corporation)		
	Supervisor	Lo, Hsia-Ying (Rep. of Frontec International Corporation)		
	G.M.	Chen, Kuei-Chen		
			Frontec International Corporation USD6,000,000(Note4)	100.00%
Prosperity Frontier Electronics (Guangzhou) Co.,Ltd.	Director	Chen, Kuei-Chen (Rep. of Dongguan Frontier Electronics Co., Ltd.)		
	Director	Hung, Chih-Mou (Rep. of Dongguan Frontier Electronics Co., Ltd.)		
	Director	Chen,Chun-Hsuen (Rep. of Dongguan Frontier Electronics Co., Ltd.)		
	Supervisor	Lo, Hsia-Ying (Rep. of Dongguan Frontier Electronics Co., Ltd.)		
	G.M.	Chen, Kuei-Chen		
			Dongguan Frontier Electronic Co., Ltd. RMB1,000,000(Note4)	100.00%
Inpaq Technology Co., Ltd	Chairman	Rep. of Walsin Technology Corporation: Chen, Pei-Cheng	47,848,650	34.13%
	Director	Rep. of Walsin Technology Corporation: Chiao, Yu-Heng	47,848,650	34.13%
	Director	Rep. of Walsin Technology Corporation: Tseng, Ming-Tsan	47,848,650	34.13%
	Director	Cheng, Duen-Jen	1,494,606	1.07%
	Ind. Director	Hon, Min-Hsiung	50,559	0.04%
	Ind. Director	Kao, Chi-Tzu	6	0.00%
	Ind. Director	Huang, Teh-Fu	-	-
	President	Tseng, Ming-Tsan	555,650	0.40%

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Inpaq (BVI) Ltd	Director	Chen, Pei-Cheng	Inpaq Technology Co., Ltd. 39,908,842(Note5)	100.00%
Inpaq(Cayman Islands) Ltd.	Director	Chen, Pei-Cheng	Inpaq (BVI) Ltd. 32,150,000(Note5)	100.00%
Canfield Limited	Director	Tseng, Ming-Tsan	Inpaq Technology Co., Ltd. 600,000(Note5)	100.00%
Inpaq Technology USA, Inc.	Director Director Director	Yang, Tsung-Ming Tseng, Ming-Tsan Yang, Wan-Fen	Inpaq Technology Co., Ltd. 5,000,000 (Note5)	100.00%
Eleceram Technology Co., Ltd.	Chairman	Rep. of Inpaq Technology Co., Ltd.: Tseng, Ming-Tsan	8,747,750	72.90%
	Director	Rep. of Inpaq Technology Co., Ltd.: Chang, Chi-Lung	8,747,750	72.90%
	Director	Rep. of Inpaq Technology Co., Ltd.: Hsieh, Chih-Wen	8,747,750	72.90%
	Supervisor	Huang, Kuo-Shu	-	-
Inpaq (HK) Co., Limited	Director	Tseng, Ming-Tsan	Inpaq (BVI) Ltd. 66,857,629 (Note5)	100.00%
Inpaq Trading (Suzhou) Co., Ltd.	Chairman Director Director Supervisor G.M.	Tseng, Ming-Tsan (Rep. of Inpaq (HK) Co., Ltd.) Cheng, Duen-Jen(Rep. of Inpaq (HK) Co., Ltd.) Chang, Chi-Lung(Rep. of Inpaq (HK) Co., Ltd.) Huang, Kuo-Shu(Rep. of Inpaq (HK) Co., Ltd.) Tseng, Ming-Tsan	Inpaq (HK) Co., Ltd. USD700,000 (Note5)	100.00%
Inpaq Technology (China) Co., Ltd.	Chairman Director Director Supervisor G.M.	Tseng, Ming-Tsan (Rep. of Inpaq (Cayman Islands Ltd) Cheng, Duen-Jen(Rep. of Inpaq (Cayman Islands Ltd) Chang, Chi-Lung(Rep. of Inpaq (Cayman Islands Ltd) Huang, Kuo-Shu(Rep. of Inpaq (Cayman Islands Ltd) Tseng, Ming-Tsan	Inpaq (Cayman Islands) Ltd. USD29,000,000(Note5)	100.00%

Company	Title	Name or the Representation	Shareholding	
			Shares	Holding %
Inpaq Technology (Suzhou) Co., Ltd.	Chairman Director Director Supervisor G.M.	Tseng, Ming-Tsan (Rep. of Inpaq (Cayman Islands) Ltd.) Cheng, Duen-Jen (Rep. of Inpaq (Cayman Islands) Ltd.) Chang, Chi-Lung (Rep. of Inpaq (Cayman Islands) Ltd.) Huang, Kuo-Shu (Rep. of Inpaq (Cayman Islands) Ltd.) Tseng, Ming-Tsan	Inpaq (Cayman Islands) Ltd. USD11,000,000(Note5)	100.00%
Inpaq Trading (Suzhou) Co., Ltd.	Chairman Director Director Supervisor G.M.	Tseng, Ming-Tsan (Rep. of Inpaq Technology (Suzhou) Co., Ltd.) Cheng, Duen-Jen (Rep. of Inpaq Technology (Suzhou) Co., Ltd.) Chang, Chi-Lung (Rep. of Inpaq Technology (Suzhou) Co., Ltd.) Huang, Kuo-Shu (Rep. of Inpaq Technology (Suzhou) Co., Ltd.) Tseng, Ming-Tsan	Inpaq Technology (Suzhou) Co., Ltd. RMB2,000,000(Note5)	100.00%
Hunan Frontier Electronics Co., Ltd.	Chairman Director Director Supervisor G.M.	Tseng, Ming-Tsan (Rep. of Inpaq Technology (Suzhou) Co., Ltd.) Chang, Chi-Lung (Rep. of Inpaq Technology (Suzhou) Co., Ltd.) Chen, Chun-Hung (Rep. of Inpaq Technology (Suzhou) Co., Ltd.) Huang, Kuo-Shu (Rep. of Inpaq Technology (Suzhou) Co., Ltd.) Tseng, Ming-Tsan	Inpaq Technology (Suzhou) Co., Ltd. RMB102,515,290(Note5)	100.00%
Holypaq (HK) Co., Ltd.	Director	Tseng, Ming-Tsan	Inpaq Technology (Suzhou) Co., Ltd. 4,000,000(Note5)	100.00%
Taiwan Inpaq Electronic Co., Ltd.	Director	Rep. of Holypaq (HK) Co., Ltd.: Tseng, Ming-Tsan	NTD122,239,694(Note5)	100.00%

Note1: It is the capital contribution.

Note 2: It is an investee company held by Kamaya Electric Co., Ltd.. The company's shareholding or capital contribution ratio is indirectly held by investing in Kamaya Electric Co., Ltd. The number of shares is all shares of Kamaya Electric Co., Ltd.

Note 3: It is an investee company held by Soshin Electric Co., Ltd.. The company's shareholding or capital contribution ratio is indirectly held by investing in Soshin Electric Co., Ltd.. The number of shares is all shares or capital contribution of Soshin Electric Co., Ltd..

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Note 4: It is an investee company held by Prosperity Dielectrics Co., Ltd.. The company's shareholding or capital contribution ratio is indirectly held by investing in Prosperity Dielectrics Co., Ltd.. The number of shares or capital contribution is all shares or capital contributions of Prosperity Dielectrics Co., Ltd.

Note 5: It is an investee company held by Inpaq Technology Co., Ltd.. The company's shareholding or capital contribution ratio is indirectly held by investing in Inpaq Technology Co., Ltd.. The number of shares or capital contribution is all shares or capital contribution of Inpaq Technology Co., Ltd.

Note 6: None of the representative of each juristic person contributed capital

f. The overview of the operations of the affiliates

The financial condition and operational results of the affiliates

Unit: NT\$ thousands, except EPS(NT\$)

Company	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income (Loss)	Profit after Income Tax	EPS after Income Tax
Gallatown Developments Ltd.	3,248,562	26,363,040	4,603	26,358,437	0	3,716	(122,119)	N/A
Walsin Technology Holding Corporation (HK) Limited	5,447,572	21,288,997	153,070	21,135,927	0	(3,750)	(322,970)	N/A
Walsin International Management (HK) Ltd.	184,260	157,728	31	157,697	0	(108)	(896)	N/A
Pan Overseas (B.V.I.) Investments Co., Ltd.	670,584	2,315,891	0	2,315,891	0	(90)	(23,232)	N/A
Walsin Electronics (S) Pte. Ltd.	13,882	8,149	855	7,294	8,318	(1,159)	(1,248)	N/A
Walsin Technology Corporation U.S.A.	21,497	20,502	666	19,836	9,478	1,417	1,167	N/A
Walsin Technology Corporation (HK) Ltd.	292,299	3,315,364	1,481,033	1,834,331	7,944,651	37,593	44,956	N/A
Walsin Passive Component (H.K.) Ltd.	92,130	1,095,685	517,572	578,113	2,806,140	12,390	13,314	N/A
Walsin Electronics India Private Limited	371	368	11	357	0	(11)	(11)	N/A

Company	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income (Loss)	Profit after Income Tax	EPS after Income Tax
Walsin Technology Europe B.V.	14,724	25,846	17,406	8,440	662	(6,323)	(6,022)	N/A
Suzhou Walsin Technology Electronics Co., Ltd.	2,118,990	4,569,687	1,623,514	2,946,173	3,730,524	80,452	40,457	N/A
Dongguan Walsin Technology Electronics Co. Ltd.	3,943,164	14,501,038	3,304,536	11,196,502	13,211,803	40,630	238,374	N/A
Fine Bright Technology Limited	49,172	1,166,489	35	1,166,454	0	(107)	(7,285)	N/A
Pan Overseas (Guangzhou) Electronic Co., Ltd.	506,715	1,136,673	387,571	749,102	969,884	35,736	64,931	N/A
Dongguan Huafai Trading Co., Ltd.	61,420	1,666,547	1,312,545	354,002	804,051	19,943	43,996	N/A
Kamaya Electric Co., Ltd.	115,968	5,410,222	4,172,850	1,237,372	2,441,685	65,280	12,011	N/A
Kamaya, Inc.	44,853	258,709	107,798	150,911	397,046	31,081	27,821	N/A
Kamaya Electric (M) Sdn. Bhd.	1,689,163	4,543,152	1,717,615	2,825,537	3,327,994	141,685	109,464	N/A
Nitsuko Electronics Corporation	23,240	671,283	184,191	487,092	432,870	31,539	47,129	N/A
Kamaya Electric (HK) Limited	7,877	108,834	99,429	9,405	416,749	1,651	1,101	N/A

Company	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income (Loss)	Profit after Income Tax	EPS after Income Tax
Soshin Electric Co., Ltd.	989,269	3,273,962	958,871	2,315,091	2,767,793	81,848	44,883	N/A
Soshin Device Co., Ltd.	23,240	599,933	274,705	325,228	880,867	24,208	15,218	N/A
Soshin Powertech Co., Ltd.	23,240	57,168	55,565	1,603	218,434	11,406	9,295	N/A
Risshin Electronics Co., Ltd.	11,620	45,110	26,414	18,696	36,421	7,120	6,056	N/A
Soshin Electronics (M) Sdn. Bhd.	111,622	215,062	87,737	127,325	436,267	17,465	9,319	N/A
Soshin Electronics of America Inc.	3,071	5,873	2,142	3,731	16,527	136	(96)	N/A
Soshin Electronics Europe GmbH	1,636	7,398	3,134	4,264	328	5	5	N/A
Taiwan Soshin Electric Co., Ltd.	5,000	7,587	103	7,484	4,704	948	906	N/A
Soshin Electronics (HK) Limited	73,801	87,752	903	86,849	6,781	1,229	17,382	N/A
Soshin Electronics (SZ) Limited	35,349	60,157	10,539	49,618	75,242	10,301	10,402	N/A
Prosperity Dielectrics Co., Ltd.	1,720,000	8,608,080	2,230,180	6,377,900	3,728,375	592,257	506,518	2.96

Company	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income (Loss)	Profit after Income Tax	EPS after Income Tax
Frontier Components Co., Limited	276,421	899,658	131,847	767,811	529,709	(1,160)	(10,819)	N/A
PDC Prime Holdings Limited	728,456	1,575,424	0	1,575,424	0	0	(34,674)	N/A
PDC Success Investments Ltd.	387,932	738,070	0	738,070	0	(1)	(23,571)	N/A
PDC Electronics (Suzhou) Co., Ltd.	368,520	747,379	9,593	737,786	68,560	11,338	(23,603)	N/A
Frontec International Corporation	327,140	131,603	0	131,603	0	0	40	N/A
Dongguan Frontier Electronic Co., Ltd.	187,331	408,196	166,246	241,950	644,078	12,937	(276)	N/A
Prosperity International Development (HK) Co., Limited	73,735	63,075	0	63,075	0	0	(358)	N/A
Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	184,260	171,105	39,674	131,431	155,572	2,440	23	N/A
Prosperity Frontier Electronics (Guangzhou) Co., Ltd.	4,411	1,988	0	1,988	0	(1,351)	(1,652)	N/A
Inpaq Technology Co., Ltd.	1,401,803	9,640,871	3,820,319	5,820,552	3,354,478	518,364	590,929	4.22

Company	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income (Loss)	Profit after Income Tax	EPS after Income Tax
Inpaq (BVI) Ltd.	1,258,296	3,090,263	0	3,090,263	0	(92)	383,166	N/A
Inpaq (Cayman Islands) Ltd.	1,002,550	2,529,695	1,920	2,527,775	0	(254)	378,544	N/A
Inpaq Technology USA, Inc.	15,315	15,569	15,365	204	0	(8,619)	(8,623)	N/A
Canfield Limited	18,960	36,399	7,631	28,768	0	(1,301)	(2,857)	N/A
Eleceram Technology Co., Ltd.	120,000	121,027	19,143	101,884	75,533	1,876	2,771	0.23
Inpaq (HK) Co., Ltd.	277,988	2,640	0	2,640	0	(141)	(167)	N/A
Inpaq Technology (Suzhou) Co., Ltd.	360,643	2,597,742	995,743	1,601,999	3,732,147	499,808	386,458	N/A
Inpaq Technology (China) Co., Ltd.	894,480	1,207,452	306,462	900,990	813,808	11,113	(6,707)	N/A
Inpaq Trading (Suzhou) Co., Ltd.	23,179	113	0	113	0	(5)	(34)	N/A
Inpaq Trading (Suzhou) Co., Ltd.	9,463	84,756	55,252	29,504	187,880	3,175	5,835	N/A
Hunan Frontier Electronics Co., Ltd.	456,560	437,790	97,107	340,683	411,824	(15,133)	(4,927)	N/A

Company	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income (Loss)	Profit after Income Tax	EPS after Income Tax
Holypaq (HK) Co., Ltd.	122,240	(241,381)	0	(241,381)	0	0	(98,228)	N/A
Taiwan Inpaq Electronic Co., Ltd.	122,240	571,788	813,169	(241,381)	289,000	(119,956)	(98,228)	N/A

Note 1 : All affiliates, regardless of their business scale, are required to be disclosed.

8.2 Status of Private Placements Securities

Private Placement Securities in the Most Recent Year and up to the Publication Date of this Annual Report: None.

8.3 The Company's Common Shares Acquired, Disposed Of and Held by Subsidiaries: None.

8.4 Other Necessary Supplement:

8.4.1 Financial information transparency with relevant certification of employees

Certification	Numbers	Remark
Certified Public Accountant (CPA)	3	
Certified Internal Auditor (CIA)	2	
Certified International Internal Auditor	2	
Certification in Control Self-Assessment (CCSA)	1	
Certified International in Control Self-Assessment	1	
Certification in Risk Management Assurance (CRMA)	1	
Certified International in Risk Management Assurance	1	
Basic Competence Exams for Enterprise Internal Control (SECURITIES & FUTURES INSTITUTE)	2	

8.4.2 Procedures for Handling Material Inside Information of WTC

WTC has formulated "Major internal information and prevention of insider transaction management operations", which has been approved by the board of directors and included in the company's document management system for employees and managers to inquire. Employees, managers and directors have been fully informed to avoid violations and Insider trading occurred.

8.5 Any Events Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act: None.

**Walsin Technology Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 10 “Consolidated and Separate Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

WALSIN TECHNOLOGY CORPORATION

By

YU-HENG CHIAO
Chairman

February 23, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Walsin Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of Walsin Technology Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we

do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is described as follows:

Revenue Recognition for MLCC Sales

Walsin Technology Corporation's main stream of revenue comes from multi-layer ceramic capacitors (MLCC), ceramic disc capacitors, chip resistors and radio frequency devices.

Due to higher proportion of MLCC's sales revenue and gross profit margin compared to other sales portfolios and revenue is recognized in accordance with customer orders or contracts, we considered recognition of revenue from sales of MLCC as a key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022.

The audit procedures that we performed in response to the abovementioned key audit matter included understanding the design and implementation of key internal controls and testing the effectiveness of relevant controls over sales revenue, and selecting samples of revenue items to verify the occurrence of transactions.

Other Matter - Use of Other Auditors

We did not audit the consolidated financial statements of some subsidiaries and investments accounted for using the equity method included in the consolidated financial statements of the Group, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts and the information disclosed for some subsidiaries and investments accounted for using the equity method, is based solely on the audit reports of other auditors. As of December 31, 2022 and 2021, the amounts of total assets of these subsidiaries (including investments accounted for using the equity method) were NT\$11,124,601 thousand and NT\$10,161,549 thousand, representing 12.13% and 10.79% of the consolidated total assets; for the year ended December 31, 2022 and 2021, the amounts of consolidated net operating revenue of these subsidiaries were NT\$6,822,268 thousand and NT\$6,006,450 thousand, representing 19.33% and 14.26% of the consolidated net operating revenue; and the comprehensive income for the years ended December 31, 2022 and 2021 was NT\$474,088 thousand and NT\$564,621 thousand, representing 18.86% and 5.58% of the consolidated comprehensive income; and the share of income/(loss) of associates accounted for using the equity method for the years ended December 31, 2022 and 2021 was NT\$5,630 thousand and NT\$(5,867) thousand, representing 0.22% and (0.07%) of the consolidated comprehensive income.

Other Matter - the Parent Company Only Financial Statements

We have also audited the parent company only financial statements of Walsin Technology Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion with "Other Matter" paragraph.

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

Management is responsible for the preparation and fair presentation of the consolidated

financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chin-Chuan Shih and Kuo-Tyan Hong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

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

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 17,503,335	19	\$ 11,261,504	12
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	588,983	1	1,572,637	2
Financial assets at amortized cost - current (Notes 4 and 8)	5,558,187	6	6,347,388	7
Notes receivable from unrelated parties (Notes 4 and 9)	867,613	1	923,996	1
Trade receivables from unrelated parties (Notes 4 and 9)	8,508,511	9	9,916,600	10
Trade receivables from related parties (Notes 4, 9 and 28)	51,312	-	62,746	-
Finance lease receivable (Note 4)	22,784	-	27,435	-
Other receivables from unrelated parties	525,581	-	526,653	1
Other receivables from related parties (Note 28)	13,970	-	12,858	-
Inventories (Notes 4 and 10)	7,883,145	9	9,687,250	10
Other current assets	554,653	1	848,819	1
Total current assets	<u>42,078,074</u>	<u>46</u>	<u>41,187,886</u>	<u>44</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	-	-	1,440	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 12)	5,813,946	6	5,899,491	6
Financial assets at amortized cost - non-current (Notes 4 and 8)	2,569,470	3	3,197,562	3
Investments accounted for using the equity method (Notes 4 and 13)	9,638,325	10	9,943,014	11
Property, plant and equipment (Notes 4 and 14)	28,352,902	31	30,449,546	32
Right-of-use assets (Notes 4 and 15)	965,482	1	1,019,242	1
Investment properties (Notes 4 and 16)	14,773	-	117,679	-
Intangible assets (Notes 4 and 17)	684,490	1	795,266	1
Deferred tax assets (Notes 4 and 23)	609,350	1	657,496	1
Guarantee deposits paid (Note 29)	113,181	-	96,668	-
Finance lease receivables (Note 4)	24,751	-	25,607	-
Other non-current assets (Notes 4 and 20)	866,751	1	789,308	1
Total non-current assets	<u>49,653,421</u>	<u>54</u>	<u>52,992,319</u>	<u>56</u>
TOTAL	<u>\$ 91,731,495</u>	<u>100</u>	<u>\$ 94,180,205</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 18)	\$ 7,103,050	8	\$ 5,429,427	6
Notes payable to unrelated parties	194,700	-	368,742	-
Trade payables to unrelated parties	2,620,459	3	4,431,637	5
Trade payables to related parties (Note 28)	25,510	-	2,502	-
Payables for equipment (Note 28)	1,811,035	2	3,684,849	4
Other payables (Note 28)	3,432,377	4	4,742,686	5
Current tax liabilities	1,435,737	2	1,730,872	2
Lease liabilities (Notes 4 and 15)	138,546	-	136,372	-
Current portion of bonds payable (Notes 4 and 19)	-	-	474,486	1
Current portion of long-term borrowings (Notes 4 and 18)	2,303,708	2	399,169	-
Other current liabilities	164,959	-	156,690	-
Total current liabilities	<u>19,230,081</u>	<u>21</u>	<u>21,557,432</u>	<u>23</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 19)	4,715,936	5	4,654,244	5
Long-term borrowings (Notes 4 and 18)	11,873,487	13	12,117,833	13
Current tax liabilities (Notes 4 and 23)	549,262	1	290,327	-
Deferred tax liabilities (Notes 4 and 23)	769,371	1	818,758	1
Lease liabilities (Notes 4 and 15)	496,604	1	559,160	1
Long-term payables	19,825	-	31,778	-
Long-term deferred revenue (Note 4)	35,981	-	23,932	-
Net defined benefit liabilities (Notes 4 and 20)	199,336	-	343,086	-
Guarantee deposits received	257,578	-	254,501	-
Total non-current liabilities	<u>18,917,380</u>	<u>21</u>	<u>19,093,619</u>	<u>20</u>
Total liabilities	<u>38,147,461</u>	<u>42</u>	<u>40,651,051</u>	<u>43</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Share capital				
Ordinary shares	4,858,043	5	4,858,043	5
Bond conversion entitlement certificates	-	-	-	-
Capital surplus	3,111,159	3	3,111,622	3
Retained earnings				
Legal reserve	4,736,096	5	3,938,069	4
Special reserve	1,096,797	1	1,096,797	1
Unappropriated earnings	28,403,212	31	29,630,926	32
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(1,191,536)	(1)	(2,479,278)	(3)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	3,503,533	4	4,469,043	5
Treasury shares	(236,380)	-	(236,380)	-
Total equity attributable to owners of the Company	<u>44,280,924</u>	<u>48</u>	<u>44,388,842</u>	<u>47</u>
NON-CONTROLLING INTERESTS (Note 21)	<u>9,303,110</u>	<u>10</u>	<u>9,140,312</u>	<u>10</u>
Total equity	<u>53,584,034</u>	<u>58</u>	<u>53,529,154</u>	<u>57</u>
TOTAL	<u>\$ 91,731,495</u>	<u>100</u>	<u>\$ 94,180,205</u>	<u>100</u>

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

(With Deloitte & Touche audits' report dated February 23, 2023)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET SALES (Notes 4, 28 and 35)	\$ 35,297,163	100	\$ 42,108,708	100
COST OF SALES (Notes 10 and 28)	<u>28,997,415</u>	<u>82</u>	<u>29,596,325</u>	<u>70</u>
GROSS PROFIT	<u>6,299,748</u>	<u>18</u>	<u>12,512,383</u>	<u>30</u>
OPERATING EXPENSES				
Selling and marketing expenses	1,754,720	5	1,763,056	4
General and administrative expenses	1,350,981	4	1,295,098	3
Research and development expenses	<u>1,133,114</u>	<u>3</u>	<u>1,054,647</u>	<u>3</u>
Total operating expenses	<u>4,238,815</u>	<u>12</u>	<u>4,112,801</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>2,060,933</u>	<u>6</u>	<u>8,399,582</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	514,712	1	466,667	1
Rental income	28,773	-	25,031	-
Dividend income	258,897	1	166,007	-
Other income	88,669	-	256,758	1
(Loss) gain on disposal of investments (Notes 4, 11 and 13)	(205)	-	229,750	1
(Loss) gain on financial assets at FVTPL	(213,409)	(1)	127,443	-
Other expenses	(67,635)	-	(127,041)	-
Loss on disposal of property, plant and equipment	(13,323)	-	(2,220)	-
Foreign exchange gain (loss), net	526,078	2	(7,405)	-
Interest expense	(264,076)	(1)	(208,322)	(1)
Share of profit of associates accounted for using the equity method (Notes 4 and 13)	<u>618,479</u>	<u>2</u>	<u>1,323,664</u>	<u>3</u>
Total non-operating income and expenses	<u>1,476,960</u>	<u>4</u>	<u>2,250,332</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	3,537,893	10	10,649,914	25
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(1,242,618)</u>	<u>(4)</u>	<u>(1,688,838)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>2,295,275</u>	<u>6</u>	<u>8,961,076</u>	<u>21</u>

(Continued)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 1,413	-	\$ 17,958	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(28,305)	-	1,712,026	4
Share of the other comprehensive loss of associates accounted for using the equity method	(1,050,356)	(3)	(579,027)	(1)
Income tax expense from remeasurement of defined benefit plans	22,740	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	1,112,385	3	51,027	-
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	(56,035)	-	-	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>216,545</u>	<u>1</u>	<u>(44,816)</u>	<u>-</u>
Other comprehensive income for the year, net	<u>218,387</u>	<u>1</u>	<u>1,157,168</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,513,662</u>	<u>7</u>	<u>\$ 10,118,244</u>	<u>24</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,650,587	4	\$ 7,931,941	19
Non-controlling interests	<u>644,688</u>	<u>2</u>	<u>1,029,135</u>	<u>2</u>
	<u>\$ 2,295,275</u>	<u>6</u>	<u>\$ 8,961,076</u>	<u>21</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,078,221	6	\$ 8,917,652	21
Non-controlling interests	<u>435,441</u>	<u>1</u>	<u>1,200,592</u>	<u>3</u>
	<u>\$ 2,513,662</u>	<u>7</u>	<u>\$ 10,118,244</u>	<u>24</u>

(Continued)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
EARNINGS PER SHARE (Notes 4 and 24)				
Basic	<u>\$ 3.40</u>		<u>\$ 16.35</u>	
Diluted	<u>\$ 3.35</u>		<u>\$ 15.72</u>	

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

(With Deloitte & Touche audits' report dated February 23, 2023)

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company							Other Equity			Non-controlling Interests	Total Equity	
	Share Capital		Bond Conversion Entitlement Certificates	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares			Total
	Shares (In Thousands)	Share Capital			Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE, JANUARY 1, 2021	485,800	\$ 4,858,000	\$ 43	\$ 6,006,342	\$ 3,286,566	\$ 1,097,541	\$ 22,302,162	\$ (2,517,167)	\$ 3,586,975	\$ -	\$ 38,620,462	\$ 7,033,732	\$ 45,654,194
Reversal by subsidiaries special reserve appropriated at the first-time adoption of IFRSs	-	-	-	-	-	(744)	744	-	-	-	-	-	-
Appropriation of the 2020 earnings (Note 21)													
Legal reserve	-	-	-	-	651,503	-	(651,503)	-	-	-	-	-	-
Other changes in capital surplus (Note 21)													
Change in capital surplus from associates accounted for using the equity method	-	-	-	24,882	-	-	(5,832)	-	-	-	19,050	-	19,050
Issuance of cash dividends from capital surplus	-	-	-	(2,914,830)	-	-	-	-	-	-	(2,914,830)	-	(2,914,830)
Other changes in capital surplus	-	-	-	55	-	-	-	-	-	-	55	-	55
Actual acquisition of interests in subsidiaries	-	-	-	(24,397)	-	-	(11,147)	-	-	-	(35,544)	(100,260)	(135,804)
Changes in percentage of ownership interests in subsidiaries	-	-	-	315	-	-	(1,193)	-	-	-	(878)	1,793	915
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	7,931,941	-	-	-	7,931,941	1,029,135	8,961,076
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	19,923	37,889	927,899	-	985,711	171,457	1,157,168
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	7,951,864	37,889	927,899	-	8,917,652	1,200,592	10,118,244
Convertible bonds converted to ordinary shares	4	43	(43)	-	-	-	-	-	-	-	-	-	-
Buy-back of treasury shares (Note 21)	-	-	-	-	-	-	-	-	-	(351,616)	(351,616)	-	(351,616)
Transfer of treasury shares to employees (Note 21)	-	-	-	19,255	-	-	-	-	-	115,236	134,491	-	134,491
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,004,455	1,004,455
Disposal of investments in equity instruments designated as at fair value through other comprehensive income/associates disposed of the investments in equity instruments designated as at fair value through other comprehensive income (Note 21)	-	-	-	-	-	-	45,831	-	(45,831)	-	-	-	-
BALANCE, DECEMBER 31, 2021	485,804	4,858,043	-	3,111,622	3,938,069	1,096,797	29,630,926	(2,479,278)	4,469,043	(236,380)	44,388,842	9,140,312	53,529,154
Appropriation of the 2021 earnings (Note 21)													
Legal reserve	-	-	-	-	798,027	-	(798,027)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(2,186,119)	-	-	-	(2,186,119)	-	(2,186,119)
Other changes in capital surplus (Note 21)													
Change in capital surplus from associates accounted for using the equity method	-	-	-	(401)	-	-	(122)	-	-	-	(523)	227	(296)
Changes in percentage of ownership interests in subsidiaries	-	-	-	(62)	-	-	607	(47)	5	-	503	(505)	(2)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	1,650,587	-	-	-	1,650,587	644,688	2,295,275
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	41,473	1,287,789	(901,628)	-	427,634	(209,247)	218,387
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	1,692,060	1,287,789	(901,628)	-	2,078,221	435,441	2,513,662
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(272,365)	(272,365)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 21)	-	-	-	-	-	-	63,887	-	(63,887)	-	-	-	-
BALANCE, DECEMBER 31, 2022	485,804	\$ 4,858,043	\$ -	\$ 3,111,159	\$ 4,736,096	\$ 1,096,797	\$ 28,403,212	\$ (1,191,536)	\$ 3,503,533	\$ (236,380)	\$ 44,280,924	\$ 9,303,110	\$ 53,584,034

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

(With Deloitte & Touche audits' report dated February 23, 2023)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,537,893	\$ 10,649,914
Adjustments for:		
Expected credit loss (reversed) recognized on trade receivables	(8,111)	821
Depreciation expense	5,415,853	4,535,596
Amortization expense	157,169	103,308
Interest expense	264,076	208,322
Interest income	(514,712)	(466,667)
Dividend income	(258,897)	(166,007)
Share of profit of associates accounted for using the equity method	(618,479)	(1,323,664)
Loss on disposal of property, plant and equipment	13,323	2,220
Loss on disposal of intangible assets	-	5,026
Net loss (gain) on financial assets at FVTPL	213,409	(127,443)
Loss (gain) on disposal of investments	205	(229,750)
Impairment loss recognized on property, plant and equipments	347	52,257
Net loss (gain) on foreign currency exchange	51,926	(89,998)
Write-downs of inventories	250,327	212,063
Compensation cost of employee share options	-	19,602
Gain on modification of lease	(1,619)	(378)
Other non-cash items	-	(154,643)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	866,098	1,329,469
Notes receivable from unrelated parties	57,836	(319,559)
Trade receivables from unrelated parties	1,399,135	1,732,182
Trade receivables from related parties	11,434	(14,879)
Other receivables from unrelated parties	(11,758)	4,231
Other receivables from related parties	(1,112)	442
Inventories	1,570,457	(3,572,979)
Other current assets	297,721	(338,761)
Other non-current assets	302,608	(91,036)
Notes payable to unrelated parties	(174,042)	212,411
Trade payables to unrelated parties	(1,849,235)	54,038
Trade payables to related parties	23,008	737
Other payables	(1,315,115)	15,857
Other current liabilities	520	(219,604)
Other non-current liabilities	(124,264)	(13,827)
Cash generated from operations	9,556,001	12,009,301
Interest received	527,929	342,274
Dividends received	544,283	454,242
Interest paid	(189,531)	(140,236)

Income tax paid	<u>(1,506,145)</u>	<u>(1,284,793)</u>
Net cash generated from operating activities	<u>8,932,537</u>	<u>11,380,788</u> (Continued)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (340,503)	\$ (76,365)
Proceeds from financial assets at fair value through other comprehensive income	420,608	42,758
Proceeds from capital return of financial assets at fair value through other comprehensive income	-	6,493
Proceeds from financial assets at amortized cost	1,430,728	1,933,925
Acquisition of investments accounted for using the equity method	(195,377)	(1,490,551)
Payments for property, plant and equipment	(4,622,248)	(10,208,097)
Proceeds from disposal of property, plant and equipment	55,838	18,196
(Increase) decrease in guarantee deposits paid	(16,513)	44,628
Payments for intangible assets	(48,930)	(25,087)
Net cash (outflow) inflow on acquisition of subsidiaries (Note 25)	(187,784)	413,355
Decrease in finance lease receivables	10,924	8,172
Increase in prepayment for equipment	(99,611)	-
Net cash used in investing activities	<u>(3,592,868)</u>	<u>(9,332,573)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	1,630,505	(562,863)
Decrease in short-term bills payable	-	(99,980)
Repayment of bonds payable	(448,506)	(130,955)
Increase in long-term borrowings	1,599,639	2,488,904
Repayment of the principal portion of lease liabilities	(180,990)	(140,692)
Cash dividends	(2,186,104)	(2,914,858)
Increase (decrease) in guarantee deposits received	3,077	(119,980)
Payments for buy-back of ordinary shares	-	(351,616)
Proceeds from transfer of treasury shares to employees	-	114,889
Changes in non-controlling interests	(323,011)	(477,400)
Other financing activities	-	55
Net cash generated from (used in) financing activities	<u>94,610</u>	<u>(2,194,496)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>807,552</u>	<u>195,732</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,241,831	49,451

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>11,261,504</u>	<u>11,212,053</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 17,503,335</u>	<u>\$ 11,261,504</u>

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

(With Deloitte & Touche audits' report dated February 23, 2023)

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Walsin Technology Corporation (the “Company”) was incorporated in the Republic of China (ROC) on July 29, 1970 and was engaged in the design, development and manufacture of semiconductors and LED (light-emitting diode) chips. On July 1, 1992, the Company purchased machinery, equipment and inventory for the electronic department of Walsin Lihwa Corporation and changed its main operations to become the manufacturer and seller of passive components. The Company’s ordinary shares began trading on the Taipei Exchange on November 21, 1997, and transferred listing of its shares for trading on the Taiwan Stock Exchange on September 17, 2001.

The Company’s main business location is No. 566-1, Gaoshi Road, Yangmei District, Taoyuan City, Taiwan, the R.O.C.

The consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on February 23, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

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

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
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 New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

- 1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

- 2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments 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, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and

- 3) 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:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. The total comprehensive income of subsidiaries is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11, Tables 8 and Table 9 to the consolidated financial statements for the detailed information of subsidiaries (including the percentage of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other

types of non-controlling interests are measured at fair value.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

f. Foreign currencies

In preparing the financial statements of each entity in the Group, transactions in currencies other than the entity's functional currency (i.e., 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.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising 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 case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are retranslated using the exchange rate at the date of the transaction.

For the purposes of presenting consolidated financial statements, the functional currencies of the Company and the entities in the Group (including subsidiaries and associates in other countries that use currency different from the currency of the Company) are translated into the presentation currency - the U.S. dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments recognized on identifiable assets and liabilities of the acquired foreign operations are treated as assets and liabilities of the foreign operation and translated at the rates of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

g. Inventories

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

h. Investments in associates

An associate is an entity over which the Group has significant influence and that is not a subsidiary.

The Group uses the equity method to account for its investments in associates.

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

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

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Group's share of the equity of associates. If the Group's ownership interest is reduced due to the 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 if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (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 Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

When an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. 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. The products produced to test whether an item of property, plant and equipment is functioning properly before the asset reaches its expectation of use are measured at the lower of cost or net realizable value, and any proceeds from selling and the cost are recognized in profit or loss. Such assets are depreciated and classified into the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, 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.

j. Investment properties

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

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

Investment property is classified as property, plant and equipment at the book value on the date of transfer for own use.

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

k. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

1. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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

m. Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets (except goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets (except goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

n. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are also included in the originally recognized amounts of financial assets and liabilities.

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments, which are not designated as at FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, 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.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, 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 debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, finance lease receivables, as well as contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables, finance lease receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs 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 represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as an indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes collateralized borrowing for the proceeds received.

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. 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

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

The repurchase of the Group's equity instruments is recognized and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's equity instruments.

3) Financial liabilities

a) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

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) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

o. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

p. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

- Revenue from the sale of goods

Revenue from the sale of goods comes from sales of passive components. Sales of passive components are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and 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.

q. Lease

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

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for by applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments. 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 to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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. The lease payments are discounted using the interest rate implicit in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of COVID-19 to change the lease payments originally due by June 30, 2022, which 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 Group 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 Group 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.

r. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until the assets are substantially ready for their intended use or sale.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

s. Government grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

t. 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 services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is

recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

u. Share-based payment arrangements

Equity-settled share-based payment arrangements are granted to employees. The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share option. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

v. Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss 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 Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the recent development of COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Critical Accounting Judgments

a. Significant influence over associates

The Group is the single largest shareholder with less than 50% of the voting rights on an investee; it does not have control but has significant influence over the investee.

As stated in Note 13 to the consolidated financial statements, the Group is the single largest shareholder with 21.39% of the voting rights on HannStar Board Corporation. Considering the size of the Group's holding of voting rights relative to the size and dispersed shareholdings of the other shareholders, the Group is not able to direct the relevant activities and does not have control over HannStar Board Corporation. Consequently, the management considered the Group as exercising significant influence over HannStar Board Corporation and, therefore, classified HannStar Board Corporation as an associate.

As stated in Note 13 to the consolidated financial statements, the Group is the single largest shareholder with 25% of the voting rights on Silitech Technology Corporation. Considering the size of the Group's holding of voting rights held relative to the size and dispersed shareholdings of other shareholders, the Group is not able to direct the relevant activities and does not have control over Silitech Technology Corporation. Consequently, the management considered the Group as exercising significant influence over Silitech Technology Corporation and, therefore, classified Silitech Technology Corporation as an associate.

As stated in Note 13 to the consolidated financial statements, the Group is the single largest shareholder with 30.40% of the voting rights on Joyin Co., Ltd. Considering the size of the Group's holding of voting rights held relative to the size and dispersed shareholdings of other shareholders, the Group is not able to direct the relevant activities and does not have control over Joyin Co., Ltd. Consequently, the management considered the Group as exercising significant influence over Joyin Co., Ltd. and, therefore, classified Joyin Co., Ltd. as an associate.

As stated in Note 13 to the consolidated financial statements, the Group is the single largest shareholder with 26.17% of the voting rights in Matsuo Electric Co., Ltd. Considering the size of the Group's holding of voting rights relative to the size and dispersion of shareholdings of other shareholders, the Group is not able to direct the relevant activities and does not have control over Matsuo Electric Co., Ltd. Consequently, the management considered the Group as exercising significant influence over Matsuo Electric Co., Ltd. and, therefore, classified Matsuo Electric Co., Ltd. as an associate.

b. Control over subsidiaries

As stated in Note 11 to the consolidated financial statements, Prosperity Dielectrics Co., Ltd. is a subsidiary of the Group although the Group holds less than half of the voting rights on Prosperity Dielectrics Co., Ltd. After considering the Group's absolute size of holdings on Prosperity Dielectrics Co., Ltd. and the relative size of and dispersed shareholdings of the other shareholders, the Group concluded that it has sufficiently dominant voting interest to direct the relevant activities of Prosperity Dielectrics Co., Ltd. and, therefore, the Group has control over Prosperity Dielectrics Co., Ltd.

As stated in Note 11 to the consolidated financial statements, Inpaq Technology Co., Ltd. is a subsidiary of the Group although the Group holds less than half of the voting rights on Inpaq Technology Co., Ltd. After considering the Group's absolute size of holdings on Inpaq Technology Co., Ltd. and the relative size of and dispersed shareholdings of the other shareholders, the Group concluded that it has a sufficiently dominant voting interest to direct the relevant activities of Inpaq Technology Co., Ltd. and, therefore, the Group has control over Inpaq Technology Co., Ltd.

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on the probability of risk of default expected and loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward-looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, refer to Note 9 to the consolidated financial statements. When the actual future cash inflows are less than expected, a material impairment loss may arise. Furthermore, the estimate of the probability of default is subject to greater uncertainties due to the impact on the credit risk of financial assets arising from the uncertain impact and volatility in financial markets caused by the COVID-19 pandemic.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 6,452	\$ 5,491
Checking accounts and demand deposits	7,066,122	7,363,580
Cash equivalents		
Time deposits with original maturities of less than 3 months	10,277,671	3,372,500
Repurchase agreements collateralized by bonds	153,090	519,127
Others	-	806
	<u>\$ 17,503,335</u>	<u>\$ 11,261,504</u>

- a. The market rate intervals of cash in bank at the end of the reporting period were as follows (except the market rate of checking accounts was 0%):

	December 31	
	2022	2021
Bank balance	0.001%-5.38%	0.001%-4.125%
Repurchase agreements collateralized by bonds	0.80%-4.10%	0.23%-0.24%

- b. Time deposits in the amounts of \$153,157 thousand and \$163,319 thousand as of December 31, 2022 and 2021, respectively, have been provided as guarantee deposits for tariff, court, etc., which were recognized under financial assets at amortized cost and guarantee deposits paid (refer to Note 29 to the consolidated financial statements).

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2022	2021
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ 490,599	\$ 775,839
Foreign listed shares	-	128,858
Fund beneficiary certificates	53,835	581,855
Government bonds	<u>44,549</u>	<u>86,085</u>
	<u>\$ 588,983</u>	<u>\$ 1,572,637</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Call option on domestic convertible corporate bonds (Note 19)	<u>\$ -</u>	<u>\$ 1,440</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Time deposits with original maturities of more than 3 months and segregated foreign exchange deposit account for offshore funds, etc.	<u>\$ 5,558,187</u>	<u>\$ 6,347,388</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 1 year and segregated foreign exchange deposit account for offshore funds, etc.	\$ 1,957,539	\$ 3,197,562
Foreign corporate bonds and foreign government bonds	<u>611,931</u>	<u>-</u>
	<u>\$ 2,569,470</u>	<u>\$ 3,197,562</u>

- a. The market interest rate intervals of time deposits with original maturities of more than 3 months at the

end of the reporting period were as follows:

	<u>December 31</u>	
	2022	2021
Time deposits with original maturities of more than 3 months	0.21%-5.38%	0.07%-4.125%

b. The information of foreign corporate bonds and foreign government bonds were as follows:

Maturity Date	Coupon Rate	Effective Interest Rate
August 2024 - December 2027	3.00%-4.65%	3.61%-4.33%

c. Refer to Note 29 to the consolidated financial statements for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<u>December 31</u>	
	2022	2021
<u>Notes receivable from unrelated parties</u>		
At amortized cost		
Gross carrying amount	\$ 867,613	\$ 923,996
Less: Allowance for impairment loss	-	-
	<u>\$ 867,613</u>	<u>\$ 923,996</u>
<u>Trade receivables from unrelated parties</u>		
At amortized cost		
Gross carrying amount	\$ 8,594,562	\$ 10,014,658
Less: Allowance for impairment loss	(86,051)	(98,058)
	<u>\$ 8,508,511</u>	<u>\$ 9,916,600</u>
<u>Trade receivables from related parties (Note 28)</u>		
At amortized cost		
Gross carrying amount	\$ 51,312	\$ 62,746
Less: Allowance for impairment loss	-	-
	<u>\$ 51,312</u>	<u>\$ 62,746</u>

The average credit period of sales of goods was 90 to 150 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if not available, the Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its

counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty credit limits that are reviewed and approved by enterprise risk management division annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does show different loss patterns for different customer segments, the provision for loss allowance based on past due status is further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable and trade receivables from unrelated parties based on the overdue aging ratio and individual customer evaluation method.

December 31, 2022

Group A

	Not Past Due	Up to 30 Days	31 to 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0%-4%	0%-5%	0%-10%	0%-20%	0%-50%	0%-100%	
Gross carrying amount	\$ 7,350,832	\$ 31,702	\$ 122,472	\$ 24,757	\$ 5,537	\$ -	\$ 7,535,300
Loss allowance (Lifetime ECLs)	(60,503)	(1,585)	(10,952)	(906)	(920)	-	(74,866)
Loss allowance (individual customer ECLs)	(1,163)	-	-	-	-	-	(1,163)
Amortized cost	<u>\$ 7,289,166</u>	<u>\$ 30,117</u>	<u>\$ 111,520</u>	<u>\$ 23,851</u>	<u>\$ 4,617</u>	<u>\$ -</u>	<u>\$ 7,459,271</u>

Group B

	Not Past Due	Up to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0%	0%-20%	100%	100%	
Gross carrying amount	\$ 1,877,226	\$ 48,366	\$ 459	\$ 824	\$ 1,926,875
Loss allowance (Lifetime ECLs)	-	(8,739)	(459)	(824)	(10,022)
Amortized cost	<u>\$ 1,877,226</u>	<u>\$ 39,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,916,853</u>

December 31, 2021

Group A

	Not Past Due	Up to 30 Days	31 to 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0%-4%	0%-5%	0%-10%	0%-20%	0%-50%	0%-100%	
Gross carrying amount	\$ 8,721,325	\$ 42,949	\$ 107,212	\$ 1,238	\$ 1,663	\$ -	\$ 8,874,387
Loss allowance (Lifetime ECLs)	(68,567)	(2,147)	(10,721)	(248)	(832)	-	(82,515)
Loss allowance (individual customer ECLs)	<u>(958)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(958)</u>
Amortized cost	<u>\$ 8,651,800</u>	<u>\$ 40,802</u>	<u>\$ 96,491</u>	<u>\$ 990</u>	<u>\$ 831</u>	<u>\$ -</u>	<u>\$ 8,790,914</u>

Group B

	Not Past Due	Up to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0%	1.40%	100%	100%	
Gross carrying amount	\$ 1,941,774	\$ 109,436	\$ 4,286	\$ 8,771	\$ 2,064,267
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1,528)</u>	<u>(4,286)</u>	<u>(8,771)</u>	<u>(14,585)</u>
Amortized cost	<u>\$ 1,941,774</u>	<u>\$ 107,908</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,049,682</u>

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	December 31	
	2022	2021
Balance at January 1	\$ 98,058	\$ 107,215
Add: Acquisitions through business combinations	-	952
Add: (Reversal) recognition of impairment loss for the current year	(8,111)	821
Less: Amounts written off for the current year	(4,397)	(10,488)
Less: Amounts reclassification for the current year	(1,239)	(93)
Add: Foreign exchange differences	<u>1,740</u>	<u>(349)</u>
Balance at December 31	<u>\$ 86,051</u>	<u>\$ 98,058</u>

Reversal of impairment losses resulted from total gross receivables (except related parties) decreased by \$1,476,479 thousand and the decrease in overdue payments compared to January 1, 2022. The increase in impairment loss of \$821 thousand resulted from total gross receivables (except related parties) decreased by \$296,446 thousand and the increase in overdue payments compared to January 1, 2021.

10. INVENTORIES

	December 31	
	2022	2021
Raw materials	\$ 2,030,663	\$ 2,796,825
Supplies	166,155	199,021
Work in progress	1,147,835	1,885,519
Semi-finished goods	1,955,300	2,116,057
Finished goods	<u>2,583,192</u>	<u>2,689,828</u>
	<u>\$ 7,883,145</u>	<u>\$ 9,687,250</u>

The nature of the cost of goods sold were as follows:

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	\$ 26,271,055	\$ 28,034,843
Unallocated manufacturing expense	2,476,033	1,349,419
Inventory losses	<u>250,327</u>	<u>212,063</u>
	<u>\$ 28,997,415</u>	<u>\$ 29,596,325</u>

11. SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership		Note
			2022	2021	
The Company	Prosperity Dielectrics Co., Ltd. ("PDC")	Manufacturing, processing and selling of chip capacitors, chip resistors, semiconductive capacitor elements, ceramic dielectric powders and magnetic elements, etc.	43.13	43.13	a
	Inpaq Technology Co., Ltd. ("INPAQ")	Researching, developing, manufacturing and selling of integrated electrical protection component, hybrid microwave antenna module and multilayer type microwave communication component and module.	34.13	34.13	a
	Soshin Electric Co., Ltd.	Researching, developing, manufacturing and selling of electric capacitors, thick film printed circuit board, multilayered dielectric filters, EMI filters.	1.93	1.93	b
	Pan Overseas (B.V.I.) Investments Co., Ltd. ("POE-BVI")	Investment holding.	100.00	100.00	
GDL	Gallatown Developments Limited ("GDL")	Investment holding.	89.06	89.27	
	Walsin Technology Europe B.V.	Selling of passive electronic components.	100.00	-	c
	Walsin Technology Corporation (HK) Limited ("WTC (HK)")	Selling of passive electronic components.	100.00	100.00	
	Walsin Technology Holding Corporation (HK) Limited ("WTHC-HK")	Investment holding.	100.00	100.00	
	Walsin Electronics (S) Pte. Ltd. ("WES")	Marketing service.	100.00	100.00	
	Walsin Technology Corporation U.S.A. ("WTCA")	Marketing service.	100.00	100.00	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership		Note
			2022	2021	
WTHC-HK	Walsin Passive Component (H.K.) Limited (“WPC”)	Selling of passive electronic components.	100.00	100.00	
	Kamaya Electric Co., Ltd. (“Kamaya”)	Manufacturing and selling of high level electric chip resistors.	99.99	99.99	
	Walsin International Management (HK) Limited (“WIM”)	Investment holding.	100.00	100.00	
	Walsin Electronics India Private Ltd. (“WEI”)	Manufacturing and selling of electric capacitors and resistors, etc.	0.10	0.10	
	Dongguan Walsin Technology Electronics Co., Ltd. (“DG”)	Selling of electronic capacitor components, resistors, etc., sensing control and radio frequency components.	100.00	100.00	
	Suzhou Walsin Technology Electronics Co., Ltd. (“SZ”)	Assembling and selling of electric capacitor components and rear section of resistors, etc.	100.00	100.00	
	Dongguan Huafai Trading Co., Ltd. (“Huafai”)	Trading of electronic parts, warehousing and commission agency.	100.00	100.00	
	Pan Overseas (Guangzhou) Electronic Co., Ltd. (“POE-GZ”)	Manufacturing and selling of ceramic capacitors components.	100.00	100.00	
POE-BVI	Walsin Electronics India Private Ltd. (“WEI”)	Manufacturing and selling of electric capacitors and resistors, etc.	99.90	99.90	
	GDL	Investment holding.	4.88	4.79	
FB	Fine Bright Technology Limited (“FB”)	Investment holding.	100.00	100.00	
	GDL	Investment holding.	6.06	5.94	
Kamaya	Kamaya Electric (M) Sdn. Bhd. (“KM”)	Manufacturing and selling of high level electric chip resistors.	100.00	100.00	
	Kamaya Electric (HK) Limited	Selling of passive electronic components.	100.00	100.00	
	Kamaya, Inc. (“KI”)	Selling of passive electronic components.	100.00	100.00	
	Nitsuko Electronics Corporation (“NTK”)	Manufacturing and selling of film capacitors.	70.00	70.00	
	Soshin Electric Co., Ltd.	Researching, developing, manufacturing and selling of electric capacitors, thick film printed circuit board, multilayered dielectric filters, EMI filters.	48.15	48.15	b
	PDC	PDC Prime Holdings Limited (“PDC Holdings”)	Investment holding.	100.00	100.00
PDC Holdings	Frontec International Corporation	Overseas investment.	100.00	100.00	
	PDC Success Investments Ltd.	Investment holding.	100.00	100.00	
	Frontier Components Co., Ltd.	International trade.	100.00	100.00	
	Prosperity International Development (HK) Co., Limited	Investment holding.	100.00	100.00	
PDC Success Investments Ltd.	PDC Electronics (Suzhou) Co., Ltd.	Manufacturing of electronic parts and ceramic components.	100.00	100.00	
Frontier Components Co., Ltd.	Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	Manufacturing and selling of transformer, coils and rectifier diode.	100.00	100.00	
	Dongguan Frontier Electronics Co., Ltd.	Selling of electronic components.	100.00	100.00	
Dongguan Frontier Electronics Co., Ltd.	Prosperity Frontier Electronics (Guangzhou) Co., Ltd.	Manufacturing and selling of transformer, coils and rectifier diode.	100.00	100.00	
INPAQ	Inpaq (BVI) Ltd.	Investment holding.	100.00	100.00	
	Canfield Limited	Selling of electronic components, computers and peripheral output devices, communication products and components, antenna wholesale, commission agent, and after sales service.	100.00	100.00	
	Inpaq Technology USA, Inc.	Selling of electronic components, computers and peripheral output devices, communication products and components, antenna wholesale, commission agent, and after sales service.	100.00	100.00	
	Eleceram Technology Co., Ltd.	Manufacturing and selling of electronic components.	72.90	-	d
Inpaq (BVI) Ltd.	Inpaq (Cayman Islands) Ltd.	Investment holding.	100.00	100.00	
	Inpaq (HK) Co., Limited.	Investment holding.	100.00	100.00	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership		Note
			2022	2021	
Inpaq (Cayman Islands) Ltd.	Inpaq Technology (Suzhou) Co., Ltd.	Manufacturing and selling of new type of high frequency components, power electronic components, photoelectric device, sensor device and other ancillary products.	100.00	100.00	
	Inpaq Technology (China) Co., Ltd.	Developing, manufacturing and selling of new type of components, chip components, sensitive components, sensors, power electronic components and new type of electromechanical components.	100.00	100.00	
Inpaq (HK) Co., Limited.	Inpaq Trading (Suzhou) Co., Ltd.	Selling of electronic components, computers and peripheral output devices, communication products and components, antenna wholesale, commission agent, and after sales service.	100.00	100.00	
Inpaq Technology (Suzhou) Co., Ltd.	Inpaq Trading (Suzhou) Co., Ltd.	Selling of electronic components, computers and peripheral output devices, communication products and components, antenna wholesale, commission agent, and after sales service.	100.00	100.00	
	Holypaq (HK) Co., Limited	Investment holding.	100.00	100.00	
Holypaq (HK) Co., Limited	Hunan Frontier Electronics Co., Ltd.	Manufacturing and selling of transformer, coils and magnetic components.	100.00	100.00	
	Taiwan Inpaq electronic Co., Ltd.	Manufacturing, wholesaling and retailing of electronic components.	100.00	100.00	
Soshin Electric Co., Ltd.	Soshin Device Co., Ltd.	Manufacturing, selling of communications technology electronic components.	100.00	100.00	b
	Soshin Powertech Co., Ltd.	Manufacturing and selling of power electronic components.	100.00	100.00	b
	Risshin Electronics Co., Ltd.	Manufacturing, selling of communications technology electronic components.	100.00	100.00	b
	Soshin Electronics (M) Sdn. Bhd.	Manufacturing and selling of power electronic components.	100.00	100.00	b
	Soshin Electronics of America Inc.	Selling of electronic components.	100.00	100.00	b
	Soshin Electronics Europe GmbH	Selling of electronic components.	100.00	100.00	b
Soshin Electric (HK) Co., Ltd.	Taiwan Soshin Electric Co., Ltd.	Selling of electronic components.	100.00	100.00	b
	Soshin Electronics (HK) Limited	Selling of electronic components.	100.00	100.00	b
	Soshin Electronics (SZ) Limited	Selling of electronic components.	100.00	100.00	b

(Concluded)

Note a: Refer to Note 5(b) to the consolidated financial statements.

Note b: Soshin Electric Co., Ltd. has become a subsidiary of the Company since November 2021. It was remeasured at fair value, and \$229,750 thousand of gain on disposal of investment was incurred.

Note c: Walsin Technology Europe B.V. was injected capital in April 2022.

Note d: Eleceram Technology Co., Ltd. has become a subsidiary of INPAQ since July 2022; therefore, INPAQ has control over Eleceram Technology Co., Ltd.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Non-current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	\$ 5,591,002	\$ 5,690,754
Investments in debt instruments at FVTOCI	<u>222,944</u>	<u>208,737</u>
	<u>\$ 5,813,946</u>	<u>\$ 5,899,491</u>

a. Investments in equity instruments at FVTOCI

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Non-current</u>		
Domestic investments		
Listed shares		
Walton Advanced Engineering Inc.	\$ 723,967	\$ 1,202,359
Giga-Byte Technology Co., Ltd.	914,835	1,335,745
Walsin Lihwa Corporation	2,842,580	1,404,924
Singatron Enterprise Co., Ltd.	-	329,642
APAQ Technology Co., Ltd.	229,713	334,780
King Polytechnic Engineering Co., Ltd.	-	1,801
TECO Electric and Machinery Co., Ltd.	-	157,744
Fubon Financial Holding Co., Ltd. Preferred Shares C	27,550	30,050
Unlisted shares		
Chin-Xin Investment Co., Ltd.	548,076	566,007
Euroc Venture Capital Corp.	310	310
Phoenix Innovation Venture Capital Co., Ltd.	26,160	35,580
AICP Technology Corporation	6,276	17,472
Hwa Bao Botanic Conservation Corp.	88,101	-
Foreign investments		
Listed shares		
Sony Corporation	143,104	213,061
Murata Manufacturing Co., Ltd.	-	21,177
Kyosan Electric Manufacturing Co., Ltd.	2,139	2,155
Nippon Signal Co., Ltd.	3,885	3,467
Mitsubishi UFJ Financial Group, Inc.	7,237	5,251
Nagano Keiki Co., Ltd.	4,683	6,413
Others	1,429	1,561
Unlisted shares		
Sawnics Inc.	12,113	12,113
Hokko Denshi Kogyo Corporation	1,251	1,291
Ueno Co., Ltd.	4,720	4,871
Limited liability partnership SakuSakuhimawari	2,517	2,612
Others	<u>356</u>	<u>368</u>

\$ 5,591,002 \$ 5,690,754

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management decided to account for these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

b. Investments in debt instruments at FVTOCI

	December 31	
	2022	2021
<u>Non-current</u>		
Foreign investments		
Listed corporate bonds - Apple Inc.	\$ 75,139	\$ 91,264
Listed corporate bonds - Amazon.com, Inc.	39,763	49,916
Listed corporate bonds - Microsoft Corporation	20,831	23,567
Listed corporate bonds - Saudi Arabian Oil Company	42,053	43,990
Listed corporate bonds - Bank of America	45,158	-
	<u>\$ 222,944</u>	<u>\$ 208,737</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a.

	December 31	
Investment in Associates	2022	2021
<u>Significant associates</u>		
HannStar Board Corp.	\$ 5,773,553	\$ 6,043,308
<u>Associates that are not individually material</u>		
Suzhou Walsin Color Trading Co., Ltd.	160,298	167,870
Tsai Yi Corporation (formerly known as Walsin Color Corporation before June 2022)	705,887	930,229
Falcon Automation Equipment Corporation	102,517	109,105
Chongqing Ruishuang Technology Co., Ltd.	52,061	57,317
Chongqing Xincheng Electronic Co., Ltd.	40,618	44,730
Chongqing Shuohong Investment Co., Ltd.	1,256,128	1,308,113
GHPW Enterprise Corp. (HK) Ltd.	220,678	218,154
Silitech Technology Corporation	730,145	683,938
Joyin Co., Ltd.	410,924	366,824
Matsuo Electric Co., Ltd.	173,700	-
Others	11,816	13,426
	<u>\$ 9,638,325</u>	<u>\$ 9,943,014</u>

- b. Share of profit (loss) of associates for the years ended December 31, 2022 and 2021 was summarized as follows:

	2022	2021
HannStar Board Corp.	\$ 652,018	\$ 756,923
Suzhou Walsin Color Trading Co., Ltd.	(10,048)	37,028
Tsai Yi Corporation	1,610	(5,240)
Falcon Automation Equipment Corporation	27,972	57,809
Chongqing Ruishuang Technology Co., Ltd.	(6,116)	24,086
Chongqing Xincheng Electronic Co., Ltd.	(4,783)	18,856
Chongqing Shuohong Investment Co., Ltd.	(71,261)	302,582
GHPW Enterprise Corp. (HK) Ltd.	(1,252)	15,132
Silitech Technology Corporation	24,709	16,866
Soshin Electric Co., Ltd. (Note)	-	96,866
Joyin Co., Ltd.	(13,550)	(627)
Matsuo Electric Co., Ltd.	21,198	-
Others	<u>(2,018)</u>	<u>3,383</u>
	<u>\$ 618,479</u>	<u>\$ 1,323,664</u>

Note: Kamaya Electric Co., Ltd. acquired 6,254,800 shares of Soshin by a tender offer before the expiration date on January 4, 2021, and the Company and Kamaya Electric Co., Ltd. further acquired 807,000 shares from the open market during the nine months ended September 30, 2021. The Group has control over Soshin and then Soshin became a subsidiary after Kamaya Electric Co., Ltd. acquired 1,502,504 shares by convertible bonds converted into ordinary shares in November 2021. The aggregate proportion of voting rights held by the Group was 50.08%. Refer to Note 11(b) to the consolidated financial statements.

- c. At the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

Name of Associate	December 31	
	2022	2021
HannStar Board Corp.	21.39%	21.39%
Suzhou Walsin Color Trading Co., Ltd.	39.32%	39.32%
Tsai Yi Corporation	29.98%	29.98%
Falcon Automation Equipment Corporation	43.90%	43.90%
Chongqing Ruishuang Technology Co., Ltd.	34.54%	34.54%
Chongqing Xincheng Electronic Co., Ltd.	13.04%	13.04%
Chongqing Shuohong Investment Co., Ltd.	46.08%	46.08%
GHPW Enterprise Corp. (HK) Ltd.	35.00%	35.00%
Silitech Technology Corporation (Note 1)	25.00%	25.00%
Joyin Co., Ltd.	30.40%	30.92%
Matsuo Electric Co., Ltd. (Note 2)	26.17%	-

Note a: On March 25, 2021, the Group acquired 8,000,000 shares of the private issued stock of Silitech Technology Corporation, the shareholding increased from 15% to 25%. Based on the relevant laws and regulations, the Group cannot transfer the private issued stock within 3 years from the date of acquisition, refer to Note 5(a) and Note

28(b) (7) to the consolidated financial statements.

Note b: On January 13, 2022, Kamaya Electric Co., Ltd. acquired 638,000 shares issued by Matsuo Electric Co., Ltd. to specific party, and subsequently acquired 202,000 shares from the open market, for a total of 840,000 shares.

Refer to Table 8 “Information on Investees” and Table 9 “Information on Investments in mainland China” to the consolidated financial statements for the nature of activities, principal places of business and countries of incorporation of the associates.

- d. Fair values (Level 1) of investments in associates with available published price quotations were summarized as follows:

Name of Associate	December 31	
	2022	2021
HannStar Board Corp.	<u>\$ 3,578,012</u>	<u>\$ 5,132,441</u>
Silitech Technology Corporation	<u>\$ 562,700</u>	<u>\$ 613,700</u>
Matsuo Electric Co., Ltd.	<u>\$ 157,822</u>	<u>\$ -</u>

- e. Material associates - HannStar Board Corp.

	December 31	
	2022	2021
Current assets	\$ 47,152,261	\$ 45,279,414
Non - current assets	28,708,962	32,175,242
Current liabilities	(26,235,116)	(28,572,451)
Non - current liabilities	<u>(9,674,954)</u>	<u>(8,912,824)</u>
Equity	39,951,153	39,969,381
Non-controlling interests	<u>(12,496,957)</u>	<u>(11,571,223)</u>
	<u>\$ 27,454,196</u>	<u>\$ 28,398,158</u>
Shareholding ratio of the Corporation	21.39%	21.39%
Interests enjoyed by the Corporation	\$ 5,872,453	\$ 6,074,366
Others	<u>(98,900)</u>	<u>(31,058)</u>
Investment carrying amount	<u>\$ 5,773,553</u>	<u>\$ 6,043,308</u>
	December 31	
	2022	2021
Operating revenue	<u>\$ 47,687,936</u>	<u>\$ 56,999,687</u>
Net profit for the year	\$ 4,635,381	\$ 5,861,503
Other comprehensive income	<u>(2,844,726)</u>	<u>(3,631,490)</u>
Total comprehensive income	<u>\$ 1,790,655</u>	<u>\$ 2,230,013</u>
Receive dividends from HannStar Board Corp.	<u>\$ 236,238</u>	<u>\$ 236,238</u>

- f. The share of profit or loss and other comprehensive income of the investments in associates accounted for using the equity method for the years ended December 31, 2022 and 2021 were based on the associates' audited financial statements.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 2,620,452	\$ 13,382,878	\$ 39,064,877	\$ 4,292,493	\$ 6,531,248	\$ 65,891,948
Additions	16,689	143,195	303,830	110,673	2,174,047	2,748,434
Acquisition through business combinations	186,866	4,972	54,256	26,437	-	272,531
Disposals	-	(104,762)	(221,769)	(70,503)	(13,064)	(410,098)
Reclassified	72,794	689,797	2,177,250	160,663	(2,893,964)	206,540
Effects of foreign currency exchange differences	(21,208)	37,294	251,429	25,611	7,669	300,795
Balance at December 31, 2022	<u>\$ 2,875,593</u>	<u>\$ 14,153,374</u>	<u>\$ 41,629,873</u>	<u>\$ 4,545,374</u>	<u>\$ 5,805,936</u>	<u>\$ 69,010,150</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	\$ 120,490	\$ 6,629,076	\$ 25,573,494	\$ 3,119,342	\$ -	\$ 35,442,402
Acquisition through business combinations	-	4,589	37,360	7,336	-	49,285
Disposals	-	(100,387)	(181,404)	(59,146)	-	(340,937)
Reclassified	-	74,094	(97)	2,314	-	76,311
Impairment losses recognized (reversed)	(3,613)	7,764	(3,804)	-	-	347
Depreciation expense	-	586,104	4,306,987	367,579	-	5,260,670
Effects of foreign currency exchange differences	(3,865)	6,625	145,911	20,499	-	169,170
Balance at December 31, 2022	<u>\$ 113,012</u>	<u>\$ 7,207,865</u>	<u>\$ 29,878,447</u>	<u>\$ 3,457,924</u>	<u>\$ -</u>	<u>\$ 40,657,248</u>
Carrying amount at December 31, 2022	<u>\$ 2,762,581</u>	<u>\$ 6,945,509</u>	<u>\$ 11,751,426</u>	<u>\$ 1,087,450</u>	<u>\$ 5,805,936</u>	<u>\$ 28,352,902</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 2,472,970	\$ 10,006,392	\$ 32,178,335	\$ 3,559,116	\$ 3,535,519	\$ 51,752,332
Additions	40,572	39,552	403,657	184,453	10,527,817	11,196,051
Acquisition through business combinations	174,896	1,196,944	2,101,211	168,117	15,050	3,656,218
Disposals	-	(22,031)	(335,925)	(55,128)	(3,270)	(416,354)
Reclassified	-	2,272,616	4,842,907	453,804	(7,515,301)	54,026
Effects of foreign currency exchange differences	(67,986)	(110,595)	(125,308)	(17,869)	(28,567)	(350,325)
Balance at December 31, 2021	<u>\$ 2,620,452</u>	<u>\$ 13,382,878</u>	<u>\$ 39,064,877</u>	<u>\$ 4,292,493</u>	<u>\$ 6,531,248</u>	<u>\$ 65,891,948</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ 62,735	\$ 5,220,165	\$ 20,710,796	\$ 2,726,789	\$ -	\$ 28,720,485
Acquisition through business combinations	-	982,953	1,637,156	133,643	-	2,753,752
Disposals	-	(21,228)	(320,452)	(54,258)	-	(395,938)
Reclassified	-	5,703	69,775	2,362	-	77,840
Impairment losses recognized (reversed)	68,818	(5,703)	(10,858)	-	-	52,257
Depreciation expense	-	503,033	3,576,736	322,155	-	4,401,924
Effects of foreign currency exchange differences	(11,063)	(55,847)	(89,659)	(11,349)	-	(167,918)
Balance at December 31, 2021	<u>\$ 120,490</u>	<u>\$ 6,629,076</u>	<u>\$ 25,573,494</u>	<u>\$ 3,119,342</u>	<u>\$ -</u>	<u>\$ 35,442,402</u>
Carrying amount at December 31, 2021	<u>\$ 2,499,962</u>	<u>\$ 6,753,802</u>	<u>\$ 13,491,383</u>	<u>\$ 1,173,151</u>	<u>\$ 6,531,248</u>	<u>\$ 30,449,546</u>

- a. The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	15-51 years
Electrical mechanical and power equipment	2-21 years
Engineering system	2-30 years
Others	2-35 years
Machinery and equipment	1-15 years
Other equipment	1-10 years

- b. Refer to Note 28 to the consolidated financial statements for property transactions with related parties.
- c. Refer to Note 29 to the consolidated financial statements for information on land and buildings pledged as collateral.

15. LEASE ARRANGEMENTS

- a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 720,324	\$ 723,193
Buildings	222,247	270,517
Office equipment	1,779	1,957
Transportation equipment	17,805	19,942
Other equipment	<u>3,327</u>	<u>3,633</u>
	<u>\$ 965,482</u>	<u>\$ 1,019,242</u>
	For the Year Ended December	
	31	
	2022	2021
Additions to right-of-use assets	<u>\$ 152,470</u>	<u>\$ 197,860</u>
Depreciation charge for right-of-use assets		
Land	\$ 42,673	\$ 39,651
Buildings	94,677	75,362
Office equipment	600	339
Transportation equipment	12,852	13,658
Other equipment	<u>2,085</u>	<u>2,759</u>
	<u>\$ 152,887</u>	<u>\$ 131,769</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 138,546</u>	<u>\$ 136,372</u>
Non-current	<u>\$ 496,604</u>	<u>\$ 559,160</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2022	2021
Land	0.08%-1.33%	0%-1.675%
Buildings	0.30%-1.675%	0%-1.675%
Office equipment	0.30%-1.15%	0%-1.15%
Transportation equipment	0.30%-4.93%	0%-4.93%
Other equipment	0.98%-1.00%	0.98%

c. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 28,851</u>	<u>\$ 134,614</u>
Expenses relating to low-value asset leases	<u>\$ 1,577</u>	<u>\$ 1,565</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 3,507</u>	<u>\$ 516</u>
Total cash outflow for leases	<u>\$(214,925)</u>	<u>\$(277,387)</u>

16. INVESTMENT PROPERTIES

	December 31	
	2022	2021
Cost	\$ 29,995	\$ 246,299
Accumulated depreciation	(6,488)	(53,903)
Accumulated impairment	<u>(8,734)</u>	<u>(74,717)</u>
	<u>\$ 14,773</u>	<u>\$ 117,679</u>

The investment properties held by the Group are depreciated over their estimated useful lives of 14 to 45 years using the straight-line method.

Because the market for comparable properties is inactive and alternative reliable measurements, the Group's investment properties fair value are not available.

The Group's land revaluation increments as of December 31, 2022 and 2021 were NT\$6,556 thousand and NT\$22,804 thousand, respectively.

17. INTANGIBLE ASSETS

	Patents and Trademark	Computer Software	Others	Total
<u>Cost</u>				
Balance at January 1, 2022	\$ 672,926	\$ 360,388	\$ 97,313	\$ 1,130,627
Additions	-	48,930	-	48,930
Acquisition through business combinations	-	-	4,756	4,756
Disposals	-	(716)	-	(716)
Reclassified	(12,514)	(1,771)	(1,039)	(15,324)
Effects of foreign currency exchange differences	<u>-</u>	<u>(881)</u>	<u>98</u>	<u>(783)</u>
Balance at December 31, 2022	<u>\$ 660,412</u>	<u>\$ 405,950</u>	<u>\$ 101,128</u>	<u>\$ 1,167,490</u>
Accumulated amortization and impairment				
Balance at January 1, 2022	\$ 95,044	\$ 227,813	\$ 12,504	\$ 335,361
Amortization expense	85,476	56,406	7,269	149,151
Reclassified	-	(716)	-	(716)
Effects of foreign currency exchange differences	<u>-</u>	<u>(827)</u>	<u>31</u>	<u>(796)</u>
Balance at December 31, 2022	<u>\$ 180,520</u>	<u>\$ 282,676</u>	<u>\$ 19,804</u>	<u>\$ 483,000</u>
Carrying amount at December 31, 2022	<u>\$ 479,892</u>	<u>\$ 123,274</u>	<u>\$ 81,324</u>	<u>\$ 684,490</u>
<u>Cost</u>				
Balance at January 1, 2021	\$ 398,766	\$ 277,003	\$ 113,721	\$ 789,490
Additions	-	25,087	-	25,087
Acquisition through business combinations	246,710	59,660	11,069	317,439
Disposals	-	(5,026)	-	(5,026)
Reclassified	27,450	6,001	(27,450)	6,001
Effects of foreign currency exchange differences	<u>-</u>	<u>(2,337)</u>	<u>(27)</u>	<u>(2,364)</u>
Balance at December 31, 2021	<u>\$ 672,926</u>	<u>\$ 360,388</u>	<u>\$ 97,313</u>	<u>\$ 1,130,627</u>

(Continued)

	Patents and Trademark	Computer Software	Others	Total
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2021	\$ 35,405	\$ 153,400	\$ 9,868	\$ 198,673
Acquisitions through business combinations	-	44,063	-	44,063
Amortization expense	55,039	32,380	7,241	94,660
Reclassified	4,600	-	(4,600)	-
Effects of foreign currency exchange differences	<u>-</u>	<u>(2,030)</u>	<u>(5)</u>	<u>(2,035)</u>
Balance at December 31, 2021	<u>\$ 95,044</u>	<u>\$ 227,813</u>	<u>\$ 12,504</u>	<u>\$ 335,361</u>
Carrying amount at December 31, 2021	<u>\$ 577,882</u>	<u>\$ 132,575</u>	<u>\$ 84,809</u>	<u>\$ 795,266</u> (Concluded)

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Patents	6-8 years
Computer software	1-10 years
Others	3-13 years

18. BORROWINGS

a. Short-term borrowings

	December 31			
	2022		2021	
	Interest Rate	Amount	Interest Rate	Amount
Unsecured borrowings				
Line of credit borrowings	0.58%-2.00%	<u>\$ 7,103,050</u>	0.55%-0.89%	<u>\$ 5,429,427</u>

b. Long-term borrowings

	December 31	
	2022	2021
Taipei Fubon Bank		
Unsecured loan; loan period is from June 10, 2020 to June 10, 2025. The principal is repayable on June 15, 2023. As of December 31, 2022, the principal has been repaid in full in advance.	\$ -	\$ 10,000
Unsecured loan; loan period is from September 14, 2021 to September 14, 2024. As of December 31, 2022, the principal has been repaid in full in advance.	-	300,000

(Continued)

	December 31	
	2022	2021
Bank of Taiwan		
Unsecured loan; loan period is from March 18, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	\$ 32,703	\$ 32,703
Unsecured loan; loan period is from April 8, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	43,445	43,445
Unsecured loan; loan period is from May 7, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	44,320	44,320
Unsecured loan; loan period is from July 8, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	17,490	17,490
Unsecured loan; loan period is from July 20, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	5,280	5,280
Unsecured loan; loan period is from August 10, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	61,470	61,470
Unsecured loan; loan period is from September 8, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	68,630	68,630
Unsecured loan; loan period is from October 8, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	66,390	66,390
Unsecured loan; loan period is from November 9, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	67,160	67,160
Unsecured loan; loan period is from December 9, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	57,860	57,860
Unsecured loan; loan period is from January 8, 2021 to March 18, 2025. The principal is repayable on April 15, 2023.	35,252	35,252
Unsecured loan; loan period is from September 1, 2022 to September 17, 2024. The principal is repayable on December 17, 2023.	226,000	-
Unsecured loan; loan period is from September 2, 2022 to September 17, 2024. The principal is repayable on December 17, 2023.	199,500	-
Unsecured loan; loan period is from September 14, 2022 to September 17, 2024. The principal is repayable on December 17, 2023.	300,000	-
Unsecured loan; loan period is from September 15, 2022 to September 17, 2024. The principal is repayable on December 17, 2023.	455,000	-
Unsecured loan; loan period is from September 16, 2022 to September 17, 2024. The principal is repayable on December 17, 2023.	749,500	-

(Continued)

	December 31	
	2022	2021
Unsecured loan; loan period is from September 17, 2021 to September 17, 2024. The principal is repayable on December 17, 2023. As of December 31, 2022, the principal has been repaid in full in advance.	\$ -	\$ 850,000
SinoPac Bank		
Unsecured loan; loan period is from May 20, 2020 to May 15, 2025. The principal is repayable on June 15, 2023. As of December 31, 2022, the principal has been repaid in full in advance.	-	10,000
E.SUN Bank		
Unsecured loan; loan period is from April 8, 2020 to March 15, 2025. The principal is repayable on April 15, 2023.	600,000	600,000
Unsecured loan; loan period is from April 20, 2020 to March 15, 2025. The principal is repayable on April 15, 2023.	400,000	400,000
Unsecured loan; loan period is from September 14, 2021 to September 14, 2023. The principal is repayable in full upon maturity. As of December 31, 2022, the principal has been repaid in full in advance.	-	300,000
Cathay United Bank		
Unsecured loan; loan period is from December 27, 2022 to August 26, 2024. The principal is repayable in full upon maturity.	200,000	-
Unsecured loan; loan period is from December 30, 2021 to August 26, 2023. The principal is repayable in full upon maturity. As of December 31, 2022, the principal has been repaid in full in advance.	-	200,000
First Bank		
Unsecured loan; loan period is from April 9, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	58,520	58,520
Unsecured loan; loan period is from May 10, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	51,170	51,170
Unsecured loan; loan period is from August 12, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	179,120	179,120
Unsecured loan; loan period is from August 26, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	300,000	300,000
Unsecured loan; loan period is from August 27, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	370,000	370,000
Unsecured loan; loan period is from September 22, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	41,190	41,190
Unsecured loan; loan period is from April 30, 2020 to	340,000	340,000

April 15, 2025. The principal is repayable from May 15, 2023.

(Continued)

	December 31	
	2022	2021
Unsecured loan; loan period is from May 8, 2020 to April 15, 2025. The principal is repayable from May 15, 2023.	\$ 160,000	\$ 160,000
Unsecured loan; loan period is from November 30, 2021 to November 15, 2026. The principal is repayable from December 15, 2024.	500,000	500,000
KGI Bank		
Unsecured loan; loan period is from November 21, 2022 to August 25, 2024. The principal is repayable in full upon maturity.	1,468,000	-
Unsecured loan; loan period is from August 25, 2021 to August 25, 2024. The principal is repayable on February 25, 2023. As of December 31, 2022, the principal has been repaid in full in advance.	-	1,440,000
Unsecured loan; loan period is from August 31, 2021 to August 25, 2024. The principal is repayable on February 25, 2023. As of December 31, 2022, the principal has been repaid in full in advance.	-	600,000
Unsecured loan; loan period is from December 29, 2021 to August 25, 2024. The principal is repayable on February 25, 2023. As of December 31, 2022, the principal has been repaid in full in advance.	-	100,000
Chang Hwa Bank		
Unsecured loan; loan period is from September 13, 2021 to April 15, 2025. The principal is repayable from May 15, 2023.	180,000	180,000
Unsecured loan; loan period is from November 12, 2021 to April 15, 2025. The principal is repayable from May 15, 2023.	285,000	285,000
Unsecured loan; loan period is from December 30, 2021 to April 15, 2025. The principal is repayable from May 15, 2023.	235,000	235,000
Unsecured loan; loan period is from May 8, 2020 to April 15, 2025. The principal is repayable from May 15, 2023.	10,000	10,000
Far Eastern Bank		
Unsecured loan; loan period is from September 30, 2022 to September 30, 2025. The principal is repayable in full upon maturity.	500,000	-
Unsecured loan; loan period is from August 17, 2021 to October 13, 2023. The principal is repayable in full upon maturity. As of December 31, 2022, the principal has been repaid in full in advance.	-	390,000
Sumitomo Mitsui Banking Corporation Yamato Branch		
Unsecured loan; loan period is from November 15, 2022 to November 15, 2025. The principal is repayable in full upon maturity.	798,214	-
Chinatrust Commercial Bank Tokyo Branch		

Unsecured loan; loan period is from September 22, 2022 to September 22, 2025. The principal is repayable in full upon maturity.

466,792

-
(Continued)

	December 31	
	2022	2021
Unsecured loan; loan period is from September 25, 2020 to September 25, 2023. The principal is repayable in full upon maturity. As of December 31, 2022, the principal has been repaid in full in advance.	\$ -	\$ 361,355
Taishin Bank Tokyo Branch		
Unsecured loan; loan period is from September 3, 2021 to May 31, 2024. The principal is repayable in full upon maturity.	175,047	180,677
E.SUN Bank Tokyo Branch		
Unsecured loan; loan period is from December 23, 2022 to December 23, 2025. The principal is repayable in full upon maturity.	350,094	-
Unsecured loan; loan period is from September 25, 2020 to September 25, 2023. The principal is repayable in full upon maturity. As of December 31, 2022, the principal has been repaid in full in advance.	-	240,903
Citibank Tokyo Branch		
Unsecured loan; loan period is from June 22, 2022 to June 22, 2024. The principal is repayable in full upon maturity.	128,368	-
Unsecured loan; loan period is from June 22, 2020 to June 22, 2022. The principal is repayable in full upon maturity. As of December 31, 2022, the principal has been repaid in full in advance.	-	132,496
Mizuho Bank Kawasaki Branch		
Secured loan; loan period is from June 15, 2020 to March 31, 2026. The principal is repayable in 20 periods after one year.	392,105	452,898
Citibank Berhad		
Unsecured loan; loan period is from September 1, 2020 to August 24, 2022. As of December 31, 2022, the principal has been repaid in full in advance.	-	138,640
Unsecured loan; loan period is from September 1, 2021 to September 1, 2023. As of December 31, 2022, the principal has been repaid in full in advance.	-	138,640
UOB BERHAD		
Unsecured loan; loan period is from April 16, 2021 to April 16, 2024. The principal is repayable in full upon maturity.	115,076	178,381
Taishin Bank		
Unsecured loan; loan period is from December 10, 2019 to December 10, 2024. Repayment of principal will be made in 24 equal monthly payments starting 2 years before the maturity date.	99,360	99,033
Unsecured loan; loan period is from April 29, 2020 to December 10, 2024. Repayment of principal will be made in 25 equal monthly payments starting 2 years before the maturity date.	99,360	99,033

(Continued)

	December 31	
	2022	2021
E.SUN Bank		
Unsecured loan; loan period is from December 26, 2019 to December 15, 2024. Repayment of principal will be made in 24 equal monthly payments starting 2 years before the maturity date.	\$ 198,970	\$ 197,980
Unsecured loan; loan period is from April 9, 2020 to December 15, 2024. Repayment of principal will be made in 24 equal monthly payments starting 2 years before the maturity date.	99,485	98,990
Unsecured loan; loan period is from July 9, 2020 to June 15, 2025. Repayment of principal will be made in 24 equal monthly payments starting 2 years before the maturity date.	79,392	78,996
Unsecured loan; loan period is from August 7, 2020 to June 15, 2025. Repayment of principal will be made in 24 equal monthly payments starting 2 years before the maturity date.	99,240	98,746
Unsecured loan; loan period is from November 9, 2021 to June 15, 2025. Repayment of principal will be made in 24 equal monthly payments starting 2 years before the maturity date.	59,544	59,247
First Bank		
Unsecured loan; loan period is from March 2, 2020 to March 2, 2025. Repayment of principal will be made in 24 equal monthly payments starting 2 years before the maturity date.	94,433	93,964
Chinatrust Commercial Bank		
Unsecured loan; loan period is from December 24, 2021 to December 15, 2026. The principal is repayable on January 15, 2025.	388,028	28,918
E.SUN Bank		
Unsecured loan; loan period is from March 16, 2020 to March 15, 2025. The principal is repayable on April 15, 2023.	492,438	470,837
Mega International Commercial Bank		
Unsecured loan; loan period is from December 20, 2022 to September 23, 2026. The principal is repayable on October 23, 2023.	300,000	-
Hua Nan Commercial Bank		
Unsecured loan; loan period is from December 18, 2020 to December 18, 2025. The principal is repayable on January 18, 2023.	300,000	300,000
Chang Hwa Bank		
Unsecured loan; loan period is from August 24, 2020 to August 15, 2027. The principal is repayable on September 15, 2023.	573,321	244,286
Unsecured loan; loan period is from May 3, 2021 to April 15, 2031. The principal is repayable on June 15, 2024.	347,928	192,982

(Continued)

	December 31	
	2022	2021
Far Eastern Bank		
Unsecured loan; loan period is from December 30, 2021 to March 8, 2024. Monthly interest payment, the principal is repayable in full upon maturity.	\$ 220,000	\$ 220,000
Less: Current portion	<u>(2,303,708)</u>	<u>(399,169)</u>
Long-term borrowings total	<u>\$ 11,873,487</u>	<u>\$ 12,117,833</u> (Concluded)

The annual effective interest rate intervals of the above-mentioned borrowings for the years ended December 31, 2022 and 2021 were 0.83%-2.20% and 0.45%-1.47%, respectively.

The Group should maintain certain financial ratios in its annual audited and semiannual reviewed consolidated financial statements during the loan duration. The Group's consolidated financial reports for the year ended December 31, 2022 and 2021 showed that the Group was in compliance with the agreed financial ratio requirements.

The land and buildings owned by Kamaya Electric Co., Ltd were pledged as collateral for bank borrowings. Refer to Note 29 to the consolidated financial statements.

The long-term loans of Kamaya Electric Co., Ltd and Kamaya Electric (M) Sdn. Bhd. are endorsed and guaranteed by the Company. Refer to Table 2 to the consolidated financial statements for details.

19. BONDS PAYABLE

	December 31	
	2022	2021
Unsecured domestic convertible corporate bonds	\$ 4,715,936	\$ 4,654,244
Unsecured overseas corporate bonds	-	474,486
Less: Current portions	<u>-</u>	<u>(474,486)</u>
	<u>\$ 4,715,936</u>	<u>\$ 4,654,244</u>

On April 29, 2020, the Company issued the first four-year unsecured convertible corporate bonds in Taiwan, with a total amount \$4,800,000 thousand, face value of \$100 thousand and coupon rate of 0%. Besides, the terms and conditions of the bonds are as follows:

- a. Conversion period: Between July 30, 2020 and April 29, 2024.
- b. Conversion price: The initial conversion price was NT\$240 per share. Afterwards, there was subsequent change in share capital (i.e., issuance of share dividends, free allotment of shares, and cash capital increase, etc.). The conversion price shall be adjusted according to the prescribed calculation. The conversion price on December 31, 2022 and 2021 were \$215.6 per share and \$225.6 per share, respectively.

c. Redemption:

- 1) Redeem the bonds upon maturity: The principal is fully redeemed upon maturity.
- 2) Redeem the bonds in advance: The Company may redeem the bonds, in whole or in part at face value from the date following 3 months of the expiry of the issuance to the 40th day before the expiry of the issuance period, if the closing price of the ordinary shares on the TWSE, for a period of 30 consecutive trading days, exceeds the conversion price by 30% (inclusive).

The Company may redeem the bonds at face value from the day following 3 months of the expiry of the issuance to the 40th day before the expiry of the issuance period if the bonds outstanding balance is lower than 10% of the total issuance amount.

- d. The convertible bonds contain both liability and equity components. The equity component was presented in equity under capital surplus - options. The effective interest rate of the liability component was 1.318% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,000 thousand)	\$ 4,795,000
Equity components	<u>(253,440)</u>
Liability components at the date of issue	4,541,560
FVTPL	12,000
Interest charged at an effective interest rate of 1.318%	101,641
Convertible bonds converted into ordinary shares	<u>(957)</u>
Liability components at December 31, 2021	<u>\$ 4,654,244</u>
Interest charged at an effective interest rate of 1.318%	<u>61,692</u>
Liability component at December 31, 2022	<u>\$ 4,715,936</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plans adopted by WTC, PDC and INPAQ of the Group are in accordance with the Labor Standards Law and are operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. WTC, PDC and INPAQ contribute amounts based on total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

NTK, Kamaya and Soshin group all have a defined benefit plan and a defined contribution plan in compliance with their local laws. The subsidiaries in the PRC and the subsidiary KM have their defined contribution plans in compliance with their local laws.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 1,281,233	\$ 1,524,929
Fair value of plan assets	<u>(1,340,027)</u>	<u>(1,563,954)</u>
Net defined benefit assets	<u>\$ (58,794)</u>	<u>\$ (39,025)</u>
Net defined benefit assets (classified as other non-current assets)	\$ (258,130)	\$ (382,111)
Net defined benefit liabilities	<u>199,336</u>	<u>343,086</u>
	<u>\$ (58,794)</u>	<u>\$ (39,025)</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit (Assets) Liabilities
Balance at January 1, 2022	<u>\$ 1,524,929</u>	<u>\$(1,563,954)</u>	<u>\$ (39,025)</u>
Service cost			
Current service cost	45,839	-	45,839
Reduced benefits	(42,759)	-	(42,759)
Net interest expense (income)	<u>7,600</u>	<u>(1,489)</u>	<u>6,111</u>
Recognized in profit or loss	<u>10,680</u>	<u>(1,489)</u>	<u>9,191</u>
Remeasurement			
Actuarial profit - changes in financial assumptions	(30,250)	-	(30,250)
Actuarial profit - experience adjustments	(21,056)	-	(21,056)
Return on plan assets	-	(21,000)	(21,000)
Adjustments on cap of the plan assets and other	<u>(39,469)</u>	<u>115,125</u>	<u>75,650</u>
Recognized in other comprehensive income	<u>(90,775)</u>	<u>94,125</u>	<u>3,350</u>
Contributions from the employer	<u>-</u>	<u>(25,266)</u>	<u>(25,266)</u>
Benefits paid from the plan assets	<u>(110,922)</u>	<u>100,997</u>	<u>(9,925)</u>
Repayment of allocated assets	<u>(7,894)</u>	<u>8,270</u>	<u>376</u>
Effect of exchange rate changes	<u>(44,785)</u>	<u>47,290</u>	<u>2,505</u>
Balance at December 31, 2022	<u>\$ 1,281,233</u>	<u>\$(1,340,027)</u>	<u>\$ (58,794)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit (Assets) Liabilities
Balance at January 1, 2021	<u>\$ 644,724</u>	<u>\$ (330,570)</u>	<u>\$ 314,154</u>
Service cost			
Current service cost	18,465	-	18,465
Past service cost and loss on settlements	3,806	-	3,806
Net interest expense (income)	<u>3,453</u>	<u>(1,614)</u>	<u>1,839</u>
Recognized in profit or loss	<u>25,724</u>	<u>(1,614)</u>	<u>24,110</u>
Remeasurement			
Actuarial loss - changes in demographic assumptions	18,654	-	18,654
Actuarial profit - changes in financial assumptions	(5,496)	-	(5,496)
Actuarial profit - experience adjustments	(18,198)	-	(18,198)
Return on the plan assets	<u>(8,288)</u>	<u>(4,052)</u>	<u>(12,340)</u>
Recognized in other comprehensive income	<u>(13,328)</u>	<u>(4,052)</u>	<u>(17,380)</u>
Contributions from the employer	<u>-</u>	<u>(10,541)</u>	<u>(10,541)</u>
Benefits paid from the plan assets	<u>(121,111)</u>	<u>106,721</u>	<u>(14,390)</u>
Business combinations	1,023,168	(1,345,862)	(322,694)
Effect of exchange rate changes	<u>(34,248)</u>	<u>21,964</u>	<u>(12,284)</u>
Balance at December 31, 2021	<u>\$ 1,524,929</u>	<u>\$(1,563,954)</u>	<u>\$ (39,025)</u> (Concluded)

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should 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 by reference to the future salaries of plan participants. As such, an increase in the salary 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 of WTC, PDC and INPAQ were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

December 31	
2022	2021

Discount rates	1.3636%-1.50%	0.52%-0.625%
Expected rates of salary increase	2.00%-3.00%	2.00%-3.00%

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		
0.25% increase	<u>\$ (7,837)</u>	<u>\$(11,091)</u>
0.25% decrease	<u>\$ 8,125</u>	<u>\$ 11,528</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 7,892</u>	<u>\$ 11,115</u>
0.25% decrease	<u>\$ (7,651)</u>	<u>\$(10,754)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
The expected contributions to the plan in one year	<u>\$ 8,535</u>	<u>\$ 10,039</u>
The average duration of the defined benefit obligation	9.6-12 years	10.5-13.48 years

21. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	<u>800,000</u>	<u>800,000</u>
Shares authorized	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>485,804</u>	<u>485,804</u>
Shares issued	<u>\$ 4,858,043</u>	<u>\$ 4,858,043</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 692,809	\$ 692,809
Conversion of bonds	1,428,808	1,428,808
Treasury share transactions	574,608	574,608
<u>May be used to offset a deficit only</u>		
Share of changes in capital surplus of associates	161,492	161,893
Changes in percentage of ownership interest in subsidiaries (2)	-	62
Others	55	55
<u>Not for other usage</u>		
Share warrants	<u>253,387</u>	<u>253,387</u>
	<u>\$ 3,111,159</u>	<u>\$ 3,111,622</u>

- 1) Such capital surplus 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 once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary that resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's articles of incorporation (the "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, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings 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 and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors in the Articles, refer to employees' compensation and remuneration of directors in Note 22(b) to the consolidated financial statements.

The Company's Articles also provide that the profit of the Company may be distributed in the form of either cash or share dividends, but the total share dividends distributed shall not exceed 50% of the total dividends distributed. However, should the Company obtain sufficient funds to meet the year's funding requirements, the cash distribution ratio can be raised to 100%. The Company should decide on the most appropriate dividend distribution policy based on the current year's actual operating condition and the following year's capital budget.

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 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.

The appropriations of earnings for 2021 and 2020 approved in the shareholders' meeting on June 15, 2022 and July 8, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Legal reserve	\$ 798,027	\$ 651,503	\$ -	\$ -
Cash dividends	2,186,119	-	4.5	-

In addition, on July 8, 2021, the shareholders' meeting resolved to distribute cash dividends of \$2,914,830 thousand from the capital surplus at \$6 dollar per share.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance of beginning	<u>\$ 1,096,797</u>	<u>\$ 1,097,541</u>
Balance of ending	<u>\$ 1,096,797</u>	<u>\$ 1,096,797</u>

As the increase in retained earnings of \$1,098,575 thousand generated from the initial application of IFRSs was insufficient for appropriation as dividends, it was appropriated to a special reserve. As the special reserve appropriated by foreign operations (including subsidiaries) due to the exchange differences upon translation of their financial statements was reversed in proportion to the Company's disposal of the foreign operations; upon the Company's loss of significant influence, the entire special reserve relating to exchange differences arising from those foreign operations will be reversed.

Due to the subsidiary Prosperity Dielectrics Co., Ltd.'s disposal of its subsidiary to the subsidiary of Inpaq Technology Co., Ltd. in 2021, the Company reversed \$744 thousand from the special reserve.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$(2,479,278)	\$(2,517,167)
Exchange differences arising on translation of the financial statements of foreign operations	1,071,093	84,116
Share from associates accounted for using the equity method	216,696	(46,227)

Adjustments relating to changes in equity of subsidiaries	(47)	-
Balance at December 31	<u>\$(1,191,536)</u>	<u>\$(2,479,278)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 4,469,043	\$ 3,586,975
Unrealized gain on investments in equity instruments at FVTOCI	153,182	1,503,136
Unrealized gain on investments in debt instruments at FVTOCI	(19,127)	-
Share of other comprehensive income from associates accounted for using the equity method	(1,035,683)	(575,237)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(63,887)	(45,831)
Adjustments relating to changes in equity of subsidiaries	<u>5</u>	<u>-</u>
Balance at December 31	<u>\$ 3,503,533</u>	<u>\$ 4,469,043</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 9,140,312	\$ 7,033,732
Share in profit for the year	644,688	1,029,135
Other comprehensive income (loss) during the period		
Exchange differences on translation the financial statements of foreign operation	41,292	(33,089)
Share of the other comprehensive (loss) income of associates accounted for using the equity method - exchange differences on translating of the financial statements of foreign operations	(151)	1,411
Unrealized gain on financial assets at FVTOCI	(218,395)	208,890
Share of other comprehensive income of associates accounted for using the equity method-unrealized loss on financial assets at FVTOCI	(14,673)	(3,790)
Remeasurement of defined benefit plans	(17,320)	(1,965)
Adjustments relating to changes in undistributed earnings of associates accounted for using the equity method	(8)	-
Adjustments relating to changes in capital surplus of associates accounted for using the equity method	235	-
Non - controlling interests from acquisition of subsidiaries (Note 25)	49,624	1,346,044
Buy-back of subsidiary's ordinary shares by the subsidiaries	(5)	(54,371)

Acquisition of non-controlling interests in subsidiaries	-	(100,260)
Adjustments relating to changes in equity of subsidiaries	(505)	1,793
Cash dividends distributed by the subsidiaries	(323,006)	(287,218)
Other	<u>1,022</u>	<u>-</u>
Balance at December 31	<u>\$ 9,303,110</u>	<u>\$ 9,140,312</u>

g. Treasury shares

Treasury share transactions were summarized as follows:

Unit: Shares

Purpose of Acquisition	For the Year Ended December 31, 2022			
	Treasury Shares Held as of January 1, 2022	Increase During the Year	Decrease During the Year	Treasury Shares Held as of December 31, 2022
Treasury shares granted to employees	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>

Purpose of Acquisition	For the Year Ended December 31, 2021			
	Treasury Shares Held as of January 1, 2021	Increase During the Year	Decrease During the Year	Treasury Shares Held as of December 31, 2021
Treasury shares granted to employees	<u>-</u>	<u>1,500,000</u>	<u>(500,000)</u>	<u>1,000,000</u>

In the first quarter of 2021, the Company's board of directors resolved to transfer 500,000 shares for employees' subscription. Based on the fair value at the grant date, \$19,602 thousand was accounted for as compensation costs and \$19,255 thousand was accounted for as capital surplus - treasure share transactions when the employee's subscription were transferred.

Pursuant to the Securities and Exchange Act of the ROC, the treasury shares held by the Company should not be pledged as collateral, are not eligible for dividends and do not have voting rights.

22. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

a. Main categories of expenses

	For the Year Ended December 31					
	2022			2021		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Short-term employee benefits	<u>\$ 4,980,275</u>	<u>\$ 1,971,217</u>	<u>\$ 6,951,492</u>	<u>\$ 5,728,089</u>	<u>\$ 2,027,443</u>	<u>\$ 7,755,532</u>
Post-employment benefits	<u>\$ 172,735</u>	<u>\$ 85,502</u>	<u>\$ 258,237</u>	<u>\$ 208,792</u>	<u>\$ 73,467</u>	<u>\$ 282,259</u>
Depreciation	<u>\$ 5,107,620</u>	<u>\$ 308,233</u>	<u>\$ 5,415,853</u>	<u>\$ 4,279,394</u>	<u>\$ 256,202</u>	<u>\$ 4,535,596</u>
Amortization	<u>\$ 13,041</u>	<u>\$ 144,128</u>	<u>\$ 157,169</u>	<u>\$ 11,470</u>	<u>\$ 91,838</u>	<u>\$ 103,308</u>

b. Employees' compensation and remuneration of directors

The Company accrues employees' compensation and remuneration of directors at the rates of 2%-10% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, which had been approved by the Company's board of directors on February 23, 2023 and February 22, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
<u>Accrual rate</u>		
Employees' compensation	2.25%	2.25%
Remuneration of directors	0.90%	0.90%
	Cash	
	For the Year Ended December 31	
	2022	2021
<u>Amounts</u>		
Employees' compensation	<u>\$ 39,251</u>	<u>\$ 198,963</u>
Remuneration of directors	<u>\$ 15,701</u>	<u>\$ 79,585</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and adjusted in the following year.

There was no significant difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current period	\$ 645,943	\$ 1,710,434
Income tax on unappropriated earnings	271,029	298,397

Adjustments for prior periods	(390,762)	(369,392)
Dividends repatriation of subsidiaries	770,246	-
Others	<u>-</u>	<u>(1,478)</u>
	1,296,456	1,637,961
Deferred tax		
In respect of the current period	<u>(53,838)</u>	<u>50,877</u>
Income tax expense recognized in profit or loss	<u>\$ 1,242,618</u>	<u>\$ 1,688,838</u>

b. The reconciliation of accounting profit and taxable income were as follows:

	For the Year Ended December	
	31	
	2022	2021
Income tax expense calculated at the statutory rate	\$ 799,261	\$ 2,823,434
Nondeductible in determining taxable income	(153,318)	(1,113,000)
Recognition and reversal of temporary differences	(53,838)	50,877
Income tax on unappropriated earnings	271,029	298,397
Adjustments for prior periods	(390,762)	(369,392)
Dividends repatriation of subsidiaries	770,246	-
Others	<u>-</u>	<u>(1,478)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,242,618</u>	<u>\$ 1,688,838</u>

c. The components of deferred income tax assets were as follows:

	December 31	
	2022	2021
Deferred income tax assets		
Tax losses	\$ 91,799	\$ 94,041
Allowance for inventories loss	166,466	122,461
Unrealized sales gross profit	41,000	169,000
Book-tax difference of Property, plant and equipment	168,438	125,304
Others	<u>141,647</u>	<u>146,690</u>
	<u>\$ 609,350</u>	<u>\$ 657,496</u>
Deferred income tax liabilities		
Defined benefit obligation	\$ (20,000)	\$ (48,064)
Book-tax difference of Property, plant and equipment	(29,425)	(13,970)
Unrealized gain from financial investments	(36,192)	(62,056)
Provisions	(26,131)	(31,075)
Dividends repatriation of subsidiaries	(135,890)	(158,808)
Share of profits of subsidiaries of using the equity method	(216,178)	(210,290)
Others	<u>(305,555)</u>	<u>(294,495)</u>
	<u>\$(769,371)</u>	<u>\$(818,758)</u>

d. Income tax returns of the Company and INPAQ through 2019 and PDC through 2020 have been

assessed and approved by the tax authorities.

24. EARNINGS PER SHARE

Earnings per share were calculated as follows:

	For the Year Ended December 31, 2022		
	Amount (In Thousands)	Number of Shares (In Thousands)	Earnings Per Share (In Dollars)
	After Income Tax (Attributable to Owners of the Company)		After Income Tax (Attributable to Owners of the Company)
Basic earnings per share			
From continuing operations	\$ 1,650,587	484,804	<u>\$ 3.40</u>
Compensation of employees	-	677	
Interest on convertible bonds (after tax)	<u>49,353</u>	<u>22,259</u>	
Diluted earnings per share - ordinary shares	<u>\$ 1,699,940</u>	<u>507,740</u>	<u>\$ 3.35</u>
	For the Year Ended December 31, 2021		
	Amount (In Thousands)	Number of Shares (In Thousands)	Earnings Per Share (In Dollars)
	After Income Tax (Attributable to Owners of the Company)		After Income Tax (Attributable to Owners of the Company)
Basic earnings per share			
From continuing operations	\$ 7,931,941	485,067	<u>\$ 16.35</u>
Compensation of employees	-	1,286	
Interest on convertible bonds (after tax)	<u>48,707</u>	<u>21,272</u>	
Diluted earnings per share - ordinary shares	<u>\$ 7,980,648</u>	<u>507,625</u>	<u>\$ 15.72</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Eleceram Technology Co., Ltd.	Manufacturing and selling of electronic components	July 2022	72.90	<u>\$ 209,946</u>
Soshin Electric Co., Ltd.	Researching, developing, manufacturing and selling of electric capacitors, thick film printed circuit board, multilayered dielectric filters, EMI filters	November 2021	50.08	<u>\$ 238,808</u>

b. Assets acquired and liabilities assumed at the date of acquisition

	Eleceram Technology Co., Ltd.	Soshin Electric Co., Ltd.
Current assets		
Cash and cash equivalents	\$ 22,162	\$ 413,355
Trade and other receivables	10,897	1,103,617
Inventories	16,679	349,276
Other current assets	15,822	28,781
Non-current assets		
Financial asset at fair value through other comprehensive income	-	26,620
Property, plant and equipment	223,246	919,391
Patent and trademark	-	234,196
Others	1,070	697,149
Current liabilities		
Notes payable	(17,864)	(98,189)
Trade and other payables	-	(438,827)
Others	(8,766)	(110,642)
Non-current liabilities		
Others	<u>(8,432)</u>	<u>(426,467)</u>
	<u>\$ 254,814</u>	<u>\$ 2,698,260</u>

The initial accounting for the acquisition of Eleceram Technology Co., Ltd., the necessary market valuations at the end of the year and other calculations have not been finalized, and they have, therefore, only been provisionally determined based on management's best estimate.

The acquisition - date fair value of the receivables is equal to the book value from business combinations transaction of Eleceram Technology Co., Ltd. and Soshin Electric Co., Ltd. The receivables are expected to be recoverable.

c. Goodwill recognized on acquisitions

	Eleceram Technology Co., Ltd.	Soshin Electric Co., Ltd.
Consideration transferred	\$ 209,946	\$ 238,808
Plus: Non-controlling interests (27.10% in Eleceram Technology Co., Ltd., 49.92% in Soshin Electric Co., Ltd.)	49,624	1,347,070
Plus: Fair value of previously held rights on acquisitions	-	1,122,412
Less: Fair value of identifiable net assets acquired	<u>(254,814)</u>	<u>(2,698,260)</u>
Goodwill recognized on acquisitions	<u>\$ 4,756</u>	<u>\$ 10,030</u>

The goodwill recognized in the acquisitions of Eleceram Technology Co., Ltd. and Soshin Electric Co., Ltd. mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth and future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

d. Net cash inflow on the acquisition of subsidiaries

	Eleceram Technology Co., Ltd.	Soshin Electric Co., Ltd.
Consideration paid in cash	\$ 209,946	\$ -
Less: Cash and cash equivalents acquired	<u>(22,162)</u>	<u>(413,355)</u>
	<u>\$ 187,784</u>	<u>\$(413,355)</u>

e. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

	Eleceram Technology Co., Ltd.	Soshin Electric Co., Ltd.
Revenue	<u>\$ 36,739</u>	<u>\$ 520,794</u>
Profit	<u>\$ (1,292)</u>	<u>\$ 31,208</u>

Had Eleceram Technology Co., Ltd. acquisition been in effect at the beginning of the financial year, the

Group's revenue would have been \$35,335,957 thousand, and the profit would have been \$2,299,337 thousand for the year ended December 31, 2022. Had Soshin Electric Co., Ltd. acquisition been in effect at the beginning of the financial year, the Group's revenue would have been \$44,526,647 thousand, and the profit would have been \$9,207,735 thousand for the year ended December 31, 2021. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, nor is it intended to be a projection of future results.

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values. There were no major differences between the carrying amounts and fair values as of December 31, 2022 and 2021.

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
Financial assets at FVTPL				
Domestic listed shares	\$ 490,599	\$ -	\$ -	\$ 490,599
Mutual funds	53,835	-	-	53,835
Government bonds	<u>-</u>	<u>44,549</u>	<u>-</u>	<u>44,549</u>
	<u>\$ 544,434</u>	<u>\$ 44,549</u>	<u>\$ -</u>	<u>\$ 588,983</u>
Financial assets at FVTPL				
Investments in equity instruments				
Domestic listed shares	\$ 4,738,645	\$ -	\$ -	\$ 4,738,645
Domestic unlisted shares	-	548,386	120,537	668,923
Foreign listed shares	162,477	-	-	162,477
Foreign unlisted shares	-	-	20,957	20,957
Investments in debt instruments				
Debt securities	<u>222,944</u>	<u>-</u>	<u>-</u>	<u>222,944</u>
	<u>\$ 5,124,066</u>	<u>\$ 548,386</u>	<u>\$ 141,494</u>	<u>\$ 5,813,946</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 775,839	\$ -	\$ -	\$ 775,839
Foreign listed shares	128,858	-	-	128,858
Mutual funds	581,855	-	-	581,855
Government bonds	-	86,085	-	86,085
Domestic convertible bonds call option	-	1,440	-	1,440
	<u>\$ 1,486,552</u>	<u>\$ 87,525</u>	<u>\$ -</u>	<u>\$ 1,574,077</u>
Financial assets at FVTPL through other comprehensive income				
Investments in equity instruments				
Domestic listed shares	\$ 4,797,045	\$ -	\$ -	\$ 4,797,045
Domestic unlisted shares	-	566,317	53,052	619,369
Foreign listed shares	253,085	-	-	253,085
Foreign unlisted shares	-	-	21,255	21,255
Investments in debt instruments				
Debt securities	208,737	-	-	208,737
	<u>\$ 5,258,867</u>	<u>\$ 566,317</u>	<u>\$ 74,307</u>	<u>\$ 5,899,491</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Derivatives-call option of convertible corporate bonds	Evaluated by the binary tree method of convertible bonds evaluation model, based on the volatility of the conversion price, the risk-free rate of interest, risk discount rate, and the number of remaining years
Domestic unlisted equity securities	Evaluated by asset-based approach to determine the value of the equity securities
Government bonds	Evaluated by public market quotations provided by third-party institutions

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities were determined using the market approach or asset-based approach. The significant unobservable inputs are the liquidity discount of multiplier of price-book ratio and value of net assets. An increase in price-book ratio would result in an increase in the fair value. An increase in liquidity discount would result in a decrease in the fair value.

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 17,503,335	\$ 11,261,504
Financial assets at amortized cost (current and non-current)	8,127,657	9,544,950
Notes receivables from unrelated parties	867,613	923,996
Trade receivables from unrelated parties	8,508,511	9,916,600
Trade receivables from related parties	51,312	62,746
Finance lease receivables (current and non-current)	47,535	53,042
Other receivables from unrelated parties	525,581	526,653
Other receivables from related parties	13,970	12,858
Guarantee deposits paid	113,181	96,668
Financial assets at FVTPL (current and non-current)	588,983	1,574,077
Financial assets at FVTOCI - non-current	5,813,946	5,899,491
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	7,103,050	5,429,427
Notes payable to unrelated parties	194,700	368,742
Trade payables to unrelated parties	2,620,459	4,431,637
Trade payables to related parties	25,510	2,502
Payables for equipment	1,811,035	3,684,849
Other payables	3,432,377	4,742,686
Current portion of long-term borrowings and bonds payable	2,303,708	873,655
Bonds payable	4,715,936	4,654,244
Long-term borrowings	11,873,487	12,117,833
Long-term payables	19,825	31,778
Guarantee deposits received	257,578	254,501

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, trade receivables, trade payables and borrowings. The Group's corporate treasury function manages its exposure to market risk (including foreign currency risk and interest risk), credit risk and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

1) Market risk

The Group is exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The Group's transactions were denominated in different

foreign currencies at the same time that have natural offsetting effect; thus, the related risks are reduced.

To protect against reductions in the value of foreign assets and the volatility of future cash flows caused by changes in foreign exchange rates, the Group utilizes short-term borrowings and derivative financial instruments, including currency forward contracts to hedge its foreign currency exposure.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period.

	USD Impact		JPY Impact		RMB Impact	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021	2022	2021
Profit or loss	\$ 180,196	\$ 34,670	\$ (3,828)	\$ (5,534)	\$ 31,528	\$ 28,090

b) Interest rate risk

Interest rate risk refers to the risk that the changes in fair value of financial instruments due to changes in market interest rates. The Group was exposed to interest rate risk mainly arising from fixed-income investments and borrowings at floating interest rates.

For assets and liabilities with floating interest rates, if interest rates had been 1% higher or lower as of balance sheets date and all other variables held constant, the Group's profit before income tax for the ended December 31, 2022 and 2021 would have decreased or increased approximately by \$211,211 thousand and \$167,319 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 Group. The Group is exposed to credit risk from operating activities, primarily trade receivables, and from investing activities, primarily deposits, fixed-income investments and other financial instruments with banks.

In order to maintain the quality of trade receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts.

The credit risks of bank deposits, fixed-income investments and other financial instruments from investing activities are considered insignificant because the counterparties were all banks with high credit ratings and it is expected that the counterparties will not break the contracts above.

3) Liquidity risk

The objective of liquidity risk management is to ensure the Group has sufficient liquidity to fund its business requirements associated with existing operations. The Group manages its liquidity risk by maintaining adequate fixed-income investments and banking facilities.

Liquidity and interest rate tables for non-derivative financial liabilities

December 31, 2022

	On Demand or Less than 1 Year	More than 1 Year	Total
<u>Non-derivative financial liabilities</u>			
Variable interest rate liabilities	\$ 9,406,758	\$ 11,873,487	\$ 21,280,245
Lease liabilities	<u>138,546</u>	<u>496,604</u>	<u>635,150</u>
	<u>\$ 9,545,304</u>	<u>\$ 12,370,091</u>	<u>\$ 21,915,395</u>

December 31, 2021

	On Demand or Less than 1 Year	More than 1 Year	Total
<u>Non-derivative financial liabilities</u>			
Variable interest rate liabilities	\$ 5,828,596	\$ 12,117,833	\$ 17,946,429
Fixed interest rate liabilities	474,486	-	474,486
Lease liabilities	<u>136,372</u>	<u>559,160</u>	<u>695,532</u>
	<u>\$ 6,439,454</u>	<u>\$ 12,676,993</u>	<u>\$ 19,116,447</u>

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and categories

<u>Related Party Name</u>	<u>Related Party Category</u>
Walsin Lihwa Corporation	Investor company that account for the Company using the equity method
HannStar Board Corporation	Associate
Tsai Yi Corporation	Associate
Global Brands Manufacture (Dongguan) Ltd.	Associate
Kunshan Yuansong Electronics Technology Co., Ltd.	Associate
Inpaq Korea Co., Ltd	Associate
Inpaq Europe GmbH	Associate
VVG Inc.	Associate
Falcon Automation Equipment Corporation	Associate
CMK Global Brands Manufacture Ltd.	Associate

Global Brands Manufacture Ltd.
Chongqing Songjia Property Co., Ltd.

Associate
Associate

(Continued)

Related Party Name	Related Party Category
ELNA Printed Circuits Co., Ltd.	Associate
Silitech Technology Corporation	Associate
GBM Electronics (M) SDN. BHD.	Associate
DongGuan Yujia Electronics Technology Co., Ltd.	Associate
Suzhou Walsin Color Trading Co., Ltd.	Associate
Joyin Co., Ltd.	Associate (after April 2021)
Dongguan Joyin Electronics Co., Ltd.	Associate (after April 2021)
Matsuo Electric Co., Ltd.	Associate (after January 2022)
Info-Tek Corporation	Other related party
Walton Advanced Engineering Inc.	Other related party
APAQ Technology Co., Ltd.	Other related party
Kamaya Life Co., Ltd.	Other related party
PSA Charitable Foundation	Other related party
PSA VVG Culture and Arts Foundation	Other related party
Walsin Technology Charitable Group	Other related party
Info-Tek Electronics (Suzhou) Co., Ltd.	Other related party
Callisto Holding Limited	Other related party
Winbond Electronics Corporation	Other related party
Career Technology (Mfg.) Co., Ltd.	Other related party
Hannspree (Shanghai) Inc.	Other related party
Phoenix Innovation Venture Capital Co., Ltd.	Other related party
Chin-Xin Investment Co., Ltd.	Other related party
Hwa Bao Botanic Conservation Corp.	Other related party

(Concluded)

b. Details of transactions

1) Sales of goods

	For the Year Ended December 31	
	2022	2021
Associates	\$ 127,164	\$ 168,747
Other related parties	<u>15,310</u>	<u>17,240</u>
	<u>\$ 142,474</u>	<u>\$ 185,987</u>

The transaction price and payment terms were determined in accordance with the commercial terms agreed by both parties.

2) Purchases of goods

	For the Year Ended December 31	
	2022	2021
Associates	\$ 207,180	\$ 9,884
Other related parties	<u>43</u>	<u>-</u>

\$ 207,223 \$ 9,884

The transaction price and payment terms were determined in accordance with the commercial terms agreed by both parties.

3) The outstanding balances at the end of the reporting period were as follows:

		Trade Receivables from Related Parties	
		December 31	
		2022	2021
	Associates	\$ 47,043	\$ 58,370
	Other related parties	<u>4,269</u>	<u>4,376</u>
		<u>\$ 51,312</u>	<u>\$ 62,746</u>
		Other Receivables from Related Parties	
		December 31	
		2022	2021
	Associates	\$ 8,292	\$ 9,157
	Other related parties	<u>5,678</u>	<u>3,701</u>
		<u>\$ 13,970</u>	<u>\$ 12,858</u>
		Trade Payables to Related Parties	
		December 31	
		2022	2021
	Associates	\$ 25,465	\$ 2,502
	Other related parties	<u>45</u>	<u>-</u>
		<u>\$ 25,510</u>	<u>\$ 2,502</u>
		Payables for Equipment and Other Payables	
		December 31	
		2022	2021
	Investors company that account for the Company using the equity method	\$ 10,510	\$ 10,029
	Associates	44,759	162,806
	Other related parties	<u>1,775</u>	<u>6,354</u>
		<u>\$ 57,044</u>	<u>\$ 179,189</u>

Other receivables include receivables from the sale of equipment and receipts under custody.

Other payables mainly refer to payables for rent and collection and payment on behalf of another

party, etc.

The outstanding payables for related parties are unsecured and payable by cash, receivables from related parties are also unsecured. No allowance was recognized for impairment of receivables with respect to the amounts owed by related parties for the years ended December 31, 2022 and 2021.

4) Acquisition of property, plant and equipment

Related Party Categories	Item	Purchase Price	
		For the Year Ended December 31	
		2022	2021
Investors company that account for the Company using the equity method	Right-of-use asset	\$ 98,671	\$ 54,159
Associates	Machinery	26,710	485,290
Others	Buildings	-	683,426
Others	Other equipment	-	19
Others	Right-of-use asset	-	64,927
		<u>\$ 125,381</u>	<u>\$ 1,287,821</u>

Purchase prices of land and buildings were based on valuation report by professionals.

Purchase prices of equipment were based on their carrying amounts and market price.

5) Disposal of property, plant and equipment

Related Party Category	Item	Disposal Price		Gain (Loss) on Disposal	
		For the Year Ended December 31		For the Year Ended December 31	
		2022	2021	2022	2021
Associates	Machinery	\$ -	\$ 95	\$ -	\$ 95
Others	Other equipment	<u>1,317</u>	<u>-</u>	<u>215</u>	<u>-</u>
		<u>\$ 1,317</u>	<u>\$ 95</u>	<u>\$ 215</u>	<u>\$ 95</u>

6) Lease arrangements

Item	Related Party Category	December 31	
		2022	2021
Lease liabilities	Investors company that account for the Company using the equity method	\$ 123,590	\$ 42,630
Lease liabilities	Other related parties	<u>3,142</u>	<u>69,131</u>
		<u>\$ 126,732</u>	<u>\$ 111,761</u>

Item	Related Party Category	For the Year Ended December 31	
		2022	2021
Interest expense	Investors company that account for the Company using the equity method	\$ 1,265	\$ 496
	Other related parties	<u>675</u>	<u>587</u>
		<u>\$ 1,940</u>	<u>\$ 1,083</u> (Continued)
Item	Related Party Category	For the Year Ended December 31	
		2022	2021
Rental expense	Investors company that account for the Company using the equity method	\$ 618	\$ 584
	Other related parties	<u>6,437</u>	<u>35,969</u>
		<u>\$ 7,055</u>	<u>\$ 36,553</u> (Concluded)

7) Acquisition of shares

For the year ended December 31, 2022

Related Party Category	Financial Statement Account	Number of Shares Acquired	Proportion of Voting Rights	Acquisition Target	Acquisition Price
Joyin Co., Ltd.	Investments accounted for using the equity method	3,616,778	4.64%	Issuance of ordinary shares in cash	\$ 54,251
Joyin Co., Ltd.	Investments accounted for using the equity method	8,747,750	72.90%	Ordinary shares of Eleceram Technology Co., Ltd.	209,946
Hwa Bao Botanic Conservation Corp.	Investments in equity instruments at FVTOCI	8,000,000	10.00%	Issuance of ordinary shares in cash	80,000
Walsin Lihwa Corporation	Investments in equity instruments at FVTOCI	7,208,132	0.19%	Issuance of ordinary shares in cash	216,244

For the year ended December 31, 2021

Related Party Category	Financial Statement Account	Number of Shares Acquired	Proportion of Voting Rights	Acquisition Target	Acquisition Price
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Silitech Technology Corporation	Investments accounted for using the equity method	8,000,000	10%	Private placement ordinary shares	\$ 264,000
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8) Dividends income

	For the Year Ended December 31	
	2022	2021
Walsin Lihwa Corporation	\$ 84,826	\$ 47,714
APAQ Technology Co., Ltd.	26,033	24,731
Phoenix Innovation Venture Capital Co., Ltd.	8,504	4,100
Chin-Xin Investment Co., Ltd.	<u>6,266</u>	<u>3,760</u>
	<u>\$ 125,629</u>	<u>\$ 80,305</u>

c. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 193,055	\$ 201,380
Post-employment benefits	315	263
Share-based payments	<u>-</u>	<u>2,352</u>
	<u>\$ 193,370</u>	<u>\$ 203,995</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The assets pledged as collateral or for security were as follows:

	December 31	
	2022	2021
Pledged time deposits (accounted as financial assets at amortized cost)	\$ 129,149	\$ 142,840
Pledged time deposits (accounted as guarantee deposits paid)	24,008	20,479
Land	214,840	264,309
Buildings (net)	<u>33,126</u>	<u>38,962</u>
	<u>\$ 401,123</u>	<u>\$ 466,590</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group were as follows:

a. Significant unrecognized commitments

Unrecognized commitments were as follows:

	December 31	
	2022	2021
Acquisition of property, plant and equipment	<u>\$ 1,304,794</u>	<u>\$ 3,094,629</u>

b. Contingencies

As of December 31, 2022 and 2021, the Group's outstanding letters of credit were summarized as follows:

Unit: Thousand Dollars

December 31			
2022		2021	
Currency	Carrying Value	Currency	Carrying Value
USD	USD 55	USD	USD 92
JPY	JPY 2,322,404	JPY	JPY 3,663,212
EUR	EUR 811	EUR	EUR 1,274

31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

32. OTHER ITEMS: NONE

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between the foreign currencies and their respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31					
	2022			2021		
	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>						
Monetary items						
USD	\$ 835,281	30.7100	\$ 25,651,480	\$ 558,591	27.6900	\$ 15,467,385
JPY	3,262,994	0.2324	758,320	5,455,309	0.2406	1,312,547
RMB	759,277	4.4105	3,348,791	766,385	4.3476	3,331,935
Non-monetary items						
Investments accounted for using the equity method						
RMB	36,345	4.4105	160,298	38,612	4.3476	167,870
<u>Financial liabilities</u>						

Monetary items						
USD	248,516	30.7100	7,631,926	433,385	27.6900	12,000,431
JPY	4,909,919	0.2324	1,141,065	7,755,532	0.2406	1,865,981
RMB	44,424	4.4105	195,932	120,283	4.3476	522,942

34. 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 (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 9) Trading in derivative instruments (Note 7 and Note 27)
- 10) Intercompany relationships and significant intercompany transactions (Table 7)
- 11) Information on investees (Table 8)

c. Information on investments in mainland China (Table 9)

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area
- 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:
 - 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
 - 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 (Table 10):

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

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

Segment A - passive components
 Segment B - passive components
 Segment C - passive components
 Segment other - passive components

a. Segment revenue and results

The analysis of the Group's revenue and results from continuing operations by reportable segment was as follows:

The Group's operating segment information for the years ended December 31, 2022 and 2021 were as follows:

For the Year Ended December 31, 2022						
	A Segment	B Segment	C Segment	Other Segment	Adjustments and Eliminations	Total
Net sales	\$ 24,298,719	\$ 4,142,386	\$ 6,287,071	\$ 2,892,959	\$ (2,323,972)	\$ 35,297,163
Cost of sales	<u>(21,187,204)</u>	<u>(3,176,547)</u>	<u>(4,733,726)</u>	<u>(2,174,502)</u>	<u>2,274,564</u>	<u>(28,997,415)</u>
Gross profit	3,111,515	965,839	1,553,345	718,457	(49,408)	6,299,748
Operating expenses	<u>(2,149,639)</u>	<u>(349,239)</u>	<u>(1,039,643)</u>	<u>(623,896)</u>	<u>(76,398)</u>	<u>(4,238,815)</u>
Operating income	961,876	616,600	513,702	94,561	(125,806)	2,060,933
Nonoperating income and expenses	<u>1,636,540</u>	<u>29,748</u>	<u>203,799</u>	<u>1,640</u>	<u>(394,767)</u>	<u>1,476,960</u>
Income before income tax	<u>\$ 2,598,416</u>	<u>\$ 646,348</u>	<u>\$ 717,501</u>	<u>\$ 96,201</u>	<u>\$ (520,573)</u>	<u>\$ 3,537,893</u>

For the Year Ended December 31, 2021						
	A Segment	B Segment	C Segment	Other Segment	Adjustments and Eliminations	Total
Net sales	\$ 32,562,961	\$ 6,010,110	\$ 6,647,143	\$ 520,794	\$ (3,632,300)	\$ 42,108,708
Cost of sales	<u>(23,487,089)</u>	<u>(4,423,600)</u>	<u>(4,961,728)</u>	<u>(378,775)</u>	<u>3,654,867</u>	<u>(29,596,325)</u>
Gross profit	9,075,872	1,586,510	1,685,415	142,019	22,567	12,512,383
Operating expenses	<u>(2,558,451)</u>	<u>(408,748)</u>	<u>(1,008,250)</u>	<u>(103,430)</u>	<u>(33,922)</u>	<u>(4,112,801)</u>
Operating income	6,517,421	1,177,762	677,165	38,589	(11,355)	8,399,582
Nonoperating income and expenses	<u>2,698,358</u>	<u>260,444</u>	<u>2,830</u>	<u>(1,437)</u>	<u>(709,863)</u>	<u>2,250,332</u>

Income before income tax \$ 9,215,779 \$ 1,438,206 \$ 679,995 \$ 37,152 \$ (721,218) \$ 10,649,914

All intercompany transactions had been eliminated upon consolidation.

b. Segment assets and liabilities

Segment assets

	December 31, 2022					
	A Segment	B Segment	C Segment	Other Segment	Adjustments and Eliminations	Total
Cash and cash equivalents	\$ 13,889,010	\$ 1,605,577	\$ 1,837,820	\$ 170,928	\$ -	\$ 17,503,335
Notes and trade receivables	5,895,181	827,538	2,123,037	1,130,626	(548,946)	9,427,436
Inventories	5,757,372	671,972	1,027,091	436,150	(9,440)	7,883,145
Other current assets	<u>6,053,167</u>	<u>498,252</u>	<u>656,271</u>	<u>83,892</u>	<u>(27,424)</u>	<u>7,264,158</u>
Total current assets	31,594,730	3,603,339	5,644,219	1,821,596	(585,810)	42,078,074
Financial assets at fair value through other comprehensive income - non-current	4,152,218	1,359,851	454,314	26,966	(179,403)	5,813,946
Investments accounted for using the equity method	14,456,967	1,150,757	11,816	-	(5,981,215)	9,638,325
Property, plant and equipment	20,964,982	2,161,442	3,885,619	846,074	494,785	28,352,902
Other non-current assets	<u>3,870,447</u>	<u>457,365</u>	<u>544,009</u>	<u>421,123</u>	<u>555,304</u>	<u>5,848,248</u>
Total assets	<u>\$ 75,039,344</u>	<u>\$ 8,732,754</u>	<u>\$ 10,539,977</u>	<u>\$ 3,115,759</u>	<u>\$ (5,696,339)</u>	<u>\$ 91,731,495</u>

	December 31, 2021					
	A Segment	B Segment	C Segment	Other Segment	Adjustments and Eliminations	Total
Cash and cash equivalents	\$ 8,492,796	\$ 1,312,198	\$ 1,087,882	\$ 368,628	\$ -	\$ 11,261,504
Notes and trade receivables	7,241,173	1,129,876	2,270,649	1,085,711	(824,067)	10,903,342
Inventories	7,431,039	820,570	1,114,006	360,010	(38,375)	9,687,250
Other current assets	<u>8,063,291</u>	<u>895,164</u>	<u>356,105</u>	<u>60,557</u>	<u>(39,327)</u>	<u>9,335,790</u>
Total current assets	31,228,299	4,157,808	4,828,642	1,874,906	(901,769)	41,187,886
Financial assets at fair value through other comprehensive income - non-current	3,969,548	1,607,074	553,513	26,698	(257,342)	5,899,491
Investments accounted for using the equity method	14,772,745	834,223	290,655	-	(5,954,609)	9,943,014
Property, plant and equipment	23,858,613	2,218,674	3,096,334	676,890	599,035	30,449,546
Other non-current assets	<u>4,578,866</u>	<u>268,337</u>	<u>608,202</u>	<u>570,107</u>	<u>674,756</u>	<u>6,700,268</u>
Total assets	<u>\$ 78,408,071</u>	<u>\$ 9,086,116</u>	<u>\$ 9,377,346</u>	<u>\$ 3,148,601</u>	<u>\$ (5,839,929)</u>	<u>\$ 94,180,205</u>

Segment liabilities

	December 31, 2022					
	A Segment	B Segment	C Segment	Other Segment	Adjustments and Eliminations	Total
Short-term borrowings	\$ 6,657,627	\$ 230,000	\$ 100,000	\$ 115,423	\$ -	\$ 7,103,050
Notes and trade payables	1,934,795	313,394	856,346	289,946	(553,812)	2,840,669
Current tax liabilities	867,109	151,907	111,537	6,189	298,995	1,435,737
Other payables and payables on equipment	3,941,288	422,682	613,651	281,723	(15,932)	5,243,412
Other current liabilities	<u>2,046,176</u>	<u>402,745</u>	<u>405,350</u>	<u>65,631</u>	<u>(312,689)</u>	<u>2,607,213</u>
Total current liabilities	15,446,995	1,520,728	2,086,884	758,912	(583,438)	19,230,081
Non-current liabilities	<u>15,164,997</u>	<u>834,126</u>	<u>2,583,266</u>	<u>209,354</u>	<u>125,637</u>	<u>18,917,380</u>

Total liabilities	\$ <u>30,611,992</u>	\$ <u>2,354,854</u>	\$ <u>4,670,150</u>	\$ <u>968,266</u>	\$ <u>(457,801)</u>	\$ <u>38,147,461</u>
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December 31, 2021

	A Segment	B Segment	C Segment	Other Segment	Adjustments and Eliminations	Total
Short-term borrowings	\$ 5,277,137	\$ -	\$ 152,290	\$ -	\$ -	\$ 5,429,427
Notes and trade payables	3,666,406	553,155	1,165,992	256,087	(838,759)	4,802,881
Current tax liabilities	1,528,406	137,270	33,201	31,995	-	1,730,872
Other payables and payables on equipment	6,804,589	734,901	633,578	274,753	(20,286)	8,427,535
Other current liabilities	<u>1,011,503</u>	<u>50,063</u>	<u>73,395</u>	<u>62,801</u>	<u>(31,045)</u>	<u>1,166,717</u>
Total current liabilities	18,288,041	1,475,389	2,058,456	625,636	(890,090)	21,557,432
Non-current liabilities	<u>15,595,126</u>	<u>1,235,941</u>	<u>1,816,372</u>	<u>301,846</u>	<u>144,334</u>	<u>19,093,619</u>
Total liabilities	\$ <u>33,883,167</u>	\$ <u>2,711,330</u>	\$ <u>3,874,828</u>	\$ <u>927,482</u>	\$ <u>(745,756)</u>	\$ <u>40,651,051</u>

All intercompany transactions had been eliminated upon consolidation.

c. Revenue from major products and services

The following was an analysis of the Group's revenue from continuing operations from its major products and services:

	For the Year Ended December 31	
	2022	2021
Multi-layer ceramic capacitors	\$ 14,539,999	\$ 21,907,241
Chip resistors	8,045,153	8,924,119
Radio frequency devices	5,263,274	5,419,675
Others	<u>7,448,737</u>	<u>5,857,673</u>
	<u>\$ 35,297,163</u>	<u>\$ 42,108,708</u>

d. Geographical information

The Group operates in Asia mainly.

The Group's revenue from continuing operations unit of external customers by location of operations and its non-current assets by locations were detailed as below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Asia	\$ 30,658,526	\$ 37,547,371	\$ 30,871,028	\$ 33,168,025
America	2,261,628	1,810,222	11,261	3,016
Europe	<u>2,377,009</u>	<u>2,751,115</u>	<u>2,109</u>	<u>-</u>
	<u>\$ 35,297,163</u>	<u>\$ 42,108,708</u>	<u>\$ 30,884,398</u>	<u>\$ 33,171,041</u>

Non-current assets excluded non-current assets classified as financial instruments and deferred tax assets.

e. Information about major customers

There was no single customer which accounted for more than 10% of total consolidated revenue for the years ended December 31, 2022 and 2021.

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
0	Walsin Technology Corporation	Kamaya Electric Co., Ltd.	Receivables from related parties	Yes	\$ 921,914	\$ 688,518	\$ 688,518	0.55	Short-term financing	\$ -	Operating turnover	\$ -	Promissory note	\$ 688,518	\$ 17,712,370 (Note 5)	\$ 26,568,554 (Note 6)
		Kamaya Electric (M) Sdn. Bhd.	Receivables from related parties	Yes	153,550	153,550	153,550	0.55	Short-term financing	-	Operating turnover	-	Promissory note	153,550	17,712,370 (Note 5)	26,568,554 (Note 6)
1	Walsin Technology Holding Corporation (HK) Limited	Kamaya Electric (M) Sdn. Bhd.	-	Yes	460,650	-	-	-	Short-term financing	-	Operating turnover	-	Promissory note	-	8,454,371 (Note 5)	12,681,556 (Note 6)
		Kamaya Electric Co., Ltd.	Receivables from related parties	Yes	618,499	177,659	177,659	0.55	Short-term financing	-	Operating turnover	-	Promissory note	177,659	8,454,371 (Note 5)	12,681,556 (Note 6)
2	Walsin Technology Corporation (HK) Limited	Kamaya Electric (M) Sdn. Bhd.	Receivables from related parties	Yes	552,780	552,780	552,780	0.55-2	Short-term financing	-	Operating turnover	-	Promissory note	552,780	733,732 (Note 5)	1,100,598 (Note 6)
		Kamaya Electric Co., Ltd.	-	Yes	385,103	-	-	-	Short-term financing	-	Operating turnover	-	Promissory note	-	733,732 (Note 5)	1,100,598 (Note 6)
		Kamaya Electric (M) Sdn. Bhd.	Receivables from related parties	Yes	184,260	153,550	153,550	0.55	Business transaction	310,039	-	-	Promissory note	153,550	733,732 (Note 5)	1,100,598 (Note 6)
3	Nitsuko Electronics Corporation	Kamaya Electric Co., Ltd.	Receivables from related parties	Yes	140,038	140,038	140,038	0.55-0.6	Short-term financing	-	Operating turnover	-	Promissory note	140,038	194,836 (Note 5)	292,255 (Note 6)
4	Inpaq Technology Co., Ltd.	Inpaq Technology (China) Co., Ltd.	-	Yes	180,000	-	-	-	Short-term financing	-	Operating turnover	-	None	-	1,455,138 (Note 2)	2,328,221 (Note 2)
		Inpaq Technology (Suzhou) Co., Ltd.	-	Yes	180,000	-	-	-	Short-term financing	-	Operating turnover	-	None	-	1,455,138 (Note 2)	2,328,221 (Note 2)
		Taiwan Inpaq electronic Co., Ltd.	Receivables from related parties	Yes	750,000	750,000	668,000	2.366	Short-term financing	-	Operating turnover	-	None	-	1,455,138 (Note 2)	2,328,221 (Note 2)
		Inpaq Technology USA, Inc.	Receivables from related parties	Yes	16,105	15,355	15,355	0.128	Short-term financing	-	Operating turnover	-	None	-	1,455,138 (Note 2)	2,328,221 (Note 2)
5	Soshin Electric Co., Ltd.	Soshin Device Co., Ltd.	Receivables from related parties	Yes	163,377	163,377	160,576	0.704	Short-term financing	-	Operating turnover	-	None	-	858,997 (Note 3)	858,997 (Note 3)
		Soshin Powertech Co., Ltd.	Receivables from related parties	Yes	46,679	46,679	28,824	0.704	Short-term financing	-	Operating turnover	-	None	-	858,997 (Note 3)	858,997 (Note 3)
		Soshin Electronics (M) Sdn. Bhd.	Receivables from related parties	Yes	61,943	61,943	12,698	5.267	Short-term financing	-	Operating turnover	-	None	-	858,997 (Note 3)	858,997 (Note 3)
6	Risshin Electronics Co., Ltd.	Soshin Electric Co., Ltd.	Receivables from related parties	Yes	46,679	4,668	4,668	0.304	Short-term financing	-	Operating turnover	-	None	-	7,478 (Note 3)	7,478 (Note 3)
7	Soshin Electronics (HK) Limited	Soshin Electric Co., Ltd.	Receivables from related parties	Yes	26,943	23,600	23,600	5.267	Short-term financing	-	Operating turnover	-	None	-	34,740 (Note 3)	34,740 (Note 3)

Note 1: According to Walsin Technology Corporation's financing procedure, total endorsement/guarantee and financing amount that can be made is 100% of lender's net worth presented in the latest financial statements audited or reviewed by auditors. The total financing amount that can be made is 60% of lender's net worth presented in the latest financial statements audited or reviewed by auditors. The financing limit amount of each borrower according to reasons for financing are as follows:

- With business relationship: In the most recent year or the current year as of the time the funds are loaned, and the loan is not more than the higher of the borrowing Company's purchase or sales amount from loan company.
- With the need of short-term financing: Both of total financing and individual financing amounts must not exceed 40% of each lender's net worth presented in the latest financial statements audited or reviewed by auditors.
- When a financing between foreign companies in which the Company directly and indirectly holds 100% of the voting shares, the amount of financing cannot exceed the limit set forth in paragraph 2 above, but the loan period cannot exceed 3 years. The individual limits for loans of funds between foreign companies in which the Company directly and indirectly holds 100% of the voting shares are limited to the most recent net worth of the lending company's financial statements.

Note 2: The total financing amount of Inpaq Technology Co., Ltd. shall not exceed 40% of the net value of Inpaq Technology Co., Ltd.; The Company that has short-term financing necessary:

- Companies that are held by Inpaq Technology Co., Ltd. with more than 50% of its shares shall not exceed 25% of the net value of Inpaq Technology Co., Ltd.
- Other company and other fund loans approved by the board of directors of Inpaq Technology Co., Ltd., shall not exceed 10% of the net value of Inpaq Technology Co., Ltd.

If with the need of short-term financing between Inpaq Technology Co., Ltd.'s directly or indirectly holding 100% shares foreign companies, the total amount of loans shall not exceed 40% of the lender's net worth, and the amount of loans to individual companies shall not be more than 40% of the loaned company's net worth.

Note 3: Both of total financing amounts and individual financing amounts of the three companies (Soshin Electric Co., Ltd and Risshin Electronics Co., Ltd and Soshin Electronics (HK) Limited.) must not exceed 40% of each lender's net worth presented in the latest financial statements audited or reviewed by auditors.

Note 4: Exchange rate as of December 31, 2022

USD:NTD = 1:30.71
JPY:USD = 1:0.0076

Note 5: It is 40% of the shareholders' equity of the loan company.

Note 6: It is 60% of the shareholders' equity of the loan company.

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowed Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Walsin Technology Corporation	Kamaya Electric Co., Ltd.	2	\$ 15,291,814 (Note 1)	\$ 2,058,553	\$ 2,058,553	\$ 1,918,515	\$ -	4.65	\$ 22,140,462 (Note 3)	Y	N	N
		Kamaya Electric (M) Sdn. Bhd.	2	16,953,222 (Note 1)	1,213,045	905,945	199,615	-	2.05	22,140,462 (Note 3)	Y	N	N
1	Inpaq Technology Co., Ltd.	Taiwan Inpaq electronic Co., Ltd.	2	1,164,110 (Note 2)	1,545,750	737,040	-	-	12.66	2,328,221 (Note 4)	Y	N	N
		Inpaq Technology (Suzhou) Co., Ltd.	2	1,164,110 (Note 2)	322,100	307,100	-	-	5.28	2,328,221 (Note 4)	Y	N	Y
		Inpaq Technology (China) Co., Ltd.	2	1,164,110 (Note 2)	526,395	230,325	-	-	3.96	2,328,221 (Note 4)	Y	N	Y
		Hunan Frontier Electronics Co., Ltd.	2	1,164,110 (Note 2)	193,260	184,260	-	-	3.17	2,328,221 (Note 4)	Y	N	Y

Note 1: The maximum limit for each guaranteed company is limited to 100% of its net worth presented in the latest financial statements. The maximum limit for company's actual holds more than two-thirds of the guaranteed company is limited to six times of its (guaranteed company) net worth presented in the latest financial statements. Therefore, this period did not exceed the limit.

Note 2: The limit of the endorsement guarantee for a single enterprise is limited to 20% of the latest financial statements of the Company audited and verified by CPA.

Note 3: The maximum endorsements/guarantees amount allowed for the Company is not equal or exceed 50% of its net worth presented in the latest financial statements. Therefore, this period did not exceed the limit.

Note 4: The total accumulated external endorsement guarantee is limited to 40% of the latest financial statements of the Company audited and verified by CPA.

Note 5: Need enter "Y" if: Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries, Given by Subsidiaries on Behalf of Parent, Given on Behalf of Companies in Mainland China.

Note 6: Exchange rate as of December 31, 2022

USD:NTD = 1:30.71
JPY:USD = 1:0.0076

Note 7: Endorsement guarantee objects:

1. Subsidiaries that directly hold more than 50% of ordinary shares.
2. Subsidiaries where parent company and subsidiaries hold more than 50% of the ordinary shares.
3. Companies with business relations.
4. The Company.

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Technology Corporation	<u>Shares</u>							
	Taiwan Mobile Company Limited	None	Financial assets at fair value through profit or loss - current	100,000	\$ 9,470	-	\$ 9,470	
	Taiwan Semiconductor Manufacturing Company Limited	"	"	190,000	85,215	-	85,215	
	Chunghwa Telecom Company Limited	"	"	200,000	22,600	-	22,600	
	APAQ Technology Co., Ltd.	Substantive related party	"	2,960,000	123,284	3.33	123,284	
	Walton Advanced Engineering Inc.	The chairman of the securities issuer is the same as the chairman of the Company	Financial assets at fair value through other comprehensive income - non-current	31,870,087	361,726	6.16	361,726	
	Walsin Lihwa Corporation	Investment company evaluated the Company by the equity method	"	49,234,527	2,323,870	1.32	2,323,870	
	Giga-Byte Technology Co., Ltd.	None	"	8,590,000	914,835	1.35	914,835	
	Elcon International Co., Ltd.	"	"	1,879,028	-	9.40	-	
	Chin-Xin Investment Co., Ltd.	The chairman of the securities issuer is the second degree of kinship of the chairman of the Company	"	9,032,056	395,009	1.86	395,009	
Euroc Venture Capital Corp.	None	"	7,499	310	2.50	310		
Sawnics Inc.	"	"	102,667	12,113	4.81	12,113		

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Technology Holding Corporation (HK) Limited	<u>Bonds</u> KLA Corporation	None	Financial assets at amortized cost - non-current	-	\$ 62,543	-	\$ 62,543	
	KLA Corporation	"	"	-	31,273	-	31,273	
	International Business Machines Corporation	"	"	-	90,490	-	90,490	
	Citigroup Global Markets Limited	"	"	-	153,550	-	153,550	
	United States Department of the Treasury	"	"	-	61,465	-	61,465	
Dongguan Walsin Technology Electronics Co., Ltd.	<u>Bonds</u> 2022 Book-entry fourteenth Treasury Coupon Bonds	"	Financial assets at amortized cost - current	-	132,299	-	132,299	
Kamaya Electric Co., Ltd.	<u>Shares</u> Sony Corporation	"	Financial assets at fair value through other comprehensive income - non-current	61,100	143,104	-	143,104	
	Hokko Denshi Kogyo Corporation	"	"	7,000	1,251	14.00	1,251	
Prosperity Dielectrics Co., Ltd.	<u>Listed shares</u> Walton Advanced Engineering Inc.	The chairman of the securities issuer is the same as the chairman of the Company	Financial assets at fair value through other comprehensive income - non-current	31,915,536	362,241	6.16	362,241	
	Walsin Lihwa Corporation	The chairman of the securities issuer is the second degree of kinship of the chairman of the Company	"	10,989,605	518,710	0.29	518,710	
	APAQ Technology Co., Ltd.	Substantive related party	"	739,000	30,779	0.83	30,779	
	Fubon Financial Holding Co., Ltd. Preferred Shares C	None	"	500,000	27,550	-	27,550	
	APAQ Technology Co., Ltd.	Substantive related party	Financial assets at fair value through profit or loss - current	4,541,000	189,133	5.10	189,133	
	Chunghwa Telecom Company Limited	None	"	"	400,000	45,200	0.01	45,200
	Taiwan Semiconductor Manufacturing Company Limited	"	"	35,000	15,697	-	15,697	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Dongguan Frontier Electronics Co., Ltd.	<u>Shares</u> Chin-Xin Investment Co., Ltd.	The chairman of the securities issuer is the second degree of kinship of the chairman of the Company	Financial assets at fair value through other comprehensive income - non-current	3,500,000	\$ 153,067	0.72	\$ 153,067	
	Hwa Bao Botanic Conservation Corp.	"	"	8,000,000	88,101	10.00	88,101	
	<u>Bonds</u> 2022 Book-entry ninth Treasury Coupon Bonds	None	Financial assets at fair value through profit or loss - current	-	44,549	-	44,549	
	<u>Fund</u> GF Money Market Fund B	"	"	-	22,732	-	22,732	
PDC Electronics (Suzhou) Co., Ltd.	CCB Principal Profit Raise Money Market ETF Fund A	"	"	-	31,103	-	31,103	
Frontier Components Co., Ltd.	<u>Bonds</u> TSMC Arizona Corp.	None	Financial assets at amortized cost - non-current	-	92,039	-	92,039	
	Amazon. com, Inc.	"	"	-	60,327	-	60,327	
	U.S. Treasuries	"	"	-	60,244	-	60,244	
Inpaq Technology Co., Ltd.	<u>Shares</u> APAQ Technology Co., Ltd.	Substantive related party	Financial assets at fair value through other comprehensive income - non-current	4,776,329	198,934	5.37	198,934	
	Phoenix Innovation Venture Capital Co., Ltd.	"	"	3,000,000	26,160	9.38	26,160	
	PAN WIN Biotechnology Inc.	None	"	100,000	-	5.00	-	
	AICP Technology Corporation	"	"	600,000	6,276	8.00	6,276	
	<u>Bonds</u> Apple Inc.	"	"	-	75,139	-	75,139	
	Amazon.com, Inc.	"	"	-	39,763	-	39,763	
	Microsoft Corporation	"	"	-	20,831	-	20,831	
Saudi Arabian Oil Company	"	"	-	42,053	-	42,053		
Bank of America	"	"	-	45,158	-	45,158		
Soshin Electric Co., Ltd.	<u>Shares</u> Oki Electric industry Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	78	13	-	13	
	Kyosan Electric Manufacturing Co., Ltd.	"	"	22,795	2,139	0.04	2,139	

Toshiba Corporation	"	"	430	462	-	462
NEC Corporation	"	"	67	72	-	72
The Nippon Signal Co., Ltd.	"	"	16,004	3,885	0.02	3,885
Hitachi, Ltd.	"	"	300	468	-	468

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Mitsubishi UFJ Financial Group, Inc.	"	"	34,880	\$ 7,237	-	\$ 7,237	
	Mitsubishi Electric Corporation	"	"	28	9	-	9	
	W-SCOPE Corporation	"	"	100	31	-	31	
	Sony Corporation	"	"	100	234	-	234	
	Okaya Electric Industries Co., Ltd.	"	"	100	6	-	6	
	Sumida Corporation	"	"	100	32	-	32	
	Canon Inc.	"	"	100	67	-	67	
	SoftBank Corp.	None	Financial assets at fair value through other comprehensive income - non-current	100	35	-	35	
	Ueno Co., Ltd.	"	"	1,280	4,720	19.89	4,720	
	Limited liability partnership SakuSakuHimawari	"	"	2	2,517	14.00	2,517	
	Kcm Cooperative	"	"	1	2	-	2	
	Satsuki Industrial Cooperative Association	"	"	1	2	-	2	
	Saku Grand Hotel	"	"	2	-	-	-	
	General Incorporated Association Industrial Education Center	"	"	1	117	-	117	
Risshin Electronics Co., Ltd.	Stec Co., Ltd.	"	"	10	233	2.50	233	
	Nagano Keiki Co., Ltd.	"	"	17,821	4,683	0.09	4,683	
Soshin Device Co., Ltd.	The Shoko Chukin Bank, Ltd.	"	"	1	2	-	2	

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Selling Price	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Prosperity Dielectrics Co., Ltd.	Joyin Co., Ltd.	Long-term equity investment accounted for using the equity method	Walsin Technology Corporation, Inpaq Technology Co., Ltd. and Joyin Co., Ltd.	Parent company and sister company	2,659,517	\$ 42,793	21,055,843	\$ 368,131 (Note 5)	-	\$ -	\$ -	\$ -	23,715,360	\$ 410,924
Inpaq Technology Co., Ltd.	"	"	Prosperity Dielectrics Co., Ltd.	Sister company	14,847,108	277,229	2,671,766	40,076	17,518,874	317,092	305,334	16,419 (Notes 6 and 7)	-	-

Note 1: The marketable securities listed in the table above refer to marketable securities derived from shares, bonds, beneficiary certificates and the above listed items.

Note 2: Marketable securities recognized as investments accounted for using the equity method are required to be disclosed in column 2 of the above table.

Note 3: The amount of securities acquired or disposed of should be calculated individually based on the market price to determine if they have reached NT\$300 million or 20% of the paid-in capital.

Note 4: Paid-in capital refers to the parent company's paid-in capital. For shares issued that have no face value or whose fair values are not NT\$10, the calculation of paid-in capital is based on 10% of the equity attributable to the owners of the parent company as stated in the balance sheet.

Note 5: Including long-term equity investments accounted for under the equity method through organizational restructuring, investment losses recognized in the current period, translation differences on financial statements of foreign operating companies, unrealized gains or losses on financial assets at fair value through other comprehensive income or loss, and capital surplus.

Note 6: Disposal gain or loss on disposal net of carrying cost and other items of equity.

Note 7: This interest is accounted for as additional paid in capital in accordance with the "Regulations Governing the Treatment of Business Combinations Under Common Control".

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Walsin Technology Corporation	Prosperity Dielectrics Co., Ltd.	43.13% owned subsidiary by parent company	Sale	\$ (410,725)	(3)	According to the commercial terms agreed by both parties	\$ -	-	\$ 64,631	2	
	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(5,760,274)	(36)	"	-	-	1,071,220	35	
	Walsin Technology Corporation (HK) Limited	100% indirectly owned subsidiary by parent company	Sale	(487,818)	(3)	"	-	-	85,873	3	
	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(1,597,201)	(10)	"	-	-	572,165	19	
	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Sale	(309,521)	(2)	"	-	-	50,099	2	
	Kamaya Inc.	99.99% indirectly owned subsidiary by parent company	Sale	(144,058)	(1)	"	-	-	61,875	2	
	Kamaya Electric (M) Sdn. Bhd.	99.99% indirectly owned subsidiary by parent company	Sale	(132,241)	(1)	"	-	-	25,928	1	
Walsin Technology Corporation (HK) Limited	Walsin Technology Corporation	Parent company	Sale	(3,455,322)	(43)	"	-	-	951,921	46	
	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(505,084)	(6)	"	-	-	90,680	4	
	Dongguan Huafai Trading Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(654,342)	(8)	"	-	-	-	-	
	Kamaya Electric (M) Sdn. Bhd.	99.99% indirectly owned subsidiary by parent company	Sale	(310,039)	(4)	"	-	-	104,998	5	
Suzhou Walsin Technology Electronics Co., Ltd.	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Sale	(851,769)	(23)	"	-	-	44,767	4	
Dongguan Walsin Technology Electronics Co., Ltd.	Walsin Technology Corporation	Parent company	Sale	(212,951)	(2)	"	-	-	26,322	1	
	Dongguan Frontier Components Co., Ltd.	100% indirectly owned subsidiary by PDC	Sale	(238,380)	(2)	"	-	-	74,560	3	
	Walsin Technology Corporation (HK) Limited	100% indirectly owned subsidiary by parent company	Sale	(6,459,906)	(49)	"	-	-	926,755	33	
	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Sale	(927,055)	(7)	"	-	-	188,818	7	
	Kamaya Electric Co., Ltd.	99.99% indirectly owned subsidiary by parent company	Sale	(132,553)	(1)	"	-	-	21,581	1	
	Kamaya Electric (HK) Limited	99.99% indirectly owned subsidiary by parent company	Sale	(254,391)	(2)	"	-	-	67,883	2	
	Kamaya Electric (M) Sdn. Bhd.	99.99% indirectly owned subsidiary by parent company	Sale	(461,212)	(3)	"	-	-	133,438	5	
Pan Overseas (Guangzhou) Electronic Co., Ltd.	Walsin Technology Corporation (HK) Limited	100% indirectly owned subsidiary by parent company	Sale	(673,682)	(69)	"	-	-	138,513	64	
	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Sale	(140,436)	(14)	"	-	-	31,594	15	
Walsin Passive Component (H.K.) Limited	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(846,547)	(30)	"	-	-	150,385	21	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Kamaya Electric Co., Ltd.	Walsin Technology Corporation	Parent company	Sale	\$ (760,873)	(31)	According to the commercial terms agreed by both parties	\$ -	-	\$ 247,097	44	
	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(189,738)	(8)	"	-	-	1,046	-	
	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(158,705)	(6)	"	-	-	32,283	6	
	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Sale	(259,110)	(11)	"	-	-	14,735	3	
	Kamaya Electric (M) Sdn. Bhd.	99.99% indirectly owned subsidiary by parent company	Sale	(137,189)	(6)	"	-	-	36,256	7	
Kamaya Electric (M) Sdn. Bhd.	Kamaya Inc.	99.99% indirectly owned subsidiary by parent company	Sale	(135,412)	(4)	"	-	-	30,388	4	
	Kamaya Electric Co., Ltd.	99.99% indirectly owned subsidiary by parent company	Sale	(1,322,264)	(40)	"	-	-	261,735	35	
	Kamaya Electric (HK) Limited	99.99% indirectly owned subsidiary by parent company	Sale	(110,491)	(3)	"	-	-	13,046	2	
Prosperity Dielectrics Co., Ltd.	Frontier Components Co., Ltd.	100% indirectly owned subsidiary by PDC	Sale	(459,711)	(12)	"	-	-	111,544	15	
	Walsin Technology Corporation	Parent company	Sale	(880,949)	(24)	"	-	-	156,226	21	
Frontier Components Co., Ltd.	Dongguan Frontier Electronics Co., Ltd.	100% indirectly owned subsidiary by PDC	Sale	(374,330)	(71)	"	-	-	73,016	64	
Inpaq Technology (Suzhou) Co., Ltd.	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(155,360)	(2)	"	-	-	64,851	3	
	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(138,234)	(2)	"	-	-	8,688	-	
	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Sale	(105,681)	(2)	"	-	-	37,776	2	
	Inpaq Trading (Suzhou) Co., Ltd.	100% indirectly owned subsidiary by INPAQ	Sale	(183,782)	(3)	"	-	-	53,613	3	
	Inpaq Technology Co., Ltd.	34.13% owned subsidiary by parent company	Sale	(508,719)	(8)	"	-	-	-	-	
	Taiwan Inpaq electronic Co., Ltd.	100% indirectly owned subsidiary by INPAQ	Sale	(166,374)	(3)	"	-	-	48,368	2	
Hunan Frontier Electronics Co., Ltd.	Inpaq Technology Co., Ltd.	34.13% owned subsidiary by parent company	Sale	(339,445)	(5)	"	-	-	91,686	4	
Inpaq Technology Co., Ltd.	Inpaq Technology (China) Co., Ltd.	100% indirectly owned subsidiary by INPAQ	Sale	(471,184)	(7)	"	-	-	205,908	10	
Inpaq Technology (China) Co., Ltd.	Inpaq Technology (Suzhou) Co., Ltd.	100% indirectly owned subsidiary by INPAQ	Sale	(308,029)	(5)	"	-	-	98,601	5	
	Inpaq Technology Co., Ltd.	34.13% owned subsidiary by parent company	Sale	(349,385)	(6)	"	-	-	111,426	5	
Soshin Device Co., Ltd.	Soshin Electric Co., Ltd.	50.08% indirectly owned subsidiary by parent company	Sale	(880,798)	(100)	"	-	-	71,221	100	
Soshin Powertech Co., Ltd.	Soshin Electric Co., Ltd.	50.08% indirectly owned subsidiary by parent company	Sale	(218,434)	(100)	"	-	-	24,571	100	
Soshin Electronics (M) Sdn. Bhd.	Soshin Electric Co., Ltd.	50.08% indirectly owned subsidiary by parent company	Sale	(401,511)	(95)	"	-	-	56,830	90	

Note: Purchase and sales transactions and accounts receivables/payable between consolidated entities have been eliminated.

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM 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, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Walsin Technology Corporation	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable \$ 1,071,220	4.75	\$ -	-	\$ 501,236	\$ -
	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable 572,165	2.50	-	-	316,309	-
Walsin Technology Corporation (HK) Limited	Walsin Technology Corporation Kamaya Electric (M) Sdn. Bhd.	Parent company	Accounts receivable 951,921	3.73	-	-	574,942	-
		99.99% indirectly owned subsidiary by parent company	Accounts receivable 104,998	0.85	-	-	46,239	-
Dongguan Walsin Technology Electronics Co., Ltd.	Walsin Technology Corporation (HK) Limited	100% indirectly owned subsidiary by parent company	Accounts receivable 926,755	5.56	-	-	890,689	-
	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Accounts receivable 188,818	6.22	-	-	-	-
	Kamaya Electric (M) Sdn. Bhd.	99.99% indirectly owned subsidiary by parent company	Accounts receivable 133,438	2.11	-	-	48,004	-
Pan Overseas (Guangzhou) Electronic Co., Ltd.	Walsin Technology Corporation (HK) Limited	100% indirectly owned subsidiary by parent company	Accounts receivable 138,513	3.52	-	-	32,716	-
Walsin Passive Component (H.K.) Limited	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable 150,385	11.26	-	-	-	-
Kamaya Electric Co., Ltd.	Walsin Technology Corporation	Parent company	Accounts receivable 247,097	2.81	-	-	58,358	-
Kamaya Electric (M) Sdn. Bhd.	Kamaya Electric Co., Ltd.	99.99% indirectly owned subsidiary by parent company	Accounts receivable 261,735	4.58	-	-	63,773	-
Prosperity Dielectrics Co., Ltd.	Frontier Components Co., Ltd.	100% indirectly owned subsidiary by PDC	Accounts receivable 111,544	2.74	-	-	-	-
	Walsin Technology Corporation	Parent company	Accounts receivable 156,226	5.02	-	-	-	-
Inpaq Technology Co., Ltd.	Inpaq Technology (China) Co., Ltd.	100% indirectly owned subsidiary by INPAQ	Accounts receivable 205,908	3.63	-	-	40,121	-
Inpaq Technology (China) Co., Ltd.	Inpaq Technology Co., Ltd.	34.13% owned subsidiary by parent company	Accounts receivable 111,426	4.02	-	-	75,500	-

Note: Purchase and sales transactions and accounts receivables/payable between consolidated entities have been eliminated.

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Walsin Technology Corporation	Prosperity Dielectrics Co., Ltd.	Parent company to subsidiary	Sales	\$ 410,725	According to the commercial terms agreed by both parties	1
		"	"	Accounts receivable	64,631	"	-
		Dongguan Walsin Technology Electronics Co., Ltd.	"	Sales	5,760,274	"	16
		"	"	Accounts receivable	1,071,220	"	1
		Walsin Technology Corporation (HK) Limited	"	Sales	487,818	"	1
		"	"	Accounts receivable	85,873	"	-
		Suzhou Walsin Technology Electronics Co., Ltd.	"	Sales	1,597,201	"	5
		"	"	Accounts receivable	572,165	"	1
		Walsin Passive Component (H.K.) Limited	"	Sales	309,521	"	1
		"	"	Accounts receivable	50,099	"	-
1	Walsin Technology Corporation (HK) Limited	Kamaya Inc.	"	Sales	144,058	"	-
		"	"	Accounts receivable	61,875	"	-
		Kamaya Electric (M) Sdn. Bhd.	"	Sales	132,241	"	-
		"	"	Accounts receivable	25,928	"	-
		Walsin Technology Corporation	Subsidiary to parent company	Sales	3,455,322	"	10
		"	"	Accounts receivable	951,921	"	1
2	Suzhou Walsin Technology Electronics Co., Ltd.	Dongguan Walsin Technology Electronics Co., Ltd.	Subsidiary to subsidiary	Sales	505,084	"	1
		"	"	Accounts receivable	90,680	"	-
		Dongguan Huafai Trading Co., Ltd.	"	Sales	654,342	"	2
		"	"	Accounts receivable	-	"	-
		Kamaya Electric (M) Sdn. Bhd.	"	Sales	310,039	"	1
2	Suzhou Walsin Technology Electronics Co., Ltd.	Walsin Passive Component (H.K.) Limited	"	Sales	851,769	"	2
		"	"	Accounts receivable	44,767	"	-

3	Dongguan Walsin Technology Electronics Co., Ltd.	Walsin Technology Corporation	Subsidiary to parent company	Sales	212,951	"	1
		"	"	Accounts receivable	26,322	"	-
		Dongguan Frontier Components Co., Ltd.	Subsidiary to subsidiary	Sales	238,380	"	1
		"	"	Accounts receivable	74,560	"	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
		Walsin Technology Corporation (HK) Limited " Walsin Passive Component (H.K.) Limited " Kamaya Electric Co., Ltd. " Kamaya Electric (HK) Limited " Kamaya Electric (M) Sdn. Bhd. "	Subsidiary to subsidiary " " " " " " "	Sales Accounts receivable Sales Accounts receivable Sales Accounts receivable Sales Accounts receivable	\$ 6,459,906 926,755 927,055 188,818 132,553 21,581 254,391 67,883 461,212 133,438	According to the commercial terms agreed by both parties " " " " " " " "	18 1 3 - - 1 - 1 -
4	Pan Overseas (Guangzhou) Electronic Co., Ltd.	Walsin Technology Corporation (HK) Limited " Walsin Passive Component (H.K.) Limited "	" " " "	Sales Accounts receivable Sales Accounts receivable	673,682 138,513 140,436 31,594	" " " "	2 - - -
5	Walsin Passive Component (H.K.) Limited	Suzhou Walsin Technology Electronics Co., Ltd. "	" "	Sales Accounts receivable	846,547 150,385	" "	2 -
6	Kamaya Electric Co., Ltd.	Walsin Technology Corporation " Dongguan Walsin Technology Electronics Co., Ltd. " Suzhou Walsin Technology Electronics Co., Ltd. " Walsin Passive Component (H.K.) Limited " Kamaya Electric (M) Sdn. Bhd. "	Subsidiary to parent company " Subsidiary to subsidiary " " " " "	Sales Accounts receivable Sales Accounts receivable Sales Accounts receivable Sales Accounts receivable	760,873 247,097 189,738 1,046 158,705 32,283 259,110 14,735 137,189 36,256	" " " " " " " "	2 - 1 - - - 1 - - -
7	Kamaya Electric (M) Sdn. Bhd.	Kamaya Electric Co., Ltd. " Kamaya Inc. " Kamaya Electric (HK) Limited "	" " " " "	Sales Accounts receivable Sales Accounts receivable Sales Accounts receivable	1,322,264 261,735 135,412 30,388 110,491 13,046	" " " " " "	4 - - - - -

8	Prosperity Dielectrics Co., Ltd.	Frontier Components Co., Ltd.	"	Sales	459,711	"	1
		"	"	Accounts receivable	111,544	"	-
		Walsin Technology Corporation	Subsidiary to parent company	Sales	880,949	"	2
		"	"	Accounts receivable	156,226	"	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
9	Frontier Components Co., Ltd.	Dongguan Frontier Electronics Co., Ltd.	Subsidiary to subsidiary	Sales	\$ 374,330	According to the commercial terms agreed by both parties	1
		"	"	Accounts receivable	73,016	"	-
10	Inpaq Technology (Suzhou) Co., Ltd	Dongguan Walsin Technology Electronics Co., Ltd.	"	Sales	138,234	"	-
		"	"	Accounts receivable	8,688	"	-
		Suzhou Walsin Technology Electronics Co., Ltd.	"	Sales	155,360	"	-
		"	"	Accounts receivable	64,851	"	-
		Walsin Passive Component (H.K.) Limited	"	Sales	105,681	"	-
		"	"	Accounts receivable	37,776	"	-
		Inpaq Trading (Suzhou) Co., Ltd.	"	Sales	183,782	"	1
		"	"	Accounts receivable	53,613	"	-
11	Hunan Frontier Electronics Co., Ltd.	Inpaq Technology Co., Ltd.	"	Sales	339,445	"	1
		"	"	Accounts receivable	91,686	"	-
12	Inpaq Technology Co., Ltd.	Inpaq Technology (China) Co., Ltd.	"	Sales	471,184	"	1
		"	"	Accounts receivable	205,908	"	-
13	Inpaq Technology (China) Co., Ltd.	Inpaq Technology (Suzhou) Co., Ltd.	"	Sales	308,029	"	1
		"	"	Accounts receivable	98,601	"	-
		Inpaq Technology Co., Ltd.	"	Sales	349,385	"	1
		"	"	Accounts receivable	111,426	"	-
14	Soshin Device Co., Ltd.	Soshin Electric Co., Ltd.	"	Sales	880,798	"	2
		"	"	Accounts receivable	71,221	"	-
15	Soshin Powertech Co., Ltd.	Soshin Electric Co., Ltd.	"	Sales	218,434	"	1
		"	"	Accounts receivable	24,571	"	-
16	Soshin Electronics (M) Sdn. Bhd.	Soshin Electric Co., Ltd.	"	Sales	401,511	"	1
		"	"	Accounts receivable	56,830	"	-

Note: Only transactions with related parties with an amount exceeding NT\$100 million or more than 20% of the paid-in capital will be disclosed, and relative related party transactions will not be disclosed.

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
Walsin Technology Corporation	Prosperity Dielectrics Co., Ltd.	Taiwan	Manufacturing, processing and selling of chip capacitors, chip resistors, semiconductive capacitor elements, ceramic dielectric powders and magnetic elements, etc.	\$ 655,664	\$ 655,664	74,186,468	43.13	\$ 2,710,372	\$ 506,518	\$ 165,001	
	HannStar Board Corporation	Taiwan	Production and sale of printed circuit boards	2,018,888	2,018,888	107,381,026	20.32	5,594,150	3,208,703	652,018	
	Pan Overseas (B.V.I.) Investments Co., Ltd.	British Virgin Islands	Investment holding	671,758	879,837	21,836,000	100.00	2,284,994	(23,232)	(19,889)	
	Gallatown Developments Limited	Cayman Islands	Investment holding	5,779,018	8,054,061	94,209,047	89.06	23,951,200	(122,119)	(81,364)	
	Tsai Yi Corporation	Taiwan	Investment holdings and management of group companies	411,330	411,330	39,052,142	26.62	626,698	5,390	1,435	
	Falcon Automation Equipment Corporation	Taiwan	Mechanical equipment manufacturing	9,000	9,000	3,348,000	43.90	102,517	63,715	27,972	
	Inpaq Technology Co., Ltd.	Taiwan	Researching, developing, manufacturing and selling of hybrid microwave antenna module, integrated electrical protection component and Multilayer type microwave communication component and module	2,021,276	2,021,276	47,848,650	34.13	2,197,974	590,929	197,086	
	Silitech Technology Corporation	Taiwan	Keypads and module products, mechanical integrated components	561,329	561,329	17,000,000	25.00	730,145	100,230	24,709	
	Soshin Electric Co., Ltd.	Japan	Researching, developing, manufacturing and selling of capacitors, thick film printed boards, laminated dielectric filters and EMI filters	39,248	39,248	330,800	1.93	48,255	54,010	(1,832)	
	Joyin Co., Ltd.	Taiwan	Researching, developing, manufacturing and selling of passive electronic components and automatic production equipment	-	46,655	-	-	-	(32,612)	(1,873)	
Walsin Technology Europe B.V.	Netherlands	Selling of passive electronic components	14,136	-	450,000	100.00	8,440	(6,022)	(6,022)		
Gallatown Developments Limited	Walsin Technology Corporation (HK) Limited	Hong Kong	Selling of passive electronic components	294,058 (Note 3)	294,058 (Note 3)	1,953	100.00	1,834,330	44,956	44,956	
	Walsin Technology Holding Corporation (HK) Limited	Hong Kong	Investment holding	5,447,572 (Note 3)	7,351,592 (Note 3)	155,837,562	100.00	21,135,927	(322,970)	(322,970)	
	Walsin Electronics (S) Pte. Ltd.	Singapore	Marketing service	5,203 (Note 3)	5,203 (Note 3)	607,025	100.00	7,293	(1,248)	(1,248)	
	Walsin Technology Corporation U.S.A.	USA	Marketing service	26,521 (Note 3)	26,521 (Note 3)	7,000,000	100.00	19,836	1,167	1,167	
	Walsin Passive Component (H.K.) Limited	Hong Kong	Selling of passive electronic components	92,130 (Note 3)	92,130 (Note 3)	23,400,100	100.00	578,113	13,314	13,314	
	Kamaya Electric Co., Ltd.	Japan	Manufacturing and selling of high level electric chip resistors	1,407,910 (Note 3)	1,407,910 (Note 3)	357,996,992	99.99	2,548,345	138,641	138,626	
	Walsin International Management (HK) Limited	Hong Kong	Investment holding	184,260 (Note 3)	184,260 (Note 3)	600,001	100.00	157,697	(896)	(896)	
	Walsin Electronics India Private Ltd.	India	Manufacturing and selling of passive electronic components	- (Note 3)	- (Note 3)	1	0.10	-	(11)	-	
Walsin International Management (HK) Limited	GHPW Enterprise Corporation (HK) Limited	Hong Kong	Holding company	184,260 (Note 3)	184,260 (Note 3)	6,000,000	25.00	157,627	(3,580)	(894)	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
Pan Overseas (B.V.I.) Investments Co., Ltd.	Gallatown Developments Limited	Cayman Islands	Investment holding	\$ 129,707 (Note 3)	\$ 219,626 (Note 3)	5,165,611	4.88	\$ 988,109	\$ (122,119)	\$ (5,778)	
	Fine Bright Technology Limited	Hong Kong	Investment holding	352,099 (Note 3)	463,761 (Note 3)	37,183,927	100.00	1,166,454	(7,825)	(7,825)	
Fine Bright Technology Limited	Gallatown Developments Limited	Cayman Islands	Investment holding	99,063 (Note 3)	210,724 (Note 3)	6,407,247	6.06	1,166,260	(122,119)	(7,165)	
Walsin Technology Holding Corporation (HK) Limited	Walsin Electronics India Private Ltd.	India	Manufacturing and selling of passive electronic components	442 (Note 3)	442 (Note 3)	999	99.90	356	(11)	(11)	
Kamaya Electric Co., Ltd.	Kamaya Electric (M) Sdn. Bhd.	Malaysia	Manufacturing and selling of high level electric chip resistors	1,617,763 (Note 3)	1,617,763 (Note 3)	242,125,250	100.00	2,825,537	109,464	109,464	
	Kamaya Electric (HK) Limited	Hong Kong	Selling of passive electronic components	4,883 (Note 3)	4,883 (Note 3)	2,000,000	100.00	9,406	1,101	1,101	
	Kamaya, Inc.	USA	Selling of passive electronic components	23,569 (Note 3)	23,569 (Note 3)	699	100.00	150,910	27,821	27,821	
	Nitsuko Electronics Corporation	Japan	Manufacturing and selling of film capacitors	330,799 (Note 3)	330,799 (Note 3)	37,333	70.00	340,964	47,129	32,990	
	Soshin Electric Co., Ltd.	Japan	Researching, developing, manufacturing and selling of capacitors, thick film printed boards, laminated dielectric filters and EMI filters	969,933 (Note 3)	969,933 (Note 3)	8,233,504	48.15	1,204,017	54,010	(41,714)	
	Matsuo Electric Co., Ltd.	Japan	Manufacture and sale of tantalum capacitors, film capacitors and circuit protection components	151,788 (Note 3)	- (Note 3)	840,000	26.17	173,700	83,245	21,198	
Prosperity Dielectrics Co., Ltd.	PDC Prime Holdings Limited	Samoa	Holding company	728,456	728,456	23,464,538	100.00	1,543,925	(34,674)	(34,674)	
	Frontec International Corporation	British Virgin Islands	Overseas investment	327,140	327,140	8,221,615	100.00	129,564	40	40	
	Tsai Yi Corporation	Taiwan	Holding company	51,928	51,928	4,934,995	3.36	79,189	5,275	175	
	Joyin Co., Ltd.	Taiwan	Researching, developing, manufacturing and selling of passive electronic components and automatic production equipment	426,701	47,073	23,715,360	30.40	410,924	(32,612)	3,321	
PDC Prime Holdings Limited	HannStar Board Corporation	Taiwan	Manufacturing and selling of printed circuit board	152,212	152,212	5,668,332	1.07	179,403	3,208,703	-	
	PDC Success Investments Ltd.	Republic of Mauritius	Holding company	387,932	387,932	12,009,000	100.00	738,070	(23,571)	(23,571)	
	Frontier Components Co., Ltd.	Hong Kong	International trade	276,421 (Note 2)	276,421 (Note 2)	70,036,752	100.00	767,811	(10,819)	(10,819)	
Prosperity International Development (HK) Co., Limited	Prosperity International Development (HK) Co., Limited	Hong Kong	Holding company	73,735 (Note 2)	73,735 (Note 2)	2,401,000	100.00	63,075	(358)	(358)	
	GHPW Enterprise Corporation (HK) Limited	Hong Kong	Holding company	73,704 (Note 2)	73,704 (Note 2)	2,400,000	10.00	63,051	(3,580)	(358)	
Inpaq Technology Co., Ltd.	Inpaq (BVI) Ltd.	BVI	Holding company	1,258,296	1,216,521	39,908,842	100.00	3,090,263	383,166	379,169	
	Joyin Co., Ltd.	Taiwan	Researching, developing, manufacturing and selling of passive electronic components and automatic production equipment	-	276,383	-	-	-	(32,612)	(14,998)	
	Inpaq Korea Co., Ltd.	Korea	Sales	12,864	12,864	76,828	44.77	7,797	(4,696)	(1,982)	
	Inpaq Technology USA, Inc.	USA	Sales	15,315	15,315	5,000,000	100.00	204	(8,623)	(8,623)	
	Inpaq Europe GmbH	Germany	Sales	1,273	1,273	38,000	19.00	1,822	789	150	
	Canfield Limited	Samoa	Sales	14,823	14,823	600,000	100.00	28,768	(2,857)	(2,857)	
	Yangtze Energy Technologies, Inc.	Taiwan	Manufacturing and selling of electronic products	7,000	7,000	311,097	19.89	2,197	(614)	(186)	
	Eleceram Technology Co., Ltd.	Taiwan	Manufacturing and selling of electronic components	209,946	-	8,747,750	72.90	209,004	2,771	(942)	
Inpaq (BVI) Ltd.	Inpaq (Cayman Islands) Ltd.	Cayman Islands	Holding company	1,002,550	960,775	32,150,000	100.00	2,527,775	378,544	378,544	
	Inpaq (HK) Co., Limited	Hong Kong	Holding company	277,988	277,988	66,857,629	100.00	2,640	(167)	(167)	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
Inpaq Technology (Suzhou) Co., Ltd.	Holypaq (HK) Co., Limited	Hong Kong	Holding company	\$ 122,240	\$ 122,240	4,000,000	100.00	\$ (241,381)	\$ (98,228)	\$ (98,228)	
Holypaq (HK) Co., Limited	Taiwan Inpaq Electronic Co., Ltd.	Taiwan	Manufacturing and selling of electronic products	122,240	122,240	-	100.00	(241,381)	(98,228)	(98,228)	
Soshin Electric Co., Ltd.	Soshin Device Co., Ltd.	Japan	Manufacturing and selling of information communication electronic components	47,146	47,146	2,020	100.00	325,228	15,218	15,218	
	Soshin Powertech Co., Ltd.	Japan	Manufacturing and selling of power electronic components	23,340	23,340	10,000	100.00	1,603	9,295	9,295	
	Risshin Electronics Co., Ltd.	Japan	Manufacturing and selling of information communication electronics components	11,670	11,670	159,290	100.00	18,696	6,056	6,056	
	Soshin Electronics (M) Sdn. Bhd.	Malaysia	Manufacturing and selling of power electronic components	161,802	161,802	16,000,000	100.00	127,326	9,319	9,319	
	Soshin Electronics of America Inc.	USA	Selling of electronic components	2,517	2,517	100,000	100.00	3,731	(96)	(96)	
	Soshin Electronics (HK) Limited	Hong Kong	Selling of electronic components	64,703	64,703	18,737,823	100.00	86,849	17,382	17,382	
	Taiwan Soshin Electric Co., Ltd.	Taiwan	Selling of electronic components	5,000	5,000	500,000	100.00	7,484	906	906	
Sosin Electronics Europe GmbH	Germany	Selling of electronic components	1,572	1,572	1,000	100.00	4,265	5	5		

Note 1: The share of the profit or loss of associates and joint ventures accounted for using the equity method of each company included in the consolidated financial statements, the investments accounted for using the equity method in the investees, and the net equity of investees have been fully offset.

Note 2: Information on investments in mainland China, please refer to Table 9.

Note 3: The average exchange rates on December 31, 2022 were used to convert the foreign currencies into New Taiwan dollars.

The average exchange rate on December 31, 2022 was USD to NTD = 1:30.710
The average exchange rate on December 31, 2022 was JPY to USD = 1:0.0076
The average exchange rate on December 31, 2022 was SGD to USD = 1:0.7447
The average exchange rate on December 31, 2022 was HKD to USD = 1:0.1283

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1.

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	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 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Dongguan Walsin Technology Electronics Co., Ltd.	Manufacturing and selling of passive electronic components	\$ 3,943,164 (US\$ 128,400,000)	Note 1	\$ 2,794,610 (US\$ 91,000,000)	\$ -	\$ -	\$ 2,794,610 (US\$ 91,000,000)	\$ 238,374	100.00	\$ 238,374	\$ 11,196,501	\$ 923,128 (US\$ 30,059,527)
Suzhou Walsin Technology Electronics Co., Ltd.	Manufacturing and selling of passive electronic components	2,118,990 (US\$ 69,000,000)	Note 1	2,118,990 (US\$ 69,000,000)	-	-	2,118,990 (US\$ 69,000,000)	40,457	100.00	40,457	2,946,173	49,696 (US\$ 1,618,250)
Dongguan Huafai Trading Co., Ltd.	Trading of electronic parts, warehousing and commission agency	61,420 (US\$ 2,000,000)	Note 1	61,420 (US\$ 2,000,000)	-	-	61,420 (US\$ 2,000,000)	43,996	100.00	43,996	354,002	-
Pan Overseas (Guangzhou) Electronic Co., Ltd.	Manufacturing and selling of passive electronic components	506,715 (US\$ 16,500,000)	Note 1	393,394 (US\$ 12,809,965)	-	-	393,394 (US\$ 12,809,965)	64,931	100.00	64,931	749,102	236,994 (US\$ 7,717,169)
GHPW Enterprise Corporation (Chongqing) Limited	Business consultations, business management, consultation services and property management	737,040 (US\$ 24,000,000)	Note 1	184,260 (US\$ 6,000,000)	-	-	184,260 (US\$ 6,000,000)	(3,445)	25.00	(861)	157,443	-
Suzhou Walsin Color Trading Co., Ltd.	Trading of electronic parts and commission agency	497,502 (US\$ 16,200,000)	Note 1	236,467 (US\$ 7,700,016)	-	-	236,467 (US\$ 7,700,016)	(25,553)	39.32	(10,048)	160,298	11,565 (US\$ 376,582)
Chongqing Shuohong Investment Co., Ltd.	Investment, investment management, investment consultation services	2,337,565 (RMB 530,000,000) (Note 4)	Note 1	-	-	-	-	(154,641)	25.65	(39,667)	699,153	-
Chongqing Ruishuang Technology Co., Ltd.	Selling of electronic components, real estate investment and leasing	115,679 (RMB 26,228,000) (Note 5)	Note 1	-	-	-	-	(17,706)	34.54	(6,116)	52,061	-
Soshin Electronics (SZ) Limited	Selling of electronic components	35,349 (US\$ 1,151,058) (Note 5)	Note 1	-	-	-	-	10,402	50.08	5,209	49,618	-

Note 1: Investment in mainland China companies through an existing company established in a third region.

Note 2: Based on the financial statements of the investee company recognized by the attesting CPA of the Taiwan parent company.

Note 3: For the figures in the table above that involve foreign currencies, the average exchange rate on December 31, 2022 was used to convert the foreign currencies into New Taiwan dollars, except for the investment gain (loss) of the current period (converted at the average exchange rate for the period January 1 to December 31, 2022).

Note 4: It was invested RMB135,960,000 with the own funds of Suzhou Walsin Technology Electronics Co., Ltd.

Note 5: It was invested RMB8,605,548.46 with the own funds of Suzhou Walsin Technology Electronics Co., Ltd.

2. Investment quota for mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$4,597,486 (US\$149,706,474)	\$4,726,280 (US\$153,900,371)	(Note)

Note: In accordance with Article 3 of the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China", enterprises within the scope of operations of the operational headquarters approved by the Industrial Development Bureau of the Ministry of Economic Affairs are exempt. The Company is an enterprise that has been recognized as the operational headquarters of the said Regulations. The validity period is from June 29, 2021 to June 28, 2024, so there is no upper limit on the amount of investments in mainland China.

(Continued)

3. 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:

Investee Company	Relationship	Transaction Type	Amount	Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
				Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Dongguan Walsin Technology Electronics Co., Ltd.	Sub-subsiidiary	Sales	\$ 5,760,274	According to the commercial terms agreed upon by both parties	90-120 days T/T	According to the commercial terms agreed upon by both parties	\$ 1,071,220	35	\$ 175,622
		Purchases	3,537,714	"	"	"	(957,910)	(47)	-
Suzhou Walsin Technology Electronics Co., Ltd.	Sub-subsiidiary	Sales	1,597,201	"	90-120 days T/T	"	572,165	19	5,063

Note: The average exchange rate on December 31, 2022 was USD to NTD = 1:30.71

The average exchange rate from January 1 to December 31, 2022 was USD to NTD = 1:29.805

4. Circumstances in which mainland investment companies provide endorsements, guarantees or collaterals directly or indirectly through third-region enterprises: None.
5. Circumstances of financing provided with mainland investment companies directly or indirectly through a third region: None.
6. Other transactions that have a significant impact on the current profit and loss or financial status: None.

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA OF PROSPERITY DIELECTRICS CO., LTD.
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1.

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	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 2)	Carrying Amount as of December 31, 2022 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
PDC Electronics (Suzhou) Co., Ltd.	Manufacturing of electronic components and ceramic materials	\$ 368,520 (US\$ 12,000,000)	Note 1	\$ 368,520 (US\$ 12,000,000)	\$ -	\$ -	\$ 368,520 (US\$ 12,000,000)	\$ (23,603)	100.00	\$ (23,603)	\$ 737,786	\$ 159,087 (US\$ 5,180,313)
Dongguan Frontier Electronics Co., Ltd.	Selling of electronic components	187,331 (US\$ 6,100,000)	Note 1	187,331 (US\$ 6,100,000)	-	-	187,331 (US\$ 6,100,000)	(276)	100.00	(276)	241,950	100,704 (US\$ 3,279,186)
Chongqing Shuohong Investment Co., Ltd.	Investment, investment management, investment consultation services	2,337,565 (RMB 530,000,000) (Note 4)	Note 1	-	-	-	-	(154,631)	20.43	(31,594)	556,975	-
Chongqing Xincheng Electronic Co., Ltd.	Selling of electronic components, real estate investment and leasing	238,705 (RMB 54,122,000) (Note 5)	Note 1	-	-	-	-	(36,691)	13.04	(4,783)	40,618	-
GHPW Enterprise Corporation (Chongqing) Limited	Business consultations, business management, consultation services and property management	737,040 (US\$ 24,000,000)	Note 1	73,704 (US\$ 2,400,000)	-	-	73,704 (US\$ 2,400,000)	(3,445)	10.00	(345)	62,977	-
Prosperity Frontier Electronics (Shenzhen) Co., Ltd.	Manufacturing and selling of chip components, power electronic devices and new electronic components	184,260 (US\$ 6,000,000)	Note 1	173,259 (US\$ 5,641,768)	-	-	173,259 (US\$ 5,641,768)	23	100.00	23	131,431	-
Prosperity Frontier Electronics (Guangzhou) Co., Ltd.	Manufacturing and selling of chip components, power electronic devices and new electronic components	4,411 (RMB 1,000,000) (Note 6)	Note 1	-	-	-	-	(1,652)	100.00	(1,652)	1,988	-

Note 1: Investment in mainland China companies through an existing company established in a third region.

Note 2: Based on the financial statements of the investee company audited by the attesting CPA of the Taiwan parent company.

Note 3: For the figures in the table above that involve foreign currencies, the average exchange rate on December 31, 2022 was used to convert the foreign currencies into New Taiwan dollars, except for the investment gain (loss) of the current period (converted at the average exchange rate for the period January 1 to December 31, 2022).

Note 4: It was invested RMB108,290,000 with the own funds of PDC Electronics (Suzhou) Co., Ltd.

Note 5: It was invested RMB7,055,500 with the own funds of Frontier Electronic (Chong Qing) Co., Ltd., which has been transferred to Dongguan Frontier Electronics Co., Ltd. in December 2017.

Note 6: It was invested RMB1,000,000 with the own funds of Dongguan Frontier Electronics Co., Ltd.

(Continued)

2. Investment quota for mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$902,155 US\$29,376,590	\$1,044,747 US\$34,019,762	(Note 2)

Note 1: The average exchange rates on December 31, 2022 were as follows:

USD:NTD = 1:30.71
RMB:NTD = 1:4.4105

The average exchange rates from January 1 to December 31, 2022 were as follows:

USD:NTD = 1:29.805
RMB:NTD = 1:4.4347

Note 2: The Company has obtained the certification documents of the operational headquarters approved by the Industrial Development Bureau of the Ministry of Economic Affairs, so it's not subject to the regulations of the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China".

3. Significant transactions with investee companies in mainland China, either directly or indirectly through a third party: Table 5.
4. Circumstances in which mainland investment companies provide endorsements, guarantees or collaterals directly or indirectly through third-region enterprises: None.
5. Circumstances of financing provided with mainland investment companies directly or indirectly through a third region: None.
6. Other transactions that have a significant impact on the current profit and loss or financial status: None.

(Concluded)

WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA OF INPAQ TECHNOLOGY CO., LTD.
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1.

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	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)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Inpaq Technology (Suzhou) Co., Ltd.	Manufacturing and selling of passive electronic components, etc.	\$ 360,643	Note 1	\$ 360,643	\$ -	\$ -	\$ 360,643	\$ 386,458	100	\$ 386,458	\$ 1,601,999	\$ 361,325
Inpaq Trading (Suzhou) Co., Ltd.	Selling of passive electronic components	23,179	Note 1	23,179	-	-	23,179	(34)	100	(34)	113	-
Inpaq Technology (China) Co., Ltd.	Manufacturing and selling of passive electronic components, etc.	894,480	Note 1	852,705	41,775	-	894,480	(6,707)	100	(6,707)	900,990	-
Inpaq Trading (Suzhou) Co., Ltd.	Selling of passive electronic components	9,463	Note 4	-	-	-	-	5,835	100	5,835	29,504	-
Hunan Frontier Electronics Co., Ltd.	Manufacturing and selling of transformer, coils and magnetic components	456,560	Note 4	-	-	-	-	(4,927)	100	(4,927)	340,683	-

2. Investment quota for mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$1,278,302	\$916,977	\$3,492,331

Note 1: Investment in mainland China companies through an existing company established in a third region.

Note 2: The investments were recognized on the basis of the financial statement of the same period audited by CPA.

Note 3: According to the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China", the Company's accumulated investment in mainland China does not exceed the upper limit of the investment amount or proportion set by the competent authority.

Note 4: It was invested by Inpaq Technology (Suzhou) Co., Ltd. with its own funds, so it is excluded from the calculation of the investment quota.

Note 5: Inpaq Technology (Suzhou) Co., Ltd. remitted cash dividends of NT\$361,325 thousand in 2020, which has been approved by the Investment Commission, Ministry of Economic Affairs on January 22, 2021 under approval letter No. 10900410860.

Note 6: Related transactions and the ending balance have been eliminated in the consolidated report.

TABLE 10**WALSIN TECHNOLOGY CORPORATION AND
SUBSIDIARIES****INFORMATION ON MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Name of Shareholder	Shares	
	Total Shares Owned	Ownership Percentage (%)
Walsin Lihwa Corporation	88,902,325	18.30
HannStar Board Corporation	37,167,115	7.65

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 preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the individual 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 the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the 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 Technology 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 Technology Corporation

Opinion

We have audited the accompanying financial statements of Walsin Technology 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 (collectively referred to as the "financial statements").

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 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 key audit matter of the Company's financial statements for the year ended December 31, 2022 is described as follows:

Revenue Recognition for MLCC Sales

Walsin Technology Corporation's main stream of revenue comes from multi-layer ceramic capacitors (MLCC), ceramic disc capacitors, chip resistors and radio frequency devices.

Due to higher proportion of MLCC's sales revenue and gross profit margin compared to other sales portfolios, and revenue is recognized in accordance with customer orders or contracts, we considered recognition of revenue from sales of MLCC as a key audit matter of the Company's financial statements for the year ended December 31, 2022.

The audit procedures that we performed in response to the abovementioned key audit matter included understanding the design and implementation of key internal controls and testing the effectiveness of relevant controls over sales revenue, and selecting samples of revenue items to verify the occurrence of transactions.

Other Matter

We did not audit the financial statements of some subsidiaries and investments accounted for using the equity method included in the financial statements of the Company, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts and the information disclosed for some subsidiaries and investments accounted for using the equity method, is based solely on the audit reports of other auditors. As of December 31, 2022 and 2021, the share of profit of investments in associates accounted for using the equity method were NT\$2,197,974 thousand and NT\$2,966,722 thousand, representing 3.13% and 4.13% of the total assets; and the share of income of associates accounted for using the equity method for the year ended December 31, 2022 and 2021 was NT\$195,213 thousand and NT\$178,400 thousand, representing 9.39% and 2.00% of the comprehensive income.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 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 TECHNOLOGY 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)	\$ 4,677,249	7	\$ 1,239,378	2
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	240,569	-	386,792	1
Notes receivable (Notes 4 and 10)	5,086	-	20,354	-
Trade receivables (Notes 4 and 10)	1,085,757	2	1,436,666	2
Trade receivables from related parties (Notes 4, 10 and 26)	1,958,516	3	2,526,192	4
Other receivables	61,598	-	61,259	-
Other receivables from related parties (Notes 4 and 26)	891,713	1	766,745	1
Financial assets at amortized cost - current (Notes 4, 9 and 27)	622,835	1	117,866	-
Finance lease receivable - current (Note 4)	15,789	-	14,281	-
Inventories (Notes 4 and 11)	1,737,932	2	2,470,155	3
Other current assets	151,758	-	194,172	-
Total current assets	<u>11,448,802</u>	<u>16</u>	<u>9,233,860</u>	<u>13</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	4,007,863	6	3,734,019	5
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	-	-	1,440	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 27)	105,357	-	632,635	1
Investments accounted for using the equity method (Notes 4 and 12)	38,254,745	54	39,616,485	55
Property, plant and equipment (Notes 4 and 13)	15,476,272	22	17,661,063	25
Right-of-use assets (Notes 4 and 14)	287,133	1	263,715	-
Investment properties (Notes 4 and 15)	5,551	-	117,679	-
Computer software (Note 4)	64,104	-	72,032	-
Deferred tax assets (Notes 4 and 21)	192,000	-	307,000	1
Guarantee deposits paid	31,290	-	36,732	-
Finance lease receivables - non-current (Note 4)	50,811	-	25,607	-
Other non-current assets	399,121	1	188,424	-
Total non-current assets	<u>58,874,247</u>	<u>84</u>	<u>62,656,831</u>	<u>87</u>
TOTAL	<u>\$ 70,323,049</u>	<u>100</u>	<u>\$ 71,890,691</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 6,232,275	9	\$ 4,710,000	6
Trade payables	545,685	1	1,128,254	2
Trade payables to related parties (Notes 4 and 26)	1,473,856	2	1,617,536	2
Payables for equipment (Note 26)	1,363,581	2	2,571,154	4
Other payables (Notes 4 and 26)	1,637,319	2	2,374,271	3
Lease liabilities - current (Notes 4 and 14)	57,381	-	40,145	-
Current tax liabilities (Notes 4 and 21)	767,421	1	1,264,123	2
Current portion of long-term borrowings (Notes 4 and 16)	1,448,333	2	-	-
Other current liabilities	43,783	-	49,520	-
Total current liabilities	<u>13,569,634</u>	<u>19</u>	<u>13,755,003</u>	<u>19</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 17)	4,715,936	7	4,654,244	7
Long-term borrowings (Notes 4 and 16)	6,859,667	10	8,410,000	12
Current tax liabilities - non-current (Notes 4 and 21)	549,262	1	290,327	-
Deferred tax liabilities (Notes 4 and 21)	48,964	-	71,341	-
Lease liabilities - non-current (Notes 4 and 14)	268,548	-	226,889	-
Net defined benefit liabilities - non-current (Notes 4 and 18)	26,755	-	87,314	-
Guarantee deposits received	3,359	-	6,731	-
Total non-current liabilities	<u>12,472,491</u>	<u>18</u>	<u>13,746,846</u>	<u>19</u>
Total liabilities	<u>26,042,125</u>	<u>37</u>	<u>27,501,849</u>	<u>38</u>
EQUITY (Notes 4 and 19)				
Share capital				
Ordinary shares	4,858,043	7	4,858,043	7
Bond conversion entitlement certificates	-	-	-	-
Capital surplus	3,111,159	4	3,111,622	4
Retained earnings				
Legal reserve	4,736,096	7	3,938,069	5
Special reserve	1,096,797	2	1,096,797	2
Unappropriated earnings	28,403,212	40	29,630,926	41
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(1,191,536)	(2)	(2,479,278)	(3)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	3,503,533	5	4,469,043	6
Treasury shares	(236,380)	-	(236,380)	-
Total equity	<u>44,280,924</u>	<u>63</u>	<u>44,388,842</u>	<u>62</u>
TOTAL	<u>\$ 70,323,049</u>	<u>100</u>	<u>\$ 71,890,691</u>	<u>100</u>

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

(With Deloitte & Touche audits' report dated February 23, 2023)

WALSIN TECHNOLOGY 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	%
NET SALES (Notes 4 and 26)	\$ 15,844,548	100	\$ 22,257,779	100
COST OF SALES (Notes 11 and 26)	<u>15,211,406</u>	<u>96</u>	<u>16,907,353</u>	<u>76</u>
GROSS PROFIT	633,142	4	5,350,426	24
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>638,856</u>	<u>4</u>	<u>(349,575)</u>	<u>(1)</u>
REALIZED GROSS PROFIT	<u>1,271,998</u>	<u>8</u>	<u>5,000,851</u>	<u>23</u>
OPERATING EXPENSES				
Selling and marketing expenses	294,063	2	398,778	2
General and administrative expenses	249,937	2	432,131	2
Research and development expenses	<u>338,148</u>	<u>2</u>	<u>405,994</u>	<u>2</u>
Total operating expenses	<u>882,148</u>	<u>6</u>	<u>1,236,903</u>	<u>6</u>
PROFIT FROM OPERATIONS	<u>389,850</u>	<u>2</u>	<u>3,763,948</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	71,277	-	63,831	-
Rental income	5,379	-	1,226	-
Dividend income (Note 26)	196,526	1	95,104	1
Other income (Note 26)	87,982	1	182,583	1
(Loss) gain on disposal of investments	(205)	-	9,038	-
(Loss) gain on financial assets at FVTPL	(93,227)	(1)	27,458	-
Other expenses	(11,769)	-	(6,437)	-
Loss on disposal of property, plant and equipment	(257)	-	(4,997)	-
Foreign exchange gain, net	284,868	2	20,329	-
Interest expense	(198,116)	(1)	(161,052)	(1)
Share of profit of subsidiaries and associates accounted for using the equity method (Notes 4 and 12)	<u>957,241</u>	<u>6</u>	<u>4,573,217</u>	<u>21</u>
Total non-operating income and expenses	<u>1,299,699</u>	<u>8</u>	<u>4,800,300</u>	<u>22</u>
PROFIT BEFORE INCOME TAX	1,689,549	10	8,564,248	39
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(38,962)</u>	<u>-</u>	<u>(632,307)</u>	<u>(3)</u>

NET PROFIT FOR THE YEAR

1,650,587 10 7,931,941 36
(Continued)

WALSIN TECHNOLOGY 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	\$ 41,473	-	\$ 19,923	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	322,952	2	1,295,674	6
Share of the other comprehensive loss of subsidiaries and associates accounted for using the equity method	(1,224,580)	(7)	(367,775)	(2)
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	<u>1,287,789</u>	<u>8</u>	<u>37,889</u>	<u>-</u>
Other comprehensive income for the year, net	<u>427,634</u>	<u>3</u>	<u>985,711</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,078,221</u>	<u>13</u>	<u>\$ 8,917,652</u>	<u>40</u>
EARNINGS PER SHARE (Notes 4 and 22)				
Basic	<u>\$ 3.40</u>		<u>\$ 16.35</u>	
Diluted	<u>\$ 3.35</u>		<u>\$ 15.72</u>	

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

(With Deloitte & Touche audits' report dated February 23, 2023)

(Concluded)

WALSIN TECHNOLOGY 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			Other Equity		Treasury Shares	Total Equity
	Shares (In Thousands)	Share Capital	Bond Conversion Entitlement Certificates		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE, JANUARY 1, 2021	485,800	\$ 4,858,000	\$ 43	\$ 6,006,342	\$ 3,286,566	\$ 1,097,541	\$ 22,302,162	\$ (2,517,167)	\$ 3,586,975	\$ -	\$ 38,620,462
Reversal by subsidiaries special reserve appropriated at the first-time adoption of IFRSs (Note 19)	-	-	-	-	-	(744)	744	-	-	-	-
Appropriation of the 2020 earnings (Note 19)											
Legal reserve	-	-	-	-	651,503	-	(651,503)	-	-	-	-
Other changes in capital surplus (Note 19)											
Change in capital surplus from associates accounted for using the equity method	-	-	-	24,882	-	-	(5,832)	-	-	-	19,050
Issuance of cash dividends from capital surplus	-	-	-	(2,914,830)	-	-	-	-	-	-	(2,914,830)
Other changes in capital surplus	-	-	-	55	-	-	-	-	-	-	55
Actual acquisition of interests in subsidiaries	-	-	-	(24,397)	-	-	(11,147)	-	-	-	(35,544)
Changes in percentage of ownership interests in subsidiaries	-	-	-	315	-	-	(1,193)	-	-	-	(878)
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	7,931,941	-	-	-	7,931,941
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	19,923	37,889	927,899	-	985,711
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	7,951,864	37,889	927,899	-	8,917,652
Convertible bonds converted to ordinary shares	4	43	(43)	-	-	-	-	-	-	-	-
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	(351,616)	(351,616)
Transfer of treasury shares to employees (Note 19)	-	-	-	19,255	-	-	-	-	-	115,236	134,491
Disposal of investments in equity instruments designated as at fair value through other comprehensive income/associates disposed of the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	45,831	-	(45,831)	-	-
BALANCE, DECEMBER 31, 2021	485,804	4,858,043	-	3,111,622	3,938,069	1,096,797	29,630,926	(2,479,278)	4,469,043	(236,380)	44,388,842
Appropriation of the 2021 earnings (Note 19)											
Legal reserve	-	-	-	-	798,027	-	(798,027)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(2,186,119)	-	-	-	(2,186,119)
Other changes in capital surplus (Note 19)											
Change in capital surplus from associates accounted for using the equity method	-	-	-	(401)	-	-	(122)	-	-	-	(523)
Changes in percentage of ownership interests in subsidiaries	-	-	-	(62)	-	-	607	(47)	5	-	503
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	1,650,587	-	-	-	1,650,587
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	41,473	1,287,789	(901,628)	-	427,634
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	1,692,060	1,287,789	(901,628)	-	2,078,221
Disposal of investments in equity instruments designated as at fair value through other comprehensive income/associates disposed of the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	63,887	-	(63,887)	-	-
BALANCE, DECEMBER 31, 2022	485,804	\$ 4,858,043	\$ -	\$ 3,111,159	\$ 4,736,096	\$ 1,096,797	\$ 28,403,212	\$ (1,191,536)	\$ 3,503,533	\$ (236,380)	\$ 44,280,924

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

(With Deloitte & Touche audits' report dated February 23, 2023)

WALSIN TECHNOLOGY 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	\$ 1,689,549	\$ 8,564,248
Adjustments for:		
Depreciation expense	3,187,316	2,736,286
Amortization expense	35,473	19,631
Expected credit loss reversed on trade receivables	(1,300)	-
Net loss (gain) on financial assets at FVTPL	93,227	(27,458)
Interest expense	198,116	161,052
Interest income	(71,277)	(63,831)
Dividend income	(196,526)	(95,104)
Compensation cost of employee share options	-	19,602
Share of profit of subsidiaries and associates accounted for using the equity method	(957,241)	(4,573,217)
Loss on disposal of property, plant and equipment	257	4,997
Loss (gain) on disposal of investments	205	(9,038)
Impairment gain recognized on property, plant and equipment and investment property	(38,949)	(10,343)
Write-downs of inventories	124,964	80,745
(Realized) unrealized gross profit on the transactions with associates	(638,856)	349,575
Realized gain on transactions with associates	(3,507)	-
Net loss (gain) on foreign currency exchange	66,837	(103,439)
Other non-cash item	(61,328)	(154,643)
Changes in operating assets and liabilities		
Notes receivable from unrelated parties	15,268	(454)
Trade receivables from unrelated parties	346,927	(353,392)
Trade receivables from related parties	536,515	527,523
Other receivables from unrelated parties	18,500	11,615
Other receivables from related parties	(28,474)	2,025,801
Inventories	607,259	(889,791)
Other current assets	42,414	(31,425)
Trade payables to unrelated parties	(603,416)	(198,182)
Trade payables to related parties	(136,334)	714,475
Other payables	(741,330)	92,622
Other current liabilities	(5,737)	22,984
Other non-current liabilities	(3,686)	(12)
Cash generated from operations	3,474,866	8,820,827
Interest received	52,224	63,309
Dividend received	688,314	565,561
Interest paid	(129,373)	(98,446)
Income tax paid	(394,803)	(323,336)

Net cash generated from operating activities

3,691,228

9,027,915
(Continued)

WALSIN TECHNOLOGY 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	\$ (96,556)	\$ -
Proceeds from financial assets at fair value through other comprehensive income	145,663	-
Proceeds from capital return of financial assets at fair value through other comprehensive income	-	695
Proceeds from financial assets at amortized cost	28,738	2,190,608
Proceeds from financial assets at fair value through profit or loss	54,231	11
Acquisition of long-term equity investment for using the equity method	(21,133)	(445,411)
Proceeds from long-term equity investment for using the equity method	55,357	-
Proceeds from capital return of investments accounted for using the equity method	2,483,122	-
Payments for property, plant and equipment	(2,174,874)	(7,056,819)
Proceeds from disposal of property, plant and equipment	10,422	2,973
Decrease (increase) in guarantee deposits paid	5,442	(4,803)
Payments for intangible assets	(27,545)	(411)
Increase in receivables from related parties for advances or borrowings	(119,359)	-
Proceeds from investment property	220,000	-
Decrease in finance lease receivables	<u>14,600</u>	<u>13,953</u>
Net cash generated from (used in) investing activities	<u>578,108</u>	<u>(5,299,204)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	1,520,389	(1,171,465)
Decrease in short-term bills payable	-	(100,000)
(Repayments of) increase in long-term borrowings	(102,000)	1,215,252
(Decrease) increase in guarantee deposits received	(3,372)	100
Repayment of the principal portion of lease liabilities	(60,378)	(57,645)
Cash dividends	(2,186,104)	(2,914,858)
Payments for buy-back of ordinary shares	-	(351,616)
Proceeds from transfer of treasury shares to employees	-	114,889
Other financing activities	<u>-</u>	<u>55</u>
Net cash used in financing activities	<u>(831,465)</u>	<u>(3,265,288)</u>

(Continued)

WALSIN TECHNOLOGY CORPORATION

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

	2022	2021
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 3,437,871	\$ 463,423
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,239,378</u>	<u>775,955</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,677,249</u>	<u>\$ 1,239,378</u>

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

(With Deloitte & Touche audits' report dated February 23, 2023)

(Concluded)

WALSIN TECHNOLOGY CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. GENERAL INFORMATION

Walsin Technology Corporation (the “Company”) was incorporated in the Republic of China (ROC) on July 29, 1970 and was engaged in the design, development and manufacture of semiconductors and LED (light-emitting diode) chips. On July 1, 1992, the Company purchased the machinery, equipment and inventory from the electronic department of Walsin Lihwa Corporation and changed its main operations to become the manufacturer and seller of passive components. The Company’s ordinary shares began trading on the Taipei Exchange on November 21, 1997, and transferred listing of its shares for trading on the Taiwan Stock Exchange on September 17, 2001.

The Company’s main business location is No. 566-1, Gaoshi Road, Yangmei District, Taoyuan City, Taiwan, the R.O.C.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on February 23, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period

beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

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

The amendments specify that the 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.

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. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
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 IFRS 9 and IFRS 17 - Information of Comparative”	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 New 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 control, 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.

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 conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments 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, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, 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 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 financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the 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 financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period, and
- 3) 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:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency (i.e., 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.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising 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 case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are retranslated using the exchange rate at the date of the transaction.

For the purposes of presenting financial statements, the functional currencies of the Company (including subsidiaries and associates in other countries that use currency different from the currency of the Company) are translated into the presentation currency - the U.S. dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

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

f. Investment in subsidiaries

Investments accounted for using the equity method include investments in subsidiaries and associates.

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 profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

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.

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 that constitutes a business 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 of a subsidiary that constitutes a business 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. The 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 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, any retained investment of the former subsidiary is measured at the fair value at that date. A gain or loss is recognized in profit or loss and calculated as the difference between (a) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (b) the previous carrying amount of the investments in such subsidiary. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the subsidiary had directly disposed of the related assets and liabilities.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and that 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, investments in an associate are 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.

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 the 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 and joint ventures. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Company's share of the equity of associates. If the Company's ownership interest is reduced due to the 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 if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for 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 (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 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 forms part of the carrying amount of the investment (including goodwill). 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 its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as 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. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

When the Company entity 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.

h. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. The products produced to test whether an item of property, plant and equipment is functioning properly before the asset reaches its expectation of use are measured at the lower of cost or net realizable value, and any proceeds from selling and the cost are recognized in profit or loss. Such assets are depreciated and classified into the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, 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 the derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

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

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

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

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

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

k. Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets 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 asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

l. Financial instruments

Financial assets and financial liabilities are recognized when the 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 issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments that are not designated as at FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 25.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, 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.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, 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 represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract 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, finance lease receivables, as well as contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables, finance 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.

For internal credit risk management purposes, the Company considers the following situations as an indication 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 180 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.

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.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes collateralized borrowing for the proceeds received.

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. 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

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

The repurchase of the Company's equity instruments is recognized and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's equity instruments.

3) Financial liabilities

a) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

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) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

n. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

- Revenue from the sale of goods

Revenue from the sale of goods comes from sales of passive components. Sales of passive components are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and 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.

o. Lease

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 a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for by applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments. 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 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.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

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 by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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. 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 Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, 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 COVID-19 to change the lease payments originally due by December 31, 2020, which 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.

p. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until the assets are substantially ready for their intended use or sale.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period 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 in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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 services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

s. Share-based payment arrangements

Equity-settled share-based payment arrangements are granted to employees. The fair value at the grant date of the equity-settled share-based payments 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 option. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

t. Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss 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 only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the adoption 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 relevant. Actual results may differ from these estimates.

The Company considers the recent development of COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

Critical Accounting Judgments

a. Significant influence over associates

- 1) The Company has significant influence over an investee even though the Company holds less than 20% of the voting rights on the investee.

As stated in Note 12 to the financial statements, the Company holds less than 20% of the voting rights on Joyin Co., Ltd. as of December 31, 2021 but the total shares owned by the Company's subsidiaries, Prosperity Dielectrics Co., Ltd. and Inpaq Co., Ltd., over Joyin Co., Ltd. is 30.92%. Therefore, the Company has significant influence over Joyin Co., Ltd.

- 2) The Company is the single largest shareholder with less than 50% of the voting rights on an investee, and the Company does not have control but has significant influence over the investee.

As stated in Note 12 to the financial statements, the Company is the single largest shareholder with 20.32% (included the shares held by Prosperity Dielectrics Co., Ltd. for a total of 21.39%) voting rights on HannStar Board Corporation. Considering the size of the Company's holding of voting rights held relative to the size and dispersed shareholdings of the other shareholders, the Company is not able to direct the relevant activities of and does not have control over HannStar Board Corporation. Consequently, the management considered the Company as exercising significant influence over HannStar Board Corporation and, therefore, classified HannStar Board Corporation as an associate.

As stated in Note 12 to the financial statements, the Company is the single largest shareholder with 25% of the voting rights on Silitech Technology Corporation on December 31, 2021. Considering the size of the Company's holding of voting rights held relative to the size and dispersed shareholdings of other shareholders, the Company is not able to direct the relevant activities and does not have control over Silitech Technology Corporation. Consequently, the management considered the Company as exercising significant influence over Silitech Technology Corporation and, therefore, classified Silitech Technology Corporation as an associate.

b. Control over subsidiaries

As stated in Note 12 to the financial statements, Prosperity Dielectrics Co., Ltd. is a subsidiary of the Company although the Company holds less than half of the voting rights on Prosperity Dielectrics Co., Ltd. After considering the Company's absolute size of holdings on Prosperity Dielectrics Co., Ltd. and the relative size of and dispersed shareholdings of the other shareholders, the Company concluded that it has a sufficiently dominant voting interest to direct the relevant activities of Prosperity Dielectrics Co., Ltd. and, therefore, the Company has control over Prosperity Dielectrics Co., Ltd.

As stated in Note 12 to the financial statements, Inpaq Technology Co., Ltd. is a subsidiary of the Company although the Company holds less than half of the voting rights on Inpaq Technology Co., Ltd. After considering the Company's absolute size of holdings on Inpaq Technology Co., Ltd. and the relative size of and dispersed shareholdings of the other shareholders, the Company concluded that it has a sufficiently dominant voting interest to direct the relevant activities of Inpaq Technology Co., Ltd. and, therefore, the Company has control over Inpaq Technology Co., Ltd.

As stated in Note 12 to the financial statements, the Company holds Soshin Electric Co., Ltd. less than 20% of the voting rights, but includes the subsidiary of the Company, Kamaya Electric Co., Ltd., for a total of 50.08% and, therefore, the Company has control over Soshin Electric Co., Ltd.

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on the probability of risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward-looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 10 to the financial statements. When the actual future cash inflows are less than expected, a material impairment loss may arise. Furthermore, the estimate of the probability of default is subject to greater uncertainties due to the impact on the credit risk of financial assets arising from the uncertain impact and volatility in financial markets caused by the COVID-19 pandemic.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 942	\$ 942
Checking accounts and demand deposits	690,763	799,329
Cash equivalents		
Time deposits with original maturities of less than 3 months	<u>3,985,544</u>	<u>439,107</u>
	<u>\$ 4,677,249</u>	<u>\$ 1,239,378</u>

- a. The market rate intervals of cash in bank at the end of the reporting period were as follows (except the market rate of checking accounts was 0%):

	December 31	
	2022	2021
Bank balance	0.001%-4.85%	0.001%-2.85%

- b. Time deposits in the amounts of \$100,472 thousand and \$117,866 thousand as of December 31, 2022 and 2021, respectively, have been provided as guarantees for tariff and court and recognized under financial assets at amortized cost and guarantee deposits paid (refer to Note 27 to the financial statements).

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		

Financial assets mandatorily classified as at FVTPL
 Non-derivative financial assets

Domestic listed shares

\$ 240,569

\$ 386,792

(Continued)

	December 31	
	2022	2021
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Call option on domestic convertible corporate bonds (Note 17)	\$ _____ -	\$ <u>1,440</u> (Concluded)

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2022	2021
<u>Non-current</u>		
Domestic investments		
Listed shares		
Walton Advanced Engineering Inc.	\$ 361,726	\$ 600,751
Giga-Byte Technology Co., Ltd.	914,835	1,335,745
Walsin Lihwa Co., Ltd.	2,323,870	1,219,424
TECO Electric and Machinery Co., Ltd.	-	157,744
Unlisted shares		
Chin-Xin Investment Co., Ltd.	395,009	407,932
Euroc Venture Capital Corp.	310	310
Foreign investments		
Unlisted shares		
Sawnics Inc.	<u>12,113</u>	<u>12,113</u>
	<u>\$ 4,007,863</u>	<u>\$ 3,734,019</u>

These investments in equity instruments are not held for trading. Instead, they 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.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 622,835</u>	<u>\$ 117,866</u>

Non-current

Segregated foreign exchange deposit account for offshore funds	<u>\$ 105,357</u>	<u>\$ 632,635</u>
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The market interest rate intervals of time deposits with original maturities of more than 3 months at the end of the reporting period were as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Time deposits with original maturities of more than 3 months and segregated foreign exchange deposit account for offshore funds, etc.	0.21%-5.35%	0.07%-2.30%

Refer to Note 27 to the financial statements for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Notes receivable from unrelated parties</u>		
At amortized cost		
Notes receivable from unrelated parties	\$ 5,086	\$ 20,354
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 5,086</u>	<u>\$ 20,354</u>
<u>Trade receivables from unrelated parties</u>		
At amortized cost		
Trade receivables from unrelated parties	\$ 1,094,294	\$ 1,446,503
Less: Allowance for impairment loss	<u>(8,537)</u>	<u>(9,837)</u>
	<u>\$ 1,085,757</u>	<u>\$ 1,436,666</u>
<u>Trade receivables from related parties (Note 26)</u>		
At amortized cost		
Trade receivables from related parties	\$ 1,958,516	\$ 2,526,192
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 1,958,516</u>	<u>\$ 2,526,192</u>

The average credit period of sales of goods was 90 to 120 days. No interest was charged on trade receivables. The Company adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if not available, 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 credit limits that are reviewed and approved by enterprise risk management division annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable and trade receivables based on the overdue aging ratio and individual customer evaluation method.

December 31, 2022

	Not Past Due	Up to 30 Days	31 to 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.1%-4%	5%	10%	20%	50%	100%	
Gross carrying amount	\$ 1,058,722	\$ 8,306	\$ 32,352	\$ -	\$ -	\$ -	\$ 1,099,380
Loss allowance (Lifetime ECLs)	(4,887)	(415)	(3,235)	-	-	-	(8,537)
Amortized cost	<u>\$ 1,053,835</u>	<u>\$ 7,891</u>	<u>\$ 29,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,090,843</u>

December 31, 2021

	Not Past Due	Up to 30 Days	31 to 60 Days	61 to 90 Days	91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.1%-4%	5%	10%	20%	50%	100%	
Gross carrying amount	\$ 1,418,322	\$ 9,639	\$ 38,896	\$ -	\$ -	\$ -	\$ 1,466,857
Loss allowance (Lifetime ECLs)	(5,465)	(482)	(3,890)	-	-	-	(9,837)
Amortized cost	<u>\$ 1,412,857</u>	<u>\$ 9,157</u>	<u>\$ 35,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,457,020</u>

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	December 31	
	2022	2021
Balance at January 1	\$ 9,837	\$ 9,930
Add: Reclassification of loss allowance for overdue receivables	-	(93)
Less: Reversal of impairment losses	<u>(1,300)</u>	<u>-</u>

Balance at December 31	<u>\$ 8,537</u>	<u>\$ 9,837</u>
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Reversal of impairment losses resulted from total gross receivables (except related parties) decreased by \$367,477 thousand and decrease in overdue payments compared to January 1, 2022. No increase in loss allowance resulted from the total gross receivables (except related parties) increased by \$362,537 thousand and no increase in overdue accounts receivable as of December 31, 2021.

11. INVENTORIES

	December 31	
	2022	2021
Raw materials	\$ 303,245	\$ 540,429
Supplies	25,506	32,324
Work in progress	356,079	632,659
Semi-finished goods	645,989	658,360
Finished goods	397,082	586,259
Inventory in transit	<u>10,031</u>	<u>20,124</u>
	<u>\$ 1,737,932</u>	<u>\$ 2,470,155</u>

The nature of the cost of goods sold was as follows:

	December 31	
	2022	2021
Cost of inventories sold	\$ 12,865,515	\$ 15,517,361
Unallocated manufacturing expense	2,220,927	1,309,247
Inventory losses	<u>124,964</u>	<u>80,745</u>
	<u>\$ 15,211,406</u>	<u>\$ 16,907,353</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	\$ 31,201,235	\$ 32,164,809
Investments in associates	<u>7,053,510</u>	<u>7,451,676</u>
	<u>\$ 38,254,745</u>	<u>\$ 39,616,485</u>

a. Investments in subsidiaries

Investment in Subsidiaries	December 31	
	2022	2021
Listed shares		
Prosperity Dielectrics Co., Ltd. (Note 1)	\$ 2,710,372	\$ 2,761,777
Inpaq Technology Co., Ltd. (Note 1)	2,197,974	2,094,055
Soshin Electric Co., Ltd. (Notes 1 and 2)	48,255	52,531
Unlisted shares		
Pan Overseas (B.V.I.) Investments Co., Ltd.	2,284,994	2,410,162
Gallatown Developments Ltd.	23,951,200	24,846,284
Walsin Technology Europe B.V.	<u>8,440</u>	<u>-</u>
	<u>\$ 31,201,235</u>	<u>\$ 32,164,809</u>

Note 1: Control over subsidiaries, please refer to Note 5(b) to the financial statements.

Note 2: Soshin Electric Co., Ltd. is a subsidiary of the Company since November 2021. It was remeasured at fair value, and \$9,038 thousand of gain on disposal of investment was incurred.

b. Investments in associates

Investment in Associates	December 31	
	2022	2021
<u>Material associates</u>		
HannStar Board Corp. (Note)	\$ 5,594,150	\$ 5,785,966
<u>Associates that are not individually material</u>		
Silitech Technology Corporation (Note)	730,145	683,938
Tsai Yi Corporation (formely known as Walsin Color Corporation before June 2022)	626,698	825,865
Falcon Automation Equipment Corporation	102,517	109,105
Joyin Co., Ltd. (Note)	<u>-</u>	<u>46,802</u>
	<u>\$ 7,053,510</u>	<u>\$ 7,451,676</u>

Note: Significant influence over associates, please refer to Note 5(a) to the financial statements.

- c. Share of profit (loss) of associates for the years ended December 31, 2022 and 2021 were summarized as follows:

	2022	2021
Subsidiaries		
Prosperity Dielectrics Co., Ltd.	\$ 165,001	\$ 490,732
Pan Overseas (B.V.I.) Investments Co., Ltd.	(19,889)	362,088
Gallatown Developments Ltd.	(81,364)	2,705,012
Inpaq Technology Co., Ltd.	197,086	182,439
Soshin Electric Co., Ltd.	(1,832)	604
Walsin Technology Europe B.V.	(6,022)	-
Material Associates		
HannStar Board Corp.	652,018	756,923
Associates that are not individually material		
Tsai Yi Corporation	1,435	(4,652)
Falcon Automation Equipment Corporation	27,972	57,809
Inpaq Technology Co., Ltd.	-	-
Silitech Technology Corporation	24,709	16,866
Soshin Electric Co., Ltd.	-	4,783
Joyin Co., Ltd.	<u>(1,873)</u>	<u>613</u>
	<u>\$ 957,241</u>	<u>\$ 4,573,217</u>

- d. The proportion of ownership and voting rights in subsidiaries and associates held by the Company were as follows:

Name of Associate	December 31	
	2022	2021
Prosperity Dielectrics Co., Ltd.	43.13%	43.13%
HannStar Board Corp.	20.32%	20.32%
Pan Overseas (B.V.I.) Investments Co., Ltd.	100.00%	100.00%
Gallatown Developments Ltd.	89.06%	89.27%
Walsin Technology Europe B.V.	100.00%	-
Tsai Yi Corporation	26.62%	26.62%
Falcon Automation Equipment Corporation	43.90%	43.90%
Inpaq Technology Co., Ltd.	34.13%	34.13%
Silitech Technology Corporation	25.00%	25.00%
Joyin Co., Ltd.	-	3.99%
Soshin Electric Co., Ltd.	1.93%	1.93%

Refer to Table 6 “Information on Investees” to the financial statements for the nature of activities, principal places of business and countries of incorporation of the associates.

- e. Fair values (Level 1) of investments with available published price quotations were summarized as follows:

Name of Associate	December 31	
	2022	2021
Prosperity Dielectrics Co., Ltd.	<u>\$ 2,592,759</u>	<u>\$ 4,503,119</u>

HannStar Board Corp.	<u>\$ 3,398,609</u>	<u>\$ 4,875,099</u>
Inpaq Technology Co., Ltd.	<u>\$ 2,478,560</u>	<u>\$ 3,478,597</u>
Silitech Technology Corporation	<u>\$ 562,700</u>	<u>\$ 613,700</u>
Soshin Electric Co., Ltd.	<u>\$ 28,412</u>	<u>\$ 69,172</u>

- f. The share of profit or loss and other comprehensive income of the investments in subsidiaries and associates accounted for using the equity method for the years ended December 31, 2022 and 2021 were based on the associates' audited financial statements.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 1,144,368	\$ 6,662,901	\$ 18,101,637	\$ 1,097,250	\$ 5,025,632	\$ 32,031,788
Additions	-	-	-	-	967,301	967,301
Disposals	-	(3,343)	(122,194)	(10,960)	-	(136,497)
Reclassified	-	437,226	1,082,647	78,744	(1,598,617)	-
Balance at December 31, 2022	<u>\$ 1,144,368</u>	<u>\$ 7,096,784</u>	<u>\$ 19,062,090</u>	<u>\$ 1,165,034</u>	<u>\$ 4,394,316</u>	<u>\$ 32,862,592</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	\$ -	\$ 2,451,553	\$ 11,225,566	\$ 693,606	\$ -	\$ 14,370,725
Disposals	-	(3,343)	(113,263)	(9,212)	-	(125,818)
Depreciation expense	-	390,062	2,591,243	150,768	-	3,132,073
(Reversal of) impairment losses recognized in profit or loss	-	13,775	(4,435)	-	-	9,340
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 2,852,047</u>	<u>\$ 13,699,111</u>	<u>\$ 835,162</u>	<u>\$ -</u>	<u>\$ 17,386,320</u>
Carrying amount at December 31, 2022	<u>\$ 1,144,368</u>	<u>\$ 4,244,737</u>	<u>\$ 5,362,979</u>	<u>\$ 329,872</u>	<u>\$ 4,394,316</u>	<u>\$ 15,476,272</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ 1,144,368	\$ 4,904,608	\$ 15,143,540	\$ 841,274	\$ 2,581,674	\$ 24,615,464
Additions	-	-	-	-	7,505,869	7,505,869
Disposals	-	(13,852)	(60,285)	(9,407)	-	(83,544)
Reclassified	-	1,772,145	3,018,382	265,383	(5,061,911)	(6,001)
Balance at December 31, 2021	<u>\$ 1,144,368</u>	<u>\$ 6,662,901</u>	<u>\$ 18,101,637</u>	<u>\$ 1,097,250</u>	<u>\$ 5,025,632</u>	<u>\$ 32,031,788</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ -	\$ 2,122,584	\$ 9,069,163	\$ 580,855	\$ -	\$ 11,772,602
Disposals	-	(13,797)	(52,381)	(9,396)	-	(75,574)
Reclassified	-	-	83	(83)	-	-
Depreciation expense	-	342,766	2,219,044	122,230	-	2,684,040
Impairment losses recognized (reversed)	-	-	(10,343)	-	-	(10,343)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 2,451,553</u>	<u>\$ 11,225,566</u>	<u>\$ 693,606</u>	<u>\$ -</u>	<u>\$ 14,370,725</u>
Carrying amount at December 31, 2021	<u>\$ 1,144,368</u>	<u>\$ 4,211,348</u>	<u>\$ 6,876,071</u>	<u>\$ 403,644</u>	<u>\$ 5,025,632</u>	<u>\$ 17,661,063</u>

- a. The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	15-51 years
Electrical mechanical and power equipment	10 years
Engineering system	8 years
Others	3-6 years
Machinery and equipment	1-7 years
Other equipment	3-8 years

- b. Transactions with related parties, please refer to Note 26 to the financial statements.

14. LEASE ARRANGEMENTS

- a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 198,327	\$ 199,687
Buildings	82,968	57,185
Transportation equipment	2,722	3,533
Other equipment	<u>3,116</u>	<u>3,310</u>
	<u>\$ 287,133</u>	<u>\$ 263,715</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 114,252</u>	<u>\$ 57,348</u>
Depreciation charge for right-of-use assets		
Land	\$ 15,877	\$ 13,544
Buildings	33,797	32,304
Transportation equipment	1,855	1,950
Other equipment	<u>1,969</u>	<u>2,545</u>
	<u>\$ 53,498</u>	<u>\$ 50,343</u>

- b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 57,381</u>	<u>\$ 40,145</u>

Non-current

\$ 268,548

\$ 226,889

Range of discount rates for lease liabilities were as follows:

	December 31	
	2022	2021
Land	0.90%-1.33%	1.00%-1.33%
Buildings	1.00%-1.33%	1.00%-1.33%
Transportation equipment	0.795%-4.93%	0.795%-4.93%
Other equipment	0.98%-1.00%	0.98%

c. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 14,501</u>	<u>\$ 49,533</u>
Expenses relating to low-value asset leases	<u>\$ 431</u>	<u>\$ 373</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 3,387</u>	<u>\$ 386</u>
Total cash outflow for leases	<u>\$ (78,697)</u>	<u>\$(107,937)</u>

15. INVESTMENT PROPERTIES

	December 31	
	2022	2021
Investment properties - cost	\$ 14,285	\$ 246,299
Accumulated depreciation	-	(53,903)
Accumulated impairment	<u>(8,734)</u>	<u>(74,717)</u>
	<u>\$ 5,551</u>	<u>\$ 117,679</u>

The investment properties held by the Company are depreciated over their estimated useful lives of 14 to 45 years using the straight-line method.

In the fourth quarter of 2022, the Company sold its investment property located in Tainan to its subsidiary, PDC., please refer to Note 26 to the financial statements.

Because the market for comparable properties is inactive and alternative reliable measurements, the Company's investment properties fair value are not available.

The Company's land revaluation increments as of December 31, 2022 and 2021 were \$6,556 thousand and \$22,804 thousand, respectively.

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021

	Interest Rate	Amount	Interest Rate	Amount
Unsecured borrowings				
Line of credit borrowings	0.70%-1.85%	<u>\$ 6,232,275</u>	0.60%-0.77%	<u>\$ 4,710,000</u>

b. Long-term borrowings

	December 31	
	2022	2021
Taipei Fubon Bank		
Unsecured loan; loan period is from June 10, 2020 to June 10, 2025. The principal is repayable on June 15, 2023. As of December 31, 2022, the principal has been repaid in full in advance.	\$ -	\$ 10,000
Unsecured loan; loan period is from September 14, 2021 to September 14, 2024. As of December 31, 2022, the principal has been repaid in full in advance.	-	300,000
Bank of Taiwan		
Unsecured loan; loan period is from March 18, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	32,703	32,703
Unsecured loan; loan period is from April 8, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	43,445	43,445
Unsecured loan; loan period is from May 7, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	44,320	44,320
Unsecured loan; loan period is from July 8, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	17,490	17,490
Unsecured loan; loan period is from July 20, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	5,280	5,280
Unsecured loan; loan period is from August 10, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	61,470	61,470
Unsecured loan; loan period is from September 8, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	68,630	68,630
Unsecured loan; loan period is from October 8, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	66,390	66,390
Unsecured loan; loan period is from November 9, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	67,160	67,160
Unsecured loan; loan period is from December 9, 2020 to March 18, 2025. The principal is repayable on April 15, 2023.	57,860	57,860
Unsecured loan; loan period is from January 8, 2021 to March 18, 2025. The principal is repayable on April	35,252	35,252

15, 2023.		
Unsecured loan; loan period is from September 1, 2022 to September 17, 2024. The principal is repayable on December 17, 2023.	226,000	-
Unsecured loan; loan period is from September 2, 2022 to September 17, 2024. The principal is repayable on December 17, 2023.	199,500	-
		(Continued)

	December 31	
	2022	2021
Unsecured loan; loan period is from September 14, 2022 to September 17, 2024. The principal is repayable on December 17, 2023.	\$ 300,000	\$ -
Unsecured loan; loan period is from September 15, 2022 to September 17, 2024. The principal is repayable on December 17, 2023.	455,000	-
Unsecured loan; loan period is from September 16, 2022 to September 17, 2024. The principal is repayable on December 17, 2023.	749,500	-
Unsecured loan; loan period is from September 17, 2021 to September 17, 2024. The principal is repayable on December 17, 2023. As of December 31, 2022, the principal has been repaid in full in advance.	-	850,000
SinoPac Bank		
Unsecured loan; loan period is from May 20, 2020 to May 15, 2025. The principal is repayable on June 15, 2023. As of December 31, 2022, the principal has been repaid in full in advance.	-	10,000
E.SUN Bank		
Unsecured loan; loan period is from April 8, 2020 to March 15, 2025. The principal is repayable on April 15, 2023.	600,000	600,000
Unsecured loan; loan period is from April 20, 2020 to March 15, 2025. The principal is repayable on April 15, 2023.	400,000	400,000
Unsecured loan; loan period is from September 14, 2021 to September 14, 2023. The principal is repayable in full upon maturity. As of December 31, 2022, the principal has been repaid in full in advance.	-	300,000
Cathay Bank		
Unsecured loan; loan period is from December 27, 2022 to August 26, 2024. The principal is repayable in full upon maturity.	200,000	-
Unsecured loan; loan period is from December 30, 2021 to August 26, 2023. As of December 31, 2022, the principal has been repaid in full in advance.	-	200,000
First Bank		
Unsecured loan; loan period is from April 9, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	58,520	58,520
Unsecured loan; loan period is from May 10, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	51,170	51,170
Unsecured loan; loan period is from August 12, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	179,120	179,120
Unsecured loan; loan period is from August 26, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	300,000	300,000

15, 2024.

(Continued)

	December 31	
	2022	2021
Unsecured loan; loan period is from August 27, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	\$ 370,000	\$ 370,000
Unsecured loan; loan period is from September 22, 2021 to March 15, 2026. The principal is repayable from April 15, 2024.	41,190	41,190
Unsecured loan; loan period is from April 30, 2020 to April 15, 2025. The principal is repayable from May 15, 2023.	340,000	340,000
Unsecured loan; loan period is from May 8, 2020 to April 15, 2025. The principal is repayable from May 15, 2023.	160,000	160,000
Unsecured loan; loan period is from November 30, 2021 to November 15, 2026. The principal is repayable from December 15, 2024.	500,000	500,000
KGI Bank		
Unsecured loan; loan period is from November 21, 2022 to August 25, 2024. The principal is repayable in full upon maturity.	1,468,000	-
Unsecured loan; loan period is from August 25, 2021 to August 25, 2024. The principal is repayable on February 25, 2023. As of December 31, 2022, the principal has been repaid in full in advance.	-	1,440,000
Unsecured loan; loan period is from August 31, 2021 to August 25, 2024. The principal is repayable on February 25, 2023. As of December 31, 2022, the principal has been repaid in full in advance.	-	600,000
Unsecured loan; loan period is from December 29, 2021 to August 25, 2024. The principal is repayable on February 25, 2023. As of December 31, 2022, the principal has been repaid in full in advance.	-	100,000
Chang Hwa Bank		
Unsecured loan; loan period is from September 13, 2021 to April 15, 2025. The principal is repayable from May 15, 2023.	180,000	180,000
Unsecured loan; loan period is from November 12, 2021 to April 15, 2025. The principal is repayable from May 15, 2023.	285,000	285,000
Unsecured loan; loan period is from December 30, 2021 to April 15, 2025. The principal is repayable from May 15, 2023.	235,000	235,000
Unsecured loan; loan period is from May 8, 2020 to April 15, 2025. The principal is repayable from May 15, 2023.	10,000	10,000

(Continued)

	December 31	
	2022	2021
Far Eastern Bank		
Unsecured loan; loan period is from September 30, 2022 to September 30, 2025. The principal is repayable in full upon maturity.	\$ 500,000	\$ -
Unsecured loan; loan period is from August 17, 2021 to October 13, 2023. The principal is repayable in full upon maturity. As of December 31, 2022, the principal has been repaid in full in advance.	-	<u>390,000</u>
	<u>8,308,000</u>	<u>8,410,000</u>
Less: Current portion	<u>(1,448,333)</u>	<u>-</u>
Long-term borrowings total	<u>\$ 6,859,667</u>	<u>\$ 8,410,000</u> (Concluded)

The annual effective interest rate intervals of the above-mentioned borrowings for the years ended December 31, 2022 and 2021 were 1.08%-2.20% and 0.45%-0.90%, respectively.

The Company should maintain certain financial ratios in its annual audited and semiannual reviewed financial statements during the loan duration. The Company's financial statements for the year ended December 31, 2022 and 2021 showed that the Company was in compliance with the agreed financial ratio requirements.

17. BONDS PAYABLE

	December 31	
	2022	2021
Unsecured domestic convertible bonds	<u>\$ 4,715,936</u>	<u>\$ 4,654,244</u>

On April 29, 2020, the Company issued the first four-year unsecured convertible bonds in Taiwan, with a total amount of \$4,800,000 thousand, face value of \$100 thousand and coupon rate of 0%. Besides, the terms and conditions of the bonds are as follows:

- a. Conversion period: Between July 30, 2020 and April 29, 2024.
- b. Conversion price: The initial conversion price was \$240 per share. Afterwards, there was subsequent change in share capital (i.e., issuance of share dividends, free allotment of shares, and cash capital increase, etc.). The conversion price shall be adjusted according to the prescribed calculation. The conversion price on December 31, 2022 and 2021 were \$215.6 per share and \$225.6 per share, respectively.
- c. Redemption:
 - 1) Redeem the bonds upon maturity: The principal is fully redeemed upon maturity.
 - 2) Redeem the bonds in advance: The Company may redeem the bonds, in whole or in part at face value from the date following 3 months of the expiry of the issuance to the 40th day before the expiry of the issuance period, if the closing price of the ordinary shares on the TWSE, for a period of 30 consecutive trading days, exceeds the conversion price by 30% (inclusive).

The Company may redeem the bonds at face value from the date following 3 months of the expiry of the issuance to the 40th day before the expiry of the issuance period if the bonds outstanding balance is lower than 10% of the total issuance amount.

- d. The convertible bonds contain both liability and equity components. The equity component was presented in equity under capital surplus - options. The effective interest rate of the liability component was 1.318% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$5,000 thousand)	\$ 4,795,000
Equity components	<u>(253,440)</u>
Liability components at the date of issue	4,541,560
FVTPL	12,000
Interest charged at an effective interest rate of 1.318%	101,641
Convertible bonds converted into ordinary shares	<u>(957)</u>
Liability components at December 31, 2021	4,654,244
Interest charged at an effective interest rate of 1.318%	<u>61,692</u>
 Liability components at December 31, 2022	 <u>\$ 4,715,936</u>

18. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

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 make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

- b. Defined benefit plans

The defined benefit plans adopted by the Company are in accordance with the Labor Standards Act and are operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contribute amounts based on 3% of 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 were as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Present value of defined benefit obligation	\$ 215,471	\$ 282,426
Fair value of plan assets	<u>(188,716)</u>	<u>(195,112)</u>
Deficit	<u>26,755</u>	<u>87,314</u>
 Net defined benefit liabilities	 <u>\$ 26,755</u>	 <u>\$ 87,314</u>

Movements in net defined benefit obligations (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 282,426</u>	<u>\$(195,112)</u>	<u>\$ 87,314</u>
Service cost			
Current service cost	1,573	-	1,573
Repayment of loss	-	-	-
Net interest expense (income)	<u>1,765</u>	<u>(1,238)</u>	<u>527</u>
Recognized in profit or loss	<u>3,338</u>	<u>(1,238)</u>	<u>2,100</u>
Remeasurement			
Actuarial loss - changes in demographic assumptions	-	-	-
Actuarial profit - changes in financial assumptions	(19,332)	-	(19,332)
Actuarial profit - experience adjustments	(21,125)	-	(21,125)
Return on the plan assets	<u>-</u>	<u>(16,415)</u>	<u>(16,415)</u>
Recognized in other comprehensive income	<u>(40,457)</u>	<u>(16,415)</u>	<u>(56,872)</u>
Contributions from the employer	<u>-</u>	<u>(5,787)</u>	<u>(5,787)</u>
Benefits paid from the plan assets	<u>(29,836)</u>	<u>29,836</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 215,471</u>	<u>\$(188,716)</u>	<u>\$ 26,755</u>
Balance at January 1, 2021	<u>\$ 345,461</u>	<u>\$(236,417)</u>	<u>\$ 109,044</u>
Service cost			
Current service cost	2,227	-	2,227
Repayment of loss	3,806	-	3,806
Net interest expense (income)	<u>1,727</u>	<u>(1,199)</u>	<u>528</u>
Recognized in profit or loss	<u>7,760</u>	<u>(1,199)</u>	<u>6,561</u>
Remeasurement			
Actuarial loss - changes in demographic assumptions	9,765	-	9,765
Actuarial profit - changes in financial assumptions	(3,679)	-	(3,679)
Actuarial profit - experience adjustments	(24,883)	-	(24,883)
Return on the plan assets	<u>-</u>	<u>(2,921)</u>	<u>(2,921)</u>
Recognized in other comprehensive income	<u>(18,797)</u>	<u>(2,921)</u>	<u>(21,718)</u>
Contributions from the employer	<u>-</u>	<u>(6,573)</u>	<u>(6,573)</u>
Benefits paid from the plan assets	<u>(51,998)</u>	<u>51,998</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 282,426</u>	<u>\$(195,112)</u>	<u>\$ 87,314</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 should 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 by reference to the future salaries of plan participants. As such, an increase in the salary 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 of the Company were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31</u>	
	2022	2021
Discount rates	1.50%	0.625%
Expected rates of salary increase	2.50%	2.50%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31</u>	
	2022	2021
Discount rate		
0.25% increase	<u>\$ (5,101)</u>	<u>\$ (7,408)</u>
0.25% decrease	<u>\$ 5,282</u>	<u>\$ 7,692</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 5,134</u>	<u>\$ 7,419</u>
0.25% decrease	<u>\$ (4,984)</u>	<u>\$ (7,186)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	2022	2021
The expected contributions to the plan for the next year	<u>\$ 5,237</u>	<u>\$ 6,099</u>
The average duration of the defined benefit obligation	9.6 years	10.5 years

19. EQUITY

- a. Share capital

Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	<u>800,000</u>	<u>800,000</u>
Shares authorized	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>485,804</u>	<u>485,804</u>
Shares issued	<u>\$ 4,858,043</u>	<u>\$ 4,858,043</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

Convertible bonds were converted into ordinary shares of the Company, which amounted to \$43 thousand, as per the terms of conversion during the fourth quarter of 2020. The record date of capital increase was January 28, 2021.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 692,809	\$ 692,809
Conversion of bonds	1,428,808	1,428,808
Treasury share transactions	574,608	574,608
<u>May be used to offset a deficit only</u>		
Share of changes in capital surplus of associates	161,492	161,893
Changes in percentage of ownership interest in subsidiaries (2)	-	62
Others	55	55
<u>Not for other usage</u>		
Share warrants	<u>253,387</u>	<u>253,387</u>
	<u>\$ 3,111,159</u>	<u>\$ 3,111,622</u>

1) Such capital surplus 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 once a year).

2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary that resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's articles of incorporation (the "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, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings 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 and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors in the Articles, refer to employees' compensation and remuneration of directors in Note 20(b) to the financial statements.

The Company's Articles also provide that the profit of the Company may be distributed in the form of either cash or share dividends, but the total share dividends distributed shall not exceed 50% of the total dividends distributed. However, should the Company obtain sufficient funds to meet the year's funding requirements, the cash distribution ratio can be raised to 100%. The Company should decide on the most appropriate dividend distribution policy based on the current year's actual operating condition and the following year's capital budget.

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 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.

The appropriations of earnings for 2021 and 2020 approved in the shareholders' meeting on June 15, 2022 and July 8, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December		For the Year Ended December	
	31		31	
	2021	2020	2021	2020
Legal reserve	\$ 798,027	\$ 651,503	\$ -	\$ -
Cash dividends	2,186,119	-	4.5	-

In addition, on July 8, 2021, the shareholders' meeting resolved to distribute cash dividends of \$2,914,830 thousand from the capital surplus at \$6 per share.

d. Special reserve

	For the Year Ended December	
	31	
	2022	2021
Balance of beginning	<u>\$ 1,096,797</u>	<u>\$ 1,097,541</u>
Balance of ending	<u>\$ 1,096,797</u>	<u>\$ 1,096,797</u>

As the increase in retained earnings of \$1,098,575 thousand generated from the initial application of IFRSs was insufficient for appropriation as dividends, it was appropriated to a special reserve. As the special reserve appropriated by foreign operations (including subsidiaries) due to the exchange differences upon translation of their financial statements was reversed in proportion to the Company's disposal of the foreign operations; upon the Company's loss of significant influence, the entire special reserve relating to exchange differences arising from those foreign operations will be reversed.

Due to the subsidiary Prosperity Dielectrics Co., Ltd.'s disposal of its subsidiary to the subsidiary of Inpaq Technology Co., Ltd. in 2021, the Company reversed \$744 thousand from the special reserve.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December	
	31	
	2022	2021

Balance at January 1	\$(2,479,278)	\$(2,517,167)
Share from associates accounted for using the equity method	1,287,789	37,889
Adjustment relating to change in equity of subsidiaries	<u>(47)</u>	<u>-</u>
Balance at December 31	<u>\$(1,191,536)</u>	<u>\$(2,479,278)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 4,469,043	\$ 3,586,975
Unrealized gain on investments in equity instruments at FVTOCI	322,952	1,295,674
Share of other comprehensive income from associates accounted for using the equity method	(1,224,580)	(367,775)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(63,887)	(45,831)
Adjustment relating to change in equity of subsidiaries	<u>5</u>	<u>-</u>
Balance at December 31	<u>\$ 3,503,533</u>	<u>\$ 4,469,043</u>

f. Treasury shares

Treasury share transactions were summarized as follows:

Purpose of Acquisition	Unit: Shares			
	For the Year Ended December 31, 2022			
	Treasury Shares Held as of January 1, 2022	Increase During the Year	Decrease During the Year	Treasury Shares Held as of December 31, 2022
Treasury shares granted to employees	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Purpose of Acquisition	For the Year Ended December 31, 2021			
	Treasury Shares Held as of January 1, 2021	Increase During the Year	Decrease During the Year	Treasury Shares Held as of December 31, 2021
	Treasury shares granted to employees	<u>-</u>	<u>1,500,000</u>	<u>(500,000)</u>

In the first quarter of 2021, the Company's board of directors resolved to transfer 500,000 shares for employees' subscription. Based on the fair value at the grant date, \$19,602 thousand was accounted for

as compensation costs and \$19,255 thousand was accounted for as capital surplus - treasure share transactions when the employee's subscription were transferred.

Pursuant to the Securities and Exchange Act of the ROC, the treasury shares held by the Company should not be pledged as collateral, are not eligible for dividends and do not have voting rights.

20. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Main categories of expenses

	For the Year Ended December 31					
	2022			2021		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits						
Short-term employee benefits	\$ 1,197,502	\$ 409,973	\$ 1,607,475	\$ 1,948,301	\$ 547,465	\$ 2,495,766
Health insurance and Labor Insurance	140,078	36,638	176,716	158,253	47,099	205,352
Post-employment benefits	51,056	17,063	68,119	59,675	18,392	78,067
Remuneration of directors	-	15,989	15,989	-	79,909	79,909
Other employee benefits	102,696	18,632	121,328	122,482	20,849	143,331
Depreciation	3,083,559	103,757	3,187,316	2,638,675	97,611	2,736,286
Amortization	71	35,402	35,473	52	19,579	19,631

Note 1: As of December 31, 2022 and 2021, the Company had 2,674 and 3,162 employees, respectively. There were 6 and 7 non-employee directors, respectively.

Note 2: Average labor cost for the years ended December 31, 2022 and 2021 was \$740 thousand and \$925 thousand, respectively.

Note 3: Average salary and bonus for the years ended December 31, 2022 and 2021 were \$603 thousand and \$791 thousand, respectively. The average salary and bonus decreased by 24% year over year.

Note 4: The Company did not have supervisors for the years ended December 31, 2022 and 2021.

Note 5: The Company's policy for remuneration of directors, independent directors, managers, and employees is as follows:

- a) Directors and independent directors
 - i. Fixed compensation: A monthly salary is reviewed by the compensation committee then submitted to the board of directors for approval.
 - ii. Variable compensation: According to the Company's Articles of Incorporation.
- b) The total remuneration paid to the executive officers is decided based on company performance, department performance, and personal performance and refers to industry norms.
- c) The total compensation paid to employees is decided based on the Company's policies.
- d) The total remuneration paid to the board of directors and the executive officers is reviewed by the compensation committee regularly.

b. Employees' compensation and remuneration of directors

The Company accrues employees' compensation and remuneration of directors at the rates of 2%-10% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, which had been approved by the Company's board of directors on February 23, 2023 and February 22, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
<u>Accrual rate</u>		
Employees' compensation	2.25%	2.25%
Remuneration of directors	0.90%	0.90%
	Cash	
	For the Year Ended December 31	
	2022	2021
<u>Amounts</u>		
Employees' compensation	\$ 39,251	\$ 198,963
Remuneration of directors	15,701	79,585

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and adjusted in the following year.

There was no significant difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

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

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current period	\$ 209,623	\$ 600,000
Income tax on unappropriated earnings	249,866	298,397
Adjustments for prior periods	<u>(327,904)</u>	<u>(407,090)</u>
	<u>131,585</u>	<u>491,307</u>
Deferred tax		
In respect of the current period	<u>(92,623)</u>	<u>141,000</u>
Income tax expense recognized in profit or loss	<u>\$ 38,962</u>	<u>\$ 632,307</u>

b. The reconciliation of accounting profit and taxable income was as follows:

	For the Year Ended December 31	
	2022	2021
Income tax expense calculated at the statutory rate	\$ 338,000	\$ 1,713,000
Nondeductible in determining taxable income	(128,377)	(1,113,000)
Recognition and reversal of temporary differences	(92,623)	141,000
Income tax on unappropriated earnings	249,866	298,397
Adjustments for prior periods	<u>(327,904)</u>	<u>(407,090)</u>
Income tax expense recognized in profit or loss	<u>\$ 38,962</u>	<u>\$ 632,307</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Book-tax difference of property, plant and equipment	\$ 49,000	\$ (11,000)	\$ 38,000
Payables for annual leave	8,000	-	8,000
Allowance for impairment loss - inventory	47,000	16,000	63,000
Others	<u>203,000</u>	<u>(120,000)</u>	<u>83,000</u>
	<u>\$ 307,000</u>	<u>\$(115,000)</u>	<u>\$ 192,000</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Provisions	\$(17,341)	\$ 13,377	\$ (3,964)
Defined benefit obligations	(19,000)	(1,000)	(20,000)
Allowance for impairment loss - trade receivables	(8,000)	2,000	(6,000)
Exchange differences on translating the financial statements of foreign operations	(14,000)	10,000	(4,000)
Others	<u>(13,000)</u>	<u>(2,000)</u>	<u>(15,000)</u>
	<u>\$(71,341)</u>	<u>\$ 22,377</u>	<u>\$(48,964)</u>

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Book-tax difference of property, plant and equipment	\$ 51,000	\$ (2,000)	\$ 49,000
Exchange differences on translating the financial statements of foreign operations	5,000	(5,000)	-
Payables for annual leave	6,000	2,000	8,000
Allowance for impairment loss - inventory	35,000	12,000	47,000
Others	<u>142,000</u>	<u>61,000</u>	<u>203,000</u>
	<u>\$ 239,000</u>	<u>\$ 68,000</u>	<u>\$ 307,000</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Provisions	\$ (17,341)	\$ -	\$ (17,341)
Defined benefit obligations	(19,000)	-	(19,000)
Allowance for impairment loss - trade receivables	(8,000)	-	(8,000)
Earnings of subsidiaries	(90,000)	90,000	-
Exchange differences on translating the financial statements of foreign operations	-	(14,000)	(14,000)
Others	<u>(10,000)</u>	<u>(3,000)</u>	<u>(13,000)</u>
	<u>\$ (144,341)</u>	<u>\$ 73,000</u>	<u>\$ (71,341)</u>

- d. Income tax returns of the Company through 2019 have been assessed and approved by the tax authorities.

22. EARNINGS PER SHARE

Earnings per share were calculated as follows:

For the Year Ended December 31, 2022		
Amount (In Thousands)		Earnings Per Share
After Income Tax (Attributable to Owners of the Company)	Number of Shares (In Thousands)	(In Dollars) After Income Tax (Attributable to Owners of the Company)

Basic earnings per share - ordinary shares	\$ 1,650,587	484,804	<u>\$ 3.40</u>
Compensation of employees	-	677	
Interest on convertible bonds (after tax)	<u>49,353</u>	<u>22,259</u>	
Diluted earnings per share - ordinary shares	<u>\$ 1,699,940</u>	<u>507,740</u>	<u>\$ 3.35</u>

For the Year Ended December 31, 2021

	Amount (In Thousands) After Income Tax (Attributable to Owners of the Company)	Number of Shares (In Thousands)	Earnings Per Share (In Dollars) After Income Tax (Attributable to Owners of the Company)
Basic earnings per share - ordinary shares	\$ 7,931,941	485,067	<u>\$ 16.35</u>
Compensation of employees	-	1,286	
Interest on convertible bonds (after tax)	<u>48,707</u>	<u>21,272</u>	
Diluted earnings per share - ordinary shares	<u>\$ 7,980,648</u>	<u>507,625</u>	<u>\$ 15.72</u>

If the Company offered to settle the compensation of employees in cash or shares, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. ACQUISITION OF A SUBSIDIARY THAT CONSTITUTES A BUSINESS - WITH OBTAINED CONTROL

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Soshin	Researching, developing, manufacturing and selling of electric capacitors, thick film printed circuit board, multilayered dielectric filters, EMI filters	November 2021	1.93 (including KAMAYA for a total of 50.08%)	<u>\$ 238,808</u>

For details about the acquisition of Soshin, refer to Note 25 to the Company's consolidated financial statements for the year ended December 31, 2022.

24. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values. There were no major differences between the carrying amounts and fair values as of December 31, 2022 and 2021.

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
Financial assets at FVTPL				
Domestic listed shares	\$ 240,569	\$ -	\$ -	\$ 240,569
Domestic convertible bonds option	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 240,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,569</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 3,600,431	\$ -	\$ -	\$ 3,600,431
Domestic unlisted shares	-	395,319	-	395,319
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>12,113</u>	<u>12,113</u>
	<u>\$ 3,600,431</u>	<u>\$ 395,319</u>	<u>\$ 12,113</u>	<u>\$ 4,007,863</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 386,792	\$ -	\$ -	\$ 386,792
Domestic convertible bonds option	<u>-</u>	<u>1,440</u>	<u>-</u>	<u>1,440</u>
	<u>\$ 386,792</u>	<u>\$ 1,440</u>	<u>\$ -</u>	<u>\$ 388,232</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	\$ 3,313,664	\$ -	\$ -	\$ 3,313,664
Domestic unlisted shares	-	408,242	-	408,242
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>12,113</u>	<u>12,113</u>
	<u>\$ 3,313,664</u>	<u>\$ 408,242</u>	<u>\$ 12,113</u>	<u>\$ 3,734,019</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - convertible bonds call option and private placement convertible bonds of foreign listed company	Evaluated by the binary tree method of convertible bonds evaluation model, based on the volatility of the conversion price, the risk-free rate of interest, risk discount rate, and the number of remaining years
Domestic unlisted equity securities	Evaluated by asset-based approach to determine the value of the equity securities

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities were determined using the market approach or asset-based approach. The significant unobservable inputs are the liquidity discount of multiplier of price-book ratio and value of net assets. An increase in price-book ratio would result in an increase in the fair value. An increase in liquidity discount would result in a decrease in the fair value.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 4,677,249	\$ 1,239,378
Financial assets at amortized cost (current and non-current)	728,192	750,501
Notes receivable from unrelated parties	5,086	20,354
Trade receivables from unrelated parties	1,085,757	1,436,666
Trade receivables from related parties	1,958,516	2,526,192
Finance lease receivables (current and non-current)	66,600	39,888
Other receivables from unrelated parties	61,598	61,259
Other receivables from related parties	891,713	766,745
Guarantee deposits paid	31,290	36,732
Financial assets at FVTPL (current and non-current)	240,569	388,232
Financial assets at FVTOCI - non-current	4,007,863	3,734,019
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	6,232,275	4,710,000
Trade payables to unrelated parties	545,685	1,128,254
Trade payables to related parties	1,473,856	1,617,536
Payables for equipment	1,363,581	2,571,154
Other payables	1,637,319	2,374,271
Current portion of long-term borrowings	1,448,333	-
Bonds payable	4,715,936	4,654,244
Long-term borrowings	6,859,667	8,410,000

Guarantee deposits received	3,359	6,731
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d. Financial risk management objectives and policies

The Company's major financial instruments included equity and debt investments, trade receivables, trade payables and borrowings. The Company's corporate treasury function manages its exposure to market risk (including foreign currency risk and interest risk), credit risk and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

1) Market risk

The Company is exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. The Company's transactions were denominated in different foreign currencies at the same time that have natural offsetting effect; thus, the related risks are reduced.

To protect against reductions in the value of foreign assets and the volatility of future cash flows caused by changes in foreign exchange rates, the Company utilizes short-term borrowings and derivative financial instruments, including currency forward contracts to hedge its foreign currency exposure.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period.

	USD Impact		JPY Impact		RMB Impact	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021	2022	2021
Profit or loss	<u>\$ 65,603</u>	<u>\$ 16,776</u>	<u>\$ 154</u>	<u>\$ (2,836)</u>	<u>\$ 13</u>	<u>\$ 9,910</u>

b) Interest rate risk

Interest rate risk refers to the risk that the changes in fair value of financial instruments due to changes in market interest rates. The Company was exposed to interest rate risk mainly arising from fixed-income investments and borrowings at floating interest rates.

For assets and liabilities with floating interest rates, if interest rates had been 1% higher or lower as of balance sheets date and all other variables held constant, the Company's profit before income tax for the ended December 31, 2022 and 2021 would have decreased or increased approximately by \$144,349 thousand and \$125,619 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. The Company is exposed to credit risk from operating activities, primarily trade receivables, and from investing activities, primarily deposits, fixed-income

investments and other financial instruments with banks.

In order to maintain the quality of trade receivables, the management of the Company has delegated a team responsible for 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 receivable at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts.

The credit risks of bank deposits, fixed-income investments and other financial instruments from investing activities are considered insignificant because the counterparties were all banks with high credit ratings and it is expected that the counterparties will not break the contracts above.

3) Liquidity risk

The objective of liquidity risk management is to ensure the Company has sufficient liquidity to fund its business requirements associated with existing operations. The Company manages its liquidity risk by maintaining adequate fixed-income investments and banking facilities.

Liquidity and interest rate tables for non-derivative financial liabilities

December 31, 2022

	On Demand or Less than 1 Year	More than 1 Year	Total
<u>Non-derivative financial liabilities</u>			
Variable interest rate liabilities	\$ 7,680,608	\$ 6,859,667	\$ 14,540,275
Lease liabilities	<u>57,381</u>	<u>268,548</u>	<u>325,929</u>
	<u>\$ 7,737,989</u>	<u>\$ 7,128,215</u>	<u>\$ 14,866,204</u>

December 31, 2021

	On Demand or Less than 1 Year	More than 1 Year	Total
<u>Non-derivative financial liabilities</u>			
Variable interest rate liabilities	\$ 4,710,000	\$ 8,410,000	\$ 13,120,000
Lease liabilities	<u>40,145</u>	<u>226,889</u>	<u>267,034</u>
	<u>\$ 4,750,145</u>	<u>\$ 8,636,889</u>	<u>\$ 13,387,034</u>

26. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed below.

a. Related party name and categories

Related Party Name	Related Party Category
Walsin Lihwa Corporation	Investor company that account for the Company using the equity method
Prosperity Dielectrics Co., Ltd.	Subsidiary
Inpaq Technology Co., Ltd.	Subsidiary
Taiwan Inpaq electronic Co., Ltd.	Subsidiary
Soshin Electric Co., Ltd.	Subsidiary (after November 2021)
Walsin Technology Europe B.V.	Subsidiary
Kamaya, Inc.	Subsidiary
Kamaya Electric Co., Ltd.	Subsidiary
Kamaya Electric (HK) Limited	Subsidiary
Kamaya Electric (M) Sdn. Bhd	Subsidiary
Nitsuko Electronics Corporation (“NTK”)	Subsidiary
Pan Overseas (B.V.I.) Investments Co., Ltd	Subsidiary
Gallatown Developments Limited	Subsidiary
Dongguan Walsin Technology Electronics Co., Ltd.	Subsidiary
Walsin Technology Corporation (HK) Limited	Subsidiary
Suzhou Walsin Technology Electronics Co., Ltd.	Subsidiary
Pan Overseas (Guangzhou) Electronic Co., Ltd.	Subsidiary
Walsin Passive Component (H.K.) Limited	Subsidiary
Walsin Technology Holding Corporation (HK) Limited	Subsidiary
Walsin Electronics (S) Pte. Ltd.	Subsidiary
Walsin Technology Corporation U.S.A.	Subsidiary
HannStar Board Corporation	Associate
Tsai Yi Corporation	Associate
Global Brands Manufacture Ltd.	Associate
Global Brands Manufacture (Dongguan) Ltd.	Associate
Joyin Co., Ltd.	Associate (after April 2021)
Matsuo Electric Co., Ltd.	Associate (after January 2022)
VVG Inc.	Associate
Falcon Automation Equipment Corporation	Associate
Chongqing Songjia Property Co., Ltd.	Associate
Silitech Technology Corporation	Associate
Info-Tek Corporation	Other related party
Walton Advanced Engineering Inc.	Other related party
APAQ Technology Co., Ltd.	Other related party
Career Technology (Mfg.) Co., Ltd.	Other related party
Walsin Technology Charitable Group	Other related party
Winbond Electronics Corporation	Other related party
Callisto Holding Limited	Other related party
Chin-Xin Investment Co., Ltd.	Other related party
PSA Charitable Foundation	Other related party
PSA VVG Culture and Arts Foundation	Other related party

b. Details of transactions

1) Sales and purchases of goods

	Sales of goods	
	For the Year Ended December	
	31	
	2022	2021
Subsidiaries		
Dongguan Walsin Technology Electronics Co., Ltd.	\$ 5,760,274	\$ 8,679,470
Suzhou Walsin Technology Electronics Co., Ltd.	1,597,201	2,665,681
Other	1,591,125	2,413,193
Other related parties	<u>3,308</u>	<u>4,168</u>
	<u>\$ 8,951,908</u>	<u>\$ 13,762,512</u>

Price and terms were determined in accordance with mutual agreements.

	Purchases of goods	
	For the Year Ended December	
	31	
	2022	2021
Subsidiaries		
Walsin Technology Corporation (HK) Limited	\$ 3,405,919	\$ 3,269,205
Prosperity Dielectrics Co., Ltd.	880,949	1,034,714
Kamaya Electric Co., Ltd.	765,289	711,067
Other	469,577	618,613
Associates	<u>7,071</u>	<u>15</u>
	<u>\$ 5,528,805</u>	<u>\$ 5,633,614</u>

Price and terms were determined in accordance with mutual agreements.

2) The balances at the end of the reporting period were as follows:

	Trade Receivables from	
	Related Parties	
	December 31	
	2022	2021
Subsidiaries		
Dongguan Walsin Technology Electronics Co., Ltd.	\$ 1,071,220	\$ 1,355,115
Suzhou Walsin Technology Electronics Co., Ltd.	572,165	707,355
Others	313,915	462,145
Other related parties	<u>1,216</u>	<u>1,577</u>
	<u>\$ 1,958,516</u>	<u>\$ 2,526,192</u>

	Trade Payables to Related Parties	
	December 31	
	2022	2021
Subsidiaries		
Walsin Technology Corporation (HK) Limited	\$ 957,121	\$ 902,739
Prosperity Dielectrics Co., Ltd.	221,247	361,851
Kamaya Electric Co., Ltd.	206,787	243,976
Others	87,718	108,955
Associates	<u>983</u>	<u>15</u>
	<u>\$ 1,473,856</u>	<u>\$ 1,617,536</u>
	Other Receivables from Related Parties	
	December 31	
	2022	2021
Subsidiaries		
Kamaya Electric Co., Ltd.	\$ 689,614	\$ 723,978
Others	191,080	31,014
Associates	6,809	8,114
Other related parties	<u>4,210</u>	<u>3,639</u>
	<u>\$ 891,713</u>	<u>\$ 766,745</u>
	Payables for Equipment and Other Payables	
	December 31	
	2022	2021
Subsidiaries	\$ 147,863	\$ 293,372
Associates	31,603	135,515
Other related parties	1,577	2,202
Investor company that account for the company using equity method	<u>1,598</u>	<u>1,495</u>
	<u>\$ 182,641</u>	<u>\$ 432,584</u>

The outstanding trade receivables from related parties are unsecured. No allowance was recognized for impairment of trade receivables with respect to the amounts owed by related parties for the years ended December 31, 2022 and 2021.

The outstanding trade payables from related parties are unsecured.

Other receivables include receivables from the sale of equipment and receipts under custody.

Other payables mainly refer to payables for rent and collection and payment on behalf of another party, etc.

3) Acquisition of asset

Related Party Categories	Item	Purchase Price	
		For the Year Ended December 31	
		2022	2021
Subsidiaries	Machinery and other equipment	\$ 169,867	\$ 729,286
Associates	Machinery and prepayments for equipment and right-of-use asset	-	1,023,356
Investor company that account for the Company using equity method	Right-of-use asset	<u>98,671</u>	<u>41,574</u>
		<u>\$ 268,538</u>	<u>\$ 1,794,216</u>

4) Disposal of asset

Related Party Category	Item	Disposal Price		Gain (Loss) on Disposal	
		For the Year Ended December 31		For the Year Ended December 31	
		2022	2021	2022	2021
Prosperity Dielectrics Co., Ltd.	Investment property	\$ 220,000	\$ -	\$ 61,328	\$ -
Subsidiaries	Machinery and other equipment	9,581	660	1,369	654
Associates	Machinery, other equipment, construction in progress and prepayments for equipment	<u>-</u>	<u>95</u>	<u>-</u>	<u>95</u>
		<u>\$ 229,581</u>	<u>\$ 755</u>	<u>\$ 62,697</u>	<u>\$ 749</u>

5) Dividends income

	For the Year Ended December 31	
	2022	2021
Walsin Lihwa Corporation	\$ 73,626	\$ 41,414
APAQ Technology Co., Ltd.	5,920	5,624
Chin-Xin Investment Co., Ltd.	4,516	2,710
Walton Advanced Engineering Inc.	<u>4,143</u>	<u>-</u>
	<u>\$ 88,205</u>	<u>\$ 49,748</u>

6) Sales of raw materials and supplies (classified as other income)

	Lease Expense	
	For the Year Ended December 31	
	2022	2021
Subsidiaries	<u>\$ 18,822</u>	<u>\$ 7,664</u>

7) Lease arrangements

Item	Related Party Category	December 31	
		2022	2021
Lease liabilities	Investor company that account for the Company using equity method	\$ 112,773	\$ 42,629
Lease liabilities	Subsidiaries	4,079	6,701
Lease liabilities	Other related parties	<u>3,142</u>	<u>8,486</u>
		<u>\$ 119,994</u>	<u>\$ 57,816</u>

Item	Related Party Category	For the Year Ended December 31	
		2022	2021
Interest expense	Investor company that account for the Company using equity method	\$ 943	\$ 443
	Subsidiaries	70	107
	Other related parties	<u>56</u>	<u>109</u>
		<u>\$ 1,069</u>	<u>\$ 659</u>
Rental expense	Investor company that account for the Company using equity method	\$ 618	\$ 584
	Other related parties	<u>5,400</u>	<u>35,004</u>
		<u>\$ 6,018</u>	<u>\$ 35,588</u>

8) Acquisition of shares

For the ended December 31, 2022

Related Party Category	Financial Statement Account	Number of Shares Acquired	Proportion of Voting Rights	Acquisition Target	Acquisition Price
Joyin Co., Ltd.	Investments accounted for using the equity method	466,427	0.60%	Issuance of ordinary shares in cash	\$ 6,996

Walsin Lihwa Corporation	Investments in equity instruments at FVTOCI	3,218,527	0.09%	Issuance of ordinary shares in cash	96,556
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For the ended December 31, 2021

Related Party Category	Financial Statement Account	Number of Shares Acquired	Proportion of Voting Rights	Acquisition Target	Acquisition Price
Silitech Technology Corporation	Investments accounted for using the equity method	8,000,000	10%	Private shares	\$ 264,000

9) Disposal of shares

For the ended December 31, 2022

Related Party Category	Financial Statement Account	Number of Shares Acquired	Proportion of Voting Rights	Acquisition Target	Acquisition Price
Joyin Co., Ltd.	Investments accounted for using the equity method	3,058,384	3.92%	Ordinary shares	\$ 55,357

c. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 159,422	\$ 187,119
Post-employment benefits	315	263
Share-based payments	-	2,352
	<u>\$ 159,737</u>	<u>\$ 189,734</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The assets pledged as tariff or court deposits were as follows:

	December 31	
	2022	2021
Pledged time deposits (accounted as financial assets at amortized cost)	<u>\$ 100,472</u>	<u>\$ 117,866</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Significant unrecognized commitments

Unrecognized commitments were as follows:

	December 31	
	2022	2021
Acquisition of property, plant and equipment	<u>\$ 1,095,070</u>	<u>\$ 2,066,724</u>

b. Contingencies

As of December 31, 2022 and 2021, outstanding letters of credit of the Company were summarized as follows:

Unit: Thousands of dollars

December 31			
2022		2021	
Currency	Carrying Value	Currency	Carrying Value
USD	USD 55	USD	USD 55
JPY	JPY 2,136,404	JPY	JPY 3,215,504
EUR	EUR 811	EUR	EUR 1,274

29. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

30. OTHER ITEMS: NONE

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between the foreign currencies and their respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 268,719	30.71	\$ 8,252,360
EUR	4,131	32.7189	135,162
JPY	2,977,143	0.2324	691,888
RMB	291	4.4105	1,283
Non-monetary items			
Investments accounted for using the equity method			
USD	839,812	30.71	25,790,636
JPY	219,076	0.2334	51,132

Financial liabilities

Monetary items			
USD	55,09	30.71	1,692,090
EUR	934	32.7189	30,559
JPY	2,910,747	0.2324	676,458

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 134,383	27.69	\$ 3,721,065
EUR	6,819	31.3306	213,643
JPY	3,240,766	0.2406	779,728
RMB	225,669	4.3476	981,119
Non-monetary items			
Investments accounted for using the equity method			
USD	994,811	27.69	27,546,316
JPY	218,058	0.2409	52,530

Financial liabilities

Monetary items			
USD	73,800	27.69	2,043,522
EUR	1,307	31.3306	40,949
JPY	4,419,538	0.2406	1,063,341

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (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 (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 9) Trading in derivative instruments (Notes 7 and 25)
- 10) Information on investees (Table 6)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)
- 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 7):
 - 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
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

33. SEGMENT INFORMATION

The Company has disclosed its operating segments in the consolidated financial statements.

WALSIN TECHNOLOGY CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 4)
													Item	Value		
0	Walsin Technology Corporation	Kamaya Electric Co., Ltd.	Receivables from related parties	Yes	\$ 921,914	\$ 688,518	\$ 688,518	0.55	Short-term financing	\$ -	Operating turnover	\$ -	Promissory note	\$ 688,518	\$ 17,712,370	\$ 26,568,554
		Kamaya Electric (M) Sdn. Bhd.	Receivables from related parties	Yes	153,550	153,550	153,550	0.55	Short-term financing	-	Operating turnover	-	Promissory note	153,550	17,712,370	26,568,554

Note 1: According to Walsin Technology Corporation's financing procedure, total endorsement/guarantee and financing amount that can be made is 100% of lender's net worth presented in the latest financial statements audited or reviewed by auditors. The total financing amount that can be made is 60% of lender's net worth presented in the latest financial statements audited or reviewed by auditors. The financing limit amount of each borrower according to reasons for financing are as follows:

1. With business relationship: In the most recent year or the current year as of the time the funds are loaned, and the loan is not more than the higher of the borrowing Company's purchase or sales amount from loan company.
2. With the need of short-term financing: Both of total financing and individual financing amounts must not exceed 40% of each lender's net worth presented in the latest financial statements audited or reviewed by auditors.
3. When the Company directly or indirectly holding 100% of the voting shares of a foreign company, the amount of funds loaned to the Company cannot exceed the limit set forth in paragraph 2 above, but the loan period cannot exceed 3 years. The individual limits for loans of funds between foreign companies in which the Company directly and indirectly holds 100% of the voting shares are limited to the most recent net worth of the lending company's financial statements

Note 2: Exchange rate as of December 31, 2022

USD:NTD = 1:30.71
JPY:USD = 1:0.0076

Note 3: It is 40% of the shareholders' equity of the loan company.

Note 4: It is 60% of the shareholders' equity of the loan company.

WALSIN TECHNOLOGY CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 3)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 3)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 3)
		Name	Relationship										
0	Walsin Technology Corporation	Kamaya Electric Co., Ltd.	2	\$ 15,291,814 (Note 1)	\$ 2,058,553	\$ 2,058,553	\$ 1,918,515	\$ -	4.65	\$ 22,140,462 (Note 2)	Y	N	N
		Kamaya Electric (M) Sdn. Bhd.	2	16,953,222 (Note 1)	1,213,045	905,945	199,615	-	2.05	22,140,462 (Note 2)	Y	N	N

Note 1: The maximum limit for each guaranteed company is limited to 100% of its net worth presented in the latest financial statements. The maximum limit for company's actual holds more than two-thirds of the guaranteed company is limited to six times of its (guaranteed company) net worth presented in the latest financial statements. Therefore, this period did not exceed the limit.

Note 2: The maximum endorsements/guarantees amount allowed for the Company is not equal or exceed 50% of its net worth presented in the latest financial statements. Therefore, this period did not exceed the limit.

Note 3: Need enter "Y" if: Endorsement/guarantee given by parent on behalf of subsidiaries, given by subsidiaries on behalf of parent, given on behalf of companies in mainland China.

Note 4: Exchange rate as of December 31, 2022

USD:NTD = 1:30.71
JPY:USD = 1:0.0076

Note 5: Endorsement guarantee objects:

1. Subsidiaries that directly hold more than 50% of ordinary shares.
2. Subsidiaries where parent company and subsidiaries hold more than 50% of the ordinary shares.
3. Companies with business relations.
4. The Company.

WALSIN TECHNOLOGY CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Technology Corporation	<u>Shares</u>							
	Taiwan Mobile Company Limited	None	Financial assets at fair value through profit or loss - current	100,000	\$ 9,470	-	\$ 9,470	
	Taiwan Semiconductor Manufacturing Company Limited	"	"	190,000	85,215	-	85,215	
	Chunghwa Telecom Company Limited	"	"	200,000	22,600	-	22,600	
	APAQ Technology Co., Ltd.	Substantive related party	"	2,960,000	123,284	3.33	123,284	
	Walton Advanced Engineering Inc.	The chairman of the securities issuer is the same as the Company's	Financial assets at fair value through other comprehensive income - non-current	31,870,087	361,726	6.16	361,726	
	Walsin Lihwa Corporation	Investment company evaluated the Company by the equity method	"	49,234,527	2,323,870	1.32	2,323,870	
	Giga-Byte Technology Co., Ltd.	None	"	8,590,000	914,835	1.35	914,835	
	Elcon International Co., Ltd.	"	"	1,879,028	-	9.40	-	
	Chin-Xin Investment Co., Ltd.	The chairman of the securities issuer is the second degree of kinship of the Company	"	9,032,056	395,009	1.86	395,009	
Euroc Venture Capital Corp.	None	"	7,499	310	2.50	310		
Sawnics Inc.	"	"	102,667	12,113	4.81	12,113		

WALSIN TECHNOLOGY 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, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	
Walsin Technology Corporation	Prosperity Dielectrics Co., Ltd.	43.13% owned subsidiary	Sale	\$ (410,725)	(3)	According to the commercial terms agreed by both parties	\$ -	-	\$ 64,631	2
			Purchase	880,949	6	"	-	-	(221,247)	(11)
	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(5,760,274)	(36)	"	-	-	1,071,220	35
			Purchase	212,191	1	"	-	-	(26,305)	(1)
	Walsin Technology Corporation (HK) Ltd.	100% indirectly owned subsidiary by parent company	Sale	(487,818)	(3)	"	-	-	85,873	3
			Purchase	3,405,919	22	"	-	-	(957,121)	(47)
	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Sale	(1,597,201)	(10)	"	-	-	572,165	19
	Walsin Passive Component (H.K.) Limited	100% indirectly owned subsidiary by parent company	Sale	(309,521)	(2)	"	-	-	50,099	2
	Kamaya Inc.	99.99% indirectly owned subsidiary by parent company	Sale	(144,058)	(1)	"	-	-	61,875	2
Kamaya Electric (M) Sdn. Bhd.	99.99% indirectly owned subsidiary by parent company	Sale	(132,241)	(1)	"	-	-	25,928	1	
Kamaya Electric Co., Ltd.	99.99% indirectly owned subsidiary by parent company	Purchase	765,289	5	"	-	-	(206,787)	(10)	

WALSIN TECHNOLOGY CORPORATION

RECEIVABLES FROM 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, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Walsin Technology Corporation	Dongguan Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable \$ 1,071,220	4.75	\$ -	-	\$ 501,236	\$ -
	Suzhou Walsin Technology Electronics Co., Ltd.	100% indirectly owned subsidiary by parent company	Accounts receivable 572,165	2.50	-	-	316,309	-

Note: Financing provided to others, please refer to Table 1.

WALSIN TECHNOLOGY CORPORATION

INFORMATION ON INVESTEEES
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
Walsin Technology Corporation	Prosperity Dielectrics Co., Ltd.	Taiwan	Manufacturing, processing and selling of chip capacitors, chip resistors, semiconductive capacitor elements, ceramic dielectric powders and magnetic elements, etc.	\$ 655,664	\$ 655,664	74,186,468	43.13	\$ 2,710,372	\$ 506,518	\$ 165,001	
	HannStar Board Corporation	Taiwan	Production and sale of printed circuit boards	2,018,888	2,018,888	107,381,026	20.32	5,594,150	3,208,703	652,018	
	Pan Overseas (B.V.I.) Investments Co., Ltd.	British Virgin Islands	Investment holding	671,758	879,837	21,836,000	100.00	2,284,994	(23,232)	(19,889)	
	Gallatown Developments Ltd.	Cayman Islands	Investment holding	5,779,018	8,054,061	94,209,047	89.06	23,951,200	(122,119)	(81,364)	
	Tsai Yi Corporation	Taiwan	Investment holdings and management of group companies	411,330	411,330	39,052,142	26.62	626,698	5,390	1,435	
	Falcon Automation Equipment Corporation	Taiwan	Mechanical equipment manufacturing	9,000	9,000	3,348,000	43.90	102,517	63,715	27,972	
	Inpaq Technology Co., Ltd.	Taiwan	Researching, developing, manufacturing and selling of hybrid microwave antenna module, integrated electrical protection component and Multilayer type microwave communication component and module	2,021,276	2,021,276	47,848,650	34.13	2,197,974	590,929	197,086	
	Silitech Technology Corporation	Taiwan	Keypads and module products, mechanical integrated components	561,329	561,329	17,000,000	25.00	730,145	100,230	24,709	
	Soshin Electric Co., Ltd.	Japan	Researching, developing, manufacturing and selling of capacitors, thick film printed boards, laminated dielectric filters and EMI filters	39,248	39,248	330,800	1.93	48,255	54,010	(1,832)	
	Joyin Co., Ltd.	Taiwan	Researching, developing, manufacturing and selling of passive electronic components and automatic production equipment	-	46,655	-	-	-	(32,612)	(1,873)	
Walsin Technology Europe B.V.	Netherlands	Sales of passive components	14,136	-	450,000	100.00	8,440	(6,022)	(6,022)		

Note: Information on investments in mainland China, please refer to Table 7.

WALSIN TECHNOLOGY CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1.

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	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 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Dongguan Walsin Technology Electronics Co., Ltd.	Manufacturing and selling of passive electronic components	\$ 3,943,164 (US\$ 128,400,000)	Note 1	\$ 2,794,610 (US\$ 91,000,000)	\$ -	\$ -	\$ 2,794,610 (US\$ 91,000,000)	\$ 238,374	100.00	\$ 238,374	\$ 11,196,501	\$ 923,128 (US\$ 30,059,527)
Suzhou Walsin Technology Electronics Co., Ltd.	Manufacturing and selling of passive electronic components	2,118,990 (US\$ 69,000,000)	Note 1	2,118,990 (US\$ 69,000,000)	-	-	2,118,990 (US\$ 69,000,000)	40,457	100.00	40,457	2,946,173	49,696 (US\$ 1,618,250)
Dongguan Huafai Trading Co., Ltd.	Trading of electronic parts, warehousing and commission agency	61,420 (US\$ 2,000,000)	Note 1	61,420 (US\$ 2,000,000)	-	-	61,420 (US\$ 2,000,000)	43,996	100.00	43,996	354,002	-
Pan Overseas (Guangzhou) Electronic Co., Ltd.	Manufacturing and selling of passive electronic components	506,715 (US\$ 16,500,000)	Note 1	393,394 (US\$ 12,809,965)	-	-	393,394 (US\$ 12,809,965)	64,931	100.00	64,931	749,102	236,994 (US\$ 7,717,169)
GHPW Enterprise Corporation (Chongqing) Limited	Business consultations, business management, consultation services and property management	737,040 (US\$ 24,000,000)	Note 1	184,260 (US\$ 6,000,000)	-	-	184,260 (US\$ 6,000,000)	(3,445)	25.00	(861)	157,443	-
Suzhou Walsin Color Trading Co., Ltd.	Trading of electronic parts and commission agency	497,502 (US\$ 16,200,000)	Note 1	236,467 (US\$ 7,700,016)	-	-	236,467 (US\$ 7,700,016)	(25,553)	39.32	(10,048)	160,298	11,565 (US\$ 376,582)
Chongqing Shuohong Investment Co., Ltd.	Investment, investment management, investment consultation services	2,337,565 (RMB 530,000,000) (Note 4)	Note 1	-	-	-	-	(154,641)	25.65	39,667	699,153	-
Chongqing Ruishuang Technology Co., Ltd.	Selling of electronic components, real estate investment and leasing	115,679 (RMB 26,228,000) (Note 5)	Note 1	-	-	-	-	(17,706)	34.54	(6,116)	52,061	-
Soshin Electronics (SZ) Limited	Selling of electronic components	35,349 (US\$ 1,151,058)	Note 1	-	-	-	-	10,402	50.08	5,209	49,618	-

Note 1: Investment in mainland China companies through an existing company established in a third region.

Note 2: Based on the financial statements of the investee company recognized by the attesting CPA of the Taiwan parent company.

Note 3: For the figures in the table above that involve foreign currencies, the average exchange rate on December 31, 2022 was used to convert the foreign currencies into New Taiwan dollars, except for the investment gain (loss) of the current period (converted at the average exchange rate for the period January 1 to December 31, 2022).

Note 4: It was invested RMB135,960,000 with the own funds of Suzhou Walsin Technology Electronics Co., Ltd.

Note 5: It was invested RMB8,605,548.46 with the own funds of Suzhou Walsin Technology Electronics Co., Ltd.

2. Investment quota for mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$4,597,486 (US\$149,706,474)	\$4,726,280 (US\$153,900,371)	(Note)

Note: In accordance with Article 3 of the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China", enterprises within the scope of operations of the operational headquarters approved by the Industrial Development Bureau of the Ministry of Economic Affairs are exempt. The Company is an enterprise that has been recognized as the operational headquarters of the said Regulations. The validity period is from June 29, 2021 to June 28, 2024, so there is no upper limit on the amount of investments in mainland China.

(Continued)

3. 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:

Investee Company	Relationship	Transaction Type	Amount	Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
				Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Dongguan Walsin Technology Electronics Co., Ltd.	Sub-subsiidiary	Sales	\$ 5,760,274	According to the goodwill clause agreed upon by both parties	90-120 days T/T	No significant difference	\$ 1,071,220	35	\$ 175,622
		Purchases	3,537,714	"	"	"	(957,910)	(47)	-
Suzhou Walsin Technology Electronics Co., Ltd.	Sub-subsiidiary	Sales	1,597,201	"	90-120 days T/T	No significant difference	572,165	19	5,063

Note: The average exchange rate on December 31, 2022 was USD to NTD = 1:30.71

The average exchange rate from January 1 to December 31, 2022 was USD to NTD = 1:29.805

4. Circumstances in which mainland investment companies provide endorsements, guarantees or collaterals directly or indirectly through third-region enterprises: None.
5. Circumstances of financing provided with mainland investment companies directly or indirectly through a third region: None.
6. Other transactions that have a significant impact on the current profit and loss or financial status: None.

(Concluded)

TABLE 8**WALSIN TECHNOLOGY CORPORATION AND SUBSIDIARIES****INFORMATION ON MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Name of Shareholder	Shares	
	Total Shares Owned	Ownership Percentage (%)
Walsin Lihwa Corporation	88,902,325	18.30
HannStar Board Corporation	37,167,115	7.65

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 preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the 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 TECHNOLOGY CORPORATION

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WALSIN TECHNOLOGY 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		\$ 942
Demand deposits		6,317
Checking accounts		7,391
Time deposits	Period is from October 3, 2022 to February 21, 2023	3,985,544
Foreign currency deposits	Interest rate of 4.00%-4.85%	
(Note)	US\$21,518,088.79	660,820
	HK\$384.25	2
	JPY16,390,705	3,809
	EUR340,450.62	11,139
	RMB291,444.74	<u>1,285</u>
		<u>\$ 4,677,249</u>

Note: Exchange rate on December 31, 2022

US\$:NT\$ = 1:30.7100

HK\$:NT\$ = 1:3.9386

JPY:NT\$ = 1:0.2324

EUR:NT\$ = 1:32.7189

RMB:NT\$ = 1:4.4105

WALSIN TECHNOLOGY CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
 DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars)

Name of Securities	Description	Shares/Bonds	Par Value (Dollar)	Amount	Rate (%)	Fair Value		Amount (In Thousands)
						Cost (In Thousands)	Unit Price (Dollar)	
Taiwan Mobile Co., Ltd.	Listed shares	100,000	\$ 10	\$ 1,000	-	\$ 10,767	\$ 94.7	\$ 9,470
Taiwan Semiconductor Manufacturing Company Limited	Listed shares	190,000	10	1,900	-	38,848	448.5	85,215
Chunghwa Telecom Co., Ltd.	Listed shares	200,000	10	2,000	-	22,130	113	22,600
APAQ Technology Co., Ltd.	Listed shares	2,960,000	10	<u>29,600</u>	-	<u>213,480</u>	41.65	<u>123,284</u>
				<u>\$ 34,500</u>		<u>\$ 285,225</u>		<u>\$ 240,569</u>

WALSIN TECHNOLOGY CORPORATION

STATEMENT OF STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
 DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars)

Name of Securities	As of January 1, 2022		Increase (Note 1)		Decrease		As of December 31, 2022		Collateral
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	
Walton Advanced Engineering Inc.	31,870,087	\$ 600,751	-	\$ (239,025)	-	\$ -	31,870,087	\$ 361,726	None
Gigabyte Technology Co., Ltd.	8,590,000	1,335,745	-	(420,910)	-	-	8,590,000	914,835	//
Walsin Lihwa Corporation	46,016,000	1,219,424	3,218,527	1,104,446	-	-	49,234,527	2,323,870	//
Elcon International Co., Ltd.	1,879,028	-	-	-	-	-	1,879,028	-	//
Euroc Venture Capital Corp.	7,499	310	-	-	-	-	7,499	310	//
Chin-Xin Investment Co., Ltd.	9,032,056	407,932	-	(12,923)	-	-	9,032,056	395,009	//
Sawnics Inc.	102,667	12,113	-	-	-	-	102,667	12,113	//
TECO Electric and Machinery Co., Ltd.	4,984,000	<u>157,744</u>	-	<u>(12,081)</u>	(4,984,000)	<u>(145,663)</u>	-	<u>-</u>	//
		<u>\$ 3,734,019</u>		<u>\$ 419,507</u>		<u>\$ (145,663)</u>		<u>\$ 4,007,863</u>	

Note 1: An increase in investments, unrealized and realized gain or loss and cumulative translation adjustments on investments in equity instruments at FVTOCI.

Note 2: The decrease in the current period includes sales in the current period.

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

Item	Description	Amount
Company A		\$ 91,200
Company B		63,255
Company C		63,241
Others (Note)		876,598
Less: Allowance for impairment loss		<u>(8,537)</u>
		<u>\$ 1,085,757</u>

Note: The amount received from each individual client included in “others” does not exceed 5% of the account balance.

WALSIN TECHNOLOGY CORPORATION**STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Description	Amount	
	Cost	Net Realized Value
Raw materials	\$ 357,854	\$ 303,245
Supplies	30,099	25,506
Work in process	420,202	356,079
Semi-finished goods	762,321	645,989
Finished goods	468,590	397,082
Inventory in transit	10,031	10,031
Less: Allowance for inventory valuation and obsolescence losses	<u>(311,165)</u>	<u>-</u>
	<u>\$ 1,737,932</u>	<u>\$ 1,737,932</u>

Note: Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

WALSIN TECHNOLOGY CORPORATION

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

Name	Balance, January 1, 2021		Increase (Note 1)		Decrease		Gain (Loss)	Balance, December 31, 2021			Market Value		Collateral
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount (Note 3)		Number of Shares	%	Amount	Unit Price (NT\$)	Total Amount	
Listed shares													
Prosperity Dielectrics Co., Ltd	74,186,468	\$ 2,761,777	-	\$ (67,340)	-	\$ (149,066)	\$ 165,001	74,186,468	43.13	\$ 2,710,372	34.10	\$ 2,529,759	None
Hannstar Board Corporation	107,381,026	5,785,966	-	(607,596)	-	(236,238)	652,018	107,381,026	20.32	5,594,150	31.65	3,398,609	"
Inpaq Technology Co., Ltd.	47,848,650	2,094,055	-	(35,748)	-	(57,419)	197,086	47,848,650	34.13	2,197,974	51.80	2,478,560	"
Silitech Technology Corporation	17,000,000	683,938	-	29,488	-	(7,990)	24,709	17,000,000	25.00	730,145	33.10	562,700	"
Soshin Electric Co., Ltd.	330,800	52,531	-	(1,787)	-	(657)	(1,832)	330,800	1.93	48,255	85.89	28,412	"
Unlisted shares													
Pan Overseas (B.V.I.) Investments Co., Ltd.	28,400,000	2,410,162	-	102,800	(6,564,000)	(208,079)	(19,889)	21,836,000	100.00	2,284,994		2,315,891	"
Gallatown Developments Ltd.	103,088,547	24,846,284	-	1,461,323	(8,879,500)	(2,275,043)	(81,364)	94,209,047	89.06	23,951,200		23,474,745	"
Tsai Yi Corporation	39,052,142	825,865	-	(194,744)	-	(5,858)	1,435	39,052,142	26.62	626,698		626,698	"
Falcon Automation Equipment Corporation	2,160,000	109,105	1,188,000	-	-	(34,560)	27,972	3,348,000	43.90	102,517		102,517	"
Joyin Co., Ltd.	2,591,957	46,802	466,427	7,680	(3,058,384)	(52,609)	(1,873)	-	0.00	-		-	"
Walsin Technology Europe B.V.	-	-	450,000	14,462	-	-	(6,022)	450,000	100.00	8,440		8,440	"
		<u>\$ 39,616,485</u>		<u>\$ 708,538</u>		<u>\$ (3,027,519)</u>	<u>\$ 957,241</u>			<u>\$ 38,254,745</u>		<u>\$ 35,526,331</u>	

Note 1: An increase in investments and share of profit of associates accounted for using the equity method.

Note 2: Market value is the closing price on December 30, 2022 and recognizes the changes in the Company's equity.

Note 3: The decrease of \$2,483,122 thousand is due to the capital return of financial assets at fair value through other comprehensive income, the cash dividend \$491,788 thousand and the disposal of investment costs \$52,609 thousand.

WALSIN TECHNOLOGY CORPORATION

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Type	Creditor	Description	Balance, End of Year	Loan term	Interest Rate (%)	Collateral
Short-term borrowings	First Bank	NT\$	\$ 700,000	2022/11/25-2023/02/25	1.65	None
"	Far Eastern Bank	"	642,000	2022/12/22-2023/02/20	1.85	"
"	Chinatrust Commercial Bank	"	1,100,000	2022/12/30-2023/01/30	1.85	"
"	MUFG Bank	"	596,000	2022/11/02-2023/01/19	1.45-1.55	"
"	Taipei Fubon Bank	"	1,000,000	2022/11/22-2023/01/19	1.69	"
"	United Overseas Bank	"	500,000	2022/12/15-2023/01/05	1.79	"
"	Mizuho Bank	"	1,500,000	2022/11/30-2023/01/30	1.80	"
"	Bank of China Limited	"	150,000	2022/12/02-2023/01/10	1.70-1.76	"
"	Far Eastern Bank	Foreign currency	<u>44,275</u>	2022/12/30-2023/01/12	0.70	"
			<u>\$ 6,232,275</u>			

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

Item	Description	Amount
Vendor A	Payment for goods	\$ 95,683
Vendor B	"	40,073
Vendor C	"	31,088
Vendor D	"	27,647
Others (Note)	"	<u>351,194</u>
		<u>\$ 545,685</u>

Note: The amount payable to each individual vendor included in "others" does not exceed 5% of the account balance.

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

Item	Description	Amount
Other payables	Personnel and bonus	\$ 628,021
	Other expenses	925,176
	Employees' compensation	39,251
	Remuneration of directors	15,701
	Others	<u>29,170</u>
		<u>\$ 1,637,319</u>

WALSIN TECHNOLOGY CORPORATION

STATEMENT OF BONDS PAYABLE
 DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars)

Bonds Name	Trustee	Issuance Date	Interest Payment Date	Coupon Rate (%)	Total Amount	Converted	Balance, End of Year	Premiums (Discounts)	Total Amount			Redemption	Collateral
									Current Portion of Bonds Payable	Bonds Payable	Total Amount		
Unsecured domestic convertible bonds	Chinatrust Commercial Bank Co., Ltd.	April 29, 2020	-	0%, no interest payment date and method	<u>\$ 4,800,000</u>	<u>\$ (1,000)</u>	<u>\$ 4,799,000</u>	<u>\$ (83,064)</u>	<u>\$ -</u>	<u>\$ 4,715,936</u>	<u>\$ 4,715,936</u>	a. Converted into ordinary shares. b. Bullet repayment.	None

STATEMENT 11

WALSIN TECHNOLOGY CORPORATION

**STATEMENT OF NET SALES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Name	Amount
Sales revenue	
Multi-layer ceramic capacitors	\$ 11,222,306
Chip resistors	2,849,372
Others	<u>1,975,056</u>
	16,046,734
Less: Sales returns	(50,215)
Sales discounts	<u>(151,971)</u>
	<u>\$ 15,844,548</u>

STATEMENT 12

WALSIN TECHNOLOGY CORPORATION

**STATEMENT OF COST OF SALES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw material used	
Balance, beginning of year	\$ 626,325
Raw material purchased	2,032,686
Raw material, end of year	(387,953)
Raw material scrapped	(358)
Transferred to operating expenses	(695,571)
Sales of raw material	<u>(59,921)</u>
	1,515,208
Direct labor	1,112,573
Manufacturing expenses	3,534,722
Transferred to cost of sales and outsourced expenses	2,156,704
Transferred to operating expenses	<u>(29,035)</u>
Manufacturing cost	8,290,172
Work in process and semi-finished goods, beginning of year	1,411,773
Semi-finished goods purchased	1,290,921
Work in process and semi-finished goods, end of year	(1,182,523)
Work in process shortage	74
Work in process scrapped	(18,912)
Others	<u>(23,602)</u>
Cost of finished goods	9,767,903
Finished goods, beginning of year	641,095
Finished goods purchased	5,278,755
Finished goods, end of year	(468,590)
Finished goods shortage	(16)
Finished goods scrapped	(23,692)
Transferred to prototype expenses	(4,240)
Losses on inventory valuation loss and obsolescence	124,964
Others	<u>(104,773)</u>
	<u>\$ 15,211,406</u>

STATEMENT 13

WALSIN TECHNOLOGY CORPORATION

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

Item	Description	Amount
Salaries		\$ 123,662
Shipping fees		56,448
Others	The amount of each individual account included in “others” does not exceed 5% of the account balance.	<u>113,953</u>
		<u>\$ 294,063</u>

STATEMENT 14

WALSIN TECHNOLOGY CORPORATION

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

Item	Description	Amount
Salaries		\$ 176,110
Various amortization		35,265
Service charge		21,265
Others	The amount of each individual account included in “others” does not exceed 5% of the account balance.	<u>17,297</u>
		<u>\$ 249,937</u>

STATEMENT 15

WALSIN TECHNOLOGY CORPORATION

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

Item	Description	Amount
Salaries		\$ 110,201
Depreciation expenses and amortization		71,984
Materials for research and development		73,110
Utilities expense		16,961
Others	The amount of each individual account included in "others" does not exceed 5% of the account balance.	<u>65,892</u>
		<u>\$ 338,148</u>

STATEMENT 16

WALSIN TECHNOLOGY CORPORATION

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

Item	Description	Amount
Interest income		\$ 71,277
Rental income		5,379
Dividend income		196,526
Foreign exchange gain, net		284,868
Share of profit of subsidiaries and associates accounted for using the equity method		957,241
Other income		87,982
Loss on disposal of investments		(205)
Loss on financial assets at FVTPL		(93,227)
Interest expense		(198,116)
Loss on disposal of property, plant and equipment		(257)
Other expenses		<u>(11,769)</u>
		<u>\$ 1,299,699</u>