

# Walsin Lihwa Corporation

## 2022 Annual Report

Printed on March 21, 2023

For related information, please visit:

<http://www.walsin.com>

<http://mops.twse.com.tw>

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## 5. Independent Auditors

Company: Deloitte Touche Tohmatsu Limited  
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## 6. Overseas Securities Exchange

Issued globally and traded on the Luxembourg Stock Exchange  
The information is available at <http://mops.twse.com.tw>

## 7. Email Address of Investor Relations Contact: [opinion@walsin.com](mailto:opinion@walsin.com)

## 8. Corporate Website: <http://www.walsin.com>



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# I Letter to Shareholders

Dear Shareholders,

The year 2022 was an important year for Walsin Lihwa Group, as it deepened the supply chain of nickel resources production and application, completed the international acquisition of Cogne steel plant in Italy, and took the pioneering opportunity to develop the submarine cable business, reaching various strategic development milestones. The Company's total assets therefore grew from NT\$183 billion in 2021 to NT\$252.5 billion in 2022. Looking back at the past three years affected by the COVID-19 pandemic, various policies and market interventions, changing from border closure to reopening, from broken to short production and supply chains, and from quantitative easing to interest rate hikes in the financial market, all tested the Company's ability to manage and respond to the overall production and operational risks. When reviewing our operational results and strategic development, we have not changed or remained stagnated in the changing macroeconomic environment, whether in terms of the adequacy of our inventory management, the enhancement of our high-value production capacity, or the development of our new energy business.

Although the global economy is still being affected by the war between Russia and Ukraine and inflation, the Company continues to focus on its core businesses, adopt advanced technology, and plan for sustainability. In addition to continuing the construction of the cable intelligent factory and the expansion of the stainless steel high-value plant, we will actively enhance the benefits of the integration with the Cogne steel plant in Italy to expand our global market of high-value steel products. In order to develop the cable business, we are targeting the offshore wind power business opportunities under the government's new energy policy, and have obtained the expertise and cooperation opportunities relating to submarine cables. We will continue to be cautious and fearful in the face of the speed and changes of the economic cycle and make every effort to maintain our outstanding results with a pragmatic attitude.

## Accomplishments in 2022

The Company's consolidated revenue and consolidated gross profit for the year 2022 was NT\$180.4 billion and NT\$17.3 billion respectively, and its total operating income reached NT\$19.4 billion, with earnings per share of NT\$5.45. The major contributors of the revenue growth were our Wire and Cable Business and Resources Business. A portion of the net income was generated from the gains from the disposal of the site development business department of Borrego, a U.S. subsidiary of the Company. In 2022, the Company acquired a 50.1% shareholding in PT. Sunny Metal Industry (based in Indonesia) and a 29.5% shareholding in Wistron to invest in the nickel products used for electric vehicle batteries, and completed the acquisition of Cogne in Italy to expand into the global market for high value steel products.

### Wire and Cable Business:

The overall profit of the Wire and Cable Business grew compared to the previous year, mainly benefiting from the strong demand for corporate plant construction. In the meantime, the increase in green power business opportunities and Taipower's plan to promote power grid reinforcement also led to a rise in the demand for power cables.



Stainless Steel Business:

The overall profit of the Stainless Steel Business declined compared to the previous year, mainly due to the impact of the lockdown under the pandemic and inventory adjustments. Although the price of steel products fell due to the lack of market demand, we were able to effectively reduce our operational risks by managing the supply of raw materials and analyzing changes in customer demand.

Resources Business:

The overall profit of the Resources Business increased compared with the previous year, mainly due to the completion of the RKEF production line of PT. Walsin Nickel Industrial Indonesia in 2021 and its full production in 2022, with the sales of nickel pig iron increasing from 14,000 metric tons of nickel to 41,000 metric tons of nickel.

Real Estate Business:

The overall operating results of the Real Estate Business remained stable. In addition to the rental income from the headquarter office in Taipei, the rental income from the offices in Building No. 6 in Lot AB of Phase II in Nanjing, China, the operating income from the shopping mall, One Mall, and the execution of the lease agreement for the offices in Building No.1, constructed and delivered in July 2022, with an area of 15,000 square meters, created effective rental income streams.

## **Summary of 2023 Business Plan**

Wire and Cable Business:

We will continue to promote intelligent manufacturing and innovative service models to maintain our leading position in the market, and actively participate in the energy transformation and the domestic cable strengthening program. We will also cooperate with Danish NKT Group to invest in the submarine cable business and build a submarine cable plant in Kaohsiung Port, in order to produce high voltage output cables and medium voltage AC submarine cables required by the offshore wind power market. In addition, we will extend the products from wind turbine cables and land cables to submarine cables and further develop the industrial chains relating to offshore wind power.

Stainless Steel Business:

We will continue expanding the proportion of our high-value products, optimizing the production process at Yenshui Plant in Taiwan, commissioning the new rolling mill in Yantai, China, and integrating with the products and capacity of Cogne in Italy. We will also expand our distribution channels in Europe, Asia, and the U.S. to grasp the sales portfolio of niche steel grades and get into the market of high-value steel products, with a view to becoming a global stainless steel long products manufacturer.

Resources Business:

We will ensure a stable capacity utilization of the nickel pig iron production lines of PT. Walsin Nickel Industrial Indonesia by effectively controlling the acquisition of raw materials for stainless steel. We will also ensure the full production and sales of nickel matte production lines of PT. Sunny Metal Industry as scheduled so as to immediately enter the battery nickel industry chain for electric vehicles. In addition, we plan to promote green energy recycling projects, mainly targeting energy creation, energy storage and circular economy, in response



to climate change and the trend of sustainable development, in order to achieve a win-win situation for both the economy and the environment.

Real Estate Business:

We will continue maintaining the stability of leasing income from existing office buildings and dynamically adjusting the retail mix of One Mall in Nanjing, China, in order to enhance the overall brand value through integrated marketing and to bring in abundant foot traffic and consumption. Since Building No. 1, which meets Grade A of International Office Standards, has been awarded LEED & WELL double gold international certification, we expect the progress for leasing out the offices to accelerate to create stable cash flows.

**Future corporate development strategy under the influence of external competition, regulations and overall business operation**

Looking ahead to 2023, the international economic conditions, climate change risks and other factors will still affect our business operations. In the face of uncertainties, the Company will enhance its core competitiveness as its priority by continuing to promote process transformation, digital transformation and technology application and to expand into energy creation, storage, operation, and use and recycling economy. We expect to strengthen our growth momentum by turning challenges into opportunities and implementing risk management.

Chairman Yu-Lon Chiao



## II Company Profile

### 1. Date of establishment December 2, 1966

### 2. Company History & Evolution

- 1966 Walsin Wire & Cable Co., Ltd. established.
- 1969 Walsin and Lihwa merged and renamed as Walsin Lihwa Wire & Cable Co., Ltd.
- 1970 Formed technological partnerships with Western Electric in the U.S. and Fujikura in Japan and began production of plastic insulation telephone cable.
- 1972 Began production of EP rubber high-voltage cables.  
The Company's shares were listed on the Taiwan Stock Exchange.
- 1977 Completed the Hsinchuang plant for SCR copper rod production, with annual manufacturing capacity of 50,000 tonnes of low-oxygen copper rods.
- 1982 Expanded SCR production facilities to increase annual manufacturing capacity to 100,000 tonnes of low-oxygen copper rods.
- 1987 Construction of the Yangmei plant completed.  
Entered the semiconductor IC industry by investing in Winbond Electronics Corp. and Sumi-Pac Corp. In the following decade, the Company expanded into passive component, LCD panel, PCB thin board and other industries.
- 1991 Invested in PT. Walsin Lippo Industries in Indonesia to expand aluminum wire business into the Southeast Asian market.
- 1992 Company renamed Walsin Lihwa Corporation.  
Electronics division merged with the acquired Wanbang Electronics to form the new Walsin Technology Corp.  
Established plants in Shanghai and Jiangyin to produce power cables and steel cables, thus beginning a new chapter in China investment.
- 1993 Expanded into the stainless steel industry by forming Walsin Cartech Specialty Steel, a joint venture with Carpenter Technology Corp. in the U.S.  
Established the Wuhan wire and cable plant for optical communication cable production.
- 1995 Formed Walsin (China) Investment Co., Ltd. and set up four operating locations in China's major cities, including Hangzhou, Shanghai and Nanjing, for the production of power cables, bare copper wires and fiber optic cables.
- 1997 Established specialty steel plants in Changshu and in Baihe, Shanghai, for the production and sale of seamless steel tubes and straight steel bars.  
Formed HannStar Board Corp. to expand into the PCB industry.
- 1998 Acquired and incorporated the assets of Walsin Cartech into the company.  
Conducted enterprise re-engineering and full implementation of the SAP enterprise resource management system.  
Expanded into the TFT-LCD industry by forming HannStar Display Corp.
- 2000 Established the Dongguan plant for bare copper wire production.
- 2002 Expansion of Yanshui specialty steel plant was carried out to include slab steelmaking facilities.
- 2003 With Yanshui specialty steel plant beginning slab production, the company expanded into the stainless steel plate market.
- 2005 Set up new plants in Nanjing, Changshu and Jiangyin to produce copper products as well as seamless steel pipes and steel wire products.  
Shanghai and Hangzhou power cable plants completed expansion and increased production capacity; began mass production of 220kV EHV cables.



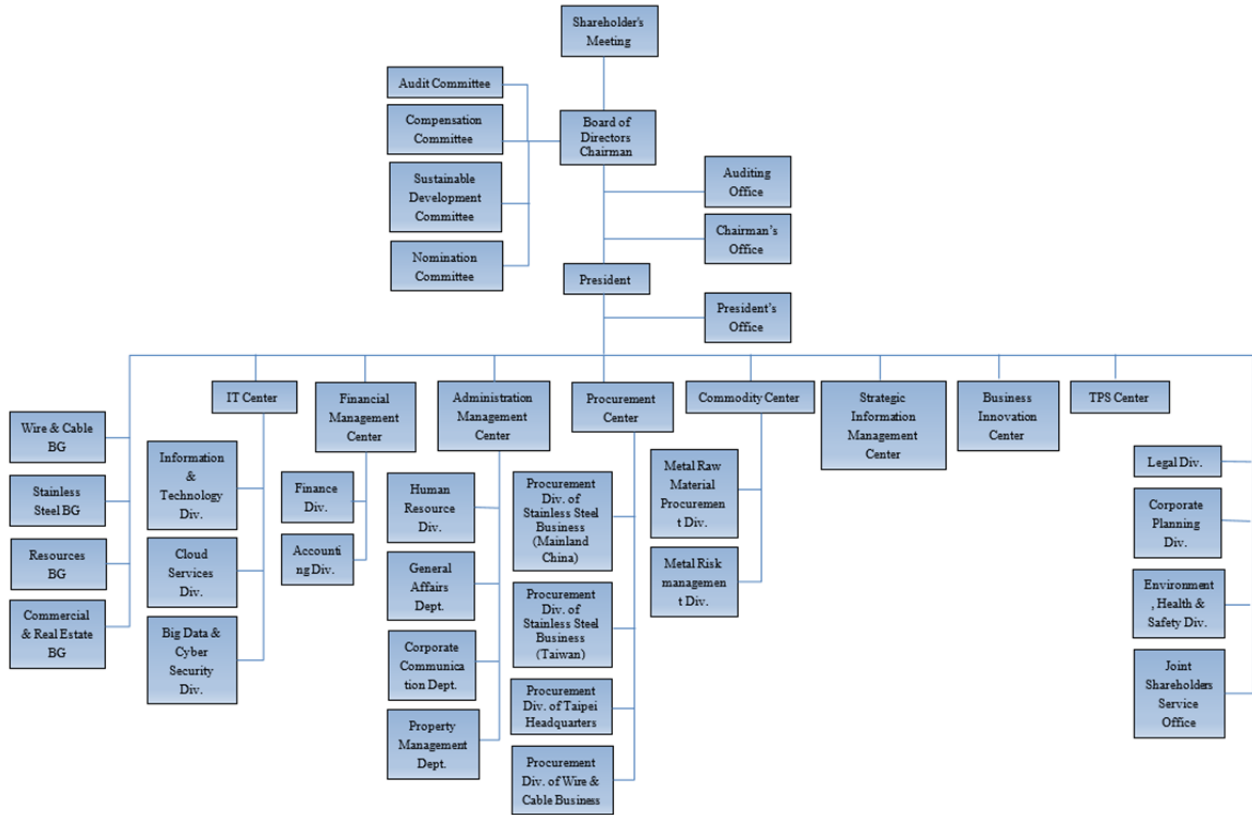


- Expansion of Yanshui specialty steel plant to include slab steelmaking facilities was completed.
- 2006 New copper production plant in Nanjing completed, with annual production capacity of 250,000 tonnes. Total copper production increased from 400,000 to 650,000 tonnes.  
Development of 500kV EHV cables for Hangzhou power plant was invested and received certification.  
The Company's consolidated revenue exceeded NT\$100 billion.
- 2007 Expanded steel production capacity by acquiring stake in Yantai Huanghai Iron and Steel Co., Ltd.  
Changshu specialty steel plant passed review by the National Nuclear Safety Administration and received certification for nuclear power plant sales.  
Hangzhou power cable plant began expansion efforts and construction of the second VCV process tower and added high voltage cable production lines.
- 2008 Expansion of Yantai plant for stainless steel manufacturing process; added new stainless steel billet products.
- 2009 Yantai stainless steel plant completed transformation of stainless steel manufacturing processes; stainless steel and high-grade alloy steel products were added.  
Changshu plant's seamless steel tube production began Phase 2 expansion to increase production capacity.  
Completion of the new A6 building in Xinyi Development Zone and the relocation of Walsin Lihwa headquarters.
- 2010 Nanjing Walsin Centro began construction in Nanjing's Hexi Newtown. A multi-purpose commercial center spanning one million square meters will be developed over several phases.  
Partnered with Nanjing municipal government to create the Nanjing Taiwan Trade Mart, thus establishing a cross-Strait commercial trading platform.
- 2012 Construction of two office buildings in C1 land plot of Nanjing Walsin Centro completed and transferred to the Jiangsu Branch of the China Development Bank and the Nanjing Branch of China Guangfa Bank.
- 2013 Cold rolled steel coil production officially commenced at the Taichung Harbor stainless steel roll plant.
- 2014 First batch of premium residential buildings in C2 land plot in Nanjing Walsin Centro delivered; phased development of D and AB land plots planned.
- 2016 The Company marked its 50th anniversary.
- 2017 Taiwan and China, have recorded steady increase in overall steelmaking and annual production of 710,000 tonnes.
- 2018 The roughing mill was launched in Yanshui plant to improve the product quality and yield rate.  
Phase I office buildings in Nanjing Walsin Centro on AB land plot and Phase II houses on D land plot were delivered.
- 2019 Walsin shopping mall in Nanjing was open for operation, serving as a representative landmark for Walsin's entrance to shopping mall industry.
- 2020 The Company established PT Walsin Nickel Industrial Indonesia to extend into the production and sale of upstream raw materials for stainless steel.
- 2021 Construction of nickel iron production line in Indonesia was completed, and nickel metal, the raw material for stainless steel, started to be produced.
- 2022 Invested in Cogne, Italy to expand into the global market of stainless steel.  
Invested in PT. Sunny Metal Industry, Indonesia and built a nickel ice plant to enter the battery nickel market.  
Commissioned Yantai rolling mill, a milestone towards intelligent manufacturing.

# III Corporate Governance Report

## 1. Organizational Chart

(1) Company Organization Chart (March 21, 2023)



(2) Principal Duties of Various Departments

Department	Job Duties & Functions
Audit Committee	Assisting the Board of Directors in decision-making and supervising matters, including the correctness and accuracy of the Company's financial statements, the engagement (dismissal), independence and performance of attesting CPA, internal control, legal compliance and risk management.
Compensation Committee	Drafting and periodically reviewing the performance evaluation of board directors and managers, as well as the policy, system, standard and structure of compensation. Periodically evaluating and determining the compensation for board directors and managers.
Sustainable Development Committee	Formulating corporate social responsibility vision and strategy; inspecting the Group's overall as well as various committees' steering and overseeing implementation performances via regular meetings; annual CSR results to be submitted to the Board of Directors in the following year.
Nomination Committee	Assisting the Board of Directors in developing and identifying candidates for Board members and senior management and their independence standards, establishing and periodically reviewing a continuing education and succession plan, and ensuring that the Company operates in accordance with the Corporate Governance Best Practice Principles.
Stainless Steel BG	Product Types: Stainless steel slabs (ingots), hot-rolled steel coils, cold-rolled steel coils, hot-rolled rods and cold drawn straight bars, and stainless steel seamless pipes and alloy steel pipes, including ordinary fluid pipes, heat-exchanging pipes, boiler pipes, instrumentation tubes, steel wires for pre-stressed concrete, stranded steel wires, zinc-plated steel wires for bridge cables, zinc-plated stranded steel wires, PE for bridge bracing cables and epoxy-coated stranded steel wires. Responsible for integrating the functions of business, technology, manufacturing, operation and administration of each BU. The managers of this BG are responsible for its profit/loss, improving long-term competitiveness and executing the Company's strategies.



Department	Job Duties & Functions
Wire & Cable BG	<p>Product Types: Copper rods and wires that power cable and wire industries use as basic raw materials for conductors, as well as low-, medium- and high-voltage PVC cables, cross-linking PE cables, specialty &amp; professional fire-resistant, fire-retardant, low-smoke and halogen-free cables for different industries, rubber cables, communication cables, related materials for cable insulation, as well as other plastic accessories.</p> <p>Responsible for integrating the functions of business, technology, manufacturing of each BU.</p> <p>The managers of this BG are responsible for its profit/loss, improving long-term competitiveness and executing the Company's strategies.</p>
Resources BG	<p>Product types: Production of nickel pig iron and nickel matte as well as agency sales of stainless steel semi-finished products</p> <p>Responsible for integrating the functions of business, technology, manufacturing of each Indonesia subsidiaries.</p> <p>The managers of this BG are responsible for its profit/loss, improving long-term competitiveness and executing the Company's strategies.</p>
Commerce & Real Estate BG	<p>Business Items: Developing composite commercial properties, real estate management, etc.</p> <p>The managers of this BG are responsible for its profit/loss, improving long-term competitiveness and executing the Company's strategies.</p>
Auditing Office	Responsible for planning and auditing internal auditing systems.
IT Center	Establishment of information system for Industry 4.0 business operation, establishment of reliable/safe information system environment, realization of platform for cloud information service and establishment of big data analysis.
Administration Management Center	Responsible for human resources, media and general affairs, etc.
Financial Management Center	Responsible for the operation of financial accounting system and participating in the management and decision-making.
Strategic Information Management Center	Responsible for data utilization indicator design and action plan planning, data analysis and modeling, data management and information security, internal and external resources integration and management.
Procurement Center	Responsible for establishing procurement policies and standards and performing procurement functions, including capital expenditure, engineering and maintenance, material back up supplies, outsourcing and other non-critical material procurements.
Commodity Center	Responsible for entering into transactions of important raw material procurements and controlling raw material prices.
Business Innovation Center	<ol style="list-style-type: none"> <li>1. Conducting research on international market opportunities and trends in the next 5 to 10 years and providing innovative solutions to achieve corporate sustainability goals.</li> <li>2. Collaborating with business units in helping them implement daily improvements, understand customers' future needs and provide appropriate solutions.</li> </ol>
TPS Center	<ol style="list-style-type: none"> <li>1. Creating a learning organization with full employee participation (i.e., learning by doing and doing by learning) via OJT</li> <li>2. Learning from TPS to train outstanding T-shaped executives at current time and places with current resources who are suitable for use by the Group</li> <li>3. Strengthening the DNA of the Group through TPS improvement activities</li> <li>4. Implementing the mechanism for cultivating human resources on its own and promoting the sustainable management of the Company.</li> </ol>
Legal Division	Responsible for legal risk management and the preparation and management of various contracts, legal disputes, litigation or non-litigation cases.
Corporate Planning Div.	Responsible for investment planning and execution related to company strategy.
Environment, Health & Safety Division	Responsible for the Company's environmental protection, occupational safety and health management and other related matters, and promoting and implementing the company-wide environment, safety and health business strategies and plans.
Joint Shareholders Service Office	Responsible for the planning and execution of the Company's shareholder services and the administration matters relating thereto.

## 2. Profiles of Board Directors, President, Vice Presidents and Department Heads

### (1) Information on Directors

Title	Nationality or Registration Country	Name	Gender & Age	Term Began	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse and Underage Children	
							Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage
Chairman	R.O.C.	Yu-Lon Chiao	Male 61-70 years old	May 29, 2020	3 years	April 10, 1981	45,961,773	1.38%	50,460,440	1.35%	21,011,889	0.56%
Vice Chairman	R.O.C.	Patricia Chiao	Female 61-70 years old	May 29, 2020	3 years	May 31, 2005 (Note2)	91,969,006	2.77%	109,085,587	2.92%	0.00	0.00%
Director	R.O.C.	Yu-Cheng Chiao	Male 61-70 years old	May 29, 2020	3 years	April 10, 1981	39,508,661	1.19%	41,001,551	1.10%	19,502,428	0.52%
Director	R.O.C.	Yu-Heng Chiao	Male 61-70 years old	May 29, 2020	3 years	April 18, 1990	57,792,197	1.74%	65,343,810	1.75%	10,993,619	0.29%



December 31, 2022

	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 (Note 1)
	Number of shares	Percentage			Position	Name	Relationship	
	0	0.00%	Business Administration Department, University of Washington; The Company's former President and Vice Chairman.	Chairman of Concord Venture Capital Group; Director/ Vice Chairman of Hangzhou Walsin Power Cable & Wire Co., Ltd., Director of Walton Advanced Engineering, Inc., Ltd., and Vice President Commissioner of subsidiaries of Walsin Lihwa Corporation.	Vice Chairman Director Director Director	Patricia Chiao Yu-Cheng Chiao Yu-Heng Chiao Wei-Shin Ma	Younger sister Older brother Younger brother Sister-in-law	None
	0	0.00%	MBA at College of Notre Dame; the Company's former assistant vice president of Investment Dept., assistant vice president of Financial Dept., head of Financial Investment Dept., assistant vice president of Commodity Center and Financial Investment Management Center, President of Insulated Wire & Cable BU.	Director of Walsin Lihwa Holding Co., Ltd., Walsin Specialty Steel Holding Co., Ltd., Walsin Specialty Steel Corporation, and Joint Success Enterprises Limited; President of Chin-Xin Investment Co., Ltd.	Chairman Director Director Director	Yu-Lon Chiao Yu-Cheng Chiao Yu-Heng Chiao Wei-Shin Ma	Older brother Older brother Younger brother Sister-in-law	None
	0	0.00%	University of Washington Masters of Electrical Engineer and Business Administration The Company's former chairman.	Chairman of Winbond Electronics Corporation, Chin-Xin Investment Co., Ltd and Chenghe Investment Co., Ltd.; Director of Walsin Technology Corporation, Nuvoton Technology Corp, Jincheng Construction Co., Ltd., United Industrial Gases Co., Ltd., MiTAC Holdings Corporation, Landmark Group Holdings Ltd., Peaceful River Corporation, Winbond International Corporation, Winbond Electronics Corporation America, Marketplace Management Limited, Nuvoton Investment Holding Ltd., Pigeon Creek Holding Co., Ltd., and Songyong Investment Co., Ltd.; CEO of Winbond Electronics Corporation; Manager of Goldbond LLC; Independent Director, member of the Audit Committee, Nomination Committee and convener of the Compensation Committee at Taiwan Cement Corp.	Chairman Vice Chairman Director Director	Yu-Lon Chiao Patricia Chiao Yu-Heng Chiao Wei-Shin Ma	Younger brother Younger sister Younger brother Sister-in-law	None
	0	0.00%	Golden Gate University, Master of Business Administration The Company's former vice president and vice chairman.	Chairman of Walsin Technology Corporation, Walton Advanced Engineering, Inc., HannStar Board Corp., Global Brands Manufacture, Prosperity Dielectrics Co., Ltd., Info-Tek Corp., Silitech Technology Corporation, Career Technology Mfg. Co., Ltd.; Director of Inpaq Technology Co., Ltd.	Chairman Vice Chairman Director Director	Yu-Lon Chiao Patricia Chiao Yu-Cheng Chiao Wei-Shin Ma	Older brother Older sister Older brother Sister-in-law	None

Title	Nationality or Registration Country	Name	Gender & Age	Term Began	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse and Underage Children	
							Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage
Director	R.O.C.	Andrew Hsia	Male 71-80 years old	May 29, 2020	3 years	May 29, 2020	0	0.00%	0	0.00%	0	0.00%
Director	R.O.C.	Wei-Shin Ma	Female 51-60 years old	May 29, 2020	3 years	June 11, 2014	244,033	0.01%	244,033	0.01%	54,435,693	1.46%
Director	R.O.C.	Chin-Xin Investment Co., Ltd Representative: Pei-Ming Chen	- Male 51-60 years old	May 29, 2020	3 years	Legal Person: May 31, 2005 (Note3) Representative: May 29, 2020	210,011,000 0	6.31% 0.00%	247,399,375 0	6.63% 0%	- 0	- 0.00%
Independent Director	R.O.C.	Ming-Ling Hsueh	Male 61-70 years old	May 29, 2020	3 years	June 11, 2014	0	0.00%	0	0.00%	0	0.00%



December 31, 2022

	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 (Note 1)
	Number of shares	Percentage			Position	Name	Relationship	
	0	0.00%	He received his bachelor's degree in law from Fu Jen Catholic University and his master's degree in diplomacy from the National Chengchi University; he graduated from Graduate Institute of Legal Studies, University of Oxford, UK (M. Litt); he was Head of the Political Section of the R.O.C. Representative Office in the United States, Deputy Representative of the R.O.C. Representative Office in Canada, Head of the R.O.C. Representative Office in New York, R.O.C. Representative Office in India, Political Deputy Minister of Ministry of Foreign Affairs, Deputy Minister of Ministry of National Defense, and Chairman of the Mainland Affairs Council, Executive Yuan.	Vice President & Spokesman of Phu My Hung Holding Group; Chief Representative of Central Trading & Development Corporation.	None	None	None	None
	0	0.00%	Ph.D., College of Humanities and Social Sciences of National Tsing Hua University, Peking University, Master of Business Administration for Senior Managers, University of California (Berkeley), Department of East Asian Languages; Chairman of Yuanta Securities Investment Trust Corporation and HannStar Display Corp.	Chairman of HannsTouch Solution Inc., Golden Apple Investment Company, Online Banking Investment Co., Ltd., and Torch Investment Co., Ltd.; Director of Walsin Lihwa Corporation, HannStar Color Co., Winbond Electronics Corporation, United Integrated Services Co., Ltd., White Stone Management Consultancy, and Hanns Blegrain Ltd.; Supervisor of Pottery Inc.	Chairman Vice Chairman Director Director	Yu-Lon Chiao Patricia Chiao Yu-Cheng Chiao Yu-Heng Chiao	Brother-in-law Sister-in-law Brother-in-law Brother-in-law	None
	0	0.00%	M.S. in Electrical Engineering, University of Detroit, USA; B.S. in Electrical Engineering, National Cheng Kung University; Director, Nuvoton Technology Co. Ltd. and Vice President of DRAM Products Business Group of Winbond Electronics Co.	President of Winbond Electronics Co. Ltd.	None	None	None	None
	0	0.00%	Soochow University, Master in Accountancy; Bloomsburg University of Pennsylvania, Master of Business Administration; PwC Taiwan Director; Executive Director, Taiwan Corporate Governance Association; Adjunct Professor, School of Science and Technology Management, National Tsing Hua University; Adjunct Professor, School of Management, National Taiwan University of Science and Technology.	Independent Director of Yuanta Financial Holdings & Yuanta Commercial Bank, TTY Biopharm and Lite-On Technology Corporation; Director of Tung Hua Book Co., Ltd.	None	None	None	None



Title	Nationality or Registration Country	Name	Gender & Age	Term Began	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse and Underage Children	
							Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage
Independent Director	R.O.C.	King-Ling Du	Male 71-80 years old	May 29, 2020	3 years	June 11, 2014	0	0.00%	0	0.00%	0	0.00%
Independent Director	R.O.C.	Shiang-Chung Chen	Male 51-60 years old	May 29, 2020	3 years	June 11, 2014	0	0.00%	0	0.00%	0	0.00%
Independent Director	R.O.C.	Fu-Hsiung Hu	Male 61-70 years old	May 29, 2020	3 years	May 29, 2020	0	0.00%	0	0.00%	0	0.00%

Note 1: Where the chairman and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness of, necessity of, and the measures adopted in response to, the above situation.

Note 2: Patricia Chiao served on the Company's Board between May 31, 2005 and June 10, 2014 and from May 25, 2016 until now.

Note 3: Chin-Xin Investment Co., Ltd served on the Company's Board between May 31, 2005 and June 10, 2014 and from May 26, 2015 until now.

Note 4: The shareholding ratios are rounded to the nearest hundredth percent.





December 31, 2022

	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 (Note 1)
	Number of shares	Percentage			Position	Name	Relationship	
	0	0.00%	Mississippi State University, Masters in Mechanical Engineering; New York University, financial management research; Stanford University, Advance marketing research; U.S. representative of China Steel Corporation (Steel Division, U.S. Purchasing Group of Executive Yuan), Deputy General Manager of Business Department, Engineering Department, Corporate Planning Department, and Executive Deputy General Manager; General Manager, Kaohsiung Rapid Transit Corporation; Chairman, China Ecotek Corporation.	Director of Sheh Fung Screws Co., Ltd and Green River Holding Co., Ltd.	None	None	None	None
	0	0.00%	The School of Industrial Engineering at Purdue University; President of Mercuries Data Systems Ltd.	Chairman and President of Mercuries Data Systems Ltd.; Chairman of Nanjing Mercuries Development of Software Co., Ltd., Mercuries Insurance Agent Co., Ltd. and Hipact Tech Inc.; Director of Mercuries Holdings Corporation, Mercuries Data Systems Ltd., Shang-Ling Investment Inc., Shang-Hong Investment Inc., Yangzheng Investment Co., Ltd. and EASYCARD Investment Holding Company; Supervisor of Digicentre Co., Ltd.; Independent Director of Teco Image Systems Inc.; Director of Taiwan Masters Golf Promotion Foundation, and Institute for National Policy Research Foundation; Director of the Friends of the Police Association of the Republic of China, Vice President of Criminal Investigation and Prevention Association of the Republic of China; Chairman of the Security Police Third Corps Police Club of the Police Friendship Association of the Republic of China; Director of Taipei Independent Directors Association	None	None	None	None
	0	0.00%	M.A., Graduate School of Business, National Taiwan University; Managing Director, Central Trust Bureau; Director of Mega Bank; Director of Department of Economic Energy and Agriculture, Executive Yuan; Vice Chairman of Council of Agriculture; Chairman of National Animal Industry Foundation, Institute of Animal Science and Technology, and Joint Credit Information Center and Taiwan Cooperative Securities	Independent Managing Director of O-Bank Co., Ltd.	None	None	None	None

**1. Major shareholders of institutional shareholder**

December 31, 2022

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (Note)	Shareholding
Chin-Xin Investment Co., Ltd	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%

Note 1: Top ten shareholders of the institutional shareholder.

Note 2: The shareholding ratios are rounded to the nearest hundredth percent.

**2. Major Shareholders in Previous Table who are Institutional Investors and their Major Shareholders**

December 31, 2022

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (Note)	Shareholding
Winbond Electronics Corporation	Walsin Lihwa Corporation	22.20%
	Chin-Xin Investment Co., Ltd	6.03%
	Yu-Cheng Chiao	1.59%
	Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group under the custody of JP Morgan Chase Bank N.A.	1.04%
	LGT Bank (Singapore) under the custody of Business Department of Standard Chartered Bank	1.04%
	Pai-Yung Hong	0.96%
	PGIA General International Stock Index Fund under the custody of JP Morgan Chase Bank N.A.	0.95%
	iShares MSCI Taiwan Index ETF Investment Fund under the custody of Standard Chartered Bank	0.75%
	Chartered Bank	0.69%
	Yu-Lon Chiao	0.64%

Note 1: Top ten shareholders of the institutional shareholder.

Note 2: The shareholding ratios are rounded to the nearest hundredth percent.

March 15, 2023

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (Note)	Shareholding
Walsin Lihwa Corporation	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 and 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%

Note 1: Top ten shareholders of the institutional shareholder.

Note 2: The shareholding ratios are rounded to the nearest hundredth percent.



December 31, 2022

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (Note)	Shareholding
Huali Investment Corp.	HannStar Color Co. Ltd.	100%
Walsin Technology Corporation	Walsin Lihwa Corporation HannStar Board Corporation Global Brands Manufacture Ltd. Walton Advanced Engineering, Inc. Yu-Heng Chiao Kim Eng Securities Private Co., Ltd. investment account under the custody of Citibank Taiwan Ltd. Winbond Electronics Corporation Giga Investment Co. Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group under the custody of JP Morgan Chase Bank N.A. Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds, under the custody of JPMorgan Chase Bank N.A.	18.30% 7.65% 3.30% 2.74% 2.65% 2.61% 1.72% 1.37% 1.37% 1.35%
HannStar Board Corporation	Walsin Technology Corporation Walsin Lihwa Corporation Career Technology (Mfg.) Co., Ltd. Chin-Xin Investment Co., Ltd Yu-Heng Chiao Pai-Yung Hong Special Account of BNP Paribas, Singapore Branch under the custody of HSBC Prosperity Dielectrics Co., Ltd. Tsai Yi Corporation Yu Yueh Co., Ltd.	20.32% 12.06% 5.44% 3.55% 2.19% 1.86% 1.50% 1.07% 0.96% 0.89%
Prosperity Dielectrics Co., Ltd.	Walsin Technology Corporation Walton Advanced Engineering, Inc. Investment Account of Mercer Investment No. 1 Fund Entrusted by Mercer QIF Fund Company with the External Manager, Fei-Si Investment Management Co., Ltd., under the custody of Business Department of Standard Chartered Bank (Taiwan) Limited Yu-Heng Chiao Ta-Ho Maritime Corporation ABC Taiwan Electronics Corp Wen-Che Shen Sheng-Chi Liao Tsung-Yuan Huang Royce - Asia Small-Cap Investment Account under the custody of Business Department of Standard Chartered Bank (Taiwan) Limited on behalf of GAM Investment Management Company (Switzerland)	43.13% 0.75% 0.72% 0.62% 0.55% 0.47% 0.44% 0.36% 0.30% 0.15%

Note 1: Top ten shareholders of the institutional shareholder.

Note 2: The shareholding ratios are rounded to the nearest hundredth percent.

**3. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors**

Qualification Name	Professional Qualifications and Experience	Independence (Note)	Number of Other Public Companies Where He/She Acts as Independent Directors Concurrently
Yu-Lon Chiao	Mr. Yu-Lon Chiao joined Walsin Lihwa in 1983 and has served as Vice President, President, Vice Chairman, and CEO, and took over as Chairman in 1996. Mr. Chiao, highly experienced in the wire and cable, stainless steel, electronic technology, commercial and real estate industries, has focused on the management of the Company and led the Company's continuous growth with good results. He has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Yu-Lon Chiao, Chairman, has not been involved in any of the circumstances described in Subparagraph 6, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0
Patricia Chiao	Patricia Chiao, Vice Chairman, has been with the Company since 1981, has served as Assistant Vice President of the Finance Department, Special Assistant to the President, Associate Manager and Vice President of the Commodity Center and Financial Investment Management Center, General Manager of the Copper Business Group, and General Manager of the Wire and Cable Business Group, and has served as Vice Chairman since 2016. She is familiar with the organization and business operations of the Company and has professional knowledge and experience in management, investment judgment and human resources. She has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Patricia Chiao, Vice Chairman, has not been involved in any of the circumstances described in Subparagraphs 6 and 9, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0
Yu-Cheng Chiao	Yu-Cheng Chiao, Director, served as Chairman of the Company from 1986 to 1994. Currently, he serves as Chairman of Winbond Electronics Corporation, Independent Director of Taiwan Cement Corporation, Director of Walsin Technology Corporation. He served as, among others, Chairman of Nuvoton Technology Corporation and Director of Taiwan Electrical and Electronic Manufacturers' Association, received the ERSO Award and was elected as the eighth member of ITRI. Therefore, he has the necessary expertise and experience in management and business development of the Company. In addition, he has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Yu-Cheng Chiao, Director, has not been involved in any of the circumstances described in Subparagraphs 1 and 6, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	1
Yu-Heng Chiao	Yu-Heng Chiao, Director, the Vice President and Vice Chairman of the Company from 1990 to 1996. Currently, he acts as Chairman of Walsin Technology Corporation, HannStar Board Corp., Global Brands Manufacture Ltd., Walton Advanced Engineering, Inc., Prosperity Dielectrics Co., Ltd., Info-Tek Corp., and Silitech Technology Corporation. Therefore, he has the necessary expertise and experience in management and business development of the Company. In addition, he has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Yu-Heng Chiao, Director, has not been involved in any of the circumstances described in Subparagraph 1 and Subparagraphs 6 to 9, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0



Qualification Name	Professional Qualifications and Experience	Independence (Note)	Number of Other Public Companies Where He/She Acts as Independent Directors Concurrently
Andrew Hsia	Andrew Hsia, Director, serves as Vice President and Spokesman of Phu My Hung International Corporation and Chief Representative of Central Trading & Development Corporation (Samoa). He served as, among others, a diplomat of the Republic of China, Chairman of the Mainland Affairs Council, Deputy Minister of the Ministry of National Defense, Representative of the Ministry of Foreign Affairs in Indonesia, and Head of Political Section, Ministry of Foreign Affairs. He has a background of legal and diplomatic expertise and an international perspective, and is familiar with the economies and markets of the Southeast Asian region. In addition, he has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Andrew Hsia, Director, has not been involved in any of the circumstances described in Subparagraph 1 and Subparagraphs 3 to 9, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0
Wei-Shin Ma	Wei-Shin Ma, Director, serves as CEO and Chairman of HannsTouch Solution Inc., Chairman of Golden Apple Investment Company, Online Banking Investment Co., Ltd., and Torch Investment Co., Ltd., Director of HannStar Color Co., Winbond Electronics Corporation, White Stone Management Consultancy, United Integrated Services Co., Ltd., and Hanns Blegrain Ltd. She has experience in business, finance and accounting, with expertise in technology leadership, operational judgment and management. In addition, she has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Wei-Shin Ma, Director, has not been involved in any of the circumstances described in Subparagraph 1 and Subparagraphs 6 to 9, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0
Chin-Xin Investment Co., Ltd Representative: Pei-Ming Chen	Pei-Ming Chen, Director, is President of Winbond Electronics Co. Ltd. He was Chairman of Nuvoton Technology Co. Ltd. and Vice President of DRAM Products Business Group and Sales Center of Winbond Electronics Co. With his primary education in electrical engineering and his work experience focused on the semiconductor business, he has participated in many mergers and acquisitions and international business integration and therefore has the necessary experience and expertise in business management and development of the Company's business. In addition, he has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Pei-Ming Chen, Director, has not been involved in any of the circumstances described in Subparagraphs 1, 3, 4, 6, 7, and 9, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0
Ming-Ling Hsueh	Ming-Ling Hsueh, Independent Director, used to act as PwC Taiwan Director, and is Independent Director of Yuanta Financial Holdings & Yuanta Commercial Bank, Lite-On Technology Corporation, and TTY Biopharm, and Director of Tung Hua Book Co., Ltd. He is also Adjunct Professor, School of Science and Technology Management, National Tsing Hua University, Adjunct Professor, School of Management, National Taiwan University of Science and Technology, and Executive Director, Taiwan Corporate Governance Association. Therefore, he has professional knowledge and background in finance, accounting and corporate governance. In addition, he has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Ming-Ling Hsueh, Independent Director, has not been involved in any of the circumstances described in Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Besides, neither he nor his spouse nor any of his relatives within second degree of kinship is a director of the Company or its affiliates holding any number and proportion of shares of the Company (which are not held in the name of others).	3

Qualification Name	Professional Qualifications and Experience	Independence (Note)	Number of Other Public Companies Where He/She Acts as Independent Directors Concurrently
King-Ling Du	King-Ling Du, Independent Director, was Executive Vice President, Vice President of Business and Planning and Engineering, and Representative in Singapore and New York, USA, of China Steel Corporation; General Manager, Kaohsiung Rapid Transit Corporation; and Chairman, China Ecotek Corporation. He is currently Director of Sheh Fung Screws Co., Ltd and Green River Holding Co., Ltd. He has long experience in the steel industry and is familiar with the planning and promotion of production, plant expansion and environmental protection projects, with expertise in mechanical engineering, industrial development and operation management. In addition, he has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	King-Ling Du, Independent Director, has not been involved in any of the circumstances described in Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Besides, neither he nor his spouse nor any of his relatives within second degree of kinship is a director of the Company or its affiliates holding any number and proportion of shares of the Company (which are not held in the name of others).	0
Shiang-Chung Chen	Shiang-Chung Chen, Independent Director, served in the Stainless Steel Business Group of the Company from 1993 to 2004 as Head of Division. He is now Chairman and President of Mercuries Data Systems Ltd. and Independent Director of Hipact Tech Inc., Nanjing Mercuries Development of Software Co., Ltd., Mercuries Insurance Agent Co., Ltd. and Teco Electric & Machinery Co., Ltd. He has long experience in the system and platform development and integration engineering business in the information industry and is also familiar with the production and sales management of stainless steel business; therefore, he has the necessary professional and work experience for the Company's business. In addition, he has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Shiang-Chung Chen, Independent Director, has not been involved in any of the circumstances described in Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Besides, neither he nor his spouse nor any of his relatives within second degree of kinship is a director of the Company or its affiliates holding any number and proportion of shares of the Company (which are not held in the name of others).	1
Fu-Hsiung Hu	Fu-Hsiung Hu, Independent Director, was Vice Chairman, Council of Agriculture, Executive Yuan; Director of Department of Economic Energy and Agriculture, Executive Yuan; Director of the Office of the President of the Executive Yuan; Chairman of Joint Credit Information Center, Taiwan Cooperative Securities, and National Animal Industry Foundation; Director, Mega International Commercial Bank and Taiwan Cooperative Bank; Managing Director, Central Trust of China; Director, Straits Exchange Foundation. He is currently acting as Managing Director of O-Bank, with professional knowledge and background in business administration, finance and securities, and credit information. In addition, he has not been involved in any of the circumstances described in the subparagraphs of Article 30 of the Company Act.	Fu-Hsiung Hu, Independent Director, has not been involved in any of the circumstances described in Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Besides, neither he nor his spouse nor any of his relatives within second degree of kinship is a director of the Company or its affiliates holding any number and proportion of shares of the Company (which are not held in the name of others).	1

Note : None of the Independent Directors of the Company are directors, supervisors or employees of companies with specific relationships with the Company and have not received compensation for providing business, legal, financial or accounting services to the Company or its affiliates in the last two years.



#### 4. Diversity and Independence of the Board

##### (1) Diversity of the Board

In accordance with Article 20 of the Company's Corporate Governance Best Practice Principles and the "Principles of Election of Board Members and Managers and Guidelines for Continuing Education and Succession Planning" established by the Company, the Board of Directors will implement the objectives of diversity and independence in terms of expertise, experience and gender required for Board members, and will continue to invite appropriate candidates to join the Board of Directors in accordance with the above objectives in order to strengthen the balance of the Board of Directors in response to the Company's development strategies and changes in the internal and external environment. In order to achieve the desired objectives of corporate governance, the Board of Directors of the Company is composed of members from the management team, managers of relevant industries and professionals with financial, business and accounting backgrounds, who effectively perform the duties of Board members with different fields and work backgrounds. These duties include establishing and maintaining the Company's vision and values, assisting in promoting corporate governance and strengthening management, overseeing and evaluating the implementation of management policies and operational plans, and being responsible for the Company's overall economic, social, and environmental operations to enhance corporate governance and corporate value from the perspective of stakeholders.

The Company has built its strength by being focused on the wire and cable, stainless steel, commodity, and commercial real estate fields and become a model of business excellence moving towards the manufacturing service industry. If we look at the list of directors of the Company, Yu-Lon Chiao, Chairman, has been working in the business field of the Company for a long time and has a good understanding of the operation and development of the industry, with an open-minded leadership style that encourages adoption of suggestions; Director Yu-Cheng Chiao and Director Yu-Heng Chiao have joined the management team of the Company and therefore are familiar with the organization and business operation of the Company and are good at operation management; Andrew Hsia, Director, comes from a diplomatic background with an international perspective and therefore has a good grasp of the conditions of the Southeast Asian market and can fully assist the Company in making relevant investment decisions; Director Pei-Ming Chen's work experience is focused on semiconductor business, and he has participated in many mergers and acquisitions and international business integration and therefore has operational management experience and expertise. As for the two female Directors, Director Wei-Shin Ma specializes in technology leadership, operational judgment and operational management, while Director Patricia Chiao specializes in operational management, investment judgment and human resources. The Company's Independent Directors have industry knowledge and an international market perspective, with Independent Director Ming-Ling Hsueh specializing in finance, accounting and corporate governance, Independent Director Fu-Hsiung Hu having expertise and experience in business administration, finance and securities, and credit information, Independent Director King-Ling Du having extensive steel expertise and being familiar with the development and management of the stainless steel industry, and Independent Director Shiang-Chung Chen specializing in intelligent technology leadership with a good grasp of the development of Industry 4.0.

##### (2) Independence of the Board:

There are 11 Directors of the Company, including 4 Independent Directors, whose terms of office do not exceed three consecutive terms, so as not to reduce their independence due to long tenure and to enable them to exercise their duties and responsibilities objectively, and none of them are subject to Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

The Company should have only 3 Independent Directors in accordance with the law, but it has four Independent Directors, one more than legally required, which exceed the statutory target and account for 36% of all Directors of the Company, in order to improve the Company's operation and development and operation of corporate governance practices.

**(2) Profile of President, Vice Presidents and Department Heads**

Title	Nationality	Name	Gender	Date appointed	Shares Held		Shares Held by Spouse and Underage Children		Shares Held in Name of Others	
					Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage
President & President of Commerce & Real Estate BG	R.O.C.	Fred Pan	Male	July 16, 2007	614,804	0.02%	0	0.00%	0	0.00%
Executive Vice President & Head of Finance Dept.	R.O.C.	C.C. Chen	Male	May 1, 2010	572,209	0.02%	0	0.00%	0	0.00%
President of Insulated Wire & Cable BG	R.O.C.	Jin-Renn Leu	Male	August 13, 2014	180,900	0.00%	1,000	0.00%	0	0.00%
President of Stainless Steel BG	R.O.C.	Kevin Niu	Male	December 4, 2017	300,000	0.01%	0	0.00%	0	0.00%
President of Commodity BG	R.O.C.	Josh Chia	Male	June 13, 2019	200,000	0.01%	6,559	0.00%	0	0.00%





December 31, 2022

	Education/Work Experience	Other Current Positions at Other Companies	Manager who is Spouse or Relative within the Second Degree			Shares Acquired by Managers under Employee Stock Options	Note (Note 2)
			Title	Name	Relationship		
	MBA of US Tulane University; Finance Chief of Marketing of Philips Taiwan Semiconductor, Finance Chief of Sales of Philips Asia Pacific Semiconductor; the Company's Accounting Division head, Chief of Staff and Vice President.	Vice Chairman of Nanjing Walsin Property Management Co., Ltd.; Director of Walsin (Nanjing) Development Co., Ltd., Walsin International Investment, Joint Success Enterprises Limited; Director and President of Jincheng Construction Co., Ltd., Walsin China Investment Co., Ltd.	None	None	None	None	None
	Master of Accounting Graduate School, National Taiwan University; Audit Team Leader of Deloitte Touche Tohmatsu Limited, Financial Assistant Vice President of Promisedland, Partner of GACPA, Partner of Tianyao United Accountants; the Company's Manager of Performance Analysis Department of Financial Service Center, Head of Financial Management Center, Head of Accounting Division, Head of China Management Division, Vice President of Specialty Steel BG, Head of Yantai BU, Head and Vice President of Specialty Steel BU, and President of Commodity BG.	Director of Walsin International Investment, Walsin China Investment Co., Ltd., Walsin Info-Electric Inc., PT. Walsin Nickel Industrial Indonesia, PT. Sunny Metal Industry, PT. Westrong Metal Industry, PT CNGR Walsin New Energy and Techology and Walsin Lihwa Europe S.a.r.l.	None	None	None	None	None
	M.S. in Electrical Engineering, Yuan Ze University; Assistant Manager of Optical Communication Division/Communication Technology Division, Manager of Communication Technology/Quality Assurance Technology Division, Electrical Production/Communication Operation Division, Director of Hsinchuang BU, Vice President of Cable & Wire BG; Head of Wire BU of the Company.	Director of Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd., and Taiwan Electric Research & Testing Center	None	None	None	None	None
	Ph.D., Carnegie Mellon University, Pittsburgh, USA; Quantitative Analyst of U.S. based Provident Capital Management, Special Assistant to CEO of Chinatimes Network Technology, Associate Manager of Financial Trading Department of Yuanta Securities, Vice President of Securities Department of CTBC Bank, Vice President of Derivatives Department of KGI Securities; Chief Marketing Officer and Head of Resources Management Center of the Company.	Director of Cogne Acciai Speciali S.p.A.	None	None	None	None	None
	MPA in Finance, New York University; MBA in Accounting, National Taiwan University; Bachelor of Accounting, National Taiwan University; Head of Asset and Liability Management Department/Performance Management Department/ Corporate Finance Department of Standard Chartered Bank, Executive Vice President & Accounting Officer of Finance Division of Standard Chartered Bank, Vice President of Accounting Department of Fubon Bank (China) Co., Ltd.; the Company's Project Director of the President Office, Head of Finance Division and Vice President of Financial Management Center.	Chairman of PT. Walsin Nickel Industrial Indonesia and PT. Sunny Metal Industry; Director of Walsin Precision Technology Co., Ltd., Walsin Singapore Pte. Ltd., PT. Westrong Metal Industry, PT. CNGR Walsin New Energy and Technology Indonesia, and PT. ANUGERAH BAROKAH CAKRAWALA.	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	
					Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage
Head of Corporate Governance	R.O.C.	Hueiping Lo	Female	January 22, 2021	230,000	0.01%	0	0.00%	0	0.00%
Director of Accounting	R.O.C.	Richard Wu	Male	May 1, 2010	418,121	0.01%	0	0.00%	0	0.00%

Note 1: Date appointed is the first time appointed department heads.

Note 2: Where the chairman and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness of, necessity of, and the measures adopted in response to, the above situation.

Note 3: The shareholding ratios are rounded to the nearest hundredth percent.



	Education/Work Experience	Other Current Positions at Other Companies	Manager who is Spouse or Relative within the Second Degree			Shares Acquired by Managers under Employee Stock Options	Note (Note 2)
			Title	Name	Relationship		
	M.B.A., National Taiwan University; former Vice President of Taiwan Cooperative Securities, Associate Manager of KGI Commercial Bank, and Associate Manager of China Development Financial Holding Corporation.	Director of Hannstar Display Corporation, PT. Walsin Nickel Industrial Indonesia, PT Walsin Research Innovation Indonesia, Walsin Lihwa Europe S.a.r.l.; Supervisor of PT. Westrong Metal Industry	None	None	None	None	None
	Department of Accounting, Zhongyuan University; Team Leader of Deloitte, Deputy Manager of Southern Taiwan Accounting Firm, Deputy Manager of Kunjin Co., Ltd., and Financial Manager of Shanglin Enterprise; Associate Manager, Cost Section, Yenshiu Plant of the Company, Control Officer of Stainless Steel BU, Head of Auditing Division, and Head of General Manager Office.	Director of Walsin Singapore Pte. Ltd.; Supervisor of Jincheng Construction Co., Ltd., Walsin Info-Electric Corp., Min Maw Precision Industry Corp., Huatuo Green Resources Co., Ltd., PT. Westrong Metal Industry, PT. Sunny Metal Industry, and Walsin Research Innovation Indonesia; Supervisor of Walsin China Investment Co., Ltd., Dongguan Walsin Wire & Cable Co. Ltd., Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd., Changshu Walsin Specialty Steel Co., Ltd., Yantai Walsin Stainless Steel Co., Ltd., Jiangyin Walsin Special Alloy Material Co., Ltd., Jiangying Walsin Steel Cable Co., Ltd., Nanjing Taiwan Trade Mart, Walsin (Nanjing) Real Estate Development Co., Ltd. and Nanjing Walsin Property Management Co., Ltd.	None	None	None	None	None

### 3. Remunerations to Directors, President and Vice Presidents in the Most Recent Year

#### (1) Remuneration to Directors (including Independent Directors)

Title	Name	Directors Remuneration								
		Remuneration (A) (Note 1)		Pension (B)		Remuneration to Directors (C) (Note 2)		Business Expense (D) (Note 3)		
		Company	All Companies In Financial Statements (Note 6)	Company	All Companies In Financial Statements (Note 6)	Company	All Companies In Financial Statements (Note 6)	Company	All Companies In Financial Statements (Note 6)	
Director	Chairman	Yu-Lon Chiao								
	Vice Chairman	Patricia Chiao								
	Director	Yu-Cheng Chiao								
	Director	Yu-Heng Chiao								
	Director	Wei-Shin Ma								
	Legal Person Director and Representative	Chin-Xin Investment Co., Ltd Representative: Pei-Ming Chen	78,400,000	78,400,000	0	0	73,370,000	73,370,000	4,595,880	4,619,880
	Director	Andrew Hsia								
Independent Director	Independent Director	Ming-Ling Hsueh								
	Independent Director	King-Ling Du								
	Independent Director	Shiang-Chung Chen								
	Independent Director	Fu-Hsiung Hu	2,940,000	2,940,000	0	0	26,680,000	26,680,000	5,496,000	5,496,000

- In order to facilitate the management of the remuneration of directors and functional committee members of the Company, the Company has established the "Rules for the Remuneration of Directors and Functional Committee Members", which clearly define the criteria for the remuneration payable to independent directors according to their individual professional input and performance, while taking into account the reasonableness of individual performance, the Company's operating performance and future risks.
- 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



Unit: NT\$

Ratio of total (A), (B), (C) and (D) to after-tax loss (Note 7) (%)		Remuneration Received as Employee								Total of (A), (B), (C), (D), (E), (F) and (G) and its Ratio to After-tax Income (Note 7) (%)		Remuneration from Re-investments other than Subsidiaries (Note 8)
		Salary, Bonus and Special Allowance (E) (Note 4)		Pension (F)		Employee Bonus (G) (Note 5)						
		Company	All Companies In Financial Statements (Note 6)	Company	All Companies In Financial Statements (Note 6)	Company	All Companies In Financial Statements (Note 6)	Company				
Cash Bonus	Stock Bonus							Cash Bonus	Stock Bonus			
156,365,880	156,389,880	0	0	0	0	0	0	0	0	156,365,880	156,389,880	236,220,281
0.8080	0.8081									0.8080	0.8081	
35,116,000	35,116,000	0	0	0	0	0	0	0	0	35,116,000	35,116,000	2,604,000

**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 Listed in the Financial Statements	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)				
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Yu-Cheng Chiao, Andrew Hsia, Yu-Heng Chiao, Wei-Shin Ma, Chin-Xin Investment Co., Ltd., Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen, Fu-Hsiung Hu	Yu-Cheng Chiao, Andrew Hsia, Yu-Heng Chiao, Wei-Shin Ma, Chin-Xin Investment Co., Ltd., Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen, Fu-Hsiung Hu	Yu-Cheng Chiao, Andrew Hsia, Yu-Heng Chiao, Wei-Shin Ma, Chin-Xin Investment Co., Ltd., Ming-Ling Hsueh, King-Ling Du, Shiang-Chung Chen, Fu-Hsiung Hu	Andrew Hsia, Ming-Ling Hsueh, King-Ling Du, Fu-Hsiung Hu
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)				Shiang-Chung Chen
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)				Wei-Shin Ma
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	Patricia Chiao	Patricia Chiao	Patricia Chiao	Wei-Shin Ma
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	Yu-Lon Chiao	Yu-Lon Chiao	Yu-Lon Chiao	Yu-Lon Chiao, Patricia Chiao, Yu-Cheng Chiao, Yu-Heng Chiao, Chin-Xin Investment Co., Ltd.
> NT\$100,000,000				
<b>Total</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>

Note 1: The Company's Independent Directors and Directors who are authorized by the Board of Directors to regularly involve in the Company's operation may receive remuneration; the amount of remuneration shall be reviewed in accordance with Director's participation and value contributed in the Company's operation, together with reference of international and domestic industrial practice, by the Remuneration Committee and submitted to the Board of Directors for approval.

Note 2: Remunerations to Directors in 2022 approved by the Board of Directors have been listed.

Note 3: Refers to the expenses incurred by Directors in 2022 to perform relevant duties (including transportation, attendance fees, special disbursements and various allowances).

Note 4: Refers to the salaries, additional pay, severance pay, various rewards, incentives, treasury stock price difference, transportation subsidies, special allowance, various allowances and salary expenses listed in accordance with IFRS 2 "share-based payment", including shares acquired under employee stock option, restricted new shares to employees and shares acquired from participation in cash capital increase option and so forth, received by Directors who are also employees (including as President, vice president, managers and employees) in 2022. In addition, the Company's remuneration to chauffeurs totaled NT\$2,717,321/year.

Note 5: Refers to Directors also working as an employee (including as President, vice president, managers and employees) and receiving employee bonus (including stocks and cash) in 2022; employee bonus for 2022 was approved by the



Board of Directors.

Note 6: Refers to the total pay to the Company's Directors from all companies in the consolidated statements (including the Company).

Note 7: After-tax net income refers to the after-tax net income of the stand-alone financial statements in 2022, which amounts to NT\$19,352,097,000.

Note 8: a. This field shows the amount of related remunerations a Director of the Company receives from investees other than subsidiaries of the Company.

b. The remuneration refers to remuneration, bonus (including bonuses to employees, Directors and Supervisors) and related remunerations for the performance of duties received by a Director of the Company serving as a Director, Supervisor or manager of an investee of the Company other than subsidiaries.

\* The remuneration content disclosed in this Table differs from the income concept of the Income Tax Act; therefore, this Table acts as a form of information disclosure and does not serve for the purpose of taxation

**(2) Remunerations to President and Vice Presidents**

Title	Name	Remuneration (A) (Note 1)		Pension (B)		Bonus and Special Allowances (C) (Note 2)	
		Company	All Companies In Financial Statements (Note 4)	Company	All Companies In Financial Statements (Note 4)	Company	All Companies In Financial Statements (Note 4)
President & President of Commerce & Real Estate BG	Fred Pan	35,224,353	35,224,353	1,299,168	1,299,168	44,835,600	45,395,697
Executive Vice President	C.C. Chen						
President of Stainless Steel BG	Kevin Niu						
President of Insulated Wire & Cable BG	Jin-Renn Leu						
President of Commodity BG	Josh Chia						

**Table of Remuneration Ranges**

Range of Remuneration Paid to President and Vice Presidents	Names 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)		
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)		
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	C.C. Chen and Jin-Renn Leu	C.C. Chen and Jin-Renn Leu
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	Fred Pan, Josh Chia and Kevin Niu	Fred Pan, Josh Chia and Kevin Niu
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)		
> NT\$100,000,000		
<b>Total</b>	<b>5</b>	<b>5</b>

- Note 1: The most recent annual salary, managerial bonus, and severance pay of the presidents and vice presidents are presented above.
- Note 2: Refers to various bonuses, incentives, company car rental fees, vehicle subsidies, special allowance and salary expenses listed in accordance with IFRS 2 "share-based payment", including shares acquired under employee stock options, restricted new shares to employees and shares acquired from participation in cash capital increase options and so forth, received by managers ranked vice president or above in 2022. In addition, the Company's remuneration to chauffeurs totaled NT\$1,232,523/year.
- Note 3: Refers to employee bonuses (including stock and cash bonuses) approved by the Board of Directors for distribution to managers ranked vice president or above in 2022.
- Note 4: Discloses the total payment to manager's ranked vice president or above from all companies in the consolidated statements (including the Company).
- Note 5: a. This field shows the amount of related remuneration managers ranked vice president or above received from investees other than subsidiaries of the Company.  
b. The remuneration refers to pay, bonus (including bonuses to employees, Directors and Supervisors) and related remunerations for the performance of duties received by the Company's managers ranked vice president or above while serving as a Director, Supervisor or manager of an investee of the Company other than subsidiaries.
- Note 6: After-tax net income refers to the after-tax net income of the standalone financial statement in 2022, which amounts to NT\$19,352,097,000.

\* The remuneration content disclosed in this Table differs from the income concept of the Income Tax Act; therefore, this Table acts as a form of information disclosure and does not serve for the purpose of taxation.





Unit: NT\$

	Employee Bonus (D) (Note 3)				Total of (A), (B), (C) and (D) and Its Ratio to After-tax Income (%) (Note 6)		Remuneration from Re-investments or Parent Company other than Subsidiaries (Note 5)
	Company		All Companies In Financial Statements (Note 4)		Company	All Companies In Financial Statements (Note 4)	
	Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus			
	7,326,700	0	7,326,700	0	88,685,821 0.4583	88,709,821 0.4584	809,600

### (3) Distribution of Employee Bonus to Managers

March 10, 2023

	Title	Name	Stock bonus	Cash Bonus	Total	Percentage of the Total to After-tax Net Income (%)
Managers	President & President of Commerce & Real Estate BG	Fred Pan	0	NT\$8,677,700	NT\$8,677,700	0.0448
	Executive Vice President & Head of Finance Dept.	C.C. Chen				
	President of Stainless Steel BG	Kevin Niu				
	President of Insulated Wire & Cable BG	Jin-Renn Leu				
	President of Commodity BG	Josh Chia				
	Vice President & Head of Corporate Governance	Hueiping Lo				
	Head of Accounting Dept.	Richard Wu				

※ This Table lists managers in active duty as of the end of 2022 and their summarized 2022 employee bonus for managers approved by the Board of Directors.

※ After-tax net income refers to the after-tax net income of the stand-alone financial statements in 2022.

(4) Analysis of total remunerations to Directors, President, vice presidents etc. as a percentage of the stand-alone after-tax net income 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. Analysis of total remunerations to Directors, President, vice presidents etc. as a percentage of the stand-alone after-tax net income in the last two years:

Title	Total Remunerations as Percentage (%) of After-tax Net Income (Losses)			
	2022		2021	
	Company	Companies in Consolidated Financial Statements	Company	Companies in Consolidated Financial Statements
Director	0.99	0.99	0.95	0.95
President and Vice President	0.46	0.46	0.51	0.51

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

(1) The Company's policy for remunerating its directors is formulated based on the Company Act and the Company's Articles of Incorporation. The remuneration of directors for the current year shall be limited to an amount not exceeding 1% of the current year's earnings and shall be paid in accordance with the Rules Governing the Compensation of Directors and Functional Members of the Company. The Company's operating strategy, profitability, future development and industry condition, as well as their participation in and contribution to the Company's operation, have also been taken into account in order to give them reasonable remuneration. The Compensation Committee then submits a proposal for such remuneration, which is passed at a board meeting before the policy takes effect.

(2) The remuneration policy for the presidents, vice presidents and equivalent officers is based on the Company's Regulations for the Evaluation of Managerial Performance and Compensation, taking into account the Company's business strategy, profitability, performance and their contribution to the Company and other factors, and by reference to the market compensation levels. The Compensation Committee then submits a proposal for such remuneration, which is passed at a board meeting before the policy takes effect.

The said principles may be adjusted based on economic conditions, the Company's future development, and profitability and operating risks.



## 4. Corporate Governance Status

### (1) Overview of Board of Directors Operation

The Board of Directors totally held 9 meetings in 2022.

1. The attendance records for Directors are as follows:

Title	Name	Attended in Person	Attended by Proxy	Attendance Percentage (%)	Remarks
Chairman	Yu-Lon Chiao	9	0	100%	None
Vice Chairman	Patricia Chiao	8	1	90%	None
Director	Yu-Cheng Chiao	8	1	90%	None
Director	Yu-Heng Chiao	6	3	67%	None
Director	Andrew Hsia	9	0	100%	None
Director	Wei-Shin Ma	7	1	78%	None
Director	Representative of Chin-Xin Investment Co., Ltd.: Pei-Ming Chen	9	0	100%	None
Independent Director	Ming-Ling Hsueh	9	0	100%	None
Independent Director	King-Ling Du	9	0	100%	None
Independent Director	Shiang-Chung Chen	9	0	100%	None
Independent Director	Fu-Hsiung Hu	9	0	100%	None

2. The attendance records for Independent Directors are as follows:

✓: Attended in Person; ⊙: Attended by Proxy

19 <sup>th</sup> Term	13 <sup>th</sup> Meeting January 11, 2022	14 <sup>th</sup> Meeting February 22, 2022	15 <sup>th</sup> Meeting March 18, 2022	16 <sup>th</sup> Meeting April 11, 2022
Ming-Ling Hsueh	✓	✓	✓	✓
King-Ling Du	✓	✓	✓	✓
Shiang-Chung Chen	✓	✓	✓	✓
Fu-Hsiung Hu	✓	✓	✓	✓

19 <sup>th</sup> Term	17 <sup>th</sup> Meeting May 6, 2022	18 <sup>th</sup> Meeting May 24, 2022	19 <sup>th</sup> Meeting May 31, 2022	20 <sup>th</sup> Meeting August 5, 2022	21 <sup>st</sup> Meeting November 4, 2022
Ming-Ling Hsueh	✓	✓	✓	✓	✓
King-Ling Du	✓	✓	✓	✓	✓
Shiang-Chung Chen	✓	⊙	✓	✓	✓
Fu-Hsiung Hu	✓	✓	✓	✓	✓

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.

December 31, 2022

Board of Directors Meeting	Content of Proposal and Resolution	Independent Directors' Opinion(s)	Company's Handling of Independent Directors' Opinion(s)	Independent Directors with Recorded or Written Opposing or Reserved Opinion(s)
19 <sup>th</sup> Term 13 <sup>th</sup> Meeting January 11, 2022	Proposal: Approval for the Company's 2022 annual business plan. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal for the replacement of CPAs under the internal rotation mechanism of Deloitte, as well as the annual remuneration payable to the CPA firm and the assessment of the independence and suitability of the CPAs. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to approve the loan of funds by Walsin International Investment Co., Ltd. to the Company and those between the subsidiaries, in a total amount of US\$50 million and RMB1.5 billion respectively. Resolution: Proposal passed, except that the explanatory text was amended as suggested in the summary of the speech; the loan period was thus revised to February 1, 2022 to January 31, 2023.	None	None	None
	Proposal: Proposal to book a theater room to watch a documentary film on the pandemic prevention shot by HannStar Foundation. Resolution: Proposal passed. Recusal: Wei-Shin Ma.	None	None	None
	Proposal: Advice on Chairman's and Vice Chairman's 2021 performance bonus. Resolution: Proposal passed. Recusal: Yu-Lon Chiao and Patricia Chiao	None	None	None
	Proposal: Proposal to review manager's performance as well as 2021 bonuses and compensation. Resolution: Proposal passed.	None	None	None



December 31, 2022

Board of Directors Meeting	Content of Proposal and Resolution	Independent Directors' Opinion(s)	Company's Handling of Independent Directors' Opinion(s)	Independent Directors with Recorded or Written Opposing or Reserved Opinion(s)
19 <sup>th</sup> Term 14 <sup>th</sup> Meeting February 22, 2022	Proposal: Advice on Company's distributions for 2021 director and employee (including officers) remunerations. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to draft the Company's reports on the internal control system for 2021. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to amend the Company's Procedures for the Acquisition and Disposal of Assets. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to lift the non-competition ban under Article 209 of the Company Act for the Company's Directors. Resolution: Proposal passed. Recusal: Yu-Heng Chiao, Wei-Shin Ma and Shiang-Chung Chen	None	None	None
19 <sup>th</sup> Term 15 <sup>th</sup> Meeting March 18, 2022	Proposal: Proposal to acquire land as right-of-use assets required for the development of submarine cable business. Resolution: Proposal passed.	None	None	None
	Proposal: Proposal to issue domestic straight corporate bonds within the amount of NT\$10 billion. Resolution: Proposal passed.	None	None	None
19 <sup>th</sup> Term 16 <sup>th</sup> Meeting April 11, 2022	Proposal: Proposal to acquire 50.1% shareholding in PT. Sunny Metal Industry. Resolution: Proposal passed.	None	None	None
19 <sup>th</sup> Term 18 <sup>th</sup> Meeting May 24, 2022	Proposal: The Company intends to restructure its U.S. subsidiary investments through Borrego Solar Systems, Inc., which is held by Walsin Lihwa Holdings Limited, a subsidiary of the Company. Resolution: Proposal passed.	None	None	None
	Proposal: Walsin Lihwa Holdings Limited, a subsidiary of the Company, intends to sell its entire shareholding in 2022 Solar Development, Inc. Resolution: Proposal passed.	None	None	None
	Proposal: Walsin Lihwa Holdings Limited, a subsidiary of the Company, intends to inject capital into its subsidiary, Borrego Energy, LLC, through Walsin	None	None	None

December 31, 2022

Board of Directors Meeting	Content of Proposal and Resolution	Independent Directors' Opinion(s)	Company's Handling of Independent Directors' Opinion(s)	Independent Directors with Recorded or Written Opposing or Reserved Opinion(s)
	America, LLC and Borrego Energy Holdings, LLC, in an amount not exceeding US\$33 million. Resolution: Proposal passed.			
	Proposal: The Company intends to sell land in Baoshan Township, Hsinchu County to a related party, HuaBao Seed Breeding Co., Ltd. Resolution: Proposal passed.	None	None	None
19 <sup>th</sup> Term 19 <sup>th</sup> Meeting May 31, 2022	Proposal: The Company intends to invest in its subsidiary, Walsin Lihwa Europe S.a r.l., in an amount not exceeding EUR 210.3 million. Resolution: Proposal passed.	None	None	None
	Proposal: The Company intends to acquire 85.032% of the shares of MEG S.A. in Luxembourg through its wholly-owned subsidiary, Walsin Lihwa Europe S.a r.l.. Proposal passed.	None	None	None
	Proposal: The Company intends to acquire a 40% shareholding in Innovation West Mantewe Pte. Resolution: Proposal passed.	None	None	None
19 <sup>th</sup> Term 20 <sup>th</sup> Meeting August 5, 2022	Proposal: Proposal to amend the Company's internal control system. Resolution: Proposal passed.	None	None	None
	Proposal: The Company intends to lend US\$175.75 million to PT Sunny Metal Industry Indonesia under a non-revolving line of credit. Resolution: Proposal passed.	None	None	None
	Proposal: Walsin Lihwa (China) Investment Co., Ltd. intends to lend Hangzhou Walsin Power Cable & Wire RMB 80 million under a non-revolving line of credit. Resolution: Proposal passed.	None	None	None
	Proposal: Walsin Lihwa Holdings Limited, a wholly-owned subsidiary of the Company, intends to inject capital into its wholly-owned subsidiary, Walsin (China) Investment Co., Ltd., in the amount not exceeding US\$36 million, and such company will acquire from its wholly-owned subsidiary, Walsin Specialty Steel Corp., all of the shares it holds in Changshu Walsin Specialty Steel Co., Ltd. Resolution: Proposal passed.	None	None	None



December 31, 2022

Board of Directors Meeting	Content of Proposal and Resolution	Independent Directors' Opinion(s)	Company's Handling of Independent Directors' Opinion(s)	Independent Directors with Recorded or Written Opposing or Reserved Opinion(s)
	<p>Proposal: Walsin Lihwa Holdings Limited, a wholly-owned subsidiary of the Company, intends to inject capital into its wholly-owned subsidiary, Walsin (China) Investment Co., Ltd., in the amount not exceeding US\$18 million, and such company will acquire from its wholly-owned subsidiary, Concord Industries Limited, 30% of the shares it holds in China Steel Precision Materials.</p> <p>Resolution: Proposal passed.</p>	None	None	None
	<p>Proposal: The Company intends to acquire 29.5% of the shares in PT. Westrong Metal Industry.</p> <p>Resolution: Proposal passed.</p>	None	None	None
19 <sup>th</sup> Term 21 <sup>st</sup> Meeting November 4, 2022	<p>Proposal: Proposal to amend the Company's internal control system.</p> <p>Resolution: Proposal passed.</p>	None	None	None
	<p>Proposal: Walsin International Investment Co., Ltd. intends to lend PT. Walsin Nickel Industrial Indonesia US\$100 million under a non-revolving line of credit.</p> <p>Resolution: Proposal passed.</p>	None	None	None
	<p>Proposal: Proposal to approve the new loan of funds from Walsin Info-Electric Inc. to the Company in the form of a NT\$130 million non-revolving facility.</p> <p>Resolution: Proposal passed.</p>	None	None	None
	<p>Proposal: The Company intends to lend PT. Westrong Metal Industry US\$75 million under a non-revolving line of credit.</p> <p>Resolution: Proposal passed.</p>	None	None	None
	<p>Proposal: The Company intends to lend PT Sunny Metal Industry US\$90 million under a non-revolving line of credit.</p> <p>Resolution: Proposal passed.</p>	None	None	None
	<p>Proposal: The Company intends to transfer 50.1% of the shares in PT. Sunny Metal Industry in Indonesia, 40% of the shares in Innovation West Mantewe Pte. Ltd., and 29.5% of the shares in PT. Westrong Metal Industry to Walsin Singapore Pte. Ltd., a wholly-owned subsidiary of the Company, and to carry out a capital injection into WLS in</p>	None	None	None

December 31, 2022

Board of Directors Meeting	Content of Proposal and Resolution	Independent Directors' Opinion(s)	Company's Handling of Independent Directors' Opinion(s)	Independent Directors with Recorded or Written Opposing or Reserved Opinion(s)
	the same amount. Resolution: Proposal passed.			
	Proposal: The Company intends to inject US\$300 million into its wholly-owned Singapore subsidiary, Walsin Singapore Pte. Ltd. Resolution: Proposal passed.	None	None	None
	Proposal: Walsin Lihwa Holdings Limited, a wholly-owned subsidiary of the Company, intends to sell its earn-out financial assets arising from equity transactions to the Company, and carry out a capital reduction in the same amount. Resolution: Proposal passed.	None	None	None
	Proposal: In order to improve the efficiency of capital utilization, it is propose to reduce the capital of Walsin Lihwa Holdings Limited by US\$140 million in cash. Resolution: Proposal passed.	None	None	None

(2) In addition to the foregoing, there were other matters to be resolved by directors board meetings about which an independent director expressed objections or reservations that had been included in records or stated in writing: Not applicable

2. Director recusals due to conflicts of interests totaled 3 times.

December 31, 2022

No.	Term/Meeting Date	Name(s) of Directors	Proposal	Reason for Recusal	Participated in Vote or Not
1	19 <sup>th</sup> Term 13 <sup>th</sup> Meeting January 11, 2022	Wei-Shin Ma	Proposal to book a theater room to watch a documentary film on the pandemic prevention shot by HannStar Foundation.	Personally interested	Recused as provided by law
2		Yu-Lon Chiao, Patricia Chiao	Advice on Chairman's and Vice Chairman's 2021 performance bonus	Personally interested	Recused as provided by law
3	19 <sup>th</sup> Term 14 <sup>th</sup> Meeting February 26, 2022	Yu-Heng Chiao, Wei-Shin Ma and Shiang-Chung Chen	Proposal to lift the non-competition ban for the Company's Directors	Personally interested	Recused as provided by law





3. Frequency, period, scope, method, and items of self-evaluation of the Board of Directors:

Frequency	Period	Scope	Method	Item
Once every year	2022/01/01 ~ 2022/12/31	Board of Directors	Internal self-evaluation of the Board of Directors	<ol style="list-style-type: none"> <li>1. Involvement in the operation of the Company.</li> <li>2. Improve the quality of Board decisions.</li> <li>3. Composition and structure of the board of directors.</li> <li>4. Selection and Continuing Education of Directors.</li> <li>5. Internal control.</li> </ol>
Once every year	2022/01/01 ~ 2022/12/31	Functional Committees (including Compensation Committee, Audit Committee, Sustainable Development Committee, and Nomination Committee)	Internal self-evaluation of the functional committees	<ol style="list-style-type: none"> <li>1. Involvement in the operation of the Company.</li> <li>2. Awareness of responsibilities of the functional committees.</li> <li>3. Improve the quality of decision making in the functional committees.</li> <li>4. Composition and selection of functional committee members.</li> <li>5. Internal control.</li> </ol>
Once every year	2022/01/01 ~ 2022/12/31	Each director	Self or peer performance evaluation of board members	<ol style="list-style-type: none"> <li>1. Understanding of the company's objectives and tasks.</li> <li>2. Awareness of directors' responsibilities.</li> <li>3. Involvement in the operation of the Company.</li> <li>4. Internal relationship management and communication.</li> <li>5. Professional and continuing education of directors.</li> <li>6. Internal control.</li> </ol>
Once every 3 years	2020/10/01 ~ 2021/09/30	Board of Directors and each functional committee	Evaluation by an external organization	Eight aspect of evaluation of the Board of Directors: composition, guidance, authorization, supervision, communication, internal control and risk management, self-regulation, among others.

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

(1) Formulation of regulations related to the corporate governance: In addition to explicitly stating the powers and duties of the Board of Directors in the company's articles of incorporation, the Company also follows rules and regulations including the "Board of Directors Procedural Regulations", "Guidelines for the Ethical Conduct of Directors and Managerial Officers", "Procedures for the Processing of Critical Internal Information", "Corporate Governance Principles and Practice", "Corporate Management Integrity Principles", "Behavioral Guidelines and Operation Procedures for Honest Practices", "Guidelines for the Ethical Conduct of Employees", "Rules for Suggestions and Complaints from Related Parties", and "Practical Guidelines for Corporate Social Responsibility" in order to strengthen operations of the Board of Directors as well as corporate governance.

(2) Evaluation of the Performance of the Board of Directors: To implement corporate governance and enhance the Company's board functions, and to set forth performance objectives to improve the operation efficiency of the board of directors, the Rules of Performance Evaluation of the Board of Directors (these

"Rules") were established pursuant to the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and shall apply to the Board of Directors, functional committee and individual directors. These Rules were established on October 28, 2015, and the most recent amendment to them was approved by the Board of Directors on January 11, 2022. Each agenda working group shall provide a questionnaire for the board members to complete in each December and provide the completed attachments and information related to performance evaluation for the board members' reference.

The overall performance self-evaluation of our Board of Directors should cover at least the following five major aspects:

A. Regarding external evaluations:

In 2018 and 2021, the Company appointed Taiwan Corporate Governance Association ("TCGA"), an independent third party with which the Company has no business dealings, to evaluate the effectiveness of its Board of Directors. The evaluation was conducted by means of questionnaires and on-site interviews on eight major aspects of the board of directors, including composition, guidance, authorization, supervision, communication and self-regulation, as well as internal control and risk management. Through the review by a professional organization and with the guidance of and communications with the evaluation members, the Company obtained professional and objective evaluation results and recommendations. The results of the evaluation serve as the reference for the Board to continue to improve its functions by continually enhancing and optimizing the quality of its meetings.

The measures in response to the recommendations of the external evaluation institution in 2022 are as follows:

Recommendations of External Evaluation Institution		Measures
Strengthen the whistleblower mechanism	Set up a reporting channel that Independent Directors can receive the complaints simultaneously, or engage an external agency to serve as a complaint acceptance window.	The Independent Directors have simultaneously received complaints from the complaint mailbox set up by the audit unit, to facilitate direct reporting by complainants or whistle blowers, and to enhance and ensure the effective operation of the whistleblower mechanism.
Continue to improve the internal control system	A comprehensive review of the Company's overall internal control mechanism shall be conducted every five years.	The Company's Internal Control System has specified that the design and implementation of the internal control system will be adjusted in a timely manner in response to changes in the environment, and that the system will be adopted annually. Starting from 2023, it has been added in the Directors' self-assessment questionnaire that the Company will annually review the effectiveness of the design and implementation of the internal control system and issue a statement on the internal control system after the approval of the Board of Directors.



Recommendations of External Evaluation Institution		Measures
Improve the quality of financial reporting audits	The Company should obtain AQI information from the certified public accountants in advance when selecting them for evaluation purposes, so as to evaluate their ability and commitment objectively to enhance the quality of the audit.	The Company evaluates the independence and suitability of the certified public accountants on an annual basis. Starting from 2023, the Company has further referred to the AQI disclosure framework released by the FSC on August 19, 2021 as a reference for the evaluation. The evaluation results are reported to the Audit Committee and the Board of Directors as the reference for future appointment of CPAs.

B. Annual internal evaluation for 2022:

The 2022 Board of Directors' performance self-evaluation results go as follows:

- (a) Board of Directors' overall average score 4.87 points (full score: 5 points)
- (b) Board members' overall average score 4.93 points (full score: 5 points).

In December 2022, the Company conducted an internal annual board performance evaluation of the board of directors, individual board members and functional committees in accordance with the evaluation indicators and evaluation procedures specified in these Rules, and compiled and scored the data after the questionnaires were collected, and made recommendations for improvement in 2022. This year, the Company has made recommendations for improvement in the level of Directors' participation in the Company's operations, as well as the follow-ups on the recommendations made by an external evaluation institution in 2021, both of which were consolidated and reported to the Nomination Committee on January 6, 2023 and the Board of Directors' meeting on January 10, 2023, the details of which were disclosed on the Company's website.

- (3) Implementing the performance evaluation of the functional committees: In accordance with the "Regulations for the Evaluation of the Performance of the Board of Directors (including Functional Committees) and their Remunerations" formulated by the Compensation Committee based on the latest version published by the Competent Authority, our functional committees' members in December every year evaluate themselves by the assessment indicators to measure the corporate leadership strategic directions and oversee the corporate operational performance in an effort to improve shareholders' long-term value.
- (4) Actively participating in corporate governance: In recent years, the Company has actively participated in the promotion of the corporate governance and the transparency in information disclosure. Walsin Lihwa was listed as the top 5% outstanding companies by five consecutive times of Corporate Governance Evaluation from 2017 to 2021. The Company also received Taiwan's Top 100 Sustainable Model Business Award and Platinum Corporate Sustainability Report Award, as well as Bronze Prize for English Sustainability Report for the first time. The Company will continue making efforts to maintain among the top with respect to the Corporate Governance Evaluation Results. The Company not only will continue to strive to actively participate in the corporate governance evaluation, but also has formed a project to improve corporate governance matters and enhance corporate governance capabilities.

The Company is committed to enhancing the transparency of information. In addition to announcing financial information in accordance with laws and regulations, the Company also holds regular investor conferences four times a year. In 2022, the Company was granted a long-term credit rating of 'twA-' and a short-term credit rating of 'twA-2' with a 'positive' outlook by Taiwan Ratings for the first time. The



Company's financial structure was certified by an external organization, and the disclosure of information to stakeholders was also enhanced through the external release of credit ratings.

- (5) Enhancing the board's functions and decision-making quality: In order to bring into play the functions and decision-making quality of the Board of Directors, our company regularly holds strategic meetings on a quarterly basis to enable the directors to understand our financial and business conditions and the formulation of major business strategies and the implementation of related plans. In addition, quarterly operational meetings are also held to help directors understand the operational content through reporting by operating units, so as to improve the performance of the Board of Directors. In the meantime, the directors may provide their effective guidance out of their expertise and experience to the operating units during such meetings.
- (6) Heavy reliance on the independent directors' functions: Authorizing independent directors to utilize their own expertise and regularly participate in our company's investment assessment projects and matters relevant to corporate governance. The Audit Committee was formally established by all independent directors after the shareholders' meeting on May 26, 2017, and the Audit Committee of the second term was formed by all independent directors on May 29, 2020; the Compensation Committee of the fourth term was established on August 4, 2020, with all independent directors acting as its members. On August 4, 2020, the Chairman, Vice Chairman and all independent directors were appointed as members of the Sustainable development committee of the second term of the Company. The first Nomination Committee was formally established on August 6, 2021, with the Chairman and all Independent Directors acting as its members. These four functional committees continue to assist the Board of Directors in its oversight responsibilities.
- (7) Raising the transparency of corporate data: On the MOPS and our official website, we voluntarily disclose the related law and regulations which we follow, the important resolutions adopted at Board meetings and the relevant information to help shareholders understand our activities and to raise transparency in our corporate information.



## (II) Operation of the Audit Committee

### 1. The major matters reviewed by the Audit Committee include:

- (1) Adoption of or amendment 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) Adoption of or amendment to procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of loans to others, or endorsements or guarantees for others, pursuant to Article 36-1 of the Securities and Exchange Act.
- (4) Matters bearing on the personal interest of a director.
- (5) Material asset or derivatives transactions.
- (6) Material loans, endorsements, or provision of guarantees.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) The engagement or dismissal of a CPA, or the compensation given thereto.
- (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
- (10) Annual financial reports signed or sealed by the Chairman, manager and accounting officer.
- (11) Any other material matter so required by the Company or the Competent Authority.

### 2. Audit Committee's Annual Work Summary:

- (1) Agenda arrangement (for Audit Committee meetings and communication meetings)
- (2) Handling matters related to the meeting of the Audit Committee in accordance with the law (meeting notice, proceedings)
- (3) Follow-ups and execution of improvements requested by the Audit Committee
- (4) Providing company information required by independent directors to assist them in fully exercising their powers
- (5) Annual self-assessment of the Audit Committee
- (6) Establishing and revising the organizational regulations and relevant operating procedures
- (7) Announcement of relevant matters concerning the Audit Committee pursuant to law (organizational regulations and operational status)
- (8) Whether any employee, manager and director has entered into related-party transactions and possible conflicts of interest in such transactions
- (9) Suggestions and complaints from interested parties
- (10) Management of exchange rate risks
- (11) Information Security
- (12) Work safety/environmental protection and legal compliance

3. The Audit Committee of the second term started on May 29, 2020 and ended on May 28, 2023. The meetings were held 10 times in 2022, and the attendance of the independent directors in 2022 is as follows:

Title	Name	Personally Attended	Attended by Proxy	Attendance rate (%)	Remarks
Convener	Ming-Ling Hsueh	10	0	100%	None
Member	King-Ling Du	10	0	100%	None
Member	Shiang-Chung Chen	10	0	100%	None
Member	Fu-Hsiung Hu	10	0	100%	None

4. 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	Board of Directors Meeting Number and Date	Proposals and Resolutions	Independent Directors' Dissenting Opinions, Reservations or Significant Recommendations	Company's Handling of Audit Committee Member's Opinion
2 <sup>nd</sup> Term 15 <sup>th</sup> Meeting January 7, 2022	19 <sup>th</sup> Term 13 <sup>th</sup> Meeting January 11, 2022	Proposal: Approval for the Company's 2022 annual business plan. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal for the replacement of CPAs under the internal rotation mechanism of Deloitte, as well as the annual remuneration payable to the CPA firm and the assessment of the independence and suitability of the CPAs. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal to approve the loan of funds by Walsin International Investment Co., Ltd. to the Company and those between the subsidiaries, in a total amount of US\$50 million and RMB1.5 billion respectively. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
2 <sup>nd</sup> Term 16 <sup>th</sup> Meeting February 18, 2022	19 <sup>th</sup> Term 14 <sup>th</sup> Meeting February 22, 2022	Proposal: Approval for the Company's 2021 business report and financial statements. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Approval for the affiliates' 2021 consolidated business report and financial statements. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Approval for the Company's 2021 profit distribution plan. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Approval for the Company's 2021 statement on internal control system. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal to amend the Company's Procedures for the Acquisition and Disposal of Assets. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal to amend certain provisions of the Company's Articles of Incorporation. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.



Audit Committee Meeting Number and Date	Board of Directors Meeting Number and Date	Proposals and Resolutions	Independent Directors' Dissenting Opinions, Reservations or Significant Recommendations	Company's Handling of Audit Committee Member's Opinion
		Proposal: Proposal to lift the non-competition ban for the Company's Directors under Article 209 of the Company Act. Resolution: Proposal passed. Recusal: Shiang-Chung Chen	None	Except for Shiang-Chung Chen, Independent Director, who recused himself due to personal conflict of interests, all of the Directors present approved the proposal unanimously.
2 <sup>nd</sup> Term 17 <sup>th</sup> Meeting March 18, 2022	19 <sup>th</sup> Term 15 <sup>th</sup> Meeting March 18, 2022	Proposal: Proposal to acquire land as right-of-use assets required for the development of submarine cable business. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal to issue domestic straight corporate bonds within the amount of NT\$10 billion. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
2 <sup>nd</sup> Term 18 <sup>th</sup> Meeting April 11, 2022	19 <sup>th</sup> Term 16 <sup>th</sup> Meeting April 11, 2022	Proposal: Proposal to acquire 50.1% shareholding in PT. Sunny Metal Industry. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
2 <sup>nd</sup> Term 19 <sup>th</sup> Meeting April 29, 2022	19 <sup>th</sup> Term 17 <sup>th</sup> Meeting May 6, 2022	Proposal: Proposal to dispose of the Company's land in Baoshan Township, Hsinchu County, and sell it to a related party. Resolution: The proposing unit withdrew this proposal on its part.	None	
2 <sup>nd</sup> Term 20 <sup>th</sup> Meeting May 24, 2022	19 <sup>th</sup> Term 18 <sup>th</sup> Meeting May 24, 2022	Proposal: The Company intends to restructure its U.S. subsidiary investments through Borrego Solar Systems, Inc., which is held by Walsin Lihwa Holdings Limited, a subsidiary of the Company. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Walsin Lihwa Holdings Limited, a subsidiary of the Company, intends to sell its entire shareholding in 2022 Solar Development, Inc. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Walsin Lihwa Holdings Limited, a subsidiary of the Company, intends to inject capital into its subsidiary, Borrego Energy, LLC, through Walsin America, LLC and Borrego Energy Holdings, LLC, in an amount not exceeding US\$33 million. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.

Audit Committee Meeting Number and Date	Board of Directors Meeting Number and Date	Proposals and Resolutions	Independent Directors' Dissenting Opinions, Reservations or Significant Recommendations	Company's Handling of Audit Committee Member's Opinion
		<p>Proposal: The Company intends to sell land in Baoshan Township, Hsinchu County to a related party, HuaBao Seed Breeding Co., Ltd.</p> <p>Resolution: Proposal passed.</p>	None	All of the Directors present approved the proposal unanimously.
2 <sup>nd</sup> Term 21 <sup>st</sup> Meeting May 31, 2022	19 <sup>th</sup> Term 19 <sup>th</sup> Meeting May 31, 2022	<p>Proposal: The Company intends to invest in its subsidiary, Walsin Lihwa Europe S.a r.l., in an amount not exceeding EUR 210.3 million.</p> <p>Resolution: Proposal passed.</p>	None	All of the Directors present approved the proposal unanimously.
		<p>Proposal: The Company intends to acquire a 40% shareholding in Innovation West Mantewe Pte in Singapore.</p> <p>Resolution: Proposal passed.</p>	None	All of the Directors present approved the proposal unanimously.
2 <sup>nd</sup> Term 22 <sup>nd</sup> Meeting July 29, 2022	19 <sup>th</sup> Term 20 <sup>th</sup> Meeting August 5, 2022	<p>Proposal: Proposal to amend the Company's internal control system.</p> <p>Resolution: Proposal passed.</p>	None	All of the Directors present approved the proposal unanimously.
		<p>Proposal: The Company intends to lend US\$175.75 million to PT Sunny Metal Industry Indonesia under a non-revolving line of credit.</p> <p>Resolution: Proposal passed.</p>	None	All of the Directors present approved the proposal unanimously.
		<p>Proposal: Walsin Lihwa (China) Investment Co., Ltd. intends to lend Hangzhou Walsin Power Cable &amp; Wire RMB 80 million under a non-revolving line of credit.</p> <p>Resolution: Proposal passed.</p>	None	All of the Directors present approved the proposal unanimously.
		<p>Proposal: Walsin Lihwa Holdings Limited, a wholly-owned subsidiary of the Company, intends to inject capital into its wholly-owned subsidiary, Walsin (China) Investment Co., Ltd., in the amount not exceeding US\$36 million, and such company will acquire from its wholly-owned subsidiary, Walsin Specialty Steel Corp., all of the shares it holds in Changshu Walsin Specialty Steel Co., Ltd.</p> <p>Resolution: Proposal passed.</p>	None	All of the Directors present approved the proposal unanimously.
<p>Proposal: Walsin Lihwa Holdings Limited, a wholly-owned subsidiary of the Company, intends to inject capital into its wholly-owned subsidiary, Walsin (China) Investment Co., Ltd., in the amount not exceeding US\$18 million, and such company will acquire from its wholly-owned subsidiary, Concord Industries</p>	None	All of the Directors present approved the proposal unanimously.		





Audit Committee Meeting Number and Date	Board of Directors Meeting Number and Date	Proposals and Resolutions	Independent Directors' Dissenting Opinions, Reservations or Significant Recommendations	Company's Handling of Audit Committee Member's Opinion
		Limited, 30% of the shares it holds in China Steel Precision Materials. Resolution: Proposal passed.		
		Proposal: The Company intends to acquire 29.5% of the shares in PT. Westrong Metal Industry. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
2 <sup>nd</sup> Term 23 <sup>th</sup> Meeting October 24, 2022	19 <sup>th</sup> Term 21 <sup>st</sup> Meeting November 4, 2022	Proposal: Approval for the Company's 2022 Audit plan. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal to amend the Company's internal control system. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Walsin International Investment Co., Ltd. intends to lend PT. Walsin Nickel Industrial Indonesia US\$100 million under a non-revolving line of credit. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal to approve the new loan of funds from Walsin Info-Electric Inc. to the Company in the form of a NT\$130 million non-revolving facility. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: The Company intends to lend PT. Westrong Metal Industry US\$75 million under a non-revolving line of credit. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: The Company intends to lend PT. Sunny Metal Industry US\$90 million under a non-revolving line of credit. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: The Company intends to transfer 50.1% of the shares in PT. Sunny Metal Industry in Indonesia, 40% of the shares in Innovation West Mantewe Pte. Ltd., and 29.5% of the shares in PT. Westrong Metal Industry to Walsin Singapore Pte. Ltd., a wholly-owned subsidiary of the Company, and to carry out a capital injection into Walsin Singapore Pte. Ltd. in the same amount. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.

Audit Committee Meeting Number and Date	Board of Directors Meeting Number and Date	Proposals and Resolutions	Independent Directors' Dissenting Opinions, Reservations or Significant Recommendations	Company's Handling of Audit Committee Member's Opinion
		Proposal: The Company intends to inject US\$300 million into its wholly-owned Singapore subsidiary, Walsin Singapore Pte. Ltd. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
		Proposal: Walsin Lihwa Holdings Limited, a wholly-owned subsidiary of the Company, intends to sell its earn-out financial assets arising from equity transactions to the Company, and carry out a capital reduction in the same amount. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.
2 <sup>nd</sup> Term 24 <sup>th</sup> Meeting November 4, 2022	19 <sup>th</sup> Term 21 <sup>st</sup> Meeting November 4, 2022	Proposal: In order to improve the efficiency of capital utilization, it is propose to reduce the capital of Walsin Lihwa Holdings Limited by US\$140 million in cash. Resolution: Proposal passed.	None	All of the Directors present approved the proposal unanimously.

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 directors recusing themselves from conflicts of interest:

December 31, 2022					
Item	Term Date	Name of Director	Content of Proposal	Reason for Recusal Due to Conflict of Interests	Participation in Voting
1	2nd Term 16th Meeting February 18, 2022	Shiang-Chung Chen	Proposal to lift the non-competition ban for the Company's Directors under Article 209 of the Company Act.	Personal conflict of interests	Recusal from voting required by law

(3) Communication between independent directors, the chief internal auditor and CPAs:

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 shall meet with the independent directors regularly in Audit Committee meetings at least once a quarter to report on the internal audit implementation of our Company and the internal control operations. In case of major irregularities, the meeting may be called at any time.
- (D) The convener of the Audit Committee shall discuss the internal audit operation with the chief internal auditor every quarter non-periodically aside from the above regular meetings.



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

Independent directors have good communication with CPAs individually.

Date	Communication Highlights	Directors' Recommendation	Execution Result
2022/02/18 Audit Committee Meeting	The CPAs have provided a description of the key audits of the stand-alone and consolidated financial statements for the year 2021 and the results of the audit.	None.	The stand-alone and consolidated financial statements for the year 2021 were approved by the Audit Committee and submitted for discussion at the 14 <sup>th</sup> meeting of the Board of Directors of 19 <sup>th</sup> term on February 22, 2022.
2022/07/29 Audit Committee Meeting	The CPAs provide an explanation of the audit results of the consolidated financial statements for the second quarter of 2022.	None.	The consolidated financial statements for the second quarter of 2022 were approved by the Audit Committee and reported to the 20 <sup>th</sup> meeting of the Board of Directors of 19 <sup>th</sup> term on August 5, 2022.
2022/12/09 Individual Communication Meeting	The CPAs explained the scope, method and discovery of the annual audit for 2022 and discussed with the Audit Committee members on the key audit matters.	None.	<ol style="list-style-type: none"> <li>Key audit matters for the 2022 financial statements were confirmed.</li> <li>The engagement and assessment of the CPAs was submitted to the 25<sup>th</sup> meeting of the Audit Committee of second term on January 6, 2023 for discussion.</li> </ol>

C. Summary of communications between independent directors and the chief internal auditor for 2022:

Date	Key Points of Communications	Independent Directors' Advice	Follow-Ups and Results
2022/02/18 Audit Committee Meeting	Report on audit implementation in the 4th quarter of 2021.	None.	The report on audit implementation for the fourth quarter of 2021 has been passed by the Audit Committee and reported to the Board of Directors.
2022/04/29 Audit Committee Meeting	Report on audit implementation in the 1st quarter of 2022.	None.	The report on audit implementation for the first quarter of 2022 has been passed by the Audit Committee and reported to the Board of Directors.
2022/07/29 Audit Committee Meeting	Report on audit implementation in the 2nd quarter of 2022.	None.	The report on audit implementation for the second quarter of 2022 has been passed by the Audit Committee and reported to the Board of Directors.



Date	Key Points of Communications	Independent Directors' Advice	Follow-Ups and Results
<p>2022/10/24 Audit Committee Meeting</p>	<p>1. Report on audit implementation in the 3rd quarter of 2022.  2. Discussion of 2023 annual audit plan.</p>	<p>1. None.  2. None.</p>	<p>1. Report on audit implementation in the 3rd quarter of 2022 has been passed by the Audit Committee and reported to 2. the Board of Directors. 2023 annual audit plan has been passed by the Audit Committee and submitted to the Board of Directors for discussion.</p>
<p>2022/12/09 Individual Communication Meeting Between Independent Directors and Chief Internal Auditor</p>	<p>1. Major work results in 2022.  2. Work objectives and key points for 2023.</p>	<p>1. Please continue to follow up on the improvements on ESH issues. Please continue to follow up on the improvements on the risk management and the promotion of ethical management.  2. Please hire more auditors with computer skills to enhance the effectiveness of auditing.</p>	<p>1. We have been following up on the improvements on ESH issues.  We have been following up on the risk management and the promotion of ethical management.  2. We will enhance the the computer audit capabilities of our existing employees, and will prioritize the recruitment of auditors with computer skills.</p>



(3) Differences between our corporate governance and the Corporate Governance Best-Practice Principles for TWSE- and TPEX-listed Companies and reason(s):

Appraisal Items	Actual Governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE-/ TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
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?	Yes		The Company has formulated the Corporate Governance Principles and Practice according to the "Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies", which were amended as approved by the Board of Directors in 2022 and were disclosed on the Company's website. <a href="https://www.walsin.com/wp-content/uploads/2023/03/rule13_20230224TC.pdf">https://www.walsin.com/wp-content/uploads/2023/03/rule13_20230224TC.pdf</a>	In line with the Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies
2. The Company's ownership structure and shareholders' equity				In line with the Corporate Governance Best-Practice Principles for TWSE- and TPEX-listed Companies.
(1) Has the company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes and litigations?	Yes		(1) Our Shareholders Service & Contact Office is in charge of handling various shareholder recommendations, queries and disputes. The Company also provides related contact details on the Company's website and in the annual report and has set up a stakeholder mailbox to collect stakeholders' questions and suggestions.	
(2) Has the company had a list of major shareholders who actually control the company or a list of ultimate controller of such shareholders?	Yes		(2) The Company periodically discloses the list of ultimate controllers of its principal shareholders pursuant to the laws and regulations.	
(3) Has the company established and implemented risk control/management and firewall mechanisms between the company and its affiliated firms?	Yes		(3) 1. The Company has drafted rules governing the supervision of its subsidiaries, which have been approved by the Board. 2. All of the Company's affiliates are subsidiaries; the Company directly or indirectly retains at least 50% of their shares. Business dealings with affiliates are treated as transactions with third parties. 3. 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.	
(4) Has the company set internal regulations that prohibit the company's personnel from taking advantage of information that has not been disclosed to the public to purchase or sell securities?	Yes		(4) In order to establish an effective handling and disclosure mechanism for major internal information processing operations, so that unauthorized information leakage can be avoided, consistency and accuracy of information disclosed by the Company to the public can be maintained and insider trading can be prevented, the Company has established the "Procedures for Major Internal Information Processing Operations." Such procedures were last revised on November 4, 2022 and renamed as "Procedures for Handling Internal Material Information and Prevention of Insider Trading" to strengthen the corporate culture of prevention of insider trading and the control measures against insider stock trading.  The Company's Directors' and Managerial Officers' Code of Ethical Conduct was amended on August 4, 2020. Such code contains regulations pertaining to the prohibition of insider trading pursuant to the	

Appraisal Items	Actual Governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE-/ TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
			<p>Company's internal regulations and the Securities and Exchange Act. Relevant regulations are uploaded as an electronic copy to the Company's electronic bulletin board of its internal regulations for the perusal by relevant personnel.</p> <p>In 2022, the Company conducted educational training and awareness-raising for directors and managers (and other managers above such levels) on "Prevention of Insider/Short-Swing Trading" and "Practicing Ethics and Morals" to strengthen our education on the regulations prohibiting insider stock trading. In addition, some educational and awareness-raising articles on compliance with the regulations prohibiting insider trading were published on the Company's internal education and training platform "Walsin Liwha College", so that all managers may read and understand information related to ethical management. The details thereof have been disclosed on the Company's website (in the Risk Management_ Prevention of Insider Trading Section): <a href="https://www.walsin.com/investors/corporate-governance/#pills-information-security">https://www.walsin.com/investors/corporate-governance/#pills-information-security</a></p>	
<p>3. The composition and duties of the Board</p> <p>(1) Has the Board of Directors devised a policy and concrete management objectives for a more diverse composition of the Board? If so, has the plan been implemented?</p>	Yes		<p>(1) In accordance with Article 20 of the Company's Corporate Governance Best Practice Principles and the "Principles of Election of Board Members and Managers and Guidelines for Continuing Education and Succession Planning" established by the Company, the Board of Directors will implement the objectives of diversity and independence in terms of expertise, experience and gender required for Board members, and will continue to invite appropriate candidates to join the Board of Directors in accordance with the above objectives in order to strengthen the balance of the Board of Directors in response to the Company's development strategies and changes in the internal and external environment. In order to achieve the desired objectives of corporate governance, the Board of Directors of the Company is composed of members from the management team, managers of relevant industries and professionals with financial, business and accounting backgrounds, who effectively perform the duties of Board members with different fields and work backgrounds. These duties include establishing and maintaining the Company's vision and values, assisting in promoting corporate governance and strengthening management, overseeing and evaluating the implementation of management policies and operational plans, and being responsible for the Company's overall economic, social, and environmental operations to enhance corporate governance and corporate value from the perspective of stakeholders.</p> <p>The Company has a total of 11 Directors, including 4 Independent Directors (36%). Independent Directors were re-elected for fewer than 3 terms. Among the Directors, 5 are aged 65 years and older, 5 are aged 55</p>	In line with the Corporate Governance Best-Practice Principles for TWSE- and TPEX-listed Companies.



Appraisal Items	Actual Governance (Note 1)		Deviations from Corporate Governance Best-Practice Principles for TWSE-/ TPEX-listed Companies and Reason(s)
	Yes	No	
		<p>to 64, and 1 are under 55 years old. In order to implement Taiwan's gender equality policy, increase women's participation in decision-making and improve the structure of the Board of Directors, the Company's Board of Directors also includes two female directors (18%).</p> <p>The Company has built its strength by being focused on the wire and cable, stainless steel, commodity, and commercial real estate fields and become a model of business excellence moving towards the manufacturing service industry. If we look at the list of directors of the Company, Yu-Lon Chiao, Chairman, has been working in the business field of the Company for a long time and has a good understanding of the operation and development of the industry, with an open-minded leadership style that encourages adoption of suggestions; Director Yu-Cheng Chiao and Director Yu-Heng Chiao have joined the management team of the Company and therefore are familiar with the organization and business operation of the Company and are good at operation management; Andrew Hsia, Director, comes from a diplomatic background with an international perspective and therefore has a good grasp of the conditions of the Southeast Asian market and can fully assist the Company in making relevant investment decisions; Director Pei-Ming Chen's work experience is focused on semiconductor business, and he has participated in many mergers and acquisitions and international business integration and therefore has operational management experience and expertise. As for the two female Directors, Ma Wei-Shin specializes in technology leadership, operational judgment and operational management, while Director Patricia Chiao specializes in operational management, investment judgment and human resources. The Company's Independent Directors have industry knowledge and an international market perspective, with Independent Director Ming-Ling Hsueh specializing in finance, accounting and corporate governance, Independent Director Fu-Hsiung Hu having expertise and experience in business administration, finance and securities, and credit information, Independent Director King-Ling Du having extensive steel expertise and being familiar with the development and management of the stainless steel industry, and Independent Director Shiang-Chung Chen specializing in intelligent technology leadership with a good grasp of the development of Industry 4.0.</p> <p>The Company attaches importance to the diversity of the composition of the Board of Directors. The target of more than 15% of directorships being held by women is currently 18%; therefore, the implementation thereof exceeds the target. The target number of independent directors is three in accordance with the law; however, the Company values corporate governance and thus has four independent directors (one in excess of the statutory</p>	

Appraisal Items	Actual Governance (Note 1)		Deviations from Corporate Governance Best-Practice Principles for TWSE-/ TPEX-listed Companies and Reason(s)
	Yes	No	
(2) In addition to establishing a Compensation Committee and an Audit Committee, which are required by law, is the company willing to also voluntarily establish other types of functional committees?	Yes		<p>target), accounting for 36% of all directors of the Company.</p> <p>The elite directors of the Company were selected from the industry to participate in major investment projects related to the Company's business, assist the Company's financial, accounting and corporate governance businesses according to their expertise, and assist the Company in making favorable decisions through their diverse experience, which gives rise to extensive and professional advice. Diversification of the Board of Directors' members has been implemented as shown in Note 2.</p> <p>(2) In addition to the committee established according to the laws, the Company further set up the Sustainable Development Committee and the Nomination Committee.</p> <p>1. On November 1, 2019, the 17th meeting of the Board of Directors of the 18th term resolved to establish the Sustainable Development Committee, in which the Chairman acts as the convener, and Vice-Chairman and all Independent Directors act as the members, and under which ethical management, environmental safety and health management, green operations, customer service and suppliers management and promotion and employee relations and social care promotion centers were established. The Sustainable Development Committee reviews the annual plans of each promotion center, monitors and tracks the implementation results of each promotion center, and revises its charter.</p> <p>2. The Nomination Committee was established by the resolution of the 10<sup>th</sup> Board of Directors Meeting of the 19<sup>th</sup> Term on August 6, 2021, with Independent Director Fu-Hsiung Hu as the convener and the Chairman and the remaining three independent directors as members. The duties of the Nomination Committee include setting standards for the diversity of expertise, experience, gender and independence required of Board members, and identifying, reviewing and nominating candidates for election as directors.</p>
(3) Has the company established methods for appraising the performance of the Board of Directors as well as actual procedures for executing the appraisals? If so, has the company executed appraisals of the performance of the Board annually? Are the results of the performance evaluations reported to the Board of Directors and used as a	Yes		<p>(3) In order to improve our corporate governance, the Company's Regulations for the Board of Directors' Performance Appraisal stipulates that the Board of Directors of the Company shall conduct a performance evaluation at least once a year using questionnaires for self-evaluation, that the evaluation of the Board of Directors shall be evaluated at least once every three years by an external professional and independent organization or a team of external experts and scholars, and that the performance evaluation of the current year shall be conducted at the end of the year, so as to measure the directors' strategic direction in leading the Company and to oversee the operation of the Company's management in order to provide board performance and increase long-term shareholder value.</p>





Appraisal Items	Actual Governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE-/ TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
reference for individual directors' remuneration and nomination for reappointment?			<p>The Company engaged the Taiwan Corporate Governance Association in September 2021 for the second time to evaluate the effectiveness of the Company's Board of Directors, and the Company obtained professional, objective evaluation results and suggestions through the guidance of, and idea exchanges with, the evaluation members. Such results and suggestions were used as a reference in the compensation of individual directors and nominations for reappointment.</p> <p>The Company conducted its own internal evaluation for 2022 in December 2022 and reported to the Board of Directors on January 10, 2023. The result has been published on the Company's website, and the results of these evaluations will be used as a reference in individual directors' compensation and nominations for reappointment, for the purpose of continuous refinement and optimization of the functions of the Board of Directors.( Note 3)</p>	
(4) Has the company periodically evaluated the level of independence of the CPA?	Yes		<p>(4) 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 an "Impartiality and Independence Statement" 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. Only after such confirmation, will we consider the CPA's appointment and the relevant expenses.</p> <p>Items for assessment of the CPA's independence are shown as Note 4.</p>	
4. Has the TWSE- or TPEX-listed company designated a proper number of competent staff in charge of the corporate governance-related affairs (including but not limited to providing information for the Directors and Supervisors to execute their duties, assisting the Directors and Supervisors with legal compliance, handling the affairs related to the Board meetings and the Shareholders Meeting as prescribed by law, preparing the minutes of the Board meetings and the Shareholders Meeting, etc.)?	Yes		<ol style="list-style-type: none"> <li>1. The Company appointed a Head of Corporate Governance as resolved by the Board of Directors on June 12, 2019. The key responsibilities of the Head of Corporate Governance include the meeting affairs in connection with board meetings, preparation of such meetings' minutes, assistance for Directors with the onboarding and continuing education, provision of information required for the business execution by Directors, assistance for Directors with legal compliance and other matters set out in the Articles of Incorporation of the Company or contracts.</li> <li>2. Vice President of the Company, Hueiping Lo, is currently the Head of Corporate Governance. She has more than three years of experience as a financial officer of a public company and meets the statutory qualifications as the head of corporate governance.</li> <li>3. On June 12, 2019, the Company's Board of Directors also resolved to approve the "Standard Operating Procedures for Handling Directors' Requests" (which was lastly updated on April 9, 2021) pursuant to the rules, through the establishment of which the Directors have</li> </ol>	In line with the Corporate Governance Best-Practice Principles for TWSE- and TPEX-listed Companies.

Appraisal Items	Actual Governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE-/ TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
			<p>appropriate operating procedures for handling information necessary for the performance of their business.</p> <p>4. The business execution for the year 2022 are explained as follows:</p> <ul style="list-style-type: none"> <li>i. To manage the meetings of the Board of Directors and related committees, and to strengthen the procedures of meetings and recusal of interests.</li> <li>ii. To provide the directors with the information necessary for the execution of their business within the statutory period, to remind the directors of the relevant laws and regulations that they should comply with in the execution of their business or after the resolution of the board of directors, and to follow up on the situation and progress of the recommendations or opinions of the directors after the meeting.</li> <li>iii. To revise and amend the important regulations of the Company by adapting to the latest laws and regulations related to the Company's business field and corporate governance, including amendments to the Company's Corporate Governance Best Practice Principles, Regulations Governing Board Performance Evaluation, etc.</li> <li>iv. Based on the characteristics of the industry where the Company is operating, to handle matters related to directors' further education and regularly forward information on relevant external further education programs to assist directors in implementing the diversified education mechanism. (Note 5)</li> <li>v. To provide directors with the necessary corporate information, maintain smooth communication between directors and business executives, and assist in arranging communication meetings between independent directors and the chief audit executive and accountants to facilitate the execution of business by independent directors.</li> <li>vi. To conduct performance evaluations of the Board of Directors and functional committees.</li> <li>vii. In September 2022, the "Electronic Board Meeting Information" App has upgraded to provide real-time information updates and a fast and smooth communication platform.</li> </ul>	
5. Has the company established channels for communicating with interested parties (including but not limited to shareholders, employees, customers, suppliers, etc.), set up a dedicated interested parties area on the company's website, as well as appropriately responded to important CSR issues that interested parties are concerned about?	Yes		<p>The Company has been maintaining open communication channels with interested parties that include customers, shareholders, banks it has business dealings with, employees, suppliers, communities, competent authorities, or persons so connected with the Company. Communication channels can be found on the Company's internal and external websites as well as in its annual reports, to facilitate understanding of the Company's CSR issues that interested parties are concerned about, so that appropriate responses can be made.</p> <p>The Company has amended in 2020 the "Procedures for Interested Parties to Submit Complaints and Recommendations", through which interested parties can communicate with the Company's supervisory unit directly, propose constructive advice and file complaints.</p>	In line with the Corporate Governance Best-Practice Principles for TWSE- and TPEX-listed Companies.



Appraisal Items	Actual Governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE-/ TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
			<p>The Company has a contact channel on its website designated to stakeholders; a mailbox also exists on the employee portal site, thus providing internal and external personnel with a means to make suggestions and file complaints to the Company. Information received shall be handled by the Auditing Office.</p> <p>The Company regularly reports to the Board of Directors on its communications with various interested parties on an annual basis starting from 2019. The communications in 2022 have been reported to the Board of Directors at the board meeting on November 4, 2022. Details of both communications were disclosed on the Company's website: <a href="https://www.walsin.com/wp-content/uploads/2022/11/111%E5%B9%B4%E5%BA%A6%E5%88%A9%E5%AE%B3%E9%97%9C%E4%BF%82%E4%BA%BA%E5%A0%B1%E5%91%8A.pdf">https://www.walsin.com/wp-content/uploads/2022/11/111%E5%B9%B4%E5%BA%A6%E5%88%A9%E5%AE%B3%E9%97%9C%E4%BF%82%E4%BA%BA%E5%A0%B1%E5%91%8A.pdf</a></p>	
6. Has the company appointed a professional shareholders service agency to handle affairs related to the Shareholders Meeting?		No	The Company has handled such affairs by itself since March 1993.	Such matters are handled by the Company's shareholder service. Matters related to shareholders' meetings are conducted in accordance with the Company's Articles of Incorporation and laws and regulations, so that shareholders' meetings are convened in a legal, valid and safe fashion.
7. Information disclosure (1) Has the company established a corporate website to disclose information regarding the company's financial, business and corporate governance statuses? (2) Has the company adopted other ways to disclose information (e.g., maintaining an English-language website, appointing responsible people to handle corporate information collection and disclosure, appointing spokespersons, webcasting investor's conferences, etc.)?	Yes  Yes		<p>(1) Please visit Walsin Lihwa Corporation's Chinese/English website: <a href="http://www.walsin.com">http://www.walsin.com</a></p> <p>(2) The Company has a dedicated department for collecting its information and periodically updating its website. The Company has implemented one-spokesperson policy. It has also established the "Procedures for Handling Internal Material Information and Prevention of Insider Trading" that requires management as well as employees to properly keep financial as well as business secrets. We also require that personnel follow the "Corporate Governance Principles and Practices". Any change of our spokesperson or deputy spokespersons shall immediately be made public. The Company's website regularly discloses major</p>	In line with the Corporate Governance Best-Practice Principles for TWSE- and TPEX-listed Companies.

Appraisal Items	Actual Governance (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE-/ TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
(3) Does the Company announce and report its annual financial report within two months after the end of the fiscal year, and announce and report its first, second and third quarter financial report and operations for each month well in advance of the required deadline?	Yes		<p>announcements, transactions with key stakeholders and investors conferences at:  <a href="https://www.walsin.com/investors/shareholder/#pills-important-announcement">https://www.walsin.com/investors/shareholder/#pills-important-announcement</a></p> <p>(3) 1. In order for investors to obtain adequate and accurate financial information in a timely manner, the Company's annual financial report is submitted to the Audit Committee and the Board of Directors for approval within two months after the end of the year, and the financial report is announced on the Market Observation Post System on the date of approval by the Board of Directors; the financial report for the first, second and third quarter is submitted to the Audit Committee and the Board of Directors for approval one week before the statutory announcement deadline, and the financial report is announced on the Market Observation Post System on the date of report to the Board of Directors.</p> <p>2. The Company's operations for each month are also fully disclosed on the Company's website and the Market Observation Post System before the statutory deadline.</p>	
8. Has the company had other information that is helpful for understanding the status of corporate governance (including but not limited to employee rights and interests, investor relations, supplier relations, rights of interested parties, further education sought by Directors and Supervisors, implementation of risk management policies and risk evaluation standards, implementation of customer policies, the taking out of liability insurance for Directors and Supervisors)?	Yes		<p>1. Refer to "(5) Our Fulfillment of Sustainable Development and differences between Our Fulfillment of Sustainable Development and the Development Best Practice Principles for TWSE/TPEX Listed Companies and reason(s) therefor " and "(6) Performance of ethical operations and differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor" of this year's Annual Report for information concerning employee rights and interests, employee care, investor relations, supplier relations, rights of interested parties, and the implementation of the customer policies.</p> <p>2. Please refer to "(8) Other important information helpful for improving understanding of the governance of the company" and "6. Risk Analysis and Assessment for the Following Items as of the Latest Year and up to the Date of Printing of the Annual Report" for the information regarding the implementation of directors' and supervisors' continuing education, risk management policies and risk measurement standards.</p> <p>3. The Company's purchase of liability insurance for directors and supervisors has been disclosed to the Market Observation Post System.</p>	In line with the Corporate Governance Best-Practice Principles for TWSE- and TPEX-listed Companies.
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>1. With respect to the 2021 Corporate Governance Evaluation results, our improvements in 2022 are as follows: We strengthened the correlation between performance evaluation and remuneration for directors and managerial officers.</p> <p>2. Improvement Priorities and Measures: We promoted ISO 27001 Information Security Management System (ISMS) and completed SGS third party validation to implement our commitment to information security by way of PDCA. We comprehensively constructed the confidentiality, integrity, and availability of information security management system of our organization, and helped the Company continuously strengthen its information security management through management plans in different aspects, such as prevention before the event, monitoring during the event, and response after the event.</p>	



Note 1: The Company shall provide explanations in the summary description box, regardless of whether actual governance is ticked "Yes" or "No."

Note 2: Diversification of the Board of Directors' members has been implemented as follows.

Title	Name	Gender	Diversification items									
			Administrative management	Leadership and Decision-Making	Industry knowledge	Finance / accounting and law	Industrial technology	Marketing	Procurement	International Commerce and Trade	Information technology	Renewable energy and environmental protection
Chairman	Yu-Lon Chiao	M	✓	✓	✓	✓	✓	✓				
Vice Chairman	Patricia Chiao	F	✓	✓	✓			✓	✓			
Director	Yu-Cheng Chiao	M	✓	✓	✓	✓	✓				✓	✓
Director	Yu-Heng Chiao	M	✓	✓	✓	✓	✓				✓	
Director	Andrew Hsia	M	✓	✓	✓	✓				✓		
Director	Pei-Ming Chen	M	✓	✓	✓		✓	✓			✓	✓
Director	Wei-Shin Ma	F	✓	✓	✓	✓		✓		✓	✓	
Independent Director	Ming-Ling Hsueh	M	✓	✓	✓	✓				✓	✓	
Independent Director	King-Ling Du	M	✓	✓	✓		✓	✓	✓			✓
Independent Director	Shiang-Chung Chen	M	✓	✓	✓			✓	✓	✓	✓	
Independent Director	Fu-Hsiung Hu	M	✓	✓	✓	✓				✓	✓	

Note 3: No more than 1% of the earnings of the Company for a given year may be distributed to its directors and managers as their remuneration for such year in accordance with Paragraph 1, Article 25 of the Company's Articles of Incorporation. In order to regularly assess the remuneration of directors and managers, directors and managers are remunerated according to their degree of participation in the Company's operations and personal performance, and in accordance with the Company's "Rules Governing the Compensation of Directors and Functional Members" and "Rules Governing the Evaluation of Manager's Performance and Management of Compensation". Such remuneration will be further calculated and reasonably paid in a proportion of such earnings by taking into consideration the evaluation items specified therein, such as the directors' individual professional input and performance, the manager's business strategy and medium- and long-term strategic plans, and how the policy plans and performance indicators at all levels are carried out in accordance with the current year's operating objectives. In addition, the director and manager remuneration system will be reviewed from time to time based on the actual operating status and relevant laws and regulations.

Note 4: Items for assessment of the CPA's independence

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 relations 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, or any of its directors or managers.	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. At the time of the audit, no family member of the CPA held any position as a director or manager of the Company or that which had any direct and material influence on the audit.	True	Yes
6. 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
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

Appraisal Items	Results	Compliant with Independence?
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
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.		

Note 5: The further education received by Independent Directors and other Directors is disclosed in " (8) Other important information helpful for improving understanding of the governance of the company" in this annual report.

(4) Composition, duties and operation of the Compensation Committee and the Nomination Committee:

1. Compensation Committee

On September 27, 2011, the Company established the Compensation Committee and drew up the "Regulations Governing the Organization of the Compensation Committee". The Compensation Committee of the fourth term has four members and is comprised of four independent directors. The Committee is aimed at helping the Board establish and periodically review the performance appraisal of Directors and managers and the remuneration policy, system, standards and structure, as well as periodically review and determine the remunerations for Directors and managers.

(1) Information of the members of the Compensation Committee

Title	Criteria		Independence	Number of Other Public Companies in which the Member also Serves as an on the Compensation Committee
	Name	Qualifications and Experience		
Independent Director (Convener)	King-Ling Du	Please refer to the "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" form on pages 16 to 18		0
Independent Director	Ming-Ling Hsueh			4
Independent Director	Shiang-Chung Chen			1
Independent Director	Fu-Hsiung Hu			1

(2) Information on Operation of the Compensation Committee

- A. The Company's Compensation Committee operates in accordance with the Company's Compensation Committee Charter and holds at least two regular meetings each year.
- B. There are 4 members of the Compensation Committee of the fourth term in the Company.
- C. Term of office of the members: It started on August 4, 2020 and will end on May 28, 2023. The Compensation Committee met three times in 2022. The attendance records of the committee members are as follows:

Title	Name	Attended in Person	Attended by Proxy	Attendance Rate (%)
Convener	King-Ling Du	3	0	100%
Member	Ming-Ling Hsueh	3	0	100%
Member	Shiang-Chung Chen	3	0	100%
Member	Fu-Hsiung Hu	3	0	100%



- D .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 Meeting Number and Date	Board of Directors Meeting Number and Date	Proposals and Resolutions	Company's Handling of Compensation Committee Member's Opinion
4 <sup>th</sup> Term 6 <sup>th</sup> Meeting January 7, 2022	19 <sup>th</sup> Term 13 <sup>th</sup> Meeting January 11, 2022	Proposal for 2021's managerial performance evaluation and bonus compensation Proposal for performance bonuses for the Chairman and Vice Chairman of the Company for 2021 Setting of the Company's managers' objectives for 2022	Compensation Committee: The relevant proposals were passed with the consent of all members present and submitted to the Board of Directors for resolution.  Board of Directors: All of the Directors present approved the proposals unanimously.
4 <sup>th</sup> Term 7 <sup>th</sup> Meeting February 18, 2022	19 <sup>th</sup> Term 14 <sup>th</sup> Meeting February 22, 2022	Proposal for distribution of the Company's directors' and managers' remuneration for 2021	
4 <sup>th</sup> Term 8 <sup>th</sup> Meeting May 31, 2022	19 <sup>th</sup> Term 19 <sup>th</sup> Meeting May 31, 2022	Proposal for the Company's 2021 capital injection through stock options offered to employees and officers	

- (3) Other details that need to be recorded:

Decisions made by the Compensation Committee for which certain committee members were against or had reservations that were recorded or expressed via written statements: None

- (4) Scope of Duties of the Compensation Committee

A. The Compensation Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion.

- (A) Periodically reviewing the Compensation Committee Charter and making recommendations for amendments.
- (B) Establishing and periodically reviewing the annual and performance goals for the directors and managers of the Company and the policies, systems, standards, and structure for their compensation, as well as disclosing the standards for evaluating their performance in the annual report.
- (C) Periodically assessing the degree to which performance goals for the directors and managers of the Company have been achieved, and setting the types and amounts of their individual compensation, as well as disclosing the director and manager compensation in the annual report.

B. The Committee shall perform the duties under the preceding paragraph in accordance with the following principles:

- (A) Ensuring that the compensation arrangements of the Company comply with applicable laws and regulations and are sufficient to recruit outstanding talents.
- (B) Performance assessments and compensation levels of directors and managerial officers shall take into account the general pay levels in the industry, as well as the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure.
- (C) There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the risk appetite of the Company.
- (D) For directors and senior managerial officers, the percentage of remuneration to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company's business.



(E) Reasonableness shall be taken into account when the contents and amounts of the compensation of the directors, supervisors, and managerial officers are set. It is not advisable for decisions on the compensation of the directors, supervisors, and managerial officers to run counter to financial performance to a material extent. It is not advisable for said compensation to be higher than that in the preceding year in the event of a material decline in profits or of long-term losses. If it is still higher than that in the preceding year, the reasonableness shall be explained in the annual report and reported at a shareholders' meeting.

(F) No member of the Committee may participate in discussion and voting when the Committee is deciding on that member's individual compensation.

(G) The Committee shall explain at the meeting the remuneration of any of its members that is to be discussed at such meeting. Such members shall not join the discussion and vote if it may do harm to the interests of the Company, and shall recuse themselves from the discussion and voting, and shall not exercise their voting rights on behalf of other members.

"Compensation" as used in the preceding two paragraphs includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. Its scope shall be consistent with the compensation for directors and managerial officers as set out in the Regulations Governing Information to be published in Annual Reports of Public Companies.

If the decision-making and handling of any matter relating to the remuneration of directors and managerial officers of a subsidiary is delegated to the subsidiary but requires ratification by the board of directors of the Company, the Committee shall be asked to make recommendations before the matter is submitted to the board of directors for deliberation.

## 2. Nomination Committee

(1) The Committee shall be composed of at least three directors elected by the Board of Directors, in which a majority of the independent directors shall participate.

(2) The Committee, under the authority of the Board of Directors, shall faithfully perform the following duties and responsibilities with the due care as a good administrator and shall submit its recommendations to the Board of Directors for discussion:

A. To establish the criteria of diversity and independence in terms of professional knowledge, technology, experience and gender required for board members and managers, and to identify, review and nominate candidates for directors and managers accordingly.

B. To establish the organizational structure of each functional committee and to review the establishment and amendment of the organizational rules and regulations of each functional committee.

C. To establish and regularly review the directors' continuing education program and succession plans for directors and managers.

D. To review the establishment and amendment of the Company's corporate governance and board of directors' operating rules and regulations.

E. Other matters to be dealt with by the Committee as resolved by the Board of Directors.

(3) Professional qualifications and experience of the members of the Nomination Committee and its operations:

A. There are 5 members in the Nomination Committee of the Company of this term.





- B. The term of office of the current members: August 6, 2021 to May 28, 2023. The Nomination Committee met three times in 2022, and the professional qualifications and experience of the members, their attendance and matters discussed are as follows:

Title	Name	Professional Qualification and Experience	Personally Attended	Attended by Proxy	Attendance rate (%)	Remarks
Convener	Fu-Hsiung Hu	Please refer to the "Disclosure of Professional Qualifications of Directors and Independence of Independent Directors" form on pages 11 to 13.	3	0	100%	
Member	Yu-Lon Chiao		3	0	100%	
Member	Ming-Ling Hsueh		3	0	100%	
Member	King-Ling Du		3	0	100%	
Member	Shiang-Chung Chen		3	0	100%	

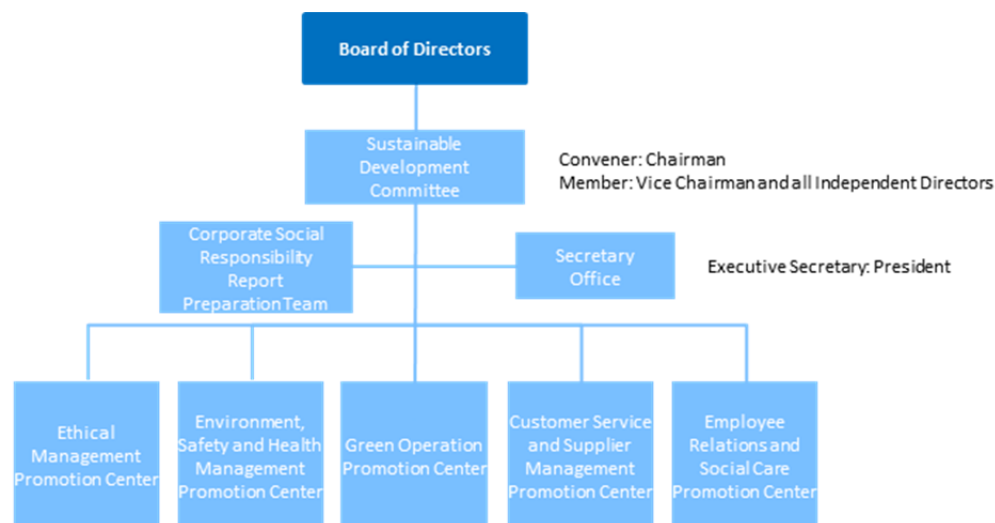
- (4) Other matters that should be specified:

The results of the discussions and resolutions of the Nominating Committee and the Company's handling of the opinions of the members in 2022:

Nomination Committee Meeting Number and Date	Board of Directors Meeting Number and Date	Proposals and Resolutions	Company's Handling of Compensation Committee Member's Opinion
1 <sup>st</sup> Term 3 <sup>rd</sup> Meeting January 11, 2022	19 <sup>th</sup> Term 13 <sup>th</sup> Meeting January 11, 2022	Proposal: Proposal to amend certain articles of and the relevant schedules to the Company's Regulations Governing Board Performance Evaluation. Resolution: Proposal passed, except it was resolved that Article 8 thereof not be amended.	All of the Directors present approved the proposal unanimously.
		Proposal: Proposal to amend certain articles of the Company's Corporate Governance Best Practice Principles. Resolution: This proposal was withdrawn after the chairman consulted with all members present at the meeting.	
1 <sup>st</sup> Term 4 <sup>th</sup> Meeting April 29, 2022	19 <sup>th</sup> Term 17 <sup>th</sup> Meeting May 6, 2022	Report Proposal: The results of the Company's 2021 corporate governance evaluation and the report on the improvement plan for 2022 are hereby submitted for review and approval. Resolution: All directors present were aware of the foregoing matter.	
1 <sup>st</sup> Term 5 <sup>th</sup> Meeting July 29, 2022	19 <sup>th</sup> Term 20 <sup>th</sup> Meeting August 5, 2022	Proposal: Proposal to amend certain articles of the Company's Corporate Governance Best Practice Principles. Resolution: Proposal passed and submitted to the Board of Directors for approval and discussion.	All of the Directors present approved the proposal unanimously.

(5) Our fulfillment of sustainable development:

The Company has established the Sustainable Development Committee under the Board of Directors, which is in charge of the following matters and structured as follows:



Duties of the Committees

Department	Responsibility and function
Sustainable Development Committee	It is our highest-leveled CSR organization which establishes our corporate sustainable development vision and strategy, reviews the overall operational directions of the Group and each promotion center through regular meetings and oversees the implementation results. It reports the annual CSR results to the Board of Directors in the following year.
Ethical Management Promotion Center	It is responsible for formulating and promoting policies and systems related to ethical management, integrating integrity and ethical values into the Company's business strategies, and assisting the Board of Directors and the senior management in checking and evaluating the effectiveness of the preventive measures established to implement ethical management.
Environment, Safety and Health Promotion Center	It is responsible for formulating our environmental protection, safety and health policies, implementing related plans, planning energy and carbon management, overseeing and reporting on the implementation performance and guidance. It is composed of the heads of cross-business units and related departmental managers to execute the above matters. It carries out the interdepartmental integration and implementation promotion on related issues above.
Green Operation Promotion Center	It is responsible for formulating the green operation strategy and identifying green products and services with future value based on the implementations of CSR, including product design, material procurement, manufacturing, and sales and service systems, which are all green oriented.
Customer Service and Supplier Management Promotion Center	It is responsible for formulating policies and implementation plans for the improvement of customer service quality and supplier management, overseeing and reporting on the implementation performance. Being composed of the heads of cross-business units and related departmental cadres, it carries out the interdepartmental integration and implementation promotion on related issues.
Employees Relations and Social Care Promotion Center	It is responsible for promoting and building a safe and healthy working environment for employees to fully utilize their talents for reasonable compensation and benefits. It also develops social care policies to actively participate in the public welfare, social cares and CSR education, so as to pay back to society with concrete, continuous action.
Secretary Office	It is a staff unit established under the Sustainable Development Committee and is responsible for assisting the Committee in exercising its responsibilities, tracking resolution issues and coordinating the integration of the operations of the various promotion centers.
Corporate Social Responsibility Report Preparation Team	It is responsible for the preparation of CSR reports and the disclosure of CSR-related information and the CSR promotion.



The Differences between Our Fulfillment of Sustainable Development and the Development Best Practice

Principles for TWSE/TPEX Listed Companies and reason(s) thereof:

Promotion items	Actual Implementation		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	
I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (or part-time) unit to promote sustainable development, which unit is handled by senior management as authorized by the Board of Directors? And how does the board of directors supervise the same?	Yes		<p>1. The Company's 7<sup>th</sup> meeting of the Board of Directors of the 17<sup>th</sup> term approved the establishment of the "Corporate Social Responsibility Committee" in April 29, 2015, and the 17<sup>th</sup> meeting of the Board of Directors of the 18<sup>th</sup> term in November 1, 2019 approved the establishment and organizational charter of the "Sustainable Development Committee" by merging the existing "Corporate Social Responsibility Committee" and "Ethical Management Committee". The establishment and the appointment of its members have been approved by the Board of Directors, and the Sustainable Development Committee is responsible for developing corporate sustainability strategies and visions to promote CSR-related work and management.</p> <p>2. The Committee is composed of the Chairman as convener, and the Vice Chairman and all independent directors as members. The Committee has five promotion centers, including the Ethical Management Promotion Center, the Environment, Safety and Health Management Promotion Center, the Green Operation Promotion Center, the Customer Service and Supplier Management Promotion Center, and the Employee Relations and Social Care Promotion Center.</p> <p>3. The Board of Directors receives regular reports on operations, finance, corporate governance, sustainability issues, etc. Through the diverse experience of its members, the Board offers broad and professional opinions to assist the Company in making appropriate decisions and guiding the Company in a clear strategic direction. In 2022, two meetings of the Sustainable Development Committee were held: the progress for the first half of 2022 was reported on July 29, 2022, and the execution results for 2022 and 2023 implementation plan were approved by resolution on December 9, 2022.</p>
II. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the Company's operations and formulate relevant risk management policies or strategies in accordance with the principle of materiality? (Note 1)	Yes		<p>1. In order to ensure the sound operation and sustainable development of the Company, the "Rules for Risk Management Policies and Procedures" were approved by the 19<sup>th</sup> meeting Board of Directors of the 18<sup>th</sup> term in February 27, 2020 to establish an overall risk management system. The Board of Directors, the Audit Committee, the Auditing Office, the President and the President's Office, each risk management unit, and each unit and subsidiary of the Company are collectively involved in promoting the implementation of relevant risk</p>

Promotion items	Actual Implementation		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	
			<p>management measures.</p> <p>2. For the purpose of reducing the impact and influence of internal and external risks, the Company's governance units and other risk management units have identified risks related to environmental, social and corporate governance issues and planned relevant management and control measures in accordance with the principle of materiality, the business and operational characteristics of the Company. The results of risk assessments (including management policies, strategies or mechanisms for each risk category) are summarized in Note 3.</p> <p>3. In 2022, risk identification was carried out in a systematic manner, and the identified risks were measured and monitored by each risk management unit and reported to the Board of Directors on November 4, 2022 (for the report, please refer to <a href="https://www.walsin.com/wp-content/uploads/2022/11/111%E5%B9%B4%E5%BA%A6%E9%A2%A8%E9%9A%AA%E7%AE%A1%E7%90%86.pdf">https://www.walsin.com/wp-content/uploads/2022/11/111%E5%B9%B4%E5%BA%A6%E9%A2%A8%E9%9A%AA%E7%AE%A1%E7%90%86.pdf</a>).</p>
<p>III. Environmental Issues</p> <p>(1) Has the Company established a proper environmental management system based on the characteristics of its industry?</p>	Yes		<p>(1) 1. The Company's Environmental, Health and Safety Promotion Center under the Sustainable Development Committee has set targets for energy saving and carbon reduction, water management and waste reuse in accordance with Walsin Lihwa Environmental, Health and Safety Policy, including a 10% carbon reduction by 2025 compared to 2014, a 15% reduction in water use in 2030 compared to 2014, and capital expenditures to replace production equipment, develop green processes, and promote source improvement. Please refer to Chapter 5 (Climate Strategies and Sustainable Environment) of the 2022 Annual Sustainability Report or the "Climate Strategies and Sustainable Environments" page of the Corporate Sustainability Section on the Company's website (<a href="https://esg.walsin.com/zh_TW/focus/saving">https://esg.walsin.com/zh_TW/focus/saving</a>) for related specific results.</p> <p>2. The environmental management of the Company's domestic and overseas plants has been carried out in accordance with government regulations and international environmental protection conventions. The plants in Taiwan (Hsinchuang Plant 1, Hsinchuang Plant 2, Yangmei Plant, Taichung Plant and Yanshui Plant) and China (Shanghai Power Plant, Jiangyin Plant, Yantai Plant and Changshu Plant) have all received the "Environmental Management System" certification (ISO 14001:2015). The Company</p>



Promotion items	Actual Implementation		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	
			will also continue to improve and refine our environmental management performance. Please refer to the Company's website - Document Center - Environmental Safety and Health Policy and Related Certificates ( <a href="https://www.walsin.com/about-us/newsroom/#pills-reports-document">https://www.walsin.com/about-us/newsroom/#pills-reports-document</a> ) for relevant verification standards.
(2) Has the company made efforts to improve the efficiency of resources utilization and use recycled materials which have a low impact on the environment?	Yes		<p>(2) 1. Walsin strives to be an environmentally sustainable enterprise, and increases its investment in energy saving, carbon reduction, and resource recycling software and hardware year by year, such as "control of reasonable energy consumption per unit of the product", "equipment energy efficiency management and improvement", "reduction of smelting process energy consumption and carbon emission", waste heat recovery and process technology improvement (such as pure oxygen combustion technology and yield improvement), and green power installation (such as solar energy).</p> <p>2. The Company mainly produces wire and cable and stainless steel. After these two types of products have gone through the stages of production, use and disposal, they can be recycled and reused to return to their life cycle, which is in line with the concept of recycling for new products in a circular economy. Regarding the use of raw materials and materials used for packaging, in addition to continuously raising the rate of using recycled stainless steel and carbon steel as raw materials, Walsin also considerably uses recycled pallets, iron frames, iron (wood) shafts, wooden plates, and iron plates as packaging materials for copper wire and cable. In 2022, approximately 93% of the products produced by Cable &amp; Wire Business Group used recycled raw materials and approximately 54% of those products used recycled packaging materials; approximately 34.55% of the products produced by Stainless Steel Business Group used recycled raw materials for scrap steel and approximately 65.28% of those products used recycled raw materials. For specific results, please refer to Section 3.2 "Green Operations" of the 2022 Annual Sustainability Report or the "Industry Innovation and Value Chain Integration" page in the Corporate Sustainability section of the Company's website (<a href="https://esg.walsin.com/zh_TW/focus/creative/green">https://esg.walsin.com/zh_TW/focus/creative/green</a>).</p>

Promotion items	Actual Implementation		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	
(3) Has the company assessed the current and future potential risks and opportunities of climate change for the business and taken measures to address climate related issues?	Yes		<p>(3) In 2020, the Company formulated its risk management policies and procedures to incorporate climate change and environmental risks into its management in accordance with its business operations and operating characteristics. The Company also introduced the Climate Related Financial Disclosures (TCFD) to set up the framework for managing risks and opportunities relating to climate change.</p> <p>In accordance with the recommendations of the Climate Related Financial Disclosures (TCFD), in 2022, we set up different climate scenarios, evaluated possible climate-related risks and opportunities, studied international climate change trends and industry-related trends, and assessed internal and external stakeholder attitudes, thereby identifying the climate-related risks and opportunities for Walsin Lihua. Please refer to Chapter 5 (Climate Strategies and Sustainable Environment) of the 2022 Annual Sustainability Report or the "Climate Strategies and Sustainable Environment" page of the Corporate Sustainability Section on the Company's website (<a href="https://esg.walsin.com/zh_TW/focus/saving/climate">https://esg.walsin.com/zh_TW/focus/saving/climate</a>) for related specific results.</p>
(4) Has the Company compiled statistics on greenhouse gas (GHG) emissions, water consumption and total weight of waste in the past two years, and formulated policies on energy conservation, carbon reduction, GHG reduction, water consumption reduction or other waste management?	Yes		<p>(4) 1. The Company's energy-saving and carbon-reduction strategy is to "implement lean production management", "control reasonable energy consumption per unit of the product", "manage and improve equipment energy efficiency", and "reduce energy consumption and carbon emissions in the smelting process". In addition, the Company will increase the investment in software and hardware for energy saving, carbon reduction and resource recycling year by year, such as green raw materials, waste recycling/regeneration (such as recycling waste metals to replace natural mineral mining, waste plastic recycling plastic pellets, and waste acid regeneration), water resources recycling (such as process cooling water recycling and reuse of reclaimed water), energy recycling (such as waste heat recovery) and process technology improvement (such as pure oxygen combustion technology and yield improvement), end-of-line reuse and disposal (such as furnace slag), and investment in green power constructions (such as solar energy). etc.</p> <p>2. Our annual statistics on greenhouse gas emissions, water consumption and total waste volume indicate total greenhouse gas emissions of 621,766.43 tonnes of CO<sub>2</sub>e, total</p>



Promotion items	Actual Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor																																	
	Yes	No	Summary description																																		
			<p>water consumption of 14,026 million liters and total waste of 234,257 tonnes in 2022, an increase by 0.93%, a drop by 14.51%, and an increase by 17.87%, respectively, compared to 2021.</p> <p>(1). Greenhouse gas emissions for the last 2 years (by the plants of the Company based in Taiwan, Mainland China, and Malaysia) Unit: CO<sub>2</sub>e(tonnes)/Product(tonnes)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 1</th> <th>Emissions per Product</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>201,262</td> <td>414,804</td> <td>0.46</td> </tr> <tr> <td>2022</td> <td>194,649.63</td> <td>427,116.80</td> <td>0.48</td> </tr> </tbody> </table> <p>(2). Water consumption for the last 2 years (by the plants of the Company based in Taiwan, Mainland China, and Malaysia) Unit: Million liters / product (tonnes)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total Water Consumption</th> <th>Water Consumption per Product</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>16,409</td> <td>12.19</td> </tr> <tr> <td>2022</td> <td>14,027</td> <td>11.01</td> </tr> </tbody> </table> <p>(3). Waste output for the last 2 years (by all plants and subsidiaries of the Company) Unit: tonnes/product (tonnes)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Hazardous Wastes</th> <th>Non-Hazardous Wastes</th> <th>Output per Product</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>71,696</td> <td>127,038</td> <td>0.15</td> </tr> <tr> <td>2022</td> <td>73,718</td> <td>160,539</td> <td>0.18</td> </tr> </tbody> </table> <p>3. Our Taiwan plants have obtained ISO14064-1:2018, ISO50001 certification and ISO 14067:2018 (Hsinchuang Plant), and our overseas plants have obtained ISO50001 certification (Yantai and Shanghai Plants). Please refer to the Company's website - Document Center - Environmental Safety and Health Policy and related certificates (<a href="https://www.walsin.com/about-us/newsroom/#pills-reports-document">https://www.walsin.com/about-us/newsroom/#pills-reports-document</a>) for relevant verification standards.</p>	Year	Scope 1	Scope 1	Emissions per Product	2021	201,262	414,804	0.46	2022	194,649.63	427,116.80	0.48	Year	Total Water Consumption	Water Consumption per Product	2021	16,409	12.19	2022	14,027	11.01	Year	Hazardous Wastes	Non-Hazardous Wastes	Output per Product	2021	71,696	127,038	0.15	2022	73,718	160,539	0.18	
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<p>IV. Social Issues</p> <p>(1) Has the Company established its management policies and procedures in accordance with relevant laws, regulations, as well as international conventions regarding human rights?</p>	Yes		<p>1. Implementation of gender work equality: We comply with the Act of Gender Equality in Employment to protect the gender equality in work rights. The Company does not discriminate on the basis of gender in recruitment, screening, hiring, position determination, performance appraisal, promotion, educational training, and welfare and benefits, except when certain positions are only suitable for a specific gender.</p> <p>2. Employment of people with physical and mental disabilities: We protect the employment opportunities of people with physical and mental disabilities, and the number of our employees with physical and mental disabilities are more than that required by the People with Disabilities Rights</p>	In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.																																	

Promotion items	Actual Implementation		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	
			<p>Protection Act and the Indigenous Peoples Employment Rights Protection Act.</p> <p>3. Creating a diverse and inclusive culture: We respect basic human rights that are internationally recognized, do not discriminate our employees on the basis of gender, race, age, marital status, political stance, religious beliefs, nationality, etc., encourage the exchange of ideas, value team members by making them feel kindness and respect, and actively create a diverse and inclusive workplace.</p> <p>4. Establishing a complaint channel: The Company's Auditing Office has set up an email address for complaints and a dedicated person to receive them. For sexual harassment prevention and control, we have formulated the "Workplace Sexual Harassment Prevention and Control Measures for Complaints and Discipline" to protect gender equality at work and to provide a working environment where employees and visitors to our office are free from sexual harassment. In the event of any sexual harassment, the victim or his or her agent may file a complaint with the Sexual Harassment Complaint Committee either verbally or in writing. In addition, the Company has established relevant regulations in its internal documents to protect the human rights of employees and set up a complaint channel for employees in the event that their legal rights are violated or improperly handled, and that such issue cannot be resolved in a reasonable manner.</p>
(2) Has the company established and implemented reasonable employee benefit measures (including compensation, vacation and other benefits) and properly reflected operating performance or results in employee compensation?	Yes		<p>1. The Company attaches importance to the physical and mental health and welfare of our employees by organizing book clubs, seminars and competitions from time to time, in order to increase exchanges among colleagues and to achieve work-life balance. The Company also provides comprehensive and diversified welfare measures. The Employee Welfare Committee was established to handle various welfare matters, including wedding and funeral celebrations; maternity; company travel; club subsidies; bonuses for three festivals, Labor Day and birthday; children's scholarships; interest-free loans; and hospitalization grants. To improve the overall operational performance of the Company, it has work rules and management regulations, which cover basic wages, working hours, annual leaves more than what is provided in the Labor Standards Act, meal/transportation/communication subsidies, group insurance and health check-ups, and the provision of staff restaurants, dormitories,</p> <p>In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.</p>





Promotion items	Actual Implementation		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	
			<p>transportation vehicles, parking spaces, etc.</p> <p>The Company's main business is wire and cable and stainless steel manufacturing, which is a labor-intensive industry. The operational work at factories is mainly done by male employees, so the proportion of male employees is higher than that of female employees. In 2022, the percentage of our female employees was 14.5% and the percentage of our female management positions was 21.7%, showing an increasing trend year by year.</p> <p>2. The Company conducts regular market salary surveys to ensure that its overall compensation structure is competitive; it also provides performance bonuses and production bonuses based on the Company's operational performance, the achievement of team goals and individual employees' performance. We also pay our employees at a rate of not less than 1% of our current year's profit to motivate those who have performed well.</p>
(3) Has the company provided a safe and healthy work environment for employees and provided education on safety and health for employees on a regular basis?	Yes		<p>(3) 1. In order to protect the health and safety of employees, in addition to the necessary training required by law and regulations, our annual safety training plan has been formulated according to the actual production and each job type on site, taking into account safety accidents in the previous year. In 2022, we offered training to 1,409 participating new recruits, 19,916 participating in-service employees/1,155 sessions (internal/external), and 3,651 participating contractors (before entering factories)/739 sessions, mainly for in-service employees (accounting for 79.74%). We also have training plans for dedicated ESH personnel, special hazardous operators, and first aid personnel. For ESH training and certification, a complete certification system has been set up to keep track of the movement and demand for certification at each site. E-Learning online courses are also planned in 2023 to improve the training rate, thereby establishing a concept and culture that values workplace safety.</p> <p>2. Our occupational safety and health management system (ISO 45001) covers all workers (employees, contractors and visitors) in Taiwan (Hsinchuang, Yangmei, Taichung, Yenshui), China (Shanghai Huaxin, Dongguan Huaxin, Jiangyin Walsin, Jiangyin Alloy, Changshu Huaxin, Yantai Huaxin) and PT. Walsin Nickel Industrial Indonesia, with an overall coverage rate of 73.33% (Taipei Head Office, Nanjing Property (Taipei Head Office, Nanjing Real Estate, and Malaysia have not yet been verified). Our Taiwan and China plants</p>

Promotion items	Actual Implementation		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	
			<p>have obtained ISO45001 certification. Please refer to the Company's website - Document Center - Environmental Safety and Health Policy and related certificates (<a href="https://www.walsin.com/about-us/newsroom/#pills-reports-document">https://www.walsin.com/about-us/newsroom/#pills-reports-document</a>) for related verification standards/scope and validity period.</p> <p>3. The number of employee accidents in 2022 was 51 (51 people in total), and the rate of recordable occupational injuries was 0.41% (the rate of cases per 200,000 man-hours). In order to avoid recurrence of occupational accidents, we have conducted risk assessment and revision of related safety standards, using Taichung and Yenshui Plants as KYT preliminary drill sites to promote TPS spirit and Pointing and Calling (KYT) activities. It is also combined with SJP (Safety Job Procedures) to simplify the identification of high-risk operations (SJP / TPM / 5S) and to combine critical and important operations with the KYT of TPS using Pointing and Calling. We have implemented it in daily operations to enhance the overall hazard identification.</p>
(4) Has the company established an effective career development and capability training program for its employees?	Yes		<p>The Company has developed a training system according to each profession and level, and promoted three types of training methods: On-Job Training (OJT), Off-Job Training (OJT), and Self Development (SD) to support the development of the Company's talent, so that employees can follow in the capacity enhancement and cross-discipline learning, in order to maintain the competitiveness of the market. We develop knowledge/skill areas and learning blueprints each year according to the needs of our employees at each stage of their work and career development, and provide diversified training resources such as new recruit education and training, basic/advanced internal knowledge sharing, application of scientific tools (data analysis, image recognition, etc.), work skills, leadership training, and industry trends. According to the application level of knowledge and skills, we have planned online knowledge courses, offline learning communities, and mixed-level classroom courses/workshops. In 2022, the employee training expenses were NT\$15,401,000, and there were 47,811 training participants trained for 120,869.51 hours in total. On average, 22.79 hours of training were received per employee. At the same time, in the first and second half of each year, during the implementation of performance appraisal, in addition to conducting the annual work review in conjunction with colleagues, supervisors understand the potentials of colleagues, professions and areas to be improved based on their implementation of their work, and jointly formulate development plans for training, rotation and participation in projects.</p>



Promotion items	Actual Implementation		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	
(5) Does the Company comply with relevant regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of its products and services, and has it formulated relevant policies and complaint procedures to protect consumer rights?	Yes		<p>(5) 1. Our products and services are marketed and clearly labeled in accordance with local and international regulations and standards or pursuant to the requirements of our customers. In order to protect business information and customer privacy, the Company establishes a code of ethical conduct for employees and information security policies and relevant regulations (Note 3) to prevent any unauthorized access to, alteration to, or improper disclosure of any information that may infringe on customer privacy and rights.</p> <p>In addition to providing its latest information, product information, and the telephone numbers and e-mail addresses of the persons-in-charge of each business on its website, the Company has established communication channels through which interested parties can make complaints or communicate with the Company. Upon receipt of any information from an interested party, the Company will transfer the case to a dedicated person for him/her to confirm or handle, in order to reply to the stakeholders within the time limit.</p> <p>2. We have not violated any product- or service-related laws or regulations regarding customer health and safety, customer privacy, marketing and labeling of our products and services in 2022.</p> <p>3. For the latest information, product information, contact phone numbers and emails, please refer to the Company's website.  <a href="https://www.walsin.com/our-business/">https://www.walsin.com/our-business/</a>  <a href="https://www.walsin.com/about-us/contact-us/">https://www.walsin.com/about-us/contact-us/</a></p>
(6) Does the company have a supplier management policy requiring suppliers to comply with relevant regulations governing environmental protection, occupational safety and health, or human rights in the workplace, and how is it implemented?	Yes		<p>(6) 1. In order to strengthen and implement the sustainable management of its suppliers, the Company has established a supply chain sustainability policy and the rules for evaluating the suppliers' performance of corporate social responsibility, and requires suppliers to comply with environmental protection, occupational safety and health or labor human rights regulations in purchase orders and contracts. Key suppliers and new suppliers, in addition to signing the "Supplier Management Commitment Letter", also need to conduct self-assessments through the Key Supplier Sustainability Assessment Questionnaire, with evaluation items including economic (i.e., sustainability management, supplier management, and trade secret protection), social (i.e., human rights, health, and safety), and environmental (i.e., management system, greenhouse gas, air pollution, water resources management, and</p>

Promotion items	Actual Implementation		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	
			<p>waste management) aspects for the purpose of identifying the degree of sustainability risk of each key supplier, in order to comply with CSR-related regulations along with the partnering suppliers and ensure that the supply chain fulfills its CSR commitments and implements the Principles for Supplier CSR Performance Assessment.</p> <p>2. In 2022, there were 173 key suppliers in the Wire and Cable, Stainless Steel and Commercial and Real Estate Business Groups, among which 161 have been evaluated for their risks. Of them, 25 were high-risk suppliers, 71 were medium-risk suppliers, and 65 were low-risk suppliers. In 2022, we kept conducting on-site audits, interviews and guidance with regard to high-risk key suppliers to prevent and reduce the occurrence of risks, and will continue to conduct on-site audits and guidance with regard to high-risk key suppliers.</p>
V. Did the Company make reference to international standards or guidelines for the preparation of reports in preparing its sustainability reports and other reports that disclose non-financial information about the Company? Did the Company obtain a third-party certification agency's confirmation or assurance opinion on said reports?	Yes		<p>1. Since 2014, we have been compiling sustainability reports (Note 4) by reference to the Global Reporting Initiative's (GRI) G4 Standards, and since 2017, the report structure has followed the core options of the latest GRI Standards. In 2020, we introduced the Sustainability Accounting Standards Board (SASB) Industry Standard and the Task Force on the Climate-related Financial Disclosures (TCFD) framework to provide stakeholders with more complete and transparent ESG information.</p> <p>2. Since 2015, we have engaged Deloitte Taiwan to perform third-party assurance checks on our reports and have obtained the CPA Statement of Limited Assurance. The third-party assurance checks are performed every year in accordance with the standards set forth in Statement of Standard on Assurance No. 3000, "Assurance Cases Other Than Audits or Reviews of Historical Financial Information" and "Rules for the Preparation and Reporting of Sustainability Reports by Public Companies." As of the date of publication, the 2022 Annual Sustainability Report is being under assurance checks by Deloitte Taiwan, which is expected to issue a statement of assurance in May 2023.</p>
VI. If your company has established sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe differences between the principles and their implementation: In December 2014, the Company has established, based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" (Note 4), its Corporate Governance Best Practice Principles, which has also been approved by the Board of Directors. In line with the amendments to Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, the Board of Directors amended the Corporate Governance Best Practice Principles in January 2018, April 2020, January 2022, and February 2023. The Corporate Governance Best Practice Principles serve as the guidelines for the Company to establish and to execute related policies related to corporate governance, ESH management, customer service and supplier management, green operation, employee relations and social care. There are no discrepancies between the principles and actual practice.			In line with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.



Promotion items	Actual Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
VII. Other key information useful for explaining the promotion and execution of sustainable development:				
(1) With regard to developing a sustainable environment, please refer to "V. Operating Status, IV. Environmental Protection Expenditure Status" in the annual report.				
(2) With regard to the Company's observing relevant labor regulations by safeguarding the lawful rights and interests of its employees and providing a safe and healthy work environment for its employees, please refer to "Operating Status, Labor-Management Relations" in the annual report.				
(3) "Growth and integration with the local communities" is the philosophy in the social care of Walsin. It is a continuous implementation focused in four directions: "Corporate Citizen", "Minority Support", "Environment Conservation", and "Community Development". The results in 2022 may be summarized as below:				
1. Inauguration of Walsin-Taiwan National University Innovation and Research Center Walsin and National Taiwan University jointly established the Innovation and Research Center to conduct industrial research on metal materials, invest in green recycling technology issues, develop applications of business-produced waste, green metal supply chain, green energy, and energy saving and carbon reduction technologies, and cultivate talents in related fields. In its opening ceremony, the results of the 1st Walsin Lihwa-NTU Technical Exchange Poster Competition was also accounted, scholarships were awarded to 18 outstanding students, and they had a discussion with the faculty members of NTU's College of Engineering. We expect that academic resources and industrial applications will be more closely integrated to contribute to the development of environmental sustainability and green energy industry.				
2. Supporting the Culture Heritage of Traditional Chinese Opera Traditional Chinese opera, a performing art that is not easily preserved in its entirety, serves as a bridge between contemporary and ancient times. To support the preservation of this traditional culture, in 2022, we continued to sponsor the Wei-Hai-Min Foundation for the Arts of Peking Opera to support the traditional arts in a practical way, so that more people can appreciate the beauty of the art of traditional Chinese opera.				
3. Supporting the Screening of a Documentary on Pandemic Prevention During the COVID-19 pandemic, the HannStar Foundation produced the film "No One Should Be an Isolated Island" documenting the journey of the staff at HannStar House as the first public quarantine hotel in Taiwan, as they work together in unity and navigate their way through the pandemic. To thank the pandemic prevention staff for their dedication and to support Taiwan's excellent cultural arts work, Huaxin sponsored a screening of the film and invited colleagues and family members to enjoy it together, bringing them to the realization that everyone plays an integral part in the pandemic prevention work.				
4. "Illuminating the Corners of Taiwan": The Company has initiated the 5-year sponsorship project "Illuminating the Corners of Taiwan" in the end of 2016 to give back to society. The projects hopes to pay it forward by offering 5 elementary and junior high schools in rural Taiwan with relatively low resources more comprehensive faculty, environment and equipment and to develop characteristic physical and musical education. The second phase of the five-year plan will be launched in 2022 in cooperation with five existing schools to continue to deepen the various incubation programs.				
5. Long-Term Care for Children's Education: The Company and its employees regularly sponsor 12 child welfare organizations, including World Vision Taiwan, Taiwan Funds for Children and Families, Child Welfare League Foundation, the Lotus Heart Garden Nursery School in Houbi District, and Chinese Childrenhome & Shelter Association, in a total of NT\$1.6 million in 2022.				
6. Taiwan Native Plant Resources Conservation Project: To promote cultivation of talents for conservation, collection and management of aboriginal Taiwan plant resources, Walsin Lihwa cooperated with College of Agriculture and Natural Resources, National Chung Hsing University to install a screen-house and an outdoors nursery, cultivate seedlings for afforestation applications and, environmental education and promotion for conservation, and protect Taiwan's diverse protected animal and plant resources. Starting from 2018, the Company and Winbond Electronics Corporation cooperated to incorporate Huabao Seed Breeding Co., Ltd., responsible for promoting Taiwan's forest germplasm conservation and indigenous plants revegetation projects. In 2022, we implemented the related planning and technical training.				
7. Support Local Agriculture				
(1) Organic Kiwifruit Contract Farming: In order to support environmental ecological conservation and the development of organic agriculture, starting from 2021, we cooperated with "Jianghao Farm Young Farmers", contracted with them for organically planted Taiwanese native kiwi fruit that is conducive to soil and water conservation, with the contracted farmland expanding to 1,000 Ping. We took practical actions to support local small farmers who cultivated in a friendly environment. .				
(2) Support Taiwan's Local Agricultural and Fishery Products: Every year, in support of local small farmers, Walsin's Employee Welfare Committee purchases natural and healthy agricultural products as gifts for festivals for all employees in Taiwan. In 2022, we prepared Tainan fishery and agricultural products from Tainan for the Dragon Boat Festival, selected pure honey from Tainan				

Promotion items	Actual Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
			<p>for the Mid-Autumn Festival, and ordered lotus root related products from White River, Tainan as Lunar New Year gifts for our colleagues, in the hope that all Walsin staff can eat them with peace of mind, become healthy, and support the local farming industry.</p> <p>8. "Elementary and Junior High School Newspaper Reading Project":</p> <p>(1) Starting from 2014, this partnership between Mandarin Daily News sponsors newspapers for primary/junior high schools in the counties and cities in Taiwan where our plants located. The school teachers led students to understand the subjects of newspaper reports, and through interactive discussions, expanded their horizons and laid the foundation for their language skills. In 2022, we sponsored 78 classes in 17 schools in New Taipei City, Taoyuan City, Taichung City, Tainan City and Kaohsiung City, benefiting 1,230 students. Since 2019, Walsin, together with the Walsin Technology Foundation and Mandarin Daily News, has launched a bilingual reading education program. In 2022, we promoted this program in 762 classes in a total of 37 junior high schools in Taoyuan City and Kaohsiung City, benefiting a total of 20,195 students. With the advantage of the English and Chinese bilingual texts in "Junior High School Student Daily" offered by Mandarin Daily News, students' listening, speaking, reading and writing skills in both Chinese and English improved and their interests in the world and reading were opened.</p> <p>(2) In November 2022, we also cooperated with Shu-Lin Elementary School, Guanyin District, Taoyuan City to organize newspaper reading games and activities, where colleagues volunteered to interact with schoolchildren and make them understand various useful knowledge in their daily life through the game, with the view to inspiring children's interest in learning through educational entertainment and visualization of knowledge.</p> <p>9. Complimentary Copies of the Book, <i>50 Questions for Children's Creative Thinking</i></p> <p>With the idea that "loving the children in the neighborhood as if they were our own children," we donated the book, <i>50 Questions for Children's Creative Thinking</i>, to the libraries of 75 elementary and middle schools around the area in Taiwan where our plants are located. We hope that children can use the TRIZ Theory of Inventive Problem Solving to solve problems and develop their creative thinking skills from an early age to develop their future potential.</p> <p>10. Community Development and Promotion by Plants:</p> <p>Each plant continues to care about and evaluate the social and environmental risks or opportunities faced by its local community through supporting local cultural and activities, cares for the disadvantaged in the community, and effectively uses plant resources to promote neighborhood development. In 2022, we continued to sponsor five elementary schools in the Yenshui area of Tainan in the academic mentoring program, and participated in 83 local civil defense, cultural, folklore, respect for the elderly, care for women and children, and environmental cleanup activities. In addition to our long-term care for nine roads and parks surrounding the plants for cleaning and making them greener, we also committed to the cleaning of three additional sites.</p> <p>(4) In 2022, Walsin Lihwa was listed as the top 5% outstanding companies as published by the Taiwan Stock Exchange in the 8<sup>th</sup> "Corporate Governance Evaluation." The Company was also awarded the "Model Donation for Education" by the Yilan County Government for the "Light Up the Corners of Taiwan" project. The Company also received Taiwan's Top 100 Sustainable Model Business Award and Platinum Corporate Sustainability Report Award for its ESG performance and Sustainability Report, as well as Bronze Prize for English Sustainability Report for the first time.</p> <p>(5) For details on the Company's execution of sustainable development, please go to the Walsin Lihwa website Corporate Sustainability section (<a href="https://esg.walsin.com/zh_TW">https://esg.walsin.com/zh_TW</a>) and read our 2022 Sustainability Report.</p>	

Note 1: "Principle of Materiality" refers to environmental, social and corporate governance issues that have a material impact on the Company's investors and other stakeholders.

Note 2: Management Policies, Strategies or Mechanisms of Risk

Issues	Risk Category	Management Policies, Strategies or Mechanisms
Corporate Governance and Economic Issue	<ul style="list-style-type: none"> <li>Strategy and Operations</li> <li>Legal</li> <li>Capital Expenditure</li> </ul>	<ul style="list-style-type: none"> <li>Business units regularly report strategic issues to the Directors and therefore reduce strategic risks through the participation, advice and supervision of board members.</li> <li>The Company's culture of "Ethical Management" emphasizes that all business activities must be conducted in accordance with local laws and regulations. We also require our employees to comply with laws and regulations, corporate rules and procedures, and guide them to conduct themselves in accordance with laws and regulations and ethical standards through education, internal audit, internal control and other management measures.</li> <li>Major capital expenditures shall be reported to the Audit</li> </ul>



Issues	Risk Category	Management Policies, Strategies or Mechanisms
	<ul style="list-style-type: none"> <li>• Information Security</li> <li>• Changes in Interest Rates</li> <li>• Changes in Exchange Rates</li> <li>• Raw Material Prices and Supply Chains</li> <li>• Technology Risks</li> </ul>	<p>Committee and the Board of Directors for review and approval.</p> <ul style="list-style-type: none"> <li>• The Company continuously introduces advanced information security solutions, establishes data protection mechanisms, organizes education and training, promotes new information security knowledge and raises staff awareness of information security.</li> <li>• The Company monitors changes in the interest rate markets, controls existing long and short term borrowing positions and uses market instruments to lock in interest rate costs in a timely manner.</li> <li>• The Company develops a hedging strategy and carries out exchange rate hedging in conjunction with relevant hedging instruments such as spot rate trading and forward rate trading. Control of risks associated with foreign currency exchange rates and related hedging operations are performed with respect to major capital expenditures and capital transfers that may cause changes in foreign currency positions.</li> <li>• The Company carries out market risk management of its raw materials-related operations. It also prudently evaluates and actively develops new material sources to avoid monopoly by a few suppliers. In addition, we establish a safe inventory of raw materials and purchase some raw materials in stock to allow for flexibility.</li> <li>• We deeply understand the needs of customers and end-use applications, and accelerate the technical development of product materials manufacturing processes and applications, in order to strengthen our technical capabilities to respond to rapid changes in the external environment.</li> </ul>
Environmental Issues	Climate Change and Environmental Risks	<ul style="list-style-type: none"> <li>• The Company's environment, safety and health and energy policy is "Green Manufacturing, Happy Enterprise and Sustainable Development" and is committed to "Compliance with Regulations, Risk Control, Pollution Prevention, Energy Saving and Waste Reduction and Performance Enhancement."</li> <li>• We promote energy management systems to establish energy management performance indicators, so as to facilitate long-term energy efficiency control. We also Invest in green electricity and gradually build up a product carbon footprint, in order to improve carbon reduction performance and prepare for carbon rights operations in advance. Besides, we continuously identify and develop waste reuse technologies to improve resource recycling efficiency.</li> </ul>
Social Issues	<ul style="list-style-type: none"> <li>• Management Risks</li> <li>• Occupational Safety Risks</li> <li>• Corporate Image Risks</li> </ul>	<ul style="list-style-type: none"> <li>• Employees are Walsin's most important asset and major driving force. Walsin cares about its employees, their families and their lives, listens to their voices and strengthens the communication channels between employees and employers to promote harmonious relationships. We also ensure that the existing human resources management procedures and related administrative practices comply with the laws and regulations.</li> <li>• We maintain the consistency of the environment, safety and health management systems in all plants through ESH education and training, and implement operational risk factor checks and regulations to reduce the incidence of occupational safety incidents. We also require contractors to sign an Environment, Safety and Health Policy Commitment to jointly comply with the requirements of the environment, safety and health law and to reduce occupational safety hazards.</li> <li>• The Company has established in normal times a good crisis management response mechanism for any operational risks that may affect its image, as well as simulated possible events, so that it can immediately initiate the response mechanism promptly. The spokesman will act as the external speaker, or clarify false information through the material information reporting platform, to protect the Company's image, and to make communications with various stakeholders.</li> </ul>

Note 3: The Ethical Conduct Guidelines for Employees and the rules relating thereto include: the Ethical Conduct Guidelines for Employees and the Guidelines for Suggestions and Complaints by Stakeholders. Information security policies and the rules relating thereto include: the Information Security Policy, the Internal Audit Operation for Information Security Management, the Information Security Risk Management Rules, the Information Security Incident Management Rules, the Information Security Organization Management Rules, the Service Information Security Policy Formulation Standards, the Information Outsourcing Management Rules, the Compliance Management Rules, the Personnel Safety Management Rules, the Network Equipment Maintenance and Operation Standards, the Communication Operation Management Rules, the Access Control Management Rules, the Account Access Management Standards, the Information Asset Management Rules, the Computer Room Maintenance and Operation Management Standards, the System Administrator Password Management Standards, the Entity and Environmental Security Management Rules, the Business Continuity Management Rules, and the Information System Acquisition, Development and Maintenance Management Standards.

Note 4: The title of the Corporal Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies was amended to the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" on December 7, 2021; the title of the Corporate Social Responsibility Report was amended to the "Sustainability Report."

(6) Fulfillment of ethical management and differences between our ethical management and the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reason(s)

Assessment items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
<p>I. Establishment of ethical management policies and solutions</p> <p>(I) Has the Company formulated its ethical management policies approved by the Board of Directors and stated its ethical management policies and practices in its internal rules and external documents? Do the Board of Directors and senior management actively fulfill their commitment to ethical management polices?</p>	Yes		<p>(I) The Company has always insisted on honest business practices. We abide by the laws set forth by the government, implement our corporate governance principles and make our utmost effort to fulfill our corporate responsibilities. Our Board passed our "Ethical Corporate Management Best Practice Principles" and our "Procedures for Ethical Management and Guidelines for Conduct" as the Company's policies for ethical management practices. The full texts are also disclosed in electronic form on the Company's website to showcase our commitment to implementing and overseeing ethical management policies.</p> <p>The directors and senior executives signed a Statement of Ethical Management to demonstrate their determination to operate with integrity. At the same time, information related to ethical management was published on the corporate website and internal website for the directors' reference to convey the importance of operating with integrity and to actively implement and monitor the implementation of the ethical management policy.</p>	<p>In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>
<p>(II) Has the Company established an assessment mechanism for the risk of unethical conduct to regularly analyze and evaluate business activities with a higher risk of unethical conduct in its</p>	Yes		<p>(II) 1. The Company's prevention plan and scope of Article 6 of the Ethical Corporate Management Best Practice Principles have specifically covered the business activities with higher risk of dishonest behavior or other activities specified in each paragraph of Paragraph 2 of Article 7 of the</p>	





Assessment items	Implementation status		Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	
scope of business, and formulated a plan based on such analysis and evaluation to prevent unethical conduct, which should cover at least the preventive measures under Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?			<p>Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. The Company has strengthened the relevant preventive measures through the establishment of internal rules and regulations and practices, education and training, daily promotion, contractual agreements and inclusion in the employee performance evaluation.</p> <p>2. The Company established a risk assessment mechanism for dishonest acts and used the seven major types of dishonest acts listed in Paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies as the scope of assessment to promote the assessment of dishonest acts.</p> <p>3. In order to implement the concept of sustainable management and promote corporate governance, we have established the Sustainable Development Committee, under which the "Ethical Management Promotion Center" is responsible for the management of the Company's ethical management and the implementation of corporate social responsibility, while assisting in integrating integrity management into the Company's business strategy, formulating relevant measures to ensure ethical management in accordance with laws and regulations, supervising the implementation of ethical management, and evaluating its effectiveness. The Sustainable Development Committee held two meetings in 2022 to review the annual plan and implementation results of the Ethical Management Promotion Center and reported the implement result in 2022 to the board of directors meeting on January 10, 2023.</p> <p>4. On February 27, 2020, the Board of Directors approved the establishment of the "Risk Management Policies and Procedures" as the highest guiding principle for the Company's risk management. The Company will regularly assess the risks on an annual basis and formulate and implement management policies for each risk, which cover management objectives, organizational structure, attribution of authority and responsibility and risk management procedures, so as to effectively identify, measure and control the Company's risks and control the risks arising from business activities within an acceptable range.</p> <p>5. In respect of the Company's risk management, each risk management unit and audit unit will carry out the Company's risk environment management and countermeasures, and</p>

Assessment items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
(III) Has the Company defined and implemented the operating procedures, conduct guidelines, disciplinary and complaint systems for non-compliance in its unethical conduct prevention program, and regularly reviewed and revised the foregoing program?	Yes		<p>President will organize and oversee the implementation and coordination of risk management. The risk control measures and risk management operations will be reported to the Board of Directors in case of material risk events. The risk management operations for 2022 were reported to the Board of Directors on November 4, 2022</p> <p>(III) 1. The Company has formulated its Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct setting forth the operational procedures, codes of conduct, and training for the prevention of unethical behavior. In so doing, we cause our staff to behave honestly and uprightly to our stakeholders in compliance with the ethical management policies. We also have established reporting system, punishment policies and a complaint filing system for employees who violate relevant regulations, which is linked to the employee performance evaluation.</p> <p>2. The Company implements the prevention measures through internal education and training, daily promotion, contractual agreements and linkage to employee performance assessment. It also aims to strengthen the implementation of such measures by making periodic review and revisions thereof.</p> <p>3. In 2022, we continued to steadily implement the risk assessment of dishonest behavior, which is data-driven and penetrates from the management level to the entry level of the Company, with a view to identifying gaps or weaknesses in internal control of business processes and formulating countermeasures and improving operational processes accordingly.</p>	
<p>2. Ensuring ethical business practice</p> <p>(I) Has the Company evaluated the ethical management practices records of the companies it does business with as well as explicitly included ethical management practices clauses in the contracts?</p>	Yes		<p>(I) 1. The Company prevents transacting with companies with unethical management practice records by adopting the following approaches:</p> <p>(1)When selecting a business partner, the Company reviews the partner’s past trading history and credit record. When inviting bids, suppliers shall be informed of the principle of a fair, open and transparent supplier selection policy.</p> <p>(2)Entities we are selling to: Except for procurement projects from the government, the Company shall track the long-term credit information of distributors, with the reputation of new distributors obtained through credit reference agencies and other</p>	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.



Assessment items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
(II) Has the company established a dedicated or non-dedicated department under the Board of Directors to ensure honest business practices? Does this department periodically report their status of implementation to the Board of Directors?	Yes		<p>companies in the industry.</p> <p>2. Including honest practice provisions in contracts:</p> <p>(1) Procurement contracts: We have either had honest business practices clauses added to the contracts or have our suppliers make a undertaking to comply with the ethical management policy.</p> <p>(2) Sales contracts: Honest business practices clauses have been added to all such contracts.</p> <p>3. The Company also non-periodically holds supplier conventions for suppliers of different plants to advocate for the integrity management of suppliers. In 2022, a total of 147 companies attended the meetings held by Wire and Cable Business Group (Dongguan, Shanghai, Hsinchuang, and Yangmei Plants) and Stainless Steel Business Group (Yanshui Plant).</p>	
(III) Has the company established policies to prevent conflicts of interest, implemented such policies and provided adequate channels of communication?	Yes		<p>(II) The Company's 7<sup>th</sup> meeting of the Board of Directors of the 17<sup>th</sup> term approved the establishment of the "Corporate Social Responsibility Committee" in April 29, 2015, and the 17<sup>th</sup> meeting of the Board of Directors of the 18<sup>th</sup> term in November 1, 2019 approved the establishment and organizational charter of the "Sustainable Development Committee" by merging the existing "Corporate Social Responsibility Committee" and "Ethical Management Committee". The Sustainable Development Committee is responsible for developing corporate sustainability strategies and visions to promote CSR-related work and management. The Committee is composed of the Chairman as convener, and the Vice Chairman and all independent directors as members. The Committee has five promotion centers, including the Ethical Management Promotion Center, the Environment, Safety and Health Management Promotion Center, the Green Operation Promotion Center, the Customer Service and Supplier Management Promotion Center, and the Employee Relations and Social Care Promotion Center. The Company's Ethical Management Promotion Center is the responsible unit for formulating and overseeing the implementation of the Company's ethical management policies and preventive measures. It reported to the Board on the implementation in 2022 and the implementation plan for 2023 on January 10, 2023.</p> <p>(III) The Company has established the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct to regulate Directors,</p>	

Assessment items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
(IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical management, and has its internal audit unit drawn up an audit plan based on the results of the assessment of the risk of unethical conduct, in order to verify compliance with such plan for prevention of unethical conduct, or has it engaged a CPA firm to perform the audit?	Yes		<p>managers and employees in terms of obligations to the Company, external business activities, pecuniary transactions, avoidance of conflicts of interest and the management of classified information. The Company has set up a complaint mailbox on its website that provides a means for filing complaints about violations of honest business practice and sexual harassments, which the Independent Director may receive in real time. A corporate mailbox also exists on the employee portal site, thus providing internal and external personnel with a means to make suggestions and complaints to the Company. Information received shall be handled by the Auditing Office.</p> <p>(IV) The Company actively works to ensure ethical business practices. The Auditing Office (or hired CPA, when necessary) shall regularly audit relevant compliance statuses according to accounting policies, internal control policies, as well as other relevant regulations. The Auditing Office will periodically report its auditing results during Board meetings.</p>	
(V) Does the Company regularly conduct internal and external educational training on ethical management?	Yes		<p>(V) During new-employee training, the Company periodically states its principles towards ethical management practices. It also periodically holds courses on corporate governance as well as ethical management practices and asks employees to participate. The Company's Procurement Department also informs suppliers of our ethical management practices principles in order to prevent unethical business practices.</p> <ol style="list-style-type: none"> <li>1. The Company regularly conducts annual training on ethical management (including anti-corruption) and legal compliance, which is disclosed in the annual CSR report and annual report.</li> <li>2. Through public commitment, information dissemination and education, the Company deepens its management philosophy of integrity and creates a corporate culture of integrity from top to bottom. In 2022, we offered directors courses related to ethical management to sharpen their professional knowledge and skills, and through the implementation of ethical management (including anti-corruption) and legal compliance training, we have established a good ethical management culture and strengthened our commitment to ethical practices.</li> <li>3. In 2022, we conducted internal training</li> </ol>	



Assessment items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
			courses on topics such as ethical management, patent education and the TIPS system. The total number of participants who completed the training on ethical management (including anti-corruption), legal compliance, and intellectual property rights reached 951, 877, and 859 respectively. For external promotion, we invited 149 major suppliers to participate in the training.	
<p>3. Status of the Company's reporting mechanism</p> <p>(I) Has the Company established concrete reporting and rewards systems, set up convenient reporting channels and appointed any appropriate, dedicated staffer to deal with the person who has been reported?</p> <p>(II) Has the Company established standard operating procedures for investigation of, the follow-up steps after the investigation of, and related information confidentiality mechanisms for, complaints?</p> <p>(III) Has the company adopted any measure to protect the informers lest they be inappropriately treated?</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>		<p>(I) The Company's website provides a "Reporting Violations of Ethical Management Practices and Sexual Harassment" area, which allows people to file complaints about violations against ethical management practices, which the Independent Director may receive in real time. There is also a "company mailbox" on the employee portal website, providing internal and external personnel with a means to file complaints. The Auditing Office is responsible for handling related recommendations and violations. If the violations are verified, disciplinary action shall be taken in accordance with the Company's regulations.</p> <p>(II) The Company has formulated the Measures for Stakeholder Recommendations and Complaints and Operational Rules for Event Investigations. Therefore, we have formulated the operational procedure for investigation and the handling system, whereby the identity as well as data of those complainants, whistleblowers, or other relevant parties will be protected.</p> <p>(III) All reported cases are filed under the classified category, with a case opened to handle the issue. In addition, dedicated personnel are appointed to handling related tasks and issues in order to ensure the privacy of reporter and avoid unfair revenge or treatment.</p>	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
<p>4. Improved Information Disclosure</p> <p>Has the Company disclosed the content of its Ethical Corporate Management Best Practice Principles as well as related implementation results on its website and the MOPS?</p>	Yes		The Company has established a Corporate Governance page on its website to disclose its ethical management-related information; it also discloses the implementation status and execution results of its ethical management practice in the annual CSR report and also the Company's Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, and Ethical Conduct Guidelines for Directors of the Board and Managerial Officers on the MOPS.	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- and TPEX-listed Companies", please state the difference between such principles and implementation: In line with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."				
6. Other key information useful for explaining the status of the implementation of honest business practices: (Such as the status of the Company's efforts to review and correct its Ethical Corporate Management Best Practice Principles):				

Assessment items	Implementation status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
			In order to encourage R&D, protect technology and R&D achievements, optimize processes, promote product innovation, upgrade and smart manufacturing through the intellectual property rights system, thereby achieving a high-value transformation strategy for the Company's growth, we introduced the Taiwan Intellectual Property Management System (TIPS) and passed the certification in 2020. On November 22, 2021, we passed and received the Taiwan Intellectual Property Management System (TIPS Class A) recertification. The certificate will be valid until December 31, 2023. The TIPS system was tested in June 2022 and approved by the Institute for Information Industry, and the Microsoft Sensitive Labeling feature was introduced in August 2022 to enhance the protection of confidential information. The implementation of the IP management plan and 2023 annual IP management plan were reported to the Board of Directors on November 4, 2022 (Note 1).	

Note 1: The operation of the Company's intellectual property rights management:  
<https://www.walsin.com/investors/corporate-governance/#pills-information-security>

- (7) If the company has formulated corporate governance principles as well as other related regulations, it should disclose how they can be looked up: For the Company's corporate governance principles as well as relative regulations, please visit on our Company website:  
<https://www.walsin.com/investors/corporate-governance/#pills-major-internal-policies>.



(8) Other important information helpful for improving understanding of the governance of the company:

1. Further education on themes encompassing corporate governance the Company's Directors have received in 2022:

As of December 31, 2022

Title	Name	Date		Organizer	Course Name	Training Hours	
		Start Date	End Date			On this date	Total in 2022
Chairman	Yu-Lon Chiao	2022/04/14	2022/04/14	Taiwan Corporate Governance Association	Enriching Human Life with Green Semiconductor Technology	3	9
		2022/10/25	2022/10/25	Taiwan Corporate Governance Association	2022 Important Economic and Trade Issues Study and Outlook	3	
		2022/11/04	2022/11/04	Taiwan Corporate Governance Association	Walsin Technology's Growth in Passive Components	3	
Vice Chairman	Patricia Chiao	2022/04/14	2022/04/14	Taiwan Corporate Governance Association	Enriching Human Life with Green Semiconductor Technology	3	9
		2022/10/25	2022/10/25	Taiwan Corporate Governance Association	2022 Important Economic and Trade Issues Study and Outlook	3	
		2022/11/04	2022/11/04	Taiwan Corporate Governance Association	Walsin Technology's Growth in Passive Components	3	
Director	Arthur Yu-Cheng Chiao	2022/09/02	2022/09/02	Taiwan Corporate Governance Association	From Deep Learning to practical AI application	3	13
		2022/10/25	2022/10/25	Taiwan Corporate Governance Association	2022 Important Economic and Trade Issues Study and Outlook	3	
		2022/11/04	2022/11/04	Taiwan Corporate Governance Association	Walsin Technology's Growth in Passive Components	3	
		2022/12/27	2022/12/27	Taiwan Corporate Governance Association	Analysis of the Global Political and Economic Situation in 2023; the Solution for Enterprises to Moving Towards Net Zero: Natural Carbon Sinks and Carbon Rights Trading	4	
Director	Yu-Heng Chiao	2022/10/06	2022/10/06	Securities and Futures Institute	Board of Directors' Functions from the Perspective of Corporate Fraud Prevention, and the Applicability of the Cyber Security Management Act under the Threat of Ransomware	3	6
		2022/10/07	2022/10/07	Securities and Futures Institute	Global Risk Awareness - Opportunities and Challenges for the Next Decade	3	
Director	Andrew Hsia	2022/04/14	2022/04/14	Taiwan Corporate Governance Association	Enriching Human Life with Green Semiconductor Technology	3	12
		2022/04/22	2022/04/22	Taiwan Institute of Sustainable Energy	Taishin 30 Sustainable Net Zero Summit Forum - Taking Net Zero Seriously	3	
		2022/10/25	2022/10/25	Taiwan Corporate Governance Association	2022 Important Economic and Trade Issues Study and Outlook	3	
		2022/11/04	2022/11/04	Taiwan Corporate Governance Association	Walsin Technology's Growth in Passive Components	3	
Director	Wei-Shin Ma	2022/05/12	2022/05/12	Taiwan Corporate Governance Association	Online Forum for International Twin Summits	3	10
		2022/07/27	2022/07/27	Taiwan Stock Exchange Corporation	Conference for Promotion of Sustainable Development Road Map for Industries	2	
		2022/09/02	2022/09/02	Taiwan Corporate Governance Association	From Deep Learning to practical AI application	2	
		2022/10/25	2022/10/25	Taiwan Corporate Governance Association	2022 Important Economic and Trade Issues Study and Outlook	3	
Representative of Corporate Director	Pei-Ming Chen	2022/04/14	2022/04/14	Taiwan Corporate Governance Association	Enriching Human Life with Green Semiconductor Technology	3	9
		2022/10/25	2022/10/25	Taiwan Corporate Governance Association	2022 Important Economic and Trade Issues Study and Outlook	3	
		2022/11/04	2022/11/04	Taiwan Corporate Governance Association	Walsin Technology's Growth in Passive Components	3	
Independent Director	Ming-Ling Hsueh	2022/01/24	2022/01/24	Taiwan Corporate Governance Association	Sharing of Reference Guide Manual for the Audit Committee	1	27.5
		2022/02/17	2022/02/17	Taiwan Securities Association	How to Avoid Risky Stocks - Application of Corporate Governance Risks	3	
		2022/02/25	2022/02/25	Taiwan Corporate Governance Association	Global and Taiwan Economic Outlook for 2022	1	

Title	Name	Date		Organizer	Course Name	Training Hours	
		Start Date	End Date			On this date	Total in 2022
		2022/03/02	2022/03/02	Yuanta Financial Holding Co., Ltd.	Analysis of the Impact of Taiwan's Anti-Tax-Avoidance System and the Global Minimum Tax System	1.5	
		2022/04/28	2022/04/28	Taiwan Corporate Governance Association	Digital Transformation	3	
		2022/07/14	2022/07/14	Taiwan Securities Association	Latest Trend of Anti-Money Laundering and Anti-Terrorism Financing (Including Insider Trading Prevention and Awareness)	3	
		2022/08/11	2022/08/11	Taiwan Securities Association	Strengthening the Information Security Resilience and Risk Management Trends in the Financial Industry	3	
		2022/09/22	2022/09/22	Taiwan Securities Association	Principles of Fair Treatment and Protection and Empowerment of Financial Consumers	3	
		2022/10/19	2022/10/19	Taiwan Corporate Governance Association	The 18th Corporate Governance Summit in 2022 - Enhancing Directors' Functions to Implement Sustainable Corporate Governance	3	
		2022/10/25	2022/10/25	Taiwan Corporate Governance Association	2022 Important Economic and Trade Issues Study and Outlook	3	
		2022/10/28	2022/10/28	Taiwan Corporate Governance Association	Corporate Growth and Mergers & Acquisitions - SAS Group Case Study	3	
Independent Director	King-Ling Du	2022/04/14	2022/04/14	Taiwan Corporate Governance Association	Enriching Human Life with Green Semiconductor Technology	3	15
		2022/04/27	2022/04/27	Securities and Futures Institute	Applicability of the Cyber Security Management Act under the Threat of Ransomware	3	
		2022/07/27	2022/07/27	Securities and Futures Institute	The Latest Practical Development of Taiwan's Insider Trading and How Enterprises Can Prevent from and Respond to It	3	
		2022/10/25	2022/10/25	Taiwan Corporate Governance Association	2022 Important Economic and Trade Issues Study and Outlook	3	
		2022/11/04	2022/11/04	Taiwan Corporate Governance Association	Walsin Technology's Growth in Passive Components	3	
Independent Director	Shiang-Chung Chen	2022/10/25	2022/10/25	Taiwan Corporate Governance Association	2022 Important Economic and Trade Issues Study and Outlook	3	6
		2022/11/04	2022/11/04	Taiwan Corporate Governance Association	Walsin Technology's Growth in Passive Components	3	
Independent Director	Fu-Hsiung Hu	2022/02/18	2022/02/18	Taiwan Corporate Governance Association	Unlocking Key Passwords in Financial Statements	3	19
		2022/02/22	2022/02/22	Securities and Futures Institute	Introduction to Fight Over Corporate Controlling Power and the Commercial Case Adjudication Act	3	
		2022/03/09	2022/03/09	Taiwan Academy of Banking and Finance	Corporate Governance Lecture Hall - The Future World under the US-China Competition	3	
		2022/04/14	2022/04/14	Taiwan Corporate Governance Association	Enriching Human Life with Green Semiconductor Technology	3	
		2022/05/04	2022/05/04	Taiwan Corporate Governance Association	Case Study on Anti-Money Laundering in Banking Industry	1	
		2022/10/25	2022/10/25	Taiwan Corporate Governance Association	2022 Important Economic and Trade Issues Study and Outlook	3	
		2022/11/04	2022/11/04	Taiwan Corporate Governance Association	Walsin Technology's Growth in Passive Components	3	

2. For the attendance of Board meetings by Directors, please refer to "Corporate Governance Report 4. Status of Corporate Governance."





3. Further education in corporate governance participated by the Company's managers (including President, Vice President, Managers of BUs, Accounting head, Finance head, etc.) in 2022:

As of December 31, 2022

Title	Name	Date		Organizer	Course Name	Training Hours	
		Start Date	End Date			On this date	Total in 2022
President & President of Commercial and Real Estate BG	Fred Pan	2022/04/14	2022/04/14	Taiwan Corporate Governance Association	Enriching Human Life with Green Semiconductor Technology	3	13.5
		2022/10/05	2022/10/05	Chines National Association of Industry and Commerce, Taiwan	Global Anti-Tax Avoidance Trends and International Audit Examples	3	
		2022/10/27	2022/10/27	Taiwan Corporate Governance Association	2022 Important Economic and Trade Issues Study and Outlook	3	
		2022/10/27	2022/10/27	Taiwan Corporate Governance Association	Boating on the History of Carbon - The Biology of Carbon Footprints	1.5	
		2022/10/27	2022/10/27	Taiwan Corporate Governance Association	AI Development Opportunities from Software and Hardware Integration; Digital marketing Trend of Web3+ESG	3	
		110/08/06	110/08/06	Taiwan Corporate Governance Association	Study on Important Economic and Trade Issues and Case Study on Ethical Management	3	
Head of Corporate Governance	Hueiping Lo	2022/04/14	2022/04/14	Taiwan Corporate Governance Association	Enriching Human Life with Green Semiconductor Technology	3	24
		2022/04/22	2022/04/22	Taiwan Institute of Sustainable Energy	Taishin 30 Sustainable Net Zero Summit Forum - Taking Net Zero Seriously and Fulfilling Sustainability in 2030	3	
		2022/04/28	2022/04/28	Taiwan Institute of Sustainable Energy	The 28th TCCS Board Meeting and CEO Lecture Hall	2	
		2022/05/12	2022/05/12	Taiwan Stock Exchange Corporation	Online Forum for International Twin Summits	2	
		2022/07/08	2022/07/08	Taiwan Institute of Sustainable Energy	Second Half of the 2nd Taiwan Sustainable Investment Forum	4	
		2022/07/27	2022/07/27	Taiwan Stock Exchange Corporation	Conference for Promotion of Sustainable Development Road Map for Industries	2	
		2022/07/28	2022/07/28	Taiwan Institute of Sustainable Energy	The 29th TCCS Board Meeting and CEO Lecture Hall	2	
		2022/10/21	2022/10/21	Taiwan Stock Exchange Corporation	2022 Insider Trading Prevention Seminar	3	
		2022/10/25	2022/10/25	Taiwan Corporate Governance Association	2022 Important Economic and Trade Issues Study and Outlook	3	
Head of Accounting Department	Richard Wu	2022/11/21	2022/11/22	Accounting Research and Development Foundation	Continuing Education Class for Accounting Managers	12	12

## (10) Implementation Status of Internal Control System

### 1. Statement on Internal Control

Walsin Lihwa Corporation  
Statement on Internal Control System

Date: February 24, 2023

In 2022, the Company conducted an internal examination in accordance with its Internal Control Regulations and hereby declares as follows:

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 protection of assets) of the Company's operations, compliance with relevant laws and regulations and that its financial statements are reliable, up to date and easily accessible.
2. Internal control systems have their inherent limitations. No matter how well they are designed, an effective internal control system can only reasonably ensure achievement of the three above objectives. In addition, an internal control system's effectiveness may change as the environment and circumstances change. The internal control system of the Company features a self-monitoring mechanism. Once identified, the Company will take actions to rectify any deficiency.
3. The Company determines 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 evaluation and responses, (3) control operation, (4) information and communication and (5) monitoring. Each of the elements in turn contains certain audit items. Refer to the Regulations for details.
4. The Company uses the above criteria to determine 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, up to date and easily accessible.
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 on February 24, 2023 by the Board, with none of the 11 Directors present opposing it.

Walsin Lihwa Corporation

Chairman: Yu-Lon Chiao

President: Fred Pan



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

(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 corrective actions shall be specified: None.

(11) In the most recent year, resolutions passed at the AGM and board meetings, as of the day the annual report was prepared.

The Company hosted its 2022 AGM on May 13, 2022 at the 1st Floor Multimedia Conference Room, No.15, Alley 168, Xingshan Road, Neihu District, Taipei City. The following decisions, with implementation details, were made during the meeting:

Matters for Approval and Discussion :

Proposal No. 1

Description:	Acknowledgement of the Company's 2021 Business Report and financial statements.
Resolution:	According to the voting result, the number of affirmative votes exceeded the legal threshold, so the proposal was passed.
Implementation Status:	This was announced as an important resolution on the day of the Shareholders Meeting.

Proposal No. 2

Description:	Acknowledgement of the Company's 2021 Profit Distribution Table.
Resolution:	According to the voting result, the number of affirmative votes exceeded the legal threshold, so the proposal was passed.
Implementation Status:	June 27, 2022 was the ex-dividend record date and the dividends were paid out on July 19, 2022. (Cash dividend of NT\$1.6 was paid per share.)

Proposal No. 3

Description:	Amendments to the Company's Articles of Incorporation.
Resolution:	According to the voting result, the number of affirmative votes exceeded the legal threshold, so the proposal was passed.
Implementation Status:	Changes to the corporate registration were handled in accordance with the law and have been approved by the Ministry of the Economic Affairs on June 6, 2022 via a letter (Ref. No.: Jin-So-Shang-Zi-11101093290), and the revised articles were disclosed on our official website.

Proposal No. 4

Description:	Amendments to the Company's Procedures for the Acquisition and Disposal of Assets.
Resolution:	According to the voting result, the number of affirmative votes exceeded the legal threshold, so the proposal was passed.
Implementation Status:	Relevant operations were handled in accordance with the amended procedures and the revised articles were disclosed on the MOPS website and our official website.

Proposal No. 5

Description:	Amendments to the Company's Rules and Procedures of Shareholders' Meetings.
Resolution:	According to the voting result, the number of affirmative votes exceeded the legal threshold, so the proposal was passed.
Implementation Status:	Relevant operations were handled in accordance with the amended procedures and the

Status: revised articles were disclosed on our official website.

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Proposal No. 6

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Description: Proposal to lift the non-competition ban on directors imposed by Article 209 of the Company Act.

Resolution: According to the voting result, the number of affirmative votes exceeded the legal threshold, so the proposal was passed.

Implementation Status: This was announced as a piece of material information on the day of the Shareholders' Meeting.

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Important resolutions adopted by 2022 Board meetings as of the day of this annual report

2022/01/11 (13<sup>th</sup> Meeting of the 19<sup>th</sup> Term)

---

Important Resolution: Proposal to approve the Company's 2022 business plan.

Resolution:

Result: Proposal passed.

---

Important Resolution: Change of CPA in response to the internal rotation mechanism of the CPA firm, Deloitte & Touche, and evaluation of the annual compensation of the CPA firm and the independence and suitability of the CPA.

Result: Proposal passed.

---

Important Resolution: Proposal to approve the loan of funds by Walsin International Investment Co., Ltd. to the Company and those between the subsidiaries, in a total amount of US\$650 million and RMB1.5 billion respectively.

Result: The explanatory text was amended as suggested in the summary of the speech by changing the period from February 1, 2022 to January 31, 2023, and the rest was adopted as proposed.

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Important Resolution: Amendment to certain provisions of the Company's Regulations Governing Board Performance Evaluation and relevant schedules thereto.

Result: Proposal passed.

---

Important Resolution: Amendment to the Company's Corporate Social Responsibility Practice Principles.

Resolution:

Result: As suggested in the summary of the speech, the subject was change from "Corporate Social Responsibility Practice Principles" to "Sustainable Development Practice Principles", and the rest was adopted as proposed.

---

Important Resolution: Proposal to book a theater room to watch a documentary film on the pandemic prevention shot by HannStar Foundation.

Result: Proposal passed.

Recusal: Wei-Shin Ma.

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Important Resolution: Proposal for the distribution of the performance bonus for Chairman and Vice Chairman for 2021.

Resolution:

Result: Proposal passed.

Recusal: Yu-Lon Chiao and Patricia Chiao.

---

Important Resolution: Proposal to review managers' performance evaluation as well as bonuses and compensation for 2021.

Result: Proposal passed.

---

Important Resolution: Proposal to lift the non-competition ban on the Company's managerial officers.

Resolution:

Result: Proposal passed.

---

2022/02/22 (14<sup>th</sup> Meeting of the 19<sup>th</sup> Term)

---



Important	Distribution of remuneration to directors and employees (including managerial officers) for 2021.
Resolution:	
Result:	Proposal passed.
Important	Proposal of the 2021 Profit Distribution Table.
Resolution:	
Result:	Proposal passed.
Important	Proposal of the 2021 Internal Control System Statement.
Resolution:	
Result:	Proposal passed.
Important	Amendment to the Company's Procedures for the Acquisition and Disposal of Assets.
Resolution:	
Result:	Proposal passed.
Important	Amendments to certain provisions of the Company's Articles of Incorporation.
Resolution:	
Result:	Proposal passed.
Important	Proposal to lift the non-competition ban for the Company's Directors according to Article 209 of the Company Act.
Resolution:	
Result:	Proposal passed.
Recusal:	Yu-Heng Chiao, Wei-Shin Ma, and Shiang-Chung Chen
Important	Approval for holding the 2022 AGM regularly.
Resolution:	
Result:	Proposal passed.
<b>2022/03/18 (15<sup>th</sup> meeting of the 19<sup>th</sup> term)</b>	
Important	Proposal to acquire land as right-of-use assets required for the development of submarine cable business.
Resolution:	
Result:	Proposal passed, except that certain wording of Articles 14-3 and 22 was amended.
Important	Proposal to issue domestic straight corporate bonds within the amount of NT\$10 billion.
Resolution:	
Result:	Proposal passed.
Important	Proposal to amend the Company's Rules and Procedures of Shareholders' Meetings.
Resolution:	
Result:	Proposal passed.
Important	Proposal to hold the Company's 2022 Annual General Meeting of Shareholders, both physically and through video conferencing.
Resolution:	
Result:	Proposal passed.
<b>2022/04/11 (16<sup>th</sup> meeting of the 19<sup>th</sup> term)</b>	
Important	Proposal to acquire 50.1% shareholding in PT. Sunny Metal Industry.
Resolution:	
Result:	Proposal passed.
<b>2022/05/24 (18<sup>th</sup> meeting of the 19<sup>th</sup> term)</b>	
Important	The Company intends to restructure its U.S. subsidiary investments through Borrego Solar Systems, Inc., which is held by Walsin Lihwa Holdings Limited, a subsidiary of the Company.
Resolution:	
Result:	Proposal passed.
Important	Walsin Lihwa Holdings Limited, a subsidiary of the Company, intends to sell its entire shareholding in 2022 Solar Development, Inc.
Resolution:	
Result:	Proposal passed.

---

Important Resolution: Walsin Lihwa Holdings Limited, a subsidiary of the Company, intends to inject capital into its subsidiary, Borrego Energy, LLC, through Walsin America, LLC and Borrego Energy Holdings, LLC, in an amount not exceeding US\$33 million.

Result: Proposal passed.

---

Important Resolution: The Company intends to sell land in Baoshan Township, Hsinchu County to a related party, HuaBao Seed Breeding Co., Ltd.

Result: Proposal passed.

---

2022/05/31 (19<sup>th</sup> meeting of the 19<sup>th</sup> term)

Important Resolution: The Company intends to invest in its subsidiary, Walsin Lihwa Europe S.a r.l., in an amount not exceeding EUR 210.3 million.

Result: Proposal passed.

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Important Resolution: The Company intends to acquire 85.032% of the shares of MEG S.A. in Luxembourg through its wholly-owned subsidiary, Walsin Lihwa Europe S.a r.l.

Result: Proposal passed.

---

Important Resolution: The Company intends to acquire a 40% shareholding in Innovation West Mantewe Pte.

Resolution:

Result: Proposal passed.

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2022/08/05 (20<sup>th</sup> Meeting of the 19<sup>th</sup> Term)

Important Resolution: Proposal to amend the Company's internal control system.

Resolution:

Result: Proposal passed.

---

Important Resolution: Proposal to amend certain articles of the Company's Corporate Governance Best Practice Principles.

Result:

Proposal passed.

---

Important Resolution: Proposal to amend the Company's Procedures for Major Internal Information Processing Operations and rename the same as the "Procedures for Handling Internal Material Information and Prevention of Insider Trading."

Result: Proposal passed.

---

Important Resolution: The Company intends to lend US\$175.75 million to PT Sunny Metal Industry Indonesia under a non-revolving line of credit.

Result: Proposal passed.

---

Important Resolution: Walsin Lihwa (China) Investment Co., Ltd. intends to lend Hangzhou Walsin Power Cable & Wire RMB 80 million under a non-revolving line of credit.

Result: Proposal passed.

---

Important Resolution: Walsin Lihwa Holdings Limited, a wholly-owned subsidiary of the Company, intends to inject capital into its wholly-owned subsidiary, Walsin (China) Investment Co., Ltd., in the amount not exceeding US\$36 million, and such company will acquire from its wholly-owned subsidiary, Walsin Specialty Steel Corp., all of the shares it holds in Changshu Walsin Specialty Steel Co., Ltd.

Result: Proposal passed.

---

Important Resolution: Walsin Lihwa Holdings Limited, a wholly-owned subsidiary of the Company, intends to inject capital into its wholly-owned subsidiary, Walsin (China) Investment Co., Ltd., in the amount not exceeding US\$18 million, and such company will acquire from its wholly-owned subsidiary, Concord Industries Limited, 30% of the shares it holds in China Steel Precision Materials.

Result: Proposal passed.

---

Important Resolution: The Company intends to acquire 29.5% of the shares in PT. Westrong Metal Industry.

Resolution:



Result: Proposal passed.

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2022/11/04 (21<sup>th</sup> Meeting of the 19<sup>th</sup> Term)

---

Important Proposal to amend the Company's internal control system.

Resolution:

Result: Proposal passed.

---

Important Proposal to amend the Company's Procedures for Handling Internal Material Information and Prevention of Insider Trading.

Resolution:

Result: Proposal passed.

---

Important Walsin International Investment Co., Ltd. intends to lend PT. Walsin Nickel Industrial Indonesia

Resolution: US\$100 million under a non-revolving line of credit.

Result: Proposal passed.

---

Important Proposal to approve the new loan of funds from Walsin Info-Electric Inc. to the Company in the form of a NT\$130 million non-revolving facility.

Resolution:

Result: Proposal passed.

---

Important The Company intends to lend PT Sunny Metal Industry US\$75 million under a non-revolving line of credit.

Resolution:

Result: Proposal passed.

---

Important The Company intends to lend PT. Westrong Metal Industry US\$90 million under a non-revolving line of credit.

Resolution:

Result: Proposal passed.

---

Important The Company intends to transfer 50.1% of the shares in PT. Sunny Metal Industry in Indonesia, 40% of the shares in Innovation West Mantewe Pte. Ltd., and 29.5% of the shares in PT. Westrong Metal Industry to Walsin Singapore Pte. Ltd., a wholly-owned subsidiary of the Company, and to carry out a capital injection into Walsin Singapore Pte. Ltd. in the same amount.

Resolution:

Result: Proposal passed.

---

Important The Company intends to inject US\$300 million into its wholly-owned Singapore subsidiary, Walsin Singapore Pte. Ltd.

Resolution:

Result: Proposal passed.

---

Important Walsin Lihwa Holdings Limited, a wholly-owned subsidiary of the Company, intends to sell its earn-out financial assets arising from equity transactions to the Company, and carry out a capital reduction in the same amount.

Resolution:

Result: Proposal passed.

---

Important In order to improve the efficiency of capital utilization, it is propose to reduce the capital of Walsin Lihwa Holdings Limited by US\$140 million in cash.

Resolution:

Result: Proposal passed.

---

2023/01/10 (22<sup>nd</sup> Meeting of the 19<sup>th</sup> Term)

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Important Evaluation of the independence and qualification of the Company's CPAs and the quality of the CPA firm's audit for each case, as well as the annual compensation payable to the CPA firm.

Resolution:

Result: Proposal passed.

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Important Yantai Walsin Stainless Steel Co., Ltd. intends to update its investment plan and amount for its hot rolling plant and cold finished bar plant due to its investment in automated equipment.

Resolution:

Result: Proposal passed.

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Important Proposal to amend certain articles of the Company's Board of Directors Meeting Regulations.

Resolution:

Result: Proposal passed.

---

Important Proposal to amend the Company's Derivatives Trading Procedures.



Resolution:	
Result:	Proposal passed.
Important	Proposal to amend the Company's Procedures for Lending Funds to Other Parties.
Resolution:	
Result:	Proposal passed.
Important	Proposal to approve the loan of funds by Walsin International Investment Co., Ltd. to the Company and those between the subsidiaries in China, in a total amount of US\$1 billion and RMB1.48 billion respectively.
Resolution:	
Result:	Proposal passed.
Important	Proposal to lift the non-competition ban on the Company's managerial officers.
Resolution:	
Result:	Proposal passed.
Important	Proposal to review managers' performance evaluation as well as bonuses and compensation for 2022.
Resolution:	
Result:	Proposal passed.
Important	Proposal for the distribution of the performance bonus for Chairman and Vice Chairman for 2022.
Resolution:	
Result:	Proposal passed.
Recusal:	Yu-Lon Chiao and Patricia Chiao.

2023/02/24 (23<sup>rd</sup> Meeting of the 19<sup>th</sup> Term)

Important	Distribution of remuneration to directors and employees (including managerial officers) for 2022.
Resolution:	
Result:	Proposal passed.
Important	Proposal of the 2022 Profit Distribution Table.
Resolution:	
Result:	Proposal passed.
Important	Proposal of the 2022 Internal Control System Statement.
Resolution:	
Result:	Proposal passed.
Important	Amendment to certain provisions of the Company's Article of Incorporation.
Resolution:	
Result:	Proposal passed.
Important	The Company and its subsidiary, Walsin Energy Cable System Co., Ltd., intends to enter into a joint venture agreement, a technical service agreement, and a technology license agreement with NKT HV Cables AB (based in Sweden), a wholly-owned subsidiary of NKT Cables Group A/S (based in Denmark).
Resolution:	
Result:	Proposal passed.
Important	The Company intends to participate in the capital injection into its subsidiary, Walsin Energy Cable System Co., Ltd., in the amount of NT\$2,699 million.
Resolution:	
Result:	Proposal passed.
Important	PT. Sunny Metal Industry intends to upgrade its cold nickel production lines at PT. Indonesia Weda Bay Industrial Park, with a proposed investment amount of USD 93 million.
Resolution:	
Result:	Proposal passed.
Important	Yantai Walsin Stainless Steel Co., Ltd. intends to invest RMB178 million in the purchase of housing for experts and talents to meet operational needs.
Resolution:	
Result:	Proposal passed.





Important	Proposal to issue domestic straight corporate bonds within the amount of NT\$10 billion.
Resolution:	
Result:	Proposal passed.
Important	Walsin Singapore Pte. Intents to lend US\$175,750,000 to PT. Sunny Metal Industry under a non-revolving line of credit.
Resolution:	
Result:	Proposal passed.
Important	Walsin Singapore Pte. Intents to lend US\$27,500,000 to PT Westrong Metal Industry under a non-revolving line of credit.
Resolution:	
Result:	Proposal passed.
Important	In order to enhance the efficiency of capital utilization, it is proposed to reduce the capital of Huaxin International Investment Co., Ltd. and Huaxin Lihua Holdings Limited.
Resolution:	
Result:	Proposal passed.
Important	Borrego Energy, LLC, a U.S. subsidiary of the Company, intends to sell the business of its solar energy and its energy storage, procurement, and trading platform departments.
Resolution:	
Result:	Proposal passed.
Important	Proposal to amend certain articles of the Company's internal control system.
Resolution:	
Result:	Proposal passed.
Important	Proposal to amend the Company's Sustainable Development Practice Principles.
Resolution:	
Result:	Proposal passed.
Important	Proposal to amend the Company's Corporate Governance Best Practice Principles.
Resolution:	
Result:	Proposal passed.
Important	Nomination of the candidates for Company's Directors of the 20 <sup>th</sup> term.
Resolution:	
Result:	Proposal passed.
Important	Proposal to lift the non-competition ban under Article 209 of the Company Act for the Company's Directors.
Resolution:	
Result:	Proposal passed.
Important	Proposal to convene the Company's regular AGM in 2023, both physically and through video conferencing.
Resolution:	
Result:	Proposal passed.
Important	Proposal to lift the non-competition ban for the Company's managerial officers.
Resolution:	
Result:	Proposal passed.

- (12) In the most recent year, as of the day the annual report was prepared, directors held different opinions (on record or with written statement) about important resolutions passed at Board meetings and the major contents are: None.



- (13) In the most recent year, as of the day the annual report was prepared, any of Chairman, President, accounting manager, financial manager, internal audit manager, corporate governance manager and R&D manager resigned or was discharged: None.

### 5. Information on CPAs' fees

CPA Firm	CPA	Audit Period	Audit Fee	Non-Audit Fee	Total	Remarks
Deloitte Taiwan	Wen-Yea Shyu and Ko-Chang Wu	2022/01/01~ 2022/09/30	NT\$14,170	NT\$18,751	NT\$32,921	The non-audit fees were mainly for advice on tax analysis of investment projects and consultation and assurance of sustainability reports.

(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.

### 6. Information on the replacement of CPAs: None.

### 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.



## 8. Transfer and pledge of shares of the directors, managers and shareholders holding more than 10% of the company's shares

(1) Changes to the shares of the directors, managers and shareholders holding more than 10% of the company's shares:

Title	Name	2022		Current fiscal year up to March 21, 2023	
		No. of shares held Increase (decrease)	Shares pledged Increase (decrease)	No. of shares held Increase (decrease)	Shares pledged Increase (decrease)
Chairman	Yu-Lon Chiao	3,298,667	0	0	0
Vice Chairman	Patricia Chiao	16,516,581	0	0	0
		(600,000)	0	0	0
Director	Yu-Cheng Chiao	340,000	0	0	0
Director	Yu-Heng Chiao	4,271,613	0	0	0
Director	Andrew Hsia	0	0	0	0
Director	Wei-Shin Ma	0	0	0	0
Director	Chin-Xin Investment Co., Ltd.	27,388,375	0	0	0
	Representative: Pei-Ming Chen	0	0	0	0
Independent Director	Ming-Ling Hsueh	0	0	0	0
Independent Director	King-Ling Du	0	0	0	0
Independent Director	Shiang-Chung Chen	0	0	0	0
Independent Director	Fu-Hsiung Hu	0	0	0	0
President and Senior General Manager of Real Estate BG	Fred Pan	507,504	500,000	0	0
Executive Vice President & Vice President of Finance	C.C. Chen	516,487	500,000	0	(500,000)
		(180,000)			
President of Insulated Wire & Cable BG	Jin-Renn Leu	150,000	0	0	0
		(10,000)			
President of Stainless Steel BG	Kevin Niu	300,000	300,000	(45,000)	(100,000)
President of Commodity BG	Josh Chia	200,000	0	(12,000)	0
Head of Corporate Governance	Hueiping Lo	300,000	0	(50,000)	0
		(70,000)			
Head of Accounting Dept.	Richard Wu	307,721	0	(99,000)	0
Shareholders holding over 10% of outstanding shares	None	-	-	-	-

(2) Information on change in the number of shares retained:

March 21, 2023

Name	Reason for Share Transfer	Transaction Date	Counterparty	Relationship between the Counterparty and the Company, its Directors, Managerial Officers and Shareholders Holding More Than 10% of the Shares	No. of Shares	Transaction Price
Patricia Chiao	Disposal: Gift	2022/11/22	Tzu-En Chiao	Daughter	600,000	NT\$42.6

(3) Information on Share Pledges: None.

**9. Information on relationships amongst the top ten shareholders and their relationships with spouses or relatives within the second degree of kinship**

As of March 21, 2023

Name	Shares Held Themselves		Shares Held by Spouse and Underage Children		Shares Held Under Name of Others		Name and relationships of related parties to top ten shareholders (spouse and relatives within the second degree) (Note 1)		Remarks
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Name	Relationship	
Winbond Electronics Corporation	247,527,493	6.63%	-	-	-	-	Chin-Xin Investment Co., Ltd	Its chairman is the same as the chairman of said institutional shareholder	-
							Patricia Chiao	She is a second-degree relative of the chairman of said institutional shareholder	-
							Huali Investment Co., Ltd.	Its chairman is a second-degree relative of the chairman of said institutional shareholder	-
							Yu-Heng Chiao	He is a second-degree relative of the chairman of said institutional shareholder	-
							Pai-Yung Hong	She is a first-degree relative of the chairman of said institutional shareholder	-
							Yu-Chi Chiao	He is a second-degree relative of the chairman of said institutional shareholder	-
Representative of Winbond Electronics Corporation: Yu-Cheng Chiao	41,001,551	1.10%	19,502,428	0.52%	-	-	Chin-Xin Investment Co., Ltd	Its chairman is the same as the chairman of said institutional shareholder	-
							Patricia Chiao	She is a second-degree relative of the chairman of said institutional shareholder	-
							Huali Investment Co., Ltd.	Its chairman is a second-degree relative of the chairman of said institutional shareholder	-
							Yu-Heng Chiao	Second degree of kinship with the chairman of the said institutional shareholder	-
							Pai-Yung Hong	She is a first-degree relative of the chairman of said institutional shareholder	-
							Yu-Chi Chiao	He is a second-degree relative of the chairman of said institutional shareholder	-
Chin-Xin Investment Co., Ltd	247,399,375	6.63%	-	-	-	-	Winbond Electronics Corporation	Its chairman is the same as the chairman of said institutional shareholder	-
							Patricia Chiao	She is a second-degree relative of the chairman of said institutional shareholder	-



As of March 21, 2023

Name	Shares Held Themselves		Shares Held by Spouse and Underage Children		Shares Held Under Name of Others		Name and relationships of related parties to top ten shareholders (spouse and relatives within the second degree) (Note 1)		Remarks
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Name	Relationship	
							Huali Investment Co., Ltd.	Its chairman is a second-degree relative of the chairman of said institutional shareholder	-
							Yu-Heng Chiao	He is a second-degree relative of the chairman of said institutional shareholder	-
							Pai-Yung Hong	She is a first-degree relative of the chairman of said institutional shareholder	-
							Yu-Chi Chiao	He is a second-degree relative of the chairman of said institutional shareholder	-
Representative of Chin-Xin Investment Co., Ltd: Yu-Cheng Chiao	41,001,551	1.10%	19,502,428	0.52%	-	-	Winbond Electronics Corporation	Its chairman is the same as the chairman of said institutional shareholder	-
							Patricia Chiao	She is a second-degree relative of the chairman of said institutional shareholder	-
							Huali Investment Co., Ltd.	Its chairman is a second-degree relative of the chairman of said institutional shareholder	-
							Yu-Heng Chiao	He is a second-degree relative of the chairman of said institutional shareholder	-
							Pai-Yung Hong	She is a first-degree relative of the chairman of said institutional shareholder	-
							Yu-Chi Chiao	He is a second-degree relative of the chairman of said institutional shareholder	-
LGT Bank (Singapore) Investment Fund under the custody of Business Department, Standard Chartered Bank (Taiwan) Ltd.	238,160,000	6.38%	-	-	-	-	-	-	Note 2
TECO Electric and Machinery Co., Ltd.	210,332,690	5.64%	-	-	-	-	-	-	-

As of March 21, 2023

Name	Shares Held Themselves		Shares Held by Spouse and Underage Children		Shares Held Under Name of Others		Name and relationships of related parties to top ten shareholders (spouse and relatives within the second degree) (Note 1)		Remarks
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Name	Relationship	
Rong Jiang Co., Ltd.	183,515,651	4.92%	-	-	-	-	-	-	-
Patricia Chiao	109,085,587	2.92%	-	-	-	-	Winbond Electronics Corporation	Its chairman is a second-degree relative of said shareholder	-
							Chin-Xin Investment Co., Ltd	Its chairman is a second-degree relative of said shareholder	-
							Huali Investment Co., Ltd.	Its chairman is a second-degree relative of said shareholder	-
							Yu-Heng Chiao	He is a second-degree relative of said shareholder	-
							Pai-Yung Hong	She is a first-degree relative of said shareholder	-
							Yu-Chi Chiao	He is a second-degree relative of said shareholder	-
Huali Investment Co., Ltd.	106,994,366	2.87%	-	-	-	-	Winbond Electronics Corporation	Its chairman is a second-degree relative of the chairman of said institutional shareholder	-
							Chin-Xin Investment Co., Ltd	Its chairman is a second-degree relative of the chairman of said institutional shareholder	-
							Patricia Chiao	She is a second-degree relative of the chairman of said institutional shareholder	-
							Yu-Heng Chiao	He is a second-degree relative of the chairman of said institutional shareholder	-
							Pai-Yung Hong	She is a first-degree relative of the chairman of said institutional shareholder	-
							Yu-Chi Chiao	He is the same as the chairman of said institutional shareholder	-
Huali Investment Co., Ltd. Representative: Yu-Chi Chiao	51,635,470	1.38%	244,033	0.01%	-	-	Winbond Electronics Corporation	Its chairman is a second-degree relative of the chairman of said institutional shareholder	-
							Chin-Xin Investment Co., Ltd	Its chairman is a second-degree relative of the chairman of said institutional shareholder	-
							Patricia Chiao	She is a second-degree relative of the chairman of said institutional shareholder	-
							Yu-Heng Chiao	He is a second-degree relative of the chairman of said institutional shareholder	-



As of March 21, 2023

Name	Shares Held Themselves		Shares Held by Spouse and Underage Children		Shares Held Under Name of Others		Name and relationships of related parties to top ten shareholders (spouse and relatives within the second degree) (Note 1)		Remarks
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Name	Relationship	
							Pai-Yung Hong	She is a first-degree relative of the chairman of said institutional shareholder	-
							Yu-Chi Chiao	He is the same as the chairman of said institutional shareholder	-
Yu-Heng Chiao	65,343,810	1.75%	4,324,192	0.12%	-	-	Winbond Electronics Corporation	Its chairman is a second-degree relative of said shareholder	-
							Chin-Xin Investment Co., Ltd	Its chairman is a second-degree relative of said shareholder	-
							Patricia Chiao	She is a second-degree relative of said shareholder	-
							Huali Investment Co., Ltd.	Its chairman is a second-degree relative of said shareholder	-
							Pai-Yung Hong	She is a first-degree relative of said shareholder	-
							Yu-Chi Chiao	He is a second-degree relative of said shareholder	-
Pai-Yung Hong	51,940,914	1.39%	-	-	-	-	Winbond Electronics Corporation	Its chairman is a first-degree relative of said shareholder	-
							Chin-Xin Investment Co., Ltd	Its chairman is a first-degree relative of said shareholder	-
							Patricia Chiao	She is a first-degree relative of said shareholder	-
							Huali Investment Co., Ltd.	Its chairman is a first-degree relative of said shareholder	-
							Yu-Heng Chiao	He is a first-degree relative of said shareholder	-
							Yu-Chi Chiao	He is a first-degree relative of said shareholder	-
Yu-Chi Chiao	51,635,470	1.38%	244,033	0.01%	-	-	Winbond Electronics Corporation	Its chairman is a second-degree relative of said shareholder	-
							Chin-Xin Investment Co., Ltd	Its chairman is a second-degree relative of said shareholder	-
							Patricia Chiao	She is a second-degree relative of said shareholder	-
							Huali Investment Co., Ltd.	Its chairman is the same as said shareholder	-
							Yu-Heng Chiao	He is a second-degree relative of said shareholder	-
							Pai-Yung Hong	She is a first-degree relative of said shareholder	-

Note 1: Disclosure of relationship pursuant to rules indicated on the issuer's financial statement.

Note 2: The shareholder was a foreign fund account and inquiries have been made of its representative with relevant information requested: None.

Note 3: The shareholding ratios are rounded to the nearest hundredth percent.

**10. The 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 December 31, 2022; Units: Shares; %

Re-Investment Companies (Note 1)	Investment by the Company		Investment of directors, managers or enterprises under their direct or indirect control.		Combined Investment	
	Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage
Walsin Lihwa Holdings Limited	108,730,393	100.00	-	-	108,730,393	100.00
Walsin Specialty Steel Corp.	308,498,375	100.00	-	-	308,498,375	100.00
Ace Result Global Limited	44,739,988	100.00	-	-	44,739,988	100.00
Min Maw Precision Industry Corp.	32,791,149	100.00	-	-	32,791,149	100.00
Hua Tuo Green Resources Co., Ltd.	1,828,287	100.00	-	-	1,828,287	100.00
Walsin Precision Technology Sdn. Bhd.	32,178,385	100.00	-	-	32,178,385	100.00
Walsin Singapore Pte. Ltd.	422,000,000	100.00	-	-	422,000,000	100.00
Walsin Lihwa Europe S.a r.l.	12,000	100.00	-	-	12,000	100.00
PT Walsin Research Innovation Indonesia	6,930	99.00	70	1.00	7,000	100.00
Walsin America, LLC	(Note 2)	100.00	-	-	(Note 2)	100.00
Chin-Cherng Construction Co.	577,583,403	99.22	-	-	577,583,403	99.22
Walsin Info-Electric Corp.	29,854,246	99.51	-	-	29,854,246	99.51
PT. Walsin Lippo Industries	10,500	70.00	-	-	10,500	70.00
PT. Walsin Lippo Kabel	1,050,000	70.00	-	-	1,050,000	70.00
PT. Walsin Nickel Industrial Indonesia	500,000	50.00	420,000	42.00	920,000	92.00
Joint Success Enterprises Limited	36,058,184	49.05	37,461,816	59.05	73,520,000	100.00
Chin-Xin Investment Co., Ltd	179,468,270	37.00	49,327,824	10.17	228,796,094	47.17
Tsai Yi Corporation	49,831,505	33.97	12,070,677	8.23	61,902,182	42.20
PT CNGR Walsin New Energy and Technology Indonesia	140,651	29.17	-	-	140,651	29.17
PT. Westrong Metal Industry	590,000	29.50	-	-	590,000	29.50
Han-You Venture Capital Co., Ltd.	26,670,699	26.67	1,934,486	1.94	28,605,185	28.61
Winbond Electronics Corporation	883,848,423	22.21	359,669,285	9.04	1,243,517,708	31.25
Walton Advanced Engineering, Inc.	109,628,376	21.01	15,187,805	2.94	124,816,181	23.95
Walsin Technology Corporation	88,902,325	18.30	16,719,526	3.44	105,621,851	21.74
Powertec Electronic Chemical Material Corp.	318,522,792	22.46	15,880,540	1.12	334,403,332	23.58

Note 1: These are investments by the Company that adopt the equity method of accounting.

Note 2: Walsin America, LLC is a non-stock corporation, with a paid-in capital of USD 81,302,107, which is wholly contributed by the Company.





## IV Fundraising Overview

### 1. The Company's Capital and Shares

#### (1) Sources of Share Capital

##### 1. Historical Sources of Share Capital

MM/YY	Issuance Price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of capital	Paid with property other than cash	Other
11/02	10	6,500,000,000	65,000,000,000	3,512,976,276	35,129,762,760	Treasury stock capital decreased by 100,000,000 shares	No	Note 1
06/03	10	6,500,000,000	65,000,000,000	3,412,976,276	34,129,762,760	Treasury stock capital decreased by 100,000,000 shares	No	Note 2
11/03	10	6,500,000,000	65,000,000,000	3,366,067,276	33,660,672,760	Treasury stock capital decreased by 46,909,000 shares	No	Note 3
01/04	10	6,500,000,000	65,000,000,000	3,266,067,276	32,660,672,760	Treasury stock capital decreased by 100,000,000 shares	No	Note 4
04/04	10	6,500,000,000	65,000,000,000	3,174,491,276	31,744,912,760	Treasury stock capital decreased by 91,576,000 shares	No	Note 5
07/04	10	6,500,000,000	65,000,000,000	3,078,236,276	30,782,362,760	Treasury stock capital decreased by 96,255,000 shares	No	Note 6
08/04	10	6,500,000,000	65,000,000,000	3,079,012,601	30,790,126,010	Bond conversion entitlement certificates converted to common shares	No	None
05/05	10	6,500,000,000	65,000,000,000	3,006,294,601	30,062,946,010	Treasury stock capital decreased by 72,718,000 shares	No	Note 7
08/05	10	6,500,000,000	65,000,000,000	3,310,913,261	33,109,132,610	Capital increased by earnings recapitalization by 304,618,660 shares	No	Note 8
04/06	10	6,500,000,000	65,000,000,000	3,244,314,261	32,443,142,610	Treasury stock capital decreased by 66,599,000 shares	No	Note 9
11/08	10	6,500,000,000	65,000,000,000	3,194,314,261	31,943,142,610	Treasury stock capital decreased by 50,000,000 shares	No	Note 10
02/09	10	6,500,000,000	65,000,000,000	3,179,200,422	31,792,004,220	Treasury stock capital decreased by 27,124,000 shares and overseas convertible bonds converted to 12,010,161 common shares	No	Note 11
09/09	10	6,500,000,000	65,000,000,000	3,119,200,422	31,192,004,220	Treasury stock capital decreased by 60,000,000 shares	No	Note 12
11/09	10	6,500,000,000	65,000,000,000	3,069,200,422	30,692,004,220	Treasury stock capital decreased by 50,000,000 shares	No	Note 13
12/10	10	6,500,000,000	65,000,000,000	3,609,200,422	36,092,004,220	Cash capital increased by 540,000,000 shares	No	Note 14
01/11	10	6,500,000,000	65,000,000,000	3,614,890,804	36,148,908,040	Overseas convertible bonds converted to 5,690,382 shares	No	None
04/11	10	6,500,000,000	65,000,000,000	3,616,000,258	36,160,002,580	Overseas convertible bonds converted to 1,109,454	No	None
06/13	10	6,500,000,000	65,000,000,000	3,576,000,258	35,760,002,580	Treasury stock capital decreased by 40,000,000 shares	No	Note 15
05/15	10	6,500,000,000	65,000,000,000	3,516,000,258	35,160,002,580	Treasury stock capital decreased by 60,000,000 shares	No	Note 16
10/16	10	6,500,000,000	65,000,000,000	3,396,000,258	33,960,002,580	Treasury stock capital decreased by 120,000,000 shares	None	Note 17
06/17	10	6,500,000,000	65,000,000,000	3,366,000,258	33,660,002,580	Treasury stock capital decreased by 30,000,000 shares	None	Note 18
08/18	10	6,500,000,000	65,000,000,000	3,326,000,258	33,260,002,580	Treasury stock capital decreased by 40,000,000 shares	None	Note 19
09/20	10	6,500,000,000	65,000,000,000	3,286,000,258	32,860,002,580	Treasury stock capital decreased by 40,000,000 shares	None	Note 20
12/20	10	6,500,000,000	65,000,000,000	3,226,000,258	32,260,002,580	Treasury stock capital decreased by 60,000,000 shares	None	Note 21
01/21	10	6,500,000,000	65,000,000,000	3,431,332,948	34,313,329,480	Share swap of 205,332,690 shares	None	Note 22
09/22	10	6,500,000,000	65,000,000,000	3,731,332,948	37,313,329,480	Cash capital increased by 300,000,000 shares	None	Note 23

- Note 1: Approval letter Tai-Cai-Zheng (3) No. 0910155823, dated 2002.10.16
- Note 2: Approval letter Tai-Cai-Zheng (3) No. 0920110106, dated 2003.03.25
- Note 3: Approval letter (2001) Tai-Cai-Zheng (3) No. 101196, dated 2001.02.08
- Note 4: Approval letter Tai-Cai-Zheng (3) No. 0920159026, dated 2003.12.15
- Note 5: Approval letter Tai-Cai-Zheng (3) No. 0930110000, dated 2004.03.24
- Note 6: Approval letter Tai-Cai-Zheng (3) No. 0930125152, dated 2004.06.03
- Note 7: Approval letter Jin-Guan-Zheng (3) No. 0940110778, dated 2005.03.30
- Note 8: Approval letter Jin-Guan-Zheng (1) No. 0940124111, dated 2005.06.16
- Note 9: Approval letter Jin-Guan-Zheng (3) No. 0950105881, dated 2006.02.20
- Note 10: Letter Jin-Guan-Zheng (3) No. 09700511511, dated 2008.09.24
- Note 11: Letter Jin-Guan-Zheng (3) No. 0970065169, dated 2008.11.28
- Note 12: Letter Jin-Guan-Zheng (Jiao) No. 0980027679, dated 2009.06.06
- Note 13: Letter Jin-Guan-Zheng (Jiao) No. 0980050862, dated 2009.09.21
- Note 14: Letter Jin-Guan-Zheng (Fa) No. 0990051578, dated 2010.09.28
- Note 15: Letter Jin-Guan-Zheng (Jiao) No. 0990025440, dated 2010.05.12
- Note 16: Letter Jin-Guan-Zheng (Jiao) No. 1050021717, dated 2016.05.27
- Note 17: Letter Jin-Guan-Zheng (Jiao) No. 1050040371, dated 2016.10.03
- Note 18: Letter Jin-Guan-Zheng (Jiao) No. 1030014322, dated 2014.04.17
- Note 19: Letter Jin-Guan-Zheng (Jiao) No. 1040026231, dated 2015.07.08
- Note 20: Letter Jin-Guan-Zheng (Jiao) No. 1090341078, dated 2020.05.05
- Note 21: Letter Jin-Guan-Zheng (Jiao) No. 1090359858, dated 2020.09.29
- Note 22: Letter Jin-Guan-Zheng (Fa) No. 1090377120, dated 2020.12.16
- Note 23: Letter Jin-Guan-Zheng (Fa) No. 1090377120, dated 2022.03.11

## 2. Types of Shares

As of March 21, 2023

Types of Shares	Authorized Capital			Remarks
	Shares Issued and Outstanding (Note 1)	Unissued Shares	Total	
Common Shares	3,731,332,948	2,768,667,052	6,500,000,000	(Note 2)

Note 1: Publicly-traded shares.

Note 2: The Company's capital includes NT\$8,000,000,000 for the issuance of share warrants, corporate bonds with share warrants or preferred shares with share warrants, up to eight hundred million shares at a par value of NT\$10 per share, which may be issued in separate tranches.

## 3. Information on Shelf Registration: None.

### (2) Shareholder Structure

As of March 21, 2023

Shareholders Numbers	Government Institutions	Financial Institutions	Other Legal Persons	Individuals	Foreign Institutions and Individuals	Total
Number	8	50	438	183,885	653	185,034
No. of Shares Held	83,587,445	50,678,061	1,351,171,891	1,343,380,365	902,515,186	3,731,332,948
Shareholding	2.24%	1.36%	36.21%	36.00%	24.19%	100%

Note 1: Ratio of shares held by investors in China: 0%.

Note 2: The shareholding ratios are rounded to the nearest hundredth percent.



### (3) Distribution of Shareholders

#### 1. Distribution of Common Shares:

As of March 15, 2022

Shareholding	Number of shareholders	Shares Held (Note)	Shareholding
1 to 999	71,836	14,741,275	0.39%
1,000 to 5,000	85,751	174,862,529	4.69%
5,001 to 10,000	13,959	106,617,183	2.86%
10,001 to 15,000	4,516	56,517,247	1.51%
15,001 to 20,000	2,578	47,114,969	1.26%
20,001 to 30,000	2,295	57,381,896	1.54%
30,001 to 40,000	1,023	36,258,165	0.97%
40,001 to 50,000	691	31,690,202	0.85%
50,001 to 100,000	1,154	81,928,245	2.20%
100,001 to 200,000	552	77,725,812	2.08%
200,001 to 400,000	295	83,315,132	2.23%
400,001 to 600,000	105	51,595,499	1.38%
600,001 to 800,000	47	33,074,440	0.89%
800,001 to 1,000,000	22	19,606,314	0.53%
1,000,001 and more	210	2,858,904,040	76.62%
Total	185,034	3,731,332,948	100%

Note 1: The shareholding ratios are rounded to the nearest hundredth percent.

2. Distribution of Preferred Shares: None.

### (4) List of Major Shareholders

As of March 21, 2023

Major Shareholders	Shares	Number of Shares Held	Shareholding (Note)
Winbond Electronics Corporation		247,527,493	6.63%
Chin-Xin Investment Co., Ltd		247,399,375	6.63%
LGT Bank (Singapore) Investment Fund under the custody of Business Department, Standard Chartered Bank (Taiwan) Ltd.		238,160,000	6.38%
TECO Electric and Machinery Co., Ltd.		210,332,690	5.64%
Rong Jiang Co., Ltd.		183,515,651	4.92%
Patricia Chiao		109,085,587	2.92%
Huali Investment Corp.		106,994,366	2.87%
Yu-Heng Chiao		65,343,810	1.75%
Pai-Yung Hong		51,940,914	1.39%
Yu-Chi Chiao		51,635,470	1.38%

Note: The shareholding ratios are rounded to the nearest hundredth percent.

(5) Stock Price, Net Value, Earnings, Dividends and Related Information for the Past Two Years

Item		Year		
		2021	2022	Current Year up to March 21, 2023
Share Price (Note 1)	High	32.35	49.85	59.40
	Low	16.30	25.10	46.00
	Average	26.12	40.91	51.96
Net Value per Share (Note 2)	Basic	30.86	33.12	-
	Diluted	29.26	31.32	-
Earnings per Share	Weighted average shares	3,428,520,171	3,549,689,000	-
	Earnings per share	4.27	5.45	-
Dividend per Share	Cash dividend (Note 3)	1.60	1.80	-
	Stock Dividend	-	-	-
		-	-	-
	Accumulated unpaid dividend (Note 4)	-	-	-
Return Analysis	Price-earnings ratio (Note 5)	5.68	6.77	-
	Price-dividend ratio (Note 6)	15.15	20.48	-
	Cash dividend yield (Note 7)	0.07	0.05	-

\* If shares are distributed in connection with a capital increase out of earnings or capital reserves, information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution shall be disclosed.

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: If the conditions of the equity issuance require that dividends not yet distributed for the year be accumulated and paid out in a later year with positive earnings, the dividends that have been accumulated up to the current year and not yet distributed shall be disclosed separately.

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.

(6) Dividend Policy and Implementation Status

1. Dividends Policy Specified in the Company's Articles of Incorporation

Article 28 of the Company's Articles of Incorporation:

After the Company has offset its accumulated losses from previous years and paid all tax due, the Company shall set aside 10% of its net profits as legal reserve, except when the legal reserve equals to the total authorized capital of the Company. From the remainder calculated above plus the surplus retained earnings of previous year, the Company shall set aside or reverse the special reserve as stipulated by the law or the competent authority. Then the Board of Directors shall draft an earning distribution proposal submitted to the Shareholders' meeting for resolution to distribute shareholder's dividends. If the aforementioned distribution of earnings is made in cash, the Board of Directors shall be authorized to distribute the earnings with the presence of at least two-thirds of the Directors and the resolution of a majority of the Directors present, and to report the distribution to the shareholders' meeting.

The setting aside of the legal reserve set forth in Paragraph 1 of this Article should be based on the "the total amount of after-tax net income for the period and other profit items adjusted to the current year's undistributed earnings other than after-tax net income for the period."

Article 28-1 of the Company's Articles of Incorporation:



The share dividend policy of the Company should be stable for the purpose of sustainable operation and development. In case of any earnings on the final account, the Company shall allot as shareholder dividends no lesser than 40% of the balance of such earnings after offsetting its loss, paying income tax, setting aside the legal reserve, and setting aside the special reserve as adjusted based on the net decrease in other shareholders' equity as stipulated in Article 28 hereof, as well as deducting the share of the affiliates' interests recognized by equity method and adding the cash dividends paid out by the affiliates to the Company recognized by equity method. Such dividends shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends. To ensure the stability of the financial structure, and based on the principle of equitable dividend payout, the Company has no earnings to distribute or has earnings but the amount of earnings is significantly less than the actual earnings distributed previously, the Company may distribute all or part of the reserves or the undistributed earnings in the previous period. If there is a non-recurring, material income in the Company's earnings for the year, all or a part of such income may be retained without being subject to the percentage limitation set forth in Paragraph 1 hereof. (7) Effect of the proposed stock dividends (to be adopted by the Shareholders' Meeting) on the operating performance and earnings per share: Not applicable.

To ensure the stability of the financial structure, and based on the principle of equitable dividend payout, if the Company has no earnings to distribute or has earnings but the amount of earnings is significantly less than the actual earnings distributed previously, the Company may distribute all or part of the reserves or the undistributed earnings in the previous period. If there is a non-recurring, material income in the Company's earnings for the year, all or a part of such income may be retained without being subject to the percentage limitation set forth in Paragraph 1 hereof.

## 2. Dividends Distribution to be proposed to the Shareholders' Meeting

According to the decision of the Company's 23<sup>rd</sup> board meeting of the 19<sup>th</sup> term, it is proposed to distribute cash dividends from the earnings in 2022 to shareholders shall be NT6,716,399,306, with NT\$1.8 per share (which is calculated based on the Company's 3,731,332,948 issued and outstanding common shares). After this dividend distribution has been resolved and approved by the Board of Directors, the Chairman of the Board is authorized to determine the ex-dividend date and the distribution date. In the future, if the Company issues or repurchases shares, thereby influencing the amount of outstanding shares and changing the distributable cash dividend per share, it is proposed that the shareholders meeting authorize the chairman of the board to adjust the number of outstanding stocks on the ex-dividend date.

The smallest unit of the cash dividend is NT\$1. The distribution of the cash dividends shall be rounded down to the nearest New Taiwan Dollar. The aggregate of the remaining cash will be credited to Other Revenue by the Company.

## 3. Explanation regarding expected major changes to dividend policy:

It is proposed in the Company's 2023 Annual General Shareholders' Meeting to amend certain wording of Article 28 according to the letter from the Ministry of Economic Affairs dated June 6, 2022 (Ref. No.: Jin-So-Shang-Zi-11101093290) as follows:

"In case of any net profit in the final accounting, after the Company has offset its accumulated losses from previous years and paid all tax due, the Company shall set aside 10% of its net profits as legal reserve, except when the legal reserve equals to the paid-in capital of the Company. From the remainder calculated above plus the surplus retained earnings of previous year, the Company shall set aside or reverse the special reserve as stipulated by the law or the competent authority. Then the Board of Directors shall draft an earning distribution proposal submitted to the Shareholders' meeting for resolution to distribute shareholder's dividends.

If the aforementioned distribution of earnings is made in cash, the Board of Directors shall be authorized to distribute the earnings with the presence of at least two-thirds of the Directors and the resolution of a majority of the Directors present, and to report the distribution to the shareholders' meeting.

The setting aside of the legal reserve set forth in Paragraph 1 of this Article should be based on the "the total amount of after-tax net income for the period and other profit items adjusted to the current year's undistributed earnings other than after-tax net income for the period."

(7) Effect of the proposed stock dividends (to be adopted by the Shareholders' Meeting) on the operating performance and earnings per share: Not applicable.

#### (8) Compensation for employees and directors:

1. The Company's Articles of Incorporation includes the amount and coverage of compensation for employees and directors

##### Article 25-1:

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

Employee bonuses may be distributed by way of stock or cash dividends and the Company may issue bonuses to employees of parents or subsidiaries of the Company that meets the conditions set by the board of directors. The board of directors shall be authorized to determine the method of distribution.

The qualification requirements of or the distribution rules for the employees who are entitled to the treasury stock transferred, the employee warrants issued, subscription for new shares issued, and the restricted stock awards issued by the Company, including the employees of parents or subsidiaries of the company meeting certain specific requirements, shall be formulated by the board of directors as authorized.

2. Basis for estimates of compensations for employees and directors for this term, basis for calculating employee stock compensation and accounting procedures for when there is a discrepancy between the estimated and actual amount

- (1) Basis for estimates of compensations for employees and directors for this term: Estimated by ratio of the pre-tax income as determined by the Articles of Incorporation.

- (2) Basis for calculating employee stock compensation: Not applicable.

- (3) Accounting procedures for when there is a discrepancy between the estimated and actual amount: Please find relevant accounting procedures in "6. Financial Overview: 4. Financial report of the most recent year 22 NET PROFIT (LOSS) FROM CONTINUING OPERATIONS" of this annual report for further explanation.

3. Information regarding board of directors' approval of employee compensation

- (1) Amount to be paid in the form of cash and stocks to employees and directors: The board has approved NT\$252,000,000 to be paid in cash to employees and NT\$100,050,000 to directors for 2022.

- (2) Difference from estimated amount, reason and actions required: No difference.

- (3) The amount of employee compensation in the form of stock and its percentage of the Company's after-tax income (as reported in the financial statement of this term) and total employee compensation: Not applicable.

4. Actual payment status (including stocks, cash and stock price) for employee and director compensation from the previous year; discrepancies (if any) between the actual payment and estimated amount, as well as the reasons for and actions required by the discrepancies

- (1) Cash and stock compensation for employees; compensation amount for directors: for 2021, the Company issued NT\$187,000,000 to employees and NT\$75,000,000 to directors.

- (2) Differences between the estimated amount of compensation for employees and directors, as well as the reasons for and actions required by the discrepancies: No differences.

- (3) Please find relevant accounting procedures in "VI. Financial Overview: 4. Financial report of the most recent year: 22 Profits from Continuing Operating Units" of this annual report for further explanation.

#### (9) Share Repurchases:

1. Those having been executed: None.

2. Those being executed: None.



## 2. Issuance of Corporate Bonds:

Type of Corporate Bonds	2021 1 <sup>st</sup> Unsecured Straight Corporate Bonds	
Issuance (Processing) Date	October 8, 2021.	
Denomination	NT\$10,000,000	
Issue Price	Issued at denomiatnion	
Lump Sum	NT\$7,500,000,000	
Interest Rate	A fixed rate of 0.70% per annum	
Term	5 years; Expiration date: 2026/10/8	
Guarantor	None	
Trustee	Hua Nan Commercial Bank Co., Ltd.	
Underwriter	KGI Securities was appointed as lead underwriter	
Certifying Attorney	Yicheng United Law Firm	
Certifying CPA	Deloitte Taiwan	
Repayment Method	Principal shall be repaid upon due in one installment	
Outstanding Principal	NT\$7,500,000,000	
Terms of Redemption or Prepayment	None	
Restrictive Clauses	None	
Credit Rating Agency Name, Rating Date, Rating of Corporate Bonds	Rating agency: Taiwan Ratings Corporation Rated Entity: Walsin Lihwa Corporation Rating: TwA- Rating Date:2021/08/06	
Additional Rights	Amt. of Converted Common Shares, Global Depositary Receipts or other Securities	Not applicable
	Rules for Issuance and Conversion	None
Possible Dilution of Shareholding due to, and Effect on the Current Shareholders' Rights and Interests of, Issuance and Conversion, Rules for Share Swap or Subscription, or the Issuance Terms	None	
Name of the Custodian Engaged by the Counterparty of Share Swap	None	

## 3. Issuance of Preferred Shares: None.

## 4. Issuance of Global Depositary Receipts (GDRs)

Item	Date of Issuance	
	October 3, 1995	November 9, 2010
Place of issue and trading	Issued globally and traded on the Luxembourg Stock Exchange	
Total amount	US\$121,800,000	US\$290,313,085
Offer price per unit	US\$12.18	US\$5.38
Total units issued	10,000,000 units	53,961,540 units
Source of underlying security	Issuance of new common shares for cash capital increase	Issuance of new common shares for cash capital increase
Underlying security	Common stocks: 100,000,000 shares	Common stocks: 539,615,400 shares
Rights and obligations of depositary receipt holder	Conducted in accordance with the laws of the Republic of China and with the provisions of the Depositary Agreement. Refer to the Covenants of Depositary Agreement for the key terms and conditions.	
Trustee	None	None

Depository institution:	Deutsche Bank	Citibank	
Custodial bank	Mega International Commercial Bank	Citibank (Taiwan)	
Balance outstanding	2,224 units of global depository receipts and 22,248 shares of securities represented.		
Distribution of fees incurred from issuance and the outstanding period of the GDRs	1. Issuance fees: The issuing company will be responsible for the entirety of this fee. 2. Fees during outstanding period: The issuing company will be responsible for this fee.		
Covenants of Depository Agreement and Custodial Agreement	Omitted		
Market price per unit (Unit: US\$)	2022	High	16.61
		Low	9.11
		Average	12.20
	Current year as of March 21, 2023	High	19.00
		Low	15.29
		Average	16.93

5. **Exercise of Employee Stock Option Plan (ESOP) and Restricted Stock: None.**
6. **Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies: None.**
7. **Implementation of capital allocation plan: None.**





## V Business Overview

### 1. Business activities

#### (1) Scope of Business

##### 1. Primary business content, primary products and revenue ratio.

Business unit	Business activities	Products	Revenue Ratio	
			The Company and its merged subsidiaries	
			Amount (NT\$ million)	%
Wire and cables	Manufacture and sale of bare copper wire, various electrical wires, cables and related connection materials and accessories, as well as the contracting and execution of high-voltage cable engineering.	Bare copper strips, copper stranded wires, copper cables, power cables, high-voltage connectors and their accessories and telecommunication copper/optical fiber cables and industry power cables.	58,862	32.6
Stainless steel	Forging, processing and selling of stainless steel.	Billets, slabs, hot-rolled coils, cold-rolled coils, wire rods, hot-rolled bars, cold-finished bars, steel ingot, forged bars, seamless pipes and tubes, pierced billets, steel strands, reinforcing steel, and valve steel	79,025	43.8
Commodity	Production and sales of stainless steel upstream raw material, nickel pig iron, production and sales of nickel matte (the nickel raw materials for batteries), agency sales of stainless steel semi-finished products, procurement and hedging of other metal raw materials required by the Company for production	Nickel pig iron, nickel matte, billets, slabs, and HR coils	23,469	13.0
Commercial real estate business	Real estate	Land, housing and parking space sales; commercial and office buildings sales	1,973	1.1
Others	Solar power engineering etc.		17,072	9.5

##### 2. New products under development

Business unit	New products under development
Wire and cables	(1) Cables for Industrial 4.0 applications (2) High voltage cables used within large offshore wind turbines (3) Submarine cables for offshore wind sites (4) Rapid power supplement systems for new energy vehicles
Stainless steel	(1) Stainless steel of various types, grades, sizes, conditions and product types. (2) Stainless steel with high intensity, heat resistance, free-machining, soft magnetic property, and value-added. (3) Developing stainless steel for various industrial applications, such as automotive, marine, machinery and equipment, chemical and petrochemical industries, construction, energy, consumer electronics, and medical applications.

## (2) Industry overview

### 1. The current status and development of the industry

#### (1) Wire and Cable Business

According to forecast report issued by the International Copper Study Group (ICSG), global copper production increased by 3.4% year-on-year in 2022 and is forecast to reach 25.62 million tonnes for the year 2022. Refined copper consumption increased by 3.3% year-on-year in 2022, which was a significant growth compared with the previous year, in spite of the extreme climate, energy shortage, inflation, and the pandemic, suggesting a gradual recovery in the demand for refined copper worldwide. The global demand for refined copper is forecast to reach 26.04 million tonnes for the year 2022, leaving a supply/demand gap of 420,000 tonnes. Chinese copper smelters are still expanding their production capacity, with China's refined copper production still on the rise, which has exceeded 10 million tonnes for the past 3 consecutive years, reaching an annual record high of 11.06 million tonnes in 2022, a 4.5% year-on-year increase. In the post-pandemic era, most countries are strengthening their infrastructure, and the cable market is the largest in terms of purchases by power sector companies, and with the electrification of means of transportation and green power generation, it is expected that the growth in grid and power construction will increase the demand for cables.

#### (2) Stainless Steel Business

According to International Stainless Steel Forum (ISSF), global stainless crude steel production is estimated at 56.2 million tonnes in 2022. The Russian-Ukrainian war triggered a rise in energy prices, and global central banks raised interest rates quickly in response to high inflation, resulting in a decrease in both steel supply and demand. The largest steel production region was Mainland China, which produced 32.3 million tonnes of crude stainless steel, down by 1% from 2021, while Asia (excluding Mainland China and Korea) produced 7.6 million tonnes, Europe 6.15 million tonnes, and the Americas 2.4 million tonnes, down by 2%, 14% and 12% respectively from 2021.

In terms of the structure of stainless steel products, the output of plate products in 2022 was 47.3 million tonnes (consisting of HR coil of 9 million tonnes (19%) and CR coil of 38.3 million tonnes (81%)), accounting for 84% of the total output, and the output of long steel products was 8.9 million tonnes, accounting for 16% of the total output. Among the long steel products, the output of HR bars, wire rods and small steel embryos were 3.8, 2.95, and 2.15 million tonnes respectively, accounting for 43%, 33%, and 24% of the output of the long products respectively.

About 45% of the end-use applications of long steel products are used for industrial production (such as machined parts), 29% for industrial production (e.g. machined parts), 12% for consumer durable goods and 14% for transportation. The top five long-strip stainless steel companies around the world by output are Tsingshan, Jiangsu Delong, Walsin Lihwa, Viraj and Swiss Steel. (The above output figures are based on the data from the statistical report for 2022 published by SMR, a marketing agency.)

The increase in production capacity in recent years has been concentrated in China and Indonesia, led by the world's largest steel plant, Tsingshan Group, with an annual production capacity of over 10 million tonnes. In addition, Jiangsu Delong is also expanding its production capacity, and with successive mergers and alliances among Baosteel, Wuhan Iron and Steel, Taiyuan Iron and Steel, Shagang, more 10 million tonnes steel maker groups will emerge in the future. Benefiting from its cost advantage thanks to RKEF integration, Tsingshan and Jiangsu Delong dominated the general supplies market; Baowu Steel Group entered the Indonesian nickel iron market; Beihai Chengde takes the advantage of its own nickel iron



production capacity and cooperates with the Philippine nickel miners; therefore, steel groups in the northern and southern parts of China are working together to compete those in the middle part of China.

### (3) Resources Business

Global nickel pig iron production capacity is mainly concentrated in Mainland China and Indonesia. In 2020, due to Indonesia's ban on ore exports, the movement of the nickel pig iron industry chains from Mainland China to Indonesia accelerated, and Indonesia has become the world's largest nickel pig iron producer. In 2022, high nickel pig iron production capacity in China and Indonesia reached 2.35 million tonnes of nickel and the production reached 1.48 million tonnes of nickel, with the production capacity and the production up by 28% and 19%, respectively, compared with 2021. Among them, total high nickel pig iron production in Mainland China was 330,000 tonnes of nickel, down by 7% from 2021, mainly because the raw material supply restrictions and high products costs continued to weaken China's overall competitiveness in high nickel pig iron, while the total high nickel pig iron production in Indonesia was 1,150,000 tonnes of nickel, up by 29% from 2021.

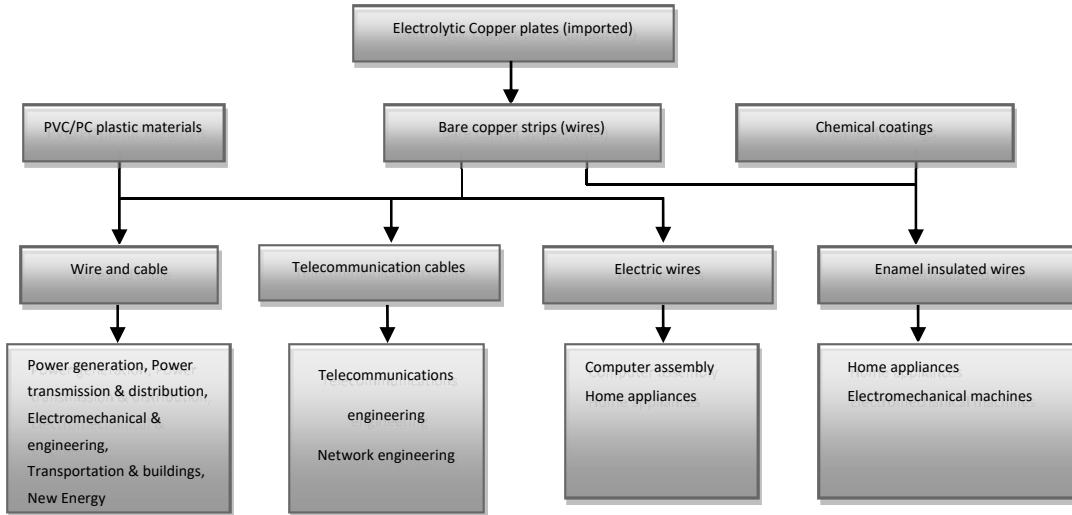
We expect that, in 2023, China's nickel pig iron production will continue to be constrained by the uneconomic production caused by the decline in imported nickel ore grade, changes in Philippines' export policies, and other supplementary materials. With a significant number of new production lines being planned, we expect that new capacity in Indonesia will continue to be commissioned. In response to the green energy transformation and the booming development of the downstream of the new energy industry chain, a large amount of capital has been injected into Indonesia since 2020, and the production capacity of intermediate nickel products for batteries, such as nickel matte and mixed nickel-cobalt hydroxide precipitate (MHP), has been released since 2021 and grew at an accelerated speed in 2022. Indonesia's MHP production reached 86,000 tonnes of nickel in 2022, six times that in 2021; the production of high nickel matte reached 207,000 tonnes of nickel, three times that in 2021. A large amount of intermediate production capacity was still being planned in Indonesia in the following years. It is expected that the new production capacity will continue to be developed at a high speed in 2023, and the overall industrial chain will gradually expand downstream.

### (4) Commercial Real Estate Business

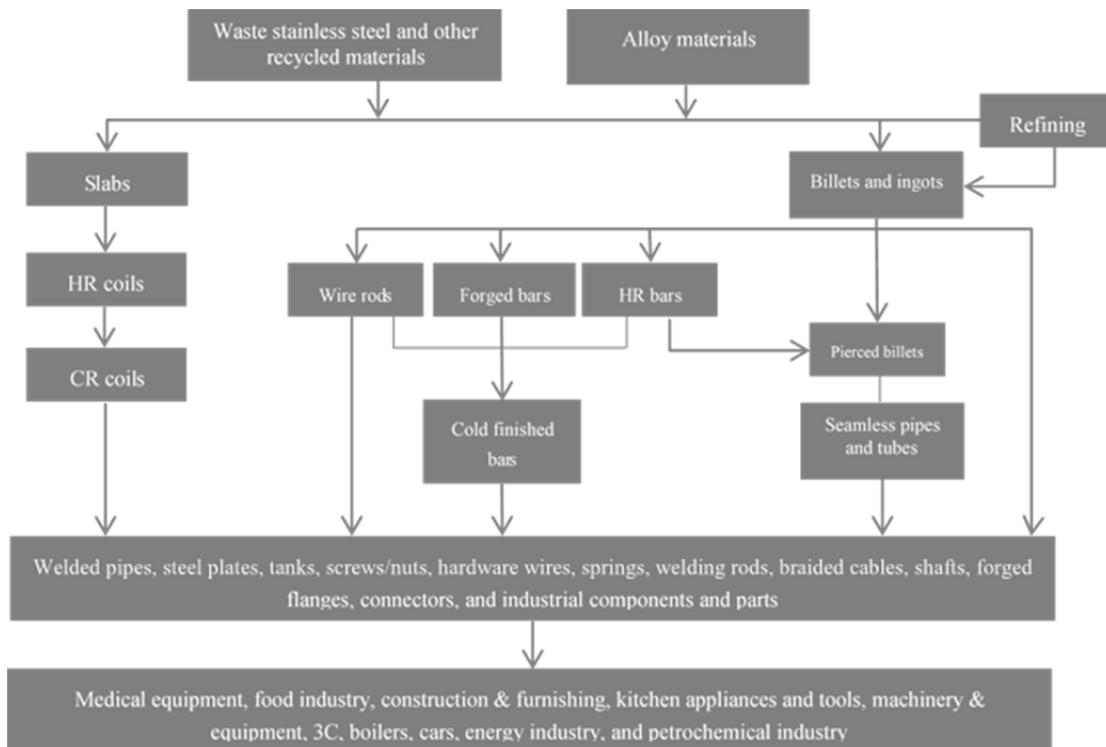
In 2022, the total commercial residential sales area in Nanjing exceeded 7.6 million square meters, down by over 37% from 2021, due to the effect of the lockdown in the pandemic. The average transaction price, however, exceeded about RMB31,800 per square meter, an increase of about 8% compared to 2021. The slowdown in property market transactions has corrected the price distortions caused by the overheated market. However, the value of projects in core urban areas has been recognized by the market, with both transaction volume and transaction prices remaining stable, taking the lead in the recovery after the lifting of the property purchase restriction policy at the end of 2022, which lays a solid foundation for the steady development of developers. With private property developers' growing debt defaults and shrinking development capacity, the demand for land tilted toward state-owned enterprises. This situation brings more new development opportunities for foreign-invested enterprises with abundant cash flow, whose strength is increasingly prominent.

2. Relationships with suppliers in the industry's supply chain:

(1) Wire and Cable Business

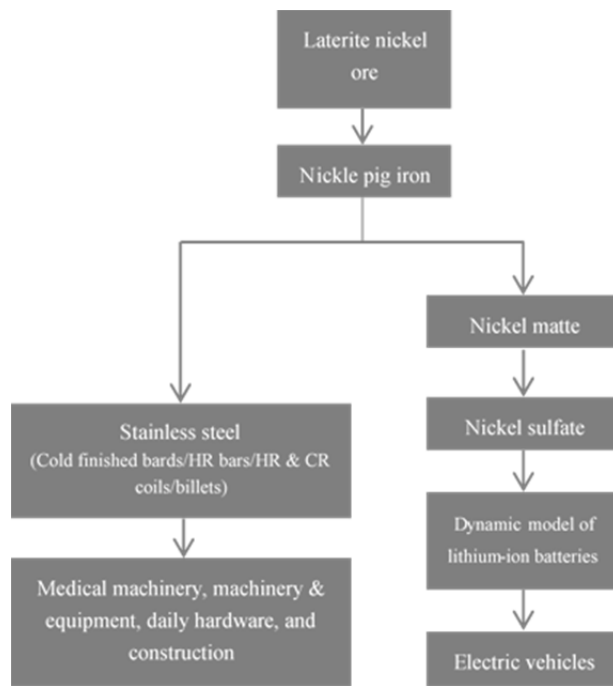


(2) Stainless Steel Business





### (3) Resources Business



### 3. Product development trends and competition

#### (1) Wire and Cable Business

**Development trend:** In addition to the traditional construction and infrastructure cables, there are many green energy related cable applications and products that have emerged in response to the global trend of net zero emission. For example, in the field of energy creation and transmission, solar power cables that need to prevent UV degradation, wind turbine cables that can withstand harsh environments, and submarine cables that transmit power from offshore wind turbines back to land or transfer power across borders between countries, are all products that are actively developed by major cable manufacturers around the world. In addition, in the area of energy storage and use, the electrification of transport equipment and smart power allocation, cable sets for power replenishment systems, and cables for energy storage equipment are all new generation products that our peers are competing for development.

**Competition:** From the historical output of Taiwan's power cable market, there is still an oversupply of capacity in the overall cable market and competition is relatively fierce. However, benefited from the regional supply chain integration of Taiwan businessmen back to Taiwan to drive the demand for plant expansion, and a large number of residential, commercial office and public works projects, coupled with the government's active promotion of green energy policy and Taipower's grid reinforcement plan to accelerate the deployment and construction of regional grids, market demand is expected to grow at a stable pace.

#### (2) Stainless Steel Business

**Development trend:** In terms of product development, apart from actively developing nickel-free steel grades, major stainless steel makers are also developing the most suitable materials for specific applications. For example, in response to the demand for automation, the demand for wear-resistant, high-precision and zero-defect materials has increased. In the past, key technologies were held in Japan, Europe and other countries, but Asian steel makers have also continued to invest in research and development in recent years, and to refine their own technological capabilities. At the same time, with the rising awareness of environmental protection, stainless steel is more widely used in various fields, and there are many cases of replacing carbon steel with stainless steel in the construction, transportation and other industries. In the renewable energy industry, stainless steel components can also be found in wind turbines and renewable energy vehicles.

Competition: Indonesian steel mills will dominate the Asian market with the advantage of low-cost raw materials; with the promotion of carbon emission control policy in Mainland China, the steel mills have shifted from incremental to value-added and started to consolidate with the strategy of eliminating the weak and leaving the strong; the rest of the steel makers will focus on niche industrial applications with high certification thresholds to add value to their products through end-use differentiation.

### (3) Resources Business

Development trend: Stainless steel plants in Mainland China and Indonesia are expanding their production capacity, and the demand for nickel pig iron and scrap steel will continue to rise, while nickel pig iron in Indonesia has a cost advantage and is economical for downstream steel plants. In the following years, there will still be new manufacturers entering Indonesia to invest in RKEF production line. In addition, in response to the continuous growth of the new energy industry chain, some of the RKEF production lines have started to change their processes in 2022 to make their output more flexible to switch between nickel pig iron and nickel matte. In addition, due to the significant price difference between different nickel products this year, the "nickel matte - nickel sulfate - pure nickel" process has emerged. Therefore, if manufacturers continue to extend to the downstream nickel sulfate production, their sales portfolios will be more diversified, and the overall nickel market will reach a dynamic balance between supply and demand.

Competition: Indonesia's RKEF production lines have grown significantly since 2021 and will continue to open up significant capacity. In addition to continuing to provide additional stainless steel production capacity in Indonesia, the production lines will also make up for the possible decline in nickel pig iron supply in China. In addition, in response to the continuous growth of the new energy industry chain, some of the RKEF production lines have started to change their processes to make their output more flexible since 2022, so that they can flexibly switch between iron pig nickel and nickel matte.

### (4) Commercial Real Estate Business

Development Trends: After nearly 20 years of rapid development, China's real estate industry is now at a new stage of development and has once again become a key pillar industry whose development is encouraged by the state. Real estate development has been concentrated rapidly to the three urban clusters: the Yangtze River Delta, the Pearl River Delta, and the Circum-Bohai Sea Area. Nanjing is one of the three major cities in the Yangtze River Delta, with a regional GDP of RMB 1.7 trillion in 2022. With a strong economic base, developing manufacturing industries, active financial and trade activities, continuous population inflow, and high consumption potential, Nanjing has become a core city for major property development in China. Therefore, the development prospect and continuous profitability of the property industry in Nanjing are quite promising. The focus of development in the city center area is still on high quality and large volume complexes, the integration of commercial, office and residential multi-styles, and on experiential and interactive products. Children's playground, catering, leisure, entertainment and other experiential consumption become the focus of business revenue. In terms of residential property, high-end and even top-tier blocks continue to be the main development trend, driving the continuous upgrading of urban living quality, while in terms of office property, landmark international Grade A offices lead the development of high-end business areas.

Competition: The central part of the city is the focus of the real estate market, where land supply has always been rare and projects have been launched relatively rarely. After a major slowdown in the real estate market in 2022, a number of enterprises with high gearing and insufficient cash flow will be eliminated, and the industry pattern will further develop in the direction of "stronger is stronger". Stable and strong companies with low gearing ratios and strong cash flow will have more advantages and opportunities in acquiring new development projects.



### (3) Overview of Technology and R&D

#### 1. R&D Expenses and Results

R&D Expenses	From Jan. 1, 2022 to March 21, 2023, the R&D expenses were around NT\$ 300 million.
<p>(A) Technology Research &amp; Development</p> <p>(1) Develop 200 amp charging gun series</p> <p>(2) Develop 8MW offshore wind turbine cables</p> <p>(3) Develop lightweight power cables for harbor machinery</p> <p>(4) Aanti-rodent and anti-ant high voltage cables</p> <p>(5) Expand the development of stainless steel material types, sizes, conditions and product types.</p> <p>(6) Innovative research and development of functional stainless steel with high strength, high heat resistance, and easy turning characteristics to increase added value.</p> <p>(7) Continue to invest in the development of stainless steel for automotive components, aiming at energy conservation, environmental protection and high efficiency to meet market demand.</p> <p>(8) Deepen research on stainless steel for welding, and increase the service life of materials in harsh environments such as high temperature resistance, corrosion resistance and high temperature resistance.</p> <p>(9) Cooperate with domestic universities and research institutions to jointly promote various industry-university cooperation and outsourcing research projects, and expand the depth and breadth of process technology through the combination of theoretical knowledge and practical experience, thereby increasing the capacity of research and development.</p>	
<p>(B) Intelligent Manufacturing</p> <p>(1) Smart Power Consumption: Collect and analyze equipment power consumption data, improve the accuracy of power consumption estimation, and reduce wasted power consumption.</p> <p>(2) Development of Intelligent Crane Automatic Storage System: New intelligent cranes are adopted to establish an automatic transportation and storage system for steel billets, which improves the space utilization rate, assists in optimizing the inventory management of incoming materials in the factories, automatically dispatches shipments and loads materials without interruption, improves production efficiency, avoids human operations, and improves work safety.</p> <p>(3) Establishment of Automated Guided Vehicles (AGV) System: A composite automated guided system is adopted to overcome the outdoor climate, realize outdoor unmanned automatic cross-factory transportation, improve transportation efficiency, and reduce forklift operations and operating manpower.</p>	
<p>(C) Energy and Environmental Protection</p> <p>(1) Replacing Traditional Preheaters: Replace traditional preheaters with pure oxygen preheaters to reduce fuel consumption, improve combustion efficiency, and reduce greenhouse gas emissions.</p> <p>(2) Slag Recycling: The by-product slag produced by the steelmaking electric furnace can be converted into a variety of high-value recycled products after classification and screening, such as low-carbon concrete, red bricks as building materials, and pervious asphalt.</p>	

**2. Present and future R&D projects, as well as the estimated R&D investment expenditure**

Plan for the most recent year	Current progress	Mass production completion time	Main reasons that future development will succeed
We plan to invest NT\$168,000,000 for R&D, including:			
Highly machinable soft magnetic stainless steel	Trial manufacturing stage	2023	Component design, hot rolling process parameter setting, heat treatment parameter setting
High heat resistant stainless steel for automotive parts and components	Trial manufacturing stage	2023	Hot rolling process parameter setting, heat treatment parameter setting
High strength, wear resistant, high processability stainless steel	Trial production in a limited capacity	2023	Hot rolling process parameter setting, heat treatment parameter setting
High strength and high corrosion resistant stainless steel	Trial production stage	2023	hot rolling process parameter setting, heat treatment parameter setting
Highly weldable and high heat resistant stainless steel	Trial production stage	2023	Component design, hot rolling process parameter setting, heat treatment parameter setting
Cables for energy storage applications	Materials have been developed and certified	2023	We have the ability to independently develop and certify the materials
Wire harness for renewable energy vehicles and power replenishment system	(1) We have obtained the certification of DC 300A charging gun/cable set series (2) Development and design of super-fast charging gun/cable set (3) Structure design of cables for high-current electric vehicle applications	2024	(1) We are the only player in Taiwan with complete dynamic cable development and testing capabilities (2) We have completed UL/IEC full range of charging cable certification (3) We have the ability to independently develop and certify materials
Development of high-voltage cables within wind turbines	(1) Cable development and design (2) Dynamic test and certification of cables in low temperatures	2024	(1) We are the only player in Taiwan with complete dynamic cable development and testing capabilities (2) We have the ability to independently evaluate and certify materials
Development of environmentally friendly cable materials	Development of low-carbon footprint, environmentally friendly cable insulation materials and certification of cable electrical performance	2025	(1) We are the only player in Taiwan with complete power cable testing and certification capabilities and equipment (2) We have the ability to independently develop and certify materials





#### (4) Business Plan – Long-term and Short-term

##### 1. Wire and Cable Business

**Short-Term:** In response to the end-customer demand for building construction, we will be able to precisely supply goods with the help of smart manufacturing to enhance customer satisfaction with delicate services and bolster our leadership in Taiwan. We also aim to reserve our capacity, in order to expand our share of solar cables in the market, and to respond to the government's policy for domestic production of core components for offshore wind power plants, with the goal of exclusively manufacturing cables for offshore wind turbines in Taiwan. Following the global trend of popularizing electric vehicles and speeding up the construction of supporting infrastructure, we are developing wire harnesses for new energy vehicles and power replenishment systems that meet global standards.

**Long-Term:** We will seize the business opportunities brought by the global smart grid and new energy industries by expanding our business scope of Energy Solution. We will focus on the demand for special cables and cable engineering services for the construction of solar power, energy storage and offshore wind power plants.

##### 2. Stainless Steel Business

**Short-Term: Taiwan:** In response to the trend of small amount but diversified products in the high-value market, Walsin has adjusted its direction and gradually built up its product and service capabilities to meet the needs of different customer segments. For the wire rod, we will actively expand niche steel sales portfolio in line with market conditions to expand the volume of orders of favorable steel grades, while continuing the research and development and the capital expenditure to increase the application of new steel types and new industries and stabilize product quality. For cold finished bars, we will focus on the development of direct customer channels and the expansion of available specifications in order to expand our market share; for plate products, we will use digital analysis to assist in material preparation and production scheduling, so that the delivery time can be close to customer expectations.

**Mainland China:** The new intelligent production lines for hot rolled bars/wire rods will be commissioned, which utilize advanced manufacturing process and intelligent production to supply high precision and quality stainless steel products. In this way, we will effectively achieve import substitution, increase our market share, and reach the goal of selling all of the products we produce. We will continue to develop high-value steel grades for hot rolled bars and seamless steel pipes in the hope of increasing value added to our products. For the cold refined rods, we will increase the volume of orders from direct customers and strengthen the collaboration between marketing/technology/business for serving customers, to ensure the completion of the integrated material application supply chain, so that the upstream and downstream can work more closely together.

**Europe:** We acquired Cogne Acciai Speciali S.p.A., a leading stainless steel bar and wire rod manufacturer, in an attempt to expand Walsin's global sales base with its existing production capacity and over 20 sales locations in 15 countries.

**Long-term: Taiwan:** We will grasp upstream raw materials to enhance the competitiveness of Walsin's stainless steel products. For bar materials, in addition to maintaining the major customers with high demand, the Company will actively develop new customer bases and expand suitable markets for export. For cold finished bars, in addition to continuing to strengthen the advantages in our integrated production lines, we will increase the quality and output of deep-processed products. For wire rods, the long-term goal is to increase the proportion of niche steel grades in our sales mix. In terms of operations, we are strengthening our competitiveness by accelerating internal process improvement and Industry 4.0 automation projects.

**Mainland China:** We will focus on certification application markets, such as transportation, petrochemical, boiler, nuclear power, and food, as key development industries, in cooperation with China's nationalization policy and industry development potentials. We will also expand our technical service capacity and market

management, hoping to enhance the added value of our products and brands. We will set up distribution centers in major markets to enhance our market penetration in each region through rapid logistics and distribution.

Europe: Cogne Acciai Speciali complements and integrates with our Taiwan and China plants in terms of products, technology, equipment, channels and customers. Therefore, we will leverage its experience in developing high-end niche products and industrial certification markets, to strengthen our ability to expand into mid- and high-end markets and to accelerate our development of high-value stainless steel business.

### 3. Resources Business

Short-term: PT. Walsin Nickel Industrial Indonesia's nickel pig iron production lines were fully commissioned. We will continue to ensure that those production lines have stable capacity utilization rates and are fully in operation for production, and to strengthen the stability of upstream raw materials for stainless steel, so as to enhance our competitiveness. The nickel matte production lines acquired from PT. Sunny Metal Industry in the second half of 2022 was commissioned for trial production at the end of the same year, and with the commissioning of the power plant, all production lines will enter full production operation in 2023. Regarding our agency services, considering the uncertainty of competing global markets and international political and economic conditions, we continue to actively negotiate with Indonesian suppliers in order to source competitive raw materials in terms of costs, stable supply, and accurate delivery, to meet the needs of our customers and to strengthen the cooperative relationship between the Taiwanese industry and upstream suppliers, thereby enhancing the competitiveness of Taiwan stainless steel players in the international markets and further increasing the volume of orders received by our agency services.

Long-term: In response to the trend of climate change and sustainable development, we will continue to pay attention to the development of environmental protection policies and the trend of the industry. In addition to continuing to promote the production of nickel resources products, we will also promote the green cycle projects towards energy creation, energy storage and circular economy, to create a win-win situation for both the economy and the environment. Regarding our agency service, we will leverage our agency advantage to ensure stable supplies for the demand in the Taiwan stainless steel market, provide a stable source of materials with competitive costs, avoid the risk of price fluctuations and reduce the pressure on inventory capital (i.e., value-added services) to promote the overall effectiveness of the value chain of the stainless steel industry in Taiwan, and strive to achieve the long-term goal of simultaneous growth in the volume of orders received by the agency and the price of the stainless steel industry in Taiwan. In addition, with our Indonesia production lines being commissioned for mass production, we expect to expand into nickel pig iron, nickel matte and other service items.

### 4. Commercial Real Estate Business

Short-Term: For the second phase of the Company's real estate business, Phase II Lot AB, Building No. 6, the office spaces on the 5<sup>th</sup> to 12<sup>th</sup> floors have been fully leased and operating, and the leasing and opening of high-end restaurants on the 1<sup>st</sup> to 4<sup>th</sup> floors has been completed, generating stable rental income. Building No. 1, which meets the International Grade A Office Standards, was built and delivered in July 2022 and received LEED & WELL double gold international certification, with leasing contracts for 15,000 square meters of the offices being executed, generating effective rental income flows in the year of its construction.

Long-term: Walsin Centro integrates various residential, commercial and office properties with a complementary relationships and we will increase overall brand value and create economies of scale through integrated marketing. High-end residential will bring brand reputation and market influence to the commercial, while high-quality commercial will bring support and services to the office. The landmark Grade A office will further enhance the brand status of the commercial and residential sectors, bringing abundant traffic and consumption to the commercial sector and better services to the residential customers. The maturation of each new industry is consolidating the competitive advantage of the existing industry and



enhancing the value of the existing industry. After more than ten years of continuous development, Walsin Centro has become a new urban landmark in Nanjing and the Walsin Centro project has become a successful model for commercial development in Nanjing, with its market influence and brand reputation continuing to expand and its commercial and business value continuing to rise.

## 2. Market Analysis and Sales Overview

### (1) Market Analysis

#### 1. Sales region(s) and market share of main products

##### (1) Wire and Cable Business

The Company is focused on the development of the wire and cable business and offers a one-stop comprehensive production series from the upstream bare copper wire, copper rod production, to the research and production of all types of cables such as power cables, communication copper cables and fiber optic cables. The main sales regions include Taiwan and Mainland China. In 2022, the sales of the Company's power cable products was approximately NT\$21.6 billion, and that of bare copper wire was about NT\$38.2 billion. According to the Department of Statistics of the Ministry of Economic Affairs, the domestic sales of power cable products in Taiwan in 2022 was estimated at NT\$72.3 billion. Therefore, the Company maintains a market share of 25% or more and of 30% or more in Taiwan's power cable and copper bar markets, respectively.

##### (2) Stainless Steel Business

The Company is a major global stainless steel material company, with stainless steel products such as stainless steel billet, cold- and hot-rolled steel coils, wire rods, cold finished bars, seamless steel pipe and precision roll bonding steel. The main sales regions include Taiwan, Mainland China, Korea, Southeast Asia, Australia, Europe and North America, etc. Our stainless steel wire rod and cold finished bars occupy a significant position on the global market and we offer customers optimal lead times and services with sales offices distributed across the Taiwan Strait, a vertically integrated supply chain and a standardized production process.

For the sales of stainless steel products made by the Company in 2022, its domestic market shares reach 65% (wire rods), 25% (hot-rolled steel coils), 35% (cold-rolled steel coils) and 35% (cold finished bars); its market shares in China are 7% (hot-rolled steel bars) and 8% (cold finished bars); the Company's global market shares are 6% (wire rods), 7% (hot-rolled steel coils) and 4% (cold finished bars).

Note: The above market shares are estimated only in respect of the territories to which we sell products and our available specifications.

##### (3) Resources Business

Nickel pig iron produced by PT. Walsin Nickel Industrial Indonesia is the upstream raw material for stainless steel manufacturing, which is mainly supplied to local steel mills in Indonesia for smelting stainless steel. The sales of nickel pig iron in 2022 were 41,000 tonnes, with full production and sales. According to SMM's research report, the Company's 2022 nickel pig iron production accounted for approximately 3.5% of Indonesia's total production. According to SMM's research report, the nickel-iron to high nickel matte production lines are running smoothly, with a total production capacity of 326,000 nickel tonnes of high nickel matte in 2022, of which 221,000 nickel tonnes were added to the production capacity.

In terms of agency service, the Company has been acting as an agent for the sales of Indonesia Tsingshan since May 2020, with the aim of maintaining the international competitiveness of Taiwan's stainless steel plate products and promoting the overall efficiency of the value chain of the stainless steel industry. We sell as an agent mainly stainless steel products, such as stainless steel billets, slabs and hot rolled steel

coils, to mainly Taiwan and Taiwan-invested overseas enterprises. The Company received orders of about 680,000 tonnes in 2020, about 980,000 tonnes in 2021, and about 820,000 tonnes in 2022. We estimate that the orders accounted for more than 80% of Taiwan's 300 series hot rolled stainless steel imports in 2022.

#### (4) Real Estate Business

In 2022, the area of business land transactions in Nanjing totaled 4.996 million square meters, down by 39% year-on-year, with the total transaction amount of RMB133.45 billion, down by 36% year-on-year, which signals a greater reduction in and the bottoming out of supply and sales. The development scale of Walsin Centro in Nanjing Hexi is 1 million square meters, and the finished residential units have been sold out. The commercial shopping center has been successfully opened and operated. Currently, the main products are the opening and operation of Office Building No. 1 and the design and planning of Office Building No. 2.

## 2. Overview of supply and demand and projected growth

### (1) Wire and Cable Business

According to the global copper production forecast by the International Copper Study Group (ICSG), global copper supply will grow by about 5.3% in 2023. In terms of refined copper production, ICSG expects refined copper production to grow by 3.3% in 2023. In terms of the refined copper consumption, despite a challenging global economic outlook, continued infrastructure development in major countries and the global trend towards clean energy and electric vehicle development will continue to support copper demand and help sustain growth in copper demand, with refined copper consumption forecast to grow by 1.4% in 2023.

After the reopening in mainland China, it is expected that more infrastructure constructions will drive demand for infrastructure. From the perspective of demand for copper end-products, we expect investment in power grid projects to rise, and that emerging industries such as new energy vehicles will still develop at a high rate, which will better drive copper consumption and support copper prices. As for the real estate industry, China is still focusing on "ensuring the delivery of buildings, people's livelihood and stability," and the real estate market is expected to stabilize in 2023 under the promotion of relevant policies. In summary, mainland China's economy is expected to rebound in 2023, which means that the demand for cable-related products is expected to stabilize and grow.

In view of the shift of global supply chains and the change of regionalization in Taiwan, the number of Taiwanese businesses returning to Taiwan to build factories continues to increase. The Executive Yuan has approved to extend the period of acceptance of the Action Plan for Welcoming Taiwan Businesses to Invest in Taiwan to 2024, in order to maintain the strength of private investment. According to the government's 2050 Net Zero Emissions Pathway and Strategy, the government will adopt 12 key strategies to integrate inter-ministerial resources, including NT\$210.7 billion for renewable energy and hydrogen energy, NT\$207.8 billion for power grids and storage energy, and NT\$168.3 billion for vehicle electrification. In addition, after Taiwan's 303 Blackout in 2022, the public has once again raised concerns about the over-concentration of Taiwan's power grids and the increasing proportion of green power, and how to avoid its instability and intermittency from affecting the quality of power supply has also become the focus of public attention, driving Taipower to promote a 10-year NT\$564.5 billion plan to strengthen the resilience of its power grids, in which the decentralized power grids accounts for the highest percentage of the budget, and 17 electric networks will be built for renewable energy. The increasing number of substations, energy storage stations and new energy grids will need to be connected by cables, which will benefit Taiwan's wire and cable industry. With the demand generated by the government's various projects, future orders for the cable will be highly predictable for us.



## (2) Stainless Steel Business

The expansion of global stainless steel and crude steel production capacity has reached a plateau. Under the carbon emission control policy in mainland China, factories are replacing old instead of creating new capacity, while steel mills in Europe and the United States did not add new capacity after years of consolidation. In the future, except for Indonesia, which still has new investment plans for the stainless steel business, stainless steel makers in the rest of the countries around the world will operate only through the development of steelmaking technology, so that the existing capacity may be slightly increased; therefore, we will not see the previous annual growth of capacity in double-digits any longer. On the demand side, the International Stainless Steel Forum (ISSF) estimates that global stainless steel consumption will grow by 3.2% in 2023, maintaining a positive growth rate. However, considering the impact of the current global economic uncertainty, such growth may be very limited. Although the increase or decrease in stainless steel consumption is susceptible to fluctuations due to changes in the current year's economy, the compound annual growth rate of stainless steel consumption during the past 10 years is about 2% to 3%, and we expect this trend to be maintained in the coming years.

The growth of demand also varies depending on the product type. Flat panel products account for more than 80% of the total stainless steel usage and are widely used in various end-use applications, with a high correlation between the increase or decrease in demand and the economic conditions. The application of long strip products are industry-specific; if we take mainland China as an example, with the end of pandemic control, the Chinese government's economic stimulus policy and the expansion of private investment, it is expected that the robust development of infrastructure, machinery and equipment, transportation, and new energy will drive the demand for long strip products, which will increase at a rate faster than the flat panel products in the next few years.

## (3) Resources Business

According to SMM's research report, Indonesia's nickel pig iron production will increase by 300,000 tonnes of nickel in 2023. The production of nickel pig iron by smelters in mainland China reduced by 8.5% in 2022 due to unfavorable factors such as rising electricity prices, and is expected to further reduce in 2023. As far as the demand side is concerned, it is obviously economic for stainless steel mills to use nickel pig iron; therefore, we expect that the proportion of China's use of nickel pig iron to produce stainless steel will continue to increase, while Japan, South Korea, India and other countries are also likely to increase the use of nickel pig iron from Indonesia, coupled with the possible smooth transition of nickel pig iron to nickel matte production lines, it is expected that nickel pig iron supply and demand will be in a dynamic balance. According to the SMM research report, the total global high nickel matte production capacity in 2023 is projected at 412,000 tonnes of nickel, with about additional 94,000 tonnes of nickel, and the production capacity of high nickel matte and MHP continues to be released. The recent emergence of the nickel matte - nickel sulfate - pure nickel process will make sales options more diversified, so that the overall market supply and demand may also achieve a dynamic balance.

In terms of our agency services, in 2022, the supply chain anomalies normalized, and the quantity of 300 series hot rolled stainless steel imported into Taiwan was about 900,000 to 950,000 tonnes, which is almost the same as the import quantity in 2020. This level of import volume is equivalent to the rigid demand for the Taiwan market and is expected to remain at this level in 2023. We expect that, due to the cost advantage of and stable supply from Indonesian players, Taiwan will still highly depend on Indonesian stainless steel imports in 2023.

## (4) Real Estate Business

Nanjing Jiangyou District is building a Yuantong shopping district centered on the Yuantong subway station to create a "demonstration area of international consumer center city." Yuantong is becoming the business office center with the highest standard of construction and the largest number of new projects in

Nanjing, and the position of the Jiangyou District and the business center of Hexi in the urban structure of Nanjing has become more solid. After becoming a financial center, the core area of Yuantong will also become the center of business offices and commercial consumption in Nanjing.

Looking ahead to the development of Walsin Centro, the opening of No. One Office Building will bring new opportunities for Walsin Centro projects and establish Walsin's position as the first tier and leading brand in Nanjing's quality business office industry. The arrival of many headquarters-type office enterprises in the future will provide stable rental income and bring sufficient customer flow and stable consumption to the shopping center of One Mall, thus promoting the steady development of the real estate sector.

### 3. Competitive niche, favorable and unfavorable factors for long-term growth and response measures

Wire and Cable Business	
Competitive Niche	<ul style="list-style-type: none"> <li>(1) We have the advantage of stable internal supply of important raw materials of copper metal and can give full play to the benefits from the upstream and downstream integration.</li> <li>(2) Long-term supply of products and services related to demand for project engineering, accumulating rich supplier experience and having brand advantages.</li> <li>(3) Advantages such as local supply and branding will help to enter the industrial cable field such as solar energy, offshore wind power and port infrastructure.</li> </ul>
Favorable Factors	<ul style="list-style-type: none"> <li>(1) The performance of quality, service and delivery is highly satisfactory to customers and we have brand power in the Taiwanese engineering market.</li> <li>(2) The high-voltage cable demand in the public sector may grow steadily, driven by Taipower's construction initiative to reinforce the resilience of its power grids.</li> <li>(3) The increase in investment from Taiwanese business back in Taiwan is driving cable demand for factory expansion, commercial offices and housing.</li> </ul>
Unfavorable Factors	<ul style="list-style-type: none"> <li>(1) Real estate is susceptible to recessions, inflation, interest rate hikes, stock market volatility, high material prices and labor shortages, as well as the government's implementation of policies to combat property speculation. Therefore, in a strong wait-and-see atmosphere, the recovery of property purchases is delayed in the market, and the fluctuations in demand have intensified and are hard to predict.</li> <li>(2) The private sector faces oversupply and price competition.</li> </ul>
Response Measures	<ul style="list-style-type: none"> <li>(1) We will make focused research on technology applications and change the nature of our services by being service-oriented. Through Industry 4.0 and production and sales intelligence, we expect to improve our efficiency and service capacity.</li> <li>(2) We will actively cooperate with the government's policy for net zero and carbon reduction by being technology-oriented, and grasp the infrastructure business opportunities such as renewable energy, new energy vehicles and grid renewal and expansion.</li> </ul>

Stainless Steel Business	
Competitive Niche	<ul style="list-style-type: none"> <li>(1) We have three integrated production bases in Taiwan, China, and Italy for the long strips, with a stable quality and delivery period, so that we can supply to each market nearby and support each other for any shortage of products.</li> <li>(2) Plate materials have the advantage of short delivery period. We can cooperate with players in ASEAN countries to develop OEM to expand the available specifications.</li> <li>(3) We invest in upstream raw materials by building a nickel pig iron plant in Indonesia to improve the international competitiveness of stainless steel products and increase the hedging capacity for raw materials.</li> </ul>
Favorable Factors	<ul style="list-style-type: none"> <li>(1) Taiwan's cold-rolled steel coils are protected by anti-dumping duties.</li> <li>(2) China's environmental protection policies have increased their momentum, gradually improving the overcapacity of crude steel.</li> <li>(3) Trade wars, regional economies, and geopolitics have led to de-globalization/short supply chains, so the industry is paying more attention to local supply sources.</li> </ul>
Unfavorable Factors	<ul style="list-style-type: none"> <li>(1) China-based steel manufacturers have set up integrated production lines from nickel raw materials to products in China and Indonesia, significantly cutting production costs and</li> </ul>



Stainless Steel Business	
	<p>reducing the general supplies market to pure price competition.</p> <p>(2) Global trade protectionism, frequent anti-dumping cases, EU steel defense measures and China's increase in exports affect global steel liquidity and reduce the Company's export volume.</p> <p>(3) Increasing awareness of environmental protection and the initiatives of many countries to impose carbon tariffs will increase the operating costs of, and weaken profit margins of, the steel industry.</p>
Response Measures	<p>(1) In addition to continuing to strengthen the advantages in our integrated production lines, we will gradually develop product specifications and high value-added steel grades, as well as actively expand the sales volume of niche steel and increase the quality of processed products.</p> <p>(2) Maintaining major customers, actively developing new customer bases and expanding suitable markets for export</p> <p>(3) Continuing to improve internal processes and carrying out industrial 4.0 automation projects to improve the efficiency and reducing costs.</p> <p>(4) Utilizing the synergy of horizontal integration among plants, increasing the scale and efficiency of our sales, and positioning ourselves for high-value products, so as to enhance our overall competitiveness.</p> <p>(5) Actively investing in energy-saving and environmental protection equipment and deploying green power industry to enhance our competitiveness in environmental protection costs.</p>

Resources Business	
Competitive Niche	<p>(1) Nickel pig iron and nickel matte production line are located in Indonesia, which is a major producer of nickel ore in the world and has advantages in raw material prices and production costs.</p> <p>(2) The production lines are equipped with its own power plant, which can supply electricity for full production without any issue.</p>
Favorable Factors	<p>(1) With Mainland China's continuous dual control of energy consumption, Indonesia nickel pig iron is expected to make up for the possible production reduction gap in Mainland China. China's abolition of export tax has increased the cost of exports, and our agency service has a cost advantage over the the steel coils produced by Tsingshan Indonesia.</p> <p>(2) The Indonesian government continues to ban the export of nickel ore, and the local raw material has a cost advantage. The Indonesian government may subsequently restrict the issuance of licenses for ferro-nickel smelting, which will raise the barrier of entry for later competitors.</p>
Unfavorable Factors	As environmental awareness is increasing, carbon reduction has become a common issue worldwide. Governments and economies around the world continue to adopt policies to strengthen environmental controls and carbon reduction efforts. We expect that related taxes, charges and other expenses will be unavoidable.
Response Measures	In addition to stabilizing capacity utilization and refining production plans, we will continue to research on and promote the development of the most suitable green energy and carbon reduction projects.

Real Estate Business	
Competitive Niche	<p>(1) Walsin Centro is located in the core area of Nanjing Hexi New City, including office buildings, commercial centers, quality houses and other types of products, with the floors under development reaching more than 1 million square meters; thus, Walsin Centro has become a landmark project in Nanjing, with location, business and scale advantages.</p> <p>(2) Office Building No. 1 officially opened for business and passed LEED &amp; WELL double gold international certification. In line with the new trend of market demand, energy-saving and environmentally-friendly new materials and new technologies are widely used, attention is paid to the humanization of our design and the durability and maintainability of our products from the details.</p>

Real Estate Business	
Favorable Factors	<p>(1) The economy promoted by the Chinese government has continued to develop for many years. The central city has great ability to promote and control the economy, which makes the high-end office building market stable for a long time, and demand growth can be expected.</p> <p>(2) With the delivery of residential housing in the project, the resident population is growing rapidly; transportation facilities and public ancillary services have been completed, the market is fully mature, and business demand continues to grow steadily.</p> <p>(3) The development of CBD is close to completion, and the further concentrated demand for high-end office buildings in the central area of Hexi will lead that in Nanjing.</p>
Unfavorable Factors	The office buildings under construction in the science park nearby the project, which benefit from a large volume and low land costs, which has an indirect impact on the overall office building markets.
Response Measures	Tracking and responding in advance the policy trends of government departments governing relevant industries in a timely manner, and timely seizing the best timing for lease and sales according to market changes, in order to expand our client base.

## (2) Key applications and production processes of main products

### 1. Key Applications of Main Products

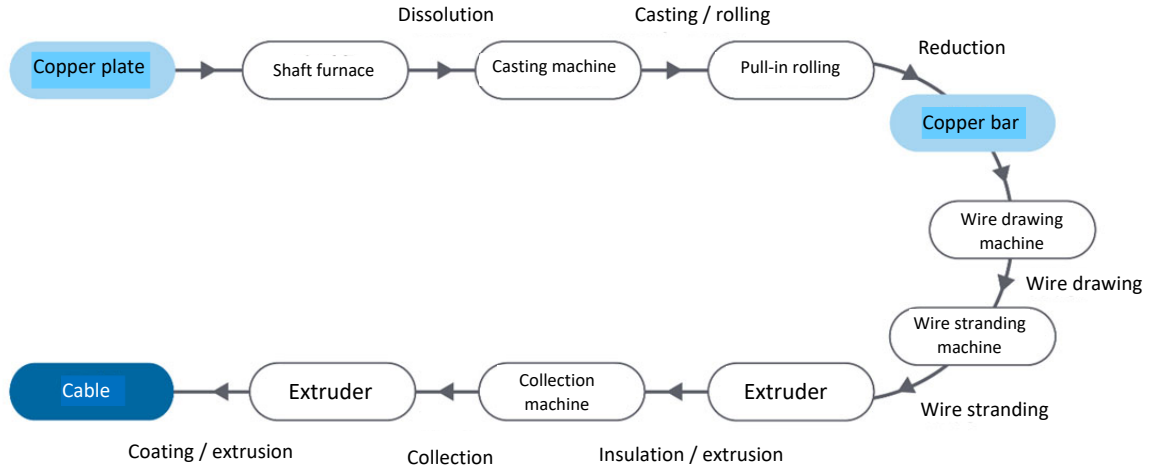
Main Products	Key Applications
Copper material	Wire and cable conductor, home appliances, electrical and electronic devices, transformers, etc.
Power cables	Primarily used for power plants, power transmission and distribution, plant facilities, transportation construction, construction of power transmission lines, etc.
Steel billets	Hot-rolled wire rods, hot-rolled straight rods, flanges, seamless steel pipes, etc.
Flat billet	Hot-rolled steel coils, hot-rolled plates, heavy forgings, etc.
Wire rods	Screws and nuts, springs, welding rods, steel wires, braids and hardware wires, etc.
Hot-rolled coil (flat panel category)	Chemical tanks, pipes for industry and building and pipes for petrochemical industry
Cold rolled coil (flat panel category)	Building decoration, kitchen utensils, appliances, medical equipment, electronic communications, chemical tanks and steel tubes
Peeled straight rods	Forging materials, turning parts, electric machine accessories, etc.
Cold finish straight rods	Shafts, medical equipment, furniture decoration items, turning parts, electric machine accessories, etc.
Stainless steel seamless pipe	Petrochemical heat exchanger; fluid pipe and instrument pipe boiler station pipe; nuclear power station pipe; shipboard fluid pipe and instrument pipe; turning pipe.
Nickle pig iron	Our products are mainly supplied to and used by steel mills to smelt stainless steel, and processed into semi-finished stainless steel products such as billets, slabs, HR coils and HR straight bars.
Nickel matte	We supply the product to mainly nickel sulfate factories for processing into nickel sulfate, which can continue to go downstream for the production of electrolytic nickel or ternary cathode materials for batteries.
Real estate	Housing, office buildings and shopping malls



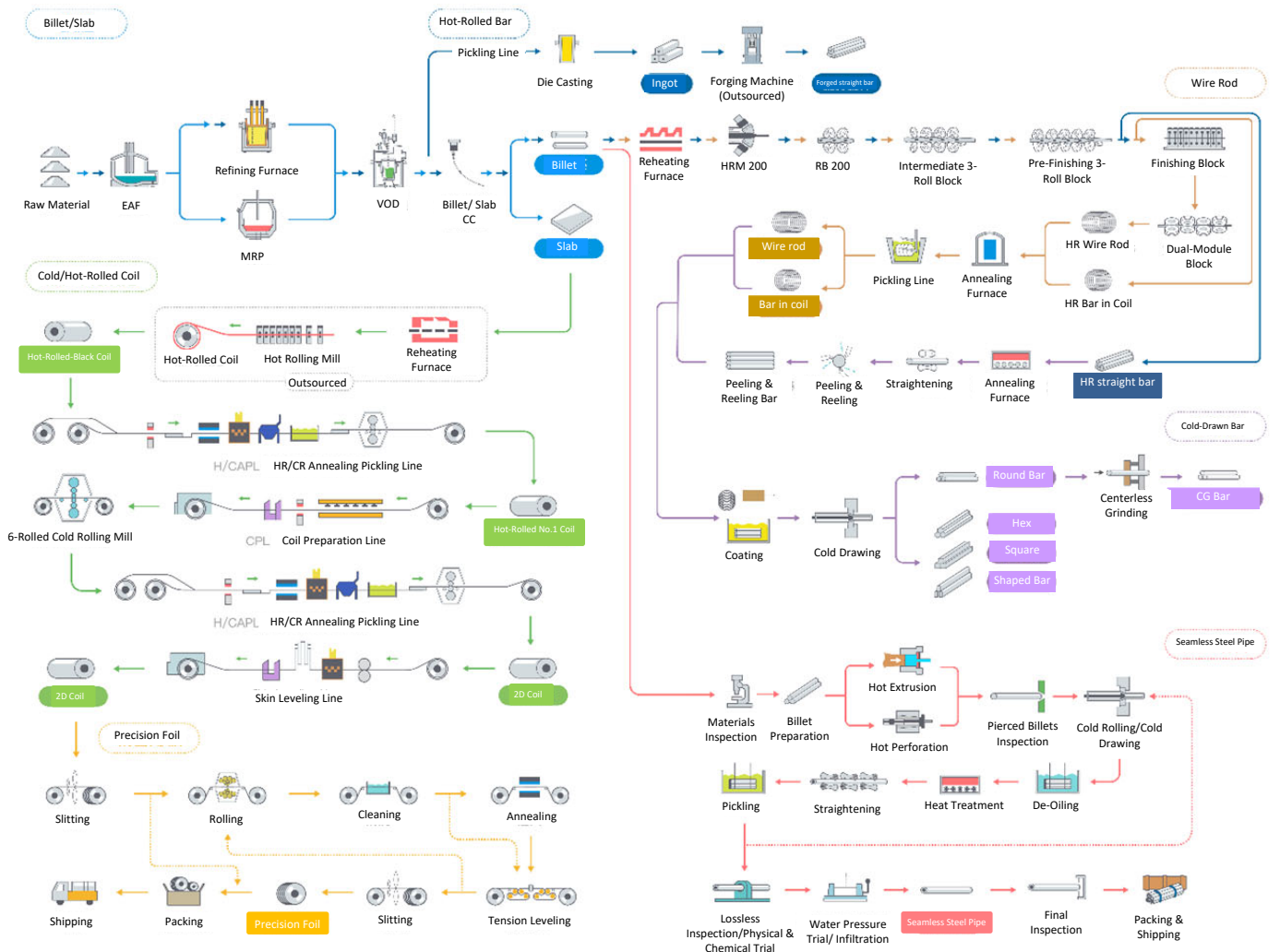


## 2. Production Process

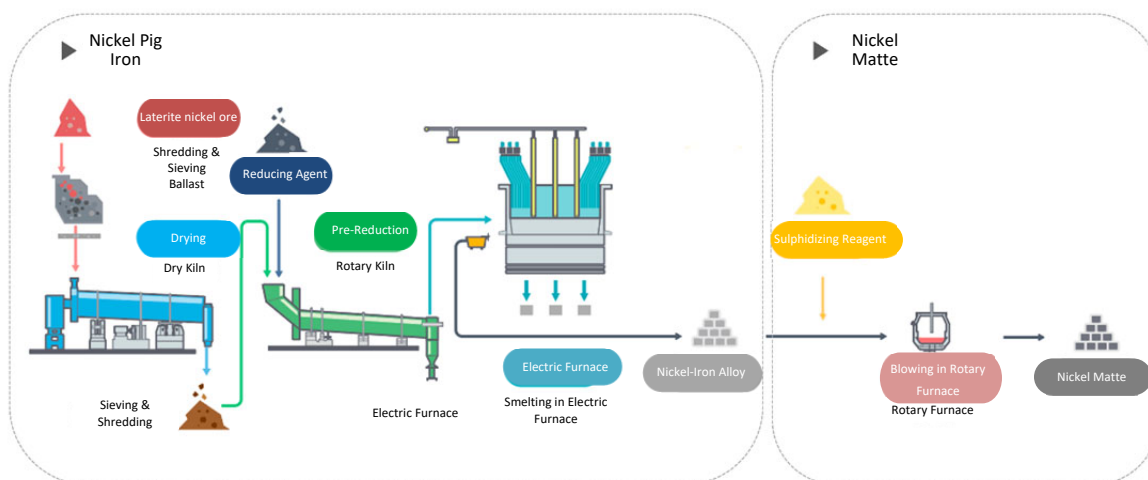
### (1) Wire and Cable Business



### (2) Stainless Steel Business



(3) Resources Business



(3) Supply Status of Main Raw Materials

Business Unit	Main Raw Materials	Description of Supply Status
Wire and cables	Copper plates	The main sources are Japan, Australia, Chile and Southeast Asia by signing long-term annual contracts, which sources are supplemented by spot purchases. Therefore, the supply is stable.
	Polyethylene	Purchased by quarterly quantity bargaining, mainly imported from Middle East, Europe and Japan.
	Other chemical materials	Adopts monthly/quarterly quantity bargaining method and raw materials should mainly be locally sourced.
Stainless Steel	Pure nickel, high carbon nickel iron, high carbon ferrochrome, stainless steel scraps, grade 1 steel scraps, molybdenum iron, etc.	We seek long-term partnerships with well-established, reputable suppliers and allocate the appropriate proportion of supply sources to diversify risks and enhance the resilience of the supply chain. In addition to being sourced from Taiwan, raw materials are also from Indonesia, Japan, Australia, New Caledonia, South Africa, Europe, United States and China.
Commodity	Laterite nickel ore	All laterite nickel ore used for nickel pig iron and nickel matte is sourced from local suppliers in Indonesia, and the supply is stable.
Commercial Real Estate	Land	Implement land reserves pursuant to the Company's real estate development strategy and participate in government land auction tenders.
	Construction Projects and Materials	The Company further reduces costs and enhances effectiveness by selecting good quality construction companies and as well as material and equipment suppliers through tenders.
	Retailers	Integrating resources and doing a good job of gathering high-end enterprises and small but beautiful, refined quality customers office demand and signing contract with merchants according to the Company's project positioning, business objectives and development ideas for the phase 2 of the office building on Plot AB.



(4) The names, procurement (sales) amounts and ratio of our clients whose total procurement (sales) for any year in the last two years reached 10% or more.

1. Major supplier information for the last two years

Unit: NT\$ thousands

Year	2021				2022			
Item	Name	Amount	Percentage of Total Purchases (%)	Relationship with Issuer	Name	Amount	Percentage of Total Purchases (%)	Relationship with Issuer
	Supplier A	21,718,879	16.4	-	Supplier A	20,022,193	12.4	-
	Other (Note)	110,511,261	83.6	-	Other (Note)	141,099,498	87.6	-
	Net Purchases	132,230,140	100.0	-	Net Purchases	161,121,691	100	-

Reason for the change: 10% of purchases were from a single vendor in 2021, due to the advantages offered by the vendor.

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

2. Major customer information for the last two years

Unit: NT\$ thousands

Year	2021				2022			
Item	Name	Amount	Percentage of Net Sales (%)	Relationship with Issuer	Name	Amount	Percentage of Net Sales (%)	Relationship with Issuer
	Net Sales	156,664,766	100.0	-	Net Sales	180,400,719	100.0	-

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

(5) Output volume and value for the last two years

Volume Unit: Tonne  
Currency Unit: NT\$1,000

Year	2021			2022		
Production value/main product	Production capacity	Production volume	Value	Production capacity	Production volume	Value
Bare copper wire	252,000	201,646	44,078,147	252,000	165,794	43,760,292
Wire and cables	52,920	48,143	14,445,559	58,920	45,537	14,640,970
Steel strands	140,000	75,911	2,094,465	81,200	66,806	1,836,131
Stainless steel strips and bars	562,200	454,596	33,907,526	600,000	519,215	42,635,582
Stainless steel coils	311,000	355,397	24,810,636	300,000	189,943	16,970,241
Seamless steel pipes	27,308	16,229	2,403,736	14,400	14,093	3,193,241
Nickle pig iron	36,000	14,258	4,397,473	40,956	40,956	12,118,333
Total			126,137,542			135,154,790

Note1: Product capacity means the quantity that can be produced under normal operation with the existing production equipment while taking into account factors such as work stoppage and holidays.

(6) Sales volume and value for the last two years

Volume Unit: Tonne  
Currency Unit: NT\$ 1,000

Year	2021				2022			
	Domestic Sales		Exports		Domestic Sales		Exports	
Value of Main Products/ Sales volume and value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
Main Products								
Bare copper wire	124,428	24,434,199	73,114	19,390,778	96,909	19,904,276	64,331	17,370,198
Wire and cables	46,484	15,739,654	2,942	781,564	48,167	18,671,101	2,643	753,425
Steel strands	74,081	2,038,377	2,984	80,171	64,299	1,939,353	2,956	80,766
Stainless steel strips and bars	316,417	23,423,375	122,845	11,195,453	357,027	31,431,087	112,568	13,786,290
Stainless steel coils	279,445	21,658,072	73,332	5,802,001	213,100	18,563,523	100,498	9,259,867
Seamless steel pipes	7,567	1,247,585	8,429	1,294,987	7,120	1,877,398	7,263	1,748,933
Nickel pig iron	14,258	7,201,148	-	-	40,956	22,086,992		
Others (Note)	-	21,828,321	-	549,081	-	23,804,434	-	749,247
Total		117,570,731		39,094,035		138,278,164		43,748,726

Note 1: "Others" include sales of non-core business products as well as real estate business, rental and product income revenues.



### 3. Employee Data

#### (1) Employees of Walsin Lihwa Holdings Limited:

As of March 21, 2023

Year		2021	2022	Current Year as of March 21, 2023
Number of employees		6,995	9,691	10,066
Average age		36.5	37.1	36.9
Average years of service		6.0	6.9	6.8
Education background (%)	Ph.D.	0.4	0.3	0.3
	Master's	7.7	6.3	6.1
	University/College	39.2	37.6	37.3
	High school	38.3	39.8	40.6
	Below high school	14.4	16.0	15.7

Note: Walsin Lihwa Group includes all of Walsin Lihwa's business divisions and subsidiaries.

#### (2) Employees of Walsin Lihwa Corp.:

As of March 21, 2023

Year		2021	2022	Current Year as of March 21, 2023
Number of employees		2,805	2,981	3,029
Average age		39.0	39.0	39.0
Average years of service		9.9	9.6	9.5
Education background (%)	Ph.D.	0.9	1.0	1.0
	Master's	18.2	18.7	18.7
	University/College	43.0	42.8	42.5
	High school	25.5	23.6	23.1
	Below high school	12.4	14.0	14.7

#### 4. Environmental Protection Expenditure Information

- (1) For the most recent year and up to the date of publication of the annual report, the losses suffered by the Company as a result of environmental pollution (including compensations and violations of environmental protection laws and regulations found in environmental protection inspections; the punishment date, the letter number, the legal basis for the punishment, the legal provision and the content of the punishment shall be specified), and the estimated amount of such losses that may occur now and in the future and the countermeasures against them; if they are not reasonably possible to estimate, the facts that they cannot be reasonably estimated should be stated.

Taiwan Plants: Yenshui Plant	
Punishment Date	September 5, 2022
Punishment Letter No.	Huan-Kong-Gu-Cai-Zi-No. 111090154
Punishing Unit	Environmental Protection Bureau, Tainan City Government
Reason for Punishment	(1) No air pollution control measures were adopted in the plant (X002, X001) stacking area. (2) There was road color difference in the path of transportation vehicles.
Countermeasures	1. Regularly washing the floor every day to keep the road wet. 2. Covering the materials in the stockpile with dustproof cloth to prevent dust from dispersing.
Legal Basis for Punishment	Violation of Paragraph 2, Article 23 of the Air Pollution Control Act as well as Paragraph 1, Article 4 and Subparagraph 2, Paragraph 1, Article 6 of the Management Regulations for Facilities to Control Fugitive Dust Air Pollution from Stationary Pollution Sources.
Violations	(1) Public or private premises that pile fugitive dust shall establish or adopt facilities in order to effectively suppress the fugitive emission of particulate pollutants. (2) A public or private premise using vehicles to transport fugitive dust shall establish or adopt facilities to effectively suppress the fugitive emission of particulate pollutants: Routes and spaces within public or private premises where transport vehicles may pass must not have a color difference from the road.
Amount of Penalty	NT\$150,000
Taiwan Plants: Yenshui Plant	
Punishment Date	October 14, 2022
Punishment Letter No.	Huan-Kong-Gu-Cai-Zi-No. 111100166
Punishing Unit	Environmental Protection Bureau, Tainan City Government
Reason for Punishment	After visiting the plant to inspect the continuous automatic monitoring facilities for air pollutants from stationary pollution sources, the EPB found that the M01 process did not perform daily zero-point offset and full-amplitude offset tests from 2022/8/1 to 2022/8/29.
Countermeasures	The improvement countermeasures are to simultaneously improve the following three aspects of software, hardware, and management, and the improvements are as follows: 1. Software: We set in the software an alarm mechanism allowing it to independently confirm whether the calibration is performed normally, and sends an alarm letter if it is not performed. 2. Hardware: We replaced uninterruptible power system to avoid recurrence of power failure problems. 3. Management: We included the same in our daily, monthly, and quarterly work management items from then on.



Legal Basis for Punishment	Violation of Article 23 of the Air Pollution Control Act as well as Paragraph 1, Article 14 of the Management Regulations for Continuous Automatic Monitoring Facilities for Air Pollutants from Stationary Sources.
Violations	(1) Zero-point offset and full-scale offset tests should be carried out once a day and after performing monitoring facility maintenance operations. (2) The percentage of effective monitoring hours in each quarter should be more than 95%.
Amount of Penalty	NT\$150,000

The above-mentioned defects have been corrected and improved and have been reviewed and documented by regulatory authorities. The Company will continue to enhance its environmental management around its factories. We also plan to prevent the recurrence of violation via internal control, environmental education & training, as well as our annual KPI evaluation system.

(2) Future response measures (including improvement measures) and possible expenses:

Despite the large amount of manpower, materials and funding invested in environmental protection to comply with international benchmarks over the years, Walsin Holdings was still fined for pollution. To keep pollution under adequate control, the Company requires factories in Taiwan and overseas to step up self-regulation to avoid human errors and to implement economically feasible environmental management projects. Internal audit and environmental education & training (including regulatory identification) will also be applied to assist in reinforcing self-regulation and horizontal development at various factories. Environmental investment plans and management measures are as follows:

1. Obtained ISO-14001 certification for system management:

In line with international environmental conventions, factories in both Taiwan (Hsinchuang plant 1, Hsinchuang plant 2, Yangmei plant, Taichung plant and Yenshui plant) and mainland China (Shanghai Walsin Lihwa Power Wire & Cable plant, Nanjing plant, Jiangyin plant, Yantai plant and Changshu plant) have all obtained "Environmental Management System" certification. In order to ensure the operational effectiveness of Walsin's environmental management system, the Company hired a professional consulting team in 2017 to instruct 10 domestic and overseas factories to transition to ISO 14001:2015. Basic operation for ISO 45001 was also introduced as a pilot program, as environmental protection and vocational safety & health management system are integrated into a universal operating model across the entire group while on-site guidance is also provided. Consistency in documentation and stability in system operation are required of these factories. Through educational training at various factories, the spirit of the management system is deeply ingrained in actual factory operation after multiple training sessions focusing on topics ranging from regulatory interpretation to actual operation. Furthermore, with a proactive attitude, we will continue to improve our overall environmental protection efforts and vocational safety & health condition. We will strive to enhance environmental performance, reduce environmental loss, improve corporate image and boost our international competitiveness. Walsin has completed the integration and version conversion of its management system at all of its factories at home and abroad in 2018; after the expiration of the certificates in 2021, the management system was maintained and those certificates were renewed at each plant, with the certificates being valid for three years from 2021 to 2024. The relevant certificate documents are placed in the document management section of Walsin Lihwa website

2. Air pollution management:

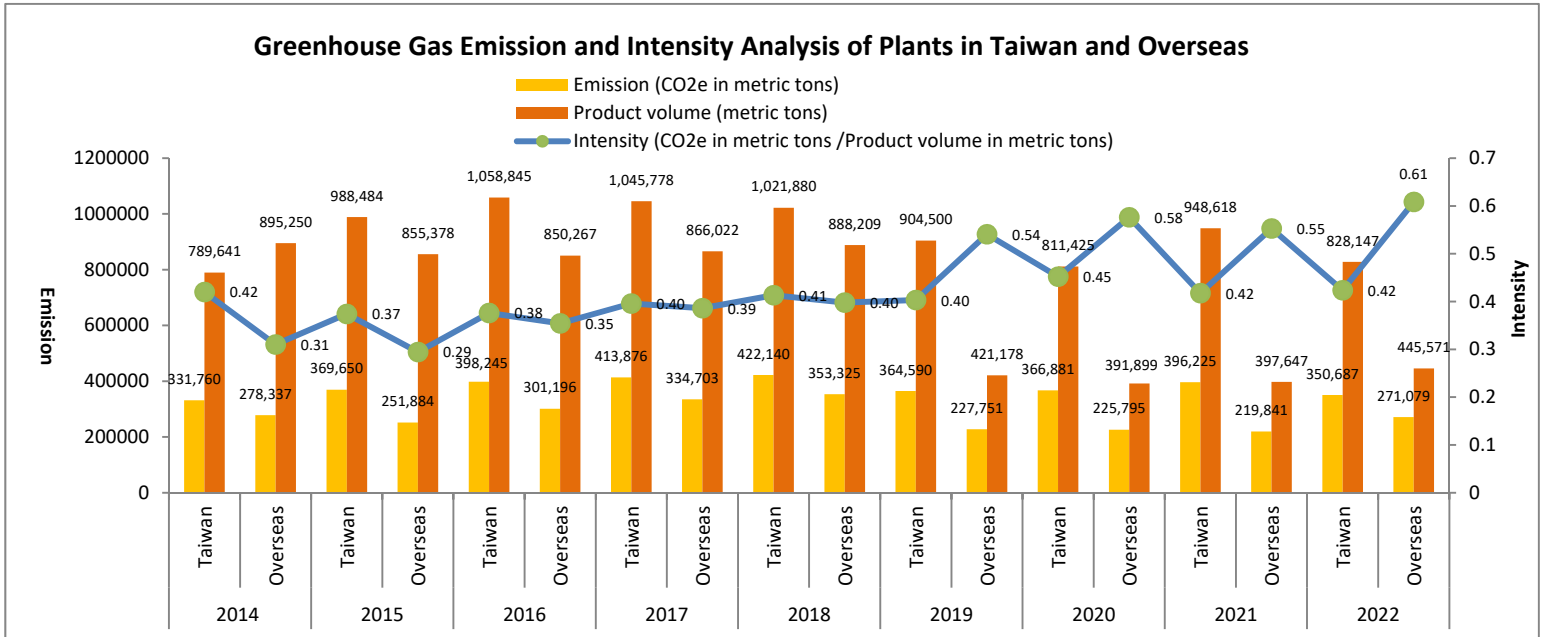
Comply with the air pollution control laws in Taiwan and in China and apply for permits for fixed (atmospheric) pollution source ranges that are progressively announced. The various plants in Taiwan and in China have obtained operating (emission of pollutants) permits for various manufacturing processes and facilities, reducing atmospheric emissions.

3. Greenhouse gas emission and campaign for reduction:

To counter climate change and global warming, reduction in greenhouse gas emission is a necessary measure. GHGs inventories provide compliance basis for efforts to reduce greenhouse gas emission.

Since 2015, the Company has established the "Safe Environment Information Platform--the ability to conduct GHGs inventories and to calculate carbon emission for products" to collect greenhouse gas emissions at home and abroad. Through continuous review every year and smart system management, the Company keeps optimizing its greenhouse gas emissions. Through the electronic system, we can grasp the current year's

quarterly emissions and compare them with the same period last year, and further produce the trend graph for the quarterly meeting of the Environmental, Safety and Health Management Committee to review the carbon emissions regularly, so as to effectively review and manage the Company's carbon emissions. In addition, in order to improve the company-wide operation of the greenhouse gas control system, we also plan to promote the implementation of ISO 14064-1 in each plant. In 2015, our Taichung and Yenshui plants in Taiwan have obtained ISO 14064-1 certification, and the latest certificates and expiration dates are regularly posted on our CSR website every August. Hsinchuang, Yangmei, Taichung, and Yenshui Plants have also obtained the new version of ISO 14064:2018 certification in 2022, and at the same time, we plan to promote the introduction of ISO 14064-1 in overseas plants and obtain such certification in 2022; we expect to obtain and pass the certification of ISO 14064-1 from a third party in 2023. At the same time, we are also actively participating in overseas carbon emission trading to integrate into China's carbon trading market, which can not only ensure that the Company has sufficient carbon allowance in the future, but also promote measures such as energy conservation through advanced technology, thereby laying a good foundation for the Company's long-term operation and development.



4. Wastewater treatment:

The wastewater from each of Walsin Lihwa's plants has been properly treated and discharged through wastewater treatment facilities in the plant site and the wastewater quality testing has been regularly conducted to avoid the impact of wastewater discharge on the environment. Management at source is most important in water conservation. Based on water quality characteristics, the treatment procedures were designed and recycling units were installed, so the wastewater has been discharged to nearby rivers according to regulations or piped to recycling units in order to effectively use limited water resources. Each plant site has adjusted equipment and process to reduce water consumption and improve wastewater recycling system, so as to enhance the recycling ratio of the process water.

The average pollutant concentration in wastewater discharged by the factories in 2022 met the effluent criteria. The recycling ratio of Taiwan plants reached as high as 94%.

5. Strict control of industrial waste:

Walsin Lihwa upholds the idea of circular economy; therefore, the 4Rs (reduce, reuse, recycle and recovery) have constituted the foundation for our company's waste production and control. Our overall waste recycling rate of copper wire, wire and cable and stainless steel reached 94.56%, of which the non-hazardous waste recycling rate was 94.23% to 98.72%; hazardous waste was 68.43% to 99.59%. Except for some of the waste produced by self-recycling and reuse, the rest are entrusted to qualified manufacturers for removal,





treatment or reuse. In 2022, the output of waste in Taiwan and overseas factories decreased by 17.92% compared with 2021, mainly because of improved capacity and waste refractory bricks generated from furnace repair and maintenance; in 2022, for the Taiwan plants, the waste recycling rate of harmful waste increased by 0.11% compared with 2021, mainly because all the waste acid from Yenshui Plant was transported to the Taichung Plant for waste acid treatment and reuse and process improvement and adjustment, thereby reducing the output of dust collection ash and sludge, and the landfill rate of plants in Taiwan and overseas regions is maintained at <1% target. Aside from continuing to promote source reduction of waste and recycling of waste in the plant, the Company will, in conjunction with the strength of the overall supply chain, reduce the amount of raw materials and reduce the harm that production may bring to the environment. The Company will continue to implement the circular economy concept by innovating the environmental protection technology. In addition to continuously strengthening the sustainable growth, the Company has established strict control and auditing mechanisms for waste flow and screening of qualified vendors to ensure that waste flows are proper and legal.

Waste output and disposal by Taiwan and overseas plants in 2022 (Unit: Tonne):

Plant Disposal	Taiwan			Overseas		
	Non-hazardous	Hazardous	Total	Non-hazardous	Hazardous	Total
Recycling (for reuse)	93,544.19	58,917.80	152,461.99	60,517.69	9,996.31	70,514.00
Incineration	766.86	-	766.86	104.41	3,310.84	3,415.25
Burial	33.16	237.74	270.90	591.58	3.56	595.14
Other treatment (e.g., physical treatment)	4936.41	4.40	4940.81	89.96	1,297.97	1,387.93
Total	99,280.62	59,159.94	158,440.56	61,303.64	14,608.68	75,912.32
Recycling rate	94.22%	99.59%	96.23%	98.72%	68.43%	92.89%
Incineration rate	0.77%	0.00%	0.48%	0.17%	22.66%	4.50%
Burial rate	0.03%	0.40%	0.17%	0.96%	0.02%	0.78%
Other treatment (e.g., physical treatment)	4.97%	0.01%	3.12%	0.15%	8.88%	1.83%

Note: Except for the hazardous waste from dust collection by Yenshui Plant and Yantai Plant, which are recycled in the plant, and the waste acid from Taichung Plant, which is disposed of and recycled in the plant (30,794.19 tonnes in total), all hazardous and non-hazardous waste generated by our plants is disposed of outside of the plants.

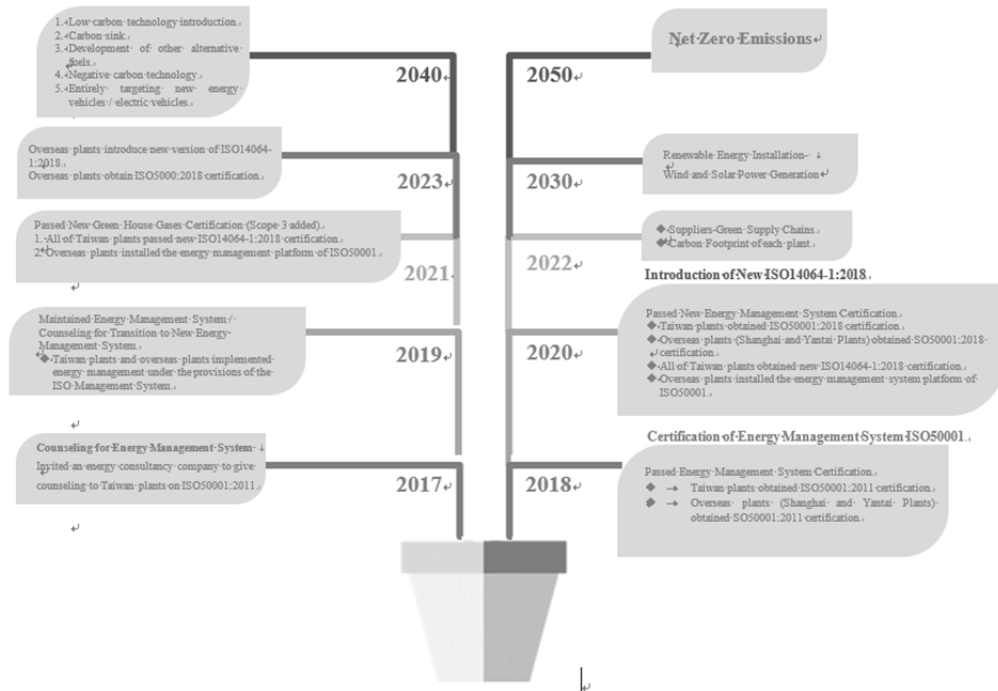
#### 6. Improving energy use efficiency:

Walsin Lihwa upholds the business philosophy of "Green Manufacturing, Happy Enterprise and Sustainable Management". In addition to committing to quality management, pollution prevention, environmental protection, safety and health, our company adopts "Enhancing energy efficiency and promoting clean energy" as its energy management guidelines to fulfill its social responsibility in energy conservation and carbon reduction. We aggressively incorporate energy-saving equipment, efficient technologies, environment-friendly facilities and environmental protection designs and green process into promoting improvement of energy efficiency at source. In response to the governments' energy policies and measures, we educate our employees about energy conservation and inventory the energy consumed by equipment and facilities to seek opportunities for improving our energy performance and to also effectively implement our energy saving plans.

#### 7. Energy conservation and carbon reduction:

With the announcement of net-zero carbon emissions by 2050 by many countries, the EU carbon border adjustment mechanism, Taiwan's net-zero carbon emissions roadmap published in March 2022, and the introduction of carbon fees starting from 2024, promoting a low-carbon economy and society in response to global climate change and the trend towards net-zero has become a major policy guidance for governments around the worlds and a major challenge for corporations in terms of sustainability. How to improve the company's carbon asset management capability has been an important business strategy for Walsin Lihwa in response to low carbon emission requirements to reduce their economic impact.

In order to achieve its goal of "net zero carbon emission," the Company applies set reduction targets by applying scientific methods and adopts transparent and effective measures in response to climate change. In addition to the change in the mindset within the Company, energy saving and emission reduction is also carried out in conjunction with its overall external supply chain. At the same time, with the common vision and objectives of internal and external environmental safety and health, energy management, and carbon management issues, we adopt the strategic thinking of "internal and external differentiation, gradual progress, and win-win situation," so that the Company and its partnering suppliers can jointly move towards the direction of sustainable green supply chain, in the hope of implementing strategies and solutions to promote energy saving, carbon reduction, and carbon neutrality.



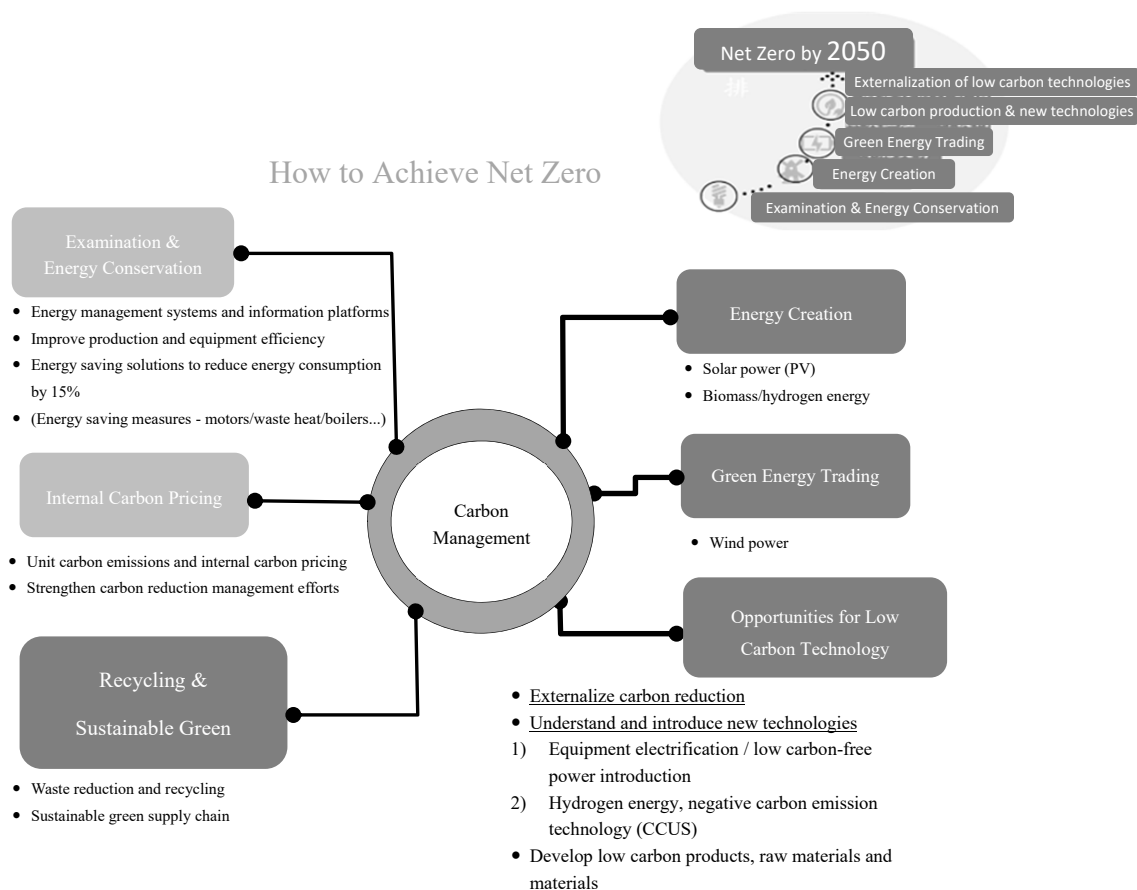
Energy saving and carbon reduction has become the hottest sustainability issue internationally. To reduce energy consumption and greenhouse gas emissions, since 2015, Walsin Lihwa has set up an energy saving and carbon reduction management organization in each plant, set annual targets and various energy saving and carbon reduction measures, and held regular meetings to review and set up an energy management E-system for real-time management.

There are four plants in Taiwan that are required to report annual energy-related data, and all of them met the 1% energy conservation rate required by the Bureau of Energy, Ministry of Economic Affairs, with an average electricity saving rate of 2.02%. In 2022, the total energy saving rate of Taiwan and China plants reached 4.62%, and a total of 110 carbon reduction initiatives were proposed, with a total carbon reduction of 22,028.80 metric tons of CO<sub>2</sub>e/year. Taiwan plant saved approximately NT\$29,534,359 and the overseas plants saved RMB8,214,553 (equivalent to NT\$36,233,077) and MYR9,935 (equivalent to NT\$64,567).

In order to effectively manage the efficiency of energy use, the Environmental Safety and Health Management Committee flexibly adjusted its five-year energy management plan, setting the goal of continuous annual energy savings and carbon reduction of 1.5%. The Company is expected to reasonably and efficiently use energy and reduce greenhouse gas emissions, to meet the challenges of climate change.



## How to Achieve Net Zero



2021 Energy Saving Plans for our plants in various regions

Plant site	Project type	Energy-saving type	Quantities planned	Energy conserved	Energy-saving calorific value (megajoule)	Carbon reduction (CO <sub>2</sub> e tonnes)	Costs saved from carbon reduction
Taiwan	Energy Saving through manufacturing process / in offices	Electricity (1000 kWh)	72	8,340.94	72,265,904.16	4,282.18	<b>NTD 29,534,359</b>
		Natural gas (1000 m <sup>3</sup> )	10	794.66	29,934,842.20	1,653.25	
		<b>Total</b>	<b>82</b>	<b>-</b>	<b>102,200,746.36</b>	<b>5,935.43</b>	
Overseas	Energy Saving through manufacturing process	Electricity (1000 kWh)	18	17,781.42	154,058,222.90	15,441.60	<b>RMB8,214,553 (NT\$36,233,077)</b> <b>MYR9,935 (NT\$64,567)</b>
		Natural gas (1000 m <sup>3</sup> )	8	416.69	15,696,712.30	609.93	
		Diesel (1000 l)	1	3.17	111,450.86	9.84	
		Steam (metric tons)	1	108.08	297,868.48	32.00	
<b>Total</b>	<b>28</b>	<b>-</b>	<b>170,164,254.54</b>	<b>16,093.37</b>	<b>NTD 36,297,644</b>		

8. Primary pollution control facilities purchased in the most recent year as well as their applications and benefits possible: (Listing only those valued at NT\$100,000/RMB20,000 and above)

In 2022, our plants' investment in environmental protection equipment totaled NT\$90,588,000:

2022 Environmental protection accounting expenses		Taiwan plants (NT\$1,000)		Mainland China plants (RMB1,000)		Malaysian plant (MYR1,000)	
Environment protection cost Category	Environment protection cost item	Expenses	Capital expenditures	Expenses	Capital expenditures	Expenses	Capital expenditures
Environment Equipment cost	E01-01 Pollution prevention expenses	0	72,470	0	18,118	0	0
Environment protection related management fee	E02-01 Resource circulation fee	559,972	0	9,064	0	20	0
	E02-02 Natural resources fee	0	0	21	0	0	0
	E02-03 Green procurement	326	0	0	0	0	0
	E02-04 Educational training fee	38	0	0	0	0	0
	E02-05 Test-derived fee	1,034	0	228	0	0	0
	E02-06 Monitoring fee	2,355	0	669	0	8	0
Other environment protection related fees	E02-07 R&D cost	3,928	0	0	0	0	0
	E02-08 Social activities cost	0	0	35	0	0	0
	E02-09 Damage compensation cost	0	0	0	0	0	0
	E02-10 Fees charged by governments	8,453	0	95	0	9	0
Sum	Subtotal	576,107	72,470	10,113	18,118	37	0
	Total		648,577		28,230		37

When Walsin Lihwa sets up (expands) its plants, it always considers the types and quantities of pollutants that may be generated and assesses and sets up relevant pollution prevention equipment to avoid environmental pollution. In 2022, for the purposes of the process improvements, all of its plants invested in pollution prevention for a total of capital expenditure of NT\$72,470,000 (Taiwanese plants) and RMB18,118,000 (overseas plants). They include the pollution prevention equipment valued at NT\$100,000/RMB20,000 and above and are listed as follows:

(1) Taiwanese plants

Plant area	Equipment name	Quantity	Investment cost (Currency: NT\$1,000)	Anticipated benefits
Yenshui	SCR catalyst replacement	1	2,300	Improve the efficiency of waste disposal
Yenshui	Addition of washing equipment for ballast oxide grinding	1	44,000	Waste reuse
Yenshui	Acid C Line tank Replacement	1	5,100	Replace the old with the new
Yenshui	Spray dust suppression equipment for C warehouse slag plant	1	5,300	Reduce dust
Yenshui	Addition of an iron remover	1	3,000	Waste reduction and reuse
Yenshui	Installation of pickling sludge cleaning equipment	1	4,750	Waste reduction
Yenshui	Addition of automatic backwash filter (automatic cleaning filter)	1	3,500	Compliance with regulations
Taichung	Addition of sludge drying cake to the filter press in the sodium sulfate regeneration plant	1	4,520	Improve the efficiency of waste disposal



(2) Plants in Mainland China

Plant area	Equipment name	Quantity	Investment cost (Currency: RMB 1,000)	Anticipated benefits
Changshu	Leakage maintenance in the factory area and renovation of downpipes in the plant	1	3,000	Environmental improvement and water recycling
Changshu	1 set of degreasing treatment system	1	1,500	Wastewater recycling
Changshu	Standardized rectification and improvement of operation in a limited space of sewage pool	1	1,000	Compliance with regulations
Jiangyin	Steel cable – Upgrade of pickling and phosphating waste gas treatment tower	1	220	Improve waste gas treatment efficiency
Yantai	Yantai: Installation of emergency cut-off system for rainwater pipes and incident pools	1	350	Compliance with regulations
Yantai	Yantai: Renovation of noise insulation for scrap steel factory	1	2,400	Noise reduction and improvement in the environment
Yantai	Yantai: Rectification and improvement of rain and sewage diversion in the factory area	1	850	Compliance with regulations and water reuse

## 5. Employees-employer relations

### (1) Worker-Management Relations and Welfare

The pursuit of excellence, innovation and learning and friendly environment form the basis of sustainable development at Walsin Lihwa. Its respect and attention to "people" is reflected in its human resources management systems and various worker-management relations mechanisms, which are described as follows:

#### 1. Smooth worker-management communication channels

- (1) In 1976 the Company established an industry union to advocate suitable policies and the voice and proposals of workers are communicated using an employer and employee dual-channel communication method.
- (2) The union's negotiation meetings between employer and employee representatives are held each quarter. Union representative conferences are held every year to establish a good bridge of communication between employers and employees.
- (3) The Company publishes the "Walsin People Digital Newsletter" to share information on critical business operations and management. The company has also established an international communication platform to hold online events and opinion surveys.

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

- (1) Salary: The Company ensures that its overall remuneration is competitive in the market through regular market salary surveys every year. The Company's remuneration policy is based on the following principles:
  - A reasonable and competitive overall remuneration based on the market value of each professional function and the employee's contribution to their responsibilities.
  - Bonus payments are made in accordance with the Company's operational performance, the achievement of team objectives and the employee's personal contribution and performance.
  - Employees are paid and compensated on the basis of their academic experience, technical expertise, professional seniority and personal performance, without discrimination based on gender, race, religion, political affiliation, marital status or union affiliation.

- The starting salary standards for fresh graduates and foreign workers comply with local laws and regulations.
- We create harmonious labor relations within the scope of the law, in accordance with the relevant local laws and regulations.

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

3. We also provide a diverse welfare system that includes the following:

Insurance & Protection	Subsidies	Other Benefits
<ul style="list-style-type: none"> <li>• Labor insurance</li> <li>• Health insurance</li> <li>• Group insurance (life insurance, accidental injury insurance, hospitalization insurance, cancer insurance, etc.)</li> <li>• Overseas Travel and Expatriate Insurance</li> <li>• Regular health checks for all staff</li> <li>• Monthly pension payment</li> <li>• Severance payments, pensions</li> </ul>	<ul style="list-style-type: none"> <li>• Travel Subsidies</li> <li>• Subsidies for club activities</li> <li>• Wedding and Funeral Grant</li> <li>• Maternity benefit</li> <li>• Supervisor's Health Benefits</li> <li>• Hospitalization condolences</li> <li>• Scholarship for Staff and Children</li> <li>• Various interest-free loans (emergency loans, education loans for employees' children, home purchase loans)</li> </ul>	<ul style="list-style-type: none"> <li>• Birthday Gift Vouchers</li> <li>• 3 Festival Gift Money (Voucher)</li> <li>• Labor's Day Souvenirs</li> <li>• Staff dorms (for some factories)</li> <li>• Commuter Bus (Factories)</li> <li>• Annual leave of absence on a pro rata basis upon onboarding, which is better than what is provided by law</li> <li>• We invite experts and scholars to give lectures on quality of life, mindfulness, financial management, and travel to colleagues</li> <li>• Discount for employees by signing contracts with vendors</li> <li>• Gold medal for senior staff</li> <li>• Corner of Massage</li> </ul>

4. Under the "Walsin Lihwa Employee Learning and Development System," each employee is incorporated into the Company's operating strategies, policies and target objectives based on his/her capabilities, job performance and career development. This enables employees, job performance and the organization to be fully integrated and to achieve synergies in employee learning and development. The content of the system includes the following:

- (1) Professional talent training in all levels
- (2) Management talent training
- (3) New employee orientation
- (4) Employee general education courses
- (5) Self-motivation course
- (6) Quality and safety awareness course

In 2022, the Company spent a total of NT\$15,401,000 on employee education and training. Details are as follows:

Total training participation	Total training hours	Average training hours per employee
47,881	120,869.51	22.79

Training statistics above include data from Taiwan and the subsidiaries in China.



#### 5. Retirement system:

To provide job security to employees, the Company has established a retirement system pursuant to regulatory requirements with specific measures as follow:

- (1) Established a "Pension Oversight Committee" in 1986, whereby workers' pension funds are deposited monthly into a pension account at the Bank of Taiwan.
- (2) The Company has commissioned external consultants to prepare a pension fund actuarial report annually since 1994 and set aside a pension reserve fund each month based on the actuarial report in order to satisfy pension applications made by employees eligible for retirement.
- (3) In line with the implementation of the new pension system in 2005, the company has continued the issuance of the pension fund to retired employees who have elected to receive the pension under the old system. As for employees adopting the new system, 6% of their salary will be monthly withdrawn as retirement pension and deposited into each employee's personal account at Labor Insurance Bureau. Employees may voluntarily contribute within the 6% to satisfy personal demand in retirement preparation based on personal needs.
- (4) According to the revisions of the Labor Standards Act in 2015, the Company assesses the balance in the designated labor pension reserve funds account, calculate required labor pension funds for the laborers who meet the legal retire criteria in the follow following year and make up the difference before the end of March the following year.
- (5) In addition to compliance with the aforementioned retirement regulations and in recognition of the contributions made by retired employees, the company also issues commemorative medals and awards to retired employees. Meanwhile, the Employee Welfare Committee as well as the industry union has also issued retirement souvenirs to fully reflect the company's gratitude towards retired employees.
- (6) For employees in China, the subsidiaries enroll their employees in pension plans as required by law and make monthly contributions to the pension plans according to the local regulations in order to provide adequate retirement protection for the employees.

#### 6. Employee Code of Conduct:

To ensure that employees comply with obligations to the Company, customers, competitors and suppliers during business operations, the Company has established an Employee Code of Conduct in order to regulate employee behavior. The highlights of this Code are as follows:

- (1) Obligation to the Company: All Company employees must be dedicated, studious, conform to all rules of the Company and ensure confidentiality.
- (2) Obligation to customers: When conducting business dealings in representation of this Company, the employee's attitude must be humble and without any arrogance or pride lest damaging the Company's image.
- (3) Obligation to competitors: The Company's employees should gather competitor information to serve as a reference for Company strategy in a legal and open manner.
- (4) Obligation to suppliers: Negotiations and transactions with suppliers by employees must uphold the principles of fairness, reasonableness and reciprocity in order to achieve a win-win result.

As a guide for employees to follow ethical standards and corporate governance, the Company has established additionally an Employee Code of Ethical Conduct. The highlights of this Code are as follows:

- (1) Prevention of conflicts of interests
- (2) Prevention of opportunities to obtain personal gains
- (3) Duty of confidentiality
- (4) Fair trade
- (5) Protection and appropriate use of Company assets
- (6) Legal compliance

- (7) Prohibition of gifts, bribes or any improper benefits
  - (8) Prohibition of external communication of information against the Company
  - (9) Equal employment opportunity and prohibition of discrimination
  - (10) Health and safety in workplace
  - (11) Correctly prepared documents and duty to maintain records
  - (12) Respect for intellectual property
- (2) Protective measures taken to ensure a safe working environment and maintain employees' personal safety

Walsin Lihwa's ESH and energy policy is "Green Manufacturing, Happy Enterprise and Sustainable Management". The health and safety system and administrative measures are as follows:

1. We comprehensively implemented ISO45001 international certification for occupational safety and health management system and safety management system (based on Taiwan Occupational Safety and Health Management System (TOSHMS) in Taiwan and work safety standardization in China). Each plant makes good use of the PDCA method and continues to carry out internal auditing drills to plan and implement according to the current year's occupational safety and health performance indicators and in compliance with the law. The performance indicators are categorized into two types: active (promotion of key systems, support from the top management of each plant, and disclosure of management systems, etc.) and passive (work-related accidents and penalties from the competent authorities). In addition, through the frequency of general (special) health checkups and testing items for employees, we have implemented measures that are better than those stipulated by the regulations to enhance employee work safety and promote health care, and to establish and move toward an all-around safe and friendly Walsin Lihwa workplace through the management mechanism.

2. Designated health and safety and environmental management units or staff

Each of Walsin Lihwa's domestic and overseas plants also has its own Occupational Safety and Health Committee (in Taiwan)/Safety Production Committee (in China). Those committees include certain labor representatives to participate in and discuss matters relating to occupational safety and health. The number of labor representatives in the safety and health committees set up in Taiwan factories in accordance with the law are in line with the regulatory requirements. These committees hold meetings every quarter. In addition to the passing down of practical experience and the dissemination of ethical principles in occupational safety, we provide a platform for the exclusive Environmental Safety and Health Committee meeting minutes system and an electronic signature system for quarterly meeting results, and send internal newsletters through the intranet with work-safety-related emails to share our experiences.

Plants	General Members	Labor Representatives	Meetings Times
Taiwan	57	36	28
China	95	13	39
Malaysia	12	10	4
Indonesia	11	2	4

3. Safe Workplace and Friendly Management

In 2022, there were 68 incidents (including minor injuries; Note 1) and 100 near miss incidents (the near miss frequency rate was 126.59%; Note 2) company-wide. After our risk assessment, in order to raise the safety awareness of all personnel, we adopt mobile management methods, with the four main goals of Contractor Management, License Management, Risk Management and Hazard Forecasting. In addition to revising the relevant safety standards, in order to prevent the recurrence of occupational disasters, we adopt the TPS spirit to promote KYT activities and combine them with the SJP (Safe Job Procedure), facilitating the examination of high-risk operations and simplification of the potential hazards. This year, Taichung and Yenshui Plants will run this preliminary drill and implement it in the daily operation to enhance the overall





hazard identification. It is scheduled to be fully implemented in all plants throughout the Company in 2023 to enhance safety awareness.

Note 1: Minor injury: refers to the non-temporarily incapacitated state: unable to work on the day of injury, but can resume normal operation the next day.

Note 2: Work-related near miss frequency rate (NMFR) = number of near miss events \* 200,000/total hours experienced.

#### 4. Training on occupational safety and health for workers

In order to protect the health and safety of employees, Walsin Lihwa Group has identified four important training needs in each business division according to important indicators such as process type and operating environment: "New Recruits", "In-Service Personnel (internal training)", "In-Service Personnel (external training)", and "Pre-site Training for Outsourcing Contractors". Training is arranged based on the degree of impact on the company's operation and the serious rate and proportion of disasters. In 2022, 21,213 attendees took part in physical occupational safety and health courses for employees, and a total of 3,561 attendees from our contractors participated in the training.

Occupational Safety and Health Educational Training	New Recruit Training	In-Service Personnel Training (internal training)		In-Service Personnel Training (external training, including for license acquisition)		Pre-Site Training for Contractors	
		Number of Times	Number of Persons	Number of Times	Number of Persons	Number of Times	Number of Persons
Plants in Taiwan	504	323	9515	174	574	188	1686
Plants in China	703	233	6729	95	423	531	1804
Plants in Malaysia	15	24	229	9	39	0	0
Plants in Indoneisa	187	56	1854	17	441	20	161
<b>Subtotal</b>	<b>1409</b>	<b>636</b>	<b>18327</b>	<b>295</b>	<b>1477</b>	<b>739</b>	<b>3651</b>

#### 5. Optimization of Contractor Management

The Company has launched its Contract Management System, in which 453 suppliers have joined so far. In 2022, 13,113 persons of contractors entered our plants. Each plant implements the Walsin Lihwa Contractor Safety and Hygiene Bluebook, Contractor Management Regulations Standardization and Contractor Insurance Regulations and relevant control measures, with a total of 694 notices for improvement and 75 fines being issued and imposed, achieving zero work-related injuries (this year, there was only one minor injury accident in Yenshui Plant). During 2022, in view of the cumbersome contracting regulations in the past, the Contracting Instructions-Related Code of Conduct, Non-Engineering (Including Transportation) Contractor Hazard Notification, Operating Risk and Insurance Amount Adjustment have been revised, and unnecessary procedures have been simplified, to accelerate on-site management. At the same time, all contractors are required to download the Contracting Instructions on Walsin's official website before applying for collaboration with us, and sign the Contractor Commitment Letter and perform relevant regulatory responsibilities for occupational safety and health. In addition, a complete contractor front-desk system has been established, where suppliers must provide necessary documents such as their work rules, insurance information, hazard notification, and negotiation/organization meetings by themselves; we then take measures to evaluate and screen those suppliers, invest a lot of resources in coaching and training contractors, and implement contract management to reduce Walsin's external risks and impacts by ensuring the health and safety of all workers

#### 6. Compliance with Occupational Safety and Health Regulations

In 2022, there were four major violations of occupational safety and health regulations in Taiwan and China, with total fines of NT\$230,000 and RMB131,300.

We will continue to review each accident and penalty event, as well as high-risk hazardous operations, high-frequency near miss events by focusing on hidden dangers based on projects, and we will, through information systems, gradually help improve personnel safety awareness, with real-time control of machinery

and equipment, (raw) materials and chemicals control, and construction of a regulatory cloud information system, to continuously improve the overall operating environment. In 2022, the Company did not have any chemical leakage.

7. Establish friendly, safe and healthy workplace through health promotion

(1) **Occupational Safety and Health Activity Highlights**

Employees are an important asset of a company, and Walsin designs feasible employee health promotion plans every year. We actively integrate resources from all parties, introduce external physical fitness testing, yoga courses, and aerobic exercise resources, build an internal supportive environment, and set up medical kits and tunnel-type blood pressure monitors, in order for employees to replace bad lifestyles with healthy ones and proactively manage their personal health. The Company is committed to creating a safe and healthy environment to ensure that women can work worry-free during pregnancy and one year after childbirth and achieve a work-life balance. Therefore, a breastfeeding room is set up in our plants, and our nurse works with the on-site physician to carry out hazard identification, risk assessment and work content confirmation through face-to-face interviews with pregnant employees, and provide relevant health and educational information during pregnancy and after delivery. In 2022, a total of 8 pregnant female employees received occupational health education and assistance for pregnant workers.

The Company conducts annual health inspections and analysis of results based on risk management, as well as on hazardous operations and special groups of hazardous operations (such as noise, free radiation, dust, high temperature, lead, manganese, nickel, and hexane operations) in the plants, and establishes health protection plans for hazardous operations, to ensure that employees have a good working environment and avoid occupational diseases.

(2) **Results of Health Promotion Activities**

Health Promotion	Number of Times	Number of Attendees
Health Promotion - Dynamic Activities	16	582
Health Issues - Static Lectures	101	1,068
Safety First Aid Education and Training	52	1,237
Blood donation for charity	3	291 (490 bags of blood donated)

(3) **2022 Promotion of Healthy Workplaces**

Hsinchuang Plant won 2022 CHR Healthy Corporate Citizenship Golden Award from Common Health Magazine

Taichung Plant won 2022 CHR Healthy Corporate Citizenship Bronze Award from Common Health Magazine

Hsinchuang Plant was awarded 2022 Sports Enterprise Certification by the Sports Administration, Ministry of Education

Hsinchuang Plant Nurse – Chang, Huieh-Ting was awarded 2022 Health Workplace Excellence and Good Promoter Award from the Health Promotion Administration, MOHW

Taipei Headquarters received the certification of Excellent Breastfeeding Rooms from the Department of Health, Taipei City Government

Yangmei Plant won 2022 Healthy Workplace Certification-Health Promotion Badge

(4) From the most recent year to the date of publication of this Annual Report, any labor-management disputes and resulting losses suffered by the Company and its countermeasures: None.



## 6. Information Security Management

- (1) Describe the risk management framework for information and communications security, information and communications security policies, specific management plans, and resources devoted to information and communications security management.

1. Risk management framework for information and communications security

Walsin has established its information security risk management framework with a dedicated information security organization, senior executive participation, and alignment with international information security standards, specifying relevant information security policies and regulations to implement information security management.

- (1) In response to the corporate transformation and enhancement of information security management, Walsin Lihwa has established a dedicated information security organization - "Big Data and Information Security Division" in 2017, which is responsible for formulating information security policies, planning, coordinating and implementing information security protection measures, performing information security risk assessment and management, developing a complete information security plan, and promoting information security management and solutions year by year.
- (2) The Company has established the IT Steering Committee, which is the information security management and decision-making body for the head office and business units, and is responsible for reviewing and deciding on matters related to information security management.
- (3) In 2022, Walsin Lihwa implemented ISO 27001 Information Security Management System (ISMS) and obtained certification from a third-party certification body to fulfill its commitment to information security through PDCA. We have built up the confidentiality, integrity, and availability of information security management system of our organizations comprehensively, and strengthened our information security management continuously through different management plans in such aspects as prevention beforehand, monitoring during the event, and response after the event.

2. Information Security Policy

The goal of information security at Walsin is to maintain the confidentiality, integrity and availability of sensitive information, such as customer data and business information. Therefore, all of our employees, internal and external information service users and third-party outsourced service providers should work together to follow and achieve the following policies and objectives:

- (1) To protect the Company's confidential information from being accessed, altered, or damaged in an unauthorized way or improperly disclosed, in accordance with various laws and regulations.
- (2) To protect information on the Company's business activities from unauthorized access or disclosure, and to ensure the accuracy of all business information.
- (3) To establish a complete business continuity plan and information security incident management procedures, to ensure that incidents are responded to, controlled and handled properly, and by conducting regular drills, to ensure the continuous operation of information systems or services.
- (3) To establish information security requirements for system development and maintenance, implement information security testing and monitoring, and avoid unauthorized access, unauthorized modification, and destruction to ensure the integrity of information assets.
- (4) To handle and protect personal information and intellectual property rights in a prudent manner in accordance with the relevant domestic and foreign regulations in respect of the Personal Information Protection Act and the intellectual property law.
- (5) To perform regular information security compliance audits to review the implementation of the information security management system.
- (6) All employees shall maintain a high level of information security awareness at all times, and supervisors at all levels shall assume ultimate responsibility for information security supervision, management and



training, to achieve the goal of reducing the risk of information use through various activities, such as management review, risk assessment, internal audit, education and training, and information security drills.

- (7) All staff of the Company shall follow information security policies, management practices and standard procedures, and violations of information security policies and related regulations shall be handled in accordance with relevant laws and regulations or the Company's regulations.

### 3. Construction of the resilience of corporate information security and implementation of information security management

We have drafted information security plan to promote information security policy year by year, to introduce information security system and process specification, and to continuously establish complete information security technical protection measures.

The specific management plan will be gradually achieved in five stages, "Internal and External Segregation", "Physical Fitness", "Insight", "Smart Security", and "Behavior Analysis", with four components, "IT Governance", "Data and Device Protection", "Network and System Control", and "Boundary Defense".

The management plan includes:

- (1) Implementing appropriate access authorization and protection according to the confidentiality level of information assets, to reduce risk exposure.
  - (2) Continuously introducing advanced information security solutions to effectively protect and manage system, host and network behavior.
  - (3) Regularly organizing educational training to promote new information security knowledge and to raise employees' awareness of information security.
  - (4) Regularly conducting disaster preparedness drills for important systems, so that in the event of a disaster, operations may be quickly resumed to ensure the company's operational sustainability.
  - (5) Evaluating and improving the protection capability of endpoints, servers and network devices, and introducing third-party professional services.
  - (6) Building the ability to respond quickly to information security incidents, by early detection of problems, rapid response, containment of attacks, and restoration of damaged data and critical system services in the shortest possible time.
- (2) Any losses, possible impacts and responses to major information security incidents suffered in 2022 and up to the date of printing of the annual report: None.



## 7. Material Contracts

### (1) Walsin Lihwa Corporation

Nature of Contract	Contracting Parties	Contract Term Dates	Main Content	Restrictive Clauses
Loan Agreement	DBS Bank	The agreement was signed on March 23, 2020, with the maturity of the loan falling on April 15, 2025	The loan is a five-year facility in a total amount of USD 300 million.	1. Current ratio $\geq 100\%$ 2. Debt ratio $\leq 120\%$ (Net indebtedness/ Tangible Net Worth) 3. Interest coverage ratio $\geq 150\%$ 4. Net tangible assets $\geq$ NT\$55 billion
Share Purchase Agreement	Ever Rising Limited and Berg Holding Limited	The agreement was signed on April 11, 2022	Acquired 51,000 common shares of PT Sunny Metal Industry for a total amount of US\$200,000,000.	None
Share Purchase Agreement	Glory Merry Limited and natural persons who are not a related party	The agreement was signed on May 31, 2022	Acquired 40 common shares of Innovation West Mantewe Pte. Ltd. for a total amount of US\$79,200,000.	None.
Share Subscription Agreement	PT Westrong Metal Industry, Prime Investment Capital Limited, and PT Harum Nickel Industry	The agreement was signed on December 12, 2022	Subscribed for 590,000 common shares of PT Westrong Metal Industry for a total amount of US\$146,000,000.	None.
Land Lease Agreement	Taiwan International Ports Corporation, Ltd., Kaohsiung Port Branch	Effective from March 21, 2022; 20 years after the commencement of operation	1. Lease of approximately 18.38 hectares of land in A6 of the first phase of the Kaohsiung Port Intercontinental Container Center; 2. The annual rent is about NT\$13,790,000, and the annual management fee is NT\$82,750,000.	No rights under the agreement may be transferred without the consent of the Lessor.
Stock Trading	Walsin Lihwa Holdings Limited	The agreement was signed on May 24, 2022, and the transaction was closed on July 28, 2022	1. Disposed of all of the shares in 2022 Solar Development, Inc. held by the Company; 2. Disposal price: US\$411,237,000.	None.
Stock Trading	Walsin Lihwa Europe S.a r.l.	May 31, 2022	1. Walsin Lihwa Europe S.a r.l. acquired an 85.03% shareholding in MEG S.A. (Luxembourg) and indirectly holds an 82.32% shareholding in Cogne Acciai Speciali S.p.A. (Italy), resulting in a consolidated shareholding of 70% in Cogne Acciai Speciali S.p.A. 2. Total acquisition price: Base price of EUR 207,004,000, plus an Earn-Out of EUR 15,000,000 three years after closing.	None.

Nature of Contract	Contracting Parties	Contract Term Dates	Main Content	Restrictive Clauses
Construction Agreement	Chung-Lu Construction Co., Ltd.	July 5, 2021 May 15, 2023	NT\$3,249,750,000 for a high-efficiency factory	None
Joint Venture Agreement	WALSIN ENERGY CABLE SYSTEM CO., LTD. and NKT HV Cables AB	The agreement was signed on March 1, 2023	To jointly develop the submarine cable business, Walsin Lihwa Corporation and NKT HV Cables AB set up a joint venture, WALSIN ENERGY CABLE SYSTEM CO., LTD.	

(2) Walsin (Nanjing) Development Co., LTD.

Nature of Contract	Contracting Parties	Contract Term Dates	Main Content	Restrictive Clauses
Construction Agreement	38 companies, including Nanjing Construction Design Research Institute Co., Ltd.	2022/01/06 - 2028/06/30	Design, consultancy, and construction for Walsin Centro Plot AB, Phases II & III, in a total of RMB50,250,000.	None

(3) Yantai Walsin Stainless Steel Co., Ltd.

Nature of Contract	Contracting Parties	Contract Term Dates	Main Content	Restrictive Clauses
Construction Agreement	25 companies, including China Construction Eighth Engineering Division. Corp. LTD	2022/01/12 - 2023/12/31	Civil construction for Yantai Plant, in a total of RMB689,879,000.	None

(4) Walsin Nickel Industrial Indonesia

Nature of Contract	Contracting Parties	Contract Term Dates	Main Content	Restrictive Clauses
Engineering Agreement	PT. Plenty Bumi International and ETERNAL TSINGSHAN GROUP LIMITED	2020/04/22 - 2022/01/31	Design and construction of a self-built plant including ferro-nickel smelting and thermal power generation projects. The total contract price is approximately US\$93 million. The construction was completed in January 2023.	None



(5) PT Sunny Metal Industry

Nature of Contract	Contracting Parties	Contract Term Dates	Main Content	Restrictive Clauses
Equipment Purchase and Sale Agreement	Eternal Tsingshan Group Limited	2022/01/04 – present	Procurement of nickel-iron rotary kiln, drying kiln, ore smelting furnace, high-efficiency pulverized coal furnace, generator set, and other equipment, with the contract price of US\$325,000,000.	None
Engineering Agreement	Eternal Tsingshan Group Limited	2022/01/04 – present	The architectural design of the ferronickel smelter and power plant built on our own land, with a total amount of USD 15,000,000.	None
Engineering Agreement	PT Plenty Bumi International and Eternal Tsingshan Group Limited	2022/01/04 – present	The construction and related auxiliary works of the ferronickel smelter built on our own land, with a total amount of USD 60,942,000.	None
Engineering Agreement	PT Perintis Makmur Indonesia and Eternal Tsingshan Group Limited	2022/7/19– present	The construction of the generator plant built on our own land, with a total amount of US\$49,856,000.	None

(6) WAL SIN ENERGY CABLE SYSTEM CO., LTD.

Nature of Contract	Contracting Parties	Contract Term Dates	Main Content	Restrictive Clauses
Technical Consulting Agreement and Technology Licensing Agreement	NKT HV Cables AB	Execution date: 2023/03/01	In order to jointly develop the submarine cable business, NKT HV Cables AB provides technical consultation and licenses its technology to WAL SIN ENERGY CABLE SYSTEM CO., LTD.	None

## VI Financial Information

### 1. Brief Balance Sheets and Comprehensive Income Statements of Recent Five Years

(1) Condensed Balance Sheet – Consolidated (Based on IFRSs)

Unit : NT \$Thousands

Items		Year	Financial Summary for the Last Five Years				
			2018	2019	2020	2021	2022
Current Assets			58,726,913	60,789,794	56,176,808	69,320,640	92,707,385
Property, Plant and Equipment			25,083,436	27,845,109	34,294,221	41,474,488	65,656,466
Intangible Assets			164,451	168,134	175,000	173,430	4,966,534
Other Assets			48,679,310	49,263,365	60,917,977	72,066,340	89,194,468
Total Assets			132,654,110	138,066,402	151,564,006	183,034,898	252,524,853
Current Liabilities	Before Distribution		32,146,970	40,743,553	31,458,157	38,852,513	60,869,368
	After Distribution		36,138,170	42,406,553	34,546,357	44,342,646	67,585,767
Non-current Liabilities			21,242,797	18,756,735	32,825,019	36,236,117	61,834,273
Total Liabilities	Before Distribution		53,389,767	59,500,288	64,283,176	75,088,630	122,703,641
	After Distribution		57,380,967	61,163,288	67,371,376	80,578,763	129,420,040
Equity Attributable to owners of the Company			77,328,012	77,384,341	84,468,235	105,883,524	123,580,876
Capital Stock			33,260,002	33,260,002	32,260,002	34,313,329	37,313,329
Capital Surplus			15,966,420	16,055,238	15,690,406	18,440,875	24,672,454
Retained Earnings	Before Distribution		32,144,727	31,179,511	36,330,187	47,787,207	62,038,398
	After Distribution		28,153,527	29,516,511	33,241,987	42,297,074	55,321,999
Other Equity			(4,043,137)	(3,110,410)	187,640	5,342,113	(443,305)
Treasury Stock			0	0	0	0	0
Non-controlling Interests			1,936,331	1,181,773	2,812,595	2,062,744	6,240,336
Total Equity	Before Distribution		79,264,343	78,566,114	87,280,830	107,946,268	129,821,212
	After Distribution		75,273,143	76,903,114	84,192,630	102,456,135	123,104,813





(2) Condensed Balance Sheet - Unconsolidated (Based on IFRSs)

Unit : NT \$Thousands

Items	Year	Financial Summary for the Last Five Years				
		2018	2019	2020	2021	2022
Current Assets		16,809,906	16,615,466	18,421,337	28,943,268	37,348,050
Property, Plant and Equipment		16,432,206	17,621,858	17,493,296	17,411,273	18,760,190
Intangible Assets		-	-	-	-	0
Other Assets		86,063,522	86,140,209	104,556,223	118,325,438	144,973,880
Total Assets		119,305,634	120,377,533	140,470,856	164,679,979	201,082,120
Current Liabilities	Before Distribution	21,561,638	25,700,349	24,192,375	23,762,737	23,723,277
	After Distribution	25,552,838	27,363,349	27,280,575	29,252,870	30,439,676
Non-current Liabilities		20,415,984	17,292,843	31,810,246	35,033,718	53,777,967
Total Liabilities	Before Distribution	41,977,622	42,993,192	56,002,621	58,796,455	77,501,244
	After Distribution	45,968,822	44,656,192	59,090,821	64,286,588	84,217,643
Capital Stock		33,260,002	33,260,002	32,260,002	34,313,329	37,313,329
Capital Surplus		15,966,420	16,055,238	15,690,406	18,440,875	24,672,454
Retained Earnings	Before Distribution	32,144,727	31,179,511	36,330,187	47,787,207	62,038,398
	After Distribution	28,153,527	29,516,511	33,241,987	42,297,074	55,321,999
Other Equity		(4,043,137)	(3,110,410)	187,640	5,342,113	(443,305)
Treasury Stock		0	0	0	0	0
Total Equity	Before Distribution	77,328,012	77,384,341	84,468,235	105,883,524	123,580,876
	After Distribution	73,336,812	75,721,341	81,380,035	100,393,391	116,864,477

**(3) Condensed Statements of Comprehensive Income - Consolidated (Based on IFRSs)**

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

Items \ Year	Financial Summary for the Last Five Years				
	2018	2019	2020	2021	2022
Net Sales	190,915,137	134,804,405	112,546,603	156,664,766	180,400,719
Gross Profit	15,935,365	9,390,566	12,468,338	19,809,465	17,346,305
Operating Income	11,026,209	4,059,474	7,385,062	13,345,552	9,498,714
Non-operating Revenue and Expense	5,644,765	680,793	1,865,603	5,776,946	13,903,299
Profit before Taxes	16,670,974	4,740,267	9,250,665	19,122,498	23,402,013
Gain from Continued Operations	11,959,287	3,783,324	7,005,801	15,257,314	19,140,076
Loss from Discontinued Operations	-	-	-	-	-
Profit for the year	11,959,287	3,783,324	7,005,801	15,257,314	19,140,076
Other comprehensive income, net of income tax	(3,142,772)	915,620	3,338,209	5,113,693	(2,619,430)
Total comprehensive income for the year	8,816,515	4,698,944	10,344,010	20,371,007	16,520,646
Profit for the year attributable to owners of the company	11,756,781	3,149,679	6,691,149	14,642,629	19,352,097
Profit for the year attributable to non-controlling interests	202,506	633,645	314,652	614,685	(212,021)
Total comprehensive income for the year attributable to owners of the company	8,612,785	4,082,661	10,114,207	19,791,160	16,639,046
Total comprehensive income for the year attributable to non-controlling interests	203,730	616,283	229,803	579,847	(118,400)
Earnings Per Share	3.53	0.95	2.04	4.27	5.45



(4) Condensed Statements of Comprehensive Income - Unconsolidated (Based on IFRSs)

Unit : NT \$Thousands (Excpet EPS:NT\$)

Items	Year	Financial Summary for the Last Five Years				
		2018	2019	2020	2021	2022
Net Sales		85,099,970	71,596,648	64,097,690	97,789,648	98,420,045
Gross Profit		3,840,250	4,155,851	4,457,566	12,894,560	11,207,400
Operating Income		2,122,510	2,445,178	2,681,141	10,197,929	7,741,047
Non-operating Revenue and Expense		10,123,522	644,517	3,982,969	8,195,530	16,915,494
Profit before Taxes		12,246,032	3,089,695	6,664,110	18,393,459	24,656,541
Gain from Continued Operations		11,756,781	3,149,679	6,691,149	14,642,629	19,352,097
Loss from Discontinued Operations		-	-	-	-	-
Profit for the year		11,756,781	3,149,679	6,691,149	14,642,629	19,352,097
Other comprehensive income, net of income tax		(3,143,996)	932,982	3,423,058	5,148,531	(2,713,051)
Total comprehensive income for the year		8,612,785	4,082,661	10,114,207	19,791,160	16,639,046
Earnings Per Share		3.53	0.95	2.04	4.27	5.45

(5) Auditors' Opinion from 2018 to 2022

Year	CPA	Audit Opinion
2018	Deloitte & Touche Kenny Hong, Ming-Yu Chiu	An Unmodified Opinion with an Other Matter Paragraph
2019	Deloitte & Touche Wen-Yea, Shyu, Kwan-Chung, Lai	An Unmodified Opinion with an Other Matter Paragraph
2020	Deloitte & Touche Wen-Yea, Shyu, Kwan-Chung, Lai	An Unmodified Opinion with an Other Matter Paragraph
2021	Deloitte & Touche Wen-Yea, Shyu, Ker-Chang Wu	An Unmodified Opinion with an Other Matter Paragraph
2022	Deloitte & Touche Wen-Yea, Shyu, Ker-Chang Wu	An Unmodified Opinion with an Other Matter Paragraph

## 2. Financial Analysis of Recent Five Years

### (1) Financial Analysis – Consolidated (Based on IFRSs)

Analysis Items		Year	Financial Analysis for the Last Five Years				
			2018	2019	2020	2021	2022
Capital structure (%)	Debt Ratio		40.24	43.09	42.41	41.02	48.59
	Ratio of long-term Capital to Property, Plant and Equipment		400.69	349.51	350.22	347.64	291.90
Liquidity analysis (%)	Current Ratio		182.68	149.20	178.57	178.41	152.30
	Quick Ratio		94.86	89.96	93.02	81.32	79.18
	Interest Coverage Ratio (times)		2,536.69	947.08	1,813.14	4,675.29	2,927.30
Operating Performance	Accounts Receivable Turnover (Times)		12.56	10.06	10.35	12.95	10.16
	Average Collection Period		29.06	36.28	35.26	28.18	35.92
	Inventory Turnover (Times)		5.99	5.21	4.64	5.18	4.81
	Accounts Payable Turnover (times)		18.67	15.32	13.30	16.51	12.10
	Average Days in Sales		60.93	70.05	78.66	70.46	75.88
	Property, plant and equipment Turnover (Times)		8.28	5.09	3.62	4.13	3.36
	Total Assets Turnover (Times)		1.45	0.99	0.77	0.93	0.82
Profitability analysis	Return on Total Assets (%)		9.47	3.12	5.12	9.31	9.09
	Return on Stockholders' equity (%)		15.78	4.79	8.44	15.63	16.09
	Pre-tax Income to Paid-in Capital (%)		50.12	14.25	28.67	55.72	62.71
	Profit Ratio (%)		6.26	2.80	6.22	9.73	10.60
	Earnings (loss) Per Share (NT\$) (Note 1)		3.53	0.95	2.04	4.27	5.45
Cash Flow(Note 2)	Cash Flow Ratio (%)		9.39	21.17	22.72	3.38	22.84
	Cash Flow Adequacy Ratio (%)		62.30	72.07	68.03	45.36	42.40
	Cash Reinvestment Ratio (%)		0.00	4.51	4.58	0.00	4.41
Leverage	Operating Leverage		1.48	2.93	2.06	1.72	2.27
	Financial Leverage		1.06	1.15	1.07	1.03	1.09
Analysis of financial ratio difference for the last two years (Not required if the difference does not exceed 20%)							
A. Compared to 2021 interest coverage ratio in 2022 show a decrease. It's because that interest expense for the year ended December 31, 2022 increased.							
B. Compared to 2021, accounts receivable turnover in 2022 show a decrease; average collection period in 2022 shows an increase. It's because the acquisition of MEG S.A. on December 2022.							
C. Compared to 2021, accounts payable turnover in 2022 shows a decrease. It's because that accounts payable for the year ended December 31, 2022 increased.							
D. Compared to 2021 Earnings Per Share in 2022 show an increase. It's because that net income after tax for the year 2022 increased.							
E. Compared to 2021, cash flow ratio in 2022 show an increase. It's because that increased in cashflows from operation activities.							
F. Compared to 2021 Operating Leverage in 2022 show an increase. It's because that Operating Income for the year 2022 decreased.							

Note : Financial analysis formulas show as the following :

1. Financial Structure :

$$(1) \text{Debt Ratio} = \text{Total liabilities} / \text{Total assets}$$



(2) Ratio of Long-term Capital to Property, plant and equipment =  $(\text{Stockholders' equity} + \text{non-current liabilities}) / \text{net worth of Property, plant and equipment}$

2. Solvency :

(1) Current Ratio =  $\text{Current assets} / \text{Current liabilities}$

(2) Quick Ratio =  $(\text{Current assets} - \text{inventories} - \text{prepaid expenses}) / \text{Current liabilities}$

(3) Interest Coverage Ratio =  $\text{Income before tax and interest expenses} / \text{Current Interest expenses}$

3. Operating Performance :

(1) Receivable (included trade receivables and operating notes receivable) Turnover =  $\text{Net sales} / \text{Average receivables for each period (included trade receivables and operating notes receivable)}$

(2) Average Collection Period Turnover Days =  $365 / \text{Receivable turnover}$

(3) Inventory Turnover =  $\text{Cost of sales} / \text{Average inventories}$

(4) Payables (included trade payables and operating notes payable) Turnover =  $\text{Cost of sales} / \text{Average payables for each period (included trade payables and operating notes payable)}$

(5) Average Days in Sales =  $365 / \text{Inventory turnover}$

(6) Property, Plant and Equipment Turnover =  $\text{Net sales} / \text{Average of property, plant and equipment, net}$

(7) Total Assets Turnover =  $\text{Net sales} / \text{Average of total assets}$

4. Profitability :

(1) Return on Total Assets =  $[\text{Net income after tax} + \text{interest expense} \times (1 - \text{tax rate})] / \text{Average of total assets}$

(2) Return on Stockholders' equity =  $\text{Net income after tax} / \text{Average of stockholders' equity}$

(3) Profit Ratio =  $\text{Net income after tax} / \text{Net sales}$

(4) Earnings (loss) Per Share =  $\text{Net income attributable to owners} - \text{stock dividend - preferred} / \text{Weighted average of outstanding shares}$

5. Cash Flow :

(1) Cash Flow Ratio =  $\text{Net cash provided by operating activities} / \text{Current liabilities}$

(2) Cash Flow Adequacy Ratio =  $\text{Net cash provided by operating activities in recently five years} / \text{Recently five years of (capital expenses} + \text{increase of inventories} + \text{cash dividend)}$

(3) Cash Reinvestment Ratio =  $(\text{Net cash provided by operating activities} - \text{cash dividend}) / (\text{Property, plant and equipment, gross} + \text{long-term investment} + \text{other non-current assets} + \text{working capital})$

6. Leverage :

(1) Operating Leverage =  $(\text{Net sales} - \text{variable operating cost and expense}) / \text{Operating income}$

(2) Financial Leverage =  $\text{Operating income} / (\text{Operating income} - \text{interest expense})$

**(2) Financial Analysis –Unconsolidated (Based on IFRSs)**

Analysis Items		Year	Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022	
Capital structure (%)	Debt Ratio	35.18	35.71	39.86	35.70	38.54	
	Ratio of Long-term Capital to Property, plant and equipment	594.83	537.27	664.70	809.34	945.40	
Liquidity analysis (%)	Current Ratio	77.96	64.65	76.14	121.80	157.43	
	Quick Ratio	22.20	26.77	30.89	47.65	98.92	
	Interest Coverage Ratio (times)	2,652.81	676.50	1,571.22	4,424.13	3,488.06	
Operating Performance	Accounts Receivable Turnover (Times)	31.71	32.56	32.75	28.78	23.99	
	Average Collection Period	11.51	11.21	11.14	12.68	15.21	
	Inventory Turnover (Times)	7.94	6.53	6.67	7.05	6.36	
	Accounts Payable turnover (times)	20.33	21.25	23.75	30.51	27.83	
	Average Days in Sales	45.96	55.89	54.72	51.77	57.38	
	Property, plant and equipment Turnover (Times)	5.52	4.20	3.65	5.60	5.44	
	Total Assets Turnover (Times)	0.75	0.59	0.49	0.64	0.53	
Profitability analysis	Return on Total Assets (%)	10.86	3.08	5.47	9.81	10.89	
	Return on Stockholders' equity (%)	15.90	4.07	8.26	15.38	16.86	
	Pre-tax Income to Paid-in Capital (%)	36.81	9.28	20.65	53.60	66.07	
	Profit Ratio (%)	13.81	4.39	10.43	14.97	19.66	
	Earnings (loss) Per Share (NT\$) (Note 1)	3.53	0.95	2.04	4.27	5.45	
Cash Flow(Note 2)	Cash Flow Ratio (%)	9.03	18.90	16.21	14.69	62.70	
	Cash Flow Adequacy Ratio (%)	34.25	46.95	45.79	36.49	41.63	
	Cash Reinvestment Ratio (%)	0.00	0.89	2.10	0.29	5.41	
Leverage	Operating Leverage	2.55	2.63	2.52	1.48	1.73	
	Financial Leverage	1.29	1.28	1.20	1.04	1.10	
Analysis of financial ratio difference for the last two years (Not required if the difference does not exceed 20%)							
A. Compared to 2021, current ratio, quick ratio in 2022 shows an increase. It's because that accounts receivable increased.							
B. Compared to 2021, interest coverage ratio in 2022 shows a decrease. It's because that interest expense increased.							
C. Compared to 2021, pre-tax income to paid-in capital, profit ratio and earnings per share in 2022 show an increase. It's because that profit before tax and profit for the year ended December 31, 2022 increased.							
D. Compared to 2021, cash flow ratio and cash reinvestment ratio in 2022 shows an increase. It's because that operating cash flow increased.							

Note 1: Financial analysis formulas see Table (1).



### 3. Audit Committee's Review Report for the Recent Year

#### Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, and proposal for allocation of earnings. The Financial Statements had been audited by Deloitte & Touche Accountants, Wen-Yea, Shyu and Ker-Chang Wu and has issued an audit report.

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

Walsin Lihwa Corporation

Chairman of the Audit Committee : Ming-Ling Hsueh

February 24, 2023

## 4. Financial Statements of Recent Years

### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Walsin Lihwa Corporation

#### Opinion

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

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

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

##### Sales Revenue Recognition

In 2022, the main products of the Group's wires and cables business unit include bare copper wires, wires and cables. The fluctuation in prices of bare copper wires is often subject to the movement in





prices of raw materials, and thus some of the sales prices are set according to the market prices agreed under the contracts at the time of shipments. The Group prepares reports on point of sale transactions by referring to the actual shipments and market price adjustments as the basis for revenue recognition. Due to the large number of transactions and different market prices that have been agreed upon by customers, the processing, recording and maintenance of such reports are performed manually in which their amounts are significant to the consolidated financial statements. Therefore, the accuracy of revenue recognized from sales of bare copper wires was considered as a key audit matter. Refer to Notes 4 and 26 to the consolidated financial statements for related accounting policies and disclosure of information relating to revenue recognition.

Our audit procedures performed in respect of the above key audit matter were as follows:

1. We obtained an understanding and tested the reasonableness of revenue recognition policy and internal control procedures over the sales of bare copper wires, and evaluated the effectiveness of relevant internal controls.
2. We performed sampling and reconciliation of sales prices and quantities with their respective amounts in the contracts and verified the accuracy of market price adjustments.
3. We verified the accuracy of monthly reports by recalculating the sales revenue and confirmed that the recognized amounts were consistent with those recorded in the general ledger.

#### **Other Matter**

The financial statements of certain subsidiaries included in the consolidated financial statements as of and for the years ended December 31, 2022 and 2021 were audited by other auditors. Our opinion, insofar as it relates to such subsidiaries, is based solely on the reports of other auditors. The total assets of such subsidiaries amounted to NT\$27,113,218 thousand and NT\$10,292,042 thousand, which constituted 10.74% and 5.62% of the Group's consolidated total assets, as of December 31, 2022 and 2021, respectively, and the total net operating revenue of such subsidiaries amounted to NT\$3,409,851 thousand and NT\$17,799,306 thousand, which constituted 1.89% and 11.36% of the Group's consolidated total net operating revenue, for the years ended December 31, 2022 and 2021, respectively.

We did not audit the financial statements of some associates accounted for using the equity method included in the consolidated financial statements of the Group, but such statements were audited by other auditors. As of December 31, 2022 and 2021, the carrying amount of investments accounted for using the equity method were NT\$4,869,105 thousand and NT\$1,053,790 thousand, representing 1.93% and 0.58% of the consolidated total assets, respectively, and the share of losses of these associates were NT\$313 thousand and NT\$5,936 thousand, representing (0.00%) and (0.03%) of the consolidated income before income tax, respectively.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued



into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

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

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

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

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



6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Wen-Yea Shyu and Ker-Chang Wu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 24, 2023

#### Notice to Readers

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

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



## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

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

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 19,397,973	8	\$ 10,387,581	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	7,631	-	16,147	-
Financial assets at amortized cost - current (Notes 4 and 9)	2,202	-	-	-
Financial assets for hedging - current (Notes 4 and 8)	20,615	-	89,232	-
Contract assets - current (Notes 4 and 10)	3,022,237	1	5,750,344	3
Notes receivable (Notes 4, 11 and 36)	4,537,322	2	2,627,411	2
Trade receivables (Notes 4, 11 and 36)	17,294,990	7	11,045,689	6
Finance lease receivables - current (Notes 4, 12 and 37)	60,020	-	58,042	-
Other receivables (Note 31)	3,857,091	2	1,620,595	1
Inventories (Notes 4 and 13)	36,080,291	14	31,659,723	17
Other financial assets - current (Notes 6 and 37)	546,126	-	530,650	-
Other current assets (Note 21)	7,880,887	3	5,535,226	3
Total current assets	92,707,385	37	69,320,640	38
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	2,639,755	1	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 14)	12,342,232	5	16,290,587	9
Financial assets at amortized cost - non-current (Notes 4 and 9)	189,242	-	-	-
Financial assets for hedging - non-current (Notes 4 and 8)	144,404	-	-	-
Investments accounted for using the equity method (Notes 4 and 16)	46,189,399	18	39,451,117	22
Property, plant and equipment (Notes 4 and 17)	65,656,466	26	41,474,488	23
Right-of-use assets (Notes 4 and 18)	4,309,355	2	1,803,510	1
Investment properties (Notes 4 and 19)	16,123,806	7	10,431,063	6
Goodwill (Notes 4 and 20)	83,393	-	152,771	-
Other intangible assets (Notes 4 and 31)	4,883,141	2	20,659	-
Deferred tax assets (Notes 4 and 28)	3,448,277	1	2,818,549	1
Refundable deposits (Note 6)	288,948	-	207,622	-
Finance lease receivables - non-current (Notes 4, 12 and 37)	602,523	-	662,543	-
Other non-current assets (Notes 6, 21, 28 and 37)	2,916,527	1	401,349	-
Total non-current assets	159,817,468	63	113,714,258	62
<b>TOTAL</b>	<b>\$ 252,524,853</b>	<b>100</b>	<b>\$ 183,034,898</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 22)	\$ 22,496,307	9	\$ 7,108,766	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	64,772	-	37,439	-
Financial liabilities for hedging - current (Notes 4 and 8)	222,272	-	-	-
Contract liabilities - current	6,014	-	3,426	-
Notes payable (Note 36)	591,536	-	346,947	-
Trade payables (Note 36)	17,497,315	7	8,493,921	5
Other payables	9,939,969	4	4,861,341	3
Current tax liabilities (Notes 4 and 28)	6,103,462	2	6,082,152	3
Lease liabilities - current (Notes 4 and 18)	245,223	-	71,470	-
Current portion of long-term borrowings (Notes 22 and 23)	1,207,209	1	10,719,081	6
Other current liabilities	2,495,289	1	1,127,970	-
Total current liabilities	60,869,368	24	38,852,513	21
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	363,192	-	-	-
Bonds payable (Note 23)	7,742,955	3	7,500,000	4
Long-term borrowings (Note 22)	40,820,860	16	24,785,952	14
Long-term notes and bills payable (Note 22)	1,497,914	1	-	-
Deferred tax liabilities (Notes 4 and 28)	5,797,938	3	2,214,650	1
Lease liabilities - non-current (Notes 4 and 18)	2,309,732	1	243,676	-
Net defined benefit liabilities - non-current (Notes 4 and 24)	348,779	-	560,362	-
Other non-current liabilities (Note 33)	2,952,903	1	931,477	1
Total non-current liabilities	61,834,273	25	36,236,117	20
Total liabilities	122,703,641	49	75,088,630	41
<b>EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 25)</b>				
Share capital	37,313,329	15	34,313,329	19
Capital surplus	24,672,454	10	18,440,875	10
Retained earnings				
Legal reserve	7,564,090	3	6,109,568	3
Special reserve	2,712,250	1	2,712,250	2
Unappropriated earnings	51,762,058	20	38,965,389	21
Total retained earnings	62,038,398	24	47,787,207	26
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(4,256,774)	(2)	(6,100,687)	(3)
Unrealized gain on financial assets at fair value through other comprehensive income	6,693,877	3	11,534,267	6
Loss on hedging instruments	(105,801)	-	-	-
Other equity - other	(2,774,607)	(1)	(91,467)	-
Total other equity	(443,305)	-	5,342,113	3
Total equity attributable to owners of WLC	123,580,876	49	105,883,524	58
<b>NON-CONTROLLING INTERESTS</b>				
	6,240,336	2	2,062,744	1
Total equity	129,821,212	51	107,946,268	59
<b>TOTAL</b>	<b>\$ 252,524,853</b>	<b>100</b>	<b>\$ 183,034,898</b>	<b>100</b>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated February 24, 2023)



## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of U.S. Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 631,650	8	\$ 338,248	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	248	-	526	-
Financial assets at amortized cost - current (Notes 4 and 9)	72	-	-	-
Financial assets for hedging - current (Notes 4 and 8)	671	-	2,906	-
Contract assets - current (Notes 4 and 10)	98,412	1	187,247	3
Notes receivable (Notes 4, 11 and 36)	147,747	2	85,556	2
Trade receivables (Notes 4, 11 and 36)	563,171	7	359,677	6
Finance lease receivables - current (Notes 4, 12 and 37)	1,954	-	1,890	-
Other receivables (Note 31)	125,597	2	52,771	1
Inventories (Notes 4 and 13)	1,174,871	14	1,030,926	17
Other financial assets - current (Notes 6 and 37)	17,783	-	17,279	-
Other current assets (Note 21)	256,622	3	180,242	3
<b>Total current assets</b>	<b>3,018,798</b>	<b>37</b>	<b>2,257,268</b>	<b>38</b>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	85,958	1	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 14)	401,896	5	530,465	9
Financial assets at amortized cost - non-current (Notes 4 and 9)	6,162	-	-	-
Financial assets for hedging - non-current (Notes 4 and 8)	4,702	-	-	-
Investments accounted for using the equity method (Notes 4 and 16)	1,504,051	18	1,284,634	22
Property, plant and equipment (Notes 4 and 17)	2,137,951	26	1,350,521	23
Right-of-use assets (Notes 4 and 18)	140,324	2	58,727	1
Investment properties (Notes 4 and 19)	525,034	7	339,663	6
Goodwill (Notes 4 and 20)	2,715	-	-	-
Other intangible assets (Notes 4 and 31)	159,008	2	5,647	-
Deferred tax assets (Notes 4 and 28)	112,285	1	91,780	1
Refundable deposits (Note 6)	9,409	-	6,761	-
Finance lease receivables - non-current (Notes 4, 12 and 37)	19,620	-	21,574	-
Other non-current assets (Notes 6, 21, 28 and 37)	94,974	1	13,067	-
<b>Total non-current assets</b>	<b>5,204,089</b>	<b>63</b>	<b>3,702,839</b>	<b>62</b>
<b>TOTAL</b>	<b>\$ 8,222,887</b>	<b>100</b>	<b>\$ 5,960,107</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 22)	\$ 732,540	9	\$ 231,480	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	2,109	-	1,219	-
Financial liabilities for hedging - current (Notes 4 and 8)	7,238	-	-	-
Contract liabilities - current	196	-	112	-
Notes payable (Note 36)	19,262	-	11,298	-
Trade payables (Note 36)	569,760	7	276,585	5
Other payables	323,672	4	158,298	3
Current tax liabilities (Notes 4 and 28)	198,745	2	198,051	3
Lease liabilities - current (Notes 4 and 18)	7,985	-	2,327	-
Current portion of long-term borrowings (Notes 22 and 23)	39,310	1	349,042	6
Other current liabilities	81,253	1	36,730	-
<b>Total current liabilities</b>	<b>1,982,070</b>	<b>24</b>	<b>1,265,142</b>	<b>21</b>
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	11,827	-	-	-
Bonds payable (Note 23)	252,131	3	244,220	4
Long-term borrowings (Note 22)	1,329,237	16	807,097	14
Long-term notes and bills payable (Note 22)	48,776	1	-	-
Deferred tax liabilities (Notes 4 and 28)	188,796	3	72,115	1
Lease liabilities - non-current (Notes 4 and 18)	75,211	1	7,935	-
Net defined benefit liabilities - non-current (Notes 4 and 24)	11,357	-	18,247	-
Other non-current liabilities (Note 33)	96,154	1	30,331	1
<b>Total non-current liabilities</b>	<b>2,013,489</b>	<b>25</b>	<b>1,179,945</b>	<b>20</b>
<b>Total liabilities</b>	<b>3,995,559</b>	<b>49</b>	<b>2,445,087</b>	<b>41</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 25)</b>				
Share capital	1,215,022	15	1,117,334	19
Capital surplus	803,401	10	600,484	10
Retained earnings				
Legal reserve	246,307	3	198,944	3
Special reserve	88,318	1	88,318	2
Unappropriated earnings	1,685,511	20	1,268,818	21
Total retained earnings	2,020,136	24	1,556,080	26
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(138,611)	(2)	(198,655)	(3)
Unrealized gain on financial assets at fair value through other comprehensive income	217,971	3	375,587	6
Loss on hedging instruments	(3,445)	-	-	-
Other equity - other	(90,348)	(1)	(2,978)	-
Total other equity	(14,433)	-	173,954	3
<b>Total equity attributable to owners of WLC</b>	<b>4,024,126</b>	<b>49</b>	<b>3,447,852</b>	<b>58</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>203,202</b>	<b>2</b>	<b>67,168</b>	<b>1</b>
<b>Total equity</b>	<b>4,227,328</b>	<b>51</b>	<b>3,515,020</b>	<b>59</b>
<b>TOTAL</b>	<b>\$ 8,222,887</b>	<b>100</b>	<b>\$ 5,960,107</b>	<b>100</b>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated February 24, 2023)

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 26)	\$ 180,400,719	100	\$ 156,664,766	100
OPERATING COSTS (Note 13)	<u>(163,054,414)</u>	<u>(91)</u>	<u>(136,855,301)</u>	<u>(88)</u>
GROSS PROFIT	<u>17,346,305</u>	<u>9</u>	<u>19,809,465</u>	<u>12</u>
OPERATING EXPENSES				
Selling and marketing expenses	2,880,008	1	2,487,342	2
General and administrative expenses	4,748,280	3	3,784,683	2
Research and development expenses	<u>219,303</u>	<u>-</u>	<u>191,888</u>	<u>-</u>
Total operating expenses	<u>7,847,591</u>	<u>4</u>	<u>6,463,913</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>9,498,714</u>	<u>5</u>	<u>13,345,552</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	240,793	-	91,952	-
Dividend income	766,857	-	561,499	-
Other income	1,130,256	1	549,102	-
Gain on disposal of property, plant and equipment	68,051	-	20,468	-
Gain on disposal of investments (Note 27)	7,210,043	4	679,207	1
Foreign exchange gains (loss), net	1,748,708	1	(237,222)	-
Gain on valuation of financial assets and liabilities at fair value through profit or loss	265,134	-	647,228	-
Other expenses	(305,781)	-	(231,656)	-
Recognition of impairment loss (Note 27)	(87)	-	(693,892)	-
Interest expense	(827,715)	-	(417,951)	-
Share of profit of associates accounted for using the equity method	<u>3,607,040</u>	<u>2</u>	<u>4,808,211</u>	<u>3</u>
Total non-operating income and expenses	<u>13,903,299</u>	<u>8</u>	<u>5,776,946</u>	<u>4</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	23,402,013	13	19,122,498	12
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(4,261,937)</u>	<u>(2)</u>	<u>(3,865,184)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>19,140,076</u>	<u>11</u>	<u>15,257,314</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME (LOSS)				

(Continued)



## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

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

	2022		2021	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	260,538	-	(153,272)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(4,067,542)	(2)	2,594,208	1
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(644,358)	(1)	2,906,573	2
	<u>(4,451,362)</u>	<u>(3)</u>	<u>5,347,509</u>	<u>3</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	1,757,704	1	(105,982)	-
Loss on hedging instruments	(105,801)	-	-	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	180,029	-	(127,834)	-
	<u>1,831,932</u>	<u>1</u>	<u>(233,816)</u>	<u>-</u>
Other comprehensive (loss) income for the year	<u>(2,619,430)</u>	<u>(2)</u>	<u>5,113,693</u>	<u>3</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 16,520,646</u>	<u>9</u>	<u>\$ 20,371,007</u>	<u>13</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of WLC	\$ 19,352,097	11	\$ 14,642,629	9
Non-controlling interests	<u>(212,021)</u>	<u>-</u>	<u>614,685</u>	<u>1</u>
	<u>\$ 19,140,076</u>	<u>11</u>	<u>\$ 15,257,314</u>	<u>10</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of WLC	\$ 16,639,046	9	\$ 19,791,160	13
Non-controlling interests	<u>(118,400)</u>	<u>-</u>	<u>579,847</u>	<u>-</u>
	<u>\$ 16,520,646</u>	<u>9</u>	<u>\$ 20,371,007</u>	<u>13</u>
<b>EARNINGS PER SHARE (Note 29)</b>				
Basic	<u>\$ 5.45</u>		<u>\$ 4.27</u>	
Diluted	<u>\$ 5.44</u>		<u>\$ 4.26</u>	

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

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

(Concluded)

**WALSIN LIHWA CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of U.S. Dollars, Except Earnings Per Share)**

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 26)	\$ 5,874,331	100	\$ 5,101,425	100
OPERATING COSTS (Note 13)	<u>(5,309,489)</u>	<u>(91)</u>	<u>(4,456,376)</u>	<u>(88)</u>
GROSS PROFIT	<u>564,842</u>	<u>9</u>	<u>645,049</u>	<u>12</u>
OPERATING EXPENSES				
Selling and marketing expenses	93,781	1	80,995	2
General and administrative expenses	154,617	3	123,239	2
Research and development expenses	<u>7,141</u>	<u>-</u>	<u>6,248</u>	<u>-</u>
Total operating expenses	<u>255,539</u>	<u>4</u>	<u>210,482</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>309,303</u>	<u>5</u>	<u>434,567</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	7,841	-	2,994	-
Dividend income	24,971	-	18,284	-
Other income	36,804	1	17,880	-
Gain on disposal of property, plant and equipment	2,216	-	666	-
Gain on disposal of investments (Note 27)	234,778	4	22,117	1
Foreign exchange gain (loss), net	56,945	1	(7,723)	-
Gain on valuation of financial assets and liabilities at fair value through profit or loss	8,633	-	21,075	-
Other expenses	(9,957)	-	(7,543)	-
Recognition of impairment loss (Note 27)	(3)	-	(22,595)	-
Interest expense	(26,953)	-	(13,610)	-
Share of profit of associates accounted for using the equity method	<u>117,455</u>	<u>2</u>	<u>156,568</u>	<u>3</u>
Total non-operating income and expenses	<u>452,730</u>	<u>8</u>	<u>188,113</u>	<u>4</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	762,033	13	622,680	12
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(138,781)</u>	<u>(2)</u>	<u>(125,861)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>623,252</u>	<u>11</u>	<u>496,819</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME (LOSS)				

(Continued)





## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of U.S. Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	8,484	-	(4,991)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(132,450)	(2)	84,474	1
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(20,982)	(1)	94,646	2
	<u>(144,948)</u>	<u>(3)</u>	<u>174,129</u>	<u>3</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	57,236	1	(3,451)	-
Loss on hedging instruments	(3,445)	-	-	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	5,862	-	(4,163)	-
	<u>59,653</u>	<u>1</u>	<u>(7,614)</u>	<u>-</u>
Other comprehensive (loss) income for the year	<u>(85,295)</u>	<u>(2)</u>	<u>166,515</u>	<u>3</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 537,957</u>	<u>9</u>	<u>\$ 663,334</u>	<u>13</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of WLC	\$ 630,156	11	\$ 476,803	9
Non-controlling interests	<u>(6,904)</u>	<u>-</u>	<u>20,016</u>	<u>1</u>
	<u>\$ 623,252</u>	<u>11</u>	<u>\$ 496,819</u>	<u>10</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of WLC	\$ 541,812	9	\$ 644,453	13
Non-controlling interests	<u>(3,855)</u>	<u>-</u>	<u>18,881</u>	<u>-</u>
	<u>\$ 537,957</u>	<u>9</u>	<u>\$ 663,334</u>	<u>13</u>
<b>EARNINGS PER SHARE (Note 29)</b>				
Basic	<u>\$ 0.18</u>		<u>\$ 0.14</u>	
Diluted	<u>\$ 0.18</u>		<u>\$ 0.14</u>	

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

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

(Concluded)

## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of WLC						Other Equity			Non-controlling Interests	Total Equity	
	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translation the Financial Statement of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Loss on Hedging Instrument	Others			Total
			Legal Reserve	Special Reserve								
BALANCE AT JANUARY 1, 2021	\$ 32,260,002	\$ 15,690,406	\$ 5,428,200	\$ 3,110,410	\$ 27,791,577	\$ (5,905,135)	\$ 6,092,775	\$ -	\$ -	\$ 84,468,235	\$ 2,812,595	\$ 87,280,830
Appropriation of 2020 earnings (Note 25)												
Legal reserve	-	-	681,368	-	(681,368)	-	-	-	-	-	-	-
Special reserve	-	-	-	(398,160)	398,160	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(3,088,200)	-	-	-	-	(3,088,200)	-	(3,088,200)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	3,124	-	-	-	-	-	-	-	3,124	-	3,124
Changes in capital surplus from investments in associates accounted for using the equity method	-	(26,782)	-	-	77,160	-	(77,160)	-	(91,467)	(118,249)	-	(118,249)
Issuance of new shares in exchange for the shares of another company	2,053,327	2,771,798	-	-	-	-	-	-	-	4,825,125	-	4,825,125
Net profit for the year ended December 31, 2021	-	-	-	-	14,642,629	-	-	-	-	14,642,629	614,685	15,257,314
Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	(174,569)	(195,552)	5,518,652	-	-	5,148,531	(34,838)	5,113,693
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	14,468,060	(195,552)	5,518,652	-	-	19,791,160	579,847	20,371,007
Others	-	2,329	-	-	-	-	-	-	-	2,329	-	2,329
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,329,698)	(1,329,698)
BALANCE, DECEMBER 31, 2021	34,313,329	18,440,875	6,109,568	2,712,250	38,965,389	(6,100,687)	11,534,267	-	(91,467)	105,883,524	2,062,744	107,946,268
Appropriation of 2021 earnings (Note 25)												
Legal reserve	-	-	1,454,522	-	(1,454,522)	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(5,490,133)	-	-	-	-	(5,490,133)	-	(5,490,133)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	(2,683,140)	(2,683,140)	-	(2,683,140)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	(994)	-	-	-	-	-	-	-	(994)	-	(994)
Disposal of equity instrument measured at fair value through other comprehensive income	-	-	-	-	(3,589)	-	3,589	-	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	887	-	-	79,546	-	(79,546)	-	-	887	-	887
Issuance of ordinary shares for cash	3,000,000	6,000,000	-	-	-	-	-	-	-	9,000,000	-	9,000,000
Net profit for the year ended December 31, 2022	-	-	-	-	19,352,097	-	-	-	-	19,352,097	(212,021)	19,140,076
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	313,270	1,843,913	(4,764,433)	(105,801)	-	(2,713,051)	93,621	(2,619,430)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	19,665,367	1,843,913	(4,764,433)	(105,801)	-	16,639,046	(118,400)	16,520,646
Share-based payment	-	225,000	-	-	-	-	-	-	-	225,000	-	225,000
Others	-	6,686	-	-	-	-	-	-	-	6,686	-	6,686
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	4,295,992	4,295,992
BALANCE, DECEMBER 31, 2022	\$ 37,313,329	\$ 24,672,454	\$ 7,564,090	\$ 2,712,250	\$ 51,762,058	\$ (4,256,774)	\$ 6,693,877	\$ (105,801)	\$ (2,774,607)	\$ 123,580,876	\$ 6,240,336	\$ 129,821,212

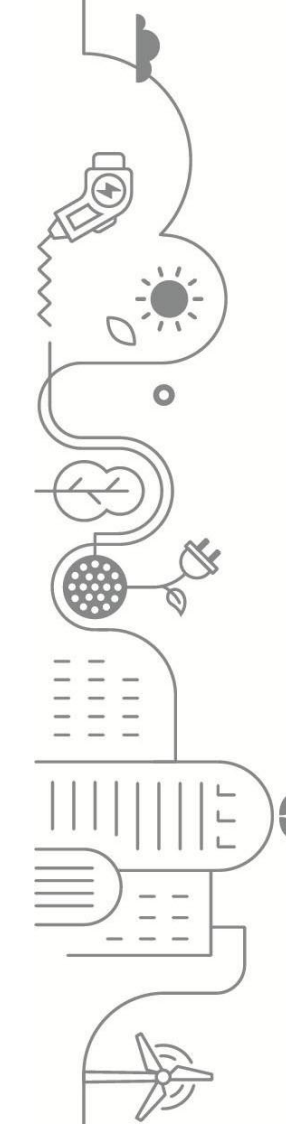
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(With Deloitte & Touche auditors' report dated February 24, 2023)

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of U.S. Dollars)

	Equity Attributable to Owners of WLC											
	Equity Attributable to Owners of WLC					Other Equity					Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translation the Financial Statement of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Loss on Hedging Instrument	Others	Total		
		Legal Reserve	Special Reserve									
BALANCE AT JANUARY 1, 2021	\$ 1,050,472	\$ 510,921	\$ 176,757	\$ 101,283	\$ 904,969	\$ (192,287)	\$ 198,398	\$ -	\$ -	\$ 2,750,513	\$ 91,586	\$ 2,842,099
Appropriation of 2020 earnings (Note 25)												
Legal reserve	-	-	22,187	-	(22,187)	-	-	-	-	-	-	-
Special reserve	-	-	-	(12,965)	12,965	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(100,560)	-	-	-	-	(100,560)	-	(100,560)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	102	-	-	-	-	-	-	-	102	-	102
Changes in capital surplus from investments in associates accounted for using the equity method	-	(872)	-	-	2,512	-	(2,513)	-	(2,978)	(3,851)	-	(3,851)
Issuance of new shares in exchange for the shares of another company	66,862	90,257	-	-	-	-	-	-	-	157,119	-	157,119
Net profit for the year ended December 31, 2021	-	-	-	-	476,803	-	-	-	-	476,803	20,016	496,819
Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	(5,684)	(6,368)	179,702	-	-	167,650	(1,135)	166,515
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	471,119	(6,368)	179,702	-	-	644,453	18,881	663,334
Others	-	76	-	-	-	-	-	-	-	76	-	76
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(43,299)	(43,299)
BALANCE, DECEMBER 31, 2021	1,117,334	600,484	198,944	88,318	1,268,818	(198,655)	375,587	-	(2,978)	3,447,852	67,168	3,515,020
Appropriation of 2021 earnings (Note 25)												
Legal reserve	-	-	47,363	-	(47,363)	-	-	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(178,773)	-	-	-	-	(178,773)	-	(178,773)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	(87,370)	(87,370)	-	(87,370)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	(32)	-	-	-	-	-	-	-	(32)	-	(32)
Disposal of equity instrument measured at fair value through other comprehensive income	-	-	-	-	(117)	-	117	-	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	29	-	-	2,590	-	(2,590)	-	-	29	-	29
Issuance of ordinary shares for cash	97,688	195,376	-	-	-	-	-	-	-	293,064	-	293,064
Net profit for the year ended December 31, 2022	-	-	-	-	630,156	-	-	-	-	630,156	(6,904)	623,252
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	10,200	60,044	(155,143)	(3,445)	-	(88,344)	3,049	(85,295)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	640,356	60,044	(155,143)	(3,445)	-	541,812	(3,855)	537,957
Share-based payment	-	7,327	-	-	-	-	-	-	-	7,327	-	7,327
Others	-	217	-	-	-	-	-	-	-	217	-	217
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	139,889	139,889
BALANCE, DECEMBER 31, 2022	\$ 1,215,022	\$ 803,401	\$ 246,307	\$ 88,318	\$ 1,685,511	\$ (138,611)	\$ 217,971	\$ (3,445)	\$ (90,348)	\$ 4,024,126	\$ 203,202	\$ 4,227,328

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated February 24, 2023)





## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

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

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 23,402,013	\$ 19,122,498
Adjustments for:		
Depreciation expenses	4,385,647	2,799,315
Amortization expenses	65,655	31,498
Expected credit loss recognized (reversed) on trade receivables	105,680	(7,901)
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(265,134)	(647,228)
Interest expenses	827,715	417,951
Interest income	(240,793)	(91,952)
Dividend income	(766,857)	(561,499)
Compensation costs of employee share options	233,077	11,490
Share of profit of associates accounted for using the equity method	(3,607,040)	(4,808,211)
Gain on disposal of property, plant and equipment	(68,051)	(20,468)
Loss on lease modification	6	-
Gain on disposal of investments	(7,210,043)	(679,207)
Impairment loss recognized on non-financial assets	87	693,892
Unrealized loss on foreign currency exchange	183,114	89,472
Gain on bargain purchase	(339,526)	-
Changes in operating assets and liabilities		
Increase in contract assets	(581,544)	(1,289,352)
(Increase) decrease in notes receivable	(1,909,911)	346,721
Decrease (increase) in trade receivables	100,992	(3,494,657)
Increase in other receivables	(1,225,918)	(775,485)
Increase in inventories	(2,101,272)	(11,987,254)
Decrease (increase) in other current assets	631,447	(45,654)
(Increase) decrease in other financial assets	(15,476)	174,627
Increase in other operating assets	(446,591)	(626,734)
(Decrease) increase in financial liabilities held for trading	(823,192)	513,105
Increase in contract liabilities	-	1,927
Increase in notes payable	244,589	111,689
Increase in trade payables	3,673,923	999,450
Increase in other payables	1,094,617	674,668
Increase (decrease) in other current liabilities	273,773	(60,224)
(Decrease) increase in net defined benefit liabilities	(211,583)	176,063
(Decrease) increase in other operating liabilities	(556,293)	565,146
Cash generated from operations	14,853,111	1,633,686
Interest received	357,042	69,679
Dividends received	2,166,803	1,359,121
Interest paid	(740,191)	(491,575)
Income tax paid	(2,731,958)	(1,254,756)
Net cash generated from operating activities	<u>13,904,807</u>	<u>1,316,155</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		

(Continued)



## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

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

	2022	2021
Purchase of financial assets at fair value through other comprehensive income	(140,417)	(1,985,957)
Disposal of financial assets at fair value through other comprehensive income	24,004	-
Capital reduction and refund from financial assets at fair value through other comprehensive income	-	3,615
Purchase of financial assets at amortized cost	(183,665)	-
Proceeds from sale of financial assets at amortized cost	-	1,325,403
Disposal of financial assets at fair value through profit or loss	-	4,948,895
Acquisition of investments accounted for using the equity method	(4,980,030)	(3,227)
Increase in prepaid long-term investments	(2,204,073)	-
Acquisition of additional interests in subsidiaries	(11,037,204)	-
Net cash inflow on disposal of subsidiaries	9,242,576	-
Payments for property, plant and equipment	(15,499,282)	(6,415,398)
Proceeds from disposal of property, plant and equipment	154,162	50,410
(Increase) decrease in refundable deposits	(68,728)	13,208
Purchase of intangible assets	(141,056)	(6,248)
Purchase of investment properties	(182)	(2,362)
Acquisition of right-of-use assets	(283,745)	(222,330)
Other investing activities	<u>(1,228,906)</u>	<u>1,308,017</u>
Net cash used in investing activities	<u>(26,346,546)</u>	<u>(985,974)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	13,088,885	485,651
Proceeds from bonds payable	-	7,500,000
Repayment of bonds payable	(46,684)	-
Proceeds from long-term borrowings	21,755,400	4,000,000
Repayment of long-term borrowings	(19,732,834)	(6,064,196)
Increase in long-term notes and bills payable	1,497,914	-
Repayment of the principal portion of lease liabilities	(120,625)	(89,794)
Cash dividends paid	(5,489,781)	(3,088,030)
Proceeds from issuance of ordinary shares	9,000,000	-
Acquisition of subsidiaries	-	(5,003,810)
Changes in non-controlling interests	359,522	(21,666)
Other financing activities	<u>6,685</u>	<u>2,329</u>
Net cash generated from (used in) financing activities	<u>20,318,482</u>	<u>(2,279,516)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>1,133,649</u>	<u>392,508</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>9,010,392</b>	<b>(1,556,827)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		
	<u>10,387,581</u>	<u>11,944,408</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>\$ 19,397,973</u></b>	<b><u>\$ 10,387,581</u></b>
The accompanying notes are an integral part of the consolidated financial statements.		
(With Deloitte & Touche auditors' report dated February 24, 2023)		(Concluded)

## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of U.S. Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 762,033	\$ 622,680
Adjustments for:		
Depreciation expenses	142,808	91,153
Amortization expenses	2,138	1,026
Expected credit loss recognized (reversed) on trade receivables	3,441	(257)
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(8,633)	(21,075)
Interest expenses	26,953	13,610
Interest income	(7,841)	(2,994)
Dividend income	(24,971)	(18,284)
Compensation costs of employee share options	7,590	374
Share of profit of associates accounted for using the equity method	(117,455)	(156,568)
Gain on disposal of property, plant and equipment	(2,216)	(666)
Gain on disposal of investments	(234,778)	(22,117)
Impairment loss recognized on non-financial assets	3	22,595
Unrealized loss on foreign currency exchange	5,963	2,913
Gain on bargain purchase	(11,056)	-
Changes in operating assets and liabilities		
Increase in contract assets	(18,937)	(41,985)
(Increase) decrease in notes receivable	(62,192)	11,290
Decrease (increase) in trade receivables	3,289	(113,795)
Increase in other receivables	(39,919)	(25,252)
Increase in inventories	(68,423)	(390,337)
Decrease (increase) in other current assets	20,562	(1,487)
(Increase) decrease in other financial assets	(504)	5,686
Increase in other operating assets	(14,542)	(20,408)
(Decrease) increase in financial liabilities held for trading	(26,805)	16,708
Increase in contract liabilities	-	63
Increase in notes payable	7,964	3,637
Increase in trade payables	119,633	32,545
Increase in other payables	35,644	21,969
Increase (decrease) increase in other current liabilities	8,915	(1,961)
(Decrease) increase in net defined benefit liabilities	(6,890)	5,733
(Decrease) increase in other operating liabilities	(18,114)	18,403
Cash generated from operations	483,660	53,199
Interest received	11,626	2,269
Dividends received	70,557	44,257
Interest paid	(24,103)	(16,007)
Income tax paid	(88,960)	(40,858)
Net cash generated from (used in) operating activities	<u>452,780</u>	<u>42,860</u>

### CASH FLOWS FROM INVESTING ACTIVITIES

(Continued)



## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of U.S. Dollars)

	2022	2021
Purchase of financial assets at fair value through other comprehensive income	(4,572)	(64,668)
Disposal of financial assets at fair value through other comprehensive income	782	-
Capital reduction and refund from financial assets at fair value through other comprehensive income	-	118
Purchase of financial assets at amortized cost	(5,981)	-
Proceeds from sale of financial assets at amortized cost	-	43,159
Disposal of financial assets at fair value through profit or loss	-	161,149
Acquisition of investments accounted for using the equity method	(162,163)	(105)
Increase in prepaid long-term investments	(71,771)	-
Acquisition of additional interests in subsidiaries	(359,401)	-
Net cash inflow on disposal of subsidiaries	300,963	-
Payments for property, plant and equipment	(504,698)	(208,903)
Proceeds from disposal of property, plant and equipment	5,020	1,641
(Increase) decrease in refundable deposits	(2,238)	430
Purchase of intangible assets	(4,593)	(203)
Purchase of investment properties	(6)	(77)
Acquisition of right-of-use assets	(9,239)	(7,240)
Other investing activities	<u>(40,016)</u>	<u>42,593</u>
Net cash used in investing activities	<u>(857,913)</u>	<u>(32,106)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	426,209	15,814
Proceeds from bonds payable	(1,520)	244,220
Repayment of bonds payable	-	-
Proceeds from long-term borrowings	708,414	130,251
Repayment of long-term borrowings	(642,554)	(197,466)
Increase in long-term notes and bills payable	48,776	-
Repayment of the principal portion of lease liabilities	(3,928)	(2,924)
Cash dividends paid	(178,762)	(100,555)
Proceeds from issuance of ordinary shares	293,064	-
Acquisition of subsidiaries	-	(162,937)
Changes in non-controlling interests	11,707	(706)
Other financing activities	<u>218</u>	<u>76</u>
Net cash generated from (used in) financing activities	<u>661,624</u>	<u>(74,227)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>36,911</u>	<u>12,779</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	293,402	(50,694)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>338,248</u>	<u>388,942</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 631,650</u>	<u>\$ 338,248</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated February 24, 2023)

(Concluded)

## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

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

#### 1. GENERAL INFORMATION

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

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

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

#### 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of WLC and its subsidiaries (collectively, the “Group”) were approved by the board of directors of WLC on February 24, 2023.

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

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

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

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

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

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





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

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

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

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

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

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

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

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

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed



directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and the Group shall recognize the cumulative effect of initial application in retained earnings at that date. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

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

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

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

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



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

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

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

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

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

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

- 3) Amendments to IFRS 16 "Leases Liability in a Sale and leaseback"

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the



gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, related regulations and IFRSs as endorsed and issued into effect by the FSC.

##### b. Basic of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.



Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of WLC and the entities controlled by WLC. Control is achieved when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Total comprehensive income of subsidiaries is attributed to the owners of WLC and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the WLC.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

Refer to Note 15 and Table 8 for the percentage of ownership, main businesses and details of the subsidiaries.



e. Foreign currencies

In preparing the financial statements of each individual company entity, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

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

For the purpose of presenting consolidated financial statements, the financial statements of the Group's foreign operations (including subsidiaries and associates in other countries) that are prepared using functional currencies which are different from the currency of WLC are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of WLC and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

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



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

g. Investment in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

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

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

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

When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other



comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

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

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

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.





Intangible assets are derecognized when they are disposed or are not expected to generate future economic benefits through usage or through disposal.

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

- k. Impairment of property, plant and equipment, right-of-use asset, investment properties, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

- l. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

#### Financial assets

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

- 1) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL,



financial assets at amortized cost and equity instruments at FVTOCI.

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses are recognized in profit or loss. The net gain or loss recognized in profit or loss. Fair value is determined in the manner described in Note 35.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition or time deposits with original maturities within 3-12 months from the date of acquisition and the interest paid to deposits which is terminated before maturity is higher than demand deposits, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.



c) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, operating/finance lease receivables, as well as contract assets.

The Group always recognizes lifetime Expected Credit Losses (ECLs) for trade receivables and operating/finance lease receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- a) Internal or external information shows that the debtor is unlikely to pay its creditors.
- b) Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.



### 3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

#### Equity instruments

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

The repurchase of WLC's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of WLC's own equity instruments.

#### Financial liabilities

##### 1) Subsequent measurement

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

###### a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses are recognized in profit or loss. Fair value is determined in the manner described in Note 35.

###### b) Financial guarantee contracts

Financial guarantee contracts issued by the Group, if not designated as at FVTPL, are subsequently measured at the higher of:

- i. The amount of the loss allowance reflecting expected credit losses; and
- ii. The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the revenue recognition policies.



## 2) Derecognition of financial liabilities

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

### Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

## m. Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

### 1) Fair value hedges

Gain or losses on derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

### 2) Cash flow hedges

The effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.



The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income (from the period when the hedge was effective) remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

n. Levies

Levies imposed by a government are accrued as other liabilities when the transactions or activities that trigger the payment of such levies occur. If the obligating event occurs over a period of time, the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold, the liability is recognized when that minimum threshold is reached.

o. Provisions

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

p. Revenue recognition

The Group identifies contracts with the customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods and real estate

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

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

For contracts to sell properties in the ordinary course of business, the fixed transaction price is received in instalments and recognized as a contract liability. The transaction price, after adjusting for the effect of the significant financing component, is recognized as revenue when the construction is completed and the property is transferred to the buyer.



## 2) Revenue from the others

### a) Revenue from the rendering of services

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

### b) Construction contract revenue

Contract assets are recognized during construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payment exceeds the revenue recognized to date, then the Group recognizes a contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

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

## q. Leases

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

### a) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under finance leases, the lease payments comprise fixed payments and variable lease payments which depend on an index or a rate. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

### b) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.



Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

r. Government grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.





s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

t. Share-based payment arrangements

Employee share options granted to employees and others providing similar services.

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

u. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.



## 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact when making its critical accounting estimates. The estimates and underlying assumptions are audited on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.



## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 4,413	\$ 2,926
Checking accounts and cash in banks	15,013,929	8,473,267
Cash equivalents		
Time deposits	4,265,727	1,801,526
Short-term bills	<u>113,904</u>	<u>109,862</u>
	<u>\$ 19,397,973</u>	<u>\$ 10,387,581</u>

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Bank balance	0.001%-3.8%	0.001%-2.75%
Short-term bills	0.4%-0.5%	0.16%

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

	<b>Purpose</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Other financial assets - current			
Restricted deposits	To meet contract requirements for completing construction	\$ 34,648	\$ 18,139
	To secure short-term borrowings and letters of credit	167,546	370,054
	Repatriation of offshore funds and project grants	40,786	80,493
Refundable deposits	Futures deposits	<u>303,146</u>	<u>61,964</u>
		<u>546,126</u>	<u>530,650</u>
Refundable deposits			
Other - pledged time deposits	To meet contract requirements for completing construction	51,718	51,667
	To meet required security deposit	268	867
Other non-current assets - other			
Restricted deposits	To meet construction project and performance letter of guarantee	11,023	10,854
Pledged time deposits	To meet required security deposit	<u>1,439</u>	<u>-</u>
		<u>64,448</u>	<u>63,388</u>
		<u>\$ 610,574</u>	<u>\$ 594,038</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
Commodity futures contracts	\$ -	\$ 1,940
Foreign exchange forward contracts	-	14,207
Options	7,629	-
Interest rate swap contracts	2	-
Non-derivative financial assets		
Contingent consideration (Note 32)	2,567,786	-
Foreign unlisted shares	<u>71,969</u>	<u>-</u>
Financial assets at FVTPL	<u>\$ 2,647,386</u>	<u>\$ 16,147</u>
Current	\$ 7,631	\$ 16,147
Non-current	<u>2,639,755</u>	<u>-</u>
	<u>\$ 2,647,386</u>	<u>\$ 16,147</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Commodity futures contracts	\$ 21,189	\$ -
Foreign exchange forward contracts	21,470	-
Exchange rate swap contracts	22,113	37,439
Non-derivative financial liabilities		
Contingent consideration (Note 31)	<u>363,192</u>	<u>-</u>
Financial liabilities at FVTPL	<u>\$ 427,964</u>	<u>\$ 37,439</u>
Current	\$ 64,772	\$ 37,439
Non-current	<u>363,192</u>	<u>-</u>
	<u>\$ 427,964</u>	<u>\$ 37,439</u>

a. As of December 31, 2022 and 2021, outstanding commodity futures not under hedge accounting were as follows:

	Type of Transaction	Quantity (Tons)	Trade Date	Maturity Date	Exercise Price (In Thousands)	Market Price (In Thousands)	Valuation (Loss) Gain (In Thousands)
<u>December 31, 2022</u>							
Commodity futures contracts							
Copper	Buy	5,900	2022.08.15-2022.12.30	2023.01.08-2023.06.21	US\$ 48,178	US\$ 49,332	US\$ 1,154
Copper	Buy	555	2022.11.11-2022.12.30	2023.01.31-2023.03.31	RMB 36,816	RMB 36,797	RMB (19)
Copper	Sell	25	2022.12.02	2023.03.02	US\$ 210	US\$ 209	US\$ 1

(Continued)



	Type of Transaction	Quantity (Tons)	Trade Date	Maturity Date	Exercise Price (In Thousands)	Market Price (In Thousands)	Valuation (Loss) Gain (In Thousands)
Nickel	Sell	4,188	2022.11.15-2022.12.30	2023.01.18-2023.03.20	US\$ 122,940	US\$ 124,780	US\$ (1,840)
Zinc	Buy	25	2022.12.05	2023.02.28	RMB 613	RMB 593	RMB (20)
<u>December 31, 2021</u>							
Commodity futures contracts							
Copper	Buy	9,925	2021.09.01-2021.12.31	2022.01.19-2022.04.20	US\$ 94,424	US\$ 96,834	US\$ 2,410
Copper	Sell	3,050	2021.12.10-2021.12.31	2022.01.19-2022.03.31	US\$ 29,229	US\$ 29,846	US\$ (617)
Nickel	Sell	2,238	2021.11.04-2021.12.31	2022.02.04-2022.03.31	US\$ 44,698	US\$ 46,459	US\$ (1,761)
Copper	Buy	1,770	2021.09.07-2021.12.31	2022.01.31-2022.06.30	RMB 124,483	RMB 124,618	RMB 135
Zinc	Buy	275	2021.10.14-2021.12.10	2022.03.31	RMB 6,520	RMB 6,630	RMB 110
(Concluded)							

- b. As of December 31, 2022 and 2021, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2022</u>			
Sell	USD to RMB	2023.01.31-2023.05.05	USD2,543/RMB17,228
	EUR to MYR	2023.01.31-2023.06.30	EUR1,499/MYR7,048
	EUR to USD	2023.01.03-2023.01.10	EUR7,987/USD8,500
Buy	USD to IDR	2023.01.31	USD91,000/IDR1,429,633,100
	USD to JPY	2023.01.05	USD3,000/JPY412,605
	USD to RMB	2023.01.05	USD16,571/RMB116,504
	EUR to USD	2023.01.05	EUR15,834/USD16,571
	USD to SGD	2023.01.30-2023.02.01	USD13,127/SGD17,778
	EUR to KRW	2023.01.31-2023.02.28	EUR434/KRW592,638
	EUR to TRY	2023.01.31	EUR292/TRY6,000
	EUR to ZAR	2023.01.18-2023.02.17	EUR710/ZAR12,483
	EUR to GBP	2023.01.31-2023.03.31	EUR4,944/GBP4,340
	EUR to BRL	2023.01.17-2023.03.15	EUR5,485/BRL29,982
<u>December 31, 2021</u>			
Sell	EUR to USD	2022.01.18-2022.02.17	EUR18,000/USD20,326
	USD to NTD	2022.01.07-2022.02.10	USD100,000/NTD2,776,800
	USD to RMB	2022.01.13-2022.07.20	USD83,643/RMB536,528
	EUR to MYR	2022.01.14-2022.03.02	EUR1,160/MYR5,590
Buy	USD to NTD	2022.01.06-2022.02.21	USD129,363/NTD3,579,887
	USD to JPY	2022.01.12-2022.01.24	USD9,430/JPY1,077,970
	EUR to USD	2022.01.10	EUR25,405/USD28,694
	USD to SGD	2022.01.12	USD20,207/SGD27,651
	USD to RMB	2022.01.13	USD10,000/RMB63,611

- c. As of December 31, 2022 and 2021, outstanding exchange rate swap contracts not under hedge accounting were as follows:

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
December 31, 2022	USD to RMB	2023.01.18	USD75,000/RMB516,585
	EUR to USD	2023.01.17	EUR15,955/USD17,000
	EUR to ZAR	2023.01.18	EUR133/ZAR2,390
December 31, 2021	USD to NTD	2022.01.12	USD75,000/NTD2,097,188
	USD to NTD	2022.01.12	USD70,000/NTD1,957,375
	USD to NTD	2022.01.14	USD40,000/NTD1,109,600

- d. As of December 31, 2022, outstanding commodity futures option contracts not under hedge accounting were as follows:

<b>Notional Amount</b>	<b>Type of Transaction</b>	<b>Buyer/Seller</b>	<b>Premium Paid</b>	<b>Fair Value</b>
USD29,118	Put	Buyer	USD672	USD249

- e. As of December 31, 2022, outstanding interest rate swap contracts not under hedge accounting were as follows:

	<b>Notional Amount</b>	<b>Maturity Date</b>	<b>Range of Interest Rates Paid</b>	<b>Range of Interest Rates Received</b>
December 31, 2022	EUR19,934	2023.02.01	-0.433%	Note

Note: It is the three-month interest rate of Euro Interbank Offered Rate (Euribor) on the second business day before the issuance date.

- f. For the years ended December 31, 2022 and 2021, the Group's strategies for commodity futures contracts, foreign exchange forward contracts, exchange rate swap contracts and interest rate swap contracts were to hedge exposures to fluctuations in the prices of raw material, foreign exchange rates and interest rates. However, those derivative financial instruments did not meet the criteria of hedge effectiveness; therefore, they were not accounted for hedge accounting.
- g. Financial Assets - contingent consideration is the amount of consideration to be received by the Group from the acquirer in the disposal of the subsidiary (the "Target Company") on July 27, 2022. In accordance with the agreement of contingent consideration, the acquirer shall respectively pay additional payments when the gross profit of Target Company during the period starting from the settlement date to December 31, 2023 and the gross profit in the year 2024 meet the amount agreed upon by Target Company.
- h. Financial liabilities - contingent consideration according to the agreement of acquisition, the Group is required to make additional payments to the seller if Cogne Acciai Speciali S.p.A.'s earnings before interest, income tax, depreciation and amortization from the settlement date to 2025 meet the contract requirements. The fair value of this obligation at the acquisition date is



estimated to be \$355,089 thousand.

## 8. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets</u>		
Fair value hedges - exchange rate swap contracts	\$ -	\$ 89,232
Cash flow hedges - interest rate swap contracts	<u>165,019</u>	<u>-</u>
	<u>\$ 165,019</u>	<u>\$ 89,232</u>
Current	\$ 20,615	\$ 89,232
Non-current	<u>144,404</u>	<u>-</u>
	<u>\$ 165,019</u>	<u>\$ 89,232</u>
<u>Financial liabilities</u>		
Cash flow hedges - gas swap contracts	<u>\$ 222,272</u>	<u>\$ -</u>
Current	\$ 222,272	\$ -
Non-current	<u>-</u>	<u>-</u>
	<u>\$ 222,272</u>	<u>\$ -</u>

- a. The Group entered into exchange rate swap contracts to avoid exchange rate exposure of its foreign-currency trade receivables and trade payables. The conditions of the exchange rate swaps are the same as the one of the corresponding financial assets, so the management believes that the exchange rate swaps are highly effective hedging instruments. The outstanding exchange rate swap contracts of the Group at the end of the year were as follows:

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>December 31, 2021</u>			
Exchange rate swap contracts	USD to RMB	2022.01.14	USD75,000/RMB488,325
	USD to RMB	2022.01.14	USD70,000/RMB455,700
	USD to RMB	2022.06.08	USD20,000/RMB129,220
	USD to RMB	2022.06.08	USD15,000/RMB96,921
			<b>For the Year Ended December 31, 2021</b>
Gain on the hedging instruments			<u>\$ 89,232</u>
Loss on the hedged items			<u>\$ 52,963</u>

- b. The Group converts some of the issued floating rate financial liabilities from floating rate to fixed rate through the interest rate swap contracts in order to reduce the risk of the cash flow of the issued floating rate financial liabilities due to changes in interest rates. The conditions of the interest rate swap contracts are the same as the one of the related financial liabilities, therefore, the management of the Group considers they can be highly effective hedging instruments. The outstanding interest rate swap contracts of the Group at the end of the year were as follows:

December 31, 2022	Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
Exchange rate swap contracts	EUR95,177	2023.05.31-2030.12.18	-0.255%-3.120%	Euribor three to six months

- c. The Group is exposed to the risk that the future cash flows of the assets and liabilities may fluctuate due to changes in market prices of gas that are required for the Group's operations. The Group assesses that the risk may be significant and therefore enters into gas swap contracts for hedging purposes. The breakdown of the cash flow hedge items and derivative financial instruments designated for hedging as of December 31, 2022 were as follows:

Financial Commodity	Type of Transaction	Quantity (Tons)	Trade Date	Maturity Date	Notional Amount (In Thousands)	Market Price (In Thousands)	Valuation (Loss) Gain (In Thousands)
<u>December 31, 2022</u>							
Gas	Buy	139,800	2022.04.22-2022.12.28	2023.01.31-2023.12.31	EUR17,700	EUR10,907	EUR(6,793)

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Foreign investments		
Structured deposit	\$ 2,202	\$ -
<u>Non-current</u>		
Foreign investments		
Government bonds	\$ 189,242	\$ -

The interest rates for the government bonds the Group purchased was 4.45% as of December 31, 2022.





## 10. CONTRACT ASSETS

As of December 31, 2022 and 2021, contract balances were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Contract assets		
Cable installation and steel cable sales contract	\$ 1,242,468	\$ 840,341
Solar power systems installation	1,779,769	4,910,003
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Contract assets - current	<u>\$ 3,022,237</u>	<u>\$ 5,750,344</u>

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

## 11. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Notes receivable</u>		
Notes receivable	<u>\$ 4,537,322</u>	<u>\$ 2,627,411</u>
<u>Trade receivables</u>		
Trade receivables	\$ 17,575,200	\$ 11,138,592
Less: Allowance for impairment loss	<u>(280,210)</u>	<u>(92,903)</u>
	<u>\$ 17,294,990</u>	<u>\$ 11,045,689</u>

### a. Notes receivable

The Group entered into a factoring agreement with financial institutions to sell its discounted notes receivable. Although the Group has transferred the contractual rights to receive cash flows, the Group is still obligated to bear the default risk of such discounted notes receivable. Thus, it did not meet the conditions for derecognition of financial assets. The related information is as follows:

#### December 31, 2022

<b>Factoring Partners</b>	<b>Notes Receivable Transferred (Note)</b>	<b>Amount Advanced</b>	<b>Interest Rate</b>
Shanghai Pudong Development Bank Co., Ltd.	\$ 1,425,350	\$ 1,425,350	1.25%-2.20%
China Minsheng Banking Corp., Ltd.	<u>128,663</u>	<u>128,663</u>	1.57%-2.10%
	<u>\$ 1,554,013</u>	<u>\$ 1,554,013</u>	

Note: Classified under short-term borrowings; for related information on guarantee and short-term borrowings, refer to Notes 22 and 37.

b. Trade receivable

The average credit period on the sales of goods was 60 days. In determining the collectability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. When the Group dealt with new entities, the Group reviewed the credit ratings of the entities and obtained sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. In this regard, the management believes the Group's credit risk is significantly reduced.

The Group permits the use of a lifetime expected credit losses allowance for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience with the respective debtors and an analysis of the debtors' current financial positions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on the past due status of receivables is not further distinguished according to different segments of the Group's customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, they are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2022

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0%-1%	0%-2%	0%-50%	0%-100%	50%-100%	
Gross carrying amount	\$ 14,708,361	\$ 2,274,401	\$ 255,547	\$ 172,148	\$ 164,743	\$ 17,575,200
Loss allowance (lifetime ECLs)	(8,432)	(31,422)	(26,064)	(71,707)	(142,585)	280,210
Amortized cost	<u>\$ 14,699,929</u>	<u>\$ 2,242,979</u>	<u>\$ 229,483</u>	<u>\$ 100,441</u>	<u>\$ 22,158</u>	<u>\$ 17,294,990</u>



## December 31, 2021

	<b>Not Past Due</b>	<b>Less than 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 365 Days</b>	<b>Over 365 Days</b>	<b>Total</b>
Expected credit loss rate	0%	0%-2%	0%-50%	0%-100%	50%-100%	
Gross carrying amount	\$ 9,374,469	\$ 1,373,270	\$ 224,201	\$ 74,105	\$ 92,547	\$ 11,138,592
Loss allowance (lifetime ECLs)	-	(2,081)	(12,786)	(10,688)	(67,348)	(92,903)
Amortized cost	<u>\$ 9,374,469</u>	<u>\$ 1,371,189</u>	<u>\$ 211,415</u>	<u>\$ 63,417</u>	<u>\$ 25,199</u>	<u>\$ 11,045,689</u>

The movements of the loss allowance of trade receivables were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 92,903	\$ 94,022
Add: Amounts recovered	-	8,764
Add (less): Net remeasurement of loss allowance	105,680	(7,900)
Add: Acquisition through merger	91,508	-
Less: Amounts written off	(17,859)	(508)
Foreign exchange gains and losses	<u>7,978</u>	<u>(1,475)</u>
Balance at December 31	<u>\$ 280,210</u>	<u>\$ 92,903</u>

## 12. FINANCE LEASE RECEIVABLES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Undiscounted lease payments</u>		
Year 1	\$ 81,359	\$ 81,359
Year 2	81,359	81,359
Year 3	81,359	81,359
Year 4	81,359	81,359
Year 5	81,359	81,359
Year 6 onwards	<u>369,017</u>	<u>450,376</u>
	775,812	857,171
Less: Unearned finance income	<u>(113,269)</u>	<u>(136,586)</u>
Net investment in leases presented as finance lease receivables	<u>\$ 662,543</u>	<u>\$ 720,585</u>
Current	\$ 60,020	\$ 58,042
Non-current	<u>602,523</u>	<u>662,543</u>
	<u>\$ 662,543</u>	<u>\$ 720,585</u>

The power supply contracts of solar power equipment are processed according to the finance leases accounting policy. The average term of finance leases entered into was 20 years.

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The average effective interest rate contracted was 3.30% per annum as of December 31, 2022 and 2021.

The finance lease receivables as of December 31, 2022 and 2021 were neither past due nor impaired.

The amounts of finance lease receivables pledged as collateral or for security are set out in Note 37.

### 13. INVENTORIES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Manufacturing and trading industries		
Raw materials	\$ 7,852,613	\$ 6,753,215
Raw materials in transit	1,871,877	2,609,416
Supplies	2,256,735	1,780,788
Work-in-process	8,652,837	3,726,215
Finished goods and merchandise	12,807,714	9,435,648
Contracts in progress	<u>462,456</u>	<u>229,425</u>
	<u>33,904,232</u>	<u>24,534,707</u>
Real estate development industry		
Undeveloped land	3,434	3,434
Buildings and land held for sale	208,551	211,858
Contracts in progress	<u>1,964,074</u>	<u>6,909,724</u>
	<u>2,176,059</u>	<u>7,125,016</u>
	<u>\$ 36,080,291</u>	<u>\$ 31,659,723</u>

- a. The cost of goods sold related to inventories for the years ended December 31, 2022 and 2021 were NT\$162,026,574 thousand and NT\$135,868,487 thousand, respectively.
- b. The cost of goods sold for the years ended December 31, 2022 and 2021 included inventory write-downs of NT\$101,667 thousand and reversals of inventory write-downs of NT\$38,114 thousand, respectively. The reversals of previous write-downs for the years ended December 31, 2021 resulted from the inventory closeout.
- c. The inventory for the real estate development business are primarily land and construction costs for future construction and contracts in progress of WLC subsidiary Walsin (Nanjing) Development Co., Ltd.
- d. Walsin (Nanjing) Development Co., Ltd. entered into an agreement with third parties for the sale of real estate as of December 31, 2022 and 2021; the selling prices for the related residential buildings and office buildings were RMB4,710 thousand and RMB2,400 thousand, respectively. The sale of the real estate in the amounts of NT\$19,786 thousand and NT\$9,918 thousand were recognized as operating revenue for the years ended December 31, 2022 and 2021, respectively.



## 14. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Domestic listed ordinary shares		
HannStar Display Corp.	\$ 3,340,899	\$ 5,423,342
HannStar Board Corp.	2,017,812	2,894,429
TECO Electric & Machinery Co., Ltd.	6,348,587	7,293,386
Global PMX Co., Ltd.	-	15,928
K. S. Terminals Inc.	10,179	-
Domestic unlisted ordinary shares	564,148	560,757
Foreign unlisted ordinary shares	<u>60,607</u>	<u>102,745</u>
	<u>\$ 12,342,232</u>	<u>\$ 16,290,587</u>
Current	-	-
Non-current	<u>12,342,232</u>	<u>16,290,587</u>
	<u>\$ 12,342,232</u>	<u>\$ 16,290,587</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management selected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. On December 31, 2022 and 2021, the unrealized valuation (losses) gains resulting from these investments in equity instruments were NT\$(4,067,542) thousand and NT\$2,594,208 thousand, respectively, recognized in other comprehensive income (loss).

On January 6, 2021, the Group issued 205,333 thousand shares in exchange for 171,104 thousand shares of TECO Electric & Machinery Co., Ltd. WLC and TECO agreed to build a strategic alliance to enhance competitiveness and cooperation in next generation smart grid, smart manufacturing, and green energy industry. In addition, the Group also acquired the shares of TECO Electric & Machinery Co., Ltd. from the open market. As of December 31, 2022 and 2021, the Group held a total of 230,439 thousand shares of TECO Electric & Machinery Co., Ltd.

## 15. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

The consolidated entities as of December 31, 2022 and 2021 were as follows:

Investor	Investee	Main Business	Percentage of Ownership (%)	
			December 31 2022	2021
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited (WLHL)	Investment holding	100.00	100.00
	Concord Industries Limited (CIL)	Investment holding	100.00	100.00
	Ace Result Global Limited	Investment holding	100.00	100.00
	Min Maw Precision Industry Corp. (Min Maw)	Solar power systems management, design, and installation	100.00	100.00
	Walsin Info-Electric Corp. (Walsin Info-Electric)	Mechanical and electrical, communications, and power systems	99.51	99.51
	Chin-Cherng Construction Co. (Chin-Cherng)	Investment in the construction of residential and sale of commercial buildings, rental design and interior decoration business	99.22	99.22
	Joint Success Enterprises Limited	Investments	49.05	49.05
	P.T. Walsin Lippo Industries (P.T. Walsin)	Manufacture and sale of cables and wires	70.00	70.00

(Continued)



Investor	Investee	Main Business	Percentage of Ownership (%)	
			December 31	
			2022	2021
	PT. Walsin Lippo Kabel	Cables and wires	70.00	70.00
	Waltuo Green Resources Corp.	Waste disposal, resource recovery and cement products	100.00	100.00
	PT. Walsin Nickel Industrial Indonesia	Manufacture and sale of nickel pig iron	50.00 (Note 1)	50.00 (Note 1)
	Walsin Precision Technology Sdn. Bhd.	Manufacture and sale of stainless steel	100.00	100.00
	Walsin Singapore Pte. Ltd. (former name: New Hono Investment Pte. Ltd.)	Investment holding	100.00	100.00
	Walsin America, LLC	Investment holding	100.00 (Notes 3 and 4)	-
	Walsin Lihwa Europe S.a r.l.	Investment holding	100.00 (Note 5)	-
	PT. Walsin Research Innovation Indonesia	Consulting and Management	99.00 (Note 6)	-
Walsin Singapore Pte. Ltd.	PT. Walsin Nickel Industrial Indonesia	Manufacture and sale of nickel pig iron	42.00 (Note 1)	42.00 (Note 1)
	PT. Sunny Metal Industry	Manufacture and sale of nickel matte	50.10 (Note 7)	-
WLHL	Walsin (China) Investment Co., Ltd.	Investment holding	100.00	100.00
	Jiangyin Walsin Steel Cable Co., Ltd. (JHS)	Manufacture and sale of steel cables and wires	100.00	100.00
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	95.71	95.71
	Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	100.00	100.00
	Walsin International Investments Limited	Investments	100.00	100.00
	Borrego Solar System, Inc.	Solar power system	- (Note 2)	73.49
	Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and assets management, consulting and advertising services	100.00	100.00
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat-rolled products	18.37	18.37
CIL	Walsin Specialty Steel Corp.	Sale of specialty steel products and investment holding	100.00	100.00
	Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes, rods and wires	100.00	100.00
	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Manufacture and sale of stainless steel	- (Note 8)	100.00 (Note 8)
	Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of new-type alloy materials	100.00	100.00
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat-rolled products	81.63	81.63
	XiAn Walsin Metal Product Co., Ltd.	Production and sale of medium and heavy specialty steel plates	100.00	100.00
Chin-Cherng Construction Co.	Joint Success Enterprises Limited	Investments	50.95	50.95
	Walsin (Nanjing) Development Co., Ltd.	Construction, rental and sale of buildings and industrial factories	100.00	100.00
	Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	100.00	100.00
Min Maw Precision Industry Corp. (Min Maw)	PT. Walsin Research Innovation Indonesia	Consulting and management	1.00 (Note 6)	-
Walsin America, LLC	Borrego Energy Holdings, LLC	Solar power system	72.55 (Note 2)	- (Note 2)
Borrego Energy Holdings, LLC	Borrego Energy, LLC	Solar power system	100.00	-
Walsin Lihwa Europe S.a r.l.	MEG S.A.	Investment holding	85.03 (Note 5)	-
MEG S.A.	Cogne Acciai Speciali S.p.A.	Manufacture and sale of stainless steel	82.32	-

(Concluded)

Note 1: In January 2020, the Group invested capital to establish PT. Walsin Nickel Industrial Indonesia (“WNII”). Walsin Singapore Pte. Ltd. (“WLS”) formerly known as New Hono Investment Pte. Ltd. held 42% equity of WNII. According to the joint venture agreement signed by the Group and WLS in January 2020, the Group had the right to purchase 100% of WLS’s shares on the terms agreed by all parties to acquire 42% equity of WNII indirectly. On June 25, 2021, the board of directors of the Group resolved to acquire 100% of WLS’s shares and the Group acquired 100% of WLS’s shares at a price US\$178,500 thousand on July 30, 2021. After the transaction, the Group directly and indirectly acquired 92% of WNII’s shares. The Investment Commission of the Ministry of Economic Affairs has approved the investment to pay by the Group’s own foreign exchange. Therefore, the Group communicated with Golden Harbour International Pte. Ltd. to exercise the early redemption and to pay back the US-currency bonds. The Group will pay the purchase of WLS’s shares by the redemption of the bonds. As of December 31, 2021, US\$178,500 thousand has been paid.



- Note 2: On May 24, 2022, WLC's board of directors resolved that the subsidiary, Borrego Solar Systems, Inc. would split its business into its 100% subsidiaries New Leaf Energy, Inc. (original name of the announcement: 2022 Solar Development, Inc.) and Borrego Energy, LLC, and sold its subsidiary New Leaf Energy, Inc. The transaction was completed on July 28, 2022 (United States local time July 27, 2022).
- Note 3: On May 24, 2022, WLC's board of directors resolved to establish Walsin America, LLC. After the Group's organizational restructuring, Walsin America, LLC acquired 72.55% shares of Borrego Energy Holdings, LLC's shares. Borrego Energy Holdings, LLC owns 100% of Borrego Energy Holdings, LLC's shares.
- Note 4: Due to the adjustment of the investment structure of the Group, it was transferred from WLHL to WLC in December 2022.
- Note 5: On May 31, 2022, WLC's board of directors resolved to establish Walsin Lihwa Europe S.a r.l. and Walsin Lihwa Europe S.a r.l. acquired 85.03% shares of Luxembourg MEG S.A.
- Note 6: The Group established PT. Walsin Research Innovation Indonesia on November 4, 2022.
- Note 7: On September 23, 2022, the Group acquired 50.10% shares of PT. Sunny Metal Industry from Ever Rising Limited and Berg Holding Limited at the price of US\$200,000 thousand. On November 4, 2022, WLC's board of directors resolved to transfer PT. Sunny Metal Industry to Walsin Singapore Pte. Ltd.
- Note 8: Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd was dissolved on July 13, 2022.

b. The following entities were excluded from consolidation as of December 31, 2022 and 2021:

Investor	Investee	Main Business	Percentage of Ownership (%)		Note
			December 31		
			2022	2021	
WLHL	Walcom Chemicals Industrial Limited	Commerce	65.00	65.00	Note

Note: The investee has a capital of HK\$500 thousand and total assets of HK\$1 thousand. As of December 31, 2022 and 2021, the investee had no sales, and its total assets were less than 1% of the Group's consolidated total assets.

The financial statements of certain subsidiaries included in the consolidated financial statements, namely P.T. Walsin Lippo Industries, Walsin Precision Technology Sdn, Bhd. and Cogne Acciai Speciali S.p.A. for the year ended December 31, 2022 and P.T. Walsin Lippo Industries, Walsin Precision Technology Sdn, Bhd. and WLHL's subsidiary Borrego Solar Systems, Inc. for the year ended December 31, 2021 were not audited by the auditor of WLC but by other auditors. As of December 31, 2022 and 2021, the combined total assets of those subsidiaries were NT\$27,113,218 thousand and NT\$10,292,042 thousand, respectively; for the years ended December 31, 2022 and 2021, the combined net operating revenues of these subsidiaries were NT\$3,409,851 thousand and NT\$17,799,306 thousand, respectively.

## 16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates:

Name of Associate	December 31			
	2022		2021	
	Carrying Amount	Ownership Percentage (%)	Carrying Amount	Ownership Percentage (%)
<u>Material associates</u>				
Winbond Electronics Corp.	\$ 20,953,105	22.21	\$ 18,357,864	22.21
Walton Advanced Engineering, Inc.	2,109,400	21.01	2,322,664	21.01
Walsin Technology Corp.	8,147,080	18.30	8,166,415	18.30
<u>Associates that are not Individually material</u>				
Others	<u>14,979,814</u>		<u>10,604,174</u>	
	<u>\$ 46,189,399</u>		<u>\$ 39,451,117</u>	

Refer to Table 8 “Information on Investees” and Table 9 “Information on Investments in Mainland China” for the nature of activities, principal places of business and countries of incorporation of the associates.

The Group is the single largest shareholder of the abovementioned material associates in which the Group has an ownership percentage of less than 50%. Considering the relative size and wide dispersion of the voting rights owned by other shareholders, the Group has no ability to direct the relevant activities of the associates and therefore has no control over these associates.

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

Name of Associate	December 31	
	2022	2021
Winbond Electronics Corp.	<u>\$ 17,323,429</u>	<u>\$ 30,050,846</u>
Walton Advanced Engineering, Inc.	<u>\$ 1,244,282</u>	<u>\$ 2,066,495</u>
Walsin Technology Corp.	<u>\$ 7,023,284</u>	<u>\$ 14,846,688</u>

All the associates were accounted for using the equity method.

The Group’s share of profit and other comprehensive income of associates for the years ended December 31, 2022 and 2021 were based on the associates’ financial statements audited by independent auditors for the same period.





a. Material associates

December 31, 2022

	<b>Winbond Electronics Corp.</b>	<b>Walton Advanced Engineering, Inc.</b>	<b>Walsin Technology Corp.</b>
Current assets	\$ 68,537,523	\$ 8,080,399	\$ 42,078,074
Non-current assets	115,627,470	11,240,954	49,653,421
Current liabilities	(27,776,754)	(5,110,938)	(19,230,081)
Non-current liabilities	<u>(53,654,523)</u>	<u>(3,970,323)</u>	<u>(18,917,380)</u>
Equity	102,733,716	10,240,092	53,584,034
Non-controlling interests	<u>(8,570,720)</u>	<u>(200,109)</u>	<u>(9,303,110)</u>
	<u>\$ 94,162,996</u>	<u>\$ 10,039,983</u>	<u>\$ 44,280,924</u>
Proportion of the Group's ownership	22.21%	21.01%	18.30%
Equity attributable to the Group	\$ 20,913,601	\$ 2,109,400	\$ 8,103,409
Other adjustments	<u>39,504</u>	<u>-</u>	<u>43,671</u>
Carrying amount	<u>\$ 20,953,105</u>	<u>\$ 2,109,400</u>	<u>\$ 8,147,080</u>
Operating revenue	<u>\$ 94,529,790</u>	<u>\$ 9,506,348</u>	<u>\$ 35,297,163</u>
Net profit for the year	\$ 14,986,552	\$ 156,098	\$ 2,295,275
Other comprehensive income (loss)	<u>2,717,903</u>	<u>(1,186,315)</u>	<u>218,387</u>
Total comprehensive income for the year	<u>\$ 17,704,455</u>	<u>\$ (1,030,217)</u>	<u>\$ 2,513,662</u>

December 31, 2021

	<b>Winbond Electronics Corp.</b>	<b>Walton Advanced Engineering, Inc.</b>	<b>Walsin Technology Corp.</b>
Current assets	\$ 72,506,733	\$ 8,361,878	\$ 41,187,886
Non-current assets	80,233,551	13,155,507	52,910,618
Current liabilities	(28,644,931)	(5,019,961)	(21,557,433)
Non-current liabilities	<u>(34,061,841)</u>	<u>(5,259,172)</u>	<u>(19,062,857)</u>
Equity	90,033,512	11,238,252	53,478,214
Non-controlling interests	<u>(7,589,399)</u>	<u>(297,416)</u>	<u>(9,089,372)</u>
	<u>\$ 82,444,113</u>	<u>\$ 10,940,836</u>	<u>\$ 44,388,842</u>

(Continued)

	<b>Winbond Electronics Corp.</b>	<b>Walton Advanced Engineering, Inc.</b>	<b>Walsin Technology Corp.</b>
Proportion of the Group's ownership	22.21%	21.01%	18.30%
Equity attributable to the Group	\$ 18,310,837	\$ 2,298,670	\$ 8,123,158
Other adjustments	<u>47,027</u>	<u>23,994</u>	<u>43,257</u>
Carrying amount	<u>\$ 18,357,864</u>	<u>\$ 2,322,664</u>	<u>\$ 8,166,415</u>
Operating revenue	<u>\$ 99,569,924</u>	<u>\$ 8,118,256</u>	<u>\$ 42,108,708</u>
Net profit for the year	\$ 15,000,122	\$ 118,732	\$ 8,961,076
Other comprehensive income (loss)	<u>4,186,931</u>	<u>(892,554)</u>	<u>1,157,156</u>
Total comprehensive income for the year	<u>\$ 19,187,053</u>	<u>\$ (773,822)</u>	<u>\$ 10,118,232</u> (Concluded)

b. Associates that are not individually material

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
The Group's share of:		
Net profit from continuing operations	\$ 389,057	\$ 327,147
Other comprehensive (loss) income	<u>(893,111)</u>	<u>1,839,778</u>
Total comprehensive income for the year	<u>\$ (504,054)</u>	<u>\$ 2,166,925</u>

The Group's share of profit and other comprehensive income of the associates for the years ended December 31, 2022 and 2021 was based on the associates' financial statements audited by independent auditors for the same period. PT. Westrong Metal Industry and PT. CNGR Walsin New Energy and Technology Indonesia for the year ended 2022 and Tsai Yi Corporation (formerly known as Walsin Color Co., Ltd.) for the year ended 2021 were not audited by the auditor of WLC but by other auditors. As of December 31, 2022 and 2021, the carrying amounts of investments accounted for using the equity method were NT\$4,869,105 thousand and NT\$1,053,790 thousand, respectively; for the years ended December 31, 2022 and 2021, the amounts of the share of loss were NT\$313 thousand and NT\$5,936 thousand, respectively.

## 17. PROPERTY, PLANT AND EQUIPMENT

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Assets used by the Group	<u>\$ 65,656,466</u>	<u>\$ 41,474,488</u>



	Land	Buildings and Improvements	Machinery and Equipment	Other Equipment	Construction in Progress	Total
<b>Cost</b>						
Balance at January 1, 2022	\$ 3,611,025	\$ 18,671,274	\$ 34,969,055	\$ 7,783,638	\$ 6,305,375	\$ 71,340,367
Additions	80,867	38,133	456,243	558,271	12,079,434	13,212,948
Disposals	(50,357)	(12,016)	(294,063)	(208,508)	(401)	(565,345)
Acquisition through business combination	27,303	2,117,040	11,468,941	126,563	8,905,089	22,644,936
Reclassified	107,209	316,857	2,574,412	429,784	(3,428,262)	-
Transfers from (to) investment properties	-	87,958	-	(100,679)	-	(12,721)
Transfers from inventories	-	1,291,378	-	-	-	1,291,378
Effects of foreign currency exchange differences	623	354,562	1,254,274	17,936	1,404	1,628,799
Balance at December 31, 2022	<u>\$ 3,776,670</u>	<u>\$ 22,865,186</u>	<u>\$ 50,428,862</u>	<u>\$ 8,607,005</u>	<u>\$ 23,862,639</u>	<u>\$ 109,540,362</u>
<b>Accumulated depreciation and impairment</b>						
Balance at January 1, 2022	\$ 8,067	\$ 7,102,766	\$ 17,527,744	\$ 5,227,302	\$ -	\$ 29,865,879
Depreciation expenses	-	879,711	2,423,403	589,329	-	3,892,443
Disposals	-	(9,863)	(273,116)	(196,262)	-	(479,241)
Reclassified	-	156,976	(344,870)	187,894	-	-
Impairment losses reversed	-	-	(111)	(44)	-	(155)
Transfers from (to) investment properties	-	5,223	-	(17,082)	-	(11,859)
Acquisition through business combination	-	1,566,907	8,513,323	70,907	-	10,151,137
Effects of foreign currency exchange differences	-	88,355	325,815	51,522	-	465,692
Balance at December 31, 2022	<u>\$ 8,067</u>	<u>\$ 9,790,075</u>	<u>\$ 28,172,188</u>	<u>\$ 5,913,566</u>	<u>\$ -</u>	<u>\$ 43,883,896</u>
Carrying amount at December 31, 2022	<u>\$ 3,768,603</u>	<u>\$ 13,075,111</u>	<u>\$ 22,256,674</u>	<u>\$ 2,693,439</u>	<u>\$ 23,862,639</u>	<u>\$ 65,656,466</u>
<b>Cost</b>						
Balance at January 1, 2021	\$ 3,483,995	\$ 16,545,654	\$ 25,806,284	\$ 7,133,130	\$ 8,576,988	\$ 61,546,051
Additions	78,421	90,205	1,600,733	648,730	7,592,258	10,010,347
Disposals	(1,164)	(41,482)	(323,350)	(178,162)	(60)	(544,218)
Reclassified	49,773	1,463,134	8,021,006	209,169	(9,743,082)	-
Transfers from inventories	-	682,342	-	-	-	682,342
Effects of foreign currency exchange differences	-	(68,579)	(135,618)	(29,229)	(120,729)	(354,155)
Balance at December 31, 2021	<u>\$ 3,611,025</u>	<u>\$ 18,671,274</u>	<u>\$ 34,969,055</u>	<u>\$ 7,783,638</u>	<u>\$ 6,305,375</u>	<u>\$ 71,340,367</u>
<b>Accumulated depreciation and impairment</b>						
Balance at January 1, 2021	\$ 8,067	\$ 6,265,972	\$ 15,948,131	\$ 5,029,660	\$ -	\$ 27,251,830
Depreciation expenses	-	760,482	1,288,451	450,632	-	2,499,565
Disposals	-	(37,511)	(305,754)	(171,011)	-	(514,276)
Reclassified	-	55,108	4,583	(59,691)	-	-
Impairment losses recognized (reversed)	-	71,468	630,232	(7,899)	-	693,801
Effects of foreign currency exchange differences	-	(12,753)	(37,899)	(14,389)	-	(65,041)
Balance at December 31, 2021	<u>\$ 8,067</u>	<u>\$ 7,102,766</u>	<u>\$ 17,527,744</u>	<u>\$ 5,227,302</u>	<u>\$ -</u>	<u>\$ 29,865,879</u>
Carrying amount at December 31, 2021	<u>\$ 3,602,958</u>	<u>\$ 11,568,508</u>	<u>\$ 17,441,311</u>	<u>\$ 2,556,336</u>	<u>\$ 6,305,375</u>	<u>\$ 41,474,488</u>

The machinery equipment of property, plant, and equipment of PT. Walsin Nickel Industrial Indonesia which is the subsidiary of the Group is depreciated on an accelerated basis over their estimated useful lives for 16 years.

Apart from stated above, the above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	3-50 years
Machinery and equipment	3-20 years
Other equipment	3-15 years

The Group's main buildings, office buildings and electrical and mechanical power equipment are depreciated over their estimated useful lives of 20-50 years and 18-20 years, respectively.

The Group owns parcels of land which were registered in the name of certain individuals because of certain regulatory restrictions. To secure its ownership of such parcels of land, WLC keeps in its possession the land titles with the annotation of the land being pledged to WLC. As of December 31, 2022 and 2021, the recorded total carrying amount of such parcels of land amounted to NT\$491,917 thousand and NT\$542,274 thousand, respectively.

After appropriate evaluation, the Group recognized a reversal of impairment loss on property, plant and equipment of NT\$155 thousand and NT\$(693,801) thousand for the years ended December 31, 2022 and 2021, respectively.

## 18. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Land	\$ 3,443,726	\$ 1,643,343
Buildings	506,666	124,948
Machinery equipment	263,942	-
Office equipment	61,617	-
Transportation equipment	<u>33,404</u>	<u>35,219</u>
	<u>\$ 4,309,355</u>	<u>\$ 1,803,510</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 1,751,920</u>	<u>\$ 291,861</u>
Acquisition through business combination	<u>\$ 933,182</u>	<u>\$ -</u>
Disposals	<u>\$ (48,913)</u>	<u>\$ (7,762)</u>

(Continued)



	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Depreciation charge for right-of-use assets		
Land	\$ 115,110	\$ 57,774
Buildings	61,748	57,569
Machinery equipment	3,357	-
Office equipment	762	-
Transportation equipment	<u>18,211</u>	<u>16,964</u>
	<u>\$ 199,188</u>	<u>\$ 132,307</u>
		(Concluded)

b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Current	<u>\$ 245,223</u>	<u>\$ 71,470</u>
Non-current	<u>\$ 2,309,732</u>	<u>\$ 243,676</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Land	0.83%-6.123%	0.83%-6.123%
Buildings	1.198%-8%	1.409%-8%
Machinery equipment	3.00%-3.90%	-
Office equipment	3.00%-3.90%	-
Transportation equipment	1.964%-5.75%	3.038%-5.75%

c. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 52,133</u>	<u>\$ 45,453</u>
Expenses relating to low-value asset leases	<u>\$ 936</u>	<u>\$ 722</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 9,052</u>	<u>\$ 8,688</u>
Total cash outflow for leases	<u>\$ (182,746)</u>	<u>\$ (144,657)</u>

## 19. INVESTMENT PROPERTIES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Completed investment properties	<u>\$ 16,123,806</u>	<u>\$ 10,431,063</u>
		<b>Completed Investment Properties</b>
<u>Cost</u>		
Balance at January 1, 2022		\$ 12,991,354
Additions		182
Reclassification from property, plant and equipment		12,721
Others		72,339
Transferred from inventories		5,968,587
Effects of foreign currency exchange differences		<u>33,660</u>
Balance at December 31, 2022		<u>\$ 19,078,843</u>
Balance at January 1, 2021		\$ 12,271,365
Additions		2,362
Transferred from inventories		725,571
Effects of foreign currency exchange differences		<u>(7,944)</u>
Balance at December 31, 2021		<u>\$ 12,991,354</u>
<u>Accumulated depreciation and impairment</u>		
Balance at January 1, 2022		\$ 2,560,291
Depreciation expenses		294,016
Reclassification from property, plant and equipment		11,859
Others		76,950
Effects of foreign currency exchange differences		<u>11,921</u>
Balance at December 31, 2022		<u>\$ 2,955,037</u>
Balance at January 1, 2021		\$ 2,396,439
Depreciation expenses		167,443
Effects of foreign currency exchange differences		<u>(3,591)</u>
Balance at December 31, 2021		<u>\$ 2,560,291</u>

The completed investment properties are depreciated on a straight-line method over their estimated useful lives of 20 to 50 years.

The investment properties of the Group increased because the Group changed the purpose of use of the completed commercial building of Walsin (Nanjing) Development Co., Ltd. and transferred it to investment property. The main investment properties of the Group are Walsin Xin Yi Building and the completed investment properties of Walsin (Nanjing) Development Co., Ltd.



The building's valuation was commissioned by independent appraisal agencies (third parties). As of December 31, 2022 and 2021, the fair values of the investment properties were NT\$45,032,010 thousand and NT\$35,173,881 thousand, respectively.

## 20. GOODWILL

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Cost</u>		
Opening balance	\$ 152,771	\$ 153,589
Acquisition through business combination (Note 31)	85,585	-
Disposal of subsidiary (Note 32)	(157,359)	-
Effects of foreign currency exchange differences	<u>2,396</u>	<u>(818)</u>
Balance at December 31, 2022	<u>\$ 83,393</u>	<u>\$ 152,771</u>
<u>Accumulated impairment</u>		
Opening balance	\$ -	\$ -
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>
Carrying amount at December 31, 2022	<u>\$ 83,393</u>	<u>\$ 152,771</u>

The Group acquired PT. Sunny Metal Industry on September 23, 2022 and recognized the goodwill of NT\$85,585 thousand. As of the issuance date of the financial statements, the Group has not obtained the formal valuation reports. The amount may be subject for adjustments after obtaining the official results. Refer to Note 31.

## 21. OTHER ASSETS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Prepayment for purchases	\$ 3,694,957	\$ 2,502,327
Prepaid expense	999,406	1,241,926
Prepaid sales tax	3,142,781	1,789,340
Prepayment for investments	2,204,073	-
Others	<u>756,197</u>	<u>402,982</u>
	<u>\$ 10,797,414</u>	<u>\$ 5,936,575</u>
Current	\$ 7,880,887	\$ 5,535,226
Non-current	<u>2,916,527</u>	<u>401,349</u>
	<u>\$ 10,797,414</u>	<u>\$ 5,936,575</u>

## 22. BORROWINGS

	December 31	
	2022	2021
Short-term borrowings	\$ 22,496,307	\$ 7,108,766
Current portion of long-term borrowings	\$ 1,109,049	\$ 10,719,081
Long-term borrowings	\$ 40,820,860	\$ 24,785,952
Long-term notes and bills payable	\$ 1,497,914	\$ -

a. Short-term borrowings as of December 31, 2022 and 2021 were as follows:

	December 31			
	2022		2021	
	Interest Rate %	Amount	Interest Rate %	Amount
Procurement loans	-	\$ -	0.64%-0.70%	\$ 2,111,447
Bank lines of credit	0.95%-6.42%	15,566,558	0.69%-3.50%	4,997,319
Discounted notes receivable	1.25%-2.20%	1,554,013	-	-
Other loans	3.384%-5.21%	<u>5,375,736</u>	-	<u>-</u>
		<u>\$ 22,496,307</u>		<u>\$ 7,108,766</u>

Notes receivable financing is based on notes receivable of the Group which are used to apply for a discounted loan. Refer to Note 35 for the amount of discounted notes receivable and relevant terms with recourse rights.

Refer to Notes 6 and 37 for collaterals pledged for short-term borrowings as of December 31, 2022 and 2021.

b. Long-term borrowings as of December 31, 2022 and 2021 were as follows:

		December 31	
		2022	2021
	Significant Covenant	Amount	Amount
<u>Long-term secured loan</u>			
Cathay United Bank	From December 15, 2011 to September 27, 2027; after the grace period, repayments are due monthly	\$ 233,439	\$ 287,677
Taipei Fubon Commercial Bank	From December 25, 2013 to October 11, 2023; after the grace period, repayments are due in stages	67,375	77,342
Other long-term secured loan	From January 12, 2019 to December 18, 2030; repayments are due according to contracts	<u>78,365</u>	<u>-</u>
		<u>379,179</u>	<u>365,019</u>
<u>Long-term credit loan</u>			
Bank of Taiwan	Principal repayment at maturity, from March 4, 2019 to March 4, 2022	-	3,000,000
Taipei Fubon Commercial Bank	Principal repayment at maturity, from June 3, 2019 to June 3, 2022	-	1,000,000
Chinatrust Commercial Bank	Principal repayment at maturity, from September 3, 2019 to September 3, 2022	-	1,500,000

(Continued)





<b>December 31</b>			
		<b>2022</b>	<b>2021</b>
		<b>Significant Covenant</b>	<b>Amount</b>
		<b>Amount</b>	<b>Amount</b>
Taiwan Cooperative Bank	Principal repayment at maturity, from March 4, 2019 to March 4, 2022	-	1,000,000
Cathay United Bank	Principal repayment at maturity, from March 4, 2019 to March 4, 2022	-	1,500,000
KGI Bank	Principal repayment at maturity, from June 3, 2019 to June 3, 2022	-	1,500,000
Standard Chartered Bank	Principal repayment at maturity, from September 27, 2021 to December 31, 2023	-	5,352,144
Standard Chartered Bank	Principal repayment at maturity, from September 27, 2021 to December 31, 2023	-	2,093,000
Chang Hwa Commercial Bank	Principal repayment at maturity, from June 3, 2019 to June 3, 2022	-	1,000,000
The Export-Import Bank of the Republic of China	Loan from December 4, 2020 to December 4, 2027; principal to be repaid evenly in seven phases; 1st repayment is due 48 months after the drawdown date, after which repayments are due once every six months	1,137,770	1,137,770
Bank of Taiwan	From September 22, 2020 to October 4, 2027; principal to be repaid in two phases: From the 5th year, repayments are due once every six months; at rates of 20% and 80%, respectively	9,000,000	3,000,000
Taiwan Cooperative Bank	From June 28, 2021 to June 28, 2026; principal to be repaid in two phases: 1st repayment due 48 months after the drawdown date, 2nd repayment due maturity date	2,000,000	2,000,000
DBS Bank	Principal repayment at maturity, from March 30, 2020 to April 15, 2025	7,552,100	9,057,100
Hua Nan Commercial Bank	From March 29, 2021 to March 29, 2026; principal to be repaid in two phases: From the 5th year, repayments are due once every six months	2,000,000	2,000,000
Chinatrust Commercial Bank	Principal repayment at maturity, from October 4, 2022 to October 3, 2025	1,500,000	-
Taiwan Cooperative Bank	From October 4, 2022 to October 4, 2027; principal to be repaid in two phases: 1st repayment due 48 months after the drawdown date, 2nd repayment due maturity date	3,000,000	-
KGI Bank	Principal repayment at maturity, from October 24, 2022 to April 24, 2027	1,500,000	-
Standard Chartered Bank	Principal repayment at maturity, from November 16, 2022 to December 31, 2024	1,555,400	-
Hua Nan Commercial Bank	Principal repayment at maturity, from March 8, 2022 to March 28, 2027	2,500,000	-
Agricultural Bank of Taiwan	Principal repayment at maturity, from October 31, 2022 to October 31, 2025	1,000,000	-
Chang Hwa Commercial Bank	Principal repayment at maturity, from March 8, 2022 to October 4, 2027	3,000,000	-
Intesa Sanpaolo S.p.A	Principal repayment at maturity, from December 8, 2019 to June 4, 2025	1,007,776	-
Other long-term credit loans	From April 30, 2019 to September 4, 2029; repayments are due according to contracts	<u>4,797,684</u>	-
		<u>41,550,730</u>	<u>35,139,984</u>
		41,929,909	35,505,033
Less: Current portion of long-term borrowings		<u>(1,109,049)</u>	<u>(10,719,081)</u>
		<u>\$ 40,820,860</u>	<u>\$ 24,785,952</u> (Concluded)



- 1) Under the loan agreements with DBS Bank, WLC should maintain certain financial ratios during the loan term, which are based on the annual and semi-annual consolidated financial statements audited by the independent auditors. The financial ratios are as follows:
- Ratio of current assets to current liabilities not less than 100%;
  - Ratio of total liabilities less cash and cash equivalents to tangible net worth not more than 120%;
  - Ratio of Interest Coverage Ratio which included net income before interest expenses, taxation, depreciation and amortization to interest expenses not less than 150%; and
  - Tangible net worth (net worth less intangible assets) not less than NT\$55,000,000 thousand.
- 2) As of December 31, 2022 and 2021, the effective interest rate ranges of the credit borrowings were 0.10%-5.56% and 0.85%-1.20% per annum, respectively. As of December 31, 2022 and 2021, the effective interest rate ranges of the secured borrowings were 0.55%-4.70% and 1.66%-2.07% per annum, respectively.
- 3) As of December 31, 2022 and 2021, the Group's current portion of long-term borrowings under the loan agreements were NT\$1,109,049 thousand and NT\$10,719,081 thousand, respectively. The Group's consolidated financial statements for the years ended December 31, 2022 and 2021 showed that the Group was in compliance with the aforementioned financial ratio requirements.
- 4) Refer to Note 37 for collaterals pledged on bank borrowings as of December 31, 2022 and 2021.
- c. Long-term notes and bills payables as of December 31, 2022 was as follows:

December 31, 2022

Acceptance Agency	Type	Interest Rate	Amount
China Bills and International Bills	Unsecured	1.395-1.50	\$ 1,500,000
Less: Discount on short-term bills payable			<u>(2,086)</u>
			<u>\$ 1,497,914</u>

**23. BONDS PAYABLE**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Domestic unsecured bonds in 2021	\$ 7,500,000	\$ 7,500,000
Overseas unsecured bonds	341,115	-
Less: Current portion of long-term borrowings	<u>(98,160)</u>	<u>-</u>
	<u>\$ 7,742,955</u>	<u>\$ 7,500,000</u>



On October 8, 2021, the Company issued the first unsecured bonds for NT\$7.5 billion, each with a face value of NT\$10 million. The issuance period is 5 years, and the maturity date is on October 8, 2026. The annual rate is 0.7%. Since the issuance date, the interest will be paid once a year, and the principal will be repaid once due.

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

## 24. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

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

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

### b. Defined benefit plans

The defined benefit plans adopted by WLC in accordance with the Labor Standards Act are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. WLC contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

Cogne Acciai Speciali S.p.A. of the Group also adopts defined benefit plan.

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 1,332,167	\$ 1,487,554
Fair value of plan assets	<u>(1,060,075)</u>	<u>(1,037,916)</u>
Net defined benefit liabilities	<u>\$ 272,092</u>	<u>\$ 449,638</u>



	<b>Present Value of Defined Benefit Obligation</b>	<b>Fair Value of Plan Assets</b>	<b>Net Defined Benefit Liability (Asset)</b>
Balance at January 1, 2020	\$ 1,371,774	\$ (1,083,800)	\$ 287,974
Service cost			
Current service cost	10,917	-	10,917
Net interest expense (income)	<u>6,801</u>	<u>(5,366)</u>	<u>1,435</u>
Recognized in profit or loss	<u>17,718</u>	<u>(5,366)</u>	<u>12,352</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(13,584)	(13,584)
Actuarial loss - changes in demographic assumptions	38,641	-	38,641
Actuarial gain - changes in financial assumptions	(15,729)	-	(15,729)
Actuarial loss - experience adjustments	<u>151,322</u>	<u>-</u>	<u>151,322</u>
Recognized in other comprehensive loss	<u>174,234</u>	<u>(13,584)</u>	<u>160,650</u>
Contributions from the employer	-	(11,338)	(11,338)
Benefits paid	<u>(76,172)</u>	<u>76,172</u>	<u>-</u>
Balance at December 31, 2021	<u>1,487,554</u>	<u>(1,037,916)</u>	<u>449,638</u>
Service cost			
Current service cost	10,455	-	10,455
Net interest expense (income)	<u>9,721</u>	<u>(6,442)</u>	<u>3,279</u>
Recognized in profit or loss	<u>20,176</u>	<u>(6,442)</u>	<u>13,734</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(82,973)	(82,973)
Actuarial gain - changes in financial assumptions	(63,850)	-	(63,850)
Actuarial gain - experience adjustments	<u>(113,715)</u>	<u>-</u>	<u>(113,715)</u>
Recognized in other comprehensive loss	<u>(177,565)</u>	<u>(82,973)</u>	<u>(260,538)</u>
Contributions from the employer	-	(52,475)	(52,475)
Benefits paid	(119,731)	119,731	-
Acquisition of subsidiaries through business combination	118,977	-	118,977
Exchange difference	<u>2,756</u>	<u>-</u>	<u>2,756</u>
Balance at December 31, 2022	<u>\$ 1,332,167</u>	<u>\$ (1,060,345)</u>	<u>\$ 272,092</u>



An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating costs	\$ 6,982	\$ 6,240
Selling and marketing expenses	914	945
General and administrative expenses	5,638	4,918
Research and development expenses	<u>200</u>	<u>249</u>
	<u>\$ 13,734</u>	<u>\$ 12,352</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rates	1.25%-3.00%	0.625%
Expected rates of salary increase	2.25%-2.80%	2.25%

If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rates		
0.5% increase	<u>\$ (47,681)</u>	<u>\$ (61,945)</u>
0.5% decrease	<u>\$ 50,683</u>	<u>\$ 66,092</u>
Expected rates of salary increase		
0.5% increase	<u>\$ 49,149</u>	<u>\$ 63,726</u>
0.5% decrease	<u>\$ (46,718)</u>	<u>\$ (60,375)</u>

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

## 25. EQUITY

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Share capital		
Ordinary shares	\$ 37,313,329	\$ 34,313,329
Capital surplus	24,672,454	18,440,875
Retained earnings	62,038,398	47,787,207
Others	(443,305)	5,342,113
Non-controlling interests	<u>6,240,336</u>	<u>2,062,744</u>
	<u>\$ 129,821,212</u>	<u>\$ 107,946,268</u>

### a. Share capital

#### Ordinary shares

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Number of authorized shares (in thousands)	<u>6,500,000</u>	<u>6,500,000</u>
Amount of authorized shares	<u>\$ 65,000,000</u>	<u>\$ 65,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>3,731,333</u>	<u>3,431,333</u>
Amount of issued shares	<u>\$ 37,313,329</u>	<u>\$ 34,313,329</u>

As of January 1, 2021, the balances of WLC's capital account were NT\$32,260,002 thousand, which consisted of 3,226,000 thousand shares at par value of NT\$10.

The Group issued 205,333 thousand shares in exchange shares of TECO Electric & Machinery Co., Ltd. in January 2021. On June 6, 2022, WLC's board of directors resolved to issue 300,000 thousand ordinary shares at a price of NT\$33 per share with August 10, 2022 as the base date for capital increase. On July 21, 2022 WLC chairman of the board adjusted the new share issuing price from NT\$33 to NT\$30, which authorized by the board. As of December 31, 2022, the paid-in capital was NT\$37,313,329 thousand, divided into 3,731,333 thousand ordinary shares at par value of NT\$10.

As of December 31, 2022, 2 thousand GDRs of WLC were traded on the Luxembourg Stock Exchange. The number of ordinary shares represented by the GDRs was 22 thousand shares (one GDR represents 10 ordinary shares).



b. Capital surplus

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
May be used to offset a deficit, distributed as cash dividend or transferred to share capital (Note)		
Issuance of ordinary shares	\$ 18,864,452	\$ 12,639,452
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	2,130	3,124
Share of changes in capital surplus of associates	441,175	440,288
Treasury share transactions	2,254,074	2,254,074
Gain on disposal of property, plant and equipment	2,074,231	2,074,231
Others	<u>1,036,392</u>	<u>1,029,706</u>
	<u>\$ 24,672,454</u>	<u>\$ 18,440,875</u>

Note: The premium from shares issued in excess of par (share premium from issuance of ordinary shares, conversion of bonds and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Group's capital surplus and to once a year).

c. Retained earnings and dividend policy

The shareholders of WLC have held their regular meeting on May 13, 2022, and in that meeting, have resolved the amendments to WLC's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where WLC made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit this requirement is not applicable when the legal reserve has reached the total capital, and then any remaining profit together with prior unappropriated earnings shall be appropriated for special reserve or appropriate reversal of special reserve in accordance with the laws and regulations, and then the balance shall be used by WLC's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends to shareholders. If appropriated earnings are distributed in cash, the cash distribution shall be resolved by WLC's board of directors and reported in the shareholders' meeting. Other than the aforementioned regulations, the distribution shall be after deducting the share of profit of associates accounted for using the equity method and adding cash dividends of associates accounted for using the equity method. WLC shall reserve no lesser than 40% of the balance amount as shareholders' profit after offsetting its loss and tax payments in the previous year, capital reserve, and special reserve adjusted by the accumulated net deduction of other equity. The profits shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

Before the amendments, where WLC made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (this requirement is not applicable when the legal reserve has reached the total capital) and then any remaining profit together with prior unappropriated earnings shall be appropriated for setting aside or reversing a special reserve in accordance with the laws and regulations, and then shall be used by WLC's board of directors as the basis for

proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends to shareholders. Other than the aforementioned regulations, WLC shall reserve no lesser than 40% of the balance amount as shareholders' profit after offsetting its loss and tax payments in the previous year, capital reserve and special reserve. The profits shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals WLC's paid-in capital. The legal reserve may be used to offset any deficits. If WLC has no deficit and the legal reserve has exceeded 25% of WLC's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by WLC.

Refer to Note 25 for the policies on the distribution of employees' compensation and remuneration of directors and supervisors.

The appropriation of earnings for 2021 and 2020, which were approved in the shareholders' meeting on May 13, 2022 and July 15, 2021, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Legal reserve	\$ 1,454,522	\$ 681,368	\$ -	\$ -
Special reserve	-	(398,160)	-	-
Cash dividends	<u>5,490,133</u>	<u>3,088,200</u>	1.6	0.9
	<u>\$ 6,944,655</u>	<u>\$ 3,371,408</u>		

The appropriation of earnings for 2022, which were resolved by WLC's board of directors on February 24, 2023, were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 1,974,132	\$ -
Cash dividends	<u>6,716,399</u>	1.8
	<u>\$ 8,690,531</u>	

d. Special reserve

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Special reserve	<u>\$ 2,712,250</u>	<u>\$ 2,712,250</u>





Information regarding above special reserve changes as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 2,712,250	\$ 3,110,410
Reversals	<u>-</u>	<u>(398,160)</u>
Balance at December 31	<u>\$ 2,712,250</u>	<u>\$ 2,712,250</u>

e. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (6,100,687)	\$ (5,905,135)
Share from subsidiaries and associates accounted for using the equity method	<u>1,843,913</u>	<u>(195,552)</u>
Balance at December 31	<u>\$ (4,256,774)</u>	<u>\$ (6,100,687)</u>

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (the New Taiwan dollar) were recognized directly in other comprehensive income and accumulated in the exchange differences on the translation of the financial statements of foreign operations. Exchange differences previously accumulated in the exchange differences on the translation of the financial statements of foreign operations were reclassified to profit or loss when disposing foreign operation.

2) Unrealized valuation gain (loss) on financial assets at FVOCI

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 11,534,267	\$ 6,092,775
Unrealized (loss) gain - equity instruments	(4,067,542)	2,611,742
Share from associates accounted for using the equity method	(696,891)	2,906,910
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(75,957)</u>	<u>(77,160)</u>
Balance at December 31	<u>\$ 6,693,877</u>	<u>\$ 11,534,267</u>

3) Loss on hedging instruments

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Cash flow hedges</u>		
Balance at January 1	\$ -	\$ -
Loss on hedging instruments	<u>(105,801)</u>	<u>-</u>
Balance at December 31	<u>\$ (105,801)</u>	<u>\$ -</u>

4) Other equity - others

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (91,467)	\$ -
Originally recognized equity items arising from the acquisition of subsidiary equity instrument put options	(2,683,140)	-
Other comprehensive loss from associates accounted for using the equity method	<u>-</u>	<u>(91,467)</u>
Balance at December 31	<u>\$ (2,774,607)</u>	<u>\$ (91,467)</u>

**26. OPERATING REVENUE**

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Sales revenue	\$ 175,754,340	\$ 152,001,410
Sales of real estate	19,786	9,918
Other revenue	<u>4,626,593</u>	<u>4,653,438</u>
	<u>\$ 180,400,719</u>	<u>\$ 156,664,766</u>

**27. NET PROFIT FROM CONTINUING OPERATIONS**

**Non-operating Income and Expense - Gain (Loss) on Disposal of Investment**

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
(Loss) gain on disposal of investments - commodity futures	\$ (646,558)	\$ 513,703
Gain on disposal of investments - foreign exchange forward contracts	152,471	167,227
(Loss) gain on disposal of investment - exchange rate swap contracts	(169,573)	14,301

(Continued)



	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Loss on disposal of investment - options	(25,673)	(16,024)
Gain on disposals of investments - subsidiaries	<u>7,899,376</u>	<u>-</u>
	<u>\$ 7,210,043</u>	<u>\$ 679,207</u> (Concluded)

#### **Non-operating Income and Expense - Impairment Losses (Recognized) Reversed**

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Impairment loss reversed (recognized) on property, plant and equipments	\$ 155	\$ (693,801)
Others	<u>(242)</u>	<u>(91)</u>
	<u>\$ (87)</u>	<u>\$ (693,892)</u>

#### **Employee Benefits Expense, Depreciation and Amortization**

	<b>For the Year Ended December 31, 2022</b>			
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Non-operating Expenses and Losses</b>	<b>Total</b>
Short-term employment benefits	<u>\$ 4,430,500</u>	<u>\$ 2,906,207</u>	<u>\$ -</u>	<u>\$ 7,336,707</u>
Post-employment benefits	<u>\$ 202,994</u>	<u>\$ 103,448</u>	<u>\$ -</u>	<u>\$ 306,442</u>
Other employee benefits	<u>\$ 602,524</u>	<u>\$ 789,918</u>	<u>\$ -</u>	<u>\$ 1,392,442</u>
Depreciation				
Property, plant and equipments	\$ 3,458,410	\$ 431,174	\$ 2,859	\$ 3,892,443
Right-of-use assets	44,479	154,709	-	199,188
Investment properties	<u>291,837</u>	<u>2,179</u>	<u>-</u>	<u>294,016</u>
	<u>\$ 3,794,726</u>	<u>\$ 588,062</u>	<u>\$ 2,859</u>	<u>\$ 4,385,647</u>
Amortization	<u>\$ 23,497</u>	<u>\$ 42,158</u>	<u>\$ -</u>	<u>\$ 65,655</u>

	<b>For the Year Ended December 31, 2021</b>			
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Non-operating Expenses and Losses</b>	<b>Total</b>
Short-term employment benefits	<u>\$ 3,540,027</u>	<u>\$ 2,529,250</u>	<u>\$ -</u>	<u>\$ 6,069,277</u>
Post-employment benefits	<u>\$ 190,141</u>	<u>\$ 115,367</u>	<u>\$ -</u>	<u>\$ 305,508</u>
Other employee benefits	<u>\$ 439,493</u>	<u>\$ 301,869</u>	<u>\$ -</u>	<u>\$ 741,362</u>

(Continued)

	<b>For the Year Ended December 31, 2021</b>			
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Non-operating Expenses and Losses</b>	<b>Total</b>
Depreciation				
Property, plant and equipments	\$ 1,918,969	\$ 577,770	\$ 2,826	\$ 2,499,565
Right-of-use assets	32,101	100,206	-	132,307
Investment properties	<u>165,918</u>	<u>1,525</u>	<u>-</u>	<u>167,443</u>
	<u>\$ 2,116,988</u>	<u>\$ 679,501</u>	<u>\$ 2,826</u>	<u>\$ 2,799,315</u>
Amortization	<u>\$ 4,225</u>	<u>\$ 27,273</u>	<u>\$ -</u>	<u>\$ 31,498</u>
				(Concluded)

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. For the years ended December 31, 2022 and 2021, the employees' compensation amounted to NT\$252,000 thousand and NT\$187,000 thousand, respectively, and the remuneration of directors amounted to NT\$100,050 thousand and NT\$75,000 thousand, respectively. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2022 and 2021 were approved by the Group's board of directors on February 24, 2023 and February 22, 2022, respectively.

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

The employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2021 and 2020 resolved by WLC's board of directors on February 22, 2022 and February 26, 2021, respectively are the same as the amounts recognized in the 2021 and 2020 consolidated financial statements.

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

## 28. INCOME TAXES RELATING TO CONTINUING OPERATIONS

### a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 792,895	\$ 2,173,361
Income tax on unappropriated earnings	321,642	83,446
Adjustments for prior year	17,976	(7,968)
		(Continued)



	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Land value-added tax	<u>175,864</u>	<u>6,156</u>
	<u>1,308,377</u>	<u>2,254,995</u>
Deferred tax		
In respect of the current year	2,916,207	1,615,411
Adjustments for prior year	<u>37,353</u>	<u>(5,222)</u>
	<u>2,953,560</u>	<u>1,610,189</u>
Income tax expense recognized in profit or loss	<u>\$ 4,261,937</u>	<u>\$ 3,865,184</u> (Concluded)

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax from continuing operations	<u>\$ 23,402,013</u>	<u>\$ 19,122,498</u>
Income tax expense calculated at the statutory rate	\$ 4,097,945	\$ 3,931,277
Investment income accounted for using equity method	262,151	481,251
Tax-exempt dividend income	(183,234)	(111,889)
Loss on investments	(2,630)	(384,000)
Others	(58,684)	(23,339)
Unrecognized loss carryforwards/deductible temporary differences	(406,446)	(104,528)
Adjustments for prior years'	55,329	(13,190)
Income tax on unappropriated earnings	321,642	83,446
Land value-added tax	<u>175,864</u>	<u>6,156</u>
Income tax expense recognized in profit or loss	<u>\$ 4,261,937</u>	<u>\$ 3,865,184</u>

b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets		
Tax refund receivable (recorded under other non-current assets - others)	<u>\$ 397,168</u>	<u>\$ 28,619</u>
Current tax liabilities		
Income tax payable	<u>\$ 6,103,462</u>	<u>\$ 6,082,152</u>

c. Deferred tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax assets</u>		
Loss carryforwards	\$ 1,001,877	\$ 119,774
Pension expense overlimit	23,000	32,000
Unrealized loss on inventories write-down	140,047	42,307
Impairment loss on idle assets	15,000	10,000
Unrealized deferred gross profit	-	2,000
Unrealized impairment loss on long-term investments	7,000	547,000
Difference between financial and tax accounting of the depreciation of property, plant and equipment	22,149	21,583
Prepaid expense	1,165,401	899,015
Loss on liquidation of investments	591,000	384,000
Other	<u>482,803</u>	<u>760,870</u>
	<u>\$ 3,448,277</u>	<u>\$ 2,818,549</u>
<u>Deferred tax liabilities</u>		
Difference between financial and tax accounting of the depreciation of property, plant and equipment	\$ (81,836)	\$ (67,388)
Provision for land value-added tax	(147,215)	(153,214)
Unrealized gain on investments	(5,364,542)	(2,020,432)
Others	<u>(204,345)</u>	<u>26,384</u>
	<u>\$ (5,797,938)</u>	<u>\$ (2,214,650)</u>

d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Loss Carryforwards</b>		
Expiry in 2022	\$ -	\$ 44,883
Expiry in 2023	98	75,676
Expiry in 2024	3,898	85,267
Expiry in 2025	3,439	82,435
Expiry in 2026	6,032	2,186
Expiry in 2027	<u>24,897</u>	<u>-</u>
	<u>\$ 38,364</u>	<u>\$ 290,447</u>



e. As of December 31, 2022, the Group's tax loss carryforwards were as follows:

Expiry Year	Tax Loss Carryforwards
2023	\$ 44,924
2024	90,495
2025	17,700
2026	221,283
2027	511,143
2028	41,729
2031	102,199
2032	<u>10,768</u>
	<u>\$ 1,040,241</u>

f. WLC's income tax returns through 2020, except 2019, have been assessed by the tax authorities.

## 29. EARNINGS PER SHARE

	For the Year Ended December 31					
	2022			2021		
	Amounts (Numerator) After Income Tax (Attributable to Parent's Shareholders)	Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars) After Income Tax (Attributable to Parent's Shareholders)	Amounts (Numerator) After Income Tax (Attributable to Parent's Shareholders)	Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars) After Income Tax (Attributable to Parent's Shareholders)
Basic earnings per share						
Net income	\$ 19,352,097	3,549,689	<u>\$ 5.45</u>	\$ 14,642,629	3,428,520	<u>\$ 4.27</u>
Effect of potentially dilutive ordinary shares						
Employee bonus	-	5,690		-	7,632	
	<u>\$ 19,352,097</u>	<u>3,555,379</u>	<u>\$ 5.44</u>	<u>\$ 14,642,629</u>	<u>3,436,152</u>	<u>\$ 4.26</u>

## 30. SHARE-BASED PAYMENT AGREEMENTS

### Employee Share Option Plan for Cash Capital Increase

WLC was approved by the Securities and Futures Bureau (FSC) on March 11, 2022 to issue 300,000 thousand shares for cash capital increase. The board of directors resolved to retain 10% of the issued shares for employees' subscription. The number of shares retained for employees' subscription and the subscription price were confirmed on June 27, 2022. WLC recognized the capital surplus of NT\$157,800 thousand on the grant date at the fair value computed based on the Black-Scholes option evaluation model.



- a. The share-based payment arrangement of WLC as of **December 31, 2022** is as follows:

Type of Agreement	Grant Date	Quantity Granted	Vesting Conditions
Shares retained for employees to subscribe	2022.6.27	30,000 thousand shares	Vesting immediately

- b. WLC used the Black-Scholes option evaluation model to calculate the fair value of employee subscriptions for cash capital increase on June 27, 2022. Relevant information is as follows:

Share Price on the Grant Date (In Dollars)	Exercise Price (In Dollars)	Expected Ratio of Stock Price Fluctuation	Expected Duration	Expected Dividend Rate	Risk-Free Interest Rate	Fair Value Per Share (In Dollars)
\$37.45	\$33	52.95%	38 days	0.00%	0.52%	\$5.26

- c. In view of the dramatic changes in the capital market environment, in order to maintain the shareholders' rights and ensure the completion of the fundraising, the chairman of the Company, authorized by the board of directors, adjusted the new share issuing price from NT\$33 to NT\$30 on July 21, 2022. In addition, due to the price adjustment, the remuneration cost of the relevant share-based payment agreement increased by NT\$67,200 thousand.

WLC used the Black-Scholes option evaluation model to calculate the fair value of employee subscriptions for cash capital increase as remeasurement on July 21, 2022. Relevant information is as follows:

Share Price on the Grant Date (In Dollars)	Exercise Price (In Dollars)	Expected Ratio of Stock Price Fluctuation	Expected Duration	Expected Dividend Rate	Risk-Free Interest Rate	Fair Value Per Share (In Dollars)
\$34.05	\$30	54.13%	14 days	0.00%	0.72%	\$2.24

### 31. BUSINESS COMBINATIONS

- a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
PT. Sunny Metal Industry	Manufacture and sale of nickel matte	September 23, 2022	50.10	<u>\$ 6,016,800</u>
MEG S.A.	Manufacture and sale of stainless steel	December 1, 2022	85.03	<u>\$ 6,497,972</u>

To deploy new energy industry, the Group acquired PT. Sunny Metal Industry and increased its investment in Matte and Nickel Pig Iron to increase production capacity.

To combine the acquired company's products, technologies and market advantages and





expand its stainless steel business, the Group acquired 85.03% of the shares of MEG S.A. at a consideration of \$6,497,972 thousand on December 1, 2022 and held 82.32% of the shares of Cogne Acciai Speciali S.p.A. through MEG S.A. The Group finally held 70% of the shares of Cogne Acciai Speciali S.p.A.

b. Consideration transferred

	<b>PT. Sunny Metal Industry</b>	<b>MEG S.A.</b>
Cash	\$ 6,016,800	\$ 6,497,972
Contingent consideration arrangement (Note 1)	-	355,089
Issue option (Note 2)	-	<u>(137,557)</u>
	<u>\$ 6,016,800</u>	<u>\$ 6,715,504</u>

- 1) According to the agreement of acquisition, the Group is required to pay additional EUR15,000 thousand if MEG S.A.'s earnings before interest, tax, depreciation and amortization from the settlement date to 2025 exceed EUR180,000 thousand. Based on the results of the financial forecast, the management of the Group believes that it is probable to make this payment. The fair value of this obligation at the date of acquisition was estimated at \$355,089 thousand.
- 2) According to the agreement of acquisition, the Group has the right to acquire the remaining equity interest from the minority shareholders for a period of 6.5 to 7 years from the settlement date. The fair value of this option at the acquisition date was estimated to be \$137,557 thousand.

c. Assets acquired and liabilities assumed at the date of acquisition

	<b>PT. Sunny Metal Industry</b>	<b>MEG S.A.</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 103,771	\$ 1,373,797
Financial asset at fair value through profit - current	-	10,456
Hedging derivative financial assets - current	-	175,136
Financial assets at amortised cost - current	-	2,153
Net trade receivables	-	6,455,973
Other receivables	4,904	-
Inventories	29,021	9,550,240
Other current assets	1,603,712	648,923
<b>Non-current assets</b>		
Financial asset at fair value through profit - non-current	-	71,200
Property, plant and equipment	7,853,727	4,640,072
Right-of-use assets	-	933,182
Other intangible assets	4,814,767	85,076
Deferred tax assets	-	137,536
Other non-current assets	-	15,494

(Continued)



	<b>PT. Sunny Metal Industry</b>	<b>MEG S.A.</b>
Current liabilities		
Short-term borrowings	\$ (587,375)	\$ (1,420,750)
Financial liabilities at fair value through profit - current	-	(4,909)
Hedging derivative financial liabilities - current	-	(42,710)
Trade payables	(232,779)	(5,244,797)
Other payables	(5,610,735)	(3,885)
Current tax liabilities	-	(617,198)
Lease liabilities - current	-	(137,417)
Other current liabilities	(2,480)	(1,761,848)
Non-current liabilities		
Bonds payable	-	(285,159)
Long-term payable	-	(3,347,986)
Deferred tax liabilities	(134,396)	(112,229)
Lease liabilities - non-current	-	(710,774)
Defined benefit liabilities	-	(118,977)
Other current liabilities	-	(14,515)
	<u>\$ 7,842,137</u>	<u>\$ 10,276,084</u>
		(Concluded)

At the issuance date of the consolidated financial statements, the market valuations and other calculations have not been finalized, and they may change after publishing official assessment report.

d. Non-controlling interests

The non-controlling interests of PT. Sunny Metal Industry is based on the carrying value on the acquisition date and the amount was NT\$1,577,723 thousand. The carrying value is based on the assigned proportionate of the identifiable net assets on the acquisition date. At the issuance date of the consolidated financial statements, the market valuations and other calculations have not been finalized.

The non-controlling interests of MEG S.A. are based on the carrying value on the acquisition date, the amount was NT\$3,082,995 thousand. The carrying value is based on the assigned proportionate of the identifiable net assets on the acquisition date. At the issuance date of the consolidated financial statements, the market valuations and other calculations have not been finalized.

e. Goodwill recognized on acquisitions

	<b>PT. Sunny Metal Industry</b>	<b>MEG S.A.</b>
Consideration transferred	\$ 6,016,800	\$ 6,715,504
Plus: Non-controlling interests	1,577,723	3,082,995
Less: Carrying value of identifiable net assets acquired	(7,842,137)	(10,276,084)
Exchange difference	<u>333,199</u>	<u>138,059</u>
Goodwill recognized on acquisitions (gain on bargain purchase)	<u>\$ 85,585</u>	<u>\$ (339,526)</u>



The goodwill from the merger was expected not to be recognized as tax deductible.

f. Net cash outflow on the acquisition of subsidiaries

	<b>PT. Sunny Metal Industry</b>	<b>MEG S.A.</b>
Consideration paid in cash	\$ 6,016,800	\$ 6,497,972
Less: Cash and cash equivalent acquired	<u>(103,771)</u>	<u>(1,373,797)</u>
	<u>\$ 5,913,029</u>	<u>\$ 5,124,175</u>

g. Impact of business combination on the results of the Group

The financial results of the acquired company since the acquisition dates, were as follows:

	<b>PT. Sunny Metal Industry</b>	<b>MEG S.A.</b>
Operating revenue	\$ <u>-</u>	\$ <u>1,626,172</u>
Net profit	\$ <u>(14,280)</u>	\$ <u>(273,406)</u>

If the acquisitions of PT. Sunny Metal Industry and MEG S.A. in September and December 2022 had occurred on January 1, 2022, the Group's proposed operating revenue and net profit for fiscal 2022 would have been \$210,605,160 thousand and \$20,786,576 thousand, respectively. These amounts cannot reflect the actual revenue and operating results of the Group, if the business combination is completed on the beginning date of the acquisition year and should not be used to forecast future operating results.

### 32. DISPOSAL OF SUBSIDIARIES

The Group entered into a sale agreement with ECP (third party) to dispose of its subsidiary New Leaf Energy, Inc. (original name of the announcement: 2022 Solar Development, Inc.) and completed the transaction on July 28, 2022. (United States local time July 27, 2022)

a. Consideration received from disposals

	<b>Amount</b>
Consideration received in cash and cash equivalents	\$ 10,029,371
Contingent consideration (Note)	<u>2,195,677</u>
Total consideration received	<u>\$ 12,225,048</u>

Note: In accordance with the agreement of contingent consideration, the acquirer shall respectively pay additional payments when the gross profit of Target Company during the period starting from the settlement date to December 31, 2023 and the gross profit in the year of 2024 meet the amount agreed upon by Target Company. The fair value of this obligation on the acquisition date is estimated to be NT\$2,195,677 thousand.



## b. Analysis of assets and liabilities on the date control was lost:

	<b>Amount</b>
Current assets	
Cash and cash equivalents	\$ 22,836
Contract assets	3,356,257
Other current assets	59,784
Tax assets	48,384
Non-current assets	
Deferred tax assets	274,265
Goodwill	<u>157,359</u>
Total assets	<u>\$ 3,918,885</u>
Current liabilities	
Notes payable and trade payables	\$ (150,190)
Other payables	<u>(313,081)</u>
Total current liabilities	<u>(463,271)</u>
Net assets disposed of	<u>\$ 3,455,614</u>

## c. Gain on disposal of subsidiaries

	<b>Amount</b>
Consideration received	\$ 10,029,371
Contingent consideration	2,195,677
Net assets disposed of	(3,455,614)
Costs of disposal	(217,679)
Non-controlling interests	905,234
Exchange difference	35,417
Employee compensation costs - disposal related	<u>(1,039,328)</u>
Gain on disposals	<u>\$ 8,453,078</u>

The above gain on disposal of equity, which is NT\$8,453,078 thousand, deduced the loss due to the reduction of operation after disposal, which is NT\$553,702 thousand and the remaining amount of NT\$7,899,376 thousand was recognized under “gain on disposal of investments” in 2022.

## d. Net cash inflow on disposals of subsidiaries

	<b>Amount</b>
Consideration received in cash and cash equivalents	\$ 10,029,371
Less: Cash and cash equivalent balances disposed of	<u>(22,519)</u>
Net cash inflow on disposals of subsidiaries	10,006,852
Less: Employee compensation costs and costs of disposal paid	<u>(764,276)</u>
Net cash inflow on disposals of subsidiaries	<u>\$ 9,242,576</u>



The above share transaction was completed on July 28, 2022. (United States local time July 27, 2022)

### 33. OPERATING LEASE ARRANGEMENTS

Operating leases related to leases of investment properties owned by the Group with lease terms between 5 and 10 years and the Group has an option to extend for another 10 years. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to renew. The lessees do not have bargain purchase options to acquire the properties at the expiry of the lease periods.

As of December 31, 2022 and 2021, deposits received under operating leases amounted to NT\$339,128 thousand and NT\$329,321 thousand, respectively (recorded under other non-current liabilities).

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

	<b>Amount</b>
2023	\$ 1,271,481
2024-2027	1,921,321
After 2028	<u>210,070</u>
	<u>\$ 3,402,872</u>

### 34. CAPITAL MANAGEMENT

The Group's capital management objective is to ensure that it has the necessary financial resources and operational plan so that it can cope with the next 12 months working capital requirements, capital expenditures, debt repayments and dividends spending.

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

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel, consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

### 35. FINANCIAL INSTRUMENTS

#### a. Fair value of financial instruments that are not measured at fair value

Except the following assets and liabilities, the management considers that the carrying amounts of financial assets and financial liabilities not recognized at fair value approximate to their fair values.

December 31, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Financial assets at amortized cost					
Structured deposit	\$ 2,202	\$ -	\$ -	\$ 2,202	\$ 2,202
Government bonds	<u>189,242</u>	<u>-</u>	<u>-</u>	<u>189,242</u>	<u>189,242</u>
	<u>\$ 191,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,444</u>	<u>\$ 191,444</u>
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Bonds payable	<u>\$ 7,742,955</u>	<u>\$ -</u>	<u>\$ 7,386,233</u>	<u>\$ -</u>	<u>\$ 7,386,233</u>

December 31, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Bonds payable	<u>\$ 7,500,000</u>	<u>\$ -</u>	<u>\$ 7,500,000</u>	<u>\$ -</u>	<u>\$ 7,500,000</u>

The fair values of the financial assets and financial liabilities included in the Level 2 and Level 3 categories above have been determined in accordance with the income approach based on a discounted cash flow analysis. The observable inputs included bond duration, bond interest rates and credit rating. The significant unobservable input used in Level 3 is the discount rate that reflects the credit risk of counterparties.

**b. Fair value of financial instruments that are measured at fair value on a recurring basis**
**1) Fair value hierarchy**
December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives not designated as hedging instruments				
	\$ -	\$ 7,631	\$ -	\$ 7,631
Foreign unlisted shares	-	-	71,969	71,969
Contingent consideration	-	-	2,567,786	2,567,786
Derivatives financial assets for hedging	<u>-</u>	<u>165,019</u>	<u>-</u>	<u>165,019</u>
	<u>\$ -</u>	<u>\$ 172,650</u>	<u>\$ 2,639,755</u>	<u>\$ 2,812,405</u>

(Continued)



	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Listed securities in ROC	\$ 11,717,477	\$ -	\$ -	\$ 11,717,477
Unlisted securities	<u>-</u>	<u>-</u>	<u>624,755</u>	<u>624,755</u>
	<u>\$ 11,717,477</u>	<u>\$ -</u>	<u>\$ 624,755</u>	<u>\$ 12,342,232</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ 21,189	\$ 43,583	\$ -	\$ 64,772
Contingent consideration	-	-	363,192	363,192
Hedging derivative financial liabilities	<u>-</u>	<u>222,272</u>	<u>-</u>	<u>222,272</u>
	<u>\$ 21,189</u>	<u>\$ 265,855</u>	<u>\$ 363,192</u>	<u>\$ 650,236</u> (Concluded)

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ 1,940	\$ 14,207	\$ -	\$ 16,147
Derivatives financial assets for hedging	<u>-</u>	<u>89,232</u>	<u>-</u>	<u>89,232</u>
	<u>\$ 1,940</u>	<u>\$ 103,439</u>	<u>\$ -</u>	<u>\$ 105,379</u>
<u>Financial assets at fair value FVTOCI</u>				
Investments in equity instruments				
Listed securities in ROC	\$ 15,627,085	\$ -	\$ -	\$ 15,627,085
Unlisted securities	<u>-</u>	<u>-</u>	<u>663,502</u>	<u>663,502</u>
	<u>\$ 15,627,085</u>	<u>\$ -</u>	<u>\$ 663,502</u>	<u>\$ 16,290,587</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives not designated as hedging instruments	<u>-</u>	<u>37,439</u>	<u>-</u>	<u>37,439</u>

- 2) There were no transfers between Levels 1, 2 and 3 for the years ended December 31, 2022 and 2021.
- 3) Reconciliation of Level 3 fair value measurements of financial instruments.

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2022	\$ 663,502
Additions	120,000
Capital reduction and refund	(335)
Recognized in other comprehensive loss	(159,580)
Effects of exchange difference	<u>1,168</u>
Balance at December 31, 2022	<u>\$ 624,755</u>

	<b>Financial Assets at FVTPL</b>	
	<b>Financial Assets</b>	<b>Financial Liabilities</b>
Balance at January 1, 2022	\$ -	\$ -
Additions	2,267,373	355,089
Recognized in profit or loss	372,109	-
Effects of exchange difference	<u>273</u>	<u>8,103</u>
Balance at December 31, 2022	<u>\$ 2,639,755</u>	<u>\$ 363,192</u>

For the year ended December 31, 2021

	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2021	\$ 435,056
Additions	177,887
Capital reduction and refund	(3,615)
Recognized in other comprehensive income	54,678
Effects of exchange rate changes	<u>(504)</u>
Balance at December 31, 2021	<u>\$ 663,502</u>





4) Valuation technique and inputs applied for Level 2 fair value measurement

<b>Financial Instruments</b>	<b>Valuation Technique and Inputs</b>
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates and discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - exchange rate swap contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates and discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - interest rate contracts	Discounted cash flow. Future cash flows are estimated based on observable floating rates at the end of the reporting period and fixed interest rates under contracts.
Derivatives - option	Black-Scholes Model. The significant unobservable input value is the market price volatility of the commodity.
Derivatives - gas swap contracts	Discounted cash flow. Future cash flows are estimated based on observable forward gas prices at the end of the reporting period and fixed gas prices under contract.

5) Valuation technique and inputs applied for Level 3 fair value measurement

<b>Financial Instruments</b>	<b>Valuation Technique and Inputs</b>
Unlisted equity securities	Market approach. Fair values are determined based on observable and comparable companies' fair values at the end of the reporting period, adjusted by price earnings ratio and price-to-book ratio of the investees.
	Net asset method. Fair values are determined based on the book value of companies.
	Discounted cash flow. Present values are determined based on future cash flows discounted at market yield.
Hybrid instruments - bonds	Discounted cash flow. Future cash flows are estimated based on contract rates and discounted at a rate that reflects the credit risk of various counterparties.

<u>Financial Instruments</u>	<u>Valuation Technique and Inputs</u>
Contingent consideration	The estimated fair value is discounted according to the probability of reaching the agreed conditions and based on the credit risk discount rate and other information.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 19,397,973	\$ 10,387,581
Contract assets - current	3,022,237	5,750,344
Notes receivable and trade receivables (including related parties)	21,832,312	13,673,100
Finance lease receivables (current and non-current)	662,543	720,585
Other receivables	3,857,091	1,620,595
Other financial assets	546,126	530,650
Refundable deposits	288,948	207,622
Financial assets at amortized cost - (current and non-current)	191,444	-
Derivative financial assets for hedging (current and non-current)	165,019	89,232
Financial assets at FVTPL (current and non-current)	2,647,386	16,147
Financial assets at FVTOCI (current and non-current)	12,342,232	16,290,587
<u>Financial liabilities</u>		
Financial liabilities at FVTPL (current and non-current)	427,964	37,439
Derivative financial liabilities for hedging (current and non-current)	222,272	-
Financial liabilities at amortized cost		
Short-term borrowings	22,496,307	7,108,766
Contract liabilities	6,014	3,426
Notes payable and trade payables	18,088,851	8,840,868
Other payables	9,939,969	4,861,341
Bonds payable	7,742,955	7,500,000
Long-term borrowings (including current portion of notes payable)	43,525,983	35,505,033
Deposits received (recorded under other current and non-current liabilities)	385,210	920,410

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and investments, borrowings, trade receivables, and trade payables. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk



reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provides written principles on foreign exchange risk, interest rate risk and credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments for speculative purposes.

#### 1) Market risk

The Group's activities exposed is primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into foreign exchange forward contracts and interest rate swaps contracts to hedge foreign currency risk and interest rate risk.

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

##### a) Foreign currency risk

The Group has foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

It is the Group's policy to make the terms of the derivatives instruments match the terms of the hedged items and to maximize the hedge effectiveness.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the period are set out in Note 39.

The carrying amounts of the Group's derivatives exposed to foreign currency risk at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Assets</u>		
U.S. dollar	\$ 3,798,744	\$ 9,660,314
Euro	1,432,653	795,675
<u>Liabilities</u>		
U.S. dollar	2,381,338	10,204,046
Euro	310,405	600,096

### Sensitivity analysis

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

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e. functional currency) against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates.

	<b>U.S. Dollar Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit or loss	\$ (7,848)	\$ 155,355

	<b>Euro Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit or loss	\$ 23,330	\$ 11,482

### Hedge accounting

#### For the year ended December 31, 2021

The Group's hedging strategy is to enter into foreign exchange forward contracts to avoid exchange rate exposure on 100% of the fair value of its foreign currency receipts and payments and to manage exchange rate exposure. Those transactions are designated as fair value hedges. Adjustments are recognized directly in profit or loss and are presented as hedged items on the consolidated statements of comprehensive income.

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Price	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Ineffectiveness
						Asset	Liability	
Exchange rate swap contracts	USD to RMB	USD75,000/ RMB488,325	2022.1.14	RMB 498,529	Financial assets for hedging	RMB 10,204	\$ -	\$ -
Exchange rate swap contracts	USD to RMB	USD70,000/ RMB455,700	2022.1.14	RMB 465,153	Financial assets for hedging	RMB 9,453	-	-
Exchange rate swap contracts	USD to RMB	USD20,000/ RMB129,220	2022.6.08	RMB 129,728	Financial assets for hedging	RMB 508	-	-
Exchange rate swap contracts	USD to RMB	USD15,000/ RMB96,921	2022.6.08	RMB 97,308	Financial assets for hedging	RMB 387	-	-

#### b) Interest rate risk

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



The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 189,242	\$ -
Financial liabilities	7,742,955	7,500,000
Cash flow interest rate risk		
Financial assets	2,202	-
Financial liabilities	66,022,290	42,613,799

### Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for financial instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year.

If interest rates had been 1% basis points higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased by NT\$660,201 thousand and NT\$426,138 thousand, respectively.

### Hedge accounting

#### For the year ended December 31, 2022

The Group entered into interest rate swap contracts to mitigate the risk of changes in interest rates on cash flow exposure related to its outstanding variable rate debt. Interest rate swaps are settled on a contract basis. The floating rate on interest rate swaps is Euro Interbank Offered Rate (Euribor). The Group will settle the difference between the fixed and floating interest rates on a net basis.

The following tables summarize the information relating to the hedges for interest rate risk.

Hedging Instrument	Currency	Contract Amount	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Ineffectiveness
							Asset	Liability	
<u>Cash flow hedges</u>									
Interest rate swap contracts	EUR	\$ 95,177	2023.05.31-2030.12.18	-0.255%-3.120%	Note	Financial assets for hedging	\$ 5,043	\$ -	\$ -

Note: It is the three months interest rate of Euro Interbank Offered Rate (Euribor) on the second business day before the issuance date.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to financial guarantees provided by

the Group, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst the approved counterparties. Credit exposure is controlled by setting credit limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade receivables at the end of the year to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk was significantly reduced.

### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

- a) The following table details the Group's expected maturities for its non-derivative financial liabilities with agreed upon repayment periods.

#### December 31, 2022

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$ 23,605,356	\$ 13,379,779	\$ 28,258,134	\$ 680,861	\$ 65,924,130
Lease liabilities	254,655	454,115	617,027	1,939,529	3,265,326
Fixed interest rate liabilities	98,160	98,160	7,546,635	-	7,742,955
Non-interest bearing liabilities	<u>28,275,365</u>	<u>75,051</u>	<u>59,111</u>	<u>2,546,847</u>	<u>30,956,374</u>
	<u>\$ 52,233,536</u>	<u>\$ 14,007,105</u>	<u>\$ 36,480,907</u>	<u>\$ 5,167,237</u>	<u>\$ 107,888,785</u>



December 31, 2021

	1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$ 17,827,847	\$ 16,648,182	\$ 7,000,000	\$ 1,137,770	\$ 42,613,799
Lease liabilities	83,709	68,394	100,609	141,279	393,991
Fixed interest rate liabilities	-	-	7,500,000	-	7,500,000
Non-interest bearing liabilities	<u>14,491,770</u>	<u>29,024</u>	<u>101,825</u>	<u>-</u>	<u>14,622,619</u>
	<u>\$ 32,403,326</u>	<u>\$ 16,745,600</u>	<u>\$ 14,702,434</u>	<u>\$ 1,279,049</u>	<u>\$ 65,130,409</u>

b) The Group's expected maturities for its derivative financial instruments with agreed upon settlement dates were as follows:

December 31, 2022

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Net settled</u>					
Commodity futures contracts	\$ (44,810)	\$ 15,096	\$ 8,525	\$ -	\$ (21,189)
Foreign exchange forward contracts	(26,741)	6,844	(1,573)	-	(21,470)
Exchange rate swap contracts	(22,113)	-	-	-	(22,113)
Interest rate swap contracts	-	2	20,615	144,404	165,021
Gas swap contracts	(74,893)	(122,352)	(25,027)	-	(222,272)
Futures options	<u>-</u>	<u>7,629</u>	<u>-</u>	<u>-</u>	<u>7,629</u>
	<u>\$ (168,557)</u>	<u>\$ (92,781)</u>	<u>\$ 2,540</u>	<u>\$ 144,404</u>	<u>\$ (114,394)</u>

December 31, 2021

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Total
<u>Net settled</u>					
Commodity futures contracts	\$ 16,434	\$ (19,571)	\$ 5,077	\$ -	\$ 1,940
Foreign exchange forward contracts	13,115	146	946	-	14,207
Exchange rate swap contracts	<u>47,904</u>	<u>-</u>	<u>3,889</u>	<u>-</u>	<u>51,793</u>
	<u>\$ 77,453</u>	<u>\$ (19,425)</u>	<u>\$ 9,912</u>	<u>\$ -</u>	<u>\$ 67,940</u>



## e. Transfers of financial assets

## 1) Transfers of financial assets with recourse

From January 1 to December 31, 2022, the Group transferred part of banker's acceptances on notes receivable to a bank in mainland China. According to the contract, if the notes receivable cannot be recovered when they are due, the bank has the right to require the Group to pay outstanding balance. Therefore, the Group has not transferred the significant risks and remuneration of the notes receivable. The Group continues to recognize all the notes receivable and uses the transferred notes receivable as collateral for the loan. Refer to Note 22 for the relevant loan information.

## 2) Transfers of financial assets without recourse

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

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
<u>December 31, 2022</u>					
CTBC bank	\$ 151,902	\$ 18,449	US\$ 2,700	\$ -	-
<u>December 31, 2021</u>					
CTBC bank	\$ 150,495	\$ 5,786	US\$ 2,700	\$ -	-

**36. TRANSACTIONS WITH RELATED PARTIES**

Balances and transactions between the Company and its subsidiaries, which are related parties of WLC, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as below:

## a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Winbond Electronics Corp.	Associate
Walsin Technology Corp.	Associate
Walton Advanced Engineering, Inc.	Associate
Chin-Xin Investment Co., Ltd.	Associate
Changzhou China Steel Precision Materials Co., Ltd.	Associate
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Associate
Tsai Yi Corporation (formerly known as Walsin Color Co., Ltd.)	Associate
Nuvoton Technology Corporation	Associate
Prosperity Dielectrics Co., Ltd.	Associate

(Continued)





<u>Related Party Name</u>	<u>Related Party Category</u>
PT. Westrong Metal Industry	Associate
HannStar Display Corp.	Substantive related party
Kuong Tai Metal Industrial Co., Ltd.	Substantive related party
HannStar Board Tech. (Jiangyin) Corp	Substantive related party
HannStar Board Corp.	Substantive related party
Global Brands Manufacture Ltd.	Substantive related party
Info-Tek Corp.	Substantive related party
Hwa Bao Botanic Conservation Corp.	Substantive related party
	(Concluded)

b. Sales

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Associates	\$ 22,653	\$ 6,458
Other related parties	<u>1,452,637</u>	<u>1,751,701</u>
	<u>\$ 1,475,290</u>	<u>\$ 1,758,159</u>

c. Rental income

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Associates	\$ 48,329	\$ 46,197
Other related parties	<u>1,135</u>	<u>1,029</u>
	<u>\$ 49,464</u>	<u>\$ 47,226</u>

d. Purchases of goods

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Associates	\$ 58,289	\$ 33,027
Other related parties	<u>4,308</u>	<u>4,961</u>
	<u>\$ 62,597</u>	<u>\$ 37,988</u>

e. Administrative expenses

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Associates	\$ 15,053	\$ 14,889
Other related parties	<u>13,630</u>	<u>13,558</u>
	<u>\$ 28,683</u>	<u>\$ 28,447</u>

The stock registration matters of WLC and related parties were handled together. The related fees allocated to the related parties were charged against general and administrative expenses.

f. Dividend income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
HannStar Display Corp.	\$ 298,293	\$ 149,816
HannStar Board Corp.	140,259	140,259
Other related parties	<u>7,705</u>	<u>7,705</u>
	<u>\$ 446,257</u>	<u>\$ 297,780</u>

g. Notes receivable

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Associates	<u>\$ 9,332</u>	<u>\$ 2,186</u>

h. Trade receivables

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Associates	\$ 2,481	\$ -
Other related parties	<u>42,651</u>	<u>17,229</u>
	<u>\$ 45,132</u>	<u>\$ 17,229</u>

i. Notes payable

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Associates	<u>\$ 16,553</u>	<u>\$ 10,257</u>

j. Trade payables

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Associates	\$ 225	\$ -
Other related parties	<u>504</u>	<u>601</u>
	<u>\$ 729</u>	<u>\$ 601</u>



k. Other receivables (excluding financing provided)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Associates	\$ 13,056	\$ 19,279
Other related parties	<u>3,062</u>	<u>2,648</u>
	<u>\$ 16,118</u>	<u>\$ 21,927</u>

l. Financing provided

Financing provided for the years ended December 31, 2022 and 2021 were as follows:

<b>Related Parties</b>	<b>December 31, 2022</b>			
	<b>Highest Balance for the Period</b>	<b>Ending Balance</b>	<b>Interest Income</b>	<b>Interest Rate</b>
Hangzhou Walsin Power Cable & Wire Co., Ltd.	<u>\$ 360,721</u>	<u>\$ 352,747</u>	<u>\$ 15,563</u>	4.35%
PT. Westrong Metal Industry	<u>\$ 2,780,100</u>	<u>\$ 1,228,400</u>	<u>\$ 463</u>	6.79%
<b>Related Parties</b>	<b>December 31, 2021</b>			
	<b>Highest Balance for the Period</b>	<b>Ending Balance</b>	<b>Interest Income</b>	<b>Interest Rate</b>
Hangzhou Walsin Power Cable & Wire Co., Ltd.	<u>\$ 350,991</u>	<u>\$ 347,329</u>	<u>\$ 15,310</u>	4.35%

m. Guarantee deposits

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Associates	\$ 7,362	\$ 7,453
Other related parties	<u>282</u>	<u>282</u>
	<u>\$ 7,644</u>	<u>\$ 7,735</u>

n. Disposal of property, plant and equipment

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

The above transaction prices were determined with reference to the transaction prices of similar real estate in the vicinity and professional valuation reports.

o. Remuneration of key management personnel

The remunerations of directors and key executives were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 265,970	\$ 217,518
Post-employment benefits	<u>1,299</u>	<u>1,392</u>
	<u>\$ 267,269</u>	<u>\$ 218,910</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

### 37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collaterals for bank borrowings, tariff guarantee for imported raw material and the deposits for completing constructions and futures:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Refundable deposits (recorded under other financial assets - current)	\$ 303,146	\$ 61,964
Restricted deposits (recorded under other financial assets - current)	202,194	388,193
Pledged time deposits (recorded under other financial assets - other)	1,439	-
Restricted deposits (recorded under other financial assets - other)	11,023	10,854
Finance lease receivables	60,020	58,042
Long-term finance lease receivables	602,523	662,543
Refundable deposits	51,986	52,534
Discounted notes receivable	<u>1,554,013</u>	<u>-</u>
	<u>\$ 2,786,344</u>	<u>\$ 1,234,130</u>



### 38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. Outstanding letters of credit not reflected in the accompanying consolidated financial statements as of December 31, 2022 and 2021 were as follows (in thousands):

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
New Taiwan dollar	NT\$ 20,939	NT\$ 47,575
U.S. dollar	US\$ 3,186	US\$ 9,572
Renminbi	RMB 2,189	RMB 13,134
Japanese yen	JPY 54,144	JPY 160,710
Euro	EUR 34,490	EUR 26,852

- b. Outstanding standby letters of credit and bid bonds of contingent liabilities not reflected in the consolidated financial statements were as follows (in thousands):

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
New Taiwan dollar	NT\$ 841,035	NT\$ 665,286
U.S. dollar	US\$ 30	US\$ 30
Renminbi	RMB 16,884	RMB 111,504

- c. Based on tariff and relevant regulations, the Group issue tariff letters of credit to import goods and to meet the needs of post-release duty payment. The amount of tariff letters of credit were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
New Taiwan dollar	NT\$ 496,000	NT\$ 462,000

- d. Non-cancelable raw material procurement contracts were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
U.S. dollar	US\$ 43,926	US\$ 42,595
Renminbi	RMB 85,530	RMB 259,005

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
New Taiwan dollar	NT\$2,237,159	NT\$2,702,350
U.S. dollar	US\$ 72,295	US\$ 4,362
Renminbi	RMB 780,815	RMB 395,368
Euro	EUR 70,927	EUR -
Japanese yen	JPY 11,680	JPY -
Indonesian rupiah	IDR89,743,621	IDR -

### 39. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$ 575,500	30.7100	\$ 17,673,605
Japanese yen	236,526	0.2324	54,969
Euro	37,125	32.7200	1,214,730
Hong Kong dollar	2,505	3.9380	9,865
Australian dollar	1,298	20.8300	27,037
Singapore dollar	5,432	22.8800	124,284
Indonesian rupiah	2,267,040,632	0.00198	4,488,740
Renminbi	21,137	4.40934	93,200
Korean won	394,230	0.02457	9,686
Turkish lira	6,605	1.643167	10,854
<u>Financial liabilities</u>			
Monetary items			
U.S. dollar	\$ 645,822	30.7100	\$ 19,833,194
Euro	121	32.7200	3,959
Renminbi	406,181	4.40934	1,790,990
Swiss franc	17	33.2050	564
Indonesian rupiah	300,118,783	0.00198	594,235
Non-monetary items			
U.S. dollar	1,677	30.7100	51,501
Renminbi	233	4.40934	1,027



December 31, 2021

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$ 811,837	27.6800	\$ 22,471,643
Japanese yen	511,128	0.2405	122,926
Euro	30,442	31.3200	953,435
Hong Kong dollar	4,481	3.5490	15,903
Australian dollar	1,579	20.0800	31,714
Singapore dollar	3,291	20.4600	67,335
Indonesian rupiah	1,650,074,291	0.00198	3,267,147
Non-monetary items			
U.S. dollar	320	27.6800	8,864
<u>Financial liabilities</u>			
Monetary items			
U.S. dollar	230,939	27.68	6,392,384
Euro	27	31.3200	830
Renminbi	171	4.3416	743
Swiss franc	17	31.1750	513
Indonesian rupiah	52,340,604	0.00198	103,634
Non-monetary items			
U.S. dollar	1,353	27.68	37,439

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gain and loss were NT\$1,748,708 thousand and NT\$237,222 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies in the Group.

#### 40. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 5)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the



paid-in capital (None)

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
  - 9) Trading in derivative instrument (Notes 7 and 8)
  - 10) Information on investees (Table 8)
  - 11) Intercompany relationships and significant intercompany transactions (Table 10)
- b. Information on investments in mainland China:
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 9)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 10):
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year;
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year;
    - c) The amount of property transactions and the amount of the resultant gains or losses;
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes;
    - e) The highest balance, the ending period balance, the interest rate range, and total current period interest with respect to the financing of funds; and
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 11)

#### 41. SEGMENT INFORMATION

- a. Basic information
  - 1) Classification





Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

a) Wires and cables

The segment's main products include copper rods, wires, connector and components which are sold to industries involving cables and wires, communications cable, heavy electronics, home electrical appliances and construction.

b) Stainless steel

The segment's main products include smelting, rolled stainless steel, carbon steel and precision alloy wire which are sold to industries involving construction components, crankshaft, machine tools, plumbing, heat exchanger, drainage, petrochemical and construction.

c) Resource

The segment's main business include nickel pig iron, sales of stainless steel products as an agent in Taiwan and important metal procurement and hedging.

d) Real estate

Real estate is responsible for the development of commercial and real estate complex and real estate management. Furthermore, the modes of operation are the construction of residences, offices, markets and hotels, and the offering of rental space, operating management and after-sales services.

e) Administration and investing

The segment of administration and investing refers to other investment in mainland China.

2) Estimates of operating segment income and expenses, assets and liabilities

Accounting policies of operating segments are the same as those summarized in Note 4. Sales and transfers between segments are treated as transactions with third parties and evaluated at fair value.

The Group does not allocate income tax expense (benefit), investment income (loss) recognized under equity method, foreign exchange gain (loss), net investment income (loss), gain (loss) on disposal of investments, gain (loss) on valuation of financial assets and liabilities and extraordinary items to reportable segments. The amounts reported are consistent with the report used by chief operating decision makers.

3) Identification of operating segment

The reportable segments of the Group are strategic business units, providing different products and services. They are managed separately because they use different technologies and sales strategies.



## b. Financial information

## 1) Segment revenues and results:

	(NT\$ in Thousand)					
	Wires and Cables	Stainless Steel	Resource	Real Estate	Administration and Investing	Total
<u>For the year ended December 31, 2022</u>						
Revenue from external customers	58,861,592	79,025,174	23,469,051	1,972,699	17,072,203	\$ 180,400,719
Segment profit (loss)	2,983,318	4,463,460	7,011,709	94,428	(5,054,201)	9,498,714
Net non-operating income (expenses)						(586,922)
Net interest income (expenses)						(586,922)
Share of profit of associates accounted for using the equity method						3,607,040
Dividend income						766,857
Gain on disposal of property, plant and equipment						68,051
Gain on disposal of investments						7,210,043
Foreign exchange gain						1,748,708
Gain on financial assets and liabilities at fair value through profit or loss						265,134
Impairment loss						(87)
Net other income						824,475
Consolidated income before income tax						<u>\$ 23,402,013</u>
<u>For the year ended December 31, 2021</u>						
Revenue from external customers	62,302,436	67,417,565	8,571,368	1,882,235	16,491,162	\$ 156,664,766
Segment profit (loss)	2,267,026	5,876,831	4,009,584	214,240	977,871	13,345,552
Net non-operating income (expenses)						(325,999)
Net interest income (expenses)						(325,999)
Share of profit of associates accounted for using the equity method						4,808,211
Dividend income						561,499
Gain on disposal of property, plant and equipment						20,468
Gain on disposal of investments						679,207
Foreign exchange gain						(237,222)
Gain on financial assets and liabilities at fair value through profit or loss						647,228
Impairment loss						(693,892)
Net other income						317,446
Consolidated income before income tax						<u>\$ 19,122,498</u>

## 2) Segment assets and liabilities

	Wires and Cables	Stainless Steel	Resource	Real Estate	Administration and Investing	Total
<u>Segment assets</u>						
December 31, 2022	\$ 9,871,071	\$ 45,004,557	\$ 43,443,642	\$ 30,296,978	\$ 124,049,301	<u>\$ 252,665,549</u>
December 31, 2021	12,961,862	40,460,833	17,042,352	28,324,476	84,245,375	<u>\$ 183,034,898</u>
<u>Segment liabilities</u>						
December 31, 2022	5,690,853	26,924,149	27,486,296	15,638,505	47,963,838	<u>\$ 123,703,641</u>
December 31, 2021	8,815,068	18,842,990	7,578,444	12,893,795	26,958,333	<u>\$ 75,088,630</u>

Note: Due to the adjustment of departmental organization, segment assets and liabilities were reclassified on 2021 for reference and comparison.



### 3) Geographical information

The Group's non-current assets (exclude financial instruments, deferred tax assets and post-employment benefit assets) and revenue from single geographical location are detailed below.

	Revenue from External Customers (Note)		Non-current Assets	
	2022	2021	December 31	
			2022	2021
Asia	\$ 155,926,113	\$ 134,031,146	\$ 60,969,279	\$ 54,005,146
United States of America	18,346,783	17,315,503	245,719	225,071
Europe	4,040,919	3,662,416	5,891,034	-
Others	<u>2,086,904</u>	<u>1,655,701</u>	<u>-</u>	<u>-</u>
	<u>\$ 180,400,719</u>	<u>\$ 156,664,766</u>	<u>\$ 67,106,032</u>	<u>\$ 54,230,217</u>

Note: Revenue from external customers is classified by geographical location.

### 4) Information about major customers

No single customer contributed 10% or more to the Group's revenue for both 2022 and 2021.

TABLE 1

## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In thousands of New Taiwan Dollars and U.S. Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
0	Walsin Lihwa Corporation	PT. Walsin Nickel Industrial Indonesia	Other receivables	Yes	\$ 2,255,050 (US\$ 70,000)	\$ - (US\$ -)	\$ - (US\$ -)	-	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 49,432,350 (US\$ 1,609,650)	\$ 49,432,350 (US\$ 1,609,650)
		PT. Sunny Metal Industry	Other receivables	Yes	7,745,668 (US 250,750)	7,700,533 (US 250,750)	5,397,283 (US 175,750)	5.80-6.90	Operating capital	-	Equipment purchase	-	-	-	49,432,350 (US 1,609,650)	49,432,350 (US 1,609,650)
		PT. Westrong Metal Industry	Other receivables	Yes	2,780,100 (US 90,000)	2,763,900 (US 90,000)	1,228,400 (US 40,000)	6.79	Operating capital	-	Equipment purchase	-	-	-	49,432,350 (US 1,609,650)	49,432,350 (US 1,609,650)

Notes:

1. According to the financing regulations provided by Walsin Lihwa Corporation, the limit on the amount of financing provided to a single enterprise that holds directly or indirectly 100% of the voting rights of a subsidiary cannot exceed 40% of the equity presented in the consolidated financial statements of Walsin Lihwa Corporation.
  - a. The limit on the amount of financing provided to a single enterprise was as follows:

PT. Walsin Nickel Industrial Indonesia = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)  
PT. Sunny Metal Industry = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)  
PT. Westrong Metal Industry = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)
  - b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = \$123,580,876 × 40% = \$49,432,350 (US\$1,609,650)
2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.
3. The currency exchange rate as of December 31, 2022 was as follows: US\$ to NT\$= 1:30.71.

TABLE 1-1

## WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

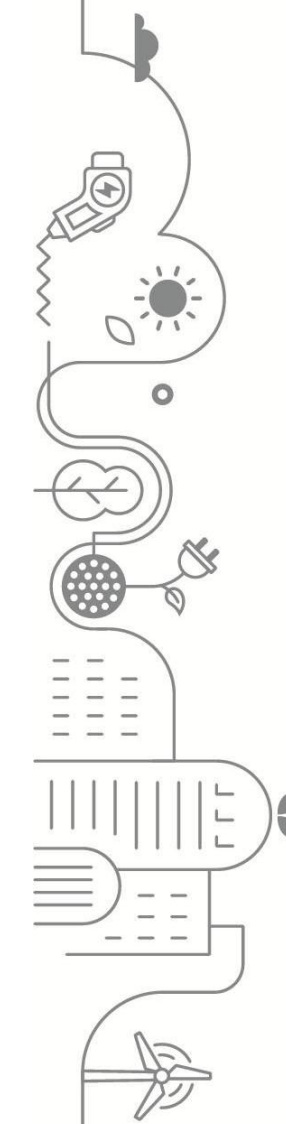
## FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
1	Walsin (China) Investment Co., Ltd.	Hangzhou Walsin Power Cable & Wire Co., Ltd.	Other receivables	Yes	\$ 360,721 (RMB 80,000)	\$ 352,747 (RMB 80,000)	\$ 352,747 (RMB 80,000)	4.35	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,720,129 (US\$ 56,013)	\$ 1,720,129 (US\$ 56,013)
		Walsin (Nanjing) Development Co., Ltd.	Other receivables	Yes	5,636,263 (RMB 1,250,000)	5,511,675 (RMB 1,250,000)	3,549,132 (RMB 804,912)	4.05	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
		Yantai Walsin Stainless Steel Co., Ltd.	Other receivables	Yes	10,367,832 (US\$ 202,000) (RMB 860,000)	9,995,452 (US\$ 202,000) (RMB 860,000)	6,427,864 (US\$ 140,304) (RMB 480,600)	1.15-3.00	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Other receivables	Yes	1,988,336 (US\$ 45,000) (RMB 120,000)	1,822,884 (US\$ 45,000) (RMB 100,000)	1,369,530 (US\$ 44,596) (RMB -)	1.15	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
		Changshu Walsin Specialty Steel Co., Ltd.	Other receivables	Yes	3,114,798 (RMB 170,000) (US\$ 73,000)	2,550,484 (RMB 70,000) (US\$ 73,000)	1,387,772 (RMB -) (US\$ 45,190)	1.15	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
		Dongguan Walsin Wire & Cable Co., Ltd.	Other receivables	Yes	2,577,200 (US\$ 80,000) (RMB -)	2,149,700 (US\$ 70,000) (RMB -)	742,540 (US\$ 24,179) (RMB -)	1.15	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
		Jiangyin Walsin Steel Cable Co., Ltd.	Other receivables	Yes	2,117,686 (US\$ 10,000) (RMB 400,000)	1,409,435 (US\$ 10,000) (RMB 250,000)	714,418 (US\$ 8,059) (RMB 105,896)	1.15-3.00	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Other receivables	Yes	289,935 (US\$ 9,000)	- (US\$ -)	- (US\$ -)	-	Operating capital	-	Operating capital	-	-	-	430,032 (US\$ 14,003)	1,720,129 (US\$ 56,013)
2	Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	3,156,307 (RMB 700,000)	3,086,538 (RMB 700,000)	968,651 (RMB 219,682)	2.70	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
3	Walsin International Investments Limited	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	19,619,260 (US\$ 400,000) (RMB 1,500,000)	18,898,010 (US\$ 400,000) (RMB 1,500,000)	12,769,666 (US\$ 254,000) (RMB 1,127,000)	0.98-2.60	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
		Walsin Lihwa Corporation	Other receivables	Yes	11,114,175 (US\$ 345,000)	7,677,500 (US\$ 250,000)	3,470,230 (US\$ 113,000)	4.3-4.4	Operating capital	-	Operating capital	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
		PT. Walsin Nickel Industrial Indonesia	Other receivables	Yes	8,053,750 (US\$ 350,000)	3,071,000 (US\$ 100,000)	3,071,000 (US\$ 100,000)	6.4-6.7	Operating capital	-	Operating capital	-	-	-	7,833,998 (US\$ 255,102)	7,833,998 (US\$ 255,102)

(Continued)



## Notes:

1. According to the financing regulations provided by Walsin (China) Investment Co., Ltd., Dongguan Walsin Wire & Cable Co., Ltd. and Walsin International Investments Ltd., the total limit on the amount of the financing provided to a single enterprise that holds directly or indirectly 100% of the voting rights of a subsidiary whose equity is 100%-owned, directly or indirectly by the parent company cannot exceed 40% of the equity of the parent company as presented in the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a single enterprise that holds less than 100% of a subsidiary whose equity is less than 100%-owned, directly or indirectly by its parent company, cannot exceed 40% of the parent company's equity as presented in its the consolidated financial statements of a subsidiary. If the financing is a one-time funding, the amount for an individual loan shall not exceed 40 % of the financing company's equity as stated in the financing company's latest consolidated financial statements. If it is a revolving funding, the amount for an individual loan shall not exceed 10 % of the financing company's equity in the financing company's latest consolidated financial statements.
  - a. The limit on the amount of financing provided to a single enterprise was as follows:
    - Jiangyin Walsin Steel Cable Co., Ltd. =  $\$123,580,876 \times 40\% = \$49,432,350$  (US\$1,609,650)
    - Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. =  $\text{US}\$140,033 \times 10\% = \text{US}\$14,003$  (430,032)
    - Walsin (China) Investment Co., Ltd. =  $\$123,580,876 \times 40\% = \$49,432,350$  (US\$1,609,650)
    - Walsin Lihwa Corporation =  $\$123,580,876 \times 40\% = \$49,432,350$  (US\$1,609,650)
    - Walsin (Nanjing) Development Co., Ltd. =  $\$123,580,876 \times 40\% = \$49,432,350$  (US\$1,609,650)
    - Yantai Walsin Stainless Steel Co., Ltd. =  $\$123,580,876 \times 40\% = \$49,432,350$  (US\$1,609,650)
    - Jiangyin Walsin Specialty Alloy Materials Co., Ltd. =  $\$123,580,876 \times 40\% = \$49,432,350$  (US\$1,609,650)
    - Changshu Walsin Specialty Steel Co., Ltd. =  $\$123,580,876 \times 40\% = \$49,432,350$  (US\$1,609,650)
    - Dongguan Walsin Wire & Cable Co., Ltd. =  $\$123,580,876 \times 40\% = \$49,432,350$  (US\$1,609,650)
    - Hangzhou Walsin Power Cable & Wire Co., Ltd. =  $\text{US}\$140,033 \times 40\% = \text{US}\$56,013$  (1,720,129)
    - PT. Walsin Nickel Industrial Indonesia =  $\text{US}\$637,755 \times 40\% = \text{US}\$255,102$  (7,833,998)
  - b. The limit on the amount of financing provided was as follows:
    - Walsin Lihwa Corporation =  $\$123,580,876 \times 40\% = \$49,432,350$  (US\$1,609,650)
    - Walsin (China) Investment Co., Ltd. =  $\text{US}\$140,033 \times 40\% = \text{US}\$56,013$  (\$1,720,129)
    - Walsin International Investments Limited =  $\text{US}\$637,755 \times 40\% = \text{US}\$255,102$  (\$7,833,998)
2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.
3. The currency exchange rates as of December 31, 2022 were as follows: US\$to NT\$= 1:30.71; RMB to NT\$= 1:4.40934 US\$to RMB = 1:6.9646.

(Concluded)

TABLE 1-2

**CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
4	Changshu Walsin Specialty Steel Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	\$ 315,631 (RMB 70,000)	\$ 308,654 (RMB 70,000)	\$ 135,010 (RMB 30,619)	2.70	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 49,432,350 (US\$ 1,609,650)	\$ 49,432,350 (US\$ 1,609,650)
5	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Walsin (China) Investment Co., Ltd.	Other receivables	Yes	901,802 (RMB 200,000)	881,868 (RMB 200,000)	411,494 (RMB 93,323)	2.70	Operating capital	-	Operating capital	-	-	-	\$ 49,432,350 (US\$ 1,609,650)	\$ 49,432,350 (US\$ 1,609,650)

Notes:

1. According to the financing regulations of Changshu Walsin Specialty Steel Co., Ltd. and Jiangyin Walsin Specialty Alloy Materials Co., Ltd., the limit on the amount of financing provided to a single enterprise that holds directly or indirectly 100% of the voting rights of a subsidiary cannot exceed 40% of the parent company's equity presented in the consolidated financial statements of Walsin Lihwa Corporation.
  - a. The limit on the amount of financing provided to a single enterprise was as follows:  

$$\text{Walsin (China) Investment Co., Ltd.} = \$123,580,876 \times 40\% = \$49,432,350 \text{ (US\$1,609,650)}$$
  - b. The limit on the amount of financing provided was as follows:  

$$\text{The limit on the amount of financing provided} = \$123,580,876 \times 40\% = \$49,432,350 \text{ (US\$1,609,650)}$$
2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.
3. The currency exchange rates as of December 31, 2022 were as follows: US\$to NT\$= 1:30.71; RMB to NT\$= 1:4.40934; US\$to RMB = 1:6.9646.

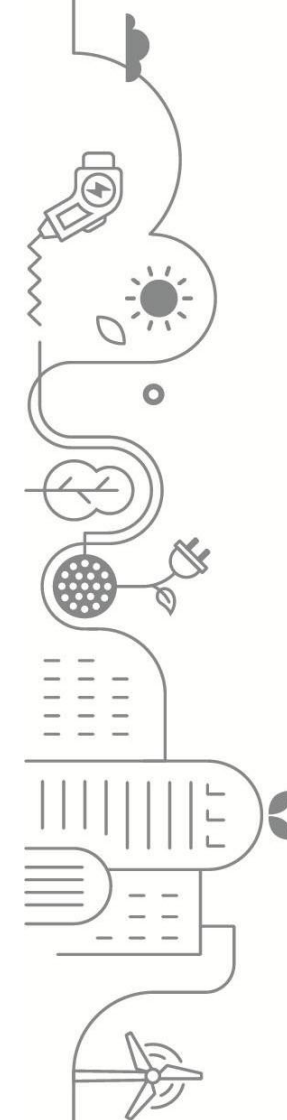


TABLE 1-3

### CHIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

#### FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
7	Joint Success Enterprises Limited	Walsin (Nanjing) Development Co., Ltd.	Other receivables	Yes	\$ 853,053 (US\$ 26,480)	\$ 813,201 (US\$ 26,480)	\$ 813,201 (US\$ 26,480)	2.48	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 49,432,350 (US\$ 1,609,650)	\$ 49,432,350 (US\$ 1,609,650)

Notes:

- According to the financing regulations provided by Joint Success Enterprises Limited, the total limit on the amount of the financing provided to a subsidiary whose equity is 100%-owned, directly or indirectly by the parent company, cannot exceed 40% of the equity of the parent company as presented in the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a subsidiary whose equity is less than 100%-owned, directly or indirectly by its parent company, cannot exceed 40% of the parent company's equity as presented in the parent company's latest consolidated financial statements. If the financing is a one-time funding, the amount for an individual loan shall not exceed 40% of the parent company's equity in the parent company's latest consolidated financial statements. If it is a revolving fund, the amount for an individual loan shall not exceed 10% of the parent company's equity in the parent company's latest consolidated financial statements.
  - The limit on the amount of financing provided to a single enterprise was as follows:  
Walsin (Nanjing) Development Co., Ltd. =  $\$123,580,876 \times 40\% = \$49,432,350$  (US\$1,609,650)
  - The limit on the amount of financing provided was as follows:  
The limit on the amount of financing provided =  $\$123,580,876 \times 40\% = \$49,432,350$  (US\$1,609,650)
- Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.
- The currency exchange rates as of December 31, 2022 were as follows: US\$ to NT\$ = 1:30.71; RMB to NT\$ = 1:4.40934; US\$ to RMB = 1:6.9646.



TABLE 1-4

**WALSIN INFO-ELECTRIC CORP. AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
9	Walsin Info-Electric Corporation	Walsin Lihwa Corporation	Other receivables	Yes	\$ 130,000	\$ 130,000	\$ -	-	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 126,222	\$ 126,222

Notes:

1. According to the financing regulations provided by Walsin Info-Electric Corporation, the total limit on the amount of the financing provided to a subsidiary whose equity is 100% owned, directly or indirectly by the parent company, cannot exceed 40% of the equity of the parent company as presented in the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a subsidiary whose equity is less than 100% owned, directly or indirectly by its parent company, cannot exceed 40% of the parent company's equity as presented in the parent company's latest consolidated financial statements. If the financing is a one-time funding, the amount for an individual loan shall not exceed 40% of the parent company's equity in the parent company's latest consolidated financial statements. If it is a revolving fund, the amount for an individual loan shall not exceed 10% of the parent company's equity in the parent company's latest consolidated financial statements.
  - a. The limit on the amount of financing provided to a single enterprise was as follows:  

$$\text{Walsin Lihwa Corporation} = \$315,554 \times 40\% = \$126,222$$
  - b. The limit on the amount of financing provided was as follows:  

$$\text{The limit on the amount of financing provided} = \$315,554 \times 40\% = \$126,222$$
2. The board of directors of the Group will soon propose an improvement plan for the excess amount of funds lent to individual targets.

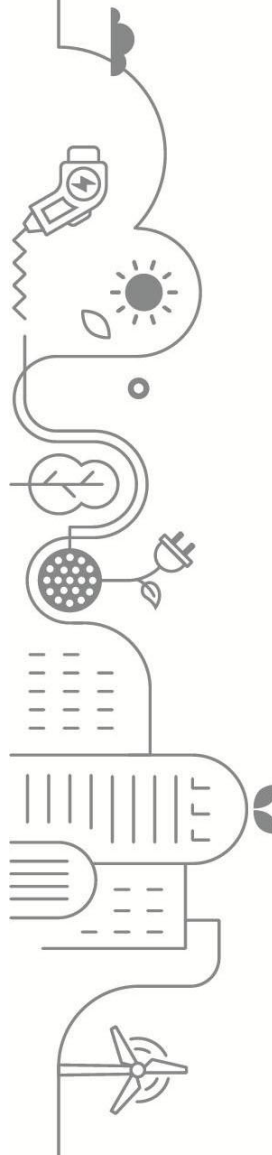


TABLE 2

**WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES**
**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars and U.S. Dollars)**

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 4)	Actual Amount Borrowed	Amount of Endorsement/ Guarantee by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	Walsin Lihwa Corporation	PT. Walsin Nickel Industrial Indonesia	b	\$ 27,912,319 (US\$ 908,900)	\$ 2,899,350 (US\$ 90,000)	\$ - (US\$ -)	\$ - (US\$ -)	\$ - -	- 0.30	\$ 123,580,876 123,580,876	Yes Yes	No No	No No
		Borrego Energy, LLC	b	357,710 (US\$ 11,648)	368,520 (US\$ 12,000)	368,520 (US\$ 12,000)	- (US\$ -)	- -					

## Notes:

- The information on Walsin Lihwa Corporation and its subsidiaries is listed and labeled on the entitled "No." column.
  - "0" represents Walsin Lihwa Corporation.
  - Subsidiaries are numbered consecutively starting from 1.
- The relationship between Walsin Lihwa Corporation and the endorsed/guaranteed entities can be classified into the following categories
  - A company with which Walsin Lihwa Corporation does business.
  - A company in which Walsin Lihwa Corporation directly and indirectly holds more than 50% of the voting shares.
  - A company that directly and indirectly holds more than 50% of the voting shares in Walsin Lihwa Corporation.
  - A company in which Walsin Lihwa Corporation directly or indirectly holds 90% or more of the voting shares.
  - A company that fulfills Walsin Lihwa Corporation's contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
  - A company in which all capital contributing shareholders make endorsements/guarantees for it and Walsin Lihwa Corporation's joint-investment company in proportion to their shareholding percentages.
  - A company in the same industry as Walsin Lihwa Corporation whereby either provides among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.
- According to the endorsements/guarantees provided and financing regulations provided by Walsin Lihwa Corporation, the total limit on the amount of endorsements/guarantees cannot exceed 100% of the equity of Walsin Lihwa Corporation's current financial statements (including the consolidated financial statements). The limit on the amount of endorsements/guarantees provided and financing provided to a single enterprise cannot exceed the equity of the guaranteed company. The limit on the amount of guarantees provided to an investee in which over 66.67% of the common shares are held cannot exceed the amount which is 250% of the net value multiplied by the equity percentage of the guarantee provider; however, the limits mentioned above are not applicable to Walsin Lihwa Corporation's wholly-owned holding companies incorporated in duty-free areas overseas.
  - The limit on the amount of endorsements/guarantees provided was as follows:  

$$\text{NT\$}123,580,876 \times 100\% = \text{\$}123,580,876$$
  - The limit on the amount of endorsements/guarantees provided to a single entity was as follows:  
 PT. Walsin Nickel Industrial Indonesia.:  $\text{US\$}395,174 \times 250\% \times 92\% = \text{US\$}908,900$   
 Borrego Energy, LLC:  $\text{US\$}6,422 \times 250\% \times 72.55\% = \text{US\$}11,648$
- The currency exchange rates as of December 31, 2022 were as follows: US\$ to NT\$= 1:30.71.
- The Group's plan to improve the excess amount of single corporate endorsement guarantees will be proposed by the audit committee soon.

TABLE 3

## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Lihwa Corporation	Share							
	HannStar Display Corp.	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	299,632,180	\$ 3,340,899	9.90	\$ 3,340,899	
	HannStar Board Corp.	The chairman of the holding company and the chairman of the company are second-class relatives	Financial assets at fair value through other comprehensive income - non-current	63,753,952	2,017,812	12.06	2,017,812	
	TECO Electric & Machinery Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	230,438,730	6,348,587	10.77	6,348,587	
	Kuong Tai Metal Industrial Co., Ltd.	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	9,631,802	201,788	9.39	201,788	
	Global Investment Holdings	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	5,221,228	55,794	2.97	55,794	
	Universal Venture Capital Investment	-	Financial assets at fair value through other comprehensive income - non-current	1,400,000	12,904	1.16	12,904	
	Hwa Bao Botanic Conservation Corp.	The holding company is a supervisor of the issuer company	Financial assets at fair value through other comprehensive income - non-current	12,000,000	132,152	15.00	132,152	
Tung Mung Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	14,285,000	96,264	4.01	96,264		

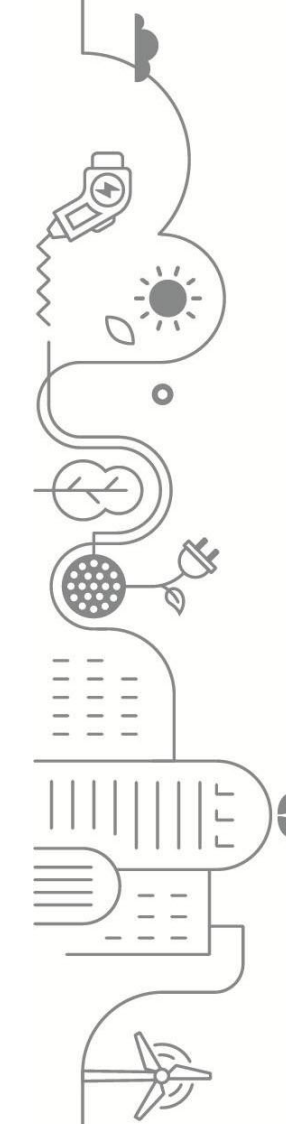


TABLE 3-1

## CONCORD INDUSTRIES CONSTRUCTION CO. AND SUBSIDIARIES

### MARKETABLE SECURITIES HELD DECEMBER 31, 2022 (In Thousands of Renminbi)

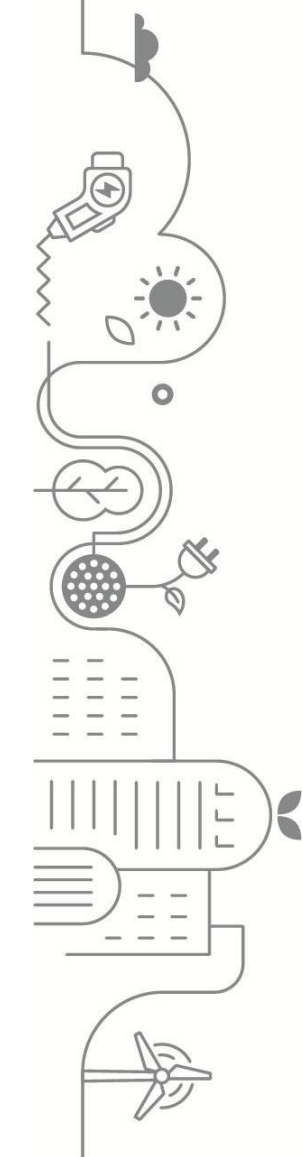
Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
XiAn Walsin Metal Product Co., Ltd.	<u>Certification of capital verification</u> Shaanxi Tianhong Silicon Industrial Corporation	-	Financial assets at fair value through other comprehensive income - non-current	N/A	\$ -	19.00	\$ -	
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	<u>Certification of capital verification</u> Shaanxi Electronic Group Optoelectronics Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	N/A	12,828	6.02	12,828	

**TABLE 3-2**

**CHIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chin-Cherng Construction Co.	Share Gsharp Corporation	-	Financial assets at fair value through other comprehensive income - non-current	270,000	\$ -	2.73	\$ -	



**TABLE 3-3****WALSIN INFO-ELECTRIC CORP.**
**MARKETABLE SECURITIES HELD  
 DECEMBER 31, 2022  
 (In Thousands of New Taiwan Dollars)**

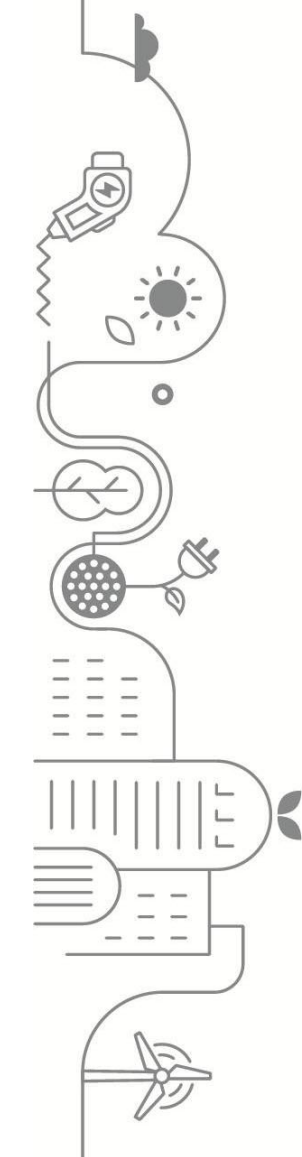
Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Info-Electric Corp.	Share							
	K. S. Terminals Inc.	-	Financial assets at fair value through other comprehensive income - non-current	145,000	\$ 10,179	0.09	\$ 10,179	
	W T International Inc.	-	Financial assets at fair value through other comprehensive income - non-current	228,000	2,278	5.43	2,278	
	Ufi Space Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	297,069	42,569	0.95	42,569	
	InSynerger Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	750,000	20,397	6.60	20,397	
	Landing AI	-	Financial assets at fair value through other comprehensive income - non-current	265,583	4,044	0.54	4,044	

**TABLE 3-4**

**PT. WAL SIN LIPPO INDUSTRIES**

**MARKETABLE SECURITIES HELD  
DECEMBER 31, 2022  
(In Thousands of U.S. Dollars)**

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Pt. Walsin Lippo Industries	Government bonds Indonesia Government Bonds	-	Financial assets at amortized cost - non-current	-	\$ 6,162	N/A	\$ 6,162	



**TABLE 3-5****COGNE ACCIAI SPECIALI S.P.A.**
**MARKETABLE SECURITIES HELD**  
**DECEMBER 31, 2022**  
**(In Thousands of Euro)**

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship of Issuer to the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Cogne Acciai Speciali S.p.A.	Share Geo Storage	-	Financial assets at fair value through profit or loss - non-current	N/A	\$ 2	-	\$ 2	
	Metal Interconnector	-	Financial assets at fair value through profit or loss - non-current	2,114,787	2,197	1.64	2,197	



TABLE 4

## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Purpose of Transaction/Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Walsin Lihwa Corporation	Share Walsin Lihwa Holdings Limited	Investments accounted for using the equity method	Capital reduction	Subsidiaries	473,730,393	\$ 26,803,960	-	\$ 8,448,083 (Note 1)	365,000,000	\$ 11,178,225	\$ -	\$ -	108,730,393	\$ 24,073,818
	Walsin Lihwa Europe S.a r.l.	Investments accounted for using the equity method	Capital investment	Subsidiaries	-	-	12,000	4,146,986 (Note 2)	-	-	-	-	12,000	4,146,986
	Walsin Singapore Pte. Ltd. (formerly known as New Hono Investment Pte. Ltd)	Investments accounted for using the equity method	Capital investment	Subsidiaries	42,000,000	5,828,396	380,000,000	13,774,869 (Note 2)	-	-	-	-	422,000,000	19,603,265
	PT. Sunny Metal Industry	Investments accounted for using the equity method	Ever Rising Limited and Berg Holding Limited	-	-	-	50,100	6,010,659 (Note 3)	-	-	-	-	-	-
	PT. Sunny Metal Industry	Investments accounted for using the equity method	Walsin Singapore Pte. Ltd. (formerly known as New Hono Investment Pte. Ltd)	Subsidiaries	-	-	-	-	50,100	6,251,000	6,010,659	240,341 (Note 4)	-	-
	PT. Westrong Metal Industry	Investments accounted for using the equity method	Capital investment	Associated Companies	-	-	590,000	4,590,864	-	-	-	-	590,000	4,590,864

Note 1: The amount included investment income or loss and changes in other equity.

Note 2: The amount included a capital increase in cash, recognition of investment gains and losses, and changes in other equity.

Note 3: The amount included the purchase amount, investment income or loss and changes in other equity.

Note 4: The difference between the price of equity under capital surplus- acquiring or disposing of subsidiaries and the carrying value.





TABLE 4-1

**WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES**

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of Renminbi)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Purpose of Transaction/ Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Walsin Lihwa Holdings Limited	Share Borrego Solar Systems, Inc.	Investments accounted for using the equity method	New Leaf Energy, Inc. and Borrego Energy, LLC	Subsidiary	1,460,458	\$ 787,885	-	\$ -	1,460,458	\$ -	\$ 787,885 (Notes 1 and 2)	\$ -	-	\$ -
	Share New Leaf Energy, Inc. (formerly named 2022 Solar Development, Inc.)	Investments accounted for using the equity method	Borrego Solar Systems, Inc.	Subsidiary	-	-	1,460,458	675,004 (Note 2)	-	-	-	-	-	-
	Share New Leaf Energy, Inc. (formerly named 2022 Solar Development, Inc.)	Investments accounted for using the equity method	ECP	-	-	-	-	-	1,371,729	2,772,189	980,903 (Note 3)	1,791,286	-	-
	Share New Leaf Energy, Inc. (formerly named 2022 Solar Development, Inc.)	Investments accounted for using the equity method	Walsin America, LLC	Subsidiary	-	-	-	-	88,729	-	104,703 (Note 4)	-	-	-
	Share Walsin America, LLC	Investments accounted for using the equity method	New Leaf Energy, Inc. and Borrego Energy, LLC	Subsidiary	-	-	N/A	32,450 (Notes 4 and 5)	-	-	-	-	-	-
Walsin America, LLC	Share Borrego Energy Holdings, LLC	Investments accounted for using the equity method	Capital investment	Subsidiary	-	-	N/A	32,450 (Note 5)	-	-	-	-	N/A	32,450
Borrego Energy Holdings, LLC	Share Borrego Energy Holdings, LLC	Investments accounted for using the equity method	Capital investment	Subsidiary	-	-	N/A	44,727 (Note 5)	-	-	-	-	N/A	44,727

Notes:

- The amount included the loss of investments and cumulative translation adjustment for the period.
- The subsidiary Borrego Solar Systems, Inc. has been dissolved after the merger with its subsidiary New Leaf Energy, Inc.
- The amount included the disposal of related direct costs and related costs of employees' compensation.
- The amount included Walsin Lihwa Holdings' contribution of New Leaf Energy, Inc.'s shares to establish its subsidiary Walsin America, LLC and also the cash capital increase.
- The amount included cash capital increase, recognized investment gain or loss, and cumulative translation adjustment.
- The adjustments between the price of equity under capital surplus- acquiring or disposing of subsidiaries and its carrying value.
- Due to the investment structure adjustments of the Group, it was transferred from WLHL to WLC in December, 2022.

TABLE 4-2

**WALSIN SINGAPORE PTE. LTD.**

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of U.S. Dollars)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Walsin Singapore Pte. Ltd. (Formerly known as New Hono Investment Pte. Ltd.)	Share PT. Sunny Metal Industry	Investments accounted for using the equity method	Walsin Lihwa Corporation	Parent company	-	\$ -	50,100	\$ 189,531 (Note)	-	\$ -	\$ -	\$ -	50,100	\$ 189,531

Note: The amount included the purchase amount, recognized investment income or loss and changes in other equity.

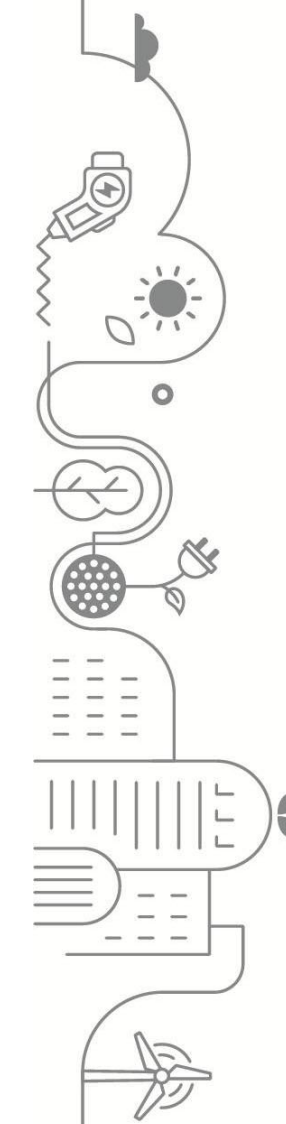


TABLE 4-3

**WALSIN LIHWA EUROPE S.A R.L.**

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of Euro)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Walsin Lihwa Europe S.a r.l.	Share MEG S.A	Investments accounted for using the equity method	Eugenoi Marzorati and three others	-	-	\$ -	5,102	\$ 177,148 (Note)	-	\$ -	\$ -	\$ -	50,102	\$ 177,148

Note: The amount included the purchase amount, recognized investment income or loss and changes in other equity.

**TABLE 5**

**WALSIN LIHWA CORPORATION AND SUBSIDIARIES**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)**

Company Name	Property	Transaction Date	Transaction Amount (Foreign Currencies in Thousands)	Payment Term	Counterparty	Relationships	Information on Previous Title Transfer If Counterparty Is A Related Party				Price Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationships	Transaction Date	Amount			
Walsin Lihwa Corporation	Plant	2022/03/02-2022/12/26	\$ 1,293,729	Based on the terms in the contract	Chung-Lu Construction Co., Ltd.	-	N/A	N/A	N/A	N/A	Based on the marketability	Manufacturing and operating purpose	-
Yantai Walsin Stainless Steel Co., Ltd.	Plant	2022/01/14-2022/12/31	RMB 154,868	Based on the terms in the contract	China Construction Eighth Engineering Division. Co., Ltd.	-	N/A	N/A	N/A	N/A	Based on the marketability	Manufacturing and operating purpose	-
PT. Sunny Metal Industry	Plant	2022/10/14-2022/10/21	US\$ 52,296	Based on the terms in the contract	PT. Perintis Makmur Indonesia etc.	-	N/A	N/A	N/A	N/A	Based on the marketability	Manufacturing and operating purpose	-

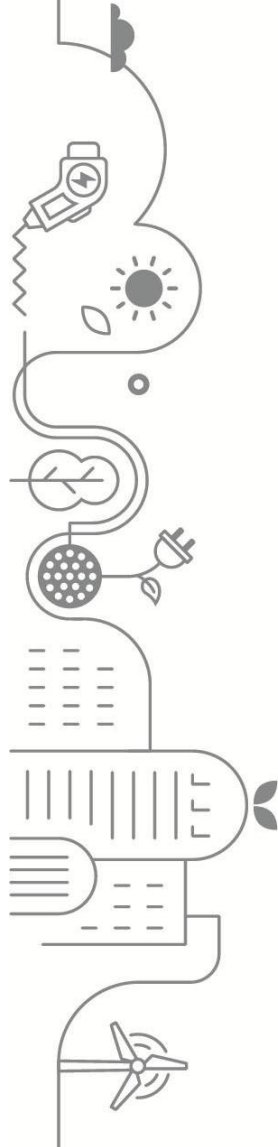


TABLE 6

## WALSIN LIHWA CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Walsin Lihwa Corporation	Dongguan Walsin Wire & Cable Co., Ltd.	100% indirectly owned subsidiary	Sales	\$ (326,711)	-	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	\$ -	-	
	Koung Tai Metal Industrial Co., Ltd.	Director of the related party	Sales	(1,447,563)	(1)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	42,651	1	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Sales	(255,763)	-	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	150,819	4	
	Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Sales	(242,061)	-	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	102,984	3	

TABLE 6-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars and Renminbi)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable	Note	
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Dongguan Walsin Wire & Cable Co., Ltd.	Walsin Lihwa Corporation	Parent company	Purchases	\$ 326,711	2	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	\$ -	-	
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Sales	RMB (79,290)	(2)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 2,513	3	
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Dongguan Walsin Wire & Cable Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Purchases	RMB 79,290	12	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB (2,513)	(38)	
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Sales	RMB (32,480)	(4)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 4,145	4	



TABLE 6-2

### CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars and Renminbi)**

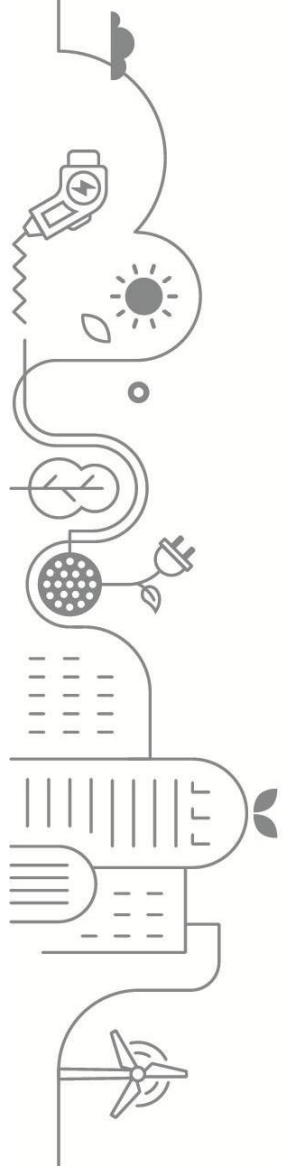
Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	RMB(198,7637)	(6)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 25,973	2	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	RMB (278,697)	(8)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 19,682	2	
	Changshu Walsin Specialty Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	RMB 50,664	1	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB (8,381)	(2)	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	RMB 28,542	1	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB (2,695)	(1)	
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Purchases	RMB 32,480	1	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB (4,145)	-	
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Walsin Lihwa Corporation	Parent company	Purchases	255,763	16	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	(150,819)	(54)	
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	RMB 278,697	79	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 19,682	(31)	
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	RMB (28,542)	(7)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 2,695	2	

(Continued)



Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Changshu Walsin Specialty Steel Co., Ltd.	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Purchases	RMB 198,637	32	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB (25,973)	(11)	
	Yantai Walsin Stainless Steel Co., Ltd.	Both subsidiaries of Concord Industries Limited	Sales	RMB (50,664)	(6)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	RMB 8,381	3	
	Walsin Lihwa Corporation	Parent company	Purchases	242,061	9	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Normal	Normal	(102,984)	(10)	

(Concluded)



**TABLE 7****WALSIN LIHWA CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Walsin Lihwa Corporation	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Trade receivables \$ 150,819	1.29	\$ -	-	\$ -	\$ -
	Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Trade receivables 102,984	1.26	-	-	-	-
	PT. Sunny Metal Industry	50.1% indirectly owned subsidiary	Other receivables 5,481,736	-	-	-	-	-
	PT. Westrong Metal Industry	29.5% indirectly owned associate	Other receivables 1,228,863	-	-	-	-	-

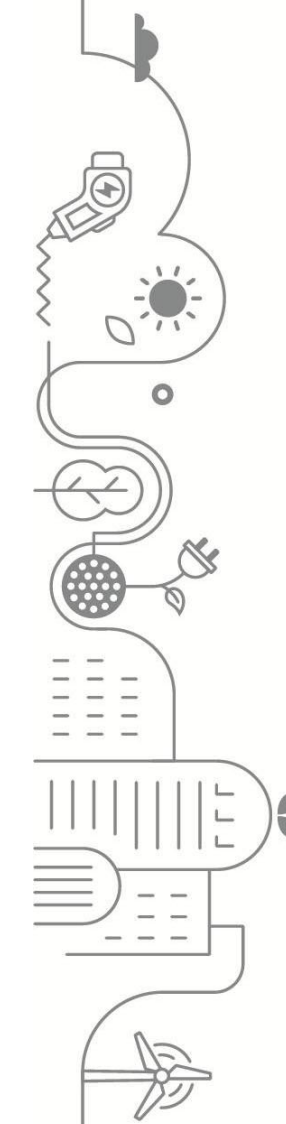
TABLE 7-1

## WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 DECEMBER 31, 2022  
 (In Thousands of Renminbi and U.S. Dollars)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd. Walsin Lihwa Corporation	100% owned subsidiary Parent company	Other receivables RMB 264,805	-	\$ -	-	\$ -	\$ -
			Trade receivables RMB 53,230	-	-	-	-	
Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited Yantai Walsin Stainless Steel Co., Ltd. Changshu Walsin Specialty Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd. Jiangyin Walsin Steel Cable Co., Ltd. Hangzhou Walsin Power Cable & Wire Co., Ltd. XiAn Walsin Metal Product Co., Ltd. Nanjing Taiwan Trade Mart Management Co., Ltd. Dongguan Walsin Wire & Cable Co., Ltd. Walsin (Nanjing) Development Co., Ltd.	Parent company Both subsidiaries of Walsin Lihwa Corporation Both subsidiaries of Walsin Lihwa Corporation Both subsidiaries of Walsin Lihwa Corporation 100% owned subsidiary Associate Both subsidiaries of Walsin Lihwa Corporation Both subsidiaries of Walsin Lihwa Corporation 100% owned subsidiary Both subsidiaries of Walsin Lihwa Corporation	Other receivables US\$ 4,900	-	-	-	-	-
			Other receivables US\$ 140,443 RMB 481,667	-	-	-	-	-
			Other receivables US\$ 45,237	-	-	-	-	-
			Other receivables US\$ 44,640	-	-	-	-	-
			Other receivables US\$ 8,067 RMB 106,151	-	-	-	-	-
			Other receivables RMB 81,237	-	-	-	-	-
			Other receivables RMB 179,818	-	-	-	-	-
			Other receivables RMB 96,282	-	-	-	-	-
			Other receivables US\$ 24,210	-	-	-	-	-
			Other receivables RMB 807,674	-	-	-	-	-
Walsin International Investments Limited	Walsin Lihwa Corporation PT. Walsin Nickel Industrial Indonesia Walsin (China) Investment Co., Ltd.	Parent company Both subsidiaries of Walsin Lihwa Corporation Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 788,305	-	-	-	-	-
			Other receivables RMB 701,665	-	-	-	-	-
			Other receivables RMB 2,915,745	-	-	-	-	-
Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 220,228	-	-	-	-	-
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both subsidiaries of Walsin Lihwa Corporation	Other receivables RMB 128,409	-	-	-	-	-

Note: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars.



**TABLE 7-2****CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2022  
(In Thousands of Renminbi)**

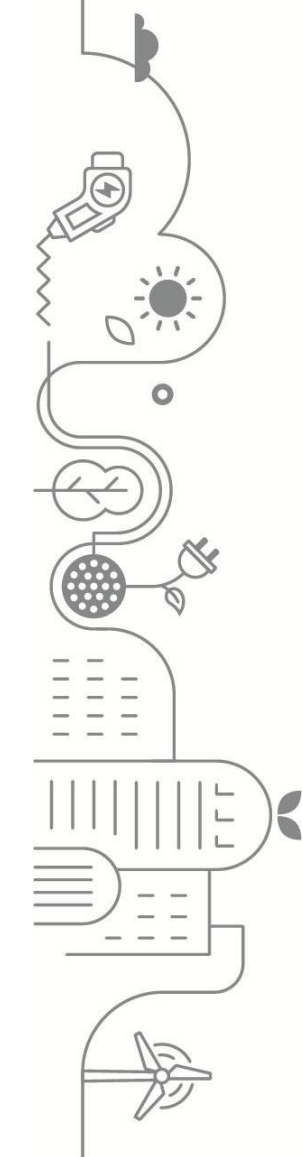
Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Both are subsidiaries of Concord Industries Limited	Trade receivables \$ 25,973	7.45	\$ -	-	\$ 5,250	\$ -
Changshu Walsin Specialty Steel Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both are subsidiaries of Walsin Lihwa Corporation	Other receivables 30,702	-	-	-	-	-
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Walsin (China) Investment Co., Ltd.	Both are subsidiaries of Walsin Lihwa Corporation	Other receivables 93,552	-	-	-	-	-

**TABLE 7-3**

**CHIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2022  
(In Thousands of Renminbi)**

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Joint Success Enterprises Limited	Walsin (Nanjing) Development Co., Ltd.	Subsidiary	Other receivables \$ 198,436	-	\$ -	-	\$ -	\$ -



**TABLE 7-4****WALSIN SINGAPORE PTE. LTD. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2022  
(In Thousands of U.S. Dollars)**

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Walsin Singapore Pte. Ltd.	Walsin Lihwa Corporation	Parent company	Other receivables \$ 179,800	-	\$ -	-	\$ -	\$ -

TABLE 8

## WALSIN LIHWA CORPORATION

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE GROUP EXERCISES SIGNIFICANT INFLUENCE  
FOR THE YEAR ENDED DECEMBER 31, 2022

Information of investees that Walsin Lihwa Corporation has controlling power or significant influence over was as follows (in thousands of New Taiwan dollars U.S. dollars and Hong Kong dollars):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited	British Virgin Islands	Investments holding	\$ 3,317,552	\$ 14,495,777	108,730,393	100.00	\$ 24,073,818	\$ 7,661,077	\$ 7,661,054	
	Concord Industries Limited	British Virgin Islands	Investments holding	13,611,135	13,611,135	308,498,375	100.00	5,210,454	(210,389)	(210,389)	
	Ace Result Global Limited	British Virgin Islands	Investments holding	1,587,416	1,587,416	44,739,988	100.00	354,722	(34,906)	(34,906)	
	Min Maw Precision Industry Corp.	Taiwan	Solar power systems management, design, and installation	180,368	180,368	32,791,149	100.00	388,436	22,733	22,733	
	Waltuo Green Resources Corporation	Taiwan	Waste disposal, resource recovery and cement products	10,000	10,000	1,828,287	100.00	17,660	(1,543)	(1,543)	
	Walsin Precision Technology Corp.	Malaysia	Production and sale of stainless steel plates	434,994	434,994	32,178,385	100.00	563,204	88,275	88,275	
	Chin-Cherng Construction Co.	Taiwan	Investment in the construction of residential, sale of commercial buildings, rental design and interior decoration business	611,688	611,688	577,583,403	99.22	6,182,490	(239,992)	(238,136)	
	Walsin Info-Electric Corp.	Taiwan	Mechanical and electrical, communications, and power systems	270,034	270,034	29,854,246	99.51	314,008	2,025	2,015	
	PT. Walsin Lippo Industries	Indonesia	Steel wires	481,663	481,663	10,500	70.00	953,239	26,703	18,692	
	PT. Walsin Lippo Kabel	Indonesia	Production and sale of cables and wires	11,656	11,656	1,050,000	70.00	12,000	(1,001)	(701)	
	PT. Walsin Nickel Industrial Indonesia	Indonesia	Production and sale of nickel pig iron	1,509,171	1,509,171	500,000	50.00	5,832,774	6,067,971	3,069,275	
	Joint Success Enterprises Limited	British Virgin Islands	Investments holding	1,164,273	1,164,273	36,058,184	49.05	5,084,267	(508,445)	(172,225)	
	Chin-Xin Investment Co., Ltd.	Taiwan	Investments	2,237,969	2,237,969	179,468,270	37.00	7,744,232	1,026,112	369,503	
	Tsai Yi Corporation (Formerly known as Walsin Color Co., Ltd.)	Taiwan	Management and investments holding	457,610	457,610	49,831,505	33.97	799,618	4,840	1,644	
	Concord II Venture Capital Co., Ltd.	Taiwan	Venture capital and consulting affairs	257,860	257,860	26,670,699	26.67	174,997	(15,248)	(4,067)	
	Winbond Electronics Corp.	Taiwan	Research, development, production and sale of semiconductors and related components	7,429,920	7,429,920	883,848,423	22.21	20,953,105	12,927,165	2,863,601	
	Walton Advanced Engineering, Inc.	Taiwan	Production, sale, and testing of semiconductors	1,185,854	1,185,854	109,628,376	21.01	2,109,400	258,067	54,220	
	Walsin Technology Corp.	Taiwan	Production and sale of ceramic capacitors	1,649,039	1,649,039	88,902,325	18.30	8,147,080	1,640,227	300,162	
	Powertec Electrochemical Corp.'s	Taiwan	Basic industrial chemical manufacturing and energy technical services	2,945,925	2,945,925	318,522,792	22.46	-	-	-	
	Walsin Singapore Pte. Ltd.(formerly known as New Hono Investment Pte. Ltd)	Singapore	Investments holding	16,790,710	5,003,810	422,000,000	100.00	19,603,265	2,465,074	2,022,543	
PT. Sunny Metal Industry	Indonesia	Manufacture and sale of nickel matte	-	-	-	-	-	(25,416)	(6,141)	(Note 4)	
Walsin Lihwa Europe S.a r.l.	Luxembourg	Investments holding	6,692,862	-	12,000	100.00	4,146,986	148,026	148,026		
PT. Walsin Research Innovation Indonesia	Indonesia	Consulting and management	22,223	-	6,930	99.00	21,342	25	25		
Walsin America, LLC	USA	Investments	185,752	-	N/A	100.00	(17,487)	(1,001,746)	-	(Note 5)	
PT. CNGR Walsin New Energy and Technology Indonesia	Indonesia	Investments holding	300,000	-	140,651	29.17	278,241	(869)	(313)		
PT. Westrong Metal Industry	Indonesia	Manufacture and sale of nickel matte	4,680,030	-	590,000	29.50	4,590,864	(3,352)	-		

(Continued)





Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Walsin Lihwa Holding Limited	Walsin International Investments Limited	Hong Kong	Investments	HK\$ 4,653,372	HK\$ 4,653,372	\$4,653,371,702	100.00	\$ 19,584,996	\$ 993,233	\$ 993,233	
	Walcom Chemicals Industrial Limited	Hong Kong	Commerce	US\$ 0.030	US\$ 0.030	325,000	65.00	0.842	-	-	
	Walsin America, LLC	USA	Investments	-	-	N/A	-	-	(1,001,746)	(1,001,746)	(Note 5)
	Borrego Solar Systems, Inc.	USA	Grid-connected solar electric systems	US\$ -	US\$ 15,000	-	-	-	(1,013,915)	(744,463)	(Note 1)
Walsin America, LLC	Borrego Energy Holdings, LLC	USA	Investments	US\$ 38,147	US\$ -	N/A	72.55	143,078	(1,380,776)	(1,001,746)	
Borrego Energy Holdings, LLC	Borrego Energy, LLC	USA	Grid-connected solar electric systems	US\$ 52,576 (Note 2)	US\$ -	N/A	100.00	197,220	(1,380,776)	(1,380,776)	
Concord Industries Limited	Walsin Specialty Steel Corp.	British Virgin Islands	Commerce and investments	US\$ 92,393 (Note 3)	US\$ 101,400 (Note 3)	92,393,195	100.00	1,383,391	351,416	351,416	
Chin-Cherng Construction Co.	Joint Success Enterprises Limited	British Virgin Islands	Investments	1,202,993	1,202,993	37,461,816	50.95	5,097,232	(508,445)	(259,053)	
	Dingshin Development Co., Ltd.	Taiwan	Investment of real estate and related business	8,540	8,540	2,119,200	35.32	38,212	2,559	904	
	Concord II Venture Capital Co., Ltd.	Taiwan	Venture capital and consulting affairs	1,603	1,603	172,342	0.17	1,131	(15,248)	4	
	Chin-Xin Investment Co., Ltd.	Taiwan	Investments	54,154	54,154	3,264,092	0.67	142,143	1,026,112	6,882	
Walsin Singapore Pte. Ltd. (Formerly known as New Hono Investment Pte. Ltd)	PT. Walsin Nickel Industrial Indonesia	Indonesia	Production and sale of nickel pig iron	US\$ 42,000	US\$ 42,000	42,000	42.00	5,097,031	6,067,971	2,548,548	
	PT. Sunny Metal Industry	Indonesia	Manufacture and sale of nickel matte	US\$ 200,000	-	50,100	50.10	5,820,497	(25,416)	(82,853)	(Note 4)
Walsin Lihwa Europe S.a r.l.	MEG S.A.	Luxembourg	Investments	EUR 207,216	-	5,102	85.03	5,796,269	(225,154)	148,084	

Note 1: On May 24, 2022, WLC's board of directors resolved that its subsidiary Borrego Solar Systems, Inc. would split its business into its 100% subsidiaries New Leaf Energy, Inc. (original name of the announcement: 2022 Solar Development, Inc.) and Borrego Energy, LLC, and sold its subsidiary New Leaf Energy, Inc.; the transaction was completed on July 28, 2022 (United States local time July 27, 2022).

Note 2: The amount of the payment of US\$10,372 thousand was deducted for Borrego Energy, LLC employees' compensation, which was paid by Walsin Lihwa Corporation.

Note 3: The amount included capitalization of retained earnings of US\$4,500 thousand.

Note 4: Due to adjustments in the investment structure of the Group, it was transferred from Walsin Lihwa Corporation to Walsin Singapore Pte. Ltd.

Note 5: Due to adjustments in the investment structure of the Group, it was transferred from Walsin Lihwa Holding Limited to Walsin Lihwa Corporation.

Note 6: Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Hong Kong dollars.

(Concluded)



TABLE 9

## WALSIN LIHWA CORPORATION AND SUBSIDIARIES

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

## A. Walsin Lihwa Corporation

1. The names of investee companies in mainland China, their main businesses and products, total amount of paid-in capital, investment type, investment flows, percentage of ownership in investment, investment gain or loss, carrying amount, accumulated inward remittance of earnings and upper limit on investment in mainland China were as follows:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 16)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Jiangyin Walsin Steel Cable Co., Ltd.	Manufacture and sale of steel cables and wires	\$ 614,200 (US\$ 20,000)	b	\$ 799,719 (US\$ 26,041) (Note 2)	\$ -	\$ -	\$ 799,719 (US\$ 26,041) (Note 2)	\$ (43,738)	100.00	\$ (43,738)	\$ 841,752	\$ -
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	479,905 (US\$ 15,627)	b	459,299 (US\$ 14,956) (Note 3)	-	-	459,299 (US\$ 14,956) (Note 3)	90,369	95.71	86,492	1,207,083	-
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Manufacture and sale of cables and wires	5,468,837 (US\$ 178,080)	b	2,591,310 (US\$ 84,380) (Note 4)	-	-	2,591,310 (US\$ 84,380) (Note 4)	(142,964)	40.00	(57,187)	681,239	-
Walsin (China) Investment Co., Ltd.	Investments	2,413,806 (US\$ 78,600)	b	2,413,806 (US\$ 78,600) (Note 5)	-	-	2,413,806 (US\$ 78,600) (Note 5)	(217,027)	100.00	(217,027)	4,300,323	-
Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes	2,978,870 (US\$ 97,000)	b	2,978,870 (US\$ 97,000) (Note 6)	-	-	2,978,870 (US\$ 97,000) (Note 6)	337,522	100.00	337,522	1,048,836	-
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Manufacture and sale of stainless steel	-	b	1,197,690 (US\$ 39,000) (Note 7)	-	1,197,690 (US\$ 39,000)	-	(1,028)	-	(1,028)	- (Note 8)	-
Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	798,460 (US\$ 26,000)	b	798,460 (US\$ 26,000) (Note 9)	-	-	798,460 (US\$ 26,000) (Note 9)	(191,422)	100.00	(191,422)	1,485,939	-
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat rolled products	1,504,790 (US\$ 49,000)	b	1,504,790 (US\$ 49,000) (Note 10)	-	-	1,504,790 (US\$ 49,000) (Note 10)	(230,096)	100.00	(230,096)	1,763,939	-
XiAn Walsin Metal Product Co., Ltd. (Note 13)	Manufacture and sale of specialized stainless steel plates	1,699,799 (US\$ 55,350)	b	925,907 (US\$ 30,150)	-	-	925,907 (US\$ 30,150)	(14,022)	100.00	(14,022)	(792,817)	-
Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of electronic components and new alloy materials	10,289,846 (US\$ 335,065) (Note 11)	b	6,538,988 (US\$ 212,927)	-	-	6,538,988 (US\$ 212,927)	(678,277)	100.00	(678,277)	4,100,422	-

(Continued)





Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 16)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Changzhou China Steel Precision Materials Co., Ltd.	Melting and forging of nonferrous metallic materials and composites as well as new types of alloys	\$ 1,338,956 (US\$ 43,600)	b	\$ 401,687 (US\$ 13,080)	\$ -	\$ -	\$ 401,687 (US\$ 13,080)	\$ 238,066	30.00	\$ 71,420	\$ 519,403	\$ 937,269 (US\$ 30,520)
Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and asset management, consulting and advertising services	30,710 (US\$ 1,000)	b	30,710 (US\$ 1,000)	-	-	30,710 (US\$ 1,000)	(97,643)	100.00	(97,643)	(518,896)	-
Dong Guan Cogne Steel Products Co., Ltd.	Stainless Steel Products	835,312 (US\$ 27,200)	b	-	-	-	-	32,389	100.00	32,389	163,535	-
Shaanxi Tianhong Silicon Industrial Corporation	Polysilicon production	5,291,208 (RMB 1,200,000)	b	- (US\$ -)	-	-	- (US\$ -)	-	19.00	-	- (Note 12)	-
Jiangsu Taiwan Trade Mart Development Co., Ltd.	Development and management of Nanjing Taiwan Trade Mart Management Co., Ltd.	44,093 (RMB 10,000)	b	9,336 (US\$ 304)	-	-	9,336 (US\$ 304)	1,332	20.00	265	9,736	-
Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. (Note 14)	Communications equipment and electronic components	686,080 (RMB 155,597)	b	- RMB -	-	-	- RMB -	31,798	6.02	-	56,563	-
Walsin (Nanjing) Development Co., Ltd.	Construction, rental and sale of buildings and industrial factories	1,535,500 (US\$ 50,000)	b	1,529,358 (US\$ 49,800) (Note 15)	-	-	1,529,358 (US\$ 49,800) (Note 15)	(526,029)	99.60	(523,937)	9,233,321	-
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	4,409 (RMB 1,000)	b	- RMB -	-	-	- RMB -	(12,868)	99.60	(12,818)	(18,100)	-

2. The upper limit on investment of WLC in mainland China was as follows:

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (NT\$ and US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (NT\$ and US\$ in Thousands)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (NT\$ in Thousands)
\$ 19,767,658 (US\$ 643,688)	\$ 19,706,392 (US\$ 641,693)	N/A (Note 19)

(Continued)

Notes:

1. Investments can be classified into three categories as follows:
  - a. Direct investment in mainland China.
  - b. Reinvestment in mainland China through companies in a third country companies.
  - c. Others.
2. Including US\$15,000 thousand investment through Walsin (China) Investment Co., Ltd.
3. Including US\$14,950 thousand investment through Walsin (China) Investment Co., Ltd.
4. Including US\$13,300 thousand investment through Walsin (China) Investment Co., Ltd., US\$53,000 thousand investment through Ace Result Global Ltd. and US\$22,730 thousand dividends appropriated from Dongguan Walsin Wire & Cable Co., Ltd., Jiangying Walsin Steel Cable Co., Ltd., Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. and Hangzhou Walsin Power Cable & Wire Co., Ltd.
5. Capital investment of US\$28,600 thousand was contributed from the accounts payable of Walsin (China) Investment Co., Ltd. to Walsin Lihwa Holdings Limited.
6. Including US\$20,000 thousand investment through Walsin Specialty Steel Corp. and US\$42,000 thousand dividends appropriated from Changshu Walsin Specialty Steel Co., Ltd. and Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.
7. Including US\$4,800 thousand investment through Walsin (China) Investment.
8. The liquidation and deregistration of Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd were completed on July 13, 2022.
9. Investment through Walsin (China) Investment Co., Ltd.
10. Including investments through Walsin (China) Investment Co., Ltd. of US\$4,500 thousand and US\$4,500 thousand of the own capital of Walsin (China) Investment Co., Ltd.
11. Including investments of its own capital of RMB578,796 thousand from Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd., Changzhou Wujin NSL Co., Ltd. and Changshu Walsin Specialty Steel Co., Ltd. and RMB3,750 thousand investments through Changzhou Wujin NSL Co., Ltd. Including US\$32,927 thousand investment through Yantai Huanghai Iron and Steel Co., Ltd. and Yantai Dazhong Recycling Resource Co., Ltd. which were merged.
12. The amount was adjusted by the capital of XiAn Lv Jing Technology Co., Ltd. of RMB228,000 thousand and the fair value.
13. XiAn Walsin Metal Product Co., Ltd. merged XiAn Lv Jing Technology Co., Ltd. and XiAn Walsin Opto-electronic Limited.
14. Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. was formerly known as Shaanxi Optoelectronics Technology Co., Ltd.
15. The amount included investment through Joint Success Enterprise Limited approved in the previous years.
16. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.
17. The currency exchange rates as of December 31, 2022 were as follows: US\$to NT\$= 1:30.71, RMB to NT\$= 1:4.40934. The average exchange rates of December 31, 2022 were as follows: US\$to NT\$= 1:29.805, RMB to NT\$= 1:4.41084.
18. The basis for recognizing investment gains and losses in the current period is the financial report audited by an international accounting firm that has a cooperative relationship with the accounting firm of the Republic of China.
19. Upper limit on investment:

WLC was approved as the operation headquarter by the Industrial Development Bureau, Ministry of Economic Affairs and is thus exempted from the related regulations of “Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China”.

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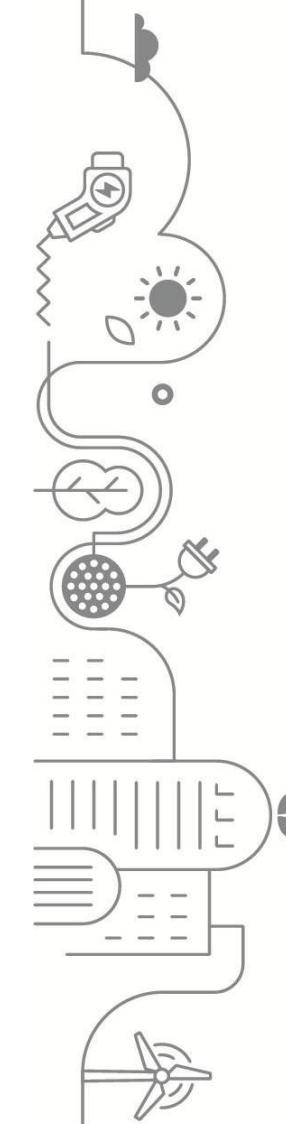




TABLE 9-1

## B. Chin-Cherng Construction Co.

1. The names of investee companies in mainland China, their main businesses and products, total amount of paid-in capital, investment type, investment flows, percentage of ownership in investment, investment gain or loss, carrying amount, accumulated inward remittance of earnings and upper limit on investment in mainland China were as follows:

(In Thousands of U.S. and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 16)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Walsin (Nanjing) Development Co., Ltd.	Construction, rental and sale of buildings and industrial factories	US\$ 50,000	Note 1	US\$ 25,475	\$ -	\$ -	US\$ 25,475	\$ (119,258)	50.95	\$ (60,762)	\$ 1,071,169	\$ -
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	1,000	Note 1	-	-	-	-	(2,917)	50.95	(1,486)	(2,100)	-

2. The upper limit on investment in mainland China

Accumulated Investment in Mainland China as of December 31, 2022 (US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (NT\$ in Thousands)
US\$25,475	US\$25,475	NT\$3,738,655 (Note 3)

Note 1: Investing in companies in mainland China through the companies already established and existing in the areas other than Taiwan and mainland China.

Note 2: The basis for recognizing investment gains and losses in the current period is the financial statements audited by an international accounting firm that has a cooperative relationship with the accounting firm of the Republic of China.

Note 3: The upper limit on investment in mainland China was as follows:

$$\text{NT\$}6,231,092 \times 60\% = \text{NT\$}3,738,655 \text{ thousand.}$$

Note 4: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars.

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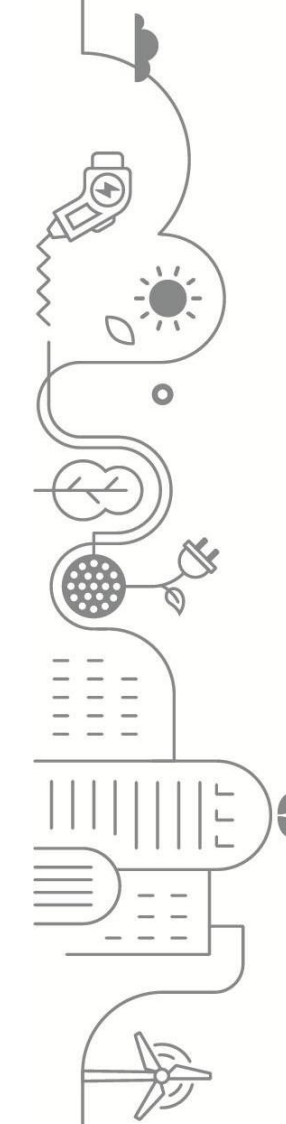
**TABLE 10**

**WALSIN LIHWA CORPORATION AND INVESTEEES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars, US Dollars and Renminbi)**

No.	Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Walsin Lihwa Corporation	Changshu Walsin Specialty Steel Co., Ltd. Jiinyin Walsin Specialty Alloy Materials Co., Ltd. Dongguan Walsin Wire & Cable Co., Ltd. Changshu Walsin Specialty Steel Co., Ltd. Jiinyin Walsin Specialty Alloy Materials Co., Ltd. PT. Sunny Metal Industry Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries Transactions between parent company and subsidiaries Transactions between parent company and subsidiaries Transactions between parent company and subsidiaries Transactions between parent company and subsidiaries Transactions between parent company and subsidiaries Transactions between parent company and subsidiaries	Trade receivables	\$ 102,984	The terms are set by quotations on the local market and are similar to those of general customers	-
				Trade receivables	150,819	The terms are set by quotations on the local market and are similar to those of general customers	-
				Sales	326,711	The terms are set by quotations on the local market and are similar to those of general customers	-
				Sales	242,061	The terms are set by quotations on the local market and are similar to those of general customers	-
				Sales	255,763	The terms are set by quotations on the local market and are similar to those of general customers	-
				Other receivables	5,481,736	Based on capital demand	2
				Other receivables	36,445	Based on capital demand	-
1	Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd. Walsin Lihwa Corporation	Transactions between parent company and subsidiaries Transactions between subsidiaries and parent company	Other receivables	RMB 264,805	Based on capital demand	-
				Trade receivables	RMB 53,230	The terms are set by quotations on the local market and are similar to those of general customers	-
2	Joint Success Enterprises Limited	Walsin (Nanjing) Development Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 198,436	Based on capital demand	-

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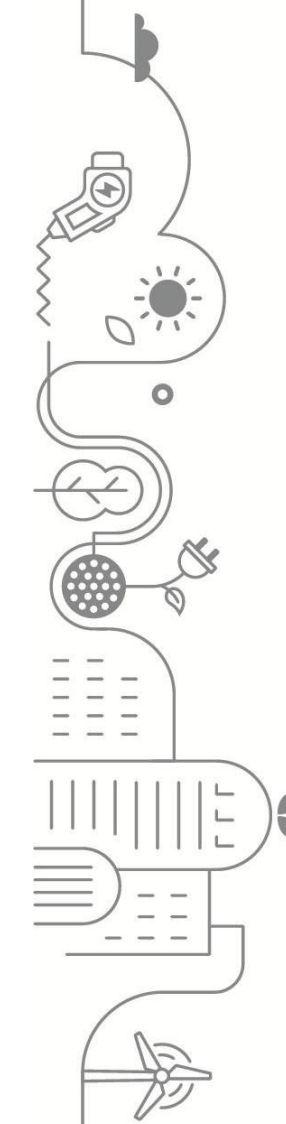


No.	Company	Counterparty	Relationship	Transaction Details			% of Total Sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
3	Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited	Transactions between subsidiaries and parent company	Other receivables	US\$ 4,900	Based on capital demand	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 140,443 RMB 481,667	Based on capital demand	3
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 44,640	The terms are set by quotations on the local market and are similar to those of general customers	1
		Jiangyin Walsin Steel Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 8,067 RMB 106,151	Based on capital demand	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 45,237	Based on capital demand	1
		Walsin (Nanjing) Development Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 807,674	Based on capital demand	1
		XiAn Walsin Metal Product Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 179,818	Based on capital demand	-
		Nanjing Taiwan Trade Mart Management Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 96,282	Based on capital demand	-
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 24,210	Based on capital demand	-
4	Walsin International Investments Limited	Walsin Lihwa Corporation	Transactions between subsidiaries and parent company	Other receivables	RMB 788,305	Based on capital demand	1
		PT. Walsin Nickel Industrial Indonesia	Transactions between subsidiaries	Other receivables	RMB 701,665	Based on capital demand	1
		Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 2,915,745	Based on capital demand	5
5	Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 25,973	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 19,682	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 198,637	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Sales	RMB 278,697	The terms are set by quotations on the local market and are similar to those of general customers	1
6	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 3,105	Based on capital demand	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 2,695	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 28,542	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 93,552	Based on capital demand	-
7	Walsin Specialty Steel Corp.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 8,453	Based on capital demand	-

(Continued)

No.	Company	Counterparty	Relationship	Transaction Details			% of Total Sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
8	Changshu Walsin Specialty Steel Co., Ltd.	Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 8,381	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 50,664	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 30,702	Based on capital demand	-
9	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 128,409	Based on capital demand	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 4,145	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 32,480	The terms are set by quotations on the local market and are similar to those of general customers	-
10	Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries and parent company	Other receivables	RMB 220,228	Based on capital demand	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between subsidiaries	Sales	RMB 79,290	The terms are set by quotations on the local market and are similar to those of general customers	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 2,513	The terms are set by quotations on the local market and are similar to those of general customers	-
11	Walsin Singapore Pte. Ltd.	Walsin Lihwa Corporation	Transactions between subsidiaries and parent company	Other receivables	US\$ 179,800	Based on capital demand	2
0	2021 Walsin Lihwa Corporation	Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	81,510	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	281,518	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	245,996	The terms are set by quotations on the local market and are similar to those of general customers	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Trade receivables	4,515	The terms are set by quotations on the local market and are similar to those of general customers	-
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Sales	2,773,189	The terms are set by quotations on the local market and are similar to those of general customers	1
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	595,996	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Sales	668,583	The terms are set by quotations on the local market and are similar to those of general customers	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Sales	18,689	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transactions between parent company and subsidiaries	Sales	7,723	The terms are set by quotations on the local market and are similar to those of general customers	-
		Dongguan Walsin Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	32,849	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	37,008	The terms are set by quotations on the local market and are similar to those of general customers	-

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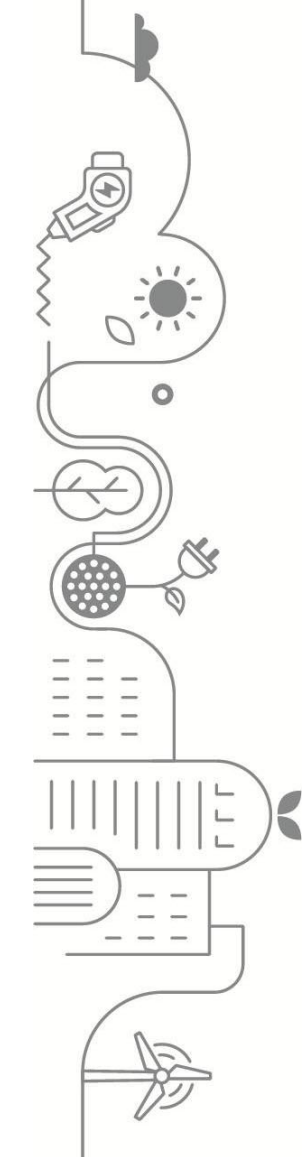
No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
1	Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 261,794	Based on capital demand	1
		Walsin Lihwa Corporation	Transactions between subsidiaries and parent company	Trade receivables	RMB 10,259	The terms are set by quotations on the local market and are similar to those of general customers	-
2	Joint Success Enterprise Limited	Walsin (Nanjing) Development Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 177,412	Based on capital demand	-
3	Walsin (China) Investment Co., Ltd.	Walsin Lihwa Holdings Limited	Transactions between subsidiaries and parent company	Other receivables	US\$ 4,900	Based on capital demand	-
		Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 60,175	Based on capital demand	2
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 363,643	Based on capital demand	1
		Jiangyin Walsin Steel Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 44,636	Based on capital demand	1
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	US\$ 8,717	Based on capital demand	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 214,155	Based on capital demand	1
		Walsin (Nanjing) Development Co., Ltd.	Transactions between subsidiaries	Other receivables	US\$ 55,825	Based on capital demand	2
		XiAn Walsin Metal Product Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 698,586	Based on capital demand	-
		Nanjing Taiwan Trade Mart Management Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 176,213	Based on capital demand	-
Dongguan Walsin Wire & Cable Co., Ltd	Transactions between parent company and subsidiaries	Other receivables	RMB 37,250	Based on capital demand	1		
4	Walsin International Investments Limited	PT. Walsin Nickel Industrial Indonesia	Transactions between subsidiaries	Other receivables	RMB 1,596,871	Based on capital demand	4
		Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 2,558,656	Based on capital demand	6
5	Yantai Walsin Stainless Steel Co., Ltd.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 27,311	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 6,386	The terms are set by quotations on the local market and are similar to those of general customers	-
		Changshu Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 242,772	The terms are set by quotations on the local market and are similar to those of general customers	1
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Sales	RMB 233,251	The terms are set by quotations on the local market and are similar to those of general customers	1
6	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Yantai Walsin Stainless Steel Co., Ltd.	Transaction between subsidiaries	Other receivables	RMB 10,581	Based on capital demand	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transaction between subsidiaries	Trade receivables	RMB 1,213	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transaction between subsidiaries	Sales	RMB 40,500	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin (China) Investment Co., Ltd.	Transaction between subsidiaries	Other receivables	RMB 99,473	Based on capital demand	-

(Continued)



No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
7	Walsin Specialty Steel Corp.	Changshu Walsin Specialty Steel Co., Ltd.	Transactions between parent company and subsidiaries	Other receivables	RMB 8,453	Based on capital demand	-
8	Changshu Walsin Specialty Steel Co., Ltd.	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transaction between subsidiaries	Trade receivables	RMB 1,130	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transaction between subsidiaries	Trade receivables	RMB 5,739	The terms are set by quotations on the local market and are similar to those of general customers	-
		Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transaction between subsidiaries	Sales	RMB 817	The terms are set by quotations on the local market and are similar to those of general customers	-
		Yantai Walsin Stainless Steel Co., Ltd.	Transaction between subsidiaries	Sales	RMB 32,926	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 37,911	Based on capital demand	-
9	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Transactions between subsidiaries	Sales	RMB 6	The terms are set by quotations on the local market and are similar to those of general customers	-
		Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 83,540	Based on capital demand	-
10	Dongguan Walsin Wire & Cable Co., Ltd.	Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries and parent company	Other receivables	RMB 553,394	Based on capital demand	1
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between subsidiaries	Sales	RMB 49,712	The terms are set by quotations on the local market and are similar to those of general customers	-
		Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Transactions between subsidiaries	Trade receivables	RMB 14,014	The terms are set by quotations on the local market and are similar to those of general customers	-
12	Jiangyin Walsin Steel Cable Co., Ltd.	Yantai Walsin Specialty Steel Co., Ltd.	Transactions between subsidiaries	Sales	RMB 581	The terms are set by quotations on the local market and are similar to those of general customers	-
13	Nanjing Walsin Property Management Co., Ltd.	Walsin (China) Investment Co., Ltd.	Transactions between subsidiaries	Other receivables	RMB 5,420	Based on capital demand	-

(Concluded)



**TABLE 11**
**WALSIN LIHWA CORPORATION AND SUBSIDIARIES**
**INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Winbond Electronics Corp.	247,527,493	6.63
Chin-Xin Investment Co., Ltd.	247,399,375	6.63
LGT Bank (Singapore) Investment Fund under the custody of Standard Chartered	262,598,000	7.03
TECO Electric & Machinery Co., Ltd.	210,332,390	5.63

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers their shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.



## **5. Financial report of the parent company of the most recent year audited and certified by Supervisors**

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Walsin Lihwa Corporation

#### **Opinion**

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

In our opinion, based on our audits and the reports of other auditors (as set out in the Other Matter section of our report), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements as of and for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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



### Sales Revenue Recognition

In 2022, the main products of the Company's wires and cables business unit include bare copper wires, wires and cables. The fluctuation in prices of bare copper wires is often subject to the movement in prices of raw materials, and thus some of the sales prices are set according to the market prices agreed under the contracts at the time of shipments. The Company prepares reports on point of sale transactions by referring to the actual shipments and market price adjustments as the basis for revenue recognition. Due to the large number of transactions and different market prices that have been agreed upon by customers, the processing, recording and maintenance of such reports are performed manually in which their amounts are significant to the financial statements. Therefore, the accuracy of revenue recognized from sales of bare copper wires was considered as a key audit matter. Refer to Notes 4 and 21 to the financial statements for related accounting policies and disclosure of information relating to revenue recognition.

Our audit procedures performed in respect of the above key audit matter were as follows:

1. We obtained an understanding and tested the reasonableness of revenue recognition policy and internal control procedures over the sales of bare copper wires, and evaluated the effectiveness of relevant internal controls.
2. We performed sampling and reconciliation of sales prices and quantities with their respective amounts in the contracts and verified the accuracy of market price adjustments.
3. We verified the accuracy of monthly reports by recalculating the sales revenue and confirmed that the recognized amounts were consistent with those recorded in the general ledger.

### **Other Matter**

The financial statements of certain equity-method investees included in the financial statements as of and for the years ended December 31, 2022 and 2021 were audited by other auditors. Our opinion, insofar as it relates to such investments, is based solely on the reports of other auditors. The investments in such investees amounted to NT\$14,685,608 thousand and NT\$5,587,877 thousand, which constituted 7.30% and 3.39% of the total assets as of December 31, 2022 and 2021, respectively; and the investment (loss) gains amounted to NT\$(118,414) thousand and NT\$743,761 thousand for the years ended December 31, 2022 and 2021, respectively.

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

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

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

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



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

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

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

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

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

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



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

The engagement partners on the audit resulting in this independent auditors' report are Wen-Yea Shyu and Ker-Chang Wu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 24, 2023

Notice to Readers

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

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



## WALSIN LIHWA CORPORATION

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

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 10,956,239	6	\$ 5,023,659	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	8,864	-
Contract assets - current (Notes 4 and 8)	267,147	-	151,065	-
Notes receivable (Notes 4, 9 and 31)	25,058	-	36,993	-
Trade receivables (Notes 4 and 9)	3,652,066	2	4,488,125	3
Trade receivables from related parties (Notes 4, 9 and 31)	296,053	-	630,518	-
Other receivables (Note 31)	8,272,172	4	985,084	1
Inventories (Notes 4 and 10)	11,819,088	6	15,567,272	10
Other current assets (Notes 6 and 16)	2,060,227	1	2,051,688	1
<b>Total current assets</b>	<b>37,348,050</b>	<b>19</b>	<b>28,943,268</b>	<b>18</b>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	2,567,786	1	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 11)	12,206,200	6	16,139,524	10
Investments accounted for using equity method (Notes 4 and 12)	117,556,202	59	92,360,069	56
Property, plant and equipment (Notes 4 and 13)	18,760,190	9	17,411,273	10
Right-of-use assets (Notes 4 and 14)	1,459,994	1	81,050	-
Investment properties (Notes 4 and 15)	8,170,554	4	8,243,668	5
Deferred tax assets - non-current (Notes 4 and 23)	700,710	-	1,291,573	1
Refundable deposits	31,197	-	27,548	-
Other non-current assets (Note 16)	2,281,237	1	182,006	-
<b>Total non-current assets</b>	<b>163,734,070</b>	<b>81</b>	<b>135,736,711</b>	<b>82</b>
<b>TOTAL</b>	<b>\$ 201,082,120</b>	<b>100</b>	<b>\$ 164,679,979</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 17)	\$ 6,600,565	3	\$ 5,074,632	3
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	51,505	-	37,439	-
Trade payables (Note 31)	3,226,544	2	3,040,224	2
Other payables	2,884,659	1	2,498,452	2
Other payables to related parties (Note 31)	9,273,554	5	178,362	-
Current tax liabilities (Notes 4 and 23)	1,420,015	1	2,040,190	1
Lease liabilities - current (Notes 4 and 14)	38,519	-	20,564	-
Current portion of long-term borrowings (Note 17)	-	-	10,500,000	7
Other current liabilities	227,916	-	372,874	-
<b>Total current liabilities</b>	<b>23,723,277</b>	<b>12</b>	<b>23,762,737</b>	<b>15</b>
<b>NON-CURRENT LIABILITIES</b>				
Bonds Payable (Note 18)	7,500,000	4	7,500,000	5
Long-term borrowings (Note 17)	37,445,270	18	24,640,014	15
Long-term notes and bills payable (Note 17)	1,497,914	1	-	-
Deferred tax liabilities (Notes 4 and 23)	5,495,675	3	2,151,564	1
Lease liabilities - non-current (Notes 4 and 14)	1,498,347	1	64,580	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	147,420	-	451,697	-
Other non-current liabilities (Note 28)	193,341	-	225,863	-
<b>Total non-current liabilities</b>	<b>53,777,967</b>	<b>27</b>	<b>35,033,718</b>	<b>21</b>
<b>Total liabilities</b>	<b>77,501,244</b>	<b>39</b>	<b>58,796,455</b>	<b>36</b>
<b>EQUITY (Note 20)</b>				
Share capital	37,313,329	18	34,313,329	21
Capital surplus	24,672,454	12	18,440,875	11
Retained earnings				
Legal reserve	7,564,090	4	6,109,568	4
Special reserve	2,712,250	1	2,712,250	1
Unappropriated earnings	51,762,058	26	38,965,389	24
Total retained earnings	62,038,398	31	47,787,207	29
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(4,256,774)	(2)	(6,100,687)	(4)
Unrealized gain on financial assets at fair value through other comprehensive income	6,693,877	3	11,534,267	7
Loss on hedging instruments	(105,801)	-	-	-
Other equity - other	(2,774,607)	(1)	(91,467)	-
Total other equity	(443,305)	-	5,342,113	3
<b>Total equity</b>	<b>123,580,876</b>	<b>61</b>	<b>105,883,524</b>	<b>64</b>
<b>TOTAL</b>	<b>\$ 201,082,120</b>	<b>100</b>	<b>\$ 164,679,979</b>	<b>100</b>

The accompanying notes are an integral part of the financial statements.  
(With Deloitte & Touche auditors' report dated February 24, 2023)

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 21)	\$ 98,420,045	100	\$ 97,789,648	100
OPERATING COSTS (Note 10)	(87,224,447)	(89)	(84,881,753)	(87)
REALIZED (UNREALIZED) GAIN	<u>11,802</u>	-	<u>(13,335)</u>	-
GROSS PROFIT	<u>11,207,400</u>	<u>11</u>	<u>12,894,560</u>	<u>13</u>
OPERATING EXPENSES				
Selling and marketing expenses	1,431,892	1	1,258,609	1
General and administrative expenses	1,833,812	2	1,257,078	1
Research and development expenses	<u>200,649</u>	-	<u>180,944</u>	-
Total operating expenses	<u>3,466,353</u>	<u>3</u>	<u>2,696,631</u>	<u>2</u>
PROFIT FROM OPERATIONS	<u>7,741,047</u>	<u>8</u>	<u>10,197,929</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	119,155	-	225,171	-
Dividend income	764,885	1	560,552	1
Other income - other	405,699	-	447,284	-
Gain on disposal of property, plant and equipment	78,846	-	683	-
Foreign exchange gain (loss), net	1,732,956	2	(311,352)	-
(Loss) gain on valuation of financial assets and liabilities at fair value through profit or loss	(165,235)	-	654,576	1
Other expenses	(124,715)	-	(78,196)	-
(Loss) gain on disposal of investments (Note 22)	(597,501)	(1)	461,026	-
Recognition of impairment loss (Note 22)	-	-	(557,721)	(1)
Interest expense	(727,747)	(1)	(425,367)	-
Share of profit of subsidiaries and associates accounted for using the equity method	<u>15,429,151</u>	<u>16</u>	<u>7,218,874</u>	<u>7</u>
Total non-operating income and expenses	<u>16,915,494</u>	<u>17</u>	<u>8,195,530</u>	<u>8</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	24,656,541	25	18,393,459	19
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(5,304,444)</u>	<u>(5)</u>	<u>(3,750,830)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>19,352,097</u>	<u>20</u>	<u>14,642,629</u>	<u>15</u>

(Continued)





## WALSIN LIHWA CORPORATION

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

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 19)	260,538	-	(160,650)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(4,022,988)	(4)	2,611,742	2
Share of the other comprehensive (loss) income of associates accounted for using the equity method	<u>(688,713)</u>	<u>(1)</u>	<u>2,892,990</u>	<u>3</u>
	<u>(4,451,163)</u>	<u>(5)</u>	<u>5,344,082</u>	<u>5</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	1,663,884	2	(67,717)	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	<u>74,228</u>	<u>-</u>	<u>(127,834)</u>	<u>-</u>
	<u>1,738,112</u>	<u>2</u>	<u>(195,551)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(2,713,051)</u>	<u>(3)</u>	<u>5,148,531</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 16,639,046</u>	<u>17</u>	<u>\$ 19,791,160</u>	<u>20</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 5.45</u>		<u>\$ 4.27</u>	
Diluted	<u>\$ 5.44</u>		<u>\$ 4.26</u>	

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

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

(Concluded)

## WALSIN LIHWA CORPORATION

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

	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity			Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Loss on Hedging Instrument	Others	
BALANCE AT JANUARY 1, 2021	\$ 32,260,002	\$ 15,690,406	\$ 5,428,200	\$ 3,110,410	\$ 27,791,577	\$ (5,905,135)	\$ 6,092,775	\$ -	\$ -	\$ 84,468,235
Appropriation of 2020 earnings (Note 20)										
Legal reserve	-	-	681,368	-	(681,368)	-	-	-	-	-
Special reserve	-	-	-	(398,160)	398,160	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(3,088,200)	-	-	-	-	(3,088,200)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	3,124	-	-	-	-	-	-	-	3,124
Changes in capital surplus from investments in associates accounted for using the equity method	-	(26,782)	-	-	77,160	-	(77,160)	-	(91,467)	(118,249)
Issuance of new shares in exchange for the shares of another company	2,053,327	2,771,798	-	-	-	-	-	-	-	4,825,125
Net profit for the year ended December 31, 2021	-	-	-	-	14,642,629	-	-	-	-	14,642,629
Other comprehensive (loss) income for the year ended December 31, 2021, net of income tax	-	-	-	-	(174,569)	(195,552)	5,518,652	-	-	5,148,531
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	14,468,060	(195,552)	5,518,652	-	-	19,791,160
Others	-	2,329	-	-	-	-	-	-	-	2,329
BALANCE AT DECEMBER 31, 2021	34,313,329	18,440,875	6,109,568	2,712,250	38,965,389	(6,100,687)	11,534,267	-	(91,467)	105,883,524
Appropriation of 2021 earnings (Note 20)										
Legal reserve	-	-	1,454,522	-	(1,454,522)	-	-	-	-	-
Cash dividends distributed by WLC	-	-	-	-	(5,490,133)	-	-	-	-	(5,490,133)
Change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	(2,683,140)	(2,683,140)
Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal	-	(994)	-	-	-	-	-	-	-	(994)
Disposal of equity instrument measured at fair value through other comprehensive income	-	-	-	-	(3,589)	-	3,589	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	887	-	-	79,546	-	(79,546)	-	-	887
Issuance of ordinary shares for cash	3,000,000	6,000,000	-	-	-	-	-	-	-	9,000,000
Net profit for the year ended December 31, 2022	-	-	-	-	19,352,097	-	-	-	-	19,352,097
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	313,270	1,843,913	(4,764,433)	(105,801)	-	(2,713,051)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	19,665,367	1,843,913	(4,764,433)	(105,801)	-	16,639,046
Share-based payment transaction (Note 25)	-	225,000	-	-	-	-	-	-	-	225,000
Others	-	6,686	-	-	-	-	-	-	-	6,686
BALANCE AT DECEMBER 31, 2022	\$ 37,313,329	\$ 24,672,454	\$ 7,564,090	\$ 2,712,250	\$ 51,762,058	\$ (4,256,774)	\$ 6,693,877	\$ (105,801)	\$ (2,774,607)	\$ 123,580,876

The accompanying notes are an integral part of the financial statements.  
(With Deloitte & Touche auditors' report dated February 24, 2023)



## WALSIN LIHWA CORPORATION

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

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 24,656,541	\$ 18,393,459
Adjustments for:		
Depreciation expenses	1,422,173	1,343,326
Amortization expenses	11,750	445
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	165,235	(654,576)
Interest expenses	727,747	425,367
Interest income	(119,155)	(225,171)
Dividend income	(764,885)	(560,552)
Compensation costs of employee share options	225,000	-
Share of profit of subsidiaries and associates accounted for using the equity method	(15,429,151)	(7,218,874)
Gain on disposal of property, plant and equipment	(78,846)	(683)
Loss (gain) on disposal of investments	597,501	(461,026)
Impairment loss recognized on non-financial assets	-	557,721
(Realized) unrealized gain on the transaction with associates	(11,802)	13,335
Unrealized loss on foreign currency exchange	7,352	1,784
Loss on lease modification	6	-
Changes in operating assets and liabilities		
(Increase) decrease in financial assets mandatorily classified as at fair value through profit or loss	(555,033)	297,214
Increase in contract assets	(116,082)	(138,128)
Decrease (increase) in notes receivable	11,935	(9,716)
Decrease (increase) in trade receivables	1,170,524	(2,532,916)
Increase in other receivables	(625,476)	(640,575)
Decrease (increase) in inventories	3,748,184	(7,064,475)
Decrease in other current assets	232,752	406,860
Increase in other financial assets	(241,290)	(14,820)
Decrease (increase) in other operating assets	93,091	(64,888)
Increase in trade payables	186,320	517,896
Increase in other payables	146,827	525,554
(Decrease) increase in net defined benefit liabilities	(43,738)	810
Decrease in other current liabilities	(133,155)	(399,500)
(Decrease) increase in other operating liabilities	(50,009)	38,202
Cash generated from operations	15,234,316	2,536,073
Interest received	118,408	235,112
Dividends received	2,161,080	1,358,109
Interest paid	(649,093)	(498,619)
Income tax paid	(1,989,646)	(138,061)
Net cash generated from operating activities	<u>14,875,065</u>	<u>3,492,614</u>

(Continued)

## WALSIN LIHWA CORPORATION

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

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(90,000)	(1,944,281)
Disposal of financial assets at fair value through other comprehensive income	335	-
Capital reduction and refund from financial assets at fair value through other comprehensive income	-	3,615
Purchase of financial assets at fair value through profit or loss	(2,686,100)	-
Disposal of financial assets at fair value through profit or loss	-	4,948,895
Acquisition of investments accounted for using the equity method	(17,718,066)	(6,760,343)
Repatriation through capital reduction of investee companies accounted for using the equity method	11,178,225	699,515
Purchase of property, plant and equipment	(2,467,304)	(1,729,419)
Proceeds from disposal of property, plant and equipment	129,210	2,204
Increase in refundable deposits	(3,650)	(635)
(Increase) decrease in other receivables	(6,710,599)	7,016,224
Purchase of investment properties	(183)	(2,362)
Increase in prepaid long-term investments	(2,204,073)	-
Other investing activities	(524,195)	(404,184)
Net cash (used in) generated from investing activities	<u>(21,096,400)</u>	<u>1,829,229</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	1,518,581	(1,559,788)
Proceeds from bonds payable	-	7,500,000
Proceeds from long-term borrowings	21,755,400	4,000,000
Repayment of long-term borrowings	(19,450,144)	(6,000,000)
Increase in long-term notes and bills payable	1,497,914	-
Increase (decrease) in other payables to related parties	3,345,925	(5,640,652)
Repayment of the principal portion of lease liabilities	(30,665)	(23,133)
Cash dividends paid	(5,489,781)	(3,088,030)
Proceeds from issuance of ordinary shares	9,000,000	-
Other financing activities	6,685	2,329
Net cash generated from (used in) financing activities	<u>12,153,915</u>	<u>(4,809,274)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,932,580	512,569
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,023,659</u>	<u>4,511,090</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 10,956,239</u>	<u>\$ 5,023,659</u>

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

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

(Concluded)



# WALSIN LIHWA CORPORATION

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

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses



measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Company shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and the Company shall recognize the cumulative effect of initial application in retained earnings at that date. The Company shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

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

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17- Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

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

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

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

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

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

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

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

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

- 3) Amendments to IFRS 16 "Leases Liability in a Sale and leaseback"

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes





in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### b. Basic of preparation

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

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

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

Current assets include:

- Assets held primarily for the purpose of trading;

- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

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

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

e. Inventories

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



f. Investments accounted for using the equity method

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

1) Investment in subsidiaries

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

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

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

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

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

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

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

Profit or loss resulting from downstream transactions is eliminated in full only in the financial statements. Profit and loss resulting from upstream transactions and transactions

between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

## 2) Investment in associates

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

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

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

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

When the Company's share of losses of an associate equals or exceeds its interest in that associate, the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investments and the carrying amount of investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which it ceases to have significant influence over the associate. Any retained investment is measured at fair value on that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts



previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

g. Property, plant and equipment

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

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

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

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

h. Investment properties

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

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

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

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis within useful lives. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives are reported at cost less accumulated impairment loss.

Intangible assets are derecognized when they are disposed or are not expected to generate future economic benefits through usage or through disposal.

On derecognition of an intangible asset, the differences between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

- j. Impairment of property, plant and equipment, right-of-use asset, investment properties, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

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

- k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.



## 1) Financial assets

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

### a) Measurement categories

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

#### i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial asset are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses are recognized in profit or losses. Fair value is determined in the manner described in Note 30.

#### ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition or time deposits with original maturities within 3-12 months from the date of acquisition and the interest paid to deposits which is terminated before maturity is higher than demand deposits, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, operating lease receivables, as well as contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables, operating lease receivables and contract assets. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.





- ii. Financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

- c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

- 2) Equity instruments

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

- 3) Financial liabilities

- a) Subsequent measurement

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

- i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are held for trading or are designated as at FVTPL. Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses are recognized in other gains or losses. Fair value is determined in the manner described in Note 30.

ii. Financial guarantee contracts

Financial guarantee contracts issued by the Company, if not designated as at FVTPL, are subsequently measured at the higher of:

- i) The amount of the loss allowance reflecting expected credit losses; and
- ii) The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the revenue recognition policies.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

1. Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

1) Fair value hedges

Gain or losses on derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the



hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Company discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

## 2) Cash flow hedges

The effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as reclassification adjustments in the line items relating to the hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Company discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that was previously recognized in other comprehensive income (from the period in which the hedge was effective) remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

## m. Levies

Levies imposed by a government are accrued as other liabilities when the transactions or activities that trigger the payment of such levies occur. If the obligating event occurs over a period of time, the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold, the liability is recognized when that minimum threshold is reached.

## n. Provisions

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

## o. Revenue recognition

The Company identifies contracts with the customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

### 1) Revenue from the sale of goods

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

Trade receivables are recognized concurrently.

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

## 2) Revenue from the others

### a) Revenue from the reading of services

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

### b) Construction contract revenue

A contract asset is recognized during construction and is reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payment exceeds the revenue recognized to date, then the Company recognizes a contract liability for the difference. Certain payments retained by the customer as specified in the contract are intended to ensure that the Company adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Company satisfies its performance obligation.

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

## p. Leases

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

### 1) The Company as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under finance leases, the lease payments comprise fixed payments and variable lease payments which depend on an index or a rate. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.



## 2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

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

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

q. Government grants

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

Government grants are recognized profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and return on plan assets (excluding interest), are recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

s. Share-based payment transaction agreements

Employee share options granted to employees and others providing similar services.

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is



confirmed.

t. Taxation

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

1) Current tax

According to the Income Tax Act in ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

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

case, the current and deferred taxes will be recognized in other comprehensive income or directly in equity, respectively.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Company considers the possible impact when making its critical accounting estimates. The estimates and underlying assumptions are audited on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 1,050	\$ 1,050
Checking accounts and cash in banks	7,423,539	5,022,609
Cash equivalents		
Time deposits	<u>3,531,650</u>	<u>-</u>
	<u>\$ 10,956,239</u>	<u>\$ 5,023,659</u>

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Bank balance	0.001%-3.80%	0.001%-0.11%
Time deposits	1.035%	-

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

	<b>Purpose</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Other current assets - current			
Restricted deposits	Repatriation of offshore fund and projects grants	\$ 40,786	\$ 80,493
Refundable deposits	Futures deposits	<u>280,997</u>	<u>-</u>
		<u>321,783</u>	<u>80,493</u>

(Continued)





	Purpose	December 31	
		2022	2021
Non-current assets-other			
Pledged time deposits	To meet required security deposits	600	600
		<u>\$ 322,383</u>	<u>\$ 81,093</u> (Concluded)

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative financial assets (not under hedge accounting)		
Commodity futures contracts	\$ -	\$ 873
Foreign exchange forward contracts	-	7,991
Non-derivative financial assets		
Contingent consideration	<u>2,567,786</u>	-
Financial assets at FVTPL	<u>\$ 2,567,786</u>	<u>\$ 8,864</u>
Current	\$ -	\$ 8,864
Non-current	<u>2,567,786</u>	-
	<u>\$ 2,567,786</u>	<u>\$ 8,864</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Commodity futures contracts	\$ 21,017	\$ -
Foreign exchange forward contracts	30,488	-
Exchange rate swap contracts	<u>-</u>	<u>37,439</u>
Financial liabilities at FVTPL	<u>\$ 51,505</u>	<u>\$ 37,439</u>
Current	\$ 51,505	\$ 37,439
Non-current	<u>-</u>	<u>-</u>
	<u>\$ 51,505</u>	<u>\$ 37,439</u>

- a. As of December 31, 2022 and 2021, outstanding commodity futures not under hedge accounting were as follows:

	Type of Transaction	Quantity (Tons)	Trade Date	Maturity Date	Exercise Price (In Thousands)	Market Price (In Thousands)	Valuation (Loss) Gain (In Thousands)
<u>December 31, 2022</u>							
Commodity futures							
Copper	Buy	5,900	2022.08.15-2022.12.30	2023.01.18-2023.06.21	US\$ 48,178	US\$ 49,332	US\$ 1,154
Copper	Sell	25	2022.12.02	2023.03.02	US\$ 210	US\$ 209	US\$ 1
Nickel	Sell	4,188	2022.11.15-2022.12.30	2023.01.18-2023.03.20	US\$ 122,940	US\$ 124,780	US\$ (1,840)
<u>December 31, 2021</u>							
Commodity futures							
Copper	Buy	9,925	2021.09.01-2021.12.31	2022.01.19-2022.04.20	US\$ 94,424	US\$ 96,834	US\$ 2,410
Copper	Sell	3,050	2021.12.10-2021.12.31	2022.01.19-2022.03.31	US\$ 29,229	US\$ 29,846	US\$ (617)
Nickel	Sell	2,238	2021.11.04-2021.12.31	2022.02.04-2022.03.31	US\$ 44,698	US\$ 46,459	US\$ (1,761)

- b. As of December 31, 2022 and 2021, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2022</u>			
Buy	USD to IDR	2023.01.31	USD91,000/IDR1,429,633,100
	USD to JPY	2023.01.05	USD3,000/JPY412,605
<u>December 31, 2021</u>			
Sell	EUR to USD	2022.01.18-2022.02.17	EUR18,000/USD20,326
	USD to NTD	2022.01.07-2022.02.10	USD100,000/NTD2,776,800
Buy	EUR to USD	2022.01.10	EUR25,405/USD28,694
	USD to NTD	2022.01.06-2022.02.21	USD129,363/NTD3,579,887
	USD to JPY	2022.01.12-2022.01.18	USD4,784/JPY547,970

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>			
	USD to NTD	2022.01.12	USD75,000/NTD2,097,188
	USD to NTD	2022.01.12	USD70,000/NTD1,957,375
	USD to NTD	2022.01.14	USD40,000/NTD1,109,600

- d. For the years ended December 31, 2022 and 2021, the Company's strategies for commodity futures contracts and forward exchange contracts were to hedge exposures to fluctuations in the prices of raw material and foreign exchange rates. However, those derivative financial instruments did not meet the criteria of hedge effectiveness; therefore, they were not accounted for by hedge accounting.



- e. Contingent consideration is the amount of consideration to be received by the Company from the acquirer in the disposal of the subsidiary on July 27, 2022. In accordance with the agreement of contingent consideration, the acquirer shall respectively pay additional payments when the gross profit of the target company during the period starting from the settlement date to December 31, 2023 and the gross profit in the year of 2024 meet the amount agreed upon by Target Company.

## 8. CONTRACT ASSETS

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

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

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

## 9. NOTES RECEIVABLE AND TRADE RECEIVABLES

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

The average credit period on the sales of goods was 60 days. In determining the collectability of a trade receivable, the Company considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. When the Company dealt with new entities, the Company reviewed the credit ratings of the entities and obtained sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information or its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. In this regard, the management believes the Company's credit risk is significantly reduced.

The Company permits the use of a lifetime expected credit loss allowance for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience with the respective debtors and an analysis of the debtors' current financial positions. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on the past due status of receivables is not further distinguished according to different segments of the Company's customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, they are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

#### December 31, 2022

	<b>Not Past Due</b>	<b>Up to 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 365 Days</b>	<b>Over 365 Days</b>	<b>Total</b>
Expected credit loss rate	0%	0%-2%	0%-50%	0%-100%	50%-100%	
Gross carrying amount	\$ 3,763,039	\$ 24,816	\$ 126,508	\$ 33,756	\$ -	\$ 3,948,119
Loss allowance (lifetime ECLs)	-	-	-	-	-	-
Amortized cost	<u>\$ 3,763,039</u>	<u>\$ 24,816</u>	<u>\$ 126,508</u>	<u>\$ 33,756</u>	<u>\$ -</u>	<u>\$ 3,948,119</u>

#### December 31, 2021

	<b>Not Past Due</b>	<b>Up to 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 365 Days</b>	<b>Over 365 Days</b>	<b>Total</b>
Expected credit loss rate	0%	0%-2%	0%-50%	0%-100%	50%-100%	
Gross carrying amount	\$ 4,940,106	\$ 178,537	\$ -	\$ -	\$ -	\$ 5,118,643
Loss allowance (lifetime ECLs)	-	-	-	-	-	-
Amortized cost	<u>\$ 4,940,106</u>	<u>\$ 178,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,118,643</u>



## 10. INVENTORIES

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

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

## 11. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Domestic listed ordinary shares		
HannStar Display Corp.	\$ 3,340,899	\$ 5,423,342
HannStar Board Corp.	2,017,812	2,894,429
Teco Electric & Machinery Co., Ltd.	6,348,587	7,293,386
Domestic unlisted ordinary shares	<u>498,902</u>	<u>528,367</u>
	<u>\$ 12,206,200</u>	<u>\$ 16,139,524</u>
Current	\$ -	\$ -
Non-current	<u>12,206,200</u>	<u>16,139,524</u>
	<u>\$ 12,206,200</u>	<u>\$ 16,139,524</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management selected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

On December 31, 2022 and 2021, the unrealized valuation (losses) gains resulting from these investments in equity instruments were NT\$(4,022,988) thousand and NT\$2,611,742 thousand, respectively, recognized in other comprehensive income (loss).

On January 6, 2021, the Company issued 205,333 thousand shares in exchange for 171,104 thousand shares of TECO Electric & Machinery Co., Ltd. WLC and TECO agreed to build a strategic alliance to enhance competitiveness and cooperation in next generation smart grid, smart manufacturing, and green energy industry.

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

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

### a. Investments in subsidiaries

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

(Continued)



Name of Subsidiary	December 31			
	2022		2021	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Walsin America, LLC	-	100.00 (Note 2)	-	- (Note 1)
PT. Sunny Metal Industry	-	- (Note 3)	-	- (Note 1)
Others	<u>51,002</u>		<u>31,893</u>	
	<u>\$ 72,758,665</u>		<u>\$ 54,273,810</u>	(Concluded)

Note 1: In January 2020, the Company invested capital to establish PT. Walsin Nickel Industrial Indonesia (“WNII”). Walsin Singapore Pte. Ltd. (“WLS”) formerly known as New Hono Investment Pte. Ltd. held 42% equity of WNII. According to the joint venture agreement signed by the Company and WLS in January 2020, the Company had the right to purchase 100% of WLS’s shares on the terms agreed by all parties to acquire 42% equity of WNII indirectly. On June 25, 2021, the board of directors of the Company resolved to acquire 100% of WLS’s shares and the Company acquired 100% of WLS’s shares at a price US\$178,500 thousand on July 30, 2021. After the transaction, the Company directly and indirectly acquired 92% of WNII’s shares. The Investment Commission of the Ministry of Economic Affairs has approved the investment to pay by the Company’s own foreign exchange. Therefore, the Company communicated with Golden Harbour International Pte. Ltd. to exercise the early redemption and to pay back the US-currency bonds. The Company will pay the purchase of WLS’s shares by the redemption of the bonds. As of December 31, 2021, US\$178,500 thousand has been paid.

Note 2: Due to the adjustment of the investment structure of the Group, it was transferred from WLHL to Walsin Lihwa Corporation on December 2022.

Note 3: On September 23, 2022, the Company acquired 50.10% shares of PT. Sunny Metal Industry from Ever Rising Limited and Berg Holding Limited at the price of US\$200,000 thousand. On November 4, 2022, the board of directors of the Company resolved to transfer PT. Sunny Metal Industry to Walsin Singapore Pte. Ltd.

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

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

b. Investments in associates

Name of Associate	December 31			
	2022		2021	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
<u>Material associates</u>				
Winbond Electronics Corp.	\$ 20,953,105	22.21	\$ 18,357,864	22.21
Walton Advanced Engineering, Inc.	2,109,400	21.01	2,322,664	21.01
Walsin Technology Corp.	8,147,080	18.30	8,166,415	18.30
<u>Associates that are not individually material</u>				
Others	<u>13,587,952</u>		<u>9,239,316</u>	
	<u>\$ 44,797,537</u>		<u>\$ 38,086,259</u>	

Refer to Table 8 “Information on Investees” and Table 9 “Information on Investments in Mainland China” for the nature of activities, principal places of business and countries of incorporation of the associates.

The Company is the single largest shareholder of the abovementioned material associates in which the Company has an ownership percentage of less than 50%. Considering the relative size and wide dispersion of the voting rights owned by other shareholders, the Company has no ability to direct the relevant activities of the associates and therefore has no control over these associates.

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

Name of Associate	December 31	
	2022	2021
Winbond Electronics Corp.	<u>\$ 17,323,429</u>	<u>\$ 30,050,846</u>
Walton Advanced Engineering, Inc.	<u>\$ 1,244,282</u>	<u>\$ 2,066,495</u>
Walsin Technology Corp.	<u>\$ 7,023,284</u>	<u>\$ 14,846,688</u>

All the associates were accounted for using the equity method.

The summarized financial information below represents amounts shown in the associates’ financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.





1) Material associates

December 31, 2022

	<b>Winbond Electronics Corp.</b>	<b>Walton Advanced Engineering, Inc.</b>	<b>Walsin Technology Corp.</b>
Current assets	\$ 68,537,523	\$ 8,080,399	\$ 42,078,074
Non-current assets	115,627,470	11,240,954	49,653,421
Current liabilities	(27,776,754)	(5,110,938)	(19,230,081)
Non-current liabilities	<u>(53,654,523)</u>	<u>(3,970,323)</u>	<u>(18,917,380)</u>
Equity	102,733,716	10,240,092	53,584,034
Non-controlling interests	<u>(8,570,720)</u>	<u>(200,109)</u>	<u>(9,303,110)</u>
	<u>\$ 94,162,996</u>	<u>\$ 10,039,983</u>	<u>\$ 44,280,924</u>
Proportion of the Company's ownership	22.21%	21.01%	18.30%
Equity attributable to the Company	\$ 20,913,601	\$ 2,109,400	\$ 8,103,409
Other adjustments	<u>39,504</u>	<u>-</u>	<u>43,671</u>
Carrying amount	<u>\$ 20,953,105</u>	<u>\$ 2,109,400</u>	<u>\$ 8,147,080</u>
Operating revenue	<u>\$ 94,529,790</u>	<u>\$ 9,506,348</u>	<u>\$ 35,297,163</u>
Net profit for the year	\$ 14,986,552	\$ 156,098	\$ 2,295,275
Other comprehensive income (loss)	<u>2,717,903</u>	<u>(1,186,315)</u>	<u>218,387</u>
Total comprehensive income for the year	<u>\$ 17,704,455</u>	<u>\$ (1,030,217)</u>	<u>\$ 2,513,662</u>

December 31, 2021

	<b>Winbond Electronics Corp.</b>	<b>Walton Advanced Engineering, Inc.</b>	<b>Walsin Technology Corp.</b>
Current assets	\$ 72,506,733	\$ 8,361,878	\$ 41,187,886
Non-current assets	80,233,551	13,155,507	52,910,618
Current liabilities	(28,644,931)	(5,019,961)	(21,557,433)
Non-current liabilities	<u>(34,061,841)</u>	<u>(5,259,172)</u>	<u>(19,062,857)</u>
Equity	90,033,512	11,238,252	53,478,214
Non-controlling interests	<u>(7,589,399)</u>	<u>(297,416)</u>	<u>(9,089,372)</u>
	<u>\$ 82,444,113</u>	<u>\$ 10,940,836</u>	<u>\$ 44,388,842</u>

(Continued)

	<b>Winbond Electronics Corp.</b>	<b>Walton Advanced Engineering, Inc.</b>	<b>Walsin Technology Corp.</b>
Proportion of the Company's ownership	22.21%	21.01%	18.30%
Equity attributable to the Company	\$ 18,310,837	\$ 2,298,670	\$ 8,123,158
Other adjustments	<u>47,027</u>	<u>23,994</u>	<u>43,257</u>
Carrying amount	<u>\$ 18,357,864</u>	<u>\$ 2,322,664</u>	<u>\$ 8,166,415</u>
Operating revenue	<u>\$ 99,569,924</u>	<u>\$ 8,118,256</u>	<u>\$ 42,108,708</u>
Net profit for the year	\$ 15,000,122	\$ 118,732	\$ 8,961,076
Other comprehensive income (loss)	<u>4,186,931</u>	<u>(892,554)</u>	<u>1,157,156</u>
Total comprehensive income for the year	<u>\$ 19,187,053</u>	<u>\$ (773,822)</u>	<u>\$ 10,118,232</u> (Concluded)

2) Associates that are not individually material

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

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



### 13. PROPERTY, PLANT AND EQUIPMENT

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

- a. Apart from stated above, the above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	3-50 years
Machinery and equipment	3-20 years
Other equipment	3-15 years

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

- b. The Company owns parcels of land which were registered in the name of certain individuals because of certain regulatory restrictions. To secure its ownership of such parcels of land, the Company keeps in its possession the land titles with the annotation of the land being pledged

to the Company. As of December 31, 2022 and 2021, the recorded total carrying amount of such parcels of land amounted to NT\$491,917 thousand and NT\$542,274 thousand, respectively.

- c. After appropriate evaluation, the Company recognized an impairment loss on property, plant and equipment of NT\$557,721 thousand for the year ended December 31, 2021.

#### 14. LEASE ARRANGEMENTS

- a. Right-of-use assets

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

- b. Lease liabilities

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



Range of discount rate for lease liabilities was as follows:

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

c. Other lease information

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

**15. INVESTMENT PROPERTIES**

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

- a. The completed investment properties are depreciated on a straight-line method over their estimated useful lives of 20 to 50 years.
- b. The investment property of the Company are the Walsin Xin Yi Building and other completed investment properties. The building valuation was commissioned by independent appraisal agencies (third parties). As of December 31, 2022 and 2021, the fair values of the investment properties were NT\$30,844,090 thousand and NT\$29,482,520 thousand, respectively.

## 16. OTHER ASSETS

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

## 17. BORROWINGS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term borrowings	\$ <u>6,600,565</u>	\$ <u>5,074,632</u>
Current portion of long-term borrowings	\$ -	\$ <u>10,500,000</u>
Long-term borrowings	\$ <u>37,445,270</u>	\$ <u>24,640,014</u>
Long-term notes and bills payable	\$ <u>1,497,914</u>	\$ -

- a. Short-term borrowings as of December 31, 2022 and 2021 were as follows:

	<b>December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Interest Rate</b>		<b>Interest Rate</b>	
	%	Amount	%	Amount
Procurement loans	-	\$ -	0.64-0.70	\$ 2,111,447
Bank lines of credit	0.95-1.62%	<u>6,600,565</u>	0.69-0.91	<u>2,963,185</u>
		<u>\$ 6,600,565</u>		<u>\$ 5,074,632</u>



b. Long-term borrowings as of December 31, 2022 and 2021 were as follows:

	December 31		
	2022	Amount	2021
	Significant Covenant		Amount
<u>Long-term credit loan</u>			
Bank of Taiwan	Principal repayments at maturity, from March 4, 2019 to March 4, 2022	\$ -	\$ 3,000,000
Taipei Fubon Commercial Bank	Principal repayments at maturity, from June 3, 2019 to June 3, 2022	-	1,000,000
Chinatrust Commercial Bank	Principal repayments at maturity, from September 3, 2019 to September 3, 2022	-	1,500,000
Taiwan Cooperative Bank	Principal repayments at maturity, from March 4, 2019 to March 4, 2022	-	1,000,000
Cathay United Bank	Principal repayments at maturity, from March 4, 2019 to March 4, 2022	-	1,500,000
KGI Bank	Principal repayments at maturity, from June 3, 2019 to June 3, 2022	-	1,500,000
Standard Chartered Bank	Principal repayments at maturity, from September 27, 2021 to December 31, 2023	-	5,352,144
Standard Chartered Bank	Principal repayments at maturity, from September 27, 2021 to December 31, 2023	-	2,093,000
Chang Hwa Commercial Bank	Principal repayments at maturity, from June 3, 2019 to June 3, 2022	-	1,000,000
The Export-Import Bank of the Republic of China	Long-term credit loan from December 04, 2020 to December 04, 2027; principal to be repaid evenly in seven phases; 1st repayment due 48 months after the drawdown date, after which repayments are due once every six months	1,137,770	1,137,770
Bank of Taiwan	Principal repayments at maturity, from September 22, 2020 to October 4, 2027; principal to be repaid in two phases: From the 5th year, repayments are due once every six months; at rates of 20% and 80%, respectively	9,000,000	3,000,000
Taiwan Cooperative Bank	Principal repayment at maturity, from June 28, 2021 to June 28, 2026; principal to be repaid in two phases: 1st repayment due 48 months after the drawdown date, 2nd repayment due maturity date.	2,000,000	2,000,000
DBS Bank	Principal repayments at maturity, from March 30, 2020 to April 15, 2025	7,552,100	9,057,100
Hua Nan Commercial Bank	Principal repayment at maturity, from March 29, 2021 to March 29, 2026; principal to be repaid in two phases: From the 5th year, repayments are due once every six months	2,000,000	2,000,000
Chinatrust Commercial Bank	Principal repayments at maturity, from October 4, 2022 to October 3, 2025	1,500,000	-
Taiwan Cooperative Bank	Principal repayments at maturity, from October 4, 2022 to October 4, 2027; principal to be repaid in two phases: From the 4th year, repayments are due once every six months; at rates of 20% and 80%, respectively	3,000,000	-
KGI Bank	Principal repayments at maturity, from October 24, 2022 to April 24, 2027	1,500,000	-
Standard Chartered Bank	Principal repayments at maturity, from November 16, 2022 to December 31, 2024	1,555,400	-
Hua Nan Commercial Bank	Principal repayments at maturity, from March 8, 2022 to March 8, 2027	2,500,000	-
Agricultural Bank of Taiwan	Principal repayments at maturity, from October 31, 2022 to October 31, 2025	1,000,000	-
Chang Hwa Commercial Bank	Principal repayments at maturity, from March 8, 2022 to October 4, 2027	3,000,000	-
Others bank long-term credit loan	Principal repayments at maturity, from September 22, 2022 to September 22, 2029	<u>1,700,000</u>	-
		<u>37,445,270</u>	<u>35,140,014</u>
Less current portion of long-term borrowings		-	<u>(10,500,000)</u>
		<u>\$ 37,445,270</u>	<u>\$ 24,640,014</u>

- 1) As mentioned above, long-term borrowings are assigned to credit loans.
  - 2) Under the loan agreements with DBS Bank, the Company should maintain certain financial ratios during the loan term, which are based on the annual and semi-annual financial statements audited by the independent auditors. The financial ratios are as follows:
    - a) Ratio of current assets to current liabilities not less than 100%;
    - b) Ratio of total liabilities less cash and cash equivalents to tangible net worth not more than 120%;
    - c) Ratio of Interest Coverage Ratio which included net income before interest expenses, taxation, depreciation and amortization to interest expenses not less than 150%; and
    - d) Tangible net worth (net worth less intangible assets) not less than NT\$55,000,000 thousand.
  - 3) As of December 31, 2022 and 2021, the Company's current portion of long-term borrowings was NT\$0 thousand and NT\$10,500,000 thousand, respectively, under the loan agreement. The Company's consolidated financial statements for the years ended December 31, 2022 and 2021 showed that the Company was in compliance with the aforementioned financial ratio requirements.
- c. Long-term notes and bills payables

December 31, 2022

Acceptance Agency	Character	Interest rate (%)	Amount
China Bills and International Bills	Unsecured	1.395-1.50	\$ 1,500,000
Less: Discount on short-term bills payable			<u>(2,086)</u>
			<u>\$ 1,497,914</u>

## 18. BONDS PAYABLE

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
The 1st unsecured bonds in 2021	<u>\$ 7,500,000</u>	<u>\$ 7,500,000</u>

On October 8, 2021, the Company issued the first unsecured bonds for \$7.5 billion, each with a face value of \$10 million. The issuance period is 5 years, and the maturity date is on October 8, 2026. The annual percentage rate is 0.7%. Since the issuance date, the interest will be paid once a year, and the principal will be repaid once due.





## 19. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

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

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

### b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

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

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

	<b>Present Value of Defined Benefit Obligation</b>	<b>Fair Value of Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2021	<u>\$ 1,366,378</u>	<u>\$ (1,074,219)</u>	<u>\$ 292,159</u>
Service cost			
Current service cost	10,917	-	10,917
Net interest expense (income)	<u>6,801</u>	<u>(5,366)</u>	<u>1,435</u>
Recognized in profit or loss	<u>17,718</u>	<u>(5,366)</u>	<u>12,352</u>

(Continued)

	<b>Present Value of Defined Benefit Obligation</b>	<b>Fair Value of Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(13,584)	(13,584)
Actuarial (gain) loss			
Changes in demographic assumptions	38,641	-	38,641
Changes in financial assumptions	(15,729)	-	(15,729)
Experience adjustments	<u>151,322</u>	<u>-</u>	<u>151,322</u>
Recognized in other comprehensive income	<u>174,234</u>	<u>(13,584)</u>	<u>160,650</u>
Contributions from the employer	-	(11,138)	(11,138)
Benefits paid	<u>(76,172)</u>	<u>76,172</u>	<u>-</u>
Balance at December 31, 2021	<u>1,482,158</u>	<u>(1,028,335)</u>	<u>453,823</u>
Service cost			
Current service cost	10,007	-	10,007
Net interest expense (income)	<u>9,244</u>	<u>(6,442)</u>	<u>2,802</u>
Recognized in profit or loss	<u>19,251</u>	<u>(6,442)</u>	<u>12,809</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(82,973)	(82,973)
Actuarial (gain) loss			
Changes in financial assumptions	(63,850)	-	(63,850)
Experience adjustments	<u>(113,715)</u>	<u>-</u>	<u>(113,715)</u>
Recognized in other comprehensive income	<u>(177,565)</u>	<u>(82,973)</u>	<u>(260,538)</u>
Contributions from the employer	-	(56,660)	(56,660)
Benefits paid	<u>(114,335)</u>	<u>114,335</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 1,209,509</u>	<u>\$ (1,060,075)</u>	<u>\$ 149,434</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating costs	\$ 6,638	\$ 6,240
Selling and marketing expenses	894	945
General and administrative expenses	5,077	4,918
Research and development expenses	<u>200</u>	<u>249</u>
	<u>\$ 12,809</u>	<u>\$ 12,352</u>



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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)	1.25%	0.625%
Expected rate(s) of salary increase	2.25%	2.25%

If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)		
0.5% increase	<u>\$ (47,681)</u>	<u>\$ (61,945)</u>
0.5% decrease	<u>\$ 50,683</u>	<u>\$ 66,092</u>
Expected rate(s) of salary increase		
0.5% increase	<u>\$ 49,149</u>	<u>\$ 63,726</u>
0.5% decrease	<u>\$ (46,718)</u>	<u>\$ (60,375)</u>

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

## 20. EQUITY

	<u>December 31</u>	
	2022	2021
Share capital		
Ordinary shares	\$ 37,313,329	\$ 34,313,329
Capital surplus	24,672,454	18,440,875
Retained earnings	62,038,398	47,787,207
Others	<u>(443,305)</u>	<u>5,342,113</u>
	<u>\$ 123,580,876</u>	<u>\$ 105,883,524</u>

### a. Share capital

#### Ordinary shares

	<u>December 31</u>	
	2022	2021
Number of authorized shares (in thousands)	<u>6,500,000</u>	<u>6,500,000</u>
Amount of authorized shares	<u>\$ 65,000,000</u>	<u>\$ 65,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>3,731,333</u>	<u>3,431,333</u>
Amount of issued shares	<u>\$ 37,313,329</u>	<u>\$ 34,313,329</u>

As of January 1, 2021, the balances of the Company's capital account were all NT\$32,260,002 thousand, which consisted of 3,226,000 thousand shares at par value of NT\$10.

The Company issued 205,333 thousand shares in exchange for shares of TECO Electric & Machinery Co., Ltd. in January 2021. On June 6, 2022, the Company's board of directors resolved to issue 300,000 thousand ordinary shares at a price of NT\$33 per share with August 10, 2022 as the base date for the capital increase. On July 21, 2022, the Company's chairman of the board adjusted the new share issuing price from NT\$33 to NT\$30, which was authorized by the board. As of December 31, 2022, the paid-in capital was NT\$37,313,329 thousand, divided into 3,731,333 thousand ordinary shares at a par value of NT\$10.

As of December 31, 2022, 2 thousand GDRs of the Company were traded on the Luxembourg Stock Exchange. The number of ordinary shares represented by the GDRs was 22 thousand shares (one GDR represents 10 ordinary shares).



b. Capital surplus

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
May be used to offset a deficit, distributed as cash dividend or transferred to share capital (Note)		
Issuance of ordinary shares	\$ 18,864,452	\$ 12,639,452
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	2,130	3,124
Share of changes in capital surplus of associates	441,175	440,288
Treasury share transactions	2,254,074	2,254,074
Gain on disposal of property, plant and equipment	2,074,231	2,074,231
Others	<u>1,036,392</u>	<u>1,029,706</u>
	<u>\$ 24,672,454</u>	<u>\$ 18,440,875</u>

Note: The premium from shares issued in excess of par (share premium from issuance of ordinary shares, conversion of bonds and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

The shareholders of the Company have held their regular meeting on May 13, 2022, and in that meeting, have resolved the amendments to the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit this requirement is not applicable when the legal reserve has reached the total capital, and then any remaining profit together with prior unappropriated earnings shall be appropriated for special reserve or appropriate reversal of special reserve in accordance with the laws and regulations, and then the balance shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends to shareholders. If appropriated earnings are distributed in cash, the cash distribution shall be resolved by the Company's board of directors and reported in the shareholders' meeting. Other than the aforementioned regulations, the distribution shall be after deducting the share of profit of associates accounted for using the equity method and adding cash dividends of associates accounted for using the equity method. The Company shall reserve no lesser than 40% of the balance amount as shareholders' profit after offsetting its loss and tax payments in the previous year, capital reserve, and special reserve adjusted by the accumulated net deduction of other equity. The profits shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

Before the amendments, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (this requirement is not applicable when the legal reserve has reached the total capital), and then any remaining profit together with prior unappropriated earnings shall be appropriated for setting aside or reversing a special reserve in accordance with the laws and regulations, and then shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends to shareholders. Other than the aforementioned

regulations, the Company shall reserve no lesser than 40% of the balance amount as shareholders' profit after offsetting its loss and tax payments in the previous year, capital reserve and special reserve. The profits shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset any deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

Refer to Note 22 for the policies on the distribution of employees' compensation and remuneration of directors and supervisors.

The appropriation of earnings for 2021 and 2020 which were approved in the shareholders' meeting on May 13, 2022 and July 15, 2021, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Legal reserve	\$ 1,454,522	\$ 681,368	\$ -	\$ -
Special reserve	-	(398,160)	-	-
Cash dividends	<u>5,490,133</u>	<u>3,088,200</u>	1.6	0.9
	<u>\$ 6,944,655</u>	<u>\$ 3,371,408</u>		

The appropriations of earnings for 2022, which were resolved by the Company's board of directors on February 24, 2023 were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 1,974,132	\$ -
Cash dividends	<u>6,716,399</u>	1.8
	<u>\$ 8,690,531</u>	

d. Special reserve

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Special reserve	<u>\$ 2,712,250</u>	<u>\$ 2,712,250</u>



Information regarding above special reserve changes as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 2,712,250	\$ 3,110,410
Reversals	<u>-</u>	<u>(398,160)</u>
Balance at December 31	<u>\$ 2,712,250</u>	<u>\$ 2,712,250</u>

e. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (6,100,687)	\$ (5,905,135)
Share from subsidiaries and associates accounted for using the equity method	<u>1,843,913</u>	<u>(195,552)</u>
Balance at December 31	<u>\$ (4,256,774)</u>	<u>\$ (6,100,687)</u>

Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (the New Taiwan dollar) were recognized directly in other comprehensive income and accumulated in the exchange differences on the translation of the financial statements of foreign operations. Exchange differences previously accumulated in the exchange differences on the translation of the financial statements of foreign operations were reclassified to profit or loss when disposing foreign operation.

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 11,534,267	\$ 6,092,775
Unrealized (loss) gain - equity instruments	(4,022,988)	2,611,742
Share from associates accounted for using the equity method	(741,445)	2,906,910
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(75,957)</u>	<u>(77,160)</u>
Balance at December 31	<u>\$ 6,693,877</u>	<u>\$ 11,534,267</u>

3) (Loss) gain on the hedging instruments

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Cash flow hedges</u>		
Balance at January 1	\$ -	\$ -
Share from associates accounted for using the equity method	<u>(105,801)</u>	<u>-</u>
Balance at December 31	<u>\$ (105,801)</u>	<u>\$ -</u>

4) Other equity - others

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (91,467)	\$ -
Originally recognized equity items arising from the acquisition of subsidiary equity instrument's put and call options	(2,683,140)	-
Other comprehensive loss from associates accounted for using the equity method	<u>-</u>	<u>(91,467)</u>
Balance at December 31	<u>\$ (2,774,607)</u>	<u>\$ (91,467)</u>

**21. OPERATING REVENUE**

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

**22. NET PROFIT FROM CONTINUING OPERATIONS**

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

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





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

**For the Year Ended December 31**  
**2022**                      **2021**

Impairment loss recognized on property, plant and equipments	\$ <u>          -</u>	\$ <u>(557,721)</u>
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## Employee Benefits Expense, Depreciation and Amortization

**For the Year Ended December 31, 2022**

	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Non-operating Expenses and Losses</b>	<b>Total</b>
Short-term employment benefits	\$ <u>1,960,313</u>	\$ <u>1,745,879</u>	\$ <u>          -</u>	\$ <u>3,706,192</u>
Post-employment benefits	\$ <u>70,683</u>	\$ <u>51,145</u>	\$ <u>          -</u>	\$ <u>121,828</u>
Other employee benefits	\$ <u>169,398</u>	\$ <u>100,287</u>	\$ <u>          -</u>	\$ <u>269,685</u>
Depreciation				
Property, plant and equipments	\$ 1,103,944	\$ 173,402	\$ -	\$ 1,277,346
Right-of-use assets	5,508	66,022	-	71,530
Investment properties	<u>71,118</u>	<u>2,179</u>	<u>          -</u>	<u>73,297</u>
	<u>\$ 1,180,570</u>	<u>\$ 241,603</u>	<u>\$           -</u>	<u>\$ 1,422,173</u>
Amortization	<u>\$           -</u>	<u>\$ 11,750</u>	<u>\$           -</u>	<u>\$ 11,750</u>

**For the Year Ended December 31, 2021**

	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Non-operating Expenses and Losses</b>	<b>Total</b>
Short-term employment benefits	\$ <u>1,684,098</u>	\$ <u>1,214,050</u>	\$ <u>          -</u>	\$ <u>2,898,148</u>
Post-employment benefits	\$ <u>63,272</u>	\$ <u>45,057</u>	\$ <u>          -</u>	\$ <u>108,329</u>
Other employee benefits	\$ <u>150,075</u>	\$ <u>79,641</u>	\$ <u>          -</u>	\$ <u>229,716</u>
Depreciation				
Property, plant and equipments	\$ 1,105,101	\$ 140,864	\$ -	\$ 1,245,965
Right-of-use assets	4,124	19,745	-	23,869
Investment properties	<u>71,966</u>	<u>1,526</u>	<u>          -</u>	<u>73,492</u>
	<u>\$ 1,181,191</u>	<u>\$ 162,135</u>	<u>\$           -</u>	<u>\$ 1,343,326</u>
Amortization	<u>\$           -</u>	<u>\$ 445</u>	<u>\$           -</u>	<u>\$ 445</u>

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. For the years ended December 31, 2022 and 2021, the compensation of employees' amounted to NT\$252,000 thousand and NT\$187,000 thousand, respectively, and the remuneration of directors amounted to NT\$100,050 thousand and NT\$75,000 thousand, respectively. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2022 and 2021 were approved by the Company's board of directors on February 24, 2023 and February 22, 2022, respectively.

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

The employees's compensation and the remuneration of directors and supervisors for the years ended December 31, 2021 and 2020 resolved by the Company's board of directors on February 22, 2022 and February 26, 2021, respectively, are the same as the amounts recognized in the 2021 and 2020 financial statements.

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

## 23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

### a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 1,059,128	\$ 1,958,584
Income tax on unappropriated earnings	321,642	83,446
Adjustments for prior year	(11,548)	(1,632)
Land value-added tax	248	-
	<u>1,369,470</u>	<u>2,040,398</u>
Deferred tax		
In respect of the current year	3,898,110	1,715,707
Adjustments for prior year	36,864	(5,275)
	<u>3,934,974</u>	<u>1,710,432</u>
Income tax expense recognized in profit or loss	<u>\$ 5,304,444</u>	<u>\$ 3,750,830</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax from continuing operations	<u>\$ 24,656,541</u>	<u>\$ 18,393,459</u>

(Continued)



	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Income tax expense calculated at the statutory rate	\$ 4,931,308	\$ 3,678,692
Investment income accounted for using the equity method	153,441	495,820
Tax-exempt dividend income	(152,977)	(112,110)
Loss on investments	(2,630)	(384,000)
Others	28,096	(4,111)
Land value-added tax	248	-
Income tax on unappropriated earnings	321,642	83,446
Adjustments for prior years' tax	<u>25,316</u>	<u>(6,907)</u>
Income tax expense recognized in profit or loss	<u>\$ 5,304,444</u>	<u>\$ 3,750,830</u> (Concluded)

b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets		
Tax refund receivable (recorded under other non-current assets-others)	<u>\$ 32,006</u>	<u>\$ 32,006</u>
Current tax liabilities		
Income tax payable	<u>\$ 1,420,015</u>	<u>\$ 2,040,190</u>

c. Deferred tax assets and liabilities

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

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

## 24. EARNINGS PER SHARE

	For the Year Ended December 31					
	2022			2021		
	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars) After Income Tax (Attributable to Owners of the Company)	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (In Dollars) After Income Tax (Attributable to Owners of the Company)
Basic earnings per share						
Net income	\$ 19,352,097	3,549,689	<u>\$ 5.45</u>	\$ 14,642,629	3,428,520	<u>\$ 4.27</u>
Effect of potentially dilutive ordinary shares						
Employee bonus	-	5,690		-	7,632	
	<u>\$ 19,352,097</u>	<u>3,555,379</u>	<u>\$ 5.44</u>	<u>\$ 14,642,629</u>	<u>3,436,152</u>	<u>\$ 4.26</u>

## 25. SHARE-BASED PAYMENT AGREEMENTS

### Employee Share Option Plan for Cash Capital Increase

The Company was approved by the Securities and Futures Bureau (FSC) on March 11, 2022 to issue 300,000 thousand shares for cash capital increase. The board of directors resolved to retain 10% of the issued shares for employees' subscription. The number of shares retained for employees' subscription and the subscription price were confirmed on June 27, 2022. The Company recognized the capital surplus of NT\$157,800 thousand on the grant date at the fair value computed based on the Black-Scholes option evaluation model.

- a. The share-based payment arrangement of the Company as of December 31, 2022 is as follows:

Type of Agreement	Grant Date	Quantity Granted	Vesting Conditions
Shares retained for employees to subscribe	2022.6.27	30,000 thousand shares	Vesting immediately

- b. The Company used the Black-Scholes option evaluation model to calculate the fair value of employee subscriptions for cash capital increase on June 27, 2022. Relevant information is as follows:

Share Price on the Grant Date (In Dollars)	Exercise Price (In Dollars)	Expected Ratio of Stock Price Fluctuation	Expected Duration	Expected Dividend Rate	Risk-Free Interest Rate	Fair Value Per Share (In Dollars)
\$37.45	\$33	52.95%	38 days	0.00%	0.52%	\$5.26



- c. Because of the dramatic changes in the capital market environment, to maintain the shareholders' rights and ensure the completion of fundraising, the chairman of the Company, authorized by the board of directors, adjusted the new share issuing price from NT\$33 to NT\$30 on July 21, 2022. In addition, due to the price adjustment, the remuneration cost of the relevant share-based payment agreement increased by NT\$67,200 thousand.

The Company used the Black-Scholes option evaluation model to calculate the fair value of employee subscriptions for cash capital increase as remeasurement on July 21, 2022. Relevant information is as follows:

Share Price on the Grant Date (In Dollars)	Exercise Price (In Dollars)	Expected Ratio of Stock Price Fluctuation	Expected Duration	Expected Dividend Rate	Risk-Free Interest Rate	Fair Value Per Share (In Dollars)
\$34.05	\$30	54.13%	14 days	0.00%	0.72%	\$2.24

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

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

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

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

## 27. DISPOSAL OF SUBSIDIARIES - WITH LOSS OF CONTROL

The Company entered into an agreement with ECP (third party) to dispose of its subsidiary New Leaf Energy, Inc. (original name of the announcement: 2022 Solar Development, Inc.) and completed the transaction on July 28, 2022 (United States local time July 27, 2022). For the description of the disposal of the investment, refer to Note 32 to the Company's consolidated financial statements for the year ended December 31, 2022.

## 28. OPERATING LEASE ARRANGEMENTS

Operating leases relating to the investment properties owned by the Company with lease terms between 5 and 10 years, with an option to extend for another 10 years. All operating lease contracts contain market review clauses in the event that the lessees exercise its option to renew. The lessees do not have a bargain purchase options to acquire the properties at the expiry of the lease periods.

As of December 31, 2022 and 2021, deposits received under operating leases amounted to NT\$159,118 thousand and NT\$167,217 thousand, respectively (recorded under other non-current liabilities).

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

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

## 29. CAPITAL MANAGEMENT

The Company's capital management objective is to ensure that it has the necessary financial resources and operational plan so that it can cope with the next 12 months working capital requirements, capital expenditures, debt repayments and dividends spending.

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

Key management personnel of the Company review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

## 30. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

Except the following assets and liabilities, the management considers the carrying amounts of financial assets and financial liabilities not recognized at fair value approximate to their fair values.

December 31, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Bonds payable	<u>\$ 7,500,000</u>	<u>\$ -</u>	<u>\$ 7,143,278</u>	<u>\$ -</u>	<u>\$ 7,143,278</u>



December 31, 2021

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities at amortized cost					
Bonds payable	\$ 7,500,000	\$ -	\$ 7,500,000	\$ -	\$ 7,500,000

The fair values of the financial assets and financial liabilities included in the Level 2 categories above have been determined in accordance with the income approach based on a discounted cash flow analysis. The observable inputs included bond duration, bond interest rates and credit rating.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

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

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives not designated as hedging instruments	\$ 873	\$ 7,991	\$ -	\$ 8,864

(Continued)

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

- 2) There were no transfers between Levels 1, 2 and 3 in 2022 and 2021.
- 3) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI
	Financial Instruments	Equity Instruments
Balance at January 1, 2022	\$ -	\$ 528,367
Additions	2,686,100	90,000
Disposals	-	(335)
Recognized in other comprehensive loss	-	(119,130)
Recognized in profit or loss	<u>(118,314)</u>	<u>-</u>
Balance at September 30, 2022	<u>\$ 2,567,786</u>	<u>\$ 498,902</u>

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI
	Equity Instruments
Balance at January 1, 2021	\$ 307,641
Additions	149,993
Capital reduction and refund	(3,615)
Recognized in other comprehensive income	<u>74,348</u>
Balance at December 31, 2021	<u>\$ 528,367</u>





4) Valuation technique and inputs applied for Level 2 fair value measurement

<b>Financial Instruments</b>	<b>Valuation Technique and Inputs</b>
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - exchange rate swap contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

5) Valuation technique and inputs applied for Level 3 fair value measurement

<b>Financial Instruments</b>	<b>Valuation Technique and Inputs</b>
Unlisted equity securities	Market approach. Fair values are determined based on observable and comparable companies' fair values at the end of the reporting period, adjusted by price earnings ratio and price-to-book ratio of the investees.
	Net asset method. Fair values are determined based on the book value of companies.
	Discounted cash flow. Present values are determined based on future cash flows discounted at market yield.
Derivatives - options	Black-Scholes Model. The significant unobservable input value is the market price volatility of the shares.
Hybrid instruments - bonds	Discounted cash flow. Future cash flows are estimated based on contract rates discounted at a rate that reflects the credit risk of various counterparties.
Contingent consideration	The estimated fair value is discounted according to the probability of reaching the agreed conditions and based on credit risk discount rate and other information.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 10,956,239	\$ 5,023,659
Contract assets - current	267,147	151,065
Notes receivable and trade receivables (including related parties)	3,973,177	5,155,636
Other receivables	8,272,172	985,084
Refundable deposits	31,197	27,548
Financial assets at FVTPL (current and non-current)	2,567,786	8,864
Financial assets at FVTOCI (current and non-current)	12,206,200	16,139,524
<u>Financial liabilities</u>		
Financial liabilities at FVTPL (current and non-current)	51,505	37,439
Financial liabilities at amortized cost		
Short-term borrowings	6,600,565	5,074,632
Notes payables and trade payables	3,226,544	3,040,224
Other payables	12,158,213	2,676,814
Bonds Payable	7,500,000	7,500,000
Long-term borrowings (including current portion of notes payable)	38,943,184	35,140,014
Deposits received (recorded under other non-current liabilities)	175,854	225,863

d. Financial risk management objectives and policies

The Company's major financial instruments included equity and investments, borrowings, trade receivables, trade payables and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provides written principles on foreign exchange risk, interest rate risk and credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company entered into foreign exchange forward contracts and interest rate swaps contracts to hedge foreign currency risk and interest rate risk.



There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the period are set out in Note 34.

The carrying amounts of the Company's derivatives exposed to foreign currency risk at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Assets</u>		
U.S. dollar	\$ 2,886,740	\$ 3,713,197
Euro	-	795,675
<u>Liabilities</u>		
U.S. dollar	-	7,888,800
Euro	-	563,760

Sensitivity analysis

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

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e. functional currency) against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates.

	<b>U.S. Dollar Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit or loss	\$ 50,651	\$ (7,048)

b) Interest rate risk

The Company was exposed to interest rate risk because entities in the Company

borrow funds at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial liabilities	<u>\$ 7,500,000</u>	<u>\$ 7,500,000</u>
Cash flow interest rate risk		
Financial liabilities	<u>\$ 45,543,749</u>	<u>\$ 40,214,646</u>

#### Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for financial instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year.

If interest rates had been 1% basis points higher and all other variables were held constant, the Company's pre-tax net profit for the years ended December 31, 2022 and 2021 would decrease by NT\$455,437 thousand and NT\$402,146 thousand, respectively.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to financial guarantees provided by the Company, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst the approved counterparties. Credit exposure is controlled by setting credit limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of each individual trade receivables at the end of the year to ensure that adequate impairment losses are made for



irrecoverable amounts. In this regard, the directors of the Company consider that the Company's credit risk was significantly reduced.

### 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

a) The following table details the Company's expected maturities for its non-derivative financial liabilities with agreed upon repayment periods.

#### December 31, 2022

	<b>1 Year</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	<b>5+ Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$ 6,600,565	\$ 12,307,500	\$ 26,135,684	\$ 500,000	\$ 45,543,749
Lease liabilities	33,771	31,007	234,683	1,752,617	2,052,078
Non-interest bearing liabilities	15,421,946	75,051	59,111	4,503	15,560,611
Fixed interest rate liabilities	-	-	<u>7,500,000</u>	-	<u>7,500,000</u>
	<u>\$ 22,056,282</u>	<u>\$ 12,413,558</u>	<u>\$ 33,929,478</u>	<u>\$ 2,257,120</u>	<u>\$ 70,656,438</u>

#### December 31, 2021

	<b>1 Year</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	<b>5+ Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>					
Variable interest rate liabilities	\$ 15,574,632	\$ 16,502,244	\$ 7,000,000	\$ 1,137,770	\$ 40,214,646
Lease liabilities	18,501	15,124	29,550	20,125	83,300
Non-interest bearing liabilities	5,812,052	29,024	101,825	-	5,942,901
Fixed interest rate liabilities	-	-	<u>7,500,000</u>	-	<u>7,500,000</u>
	<u>\$ 24,405,185</u>	<u>\$ 16,546,392</u>	<u>\$ 14,631,375</u>	<u>\$ 1,157,895</u>	<u>\$ 53,740,847</u>

b) The Group's expected maturities for its derivative financial instruments with agreed upon settlement date were as follows:

December 31, 2022

	<b>On Demand or Less Than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>Total</b>
<u>Net settled</u>					
Commodity futures contracts	\$ (44,748)	\$ 15,206	\$ 8,525	\$ -	\$ (21,017)
Foreign exchange forward contracts	<u>(30,488)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,488)</u>
	<u>\$ (75,236)</u>	<u>\$ 15,206</u>	<u>\$ 8,525</u>	<u>\$ -</u>	<u>\$ (51,505)</u>

December 31, 2021

	<b>On Demand or Less Than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>Total</b>
<u>Net settled</u>					
Commodity futures contracts	\$ 14,706	\$ (25,016)	\$ 11,183	\$ -	\$ 873
Foreign exchange forward contracts	7,814	177	-	-	7,991
Exchange rate swap contracts	<u>(37,439)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,439)</u>
	<u>\$ (14,919)</u>	<u>\$ (24,839)</u>	<u>\$ 11,183</u>	<u>\$ -</u>	<u>\$ (28,575)</u>

e. Transfers of financial assets

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

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



### 31. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Walsin Lihwa Holdings Ltd.	Subsidiary
Walsin Info-Electric Corp.	Subsidiary
Chin-Cherng Construction Co.	Subsidiary
Min Maw Precision Industry Corp.	Subsidiary
Dongguan Walsin Wire & Cable Co., Ltd.	Subsidiary
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Subsidiary
Changshu Walsin Specialty Steel Co., Ltd.	Subsidiary
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Subsidiary
Yantai Walsin Stainless Steel Co., Ltd.	Subsidiary
PT. Walsin Nickel Industrial Indonesia	Subsidiary
Walsin Internation Investments Limited	Subsidiary
Borrego Energy, LLC	Subsidiary
Waltuo Green Resources Corporation	Subsidiary
PT. Sunny Metal Industry	Subsidiary
Walsin Singapore Pte. Ltd. (Formerly known as New Hono Investment Pte. Ltd.)	Subsidiary
Walsin Technology Corp.	Associate
Walton Advanced Engineering, Inc.	Associate
Chin-Xin Investment Co., Ltd.	Associate
Tsai Yi Corporation (formerly known as Walsin Color Co., Ltd.)	Associate
Winbond Electronics Corp.	Associate
Prosperity Dielectrics Co., Ltd.	Associate
Nuvton Technology Corporation	Associate
PT. Westrong Metal Industry	Associate
HannStar Display Corp.	Substantive related party
Kuong Tai Metal Industrial Co., Ltd.	Substantive related party
HannStar Board Corp.	Substantive related party
Global Brands Manufacture Ltd.	Substantive related party
Info-Tek Corp.	Substantive related party
Hwa Bao Botanic Conservation Corp.	Substantive related party

b. Sales

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

c. Rental income

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

d. Purchases of goods

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

e. Administrative expenses

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

The stock registration matters of the Company and related parties were handled together. The related fees allocated to the related parties were charged against general and administrative expenses.

f. Dividend income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
HannStar Display Corp.	\$ 298,293	\$ 149,816
HannStar Board Corp.	140,259	140,259
Other related parties	<u>7,705</u>	<u>7,705</u>
	<u>\$ 446,257</u>	<u>\$ 297,780</u>





g. Notes receivable

Not arising from operating activities

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

h. Trade receivables

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

i. Trade payables

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

j. Other receivables (excluding financing provided)

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

k. Other payables (excluding loans from related parties)

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

l. Disposals of property, plant and equipment

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

The above transaction prices were determined with reference to the transaction prices of similar real estate in the vicinity and professional valuation reports.

m. Lease arrangements - Company is lessee

Line Item	Related Party Category	December 31	
		2022	2021
Lease liabilities	Subsidiaries	\$ -	\$ 416

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

n. Guarantee deposits

	December 31	
	2022	2021
Associates	\$ 7,362	\$ 7,453
Other related parties	282	282
	\$ 7,644	\$ 7,735

o. Loan to related parties (including interest receivable)

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



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

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

p. Loan from related parties (including interest payable)

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

<u>Interest expenses</u>	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Subsidiaries	\$ 6,535	\$ 11,901

q. Endorsements and guarantees

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

r. Remuneration of key management personnel

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

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

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

### 32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collaterals for future deposits:

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

### 33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. Outstanding letters of credit not reflected in the financial statements as of December 31, 2022 and 2021 were as follows (in thousands):

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
New Taiwan dollar	NT\$ 20,939	NT\$ 47,575
U.S. dollar	US\$ 3,186	US\$ 9,572
Renminbi	RMB 2,189	RMB 13,134
Japanese yen	JPY 54,144	JPY 160,710
Euro	EUR 34,490	EUR 13,946

- b. Outstanding standby letters of credit and bid bonds of contingent liabilities not reflected in the accompanying financial statements were as follows (in thousands):

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
New Taiwan dollar	NT\$ 841,035	NT\$ 665,286
U.S. dollar	US\$ 30	US\$ 30

- c. Based on the tariff and relevant regulations, the Company issue tariff letters of credit to import goods and to meet the needs of post-release duty payment. The amount of tariff letters of credit were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
New Taiwan dollar	NT\$ 496,000	NT\$ 462,000



d. Non-cancelable raw material procurement contracts were as follows:

	December 31	
	2022	2021
U.S. dollar	US\$ 43,926	US\$ 42,595

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

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

#### 34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

Unit: Foreign Currency/In Thousands of Taiwan Dollars

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$ 382,488	30.7100	\$ 11,746,208
Japanese yen	236,526	0.2324	54,969
Euro	35,095	32.7200	1,148,296
Hong Kong dollar	1,027	3.9380	4,043
Australian dollar	1,298	20.8300	27,031
Investments accounted for using the equity method			
U.S. dollar	884,702	30.7100	27,169,195
Renminbi	7,874,934	4.40934	34,723,262
Indonesia rupiah	2,475,983,068	0.0020	4,902,446
Euro	131,042	32.7200	4,287,682

(Continued)

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial liabilities</u>			
Monetary items			
U.S. dollar	311,554	30.7100	9,567,835
Euro	121	32.7200	3,973
Swiss franc	17	33.2050	564
			(Concluded)

December 31, 2021

**Unit: Foreign Currency/In Thousands of Taiwan Dollars**

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
U.S. dollar	\$ 218,163	27.6800	\$ 6,038,747
Japanese yen	511,128	0.2405	122,926
Euro	29,590	31.3200	926,756
Singapore dollars	76	20.4600	1,559
Hong Kong dollar	3,245	3.5490	11,515
Australian dollar	1,579	20.0800	31,714
Investments accounted for using the equity method			
U.S. dollar	326,162	27.6800	9,028,163
Renminbi	8,674,482	4.3416	37,661,217
Indonesia rupiah	6,409,142	0.00198	12,690
Malaysian ringgit	70,490	6.3550	447,963
<u>Financial liabilities</u>			
Monetary items			
U.S. dollar	92,774	27.6800	2,567,987
Euro	26	31.3200	830
Swiss franc	17	30.1750	513

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

### 35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. information on investees:

1) Financing provided to others (Table 1)



- 2) Endorsements/guarantees provided (Table 2)
  - 3) Marketable securities held (Table 3)
  - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 5)
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
  - 9) Trading in derivative instruments (Note 7)
  - 10) Information on investees (Table 8)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 9)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 9):
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
    - c) The amount of property transactions and the amount of the resultant gains or losses
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes
    - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds; and
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services



- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10).

### **36. SEGMENT INFORMATION**

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



TABLE 1

## WALSIN LIHWA CORPORATION

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars and U.S. Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
0	Walsin Lihwa Corporation	PT. Walsin Nickel Industrial Indonesia	Other receivables	Yes	\$ 2,255,050 (US\$ 70,000)	\$ - (US\$ -)	\$ - (US\$ -)	-	Operating capital	\$ -	Operating capital	\$ -	-	\$ -	\$ 49,432,350 (US\$ 1,609,650)	\$ 49,432,350 (US\$ 1,609,650)
		PT. Sunny Metal Industry	Other receivables	Yes	7,745,668 (US\$ 250,750)	7,700,533 (US\$ 250,750)	5,397,283 (US\$ 175,750)	5.80-6.90	Operating capital	-	Equipment purchase	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)
		PT. Westrong Metal Industry	Other receivables	Yes	2,780,100 (US\$ 90,000)	2,763,900 (US\$ 90,000)	1,228,400 (US\$ 40,000)	6.79	Operating capital	-	Equipment purchase	-	-	-	49,432,350 (US\$ 1,609,650)	49,432,350 (US\$ 1,609,650)

Notes:

1. According to the financing regulations provided by Walsin Lihwa Corporation, the limit on the amount of financing provided to a single enterprise that holds directly or indirectly 100% of the voting rights of a subsidiary cannot exceed 40% of the equity presented in the consolidated financial statements of Walsin Lihwa Corporation.
  - a. The limit on the amount of financing provided to a single enterprise was as follows:

PT. Walsin Nickel Industrial Indonesia =  $\$123,580,876 \times 40\% = \$49,432,350$  (US\$1,609,650)

PT. Sunny Metal Industry =  $\$123,580,876 \times 40\% = \$49,432,350$  (US\$1,609,650)

PT. Westrong Metal Industry =  $\$123,580,876 \times 40\% = \$49,432,350$  (US\$1,609,650)
  - b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided =  $\$123,580,876 \times 40\% = \$49,432,350$  (US\$1,609,650)
2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.
3. The currency exchange rate as of December 31, 2022 was as follows: US\$ to NT\$= 1:30.71.

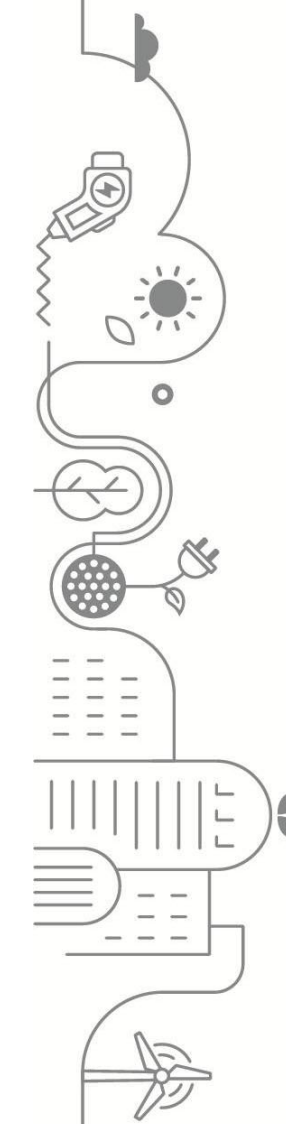




TABLE 2

## WALSIN LIHWA CORPORATION

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

No. (Note 1)	Endorsement/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guarantee During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 4)	Actual Amount Borrowed	Amount of Endorsement/ Guarantee by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Guaranteed Provided by Parent Company	Guarantee Provided by A Subsidiary	Provided to Subsidiaries Mainland China
		Name	Relationship (Note 2)										
0	Walsin Lihwa Corporation	PT. Walsin Nickel Industrial Indonesia	b	\$ 27,912,319 (US\$ 908,900)	\$ 2,899,350 (US\$ 90,000)	\$ - (US\$ -)	\$ - (US\$ -)	\$ -	-	\$ 123,580,876	Yes	No	No
		Borrego Energy, LLC	b	357,710 (US\$ 11,648)	368,520 (US\$ 12,000)	368,520 (US\$ 12,000)	- (US\$ -)	-	0.30	123,580,876	Yes	No	No

## Notes:

- The information on Walsin Lihwa Corporation and its subsidiaries is listed and labeled on the entitled "No." column.
  - "0" represents Walsin Lihwa Corporation.
  - Subsidiaries are numbered consecutively starting from 1.
- The relationship between Walsin Lihwa Corporation and the endorsed/guaranteed entities can be classified into the following categories
  - A company with which Walsin Lihwa Corporation does business.
  - A company in which Walsin Lihwa Corporation directly and indirectly holds more than 50% of the voting shares.
  - A company that directly and indirectly holds more than 50% of the voting shares in Walsin Lihwa Corporation.
  - A company in which Walsin Lihwa Corporation directly or indirectly holds 90% or more of the voting shares.
  - A company that fulfills Walsin Lihwa Corporation's contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
  - A company in which all capital contributing shareholders make endorsements/guarantees for it and Walsin Lihwa Corporation's joint-investment company in proportion to their shareholding percentages.
  - A company in the same industry as Walsin Lihwa Corporation whereby either provides among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.
- According to the endorsements/guarantees provided and financing provided by Walsin Lihwa Corporation, the total limit on the amount of endorsements/guarantees cannot exceed 100% of the equity of Walsin Lihwa Corporation's current parent-company-only financial statements (including the consolidated financial statements). The limit on the amount of endorsements/guarantees provided and financing provided to a single enterprise cannot exceed the equity of the guaranteed company. The limit on the amount of guarantees provided to an investee in which over 66.67% of the common shares are held cannot exceed the amount which is 250% of the equity multiplied by the equity percentage of the guarantee provider; however, the limits mentioned above are not applicable to Walsin Lihwa Corporation's wholly-owned holding companies incorporated in duty-free areas overseas.
  - The limit on the amount of endorsements/guarantees provided was as follows:  

$$\text{NT\$}123,580,876 \times 100\% = \text{NT\$}123,580,876$$
  - The limit on the amount of endorsements/guarantees provided to a single entity was as follows:  
 PT. Walsin Nickel Industrial Indonesia:  $\text{US\$}395,174 \times 250\% \times 92\% = \text{US\$}908,900$   
 Borrego Energy, LLC:  $\text{US\$}6,422 \times 250\% \times 72.55\% = \text{US\$}11,648$
- The currency exchange rates as of December 31, 2022 were as follows: US\$ to NT\$= 1:30.71.
- The Company's plan to improve the excess amount of single corporate endorsement guarantees will be proposed by the audit committee soon.

TABLE 3

## WALSIN LIHWA CORPORATION

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Walsin Lihwa Corporation	Share							
	HannStar Display Corp.	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	299,632,180	\$ 3,340,899	9.90	\$ 3,340,899	
	HannStar Board Corp.	The chairman of the holding company and the chairman of the company are second-class relatives	Financial assets at fair value through other comprehensive income - non-current	63,753,952	2,017,812	12.06	2,017,812	
	TECO Electric & Machinery Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	230,438,730	6,348,587	10.77	6,348,587	
	Kuong Tai Metal Industrial Co., Ltd.	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	9,631,802	201,788	9.39	201,788	
	Global Investment Holdings	The holding company is a director of the issuer company	Financial assets at fair value through other comprehensive income - non-current	5,221,228	55,794	2.97	55,794	
	Universal Venture Capital Investment	-	Financial assets at fair value through other comprehensive income - non-current	1,400,000	12,904	1.16	12,904	
	Hwa Bao Botanic Conservation Corp.	The holding company is a supervisor of the issuer company	Financial assets at fair value through other comprehensive income - non-current	12,000,000	132,152	15.00	132,152	
	Tung Mung Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	14,285,000	96,264	4.01	96,264	

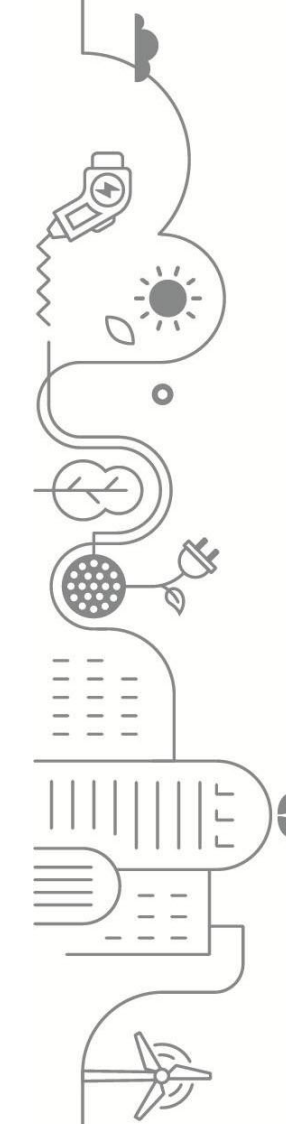


TABLE 4

## WALSIN LIHWA CORPORATION

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Purpose of Transaction Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Walsin Lihwa Corporation	Share Walsin Lihwa Holdings Limited	Investments accounted for using the equity method	Capital reduction	Subsidiaries	473,730,393	\$ 26,803,960		\$ 8,448,083 (Note 1)	365,000,000	\$ 11,178,225	\$ -	\$ -	108,730,393	\$ 24,073,818
	Walsin Lihwa Europe S.a r.l.	Investments accounted for using the equity method	Capital investment	Subsidiaries	-	-	12,000	4,146,986 (Note 2)	-	-	-	-	12,000	4,146,986
	Walsin Singapore Pte. Ltd. (formerly known as New Hono Investment Pte. Ltd)	Investments accounted for using the equity method	Capital investment	Subsidiaries	42,000,000	5,828,396	380,000,000	13,774,869 (Note 2)	-	-	-	-	422,000,000	19,603,265
	PT. Sunny Metal Industry	Investments accounted for using the equity method	Ever Rising Limited and Berg Holding Limited	-	-	-	50,100	6,010,659 (Note 3)	-	-	-	-	-	-
	PT. Sunny Metal Industry	Investments accounted for using the equity method	Walsin Singapore Pte. Ltd. (formerly known as New Hono Investment Pte. Ltd)	Subsidiaries	-	-	-	-	50,100	6,251,000	6,010,659	240,341 (Note 4)	-	-
	PT. Westrong Metal Industry	Investments accounted for using the equity method	Capital investment	Associated Companies	-	-	590,000	4,590,864	-	-	-	-	590,000	4,590,864

Note 1: The amount included investment income or loss and changes in other equity.

Note 2: The amount included a capital increase in cash, recognition of investment gains and losses, and changes in other equity.

Note 3: The amount included the purchase amount, investment income or loss and changes in other equity.

Note 4: The difference between the price of equity under capital surplus - acquiring or disposing of subsidiaries and its carrying value.

**TABLE 5**

**WALSIN LIHWA CORPORATION**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

Company Name	Property	Transaction Date	Transaction Amount (Foreign Currencies in Thousands)	Payment Term	Counterparty	Relationships	Information on Previous Title Transfer If Counterparty Is A Related Party				Price Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationships	Transaction Date	Amount			
Walsin Lihwa Corporation	Plant	2022/03/02-2022/12/26	\$ 1,293,729	Based on the terms in the contract	Chung-Lu Construction Co., Ltd.	-	N/A	N/A	N/A	N/A	Based on the marketability	Manufacturing and operating purpose	-

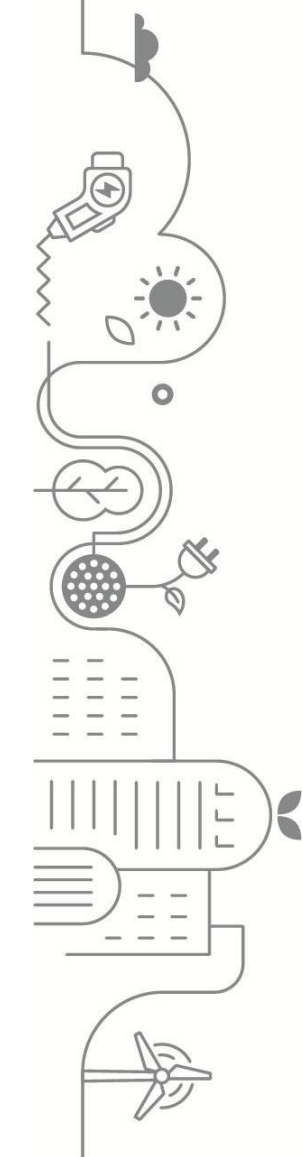


TABLE 6

## WALSIN LIHWA CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

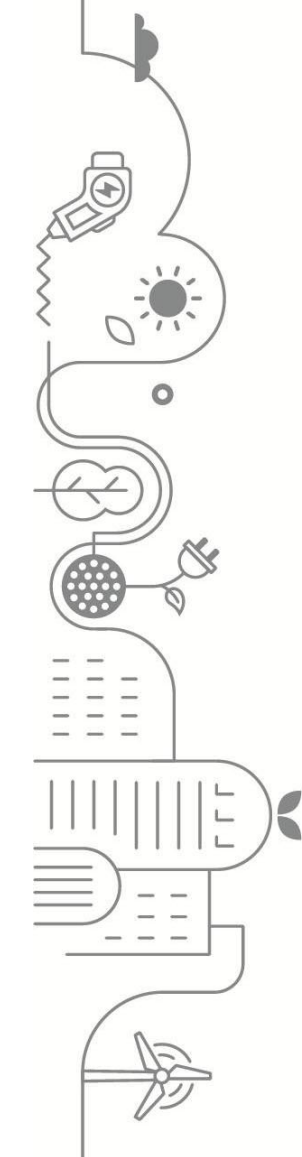
Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Walsin Lihwa Corporation	Dongguan Walsin Wire & Cable Co., Ltd.	100% indirectly owned subsidiary	Sales	\$ (326,711)	-	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	\$ -	-	
	Koung Tai Metal Industrial Co., Ltd.	Director of the related party	Sales	(1,447,563)	(1)	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	42,651	1	
	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Sales	(255,763)	-	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	150,819	4	
	Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Sales	(242,061)	-	The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers.	Similar	Similar	102,984	3	

**TABLE 7**

**WALSIN LIHWA CORPORATION**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Walsin Lihwa Corporation	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	100% indirectly owned subsidiary	Trade receivables \$ 150,819	1.29	\$ -	-	\$ -	\$ -
	Changshu Walsin Specialty Steel Co., Ltd.	100% indirectly owned subsidiary	Trade receivables 102,984	1.26	-	-	-	-
	PT. Sunny Metal Industry	50.1% indirectly owned subsidiary	Other receivables 5,481,736	-	-	-	-	-
	PT. Westrong Metal Industry	29.5% indirectly owned associate	Other receivables 1,228,863	-	-	-	-	-



**TABLE 8****WALSIN LIHWA CORPORATION****NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE GROUP EXERCISES SIGNIFICANT INFLUENCE FOR THE YEAR ENDED DECEMBER 31, 2022**

Information of investees that Walsin Lihwa Corporation has controlling power or significant influence over was as follows (in thousands of New Taiwan dollars):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Walsin Lihwa Corporation	Walsin Lihwa Holdings Limited	British Virgin Islands	Investments holding	\$ 3,317,552	\$ 14,495,777	108,730,393	100.00	\$ 24,073,818	\$ 7,661,077	\$ 7,661,054	
	Concord Industries Limited	British Virgin Islands	Investments holding	13,611,135	13,611,135	308,498,375	100.00	5,210,454	(210,389)	(210,389)	
	Ace Result Global Limited	British Virgin Islands	Investments holding	1,587,416	1,587,416	44,739,988	100.00	354,722	(34,906)	(34,906)	
	Min Maw Precision Industry Corp.	Taiwan	Solar power systems management, design, and installation	180,368	180,368	32,791,149	100.00	388,436	22,733	22,733	
	Waltuo Green Resources Corporation	Taiwan	Waste disposal, resource recovery and cement products	10,000	10,000	1,828,287	100.00	17,660	(1,543)	(1,543)	
	Walsin Precision Technology Corp.	Malaysia	Production and sale of stainless steel plates	434,994	434,994	32,178,385	100.00	563,204	88,275	88,275	
	Chin-Cherng Construction Co.	Taiwan	Investment in the construction of residential, sale of commercial buildings, rental design and interior decoration business	611,688	611,688	577,583,403	99.22	6,182,490	(239,992)	(238,136)	
	Walsin Info-Electric Corp.	Taiwan	Mechanical and electrical, communications, and power systems	270,034	270,034	29,854,246	99.51	314,008	2,025	2,015	
	PT. Walsin Lippo Industries	Indonesia	Steel wires	481,663	481,663	10,500	70.00	953,239	26,703	18,692	
	PT. Walsin Lippo Kabel	Indonesia	Production and sale of cables and wires	11,656	11,656	1,050,000	70.00	12,000	(1,001)	(701)	
	PT. Walsin Nickel Industrial Indonesia	Indonesia	Production and sale of nickel pig iron	1,509,171	1,509,171	500,000	50.00	5,832,774	6,067,971	3,069,275	
	Joint Success Enterprises Limited	British Virgin Islands	Investments holding	1,164,273	1,164,273	36,058,184	49.05	5,084,267	(508,445)	(172,225)	
	Chin-Xin Investment Co., Ltd.	Taiwan	Investments	2,237,969	2,237,969	179,468,270	37.00	7,744,232	1,026,112	369,503	
	Tsai Yi Corporation (formerly known as Walsin Color Co., Ltd.)	Taiwan	Management and investments holding	457,610	457,610	49,831,505	33.97	799,618	4,840	1,644	
	Concord II Venture Capital Co., Ltd.	Taiwan	Venture capital and consulting affairs	257,860	257,860	26,670,699	26.67	174,997	(15,248)	(4,067)	
	Winbond Electronics Corp.	Taiwan	Research, development, production and sale of semiconductors and related components	7,429,920	7,429,920	883,848,423	22.21	20,953,105	12,927,165	2,863,601	
	Walton Advanced Engineering, Inc.	Taiwan	Production, sale, and testing of semiconductors	1,185,854	1,185,854	109,628,376	21.01	2,109,400	258,067	54,220	
	Walsin Technology Corp.	Taiwan	Production and sale of ceramic capacitors	1,649,039	1,649,039	88,902,325	18.30	8,147,080	1,640,227	300,162	
	Powertec Electrochemical Corp.	Taiwan	Basic industrial chemical manufacturing and energy technical services	2,945,925	2,945,925	318,522,792	22.46	-	-	-	
	Walsin Singapore Pte. Ltd. (Formerly known as New Hono Investment Pte. Ltd)	Singapore	Investments holding	16,790,710	5,003,810	422,000,000	100.00	19,603,265	2,465,074	2,022,543	
PT. Sunny Metal Industry	Indonesia	Manufacture and sale of nickel matte	-	-	-	-	-	(25,416)	(6,141)	(Note 1)	
Walsin Lihwa Europe S.a r.l.	Luxembourg	Investments holding	6,692,862	-	12,000	100.00	4,146,986	148,026	148,026		
PT. Walsin Research Innovation Indonesia	Indonesia	Consulting and management	22,223	-	6,930	99.00	21,342	25	25		
Walsin America, LLC	USA	Investments	185,752	-	N/A	100.00	(17,487)	-	-	(Note 2)	
PT. CNGR Walsin New Energy and Technology Indonesia	Indonesia	Investments holding	300,000	-	140,651	29.17	278,241	(869)	(313)		
PT. Westrong Metal Industry	Indonesia	Manufacture and sale of nickel matte	4,680,030	-	590,000	29.50	4,590,864	(3,352)	-		

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

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



TABLE 9

## WALSIN LIHWA CORPORATION

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

## Walsin Lihwa Corporation

A. The names of investee companies in mainland China, their main businesses and products, total amount of paid-in capital, investment type, investment flows, percentage of ownership in investment, investment gain or loss, carrying amount, accumulated inward remittance of earnings and upper limit on investment in mainland China were as follows:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 16)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Jiangyin Walsin Steel Cable Co., Ltd.	Manufacture and sale of steel cables and wires	\$ 614,200 (US\$ 20,000)	b	\$ 799,719 (US\$ 26,041) (Note 2)	\$ -	\$ -	\$ 799,719 (US\$ 26,041) (Note 2)	\$ (43,738)	100.00	\$ (43,738)	\$ 841,752	\$ -
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Manufacture and sale of cables and wires	479,905 (US\$ 15,627)	b	459,299 (US\$ 14,956) (Note 3)	-	-	459,299 (US\$ 14,956) (Note 3)	90,369	95.71	86,492	1,207,083	-
Hangzhou Walsin Power Cable & Wire Co., Ltd.	Manufacture and sale of cables and wires	5,468,837 (US\$ 178,080)	b	2,591,310 (US\$ 84,380) (Note 4)	-	-	2,591,310 (US\$ 84,380) (Note 4)	(142,964)	40.00	(57,187)	681,239	-
Walsin (China) Investment Co., Ltd.	Investments	2,413,806 (US\$ 78,600)	b	2,413,806 (US\$ 78,600) (Note 5)	-	-	2,413,806 (US\$ 78,600) (Note 5)	(217,027)	100.00	(217,027)	4,300,323	-
Changshu Walsin Specialty Steel Co., Ltd.	Manufacture and sale of specialized steel tubes	2,978,870 (US\$ 97,000)	b	2,978,870 (US\$ 97,000) (Note 6)	-	-	2,978,870 (US\$ 97,000) (Note 6)	337,522	100.00	337,522	1,048,836	-
Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	Manufacture and sale of stainless steel	- (US\$ -)	b	1,197,690 (US\$ 39,000) (Note 7)	-	1,197,690 (US\$ 39,000)	- (US\$ -) (Note 7)	(1,028)	-	(1,028)	- (Note 8)	-
Dongguan Walsin Wire & Cable Co., Ltd.	Manufacture and sale of bare copper cables and wires	798,460 (US\$ 26,000)	b	798,460 (US\$ 26,000) (Note 9)	-	-	798,460 (US\$ 26,000) (Note 9)	(191,422)	100.00	(191,422)	1,485,939	-
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Manufacture and sale of cold-rolled stainless steel and flat rolled products	1,504,790 (US\$ 49,000)	b	1,504,790 (US\$ 49,000) (Note 10)	-	-	1,504,790 (US\$ 49,000) (Note 10)	(230,096)	100.00	(230,096)	1,763,939	-
XiAn Walsin Metal Product Co., Ltd. (Note 13)	Manufacture and sale of specialized stainless steel plates	1,699,799 (US\$ 55,350)	b	925,907 (US\$ 30,150)	-	-	925,907 (US\$ 30,150)	(14,022)	100.00	(14,022)	(792,817)	-
Yantai Walsin Stainless Steel Co., Ltd.	Production and sale of electronic components and new alloy materials	10,289,846 (US\$ 335,065) (Note 11)	b	6,538,988 (US\$ 212,927)	-	-	6,538,988 (US\$ 212,927)	(678,277)	100.00	(678,277)	4,100,422	-

(Continued)





Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 16)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Changzhou China Steel Precision Materials Co., Ltd.	Melting and forging of nonferrous metallic materials and composites as well as new types of alloys	\$ 1,338,956 (US\$ 43,600)	b	\$ 401,687 (US\$ 13,080)	\$ - -	\$ - -	\$ 401,687 (US\$ 13,080)	\$ 238,066	30.00	\$ 71,420	\$ 519,403	\$ 937,269 (US\$ 30,520)
Nanjing Taiwan Trade Mart Management Co., Ltd.	Business and asset management, consulting and advertising services	30,710 (US\$ 1,000)	b	30,710 (US\$ 1,000)	- -	- -	30,710 (US\$ 1,000)	(97,643)	100.00	(97,643)	(518,896)	-
DongGuan Cogne Steel Products Co., Ltd.	Stainless Steel Products	835,312 (US\$ 27,200)	b	- (US\$ -)	- -	- -	- (US\$ -)	32,389	100.00	32,389	163,535	-
Shaanxi Tianhong Silicon Industrial Corporation	Polysilicon production	5,291,208 (RMB 1,200,000)	b	- (US\$ -)	- -	- -	- (US\$ -)	-	19.00	-	- (Note 12)	-
Jiangsu Taiwan Trade Mart Development Co., Ltd.	Development and management of Nanjing Taiwan Trade Mart Management Co., Ltd.	44,093 (RMB 10,000)	b	9,336 (US\$ 304)	- -	- -	9,336 (US\$ 304)	1,332	20.00	265	9,736	-
Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. (Note 14)	Communications equipment and electronic components	686,080 (RMB 155,597)	b	- (RMB -)	- -	- -	- (RMB -)	31,798	6.02	-	56,563	-
Walsin (Nanjing) Development Co., Ltd.	Construction, rental and sale of buildings and industrial factories	1,535,500 (US\$ 50,000)	b	1,529,358 (US\$ 49,800) (Note 15)	- -	- -	1,529,358 (US\$ 49,800) (Note 15)	(526,029)	99.60	(523,937)	9,233,321	-
Nanjing Walsin Property Management Co., Ltd.	Property management, business management and housing leasing	4,409 (RMB 1,000)	b	- (RMB -)	- -	- -	- (RMB -)	(12,868)	99.60	(12,818)	(18,100)	-

B. The upper limit on investment of WLC in mainland China was as follows:

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (NT\$ and US\$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (NT\$ and US\$ in Thousands)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (NT\$ in Thousands)
\$ 19,767,658 (US\$ 643,688)	\$ 19,706,392 (US\$ 641,693)	N/A (Note 19)

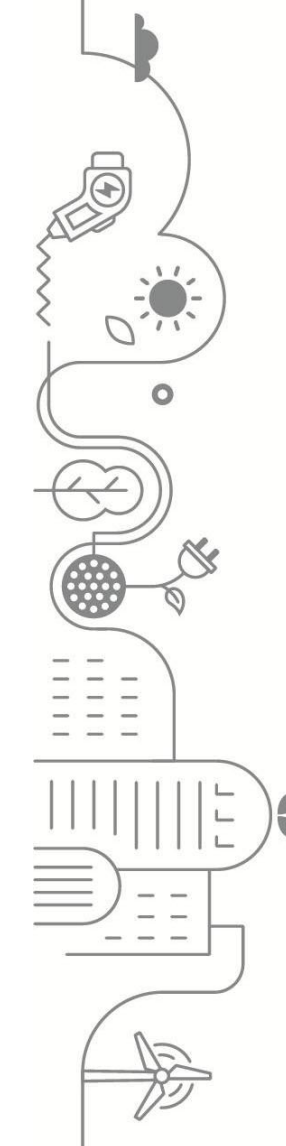
(Continued)

Notes:

1. Investments can be classified into three categories as follows:
  - a. Direct investment in mainland China.
  - b. Reinvestment in mainland China through companies in a third country companies.
  - c. Others.
2. Including US\$15,000 thousand investment through Walsin (China) Investment Co., Ltd.
3. Including US\$14,950 thousand investment through Walsin (China) Investment Co., Ltd.
4. Including US\$13,300 thousand investment through Walsin (China) Investment Co., Ltd., US\$53,000 thousand investment through Ace Result Global Ltd. and US\$22,730 thousand dividends appropriated from Dongguan Walsin Wire & Cable Co., Ltd., Jiangying Walsin Steel Cable Co., Ltd., Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. and Hangzhou Walsin Power Cable & Wire Co., Ltd.
5. Capital investment of US\$28,600 thousand was contributed from the accounts payable of Walsin (China) Investment Co., Ltd. to Walsin Lihwa Holdings Limited.
6. Including US\$20,000 thousand investment through Walsin Specialty Steel Corp. and US\$42,000 thousand dividends appropriated from Changshu Walsin Specialty Steel Co., Ltd. and Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.
7. Including US\$4,800 thousand investment through Walsin (China) Investment.
8. The liquidation and deregistration of Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd were completed on July 13, 2022.
9. Investment through Walsin (China) Investment Co., Ltd.
10. Including investments through Walsin (China) Investment Co., Ltd. of US\$4,500 thousand and US\$4,500 thousand of the own capital of Walsin (China) Investment Co., Ltd.
11. Including investments of its own capital of RMB578,796 thousand from Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd., Changzhou Wujin NSL Co., Ltd. and Changshu Walsin Specialty Steel Co., Ltd. and RMB3,750 thousand made through Changzhou Wujin NSL Co., Ltd. Including US\$32,927 thousand investment through Yantai Huanghai Iron and Steel Co., Ltd. and Yantai Dazhong Recycling Resource Co., Ltd. which were merged.
12. The amount was adjusted by the capital of XiAn Lv Jing Technology Co., Ltd. of RMB228,000 thousand and by the fair value.
13. XiAn Walsin Metal Product Co., Ltd. merged XiAn Lv Jing Technology Co., Ltd. and XiAn Walsin Opto-electronic Limited.
14. Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. was formerly known as Shaanxi Optoelectronics Technology Co., Ltd.
15. The amount included investment through Joint Success Enterprise Limited approved in the previous years.
16. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.
17. The currency exchange rates as of December 31, 2022 were as follows: US\$ to NT\$= 1:30.71, RMB to NT\$= 1:4.40934. The average exchange rates of December 31, 2022 were as follows: US\$ to NT\$= 1:29.805, RMB to NT\$= 1:4.41084.
18. The basis for recognizing investment gains and losses in the current period is the financial report audited by an international accounting firm that has a cooperative relationship with the accounting firm of the Republic of China.
19. Upper limit on investment:

The Company was approved as the operation headquarters by the Industrial Development Bureau, Ministry of Economic Affairs and is thus exempted from the related regulations of “Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China”.

(Continued)



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

(In Thousands of New Taiwan Dollars)

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

(Concluded)



**TABLE 10**

**WALSIN LIHWA CORPORATION AND SUBSIDIARIES**

**INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Winbond Electronics Corp.	247,527,493	6.63
Chin-Xin Investment Co., Ltd.	247,399,375	6.63
LGT Bank (Singapore) Investment Fund under the custody of Standard Chartered	262,598,000	7.03
TECO Electric & Machinery Co., Ltd.	210,332,390	5.63

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers their shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

**6. Any financial crunch confronted by the Company or its subsidiaries and related impacts in the most recent year and up to the date of annual report publication: None.**



## VII Review of Financial Conditions, Financial Performance, and Risk Management

### 1. Financial Status - Consolidated (Based on IFRSs)

Unit: NT\$ Thousands

Items	Year	2021	2022	Difference	
				Amount	%
Current Assets		69,320,640	92,707,385	23,386,745	33.74
Property, Plant and Equipment		41,474,488	65,656,466	24,181,978	58.31
Intangible Assets		173,430	4,966,534	4,793,104	2763.71
Other Assets		72,066,340	89,194,468	17,128,128	23.77
Total Assets		183,034,898	252,524,853	69,489,955	37.97
Current Liabilities		38,852,513	60,869,368	22,016,855	56.67
Non-current Liabilities		36,236,117	61,834,273	25,598,156	70.64
Total Liabilities		75,088,630	122,703,641	47,615,011	63.41
Capital Stock		34,313,329	37,313,329	3,000,000	8.74
Capital Surplus		18,440,875	24,672,454	6,231,579	33.79
Retained Earnings		47,787,207	62,038,398	14,251,191	29.82

Note: The reasons, effects and future plans about that changes in assets, liabilities and equity which over 20% or NT\$10 million in last two years:

1. Reasons:

- A. Compared to 2021, current assets show an increase in 2022 due to the acquisition of MEG S.A. in 2022.
- B. Compared to 2021, property, plant ,and equipment show an increase in 2022 because WLC built new factories and purchased machine equipment in 2022.
- C. Compared to 2021, other assets show an increase in 2022 due to (1)The investment properties of the Group increased because the Group changed the purpose of use of the completed commercial building of Walsin (Nanjing) Development Co., Ltd. (2)The increase of the recognition amounts of investments accounted for using the equity method in 2022 due to the goodwill recognized on acquisitions.
- D. Compared to 2021, current liabilities show an increase in 2022 due to the increase of the short-term borrowings in 2022.
- E. Compared to 2021, non-current liabilities show an increase in 2022 due to the increase of the long-term borrowings in 2022.
- F. Compared to 2021, retained earnings show an increase in 2022 due to the increase of the net profit for the year ended December 31, 2022.

2. Effects: None.

3. Future plans: Keep working on managing working capital and asset and liability structure



## 2. Financial Performance - Consolidated (Based on IFRSs)

Unit: NT\$ Thousands

Items \ Year	2021	2022	Difference															
			Amount	%														
Operating Revenue	156,664,766	180,400,719	23,735,953	15.15														
Operating Costs	136,855,301	163,054,414	26,199,113	19.14														
Gross Profit	19,809,465	17,346,305	-2,462,160	(12.43)														
Operating Expense	6,463,913	7,847,591	1,383,678	21.41														
Profit from Operations	13,345,552	9,498,714	-3,846,838	(28.82)														
Non-operating Revenue and Expense	5,776,946	13,903,299	8,126,353	140.67														
Profit before Taxes	19,122,498	23,402,013	4,279,515	22.38														
Tax Expense	3,865,184	4,261,937	396,753	10.26														
Net Income	15,257,314	19,140,076	3,882,762	25.45														
<p>I. The variance analysis in last two years:(Variable proportion over 20%)</p> <p>1. In 2022, operating expenses increased. Due to the increase in the company's profits and the distribution of employees' compensation.</p> <p>2. In 2022, the increase in non-operating income and expense was mainly due to the increase in disposal of subsidiaries and foreign exchange gains.</p> <p>II. The reason for the changes in business content changes: None.</p> <p>III. The expected sales volume in the next year and its main reason:</p> <p>1. Expected sales volume in the next year:</p> <p>2023(Unit : ton)</p> <table border="1" style="margin-left: 20px;"> <tbody> <tr> <td>Bare copper wire</td> <td>135,442</td> </tr> <tr> <td>Power line</td> <td>56,281</td> </tr> <tr> <td>Strand</td> <td>70,500</td> </tr> <tr> <td>Stainless steel</td> <td>772,194</td> </tr> <tr> <td>Hot rods</td> <td>300,000</td> </tr> <tr> <td>Seamless steel pipe</td> <td>15,600</td> </tr> <tr> <td>Nickel Pig Iron</td> <td>87,960</td> </tr> </tbody> </table> <p>2. The basis of the expected sales volume and Possible future impact on the Company's financial operations and response plans: see the contents (5)-Business Overview</p>					Bare copper wire	135,442	Power line	56,281	Strand	70,500	Stainless steel	772,194	Hot rods	300,000	Seamless steel pipe	15,600	Nickel Pig Iron	87,960
Bare copper wire	135,442																	
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Stainless steel	772,194																	
Hot rods	300,000																	
Seamless steel pipe	15,600																	
Nickel Pig Iron	87,960																	

**3. Cash Flow - Consolidated (Based on IFRSs)**

(1) Cash flow analysis for the current year:

Unit: NT\$ Thousands

Cash and Cash Equivalents at the beginning of the year	Net Cash flow from Operating Activities	Net Cash flow from Investing Activities	Net Cash flow from Financing Activities	Effects of Exchange Rate Changes	Cash and Cash Equivalents at the ending of the year	Note
10,387,581	13,904,807	(26,346,546)	20,318,482	1,133,649	19,397,973	
Analysis of change in cash flow in the current year: 1.The inflows of net cash generated by operating activities were due to the profit of the year. 2.The outflows of net cash used in investing activities were due to the purchase of property, plant, and equipment. 3.The outflows of net cash generated by financing activities were due to the acquisition of equity in subsidiaries. 4.The outflows of net cash in the year was NT\$ 9,010,392 thousand and the ending balance of cash was NT\$ 19,397,973 thousand.						

(2) Remedy for cash Deficit and Liquidity Analysis: Not applicable.

(3) Cash flow Analysis for the coming year:

Unit: NT\$ Thousands

Cash and Cash Equivalents at the beginning of the year	Net Cash flow from Operating Activities	Net Cash flow from Investing Activities	Net Cash flow from Financing Activities	Effects of Exchange Rate Changes	Cash and Cash Equivalents at the ending of the year	Note
18,255,452	8,849,113	(15,935,705)	3,830,707	0	14,999,567	
Analysis of change in cash flow for the coming year: 1.The inflows of net cash generated by operating activities due to the increase of profit before taxes. 2.The outflows of net cash used in investing activities due to the strategic project investment, the increase of capital expenditures, renewal of equipment. 3.The outflows of net cash used in financing activities due to repayment of borrowings and payment of dividends.						





#### 4. Effect of Major Capital Expenditure on Financial Business Operations:

##### (1) Utilization of Major Capital Expenditures and Sources of Funds:

Unit: NT\$ Million

Project	Source of Funds	Actual or Estimated Completion Date	Investment	Actual or Expected Status of Spending					
				2019	2020	2021	2022	2023	2024
1. HR Coil Project of Yantai Plant	Working Capital	October 2023	8,346	53	594	1,525	3,848	2,326	0
2. Cold Finished Bar Project of Yantai Plant	Working Capital	December 2023	3,238	0	0	83	690	2,465	0
3. The establishment of nickel pig iron plant	Working Capital	December 2021	9,667	0	6,851	2,576	240	0	0
4. The establishment of high-efficiency factories	Working Capital	September 2024	5,407	0	27	484	2,638	2,258	455

##### (2) Estimated Benefits:

1. The establishment of steel rolling and cold finished factories of Yantai Plant will help expand economies of scale and improve product quality to meet the needs of the customers.
2. Invest in the construction of a nickel pig iron plant and supporting power plants in Indonesia, with a planned monthly output of 3,000 tons of nickel metal, which will enable the company to securely control the supply of upstream raw materials and make profits for the company.
3. Build high-efficiency factories, deepen the integration of manufacturing service value and integrate manufacturing systems through smart manufacturing, advanced warehousing and logistics, and create competitiveness that is difficult to imitate.

#### 5. Investment Policy of the Past Year, Profit/Loss Analysis, Improvement Plan and Investment Plan for the Coming Year:

##### (1) Investment Policy and Profit/Loss in the Past Year:

1. On a consolidated basis, the Company's current key reinvestment areas are DRAM, TFT LCD and passive components.
2. On a consolidated basis, in 2022, the gains for affiliated enterprises recognized by equity method was NT\$3.607 billion, as a result of the weakened downstream demand in the semiconductor industry, indicating a lower profitability of affiliated enterprises recognized under the equity method compared to 2021.

##### (2) Main Reasons for Profit:

Recognition of the gains from Winbond Electronics Corporation and Walsin Technology Corporation.

##### (3) Investment Plan for the Coming Year:

To continue to focus on upstream and downstream consolidation of core businesses and carefully assess investment plans.



## 6. Risk Management and Assessment of the Following Items for the Past Year and the Year to Date:

- (1) Impact of Interest Rate and Exchange Rate Changes and Inflation on the Company's Profit and Countermeasures.

Affected item	Impact	Response measures:
Interest Rate Change	Net interest expense (interest expense less interest income) in 2022 was approximately NT\$587 million, accounting for merely 0.33% of the Company's net operating revenues; therefore, the change in interest rates does not yet have a significant impact on the profit or loss of the Company and its subsidiaries.	The Company will plan and execute plans for funding sources and costs based on business development and needs.
Exchange Rate Change	Foreign exchange gains for 2022 were approximately NT\$1.7 billion (including profit/loss from trading foreign exchange derivative products).	Based on foreign currency positions, the Company will utilize market instruments (e.g. forward foreign exchange contracts) for hedging purposes.
Inflation	The Company's products are not for general public consumption therefore inflation has no direct impact on the Company. However, it might raise the Company's demand for working capital.	The Company will strictly control the operating cycle and keep track of the source and use of funds.

- (2) Policies of Engaging in High-risk, High-leverage Investments, Lending to Others, Providing Endorsements and Guarantees and Derivatives Transactions, Profit/loss Analysis and Future Countermeasures.

Item	Policy	Major causes of profit or loss	Future response measures
High-risk, High-Leverage Investments	The Company does not engage in any high-risk, high-leverage investment activities.	None	None
Lending to Others	Conducted in accordance with the provisions of the Company's "Management Guidelines on Lending Company Funds to Others"	None	None
Endorsements/Guarantees	Conducted in accordance with the provisions of the Company's "Management Guidelines on Endorsement/Guarantee"	None	None
Derivative Instrument Transactions	With respect to derivative instruments, the Company has mainly engaged in hedging transactions related to business operations and investment activities (foreign exchange and non-ferrous metals). For non-ferrous metals, the Company may carry out non-hedging transactions based on authorized positions and under risk management control for the purpose of curbing price volatilities in raw materials. The authorization is conducted in accordance with the Company's "Procedure for Derivatives Products Trades."	None	None

- (3) Future R&D Plans and Projected R&D Investments: The research and development plans of each business group have been included in the business activities section of the Business Overview, and



these plans have relatively low risks. Please refer to “V. Business Overview—A. Business Activities—(3) Overview of Technology and R&D”.

- (4) Major Changes in Domestic and Foreign Government Policies and Laws and Impact on the Company’s Finances and Business: None
- (5) Impact of Recent Technological and Market Changes on the Company's Finances and Business, and Countermeasures:

To achieve the goal of Smart Manufacturing, Walsin has started to promote the new MES (Manufacturing Execution System) and ERP (Enterprise Resource Planning) and move towards CPS (Cyber-Physical System). Through cloud-based, component-based, and parametric design to retain the flexibility and speed, we will ensure the ability to integrate with the supply chains in the future.

Global pandemic prevention has made remote work the "new normal", thus providing a new channel for hacker attacks. In order to prevent theft and destruction of sensitive data of the Company, which may affect its industrial productivity and damage corporate image, Walsin has strengthened its identity authentication mechanism for remote work and enhanced the protection of external services in response to this new type of risk.

We will establish the defensive capability of the defender by using the protection measures corresponding to the "Cyber Kill Chain" model against the attacking mobile phones and steps of hackers, and set up information security technology products for purposes of inventory, prevention, detection, response and recovery, in order to respond to various information security risks.

- (6) Impact of Change in Corporate Image on Risk Management and Countermeasures: None
- (7) Expected Benefits and Potential Risks of Merger and Acquisition:  
At the 19<sup>th</sup> meeting of the Board of Directors of the 19<sup>th</sup> term held on May 31, 2022, the Company resolved to acquire, through its wholly-owned subsidiary, Walsin Lihwa Europe S.A R.L., 85.032% of the shares of MEG S.A. (based in Luxembourg), which held 82.32% of the shares of Cogne Acciai Speciali S.p.A. (based in Italy). Thus, the Company's ultimately acquired 70% of the shares of Cogne Acciai Speciali S.p.A., and the transaction was completed on November 30 of the same year. The expected benefits of the merger are to expand the stainless steel business by combining the strengths of both companies in products, technologies and markets.
- (8) Expected Benefits and Potential Risks of Capacity Expansion: All capacity expansion for plants under Walsin and its group members has to undergo careful assessments. All major capital expenditure has to be submitted to the Board of Directors for review. Hence, investment benefits and potential risks will have been taken into account.
- (9) Risks Associated with Over-concentration in Purchases or Sales and Countermeasures: None
- (10) Impact of Mass Transfer(s) of Equity by or Change of Directors or Shareholders Holding 10% or more Interest on the Company, the Associated Risks and Countermeasures: None.
- (11) Impact of Change of Control on the Company, Associated risks and Countermeasures: None.
- (12) Final and Non-appealable and Pending Material Litigious, Non-litigious or Administrative Legal Proceedings involving the Company, the Directors and the President during the Most Recent Year and up to the Annual Report Publication Date: None.



## (13) Other significant risks and response measures:

## 1. The Company's KPIs:

## (1) Financial indicators: Optimizing financial structure and control of bank financing agreements

Ratio	Formula	Target KPI	2022	2021
Current ratio	Current assets / Current liabilities	$\geq 100\%$	152.30%	178.41%
Debt ratio	Net liabilities (Total liabilities - Cash and cash equivalents) / Tangible assets	$\leq 120\%$	82.74%	60.03%
Interest coverage ratio	(Net income before income tax, depreciation, amortization and interest expense / Current interest expense	$\geq 150\%$	3,465.09%	5,352.60%
Tangible net value	Shareholders' equity - Intangible assets	$\geq \text{NT\$}55 \text{ billion}$	NT\$124.9 billion	NT\$107.8 billion

## (2) Performance indicators: Return on shareholder's equity and income before accrued interest, tax, depreciation and amortization

Ratio	Formula	2022	2021
Return on Shareholder's Equity	Net Income after tax / Average of total shareholders' equity	16.09%	15.63%
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	Income before interest & taxes + depreciation & amortization + interest expenses	NT\$28,681 million	NT\$22,371 million

**7. Other Major Issues: None**

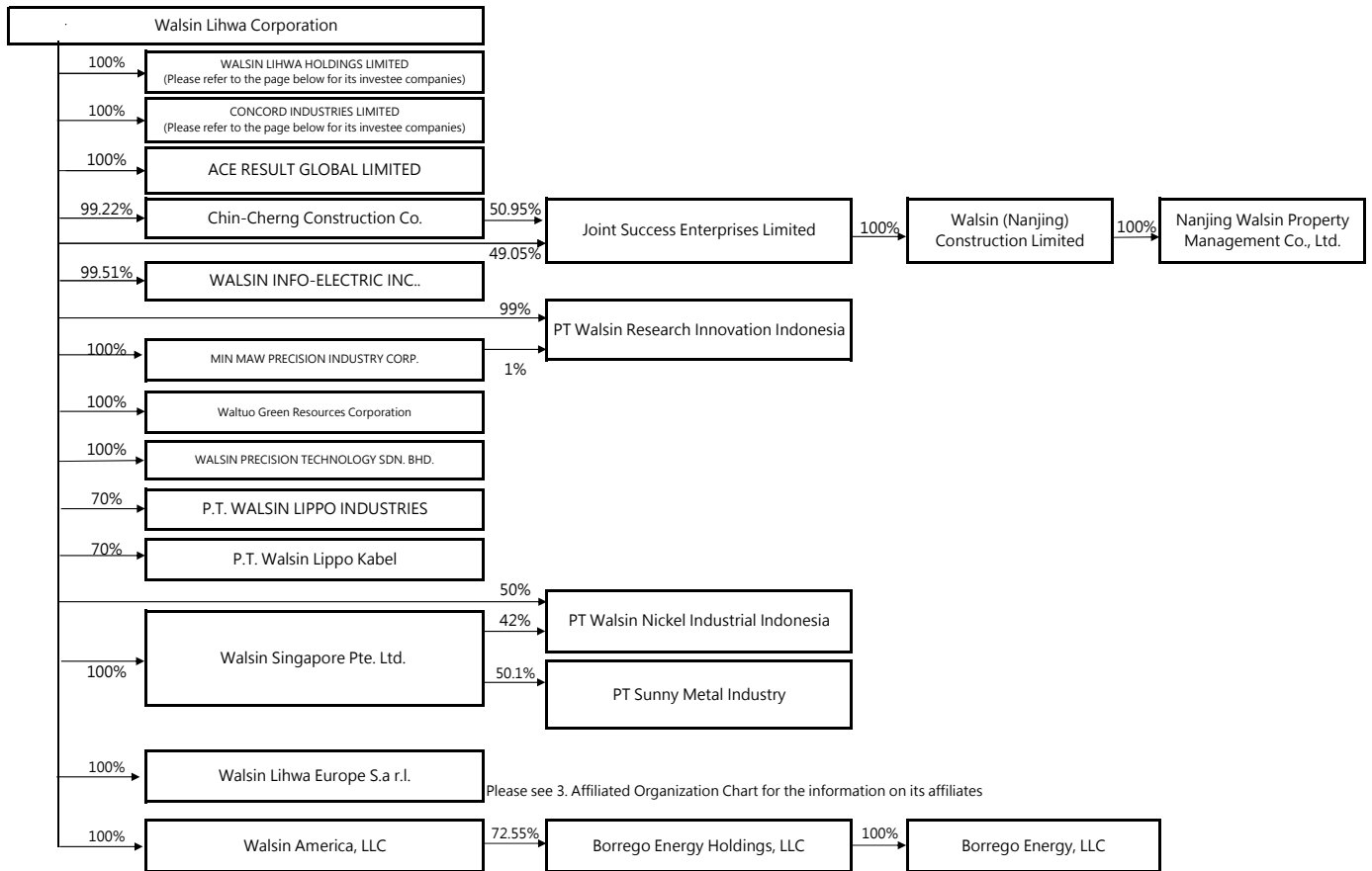


## VIII. Special Disclosures

### 1. Summary of Affiliates Companies

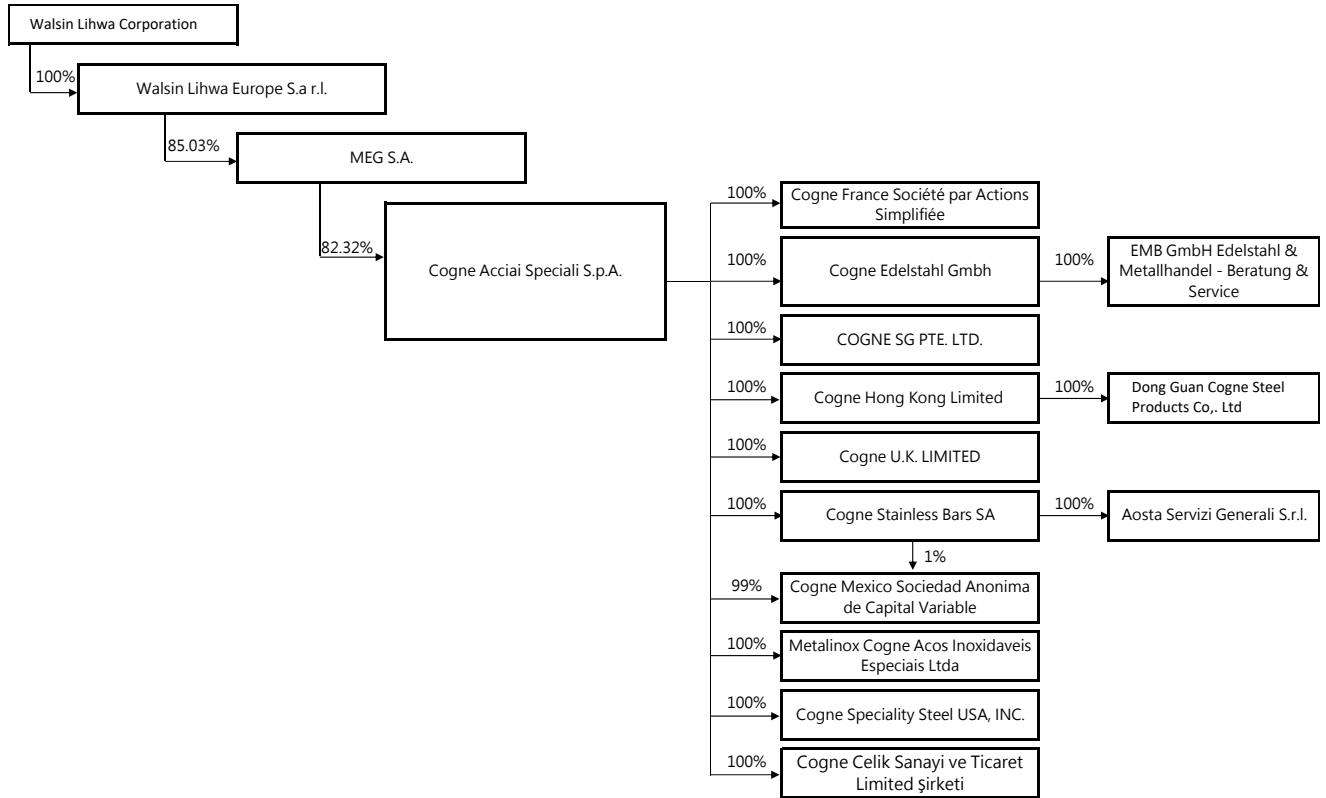
#### (1) Affiliates

##### 1. Affiliated Organization Chart of Walsin Lihwa Corporation (as of 2022/12/31)

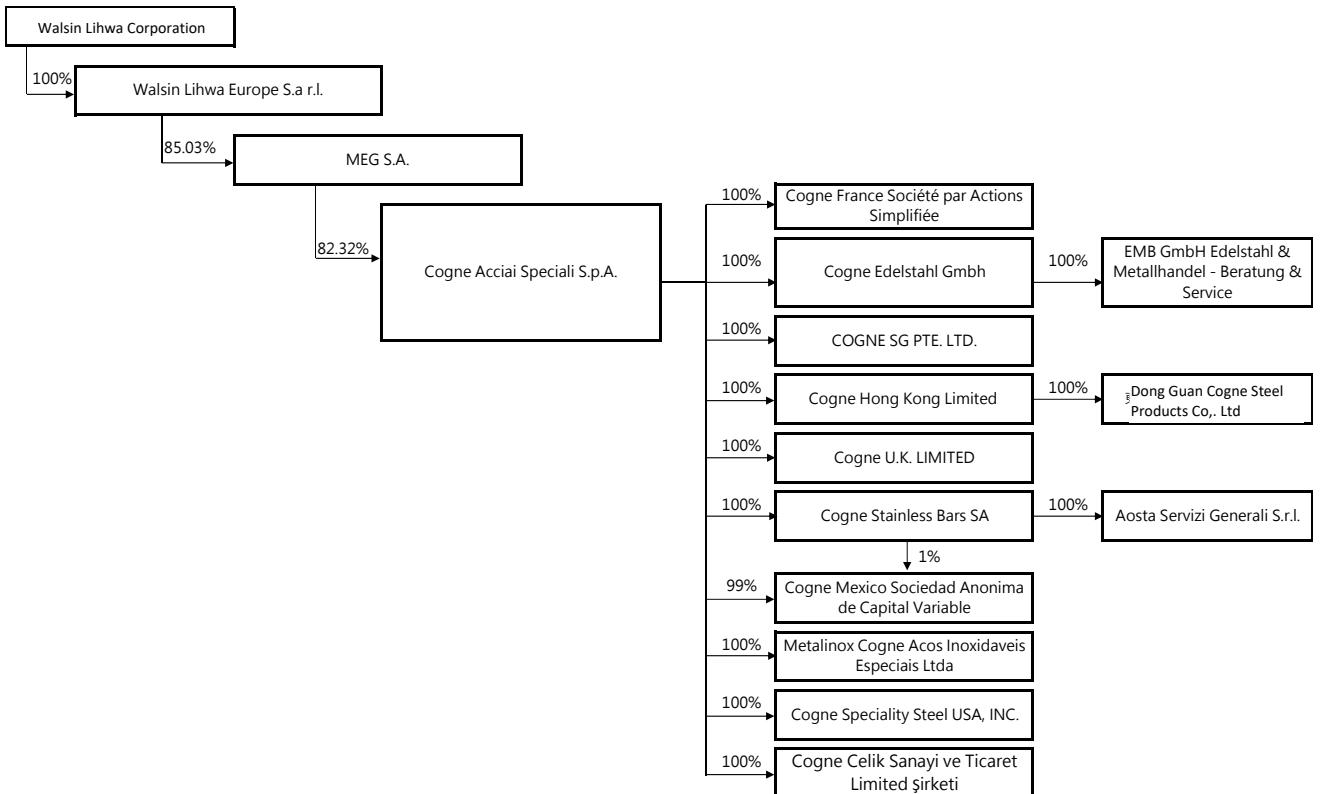




2. Affiliated Organization Chart of Walsin Lihwa Holdings Limited and Concord Industries Limited (as of 2022/12/31)



3. Affiliated Organization Chart of Walsin Lihwa Corporation (as of 2022/12/31)





## (2) Background Information of the Affiliated Companies

Unit: 1,000 NTD/USD/Other foreign currencies

Entity	Date of Incorporation	Address	Capital	Main Operation or Business Items
Walsin Lihwa Holdings Limited	1992/07/15	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	USD 108,730	Investment holding.
Walsin (China) Investment Co., Ltd.	1995/11/02	Rm. 2804, 28th Floor, Shanghai Mart Tower, No. 2299, Yanan Road (West), Shanghai, China	USD 78,600	Investment holding.
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	1995/03/21	No. 1128 Liuxiang Road, Nanxiang Town, Jiading, Shanghai	USD 15,627	Cables and wires.
Dongguan Walsin Wire & Cable Co., Ltd.	2000/01/26	No. 680, Meijing West Road, Dalang Town, Dongguan, Guangdong	USD 26,000	Bare copper cables and wires.
Jiangyin Walsin Steel Cable Co., Ltd.	1992/12/16	No. 679 Binjiang Road (West), Binjiang Economic & Technology Development Zone, Jiangyin, Jiangsu	USD 20,000	Steel stranded wire, steel wire, and galvanized steel wire.
Walsin International Investments Limited	1993/12/02	Room 1102, Level 11, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	HKD 4,653,372	Investments.
Walcom Chemicals Industrial Limited	1988/12/29	Unit 714, 7/F, Miramar Tower, 1-23 Kimberley Road, Tsimshatsui, Kowloon, Hong Kong	HKD 500	Commerce.
Nanjing Taiwan Trade Mart Management Co., Ltd.	2010/04/14	No. 230 Hexi street, Nanjing	USD 1,000	Enterprise management, property management, marketing planning, consultation on various types of advertising information; leasing of market facilities and management of market operations; import and export of electronics, machinery, agricultural and by-products, textiles and handicrafts; commission agency (except auction).
Concord Industries Limited	1992/08/25	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	USD 308,498	Investment holding.
Walsin Specialty Steel Corp.	1997/08/07	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	USD 92,393	Investment holding.
Changshu Walsin Specialty Steel Co., Ltd.	1997/12/24	Haiyu Town, Changshu City, Jiangsu Province (Mailing address : No. 2, Hai Yang Road ,Haiyu Town, Changshu City, Jiangsu Province)	USD 97,000	Manufacture and sale of special steel pipes, rods, wires, stainless steel pipes, building and household hardware and heating equipment.
Yantai Huanghai Iron and Steel Co., Ltd.	2007/03/19	No. 2 Wuzhishan Road. ETZD Yantai City, Shantung Province,	USD 335,065	It develops and produces new alloy materials, carbon steels, alloy steels, stainless steels, steel billets, various types of steel and iron and steel products and sells its own products; engages in the wholesale business of new alloy materials, carbon steels, alloy steels, stainless steels, steel billets, various types of steel and iron and steel products; engages in the import and export of steel and iron products and related technologies. It also engages in recycling and wholesale of used and waste materials.
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	2005/03/10	No. 677, Binjiang West Road, Jiangyin City, Jiangsu	USD 49,000	Cold-rolled stainless steel and flat- rolled products.
XiAn Walsin Metal Product Co., Ltd.	2008/06/20	Room 105, 1 floor, block A, long Qi science and Technology Park, No. 29 Jinye Road, Xi'an new and high tech Zone, Shaanxi	USD 55,350	Production and sale of medium and heavy specialized stainless steel plates; sale of its own products.

Entity	Date of Incorporation	Address	Capital		Main Operation or Business Items
Ace Result Global Limited	2014/10/08	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	USD	44,740	Investment holding.
Chin-Cherng Construction Co.	1973/06/28	5th Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C.	NTD	5, 820,994	Investment in and construction of national housing, sale of commercial buildings, rental design and interior renovation.
Joint Success Enterprises Limited	2004/01/08	Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands	USD	73,520	Investment holding.
Walsin (Nanjing) Construction Limited	2005/08/09	No. 236 Jiangdong Road, Jianye District, Nanjing, Jiangsu Province	USD	50,000	Real estate development, sales, leasing, after-sales service, and property management; hotel and serviced apartments management and consulting, and retail sales and food service management consulting.
Nanjing Walsin Property Management Co., Ltd.	2013/01/30	No. 230, Hexi Avenue, Jianye Zone, Nanjing, Jiangsu	RMB	1,000	Property management, car park management services, corporate marketing planning, management consulting, self-owned house rental, building installation, decoration projects, landscaping design, construction, etc
Walsin Info-Electric Corp.	1995/6/21	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan	NTD	96,000	Solar engineering, mechanical and electrical engineering, and power engineering.
Min Maw Precision Industry Corp.	1980/10/17	25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan	NTD	327,911	Assembly of solar panel power systems.
PT Walsin Research Innovation Indonesia	2022/8/23	Gold Coast Office Eiffel Tower Lt. 23 Unit OTA23WF, Jl. Pantai Indah Kapuk, Desa/Kelurahan Kamal Muara, Kec. Penjaringan, Kota Adm. Jakarta Utara, Provinsi DKI Jakarta	USD	700	Other consulting and management.
Waltuo Green Resources Corporation	2018/06/06	No. 47, Bade Rd., Yenshui Dist., Tainan City 737, Taiwan	NTD	18,283	Waste removal, resource recycling and cement, soil blending and related businesses.
Walsin Precision Technology Sdn. Bhd.	2000/03/15	2115-1, Kawasan Perindustrian air Keroh, Fasa IV, Air Keroh, 75450 Melaka, Malaysia	USD	8,470	Stainless steel calendered sheets.
P.T Walsin Lippo Industries	1991/04/29	Jl. MH. Thamrin Blok A1-1, Delta Silicon Industrial Park, Lippo Cikarang, Bekasi 17550, Indonesia	USD	15,000	Steel wires.
P.T. Walsin Lippo Kabel	1997/12/29	Jl. Jati 3 Blok J7/5, Newton Techno Park, Serang, Cikarang Selatan, Bekasi, Jawa Barat 17550	USD	1,500	Power cables.
Walsin Singapore Pte. Ltd.	2019/12/3	727 Clementi West Street 2 #01-280 Singapore (120727)	USD	422,000	Investment holding.
PT Walsin Nickel Industrial Indonesia	2019/12/19	Gedung IMIP, Jalan Batu Mulia 8, RT. 007 RW. 007, Meruya Utara Kembangan, Kota Adm. Jakarta Barat DKI Jakarta 11620, Indonesia	USD	100,000	Non-ferrous base metal (nickel pig iron) manufacturing and power plant.
PT Sunny Metal Industry	2021/8/13	Sopo Del Office Tower A Lantai 21 Jalan Mega Kuningan Barat III Lot 10 1-6 , Kel. Kuningan Timur, Kec. Setiabudi, Kota Adm. Jakarta Selatan, Provinsi DKI Jakarta, Indonesia	USD	100,000	Manufacturing and trading of nickel matte.
Walsin Lihwa Europe S.a r.l.	2022/10/24	16, rue Eugène Ruppert, L- 2453, Luxembourg	EUR	12	Investment holding.
MEG S.A.	1995/1/27	16, rue Eugène Ruppert, L- 2453, Luxembourg	EUR	60	Investment holding.
Cogne Acciai Speciali S.p.A.	1991/10/24	VIA PARAVERA 16 AOSTA9AO) CAP 11100	EUR	250,000	Production, sales and distribution of stainless steel products.
Cogne France Société par Actions Simplifiée	1997/5/26	16 Rue de la Patelle 95613 Cergy Pontoise Cedex BP 80119 - France	EUR	6,068	Sales and distribution of stainless steel products.





Entity	Date of Incorporation	Address	Capital		Main Operation or Business Items
Cogne Edelstahl GmbH	1997/10/16	Carl-Schurz-Str. 2 41460 Neuss - Germany	EUR	3,328	Sales and distribution of stainless steel products.
EMB GmbH Edelstahl & Metallhandel - Beratung & Service	1998/5/4	Marie-Curie-Str. 9 28816 Stuhr - Germany	EUR	60	Sales and distribution of stainless steel products.
COGNE SG PTE. LTD.	2022/7/13	160 Robinson Road, #14-04, SBF Center Singapore - 068914	SGD	140	Sales and distribution of stainless steel products.
Cogne Hong Kong Limited	2003/12/12	5/F, Manulife Place, 348 Kwun Tong Road, Hong Kong	USD	28,580	Investment holding.
DongGuan Cogne Steel Products Co.,Ltd	2005/1/21	Building 1, No. 27, WeiJian Road, industrial park of ChaShan, ChaShan town, DongGuan city, GuangDong province, China	USD	27,200	Production, sales and distribution of stainless steel products.
Cogne U.K. LIMITED	1996/12/31	Uniformity Steel Works Don Road Newhall Sheffield S92UD	GBP	3,000	Sales and distribution of stainless steel products.
Cogne Stainless Bars SA	2015/12/21	Via Laveggio 6a 6855 Stabio - Svizzera	CHF	1,000	Production, sales and distribution of stainless steel products.
Aosta Servizi Generali S.r.l.	2007/4/26	Via Nazionale per Carema 40 - 11026 Pont-Saint-Martin (AO) - Italy	EUR	200	Electrical and mechanical repair services and general services
Cogne Mexico Sociedad Anonima de Capital Variable	2014/10/10	Av. Otomies no sin numero int. 1 - CD industrial Xicohtencatl II Huamantla - 90500 Tlaxcala - Mexico	MXN	55,025	Production, sales and distribution of stainless steel products.
Metalinox Cogne Acos Inoxidaveis Especiais Ltda	1977/7/5	Avenida Presidente Wilsom. 4382 Upiranga - Sao Paulo/SP CEP 04220-001 Brazil	RS	76,502	Sales and distribution of stainless steel products.
Cogne Specialty Steel USA, INC.	1995/8/16	277 Fairfield Road _STE 315. Fairfiled, NJ 07004	USD	6,850	Sales and distribution of stainless steel products.
Cogne Çelik Sanayi ve Ticaret Limited Şirketi	2010/5/20	Sultan Orhan Mah Keresteciler San. Sit. 2003ada 1Parsel Gebze Kocaeli Türkiye	TL	23,952	Sales and distribution of stainless steel products.
Walsin America, LLC	2022/7/1	1209 Orange Street, Wilmington, New Castle Country, DE 19801, USA	USD	81,302	Investment holding.
Borrego Energy Holdings, LLC	2022/4/8	1814 Franklin St, Ste 700, Oakland, CA 94612	USD	63,209	Solar EPC and O&M Services
Borrego Energy, LLC	2022/4/8	1814 Franklin St, Ste 700, Oakland, CA 94612	USD	63,209	Solar EPC and O&M Services

(3) Presumed to have control and affiliation Common Shareholders Information: Not applicable

(4) The main Industries of affiliated companies:

1. Wire and cable industry
2. Stainless steel industry
3. Business real estate
4. Construction and development of solar power systems
5. Production and sales of non-ferrous metals
6. General investment industry

Above table include the main operation or business items of each affiliated company.

The division of work of affiliated companies:

Each line of business affiliates operate independently, partially some affiliates have the purchases, sales, engineering contracting trading and marketing agency services and other projects with each other.

(5) Directors, Supervisors, and Presidents of the Affiliated Companies (as of 2022.12.31)

No. of Share: Share; 1000 RMB/USD/EUR

Entity	Title	Name of the Representation	Shareholding (Contribution)	
			Shares (Contribution)	Shareholding
Walsin Lihwa Holdings Limited	Director	Representative of Walsin Lihwa Corporation: Yu-Lon Chiao, Patricia Chiao, Sophi Pan	108,730,393	100.00%
Walsin (China) Investment Co., Ltd.	Chairman	Jian-Hua Cao	USD 0	0.00%
	General manager	Fred Pan	USD 0	0.00%
	Director	Representative of Walsin Lihwa Holdings Limited: Jian-Hua Cao, C.C. Chen, Fred Pan	USD 78,600	100.00%
	Supervisor	Representative of Walsin Lihwa Holdings Limited: Richard Wu	USD 78,600	100.00%
Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	Chairman	Witty Liao	USD 0	0.00%
	Vice Chairman	Chien-Ming Chang	USD 0	0.00%
	General manager	Jen-Chan Huang	USD 0	0.00%
	Director	Representative of Shanghai Nanxiang Development Zone Industrial Co. Ltd. : Chien-Ming Chang, Chi-Ming Chou	USD 671	4.29%
	Director	Representative of Walsin (China) Investment Co., Ltd.: Witty Liao, Jin-Renn Leu, Wei-Chih Hu, Allen Yang, Jen-Chan Huang	USD 14,956	95.71%
	Supervisor	Representative of Walsin (China) Investment Co., Ltd.: Richard Wu	USD 14,956	95.71%
Dongguan Walsin Wire & Cable Co., Ltd.	Chairman	Witty Liao	USD 0	0.00%
	General manager	Chang-Ming Wu	USD 0	0.00%
	Director	Representative of Walsin (China) Investment Co., Ltd.: Witty Liao, Chang-Ming Wu, Kiwi Lan	USD 26,000	100.00%
	Supervisor	Representative of Walsin (China) Investment Co., Ltd.: Richard Wu	USD 26,000	100.00%
Jiangyin Walsin Steel Cable Co., Limited (JHS)	Chairman	Witty Liao	USD 0	0.00%
	Vice Chairman	Lu Lu	USD 0	0.00%
	Director	Representative of Walsin (China) Investment Co., Ltd.: Witty Liao, Chao-Yang Cheng, Sherry Ho	USD 20,000	100.00%
	Supervisor	Representative of Walsin (China) Investment Co., Ltd.: Richard Wu	USD 20,000	100.00%
Walsin International Investments Limited	Director	Representative of Walsin Lihwa Holdings Limited: C.C. Chen, Fred Pan	4,653,371,702	100.00%
	President	Tzu-Yi Chiao	0	0.00%



Entity	Title	Name of the Representation	Shareholding (Contribution)	
			Shares (Contribution)	Shareholding
Borrego Solar Systems, Inc.	Director	Representative of Walsin Lihwa Holdings Limited: Yu-Lon Chiao, Justin Wong, Sophi Pan	1,460,458	73.49%
	Director	Aaron Stephen Hall	154,774	7.79%
	Director	Michael Adam Hall	92,587	4.66%
	CEO	Michael Adam Hall	92,587	4.66%
Walcom Chemicals Industrial Limited	Director	Hao Chi	174,999	35.00%
	Director	Qi-Ying Liang	1	0.00%
	Director	Yong-Taig Chen	0	0.00%
Nanjing Taiwan Trade Mart Management Co., Ltd.	Chairman	Tzu-Yi Chiao	USD 0	0.00%
	General manager	Min Zhou	USD 0	0.00%
	Director	Representative of Walsin Lihwa Holdings Limited: Tzu-Yi Chiao, Xue-Wu Wu, Min Zhou	USD 1,000	100.00%
	Supervisor	Representative of Walsin Lihwa Holdings Limited: Richard Wu	USD 1,000	100.00%
Concord Industries Limited	Director	Representative of Walsin Lihwa Corporation: Yu-Lon Chiao, Patricia Chiao, Sophie Pan	308,498,375	100.00%
Walsin Specialty Steel Corp.	Director	Representative of Walsin Lihwa Corporation: Yu-Lon Chiao, Patricia Chiao, David Wen	92,393,195	100.00%
Changshu Walsin Specialty Steel Co., Ltd.	Chairman	Witty Liao	USD 0	0.00%
	General manager	Pei-Yuan Sun	USD 0	0.00%
	Director	Representative of Walsin Specialty Steel Corp: Witty Liao, Pei-Yuan Sun, Sherry Ho	USD 97,000	100.00%
	Supervisor	Representative of Walsin Specialty Steel Corp: Richard Wu	USD 97,000	100.00%
Yantai Walsin Stainless Steel Co., Ltd.	Yantai Walsin Stainless Steel Co., Ltd.	Witty Liao	USD 0	0.00%
	General manager	Nora Lin	USD 0	0.00%
	Director	Representative of Jiangyin Walsin Specialty Alloy Materials Co., Ltd.: Witty Liao, Nora Lin	USD 116,312.7	34.71%
	Director	Representative of Concord Industries Limited: Allen Yang	USD 218,752.6	65.29%
	Supervisor	Representative of Jiangyin Walsin Specialty Alloy Materials Co., Ltd.: Richard Wu	USD 116,313	34.71%
Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	Chairman	Chao-Yang Cheng	USD 0	0.00%
	General manager	Lu Lu	USD 0	0.00%
	Director	Representatives of Concord Industries Limited/ Walsin (China) Investment Co., Ltd.: Chao-Yang Cheng, Witty Liao, Sherry Ho	USD 49,000	100.00%
	Supervisor	Representative of Concord Industries Limited/ Walsin (China) Investment Co., Ltd.: Richard Wu	USD 49,000	100.00%
XiAn Walsin Metal Product Co., Ltd.	Chairman	Nora Lin	USD 0	0.00%
	General manager	Nora Lin	USD 0	0.00%
	Director	Representative of Concord Industries Limited: Nora Lin, Lei Chen, Allen Yang	USD 55,350	100.00%
	Supervisor	Representative of Concord Industries Limited: Sophi Pan	USD 55,350	100.00%
Ace Result Global Limited	Director	Representative of Walsin Lihwa Corporation: David Wen, Sophi Pan	44,739,988	100.00%
Chin-Cherng Construction Co.	Chin-Cherng Construction Co.	Wu-Shung Hong	439,894	0.08%
	General manager	Fred Pan	0	0.00%
	Director	Representative of Walsin Lihwa Corporation: Yu-Cheng Chiao, Yu-Lon Chiao, Fred Pan, David Wen	577,583,403	99.22%
	Supervisor	Richard Wu	0	0.00%
Joint Success Enterprises Limited	Director	Representative of Chin-Cherng Construction Co.: Fred Pan, Sophi Pan, Patricia Chiao	37,461,816	50.95%

Entity	Title	Name of the Representation	Shareholding (Contribution)	
			Shares (Contribution)	Shareholding
Walsin (Nanjing) Construction Limited	Chairman	Jian-Hua Cao	USD 0	0.00%
	Vice Chairman	Fred Pan	USD 0	0.00%
	President	Wei-Hsiung Wang	USD 0	0.00%
	Director	Representative of Joint Success Enterprises Limited: Jian-Hua Cao, Yu-Lon Chiao, Fred Pan	USD 50,000	100.00%
	Supervisor	Representative of Joint Success Enterprises Limited: Richard Wu	USD 50,000	100.00%
Nanjing Walsin Property Management Co., Ltd.	Nanjing Walsin Property Management Co., Ltd.	Tzu-Yi Chiao	RMB 0	0.00%
	General manager	Lin Chen	RMB 0	0.00%
	Director	Representative of Walsin (Nanjing) Construction Limited: Tzu-Yi Chiao, Fred Pan, Kiwi Lan	RMB 1,000	100.00%
	Supervisor	Representative of Walsin (Nanjing) Construction Limited: Richard Wu	RMB 1,000	100.00%
Walsin Info-Electric Corp.	Chairman	David Wen	0	0.00%
	General manager	David Wen	0	0.00%
	Director	Representative of Walsin Lihwa Corporation: David Wen, C.C. Chen, Sherry Ho	9,491,461	98.87%
	Supervisor	Richard Wu	0	0.00%
Min Maw Precision Industry Corp.	Chairman	David Wen	0	0.00%
	General manager	David Wen	0	0.00%
	Director	Representative of Walsin Lihwa Corporation: David Wen, Sophi Pan, Allen Yang	32,791,149	100.00%
	Supervisor	Representative of Walsin Lihwa Corporation: Richard Wu	32,791,149	100.00%
PT Walsin Research Innovation Indonesia	Director	Representative of Walsin Lihwa Corporation: Hueiping Lo	6,930	99.00%
	Supervisor	Representative of Walsin Lihwa Corporation: Richard Wu	6,930	99.00%
Waltuo Green Resources Corporation	Chairman	David Wen	0	0.00%
	General manager	Kuo-Hui Chen	0	0.00%
	Director	Representative of Walsin Lihwa Corporation: David Wen, Kuo-Hui Chen, Allen Yang	1,828,287	100.00%
	Supervisor	Representative of Walsin Lihwa Corporation: Richard Wu	1,828,287	100.00%
Walsin Precision Technology Sdn. Bhd	Chairman	Juei-Lung Chen	0	0.00%
	General manager	Pang Boon Wah	0	0.00%
	Director	Representatives of Walsin Lihwa Corporation: Juei-Lung Chen, Pang Boon Wah, Josh Chia, Goh Lay Hong	32,178,385	100.00%
P.T. Walsin Lippo Industries	President Commissioner	Representative of P.T. Multi Prima Sejahtera, Tbk.: Rudy Nanggulangi	4,500	30.00%
	Vice President Commissioner	Representative of Walsin Lihwa Corporation: Yu-Lon Chiao	10,500	70.00%
	President Director	Representative of Walsin Lihwa Corporation: Kai-Dai Ou Yang	10,500	70.00%
	Vice President Director	Representative of P.T. Multi Prima Sejahtera, Tbk.: Hery Soegiarto	4,500	30.00%
	Director	Representative of Walsin Lihwa Corporation: Sophi Pan, David Karman, Ardinand Roynald P, Andre Kelsen, Foe	10,500	70.00%
P.T. Walsin Lippo Kabel	President Commissioner	Representative of P.T. Multi Prima Sejahtera, Tbk.: Rudy Nanggulangi	450,000	30.00%
	Vice President Commissioner	Representative of Walsin Lihwa Corporation: Yu-Lon Chiao	1,050,000	70.00%
	President Director	Representative of Walsin Lihwa Corporation: Kai-Dai Ou Yang	1,050,000	70.00%
	Vice President	Representative of P.T. Multi Prima Sejahtera, Tbk.: Hery	450,000	30.00%



Entity	Title	Name of the Representation	Shareholding (Contribution)	
			Shares (Contribution)	Shareholding
	Director	Soegiarto		
	Director	Representative of Walsin Lihwa Corporation: Sophi Pan, David Karman, Ardinand Roynald P, Andre Kelsen, Foe	1,050,000	70.00%
Walsin Singapore Pte. Ltd.	Director	Representatives of Walsin Lihwa Corporation: C.C. Chen, Wei-Hsiung Wang, Josh Chia, Richard Wu, Loh Kwai Weng	422,000,000	100.00%
PT Walsin Nickel Industrial Indonesia	President Commissioner	Representative of Walsin Lihwa Corporation: Sherry Ho	500,000	50.00%
	Commissioner	Representative of Perlux Investment Pte. Ltd.: Hsiung-Feng Mei	80,000	8.00%
	President Director	Representative of Walsin Lihwa Corporation: Josh Chia	500,000	50.00%
	Director	Representative of Perlux Investment Pte. Ltd.: Chi-Chun Lin	80,000	8.00%
	Director	Representative of Walsin Singapore Pte. Ltd.: Hueiping Lo	420,000	42.00%
	Director	Representative of Walsin Lihwa Corporation: C.C. Chen, Ardinand Roynald P.	500,000	50.00%
PT Sunny Metal Industry	Chairman	Walsin Singapore Pte. Ltd. Representative: Josh Chia	50,100	50.10%
	Director	Walsin Singapore Pte. Ltd. Representative: C.C. Chen, Sherry Ho	50,100	50.10%
	Director	Berg Holding Limited Representative: Lin Jiqun	49,900	49.90%
	Supervising Officer	Berg Holding Limited Representative: Xiang Binghe, Ye Changqing	49,900	49.90%
	Supervisor	Walsin Singapore Pte. Ltd. Representative: Richard Wu	50,100	50.10%
Walsin Lihwa Europe S.a r.l.	Director	Walsin Lihwa Corporation Representative: C.C. Chen, Sherry Ho, Hueiping Lo	12,000	100.00%
MEG S.A.	Director	Walsin Lihwa Europe S.a r.l. Representative: Sherry Ho, Wei-Hsiung Wang	5,102	85.03%
	Director	Eugenio Marzorati	470	7.83%
Cogne Acciai Speciali S.p.A.	Director	MEG S.A. Representative: Yu-Lon Chiao, Kevin Niu, Sherry Ho, Wei-Hsiung Wang, Ono Motoo, Massimiliano Burelli	205,811,717	82.32%
	Director	REM HOLDING S.A. Representative: Eugenio Marzorati, Roberto Marzorati, Monica Pirovano	44,188,283	17.68%
Cogne France Société par Actions Simplifiée	President	HESPEL Davi	0	0.00%
	Supervisor	Monica Pirovano	0	0.00%
Cogne Edelstahl GmbH	CEO	Bernd Grotenburg	0	0.00%
	Director	Bernd Grotenburg , Ralf Schmitz , Roberto Marzorati	0	0.00%
	Supervisor	Eugenio Marzorati, Monica Pirovano, Emilio Giacomazzi	0	0.00%
EMB GmbH Edelstahl & Metallhandel - Beratung & Service	CEO	Reinhard Frankowski	0	0.00%
	Director	Reinhard Frankowski	0	0.00%
	Supervisor	Bernd Grotenburg, Ralf Schmitz	0	0.00%
COGNE SG PTE. LTD.	Director	Sidhu Kamaljit Singh, Monica Pirovano; Giacomazzi Emilio	0	0.00%
Cogne Hong Kong Limited	Director	Monica Pirovano	0	0.00%
DongGuan Cogne Steel Products Co.,Ltd	Chairman	Monica Pirovano	0	0.00%
	President	Monica Pirovano	0	0.00%
	Vice President	Roberto Marzorati	0	0.00%
	Director	Emillio Giacomzzi	0	0.00%
	Supervisor	Eugenio Marzorati	0	0.00%
Cogne U.K. LIMITED	Director	Eugenio Marzorati, Monica Pirovano, Jonathan Smit	0	0.00%

Entity	Title	Name of the Representation	Shareholding (Contribution)	
			Shares (Contribution)	Shareholding
Cogne Stainless Bars SA	Director	Franco Lorenzo Alberto SPINELLI ,Costa Roberto	0	0.00%
Aosta Servizi Generali S.r.l.	President	Francesco Turcato	0	0.00%
	Director	Francesco Turcato,Alessandra Perlo	0	0.00%
Cogne Mexico Sociedad Anonima de Capital Variable	Director	Eugenio Marzorati	500	100.00%
Metalinox Cogne Acos Inoxidaveis Especiais Ltda	Director	Gilberto Sanches Gonzales	0	0.00%
Cogne Specialty Steel USA, INC.	CEO	Jean Paul Betemps	0	0.00%
	President	Giulio Girivetto	0	0.00%
	Director	Monica Pirovano	0	0.00%
Cogne Çelik Sanayi ve Ticaret Limited Şirketi	Director	Monica Pirovano	0	0.00%
Walsin America, LLC	Director	Walsin Lihwa CorporationRepresentative: Hueiping Lo, Tzu-Wei Chiao, Sophie Pan	USD81,302	100.00%
Borrego Energy Holdings, LLC	Director	Walsin America, LLCRepresentative: Yu-Lon Chiao, Wei-Hsiung Wang, Sophie Pan	USD 1,460	72.55%
	Director	Michael Adam Hall	USD 123	6.09%
	Director	Aaron Stephen Hall	USD 154	7.66%
Borrego Energy, LLC	NA	BE, LLC is member-managed (it does not have directors)	NA	NA

### (6) Operating Condition of the Affiliated Companies

Unit: NT\$ thousands

Entity	Capital Stock	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income (loss)	Net Income (loss)	Earnings (Loss) Per Share (NT\$)	
Walsin Lihwa Corporation	37,313,329	201,222,816	77,501,243	123,721,573	98,420,045	7,741,047	19,352,097	5.46	
Walsin Lihwa Holdings Limited (Note 1)	3,339,098	27,315,156	3,187,715	24,127,441	36,949,655	(2,690,436)	7,661,078	N/A	
Subsidiaries of Walsin Lihwa Holdings Limited	Walsin (China) Investment Co., Ltd.	2,413,806	20,446,445	16,146,121	4,300,324	31,388	(62,660)	(217,027)	N/A
	Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd.	479,905	1,619,692	358,506	1,261,186	3,296,979	94,815	90,369	N/A
	Dongguan Walsin Wire & Cable Co., Ltd.	798,460	2,542,681	1,056,742	1,485,939	15,928,853	(67,653)	(191,422)	N/A
	Jiangyin Walsin Steel Cable Co., Limited	614,200	2,689,671	1,847,919	841,752	2,015,472	(26,915)	(43,738)	N/A
	Walsin International Investments Limited	18,324,979	19,633,623	48,631	19,584,992	0	(22,526)	993,233	N/A
	Nanjing Taiwan Trade Mart Management Co., Ltd.	30,710	37,153	556,049	(518,896)	116,843	(2,527)	(97,643)	N/A
WALCOM Chemicals Industrial Limited	1,925	1	68,701	(68,700)	0	(24)	(24)	N/A	
Nanjing Taiwan Trade Mart Management Co., Ltd.	9,473,974	25,851,467	20,317,066	5,534,401	19,195,707	(371,388)	(252,979)	N/A	
Subsidiaries of Concord Industries Limited	Jiangyin Walsin Specialty Alloy Materials Co., Ltd.	1,504,790	3,666,476	1,903,027	1,763,449	1,848,208	39,173	(230,096)	N/A
	Walsin Specialty Steel Corp	2,837,389	1,384,043	653	1,383,390	0	(53)	351,416	N/A
	Changshu Walsin Specialty Steel Co., Ltd.	2,978,870	4,084,134	3,035,297	1,048,837	3,645,824	297,313	337,522	N/A
	Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.	0	0	0	0	0	(860)	(1,028)	N/A



Entity		Capital Stock	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income (loss)	Net Income (loss)	Earnings (Loss) Per Share (NT\$)
	Yantai Walsin Stainless Steel Co., Ltd.	1,319,486	18,965,533	14,865,111	4,100,422	15,862,228	(736,015)	(678,277)	N/A
	XiAn Walsin Metal Product Co., Ltd.	217,968	794	793,611	(792,817)	0	(3,030)	(14,022)	N/A
Walsin America, LLC (Note 3)		150,223	6,926,333	6,950,441	(24,107)	15,836,827	(4,072,972)	(4,411,080)	N/A
Subsidiary of Walsin America, LLC.	Borrego Energy Holdings, LLC	207,044	6,926,333	6,950,441	(24,107)	15,836,827	(4,072,972)	(4,411,080)	N/A
Ace Result Limited		176,186	354,723	0	354,723	0	(57)	(34,907)	N/A
P.T Walsin Lippo Kabel		5,907	17,198	55	17,143	0	(2,446)	(1,001)	(0.67)
Walsin Singapore Pte. Ltd.(Note 4)		952,996	32,180,518	13,986,716	18,193,802	0	(5,603)	2,465,082	N/A
Subsidiary of Walsin Singapore Pte. Ltd.	PT Sunny Metal Industry	393,800	16,900,634	13,856,229	3,044,405	0	(5,007)	(13,412)	N/A
Walsin Info-Electric Corp.		300,000	315,754	200	315,554	0	(2,454)	2,025	0.07
P.T. Walsin Lippo Industries		59,070	1,496,775	135,001	1,361,774	839,458	73,797	26,705	1,780.33
Chin-Cherng Construction Co. (Note 5)		5,820,994	21,070,320	9,932,079	11,138,241	1,108,531	(443,055)	(489,384)	(0.84)
Subsidiaries of Chin-Cherng Construction Co.	Joint Success Enterprises Limited	289,522	10,187,485	183,107	10,004,378	0	(1,570)	(508,446)	N/A
	Walsin (Nanjing) Development Limited	196,900	20,021,402	10,751,241	9,270,161	978,730	(419,255)	(526,028)	N/A
	Nanjing Walsin Property Management Co., Ltd.	4,409	33,277	51,448	(18,171)	114,558	(20,166)	(12,866)	N/A
Min Maw Precision Industry Corp.		327,911	772,536	384,100	388,436	58,102	33,960	22,733	0.69
Waltuo Green Resources Corp.		18,283	23,442	5,782	17,660	22,436	(2,135)	(1,543)	(0.84)
PT Walsin Nickel Industrial Indonesia		393,800	17,229,016	5,093,223	12,135,794	22,281,175	6,443,215	6,067,970	6,067.97
Walsin Precision Technology Sdn. Bhd.		33,355	617,333	54,128	563,205	944,240	95,340	88,276	2.74
PT Walsin Research Innovation Indonesia		2,757	21,688	122	21,566	0	(58)	25	3.61
Walsin Lihwa Europe S.a r.l. (Note 6)		6,809,425	25,120,649	17,824,056	7,296,593	1,626,185	(451,624)	148,012	0.35
Subsidiaries of Walsin Lihwa Europe S.a r.l.	MEG S.A.	1,963	8,303,354	2,094	8,301,260	0	(94)	(225,154)	N/A
	Cogne Acciai Speciali S.p.A.	8,180,000	24,999,127	14,916,426	10,082,701	1,626,185	(451,530)	(273,414)	N/A

Note 1: The assets, liabilities and net income/loss of Walsin Lihwa Holdings Limited include its subsidiaries'.

Note 2: The assets, liabilities and net income/loss of Concord Industries Limited include its subsidiaries'.

Note 3: The assets, liabilities and net income/loss of Walsin America, LLC include its subsidiaries'.

Note 4: The assets, liabilities and net income/loss of Walsin Singapore Pte. Ltd. include its subsidiaries'.

Note 5: The assets, liabilities and net income/loss of Chin-Cherng Construction Co. include its subsidiaries'.

Note 6: The assets, liabilities and net income/loss of Walsin Lihwa Europe S.A.R.L. include its subsidiaries'.

Note 7: The assets, liabilities and net income/loss of Cogne Acciai Speciali S.p.A. include its subsidiaries'.

Note 8: The currency exchange rate was as follows:

2022/12/31 US\$/NT\$=1: 30.71 (exchange rate for profit/loss entries: US\$/NT\$ =1:29.806)

2022/12/31 RMB/NT\$=1: 4.34161 (exchange rate for profit/loss entries: RMB/NT\$=1:4.41084)

2022/12/31 EUR/NT\$=1: 32.72 (exchange rate for profit/loss entries: RMB/NT\$=1:31.35843)

2. **Progress of private placement of securities during the latest year and up to the date of annual report publication: None**
3. **The subsidiaries' shareholding or disposal of the company's shares during the latest year and up to the date of annual report publication: None**
4. **Other supplemental information: None**
5. **Corporate events with material impact on shareholders' equity or stock prices set forth in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act during the most recent year and up to the annual report publication date: : None.**

Walsin Lihwa Corporation

Yu-Lon Chiao