

Financial Information

Brief Balance Sheets and Comprehensive Income Statements of Recent Five Years

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

Unit: NT \$Thousands

| Year Financial Summary for the Last Five Years | | | | | | |
|--|-----------------------|-------------|-------------|-------------|-------------|-------------|
| Items | | 2017 | 2018 | 2019 | 2020 | 2021 |
| Current Asse | ets | 63,652,434 | 58,726,913 | 60,789,794 | 56,176,808 | 69,320,640 |
| Property,Plan Equipment | nt and | 20,984,890 | 25,083,436 | 27,845,109 | 34,294,221 | 41,474,488 |
| Intangible A | ssets | 169,726 | 164,451 | 168,134 | 175,000 | 173,430 |
| Other Assets | | 45,443,695 | 48,679,310 | 49,263,365 | 60,917,977 | 72,066,340 |
| Total Assets | | 130,250,745 | 132,654,110 | 138,066,402 | 151,564,006 | 183,034,898 |
| Current | Before Distibution | 34,618,169 | 32,146,970 | 40,743,553 | 31,458,157 | 38,852,513 |
| Liabilities | After Distibution | 37,944,169 | 36,138,170 | 42,406,553 | 34,546,357 | 44,342,646 |
| Non-current | Liabilities | 23,352,320 | 21,242,797 | 18,756,735 | 32,825,019 | 36,236,117 |
| Total | Before Distibution | 57,970,489 | 53,389,767 | 59,500,288 | 64,283,176 | 75,088,630 |
| Liabilities | After Distibution | 61,296,489 | 57,380,967 | 61,163,288 | 67,371,376 | 80,578,763 |
| Equity Attrib | | 70,523,463 | 77,328,012 | 77,384,341 | 84,468,235 | 105,883,524 |
| Capital Stock | K | 33,660,002 | 33,260,002 | 33,260,002 | 32,260,002 | 34,313,329 |
| Capital Surp | lus | 15,854,392 | 15,966,420 | 16,055,238 | 15,690,406 | 18,440,875 |
| Retained | Before Distibution | 19,234,380 | 32,144,727 | 31,179,511 | 36,330,187 | 47,787,207 |
| Earnings | After Distibution | 15,908,380 | 28,153,527 | 29,516,511 | 33,241,987 | 42,297,074 |
| Other Equity | , | 2,090,607 | (4,043,137) | (3,110,410) | 187,640 | 5,342,113 |
| Treasury Stock | | (315,918) | 0 | 0 | 0 | 0 |
| Non-controlling Interests | | 1,756,793 | 1,936,331 | 1,181,773 | 2,812,595 | 2,062,744 |
| Total Equity | Before Distibution | 72,280,256 | 79,264,343 | 78,566,114 | 87,280,830 | 107,946,268 |
| Zour Equity | After Distibution | 68,954,256 | 75,273,143 | 76,903,114 | 84,192,630 | 102,456,135 |



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

Unit: NT \$Thousands

| | Year | Financial Summary for the Last Five Years | | | | |
|----------------------------|-----------------------|---|-------------|-------------|-------------|-------------|
| Items | | 2017 | 2018 | 2019 | 2020 | 2021 |
| Current Asse | ets | 15,188,603 | 16,809,906 | 16,615,466 | 18,421,337 | 28,943,268 |
| Property,Plas Equipment | nt and | 14,356,176 | 16,432,206 | 17,621,858 | 17,493,296 | 17,411,273 |
| Intangible A | ssets | - | - | - | - | - |
| Other Assets | | 76,090,868 | 86,063,522 | 86,140,209 | 104,556,223 | 118,325,438 |
| Total Assets | | 105,635,647 | 119,305,634 | 120,377,533 | 140,470,856 | 164,679,979 |
| Current | Before Distibution | 12,497,690 | 21,561,638 | 25,700,349 | 24,192,375 | 23,762,737 |
| Liabilities | After Distibution | 15,823,690 | 25,552,838 | 27,363,349 | 27,280,575 | 29,252,870 |
| Non-current | Liabilities | 22,614,494 | 20,415,984 | 17,292,843 | 31,810,246 | 35,033,718 |
| Total | Before Distibution | 35,112,184 | 41,977,622 | 42,993,192 | 56,002,621 | 58,796,455 |
| Liabilities | After Distibution | 38,438,184 | 45,968,822 | 44,656,192 | 59,090,821 | 64,286,588 |
| Capital Stock | k | 33,660,002 | 33,260,002 | 33,260,002 | 32,260,002 | 34,313,329 |
| Capital Surp | lus | 15,854,392 | 15,966,420 | 16,055,238 | 15,690,406 | 18,440,875 |
| Retained | Before Distibution | 19,234,380 | 32,144,727 | 31,179,511 | 36,330,187 | 47,787,207 |
| Earnings | After Distibution | 15,908,380 | 28,153,527 | 29,516,511 | 33,241,987 | 42,297,074 |
| Other Equity | | 2,090,607 | (4,043,137) | (3,110,410) | 187,640 | 5,342,113 |
| Treasury Stock | | (315,918) | 0 | 0 | 0 | 0 |
| Total Equity | Before Distibution | 70,523,463 | 77,328,012 | 77,384,341 | 84,468,235 | 105,883,524 |
| Total Equity | After Distibution | 67,197,463 | 73,336,812 | 75,721,341 | 81,380,035 | 100,393,391 |

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

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

| Year | | Unit: NT \$Thousands (Except EPS:NT\$) Financial Summary for the Last Five Years | | | | | |
|---|-------------|--|-------------|-------------|-------------|--|--|
| Items | 2017 | 2018 | 2019 | 2020 | 2021 | | |
| Net Sales | 167,792,585 | 190,915,137 | 134,804,405 | 112,546,603 | 156,664,766 | | |
| Gross Profit | 12,004,831 | 15,935,365 | 9,390,566 | 12,468,338 | 19,809,465 | | |
| Operating Income | 7,895,645 | 11,026,209 | 4,059,474 | 7,385,062 | 13,345,552 | | |
| Non-operating Revenue and Expense | 1,498,803 | 5,644,765 | 680,793 | 1,865,603 | 5,776,946 | | |
| Profit before Taxes | 9,394,448 | 16,670,974 | 4,740,267 | 9,250,665 | 19,122,498 | | |
| Gain from Continued Operations | 6,694,013 | 11,959,287 | 3,783,324 | 7,005,801 | 15,257,314 | | |
| Loss from Discontinued Operations | - | - | - | - | - | | |
| Profit for the year | 6,694,013 | 11,959,287 | 3,783,324 | 7,005,801 | 15,257,314 | | |
| Other comprehensive income,net of income tax | 2,786,719 | (3,142,772) | 915,620 | 3,338,209 | 5,113,693 | | |
| Total comprehensive income for the year | 9,480,732 | 8,816,515 | 4,698,944 | 10,344,010 | 20,371,007 | | |
| Profit for the year attributable to owners of the company | 6,559,984 | 11,756,781 | 3,149,679 | 6,691,149 | 14,642,629 | | |
| Profit for the year attributable to non-controlling interests | 134,029 | 202,506 | 633,645 | 314,652 | 614,685 | | |
| Total comprehensive income for the year attributable to owners of the company | 9,362,394 | 8,612,785 | 4,082,661 | 10,114,207 | 19,791,160 | | |
| Total comprehensive income for the year attributable to non-controlling interests | 118,338 | 203,730 | 616,283 | 229,803 | 579,847 | | |
| Earnings Per Share | 1.97 | 3.53 | 0.95 | 2.04 | 4.27 | | |

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

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

| Year Financial Summary for the Last Five Years | | | | | |
|--|------------|-------------|------------|------------|------------|
| Items | 2017 | 2018 | 2019 | 2020 | 2021 |
| Net Sales | 76,123,074 | 85,099,970 | 71,596,648 | 64,097,690 | 97,789,648 |
| Gross Profit | 5,318,064 | 3,840,250 | 4,155,851 | 4,457,566 | 12,894,560 |
| Operating Income | 3,836,535 | 2,122,510 | 2,445,178 | 2,681,141 | 10,197,929 |
| Non-operating Revenue and Expense | 3,290,917 | 10,123,522 | 644,517 | 3,982,969 | 8,195,530 |
| Profit before Taxes | 7,127,452 | 12,246,032 | 3,089,695 | 6,664,110 | 18,393,459 |
| Gain from Continued Operations | 6,559,984 | 11,756,781 | 3,149,679 | 6,691,149 | 14,642,629 |
| Loss from Discontinued Operations | - | - | - | - | - |
| Profit for the year | 6,559,984 | 11,756,781 | 3,149,679 | 6,691,149 | 14,642,629 |
| Other comprehensive income,net of income tax | 2,802,410 | (3,143,996) | 932,982 | 3,423,058 | 5,148,531 |
| Total comprehensive income for the year | 9,362,394 | 8,612,785 | 4,082,661 | 10,114,207 | 19,791,160 |
| Earnings Per Share | 1.97 | 3.53 | 0.95 | 2.04 | 4.27 |

(5) Auditors' Opinion from 2016 to 2020

| Year | CPA | Audit Opinion | | |
|------|--------------------------------|-------------------------------------|--|--|
| 2017 | Deloitte & Touche | An Unmodified Opinion with an Other | | |
| 2017 | Ming-Yu Chiu, Hung-Bin Yu | Matter Paragraph | | |
| 2018 | Deloitte & Touche | An Unmodified Opinion with an Other | | |
| 2018 | Kenny Hong, Ming-Yu Chiu | Matter Paragraph | | |
| 2019 | Deloitte & Touche | An Unmodified Opinion with an Other | | |
| 2019 | Wen-Yea, Shyu, Kwan-Chung, Lai | Matter Paragraph | | |
| 2020 | Deloitte & Touche | An Unmodified Opinion with an Other | | |
| 2020 | Wen-Yea, Shyu, Kwan-Chung, Lai | Matter Paragraph | | |
| 2021 | Deloitte & Touche | An Unmodified Opinion with an Other | | |
| 2021 | Wen-Yea, Shyu, Ker-Chang Wu | Matter Paragraph | | |

2. Financial Analysis of Recent Five Years

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

| | Year | Financial Analysis for the Last Five Years | | | | | |
|----------------|--|--|----------|--------|----------|----------|--|
| Analysis Items | 2017 | 2018 | 2019 | 2020 | 2021 | | |
| Capital | Debt Ratio | 44.50 | 40.24 | 43.09 | 42.41 | 41.02 | |
| structure (%) | Ratio of long-term Capital to Property, Plant and Equipment | 455.72 | 400.69 | 349.51 | 350.22 | 347.64 | |
| T ' '1'. | Current Ratio | 183.87 | 182.68 | 149.20 | 178.57 | 178.41 | |
| Liquidity | Quick Ratio | 80.75 | 94.86 | 89.96 | 93.02 | 81.32 | |
| analysis (%) | Interest Coverage Ratio (times) | 1,931.29 | 2,536.69 | 947.08 | 1,813.14 | 4,675.29 | |
| | Accounts Receivable Turnover (Times) | 11.75 | 12.56 | 10.06 | 10.35 | 12.95 | |
| | Average Collection Period | 31.06 | 29.06 | 36.28 | 35.26 | 28.18 | |
| | Inventory Turnover (Times) | 5.24 | 5.99 | 5.21 | 4.64 | 5.18 | |
| Operating | Accounts Payable Turnover (times) | 17.39 | 18.67 | 15.32 | 13.30 | 16.51 | |
| Performance | Average Days in Sales | 69.65 | 60.93 | 70.05 | 78.66 | 70.46 | |
| | Property, plant and equipment Turnover (Times) | 8.09 | 8.28 | 5.09 | 3.62 | 4.13 | |
| | Total Assets Turnover (Times) | 1.37 | 1.45 | 0.99 | 0.77 | 0.93 | |
| | Return on Total Assets (%) | 5.77 | 9.47 | 3.12 | 5.12 | 9.31 | |
| | Return on Stockholders' equity (%) | 9.73 | 15.78 | 4.79 | 8.44 | 15.63 | |
| Profitability | Pre-tax Income to Paid-in Capital (%) | 27.90 | 50.12 | 14.25 | 28.67 | 55.72 | |
| analysis | Profit Ratio (%) | 3.98 | 6.26 | 2.80 | 6.22 | 9.73 | |
| | Earnings (loss) Per Share (NT\$) (Note 1) | 1.97 | 3.53 | 0.95 | 2.04 | 4.27 | |
| C1 | Cash Flow Ratio (%) | 22.23 | 9.39 | 21.17 | 22.72 | 3.38 | |
| Cash | Cash Flow Adequacy Ratio (%) | 83.19 | 62.30 | 72.07 | 68.03 | 45.36 | |
| Flow(Note 2) | Cash Reinvestment Ratio (%) | 5.32 | 0.00 | 4.51 | 4.58 | 0.00 | |
| I aviama a- | Operating Leverage | 1.49 | 1.48 | 2.93 | 2.06 | 1.72 | |
| Leverage | Financial Leverage | 1.06 | 1.06 | 1.15 | 1.07 | 1.03 | |

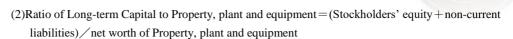
Analysis of financial ratio difference for the last two years (Not required if the difference does not exceed 20%)

- A. Compared to 2020 interest coverage ratio, return on total assets, return on stockholders' equity, pre-tax income to paid-in capital, profit ratio and earnings per share in 2021 show an increase. It's because that profit before tax and profit for the year ended December 31, 2021 increased.
- B. Compared to 2020, accounts receivable turnover and total assets turnover in 2021 show an increase; average collection period in 2021 shows a decrease. It's because that operating revenue for the year ended December 31, 2021 increased.
- C. Compared to 2020, accounts payable turnover in 2019 shows an increase. It's because that sales volume and operating costs for the year ended December 31, 2021 increased.
- D. Compared to 2020, cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio in 2021 show a decrease. It's because that decreased in cashflows from operation activities due to increase in inventories and the aquirement of property, plant and equipment increased.

Note: Financial analysis formulas show as the following:

1. Financial Structure:

(1)Debt Ratio = Total liabilities / Total assets



2.Solvency:

- (1)Current Ratio = Current assets / Current liabilities
- (2) Quick Ratio = (Current assets inventories prepaid expenses) / Current liabilities
- (3)Interest Coverage Ratio = Income before tax and interest expenses / Current Interest expenses

3. Operating Performance:

- (1)Receivable (included trade receivables and operating notes receivable) Turnover = Net sales / Average receivables for each period (included trade receivables and operating notes receivable)
- (2) Average Collection Period Turnover Days = 365 / Receivable turnover
- (3)Inventory Turnover=Cost of sales/Average inventories
- (4) Payables (included trade payables and operating notes payable) Turnover=Cost of sales / Average payables for each period (included trade payables and operating notes payable)
- (5) Average Days in Sales = 365 / Inventory turnover
- (6)Property, Plant and Equipment Turnover = Net sales / Average of property, plant and equipment, net
- (7)Total Assets Turnover = Net sales / Average of total assets

4.Profitability:

- (1)Return on Total Assets = [Net income after tax + interest expense × (1-tax rate)] / Average of total assets
- (2)Return on Stockholders' equity=Net income after tax / Average of stockholders' equity
- (3)Profit Ratio=Net income after tax/Net sales
- (4)Earnings (loss) Per Share = Net income attributable to owners stock dividend -preferred) / Weighted average of outstanding shares

5.Cash Flow:

- (1) Cash Flow Ratio = Net cash provided by operating activities / Current liabilities
- (2)Cash Flow Adequacy Ratio = Net cash provided by operating activities in recently five years / Recently five years of (capital expenses + increase of inventories + cash dividend)
- (3)Cash Reinvestment Ratio = (Net cash provided by operating activities- cash dividend) / (Property, plant and equipment, gross +long-term investment + other non-current assets + working capital)

6.Leverage:

- (1)Operating Leverage = (Net sales variable operating cost and expense) / Operating income
- (2)Financial Leverage = Operating income / (Operating income interest expense)

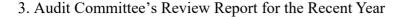
(2) Financial Analysis – Unconsolidated (Based on IFRSs)

| | Financial Analysis for the Last Five Years | | | | | |
|----------------------|---|----------|----------|--------|----------|----------|
| Analysis Items | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Capital | Debt Ratio | 33.23 | 35.18 | 35.71 | 39.86 | 35.70 |
| structure (%) | Ratio of Long-term Capital to Property, plant and equipment | 648.76 | 594.83 | 537.27 | 664.70 | 809.34 |
| T ' '1', | Current Ratio | 121.53 | 77.96 | 64.65 | 76.14 | 121.80 |
| Liquidity | Quick Ratio | 44.92 | 22.20 | 26.77 | 30.89 | 47.65 |
| analysis (%) | Interest Coverage Ratio (times) | 1,741.08 | 2,652.81 | 676.50 | 1,571.22 | 4,424.13 |
| | Accounts Receivable Turnover (Times) | 33.13 | 31.71 | 32.56 | 32.75 | 28.78 |
| | Average Collection Period | 11.01 | 11.51 | 11.21 | 11.14 | 12.68 |
| | Inventory Turnover (Times) | 8.20 | 7.94 | 6.53 | 6.67 | 7.05 |
| Operating | Accounts Payable turnover (times) | 19.34 | 20.33 | 21.25 | 23.75 | 30.51 |
| Performance | Average Days in Sales | 44.51 | 45.96 | 55.89 | 54.72 | 51.77 |
| | Property, plant and equipment Turnover (Times) | 5.39 | 5.52 | 4.20 | 3.65 | 5.60 |
| | Total Assets Turnover (Times) | 0.76 | 0.75 | 0.59 | 0.49 | 0.64 |
| | Return on Total Assets (%) | 6.96 | 10.86 | 3.08 | 5.47 | 9.81 |
| | Return on Stockholders' equity (%) | 9.79 | 15.90 | 4.07 | 8.26 | 15.38 |
| Profitability | Pre-tax Income to Paid-in Capital (%) | 21.17 | 36.81 | 9.28 | 20.65 | 53.60 |
| analysis | Profit Ratio (%) | 8.61 | 13.81 | 4.39 | 10.43 | 14.97 |
| | Earnings (loss) Per Share (NT\$) (Note 1) | 1.97 | 3.53 | 0.95 | 2.04 | 4.27 |
| G 1 | Cash Flow Ratio (%) | 29.65 | 9.03 | 18.90 | 16.21 | 14.69 |
| Cash Flow(Note 2) | Cash Flow Adequacy Ratio (%) | 47.63 | 34.25 | 46.95 | 45.79 | 36.49 |
| 1 10w(110te 2) | Cash Reinvestment Ratio (%) | 1.44 | 0.00 | 0.89 | 2.10 | 0.29 |
| T | Operating Leverage | 2.03 | 2.55 | 2.63 | 2.52 | 1.48 |
| Leverage | Financial Leverage | 1.12 | 1.29 | 1.28 | 1.20 | 1.04 |

Analysis of financial ratio difference for the last two years (Not required if the difference does not exceed 20%)

- Compared to 2020, interest coverage ratio, return on total assets, return on stockholders' equity, pre-tax income to paid-in capital, profit ratio and earnings per share in 2021 show an increase. It's because that profit before tax and profit for the year ended December 31, 2021 increased.
- Compared to 2020, the ratio of long-term funds to property, plant and equipment in 2021 shows an increase. It's because that total equity increased.
- C. Compared to 2020, current ratio and quick ratio in 2021 show an increase. It's because that accounts receivable
- D. Compared to 2020, accounts payable turnover in 2021 shows an increase. It's because that sales volume and operating costs for the year ended December 31, 2021 increased.
- Compared to 2020, property, plant and equipment turnover and total assets turnover in 2021 show an increase. It's because that operating revenue for the year ended December 31, 2021 increased.
- Compared to 2020, cash flow adequacy ratio and cash reinvestment ratio in 2021 show a decrease. It's because that the aquirement of property, plant and equipment and investments accounted for using equity method increased.
- G. Compared to 2020, operating leverage in 2021 shows a decrease. It's because that net operating profit for the year ended December 31, 2021 increased.

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



Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 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

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February 22, 2022

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, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (as set out in the Other Matter section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the key audit matters of the consolidated financial statements of the Group as of and for the year ended December 31, 2021:

Sales Revenue Recognition

In 2021, the main products of the Group's wires and cables business unit include bare copper wires, wires and cables. The fluctuation in prices of bare copper wires is often subject to the movement in prices of raw materials, and thus some of the sales prices are set according to the market prices agreed under the contracts at the time of shipments. The Group prepares reports on point of sale transactions by referring to the actual shipments and market price adjustments as the basis for revenue recognition.

Due to the large number of transactions and different market prices that have been agreed upon by customers, the processing, recording and maintenance of such reports are performed manually in which their amounts are significant to the consolidated financial statements. Therefore, the accuracy of revenue recognized from sales of bare copper wires was considered as a key audit matter. Refer to Notes 4 and 24 to the consolidated financial statements for related accounting policies and disclosure of information relating to revenue recognition.

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

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

Other Matter

The financial statements of certain subsidiaries included in the consolidated financial statements as of and for the years ended December 31, 2021 and 2020 were audited by other auditors. Our opinion, insofar as it relates to such subsidiaries, is based solely on the reports of other auditors. The total assets of such subsidiaries amounted to NT\$10,292,042 thousand and NT\$10,148,841 thousand, which constituted 5.62% and 6.70% of the Group's consolidated total assets, as of December 31, 2021 and 2020, respectively, and the total net operating revenue of such subsidiaries amounted to NT\$17,799,306 thousand and NT\$18,427,711 thousand, which constituted 11.36% and 16.37% of the Group's consolidated total net operating revenue, for the years ended December 31, 2021 and 2020, respectively.

We did not audit the financial statements of some associates accounted for using the equity method included in the consolidated financial statements of the Group, but such statements were audited by other auditors. As of December 31, 2021, the total asset of these associates was NT\$1,053,790 thousand, representing 0.58% of the consolidated total assets; the share of losses of these associates was NT\$5,936 thousand, representing (0.03%) of the consolidated income before income tax.

We have also audited the parent company only financial statements of Walsin Lihwa Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion with other matter.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche Taipei, Taiwan Republic of China

February 22, 2022

Notice to Readers

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

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

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | 2021 | | 2020 | |
|---|---------------------------------------|-----------------|--------------------------|-----------------------|
| ASSETS | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) Financial assets at fair value through profit or loss - current (Notes 4 and 7) | \$ 10,387,581 16,147 | 6 | \$ 11,944,408 73,329 | 8 |
| Financial assets at amortized cost - current (Notes 4 and 9) | - | - | 1,315,970 | 1 |
| Derivative financial assets for hedging - current (Notes 4 and 8) Contract assets - current (Notes 4 and 10) | 89,232 5,750,344 | 3 | 8,282 4,460,992 | 3 |
| Notes receivable (Notes 4, 11 and 31) Trade receivables (Notes 4, 11 and 31) | 2,627,411 11,045,689 | 2 6 | 2,974,132 7,543,131 | 2 5 |
| Finance lease receivables (Notes 4 and 12) | 58,042 | - | 56,128 | - |
| Other receivables (Note 31) Inventories (Notes 4 and 13) | 1,620,595 31,659,723 | 1 17 | 887,091 21,080,535 | 1 14 |
| Other financial assets - current (Notes 6 and 32) | 530,650 | - | 705,277 | - |
| Other current assets | 5,535,226 | 3 | 5,127,533 | 3 |
| Total current assets | 69,320,640 | 38 | 56,176,808 | 37 |
| NON-CURRENT ASSETS Financial assets at fair value through profit or loss - non-current (Notes 4 and 7) | _ | | 5,683,859 | 4 |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 14) | 16,290,587 | 9 | 6,910,644 | 5 |
| Investments accounted for using the equity method (Notes 4 and 16) Property, plant and equipment (Notes 4 and 17) | 39,451,117 41,474,488 | 22 23 | 32,767,091 34,294,221 | 22 23 |
| Right-of-use assets (Notes 4 and 18) | 1,803,510 | 1 | 1,664,406 | 1 |
| Investment properties (Notes 4 and 19) | 10,431,063 | 6 | 9,874,926 | 6 |
| Other intangible assets Deferred tax assets (Notes 4 and 26) | 173,430 2,818,549 | - 1 | 175,000 2,428,545 | 2 |
| Refundable deposits (Note 6) | 207,622 | - | 221,314 | - |
| Long-term finance lease receivables - non-current (Notes 4 and 12) Other non-current assets (Notes 6 and 32) | 662,543 401,349 | - | 720,585 646,607 | - |
| Total non-current assets | 113,714,258 | 62 | 95,387,198 | 63 |
| TOTAL | \$ 183,034,898 | 100 | \$ 151,564,006 | 100 |
| | <u> </u> | | <u>φ 131,301,000</u> | |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES Short town horrowing (Note 20) | \$ 7.108.766 | 4 | \$ 6.591.019 | 4 |
| Short-term borrowings (Note 20) Financial liabilities at fair value through profit or loss - current (Notes 4 and 7) | \$ 7,108,766 37,439 | 4 | \$ 6,591,019 8,374 | 4 |
| Contract liabilities - current | 3,426 | - | 1,499 | - |
| Notes payable Trade payables | 346,947 8,493,921 | 5 | 235,258 7,494,471 | 5 |
| Current tax liabilities (Notes 4 and 26) | 6,082,152 | 3 | 4,557,761 | 3 |
| Other payables | 4,861,341 | 3 | 5,143,921 | 4 |
| Lease liabilities - current (Notes 4 and 18) Current portion of long-term borrowings (Note 20) | 71,470 10,719,081 | 6 | 75,261 6,162,400 | 4 |
| Other current liabilities (Note 30) | 1,127,970 | | 1,188,193 | 1 |
| Total current liabilities | 38,852,513 | 21 | 31,458,157 | 21 |
| NON-CURRENT LIABILITIES | 7 500 000 | | | |
| Bonds payable (Note 21) Long-term borrowings (Note 20) | 7,500,000 24,785,952 | 4 14 | 31,406,829 | 21 |
| Deferred tax liabilities (Notes 4 and 26) | 2,214,650 | 1 | 214,457 | - |
| Lease liabilities - non-current (Notes 4 and 18) | 243,676 | - | 274,442 | - |
| Net defined benefit liabilities - non-current (Notes 4 and 22) Other non-current liabilities (Note 28) | 560,362 931,477 | <u> </u> | 384,299 544,992 | |
| Total non-current liabilities | 36,236,117 | 20 | 32,825,019 | 21 |
| Total liabilities | 75,088,630 | 41 | 64,283,176 | <u>42</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 23) | | | | |
| Share capital | 34,313,329 | <u>19</u> | 32,260,002 | 21 |
| Capital surplus Retained earnings | <u>18,440,875</u> | <u>10</u> | <u>15,690,406</u> | 11 |
| Legal reserve | 6,109,568 | 3 | 5,428,200 | 4 |
| Special reserve Unappropriated earnings | 2,712,250 38,965,389 | 2 21 | 3,110,410 27,791,577 | 2 18 |
| Total retained earnings | 47,787,207 | $\frac{21}{26}$ | 36,330,187 | <u> 18</u> <u> 24</u> |
| Other equity | · · · · · · · · · · · · · · · · · · · | | · | |
| Exchange differences on translation of the financial statements of foreign operations Unrealized gain on financial assets at fair value through other comprehensive income | (6,100,687) 11,534,267 | (3) 6 | (5,905,135) 6,092,775 | (4) 4 |
| Other equity-other | (91,467) | <u>-</u> | <u>-</u> _ | |
| Total other equity | 5,342,113 | 3 | 187,640 | |
| Total equity attributable to owners of WLC | 105,883,524 | 58 | 84,468,235 | 56 |
| NON-CONTROLLING INTERESTS | 2,062,744 | 1 | 2,812,595 | 2 |
| Total equity | 107,946,268 | <u>59</u> | 87,280,830 | 58 |
| TOTAL | <u>\$ 183,034,898</u> | <u>100</u> | <u>\$ 151,564,006</u> | <u>100</u> |

The accompanying notes are an integral part of the consolidated financial statements. (With Deloitte & Touche auditors' report dated February 22, 2022)



CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of U.S. Dollars)

| Section Property | | 2021 | | 2020 | |
|--|--|---------------------|------------|---------------------|------------|
| Cach and cach septracetes (Notes 4 and 7) | ASSETS | Amount | % | Amount | % |
| Patential assets in fair value fluorings profit or [ones -current (Notes 4 and 7) 2,247 1,247 | * * · · · · · · · · · · · · · · · · · · | ф. 277. 27. | _ | ф. 401 7 15 | _ |
| Primared lasses at unarizated oxis - carront (Notes 4 and 8) | | | | | 8 - |
| Control classes - quarter (Notes 4 and 10) 207,44 3 10.163 3 | Financial assets at amortized cost - current (Notes 4 and 9) | 2 224 | - | | 1 |
| Notes sectivable (Notes 4.1 and 31) | | | 3 | | 3 |
| Finance losse receivables (Wost 4 and 12) | Notes receivable (Notes 4, 11 and 31) | | | | 2 |
| Invention Content s and 137 76,1580 14 143,776 17 76,1580 13 100 1 | | | - | | - |
| Distance Principal sasets - current (Notes 6 and 32) | | , | | , | |
| Transparent content asserts 1,000 | | | - | | - |
| NON-CLERENTASSETS | Other current assets | <u>199,971</u> | 3 | 185,243 | 3 |
| Financial assets an fair value through profit or loss - non-current (Notes 4 and 17) | Total current assets | 2,504,358 | <u>38</u> | 2,029,509 | <u>37</u> |
| Financial assets af fair value through other comprehensive incorner -ono-current (Notes 4 and 16) 1,462,357 22 1,183,728 22 1,280,738 23 1,280, | | | | 205 242 | 4 |
| Property, plant and equipment (Notes 4 and 15) | | 588,533 | 9 | | |
| Right of the assets (Notes 4 and 18) | Investments accounted for using the equity method (Notes 4 and 16) | | | | 22 |
| Deferred Las assist (Notes 4 and 26) 1,877,50 2,872,573 2,872,573 2,872,573 3,973,50 2,872,573 3,973,50 | | | | | |
| Deferred tax assets (Notes 4 and 26) | Investment properties (Notes 4 and 19) | | 6 | | 6 |
| Recomplete deposits (Note 6) 7.00 | | | 1 | | 2 |
| Total non-current assets (Notes 6 and 32) | Refundable deposits (Note 6) | 7,501 | - | 7,995 | - |
| TOTAL S.6.612.532 100 S.4.75.578 100 S. | | | <u> </u> | | |
| CURRENT LIABILITIES | Total non-current assets | 4,108,174 | <u>62</u> | 3,446,069 | 63 |
| Stort-term borrowings (Note 20) | TOTAL | \$ 6,612,532 | <u>100</u> | <u>\$ 5,475,578</u> | 100 |
| Signate Sign | LIABILITIES AND EQUITY | | | | |
| Financial liabilities a fair value through profit or loss - current (Notes 4 and 7) 1,353 - 1,000 1,00 | | | | | |
| 124 - 54 54 54 54 54 54 54 | | | | | 4 |
| Total payables 306.861 5 270.754 5 5 270.754 5 5 270.754 5 5 270.754 5 5 270.754 5 5 270.754 5 5 270.754 5 5 270.754 5 5 270.754 5 5 270.754 5 5 270.754 5 5 270.754 5 5 270.754 5 270.7 | | , | - | | - |
| Current port in biblities (Notes 4 and 26) | | | _ | | - |
| Current profit port profit p | | | | | |
| Current portion of long-term borrowings (Note 20) | Other payables | | 3 | | 4 |
| Other current liabilities (Note 30) 40,750 - 42,926 1 Total current liabilities 1,403,631 21 1,136,494 21 NON-CURRENT LIABILITIES 270,954 4 1 - | | | 6 | | 4 |
| NON-CURRENT LIABILITIES Sonds payable (Note 21) 270,954 4 1,134,640 21 21 21 21 21 21 21 2 | | | | | 1 |
| Bonds payable (Note 21) | Total current liabilities | 1,403,631 | 21 | 1,136,494 | 21 |
| Deferred tax liabilities (Notes 4 and 26) | | 270.054 | 4 | | |
| Deferred tax liabilities (Notes 4 and 26) | | , | | 1.134.640 | 21 |
| Net defined benefit liabilities - non-current (Notes 4 and 22) 1 19,689 - | Deferred tax liabilities (Notes 4 and 26) | 80,009 | | 7,748 | - |
| Other non-current liabilities (Note 28) 33,652 1 19,689 - Total non-current liabilities 1,309,108 20 1,185,876 21 Total liabilities 2,712,739 41 2,322,370 42 EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 23) 3 19 1,165,463 21 Share capital Capital surplus 666,217 10 566,850 11 Retained earnings 220,721 3 196,105 4 Special reserve 297,986 2 112,370 2 Unappropriated earnings 1,407,709 21 1,004,031 18 Total retained earnings 1,726,416 26 1,312,506 24 Other equity 2 1,312,506 24 1 Other equity 1 2,004,001 3 (213,337) (4) Unrealized gain on financial sasets at fair value through other comprehensive income 416,700 6 220,115 4 Other equity-other 3,304 - - - - | | | - | | - |
| Total liabilities 2,712,739 41 2,322,370 42 EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 23) 1,239,643 19 1,165,463 21 Capital surplus 666,217 10 566,850 11 Retained earnings 220,721 3 196,105 4 Special reserve 220,721 3 196,105 4 Special reserve 97,986 2 112,370 2 Unappropriated earnings 1,407,709 21 1,004,031 18 Total retained earnings 1,726,416 26 1,312,506 24 Other equity Exchange differences on translation of the financial statements of foreign operations (220,400) (3) (213,337) (4) Unrealized gain on financial assets at fair value through other comprehensive income 416,700 6 220,115 4 Other equity other (3,304) Total other equity attributable to owners of WLC 3,825,272 58 3,051,597 56 NON-CONTROLLING INTERESTS 74,521 1 101,611 2 Total equity 1,522,000 1,532,000 | | | 1 | | |
| Share capital 1,239,643 19 1,165,463 21 1,165,463 21 1,165,463 21 1,165,463 11 1,165 | Total non-current liabilities | 1,309,108 | 20 | 1,185,876 | 21 |
| Share capital Capital surplus 1,239,643 19 1,165,463 21 Capital surplus 666,217 10 566,850 11 Retained earnings 220,721 3 196,105 4 Special reserve 220,721 3 196,105 4 Special reserve 97,986 2 112,370 2 Unappropriated earnings 1,407,709 21 1,004,031 18 Total retained earnings 220,400 3 (213,337) (4) Other equity Exchange differences on translation of the financial statements of foreign operations (220,400) (3) (213,337) (4) Unrealized gain on financial assets at fair value through other comprehensive income 416,700 6 220,115 4 Other equity-other (3,304) - - - - Total other equity 3,825,272 58 3,051,597 56 NON-CONTROLLING INTERESTS 74,521 1 101,611 2 Total equity 3,899,793 59 3,153, | Total liabilities | 2,712,739 | 41 | 2,322,370 | 42 |
| Capital surplus 666,217 10 566,850 11 Retained earnings 220,721 3 196,105 4 Special reserve 97,986 2 112,370 2 Unappropriated earnings 1,407,709 21 1,004,031 18 Total retained earnings 1,726,416 26 1,312,506 24 Other equity Exchange differences on translation of the financial statements of foreign operations (220,400) (3) (213,337) (4) Unrealized gain on financial assets at fair value through other comprehensive income 416,700 6 220,115 4 Other equity-other (3,304) - - - - - Total other equity 3,825,272 58 3,051,597 56 NON-CONTROLLING INTERESTS 74,521 1 101,611 2 Total equity 3,899,793 59 3,153,208 58 | EQUITY ATTRIBUTABLE TO OWNERS OF WLC (Note 23) | | | | |
| Retained earnings Legal reserve 220,721 3 196,105 4 Special reserve 97,986 2 112,370 2 Unappropriated earnings 1,407,709 21 1,004,031 18 Total retained earnings 26 1,312,506 24 Other equity 25 1,204,000 10 | | | <u>19</u> | | <u>21</u> |
| Special reserve 97,986 2 112,370 2 Unappropriated earnings 1,407,709 21 1,004,031 18 Total retained earnings 1,726,416 26 1,312,506 24 Other equity Exchange differences on translation of the financial statements of foreign operations (220,400) (3) (213,337) (4) Unrealized gain on financial assets at fair value through other comprehensive income 416,700 6 220,115 4 Other equity-other (3,304) - - - - - Total other equity 192,996 3 6,778 - Total equity attributable to owners of WLC 3,825,272 58 3,051,597 56 NON-CONTROLLING INTERESTS 74,521 1 101,611 2 Total equity 3,899,793 59 3,153,208 58 | | 000,217 | 10 | | |
| Unappropriated earnings 1,407,709 21 1,004,031 18 Total retained earnings 1,726,416 26 1,312,506 24 Other equity Exchange differences on translation of the financial statements of foreign operations (220,400) (3) (213,337) (4) Unrealized gain on financial assets at fair value through other comprehensive income 416,700 6 220,115 4 Other equity-other (3,304) - - - - - Total other equity 192,996 3 6,778 - Total equity attributable to owners of WLC 3,825,272 58 3,051,597 56 NON-CONTROLLING INTERESTS 74,521 1 101,611 2 Total equity 3,899,793 59 3,153,208 58 | | | | , | |
| Total retained earnings 1,726,416 26 1,312,506 24 Other equity Exchange differences on translation of the financial statements of foreign operations (220,400) (3) (213,337) (4) Unrealized gain on financial assets at fair value through other comprehensive income 416,700 6 220,115 4 Other equity-other (3,304) - | | * | | , | |
| Exchange differences on translation of the financial statements of foreign operations (220,400) (3) (213,337) (4) Unrealized gain on financial assets at fair value through other comprehensive income 416,700 6 220,115 4 Other equity-other (3,304) - - - - Total other equity 192,996 3 6,778 - Total equity attributable to owners of WLC 3,825,272 58 3,051,597 56 NON-CONTROLLING INTERESTS 74,521 1 101,611 2 Total equity 3,899,793 59 3,153,208 58 | | 1,726,416 | <u>26</u> | 1,312,506 | 24 |
| Unrealized gain on financial assets at fair value through other comprehensive income 416,700 6 220,115 4 Other equity-other (3,304) - | | (220,400) | (3) | (213,337) | (4) |
| Total other equity 192,996 3 6,778 - Total equity attributable to owners of WLC 3,825,272 58 3,051,597 56 NON-CONTROLLING INTERESTS 74,521 1 101,611 2 Total equity 3,899,793 59 3,153,208 58 | Unrealized gain on financial assets at fair value through other comprehensive income | 416,700 | | | |
| NON-CONTROLLING INTERESTS 74,521 1 101,611 2 Total equity 3,899,793 59 3,153,208 58 | | | 3 | 6,778 | |
| Total equity <u>3,899,793</u> <u>59</u> <u>3,153,208</u> <u>58</u> | Total equity attributable to owners of WLC | 3,825,272 | 58 | 3,051,597 | 56 |
| | NON-CONTROLLING INTERESTS | <u>74,521</u> | 1 | 101,611 | 2 |
| TOTAL <u>\$ 6,612,532</u> <u>100</u> <u>\$ 5,475,578</u> <u>100</u> | Total equity | 3,899,793 | 59 | 3,153,208 | 58 |
| | TOTAL | <u>\$ 6,612,532</u> | <u>100</u> | <u>\$ 5,475,578</u> | <u>100</u> |

The accompanying notes are an integral part of the consolidated financial statements. (With Deloitte & Touche auditors' report dated February 22, 2022)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2021 | | 2020 | |
|--|----------------|--------------|----------------|--------------|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4 and 24) | \$ 156,664,766 | 100 | \$ 112,546,603 | 100 |
| OPERATING COSTS (Notes 4 and 13) | (136,855,301) | <u>(88</u>) | (100,078,265) | <u>(89</u>) |
| GROSS PROFIT | 19,809,465 | 12 | 12,468,338 | 11 |
| OPERATING EXPENSES | | | | |
| Selling and marketing expenses | 2,487,342 | 2 | 1,868,164 | 2 |
| General and administrative expenses | 3,784,683 | 2 | 3,091,413 | 3 |
| Research and development expenses | 191,888 | <u>=</u> | 123,699 | <u>=</u> |
| Total energting expanses | 6 462 012 | | 5 092 276 | |
| Total operating expenses | 6,463,913 | 4 | 5,083,276 | 5 |
| PROFIT FROM OPERATIONS | 13,345,552 | 8 | 7,385,062 | 6 |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Interest income | 91,952 | _ | 261,523 | _ |
| Dividend income | 561,499 | _ | 110,990 | _ |
| Other income | 549,102 | _ | 136,095 | _ |
| Gain (loss) on disposal of property, plant and | 0.5,102 | | 100,000 | |
| equipment | 20,468 | _ | (7,979) | _ |
| Gain on valuation of financial assets and | 20,100 | | (1,515) | |
| liabilities at fair value through profit or loss | 647,228 | _ | 732,121 | 1 |
| Recognition (reversal) of impairment loss | 017,220 | | 732,121 | 1 |
| (Note 25) | (693,892) | _ | 674 | _ |
| Other expenses | (231,656) | _ | (381,505) | _ |
| Foreign exchange loss, net | (237,222) | _ | (66,726) | _ |
| Interest expense | (417,951) | - | (539,982) | _ |
| Gain (loss) on disposal of investments (Note | (417,931) | - | (339,962) | - |
| 25) | 679,207 | 1 | (75.027) | |
| Share of profit of associates accounted for | 079,207 | 1 | (75,927) | - |
| | 4 000 211 | 2 | 1 606 210 | 1 |
| using the equity method | 4,808,211 | 3 | 1,696,319 | 1 |
| Total non-operating income and expenses | 5,776,946 | 4 | 1,865,603 | 2 |
| | | | | |
| PROFIT BEFORE INCOME TAX FROM | | | | |
| CONTINUING OPERATIONS | 19,122,498 | 12 | 9,250,665 | 8 |
| INCOME TAX EXPENSE (Notes 4 and 26) | (3,865,184) | <u>(2</u>) | (2,244,864) | <u>(2</u>) |
| NET PROFIT FOR THE YEAR | 15,257,314 | 10 | 7,005,801 | 6 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |

THER COMPREHENSIVE INCOME (LOSS)

(Continued)



CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2021 | | 2020 | |
|---|---------------------------------|----------------------|--------------------------|-------------------|
| | Amount | % | Amount | % |
| Items that may not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans Unrealized gain on financial assets at fair value through other comprehensive | (153,272) | - | 36,292 | - |
| income Share of the other comprehensive income of associates accounted for using the equity | 2,594,208 | 1 | 1,077,834 | 1 |
| method | 2,906,573 5,347,509 | <u>2</u> <u>3</u> | 2,664,780 3,778,906 | <u>2</u> <u>3</u> |
| Items that may be reclassified subsequently to profit or loss: Exchange differences on translation of the | | | | |
| financial statements of foreign operations Share of the other comprehensive loss of associates accounted for using the equity | (105,982) | - | (358,081) | - |
| method | (127,834) (233,816) | | (82,616) (440,697) | |
| Other comprehensive income for the year | 5,113,693 | 3 | 3,338,209 | 3 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | \$ 20,371,007 | 13 | <u>\$ 10,344,010</u> | 9 |
| NET INCOME ATTRIBUTABLE TO: Owners of WLC Non-controlling interests | \$ 14,642,629 614,685 | 9 1 | \$ 6,691,149 314,652 | 6 |
| Non-controlling interests | \$ 15,257,314 | <u>10</u> | \$ 7,005,801 | <u>6</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of WLC Non-controlling interests | \$ 19,791,160 <u>579,847</u> | 13 | \$ 10,114,207 229,803 | 9 |
| | <u>\$ 20,371,007</u> | <u>13</u> | <u>\$ 10,344,010</u> | 9 |
| EARNINGS PER SHARE (Note 27) Basic Diluted | \$ 4.27 \$ 4.26 | | \$ 2.04 \$ 2.04 | |

The accompanying notes are an integral part of the consolidated financial statements. (With Deloitte & Touche auditors' report dated February 22, 2022)

(Concluded)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

| | 2021 | | 2020 | |
|--|--------------|--------------|--------------|--------------|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4 and 24) | \$ 5,659,854 | 100 | \$ 4,065,990 | 100 |
| OPERATING COSTS (Notes 4 and 13) | (4,944,194) | <u>(88</u>) | (3,615,544) | <u>(89</u>) |
| GROSS PROFIT | 715,660 | 12 | 450,446 | 11 |
| OPERATING EXPENSES | | | | |
| Selling and marketing expenses | 89,861 | 2 | 67,491 | 2 |
| General and administrative expenses | 136,730 | 2 | 111,684 | 3 |
| Research and development expenses | 6,932 | | 4,469 | |
| Total operating expenses | 233,523 | 4 | 183,644 | 5 |
| PROFIT FROM OPERATIONS | 482,137 | 8 | 266,802 | 6 |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Interest income | 3,322 | _ | 9,448 | _ |
| Dividend income | 20,285 | _ | 4,010 | _ |
| Other income | 19,838 | _ | 4,917 | _ |
| Gain (loss) on disposal of property, plant and | - , | | 7- | |
| equipment | 739 | _ | (288) | _ |
| Gain on valuation of financial assets and | , , , | | (===) | |
| liabilities at fair value through profit or loss | 23,383 | _ | 26,449 | 1 |
| Recognition (reversal) of impairment loss | 20,000 | | 20, | - |
| (Note 25) | (25,068) | _ | 24 | _ |
| Other expenses | (8,369) | _ | (13,782) | _ |
| Foreign exchange loss, net | (8,570) | _ | (2,411) | _ |
| Interest expense | (15,099) | _ | (19,508) | _ |
| Gain (loss) on disposal of investments (Note | (13,077) | | (17,500) | |
| 25) | 24,538 | 1 | (2,743) | _ |
| Share of profit of associates accounted for | 24,336 | 1 | (2,743) | _ |
| using the equity method | 173,707 | 3 | 61,283 | 1 |
| using the equity method | 173,707 | | 01,265 | 1 |
| Total non-operating income and expenses | 208,706 | 4 | 67,399 | 2 |
| PROFIT BEFORE INCOME TAX FROM | | | | |
| CONTINUING OPERATIONS | 690,843 | 12 | 334,201 | 8 |
| | , | | | |
| INCOME TAX EXPENSE (Notes 4 and 26) | (139,639) | <u>(2</u>) | (81,101) | <u>(2</u>) |
| NET PROFIT FOR THE YEAR | 551,204 | 10 | 253,100 | 6 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |

(Continued)



CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

| | 2021 | | 2020 | | | |
|--|--------------------|-----------|---------------------|--------------|--|--|
| | Amount | % | Amount | % | | |
| Items that may not be reclassified subsequently to profit or loss: | | | | | | |
| Remeasurement of defined benefit plans Unrealized gain on financial assets at fair | (5,537) | - | 1,311 | - | | |
| value through other comprehensive income Share of the other comprehensive income of associates accounted for using the equity | 93,721 | 1 | 38,939 | 1 | | |
| method | 105,006 | 2 | 96,271 | 2 | | |
| | 193,190 | 3 | 136,521 | 3 | | |
| Items that may be reclassified subsequently to profit or loss: Exchange differences on translation of the financial statements of foreign operations Share of the other comprehensive loss of | (3,829) | - | (12,936) | - | | |
| associates accounted for using the equity method | (4,618) (8,447) | <u>-</u> | (2,985) (15,921) | - | | |
| Other comprehensive income for the year | 184,743 | 3 | 120,600 | 3 | | |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 735,947</u> | <u>13</u> | <u>\$ 373,700</u> | 9 | | |
| NET INCOME ATTRIBUTABLE TO: Owners of WLC | \$ 528,997 | 9 | \$ 241,732 | 6 | | |
| Non-controlling interests | 22,207 | 1 | 11,367 | | | |
| | <u>\$ 551,204</u> | <u>10</u> | <u>\$ 253,099</u> | 6 | | |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | | | |
| Owners of WLC | \$ 714,999 | 13 | \$ 365,398 | 9 | | |
| Non-controlling interests | 20,948 | | 8,302 | | | |
| | \$ 735,947 | <u>13</u> | <u>\$ 373,700</u> | 9 | | |
| EARNINGS PER SHARE (Note 27) | | | | | | |
| Basic Diluted | \$ 0.15 \$ 0.15 | | \$ 0.07 \$ 0.07 | | | |

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

(With Deloitte & Touche auditors' report dated February 22, 2022)

(Concluded)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | Equity Attributable to Owners of WLC | | | | | | | | | | | |
|---|--------------------------------------|----------------------|---------------|-----------------|-------------------------------------|--|---|-------------|--------------------|---------------|------------------------------|----------------|
| | | | | Retained Earnin | | Exchange Differences on Translation the Financial Statement | Other Equity Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other | | | | | |
| | Share Capital | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | of Foreign Operations | Comprehensive Income | Other | Treasury Shares | Total | Non-controlling Interests | Total Equity |
| BALANCE AT JANUARY 1, 2020 | \$ 33,260,002 | \$ 16,055,238 | \$ 5,113,232 | \$ 4,043,138 | \$ 22,023,141 | \$ (5,546,359) | \$ 2,435,949 | \$ - | \$ - | \$ 77,384,341 | \$ 1,181,773 | \$ 78,566,114 |
| Appropriation of 2019 earnings (Note 23) Legal reserve Special reserve Cash dividends distributed by WLC | - - - | - - - | 314,968 | (932,728) | (314,968) 932,728 (1,663,000) | - - - | - | - - - | - - - | (1,663,000) | - - - | (1,663,000) |
| Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal | - | - | - | - | (2,481) | - | - | - | - | (2,481) | - | (2,481) |
| Change in capital surplus from investments in associates under the equity method | - | 135,304 | - | - | 97,145 | - | (97,145) | - | - | 135,304 | - | 135,304 |
| Net profit for the year ended December 31, 2020 | - | - | - | - | 6,691,149 | - | - | - | - | 6,691,149 | 314,652 | 7,005,801 |
| Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax | <u>-</u> | | _ | | 27,863 | (358,776) | 3,753,971 | | | 3,423,058 | (84,849) | 3,338,209 |
| Total comprehensive income (loss) for the year ended December 31, 2020 | _ | | _ | _ | 6,719,012 | (358,776) | 3,753,971 | | | 10,114,207 | 229,803 | 10,344,010 |
| Buy-back of ordinary shares | - | - | - | - | - | - | - | - | (1,500,108) | (1,500,108) | - | (1,500,108) |
| Cancelation of treasury shares | (1,000,000) | (500,108) | - | - | - | - | - | - | 1,500,108 | - | - | - |
| Others | - | (28) | - | - | - | - | - | - | - | (28) | - | (28) |
| Changes in non-controlling interests | | | | | | | _ | | | | 1,401,019 | 1,401,019 |
| BALANCE, DECEMBER 31, 2020 | 32,260,002 | 15,690,406 | 5,428,200 | 3,110,410 | 27,791,577 | (5,905,135) | 6,092,775 | - | - | 84,468,235 | 2,812,595 | 87,280,830 |
| Appropriation of 2020 earnings (Note 23) Legal reserve Special reserve Cash dividends distributed by WLC | - - - | - - - | 681,368 | (398,160) | (681,368) 398,160 (3,088,200) | - - - | - - - | - - - | - - - | (3,088,200) | - - - | (3,088,200) |
| Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal | - | 3,124 | - | - | - | - | - | - | - | 3,124 | - | 3,124 |
| Change in capital surplus and retained earnings from investments in associates under the equity method | - | (26,782) | - | - | 77,160 | - | (77,160) | (91,467) | - | (118,249) | - | (118,249) |
| Issuance of new shares in exchange for the shares of another company | 2,053,327 | 2,771,798 | - | - | - | - | - | - | - | 4,825,125 | - | 4,825,125 |
| Net profit for the year ended December 31, 2021 | - | - | - | - | 14,642,629 | - | - | - | - | 14,642,629 | 614,685 | 15,257,314 |
| Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax | | | _ | | (174,569) | (195,552) | 5,518,652 | | | 5,148,531 | (34,838) | 5,113,693 |
| Total comprehensive income (loss) for the year ended December 31, 2021 | | | | | 14,468,060 | (195,552) | 5,518,652 | | | 19,791,160 | 579,847 | 20,371,007 |
| Others | - | 2,329 | - | - | - | - | - | - | - | 2,329 | - | 2,329 |
| Changes in non-controlling interests | | | | | | | | | | | (1,329,698) | (1,329,698) |
| BALANCE, DECEMBER 31, 2021 | \$ 34,313,329 | <u>\$ 18,440,875</u> | \$ 6,109,568 | \$ 2,712,250 | \$ 38,965,389 | \$ (6,100,687) | \$ 11,534,267 | \$ (91,467) | <u>\$</u> | \$105,883,524 | \$ 2,062,744 | \$ 107,946,268 |

The accompanying notes are an integral part of the consolidated financial statements. (With Deloitte & Touche auditors' report dated February 22, 2022)

(US)CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of U.S. Dollars)

| | Equity Attributable to Owners of WLC | | | | | | | | | | | |
|---|--------------------------------------|-----------------|------------------|------------------|--------------------------------|--|---|-------------------|--------------------|---------------|------------------------------|---------------|
| | | | | Retained Earning | zs | Exchange Differences on Translation the Financial Statement of | Other Equity Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through Other | | | | | |
| | Share Capital | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | Foreign Operations | Comprehensive Income | Other | Treasury Shares | Total | Non-controlling Interests | Total Equity |
| BALANCE AT JANUARY 1, 2020 | \$ 1,201,590 | \$ 580,030 | \$ 184,727 | \$ 146,067 | \$ 795,634 | \$ (200,374) | \$ 88,004 | \$ - | \$ - | \$ 2,795,678 | \$ 42,694 | \$ 2,838,372 |
| Appropriation of 2019 earnings (Note 23) Legal reserve Special reserve Cash dividends distributed by WLC | - - - | - - - | 11,378 | (33,697) | (11,378) 33,697 (60,081) | - - - | - - - | - - - | - - - | (60,081) | - - - | - (60,081) |
| Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal | - | - | - | - | (91) | - | - | - | - | (91) | - | (91) |
| Change in capital surplus from investments in associates under the equity method | - | 4,888 | - | - | 3,511 | - | (3,511) | - | - | 4,888 | - | 4,888 |
| Net profit for the year ended December 31, 2020 | - | - | - | - | 241,732 | - | - | - | - | 241,732 | 11,367 | 253,099 |
| Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax | <u>-</u> | | | _ | 1,007 | (12,963) | 135,622 | | | 123,666 | (3,065) | 120,601 |
| Total comprehensive income (loss) for the year ended December 31, 2020 | | | | <u>-</u> | 242,739 | (12,963) | 135,622 | | - | 365,398 | 8,302 | 373,700 |
| Buy-back of ordinary shares | - | - | - | - | - | - | - | - | (54,194) | (54,194) | - | (54,194) |
| Cancelation of treasury shares | (36,127) | (18,067) | - | - | - | - | - | - | 54,194 | - | - | - |
| Others | - | (1) | - | - | - | - | - | - | - | (1) | - | (1) |
| Changes in non-controlling interests | | | | | _ | _ | | | | | 50,615 | 50,615 |
| BALANCE, DECEMBER 31, 2020 | 1,165,463 | 566,850 | 196,105 | 112,370 | 1,004,031 | (213,337) | 220,115 | - | - | 3,051,597 | 101,611 | 3,153,208 |
| Appropriation of 2020 earnings (Note 23) Legal reserve Special reserve Cash dividends distributed by WLC | - - - | - - - | 24,616 | (14,384) | (24,616) 14,384 (11,567) | - - - | - - - | - - - | - - - | - (11,567) | - - - | (11,567) |
| Excess of the carrying amount over the consideration received of the subsidiaries' net assets during disposal | - | 113 | - | - | - | - | - | - | - | 113 | - | 113 |
| Change in capital surplus and retained earnings from investments in associates under the equity method | - | (968) | - | - | 2,788 | - | (2,788) | (3,304) | - | (4,272) | - | (4,272) |
| Issuance of new shares in exchange for the shares of another company | 74,180 | 100,138 | - | - | - | - | - | - | - | 174,318 | - | 174,318 |
| Net profit for the year ended December 31, 2021 | - | - | - | - | 528,997 | - | - | - | - | 528,997 | 22,207 | 551,204 |
| Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax | | <u>-</u> | | <u>-</u> | (6,308) | (7,063) | 199,373 | | - | 186,002 | (1,259) | 184,743 |
| Total comprehensive income (loss) for the year ended December 31, 2021 | | _ | | | 522,689 | (7,063) | 199,373 | | - | 714,999 | 20,948 | 735,947 |
| Others | - | 84 | - | - | - | - | - | - | - | 84 | - | 84 |
| Changes in non-controlling interests | | | | | - | <u>-</u> | _ | | | | (48,038) | (48,038) |
| BALANCE, DECEMBER 31, 2021 | \$ 1,239,643 | \$ 666,217 | \$ 220,721 | <u>\$ 97,986</u> | \$ 1,507,709 | \$ (220,400) | \$ 416,700 | <u>\$ (3,304)</u> | <u>\$</u> | \$ 3,925,272 | <u>\$ 74,521</u> | \$ 3,999,793 |

The accompanying notes are an integral part of the consolidated financial statements. (With Deloitte & Touche auditors' report dated February 22, 2022)



CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

| | | 2021 | | 2020 |
|--|----|--------------|----|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Income before income tax | \$ | 19,122,498 | \$ | 9,250,665 |
| Adjustments for: | Ψ | 19,122,190 | Ψ | J,250,005 |
| Depreciation expense | | 2,799,315 | | 2,405,513 |
| Amortization expense | | 31,498 | | 35,485 |
| Expected credit (reversed) loss recognized on trade receivables | | (7,901) | | 12,209 |
| Net gain on fair value change of financial assets and liabilities as | | (, , - , , | | , |
| at fair value through profit or loss | | (647,228) | | (732,121) |
| Interest expense | | 417,951 | | 539,982 |
| Interest income | | (91,952) | | (261,523) |
| Dividend income | | (561,499) | | (110,990) |
| Compensation cost of employees share options | | 11,490 | | 8,804 |
| Share of profit of associates accounted for using the equity | | , | | , |
| method | | (4,808,211) | | (1,696,319) |
| (Gain) loss on disposal of property, plant and equipment | | (20,468) | | 7,979 |
| (Gain) loss on disposal of investments | | (679,207) | | 75,927 |
| Impairment loss (reversed) recognized on non-financial assets | | 693,892 | | (674) |
| Unrealized loss on foreign currency exchange | | 89,472 | | 962 |
| Gain on lease modification | | - | | (38) |
| Changes in operating assets and liabilities | | | | |
| Increase in contract assets | | (1,289,352) | | (446,320) |
| Decrease in notes receivable | | 346,721 | | 602,201 |
| (Increase) decrease in trade receivables | | (3,494,657) | | 311,810 |
| (Increase) decrease in other receivables | | (775,485) | | 467,742 |
| (Increase) decrease in inventories | | (11,987,254) | | 938,706 |
| Increase in other current assets | | (45,654) | | (2,794,980) |
| Decrease (increase) in other financial assets | | 174,627 | | (387,544) |
| Increase in other operating assets | | (626,734) | | (366,618) |
| Increase in financial liabilities held for trading | | 513,105 | | 75,283 |
| Increase in contract liabilities | | 1,927 | | 981 |
| Increase (decrease) in notes payable | | 111,689 | | (107,151) |
| Increase in trade payables | | 999,450 | | 526,654 |
| Increase in other payables | | 674,668 | | 152,124 |
| (Decrease) increase in other current liabilities | | (60,224) | | 532,710 |
| Increase (decrease) in net defined benefit liabilities | | 176,063 | | (152,315) |
| Increase (decrease) in other operating liabilities | | 565,146 | | (133,769) |
| Cash generated from operations | | 1,633,686 | | 8,755,375 |
| Interest received | | 69,679 | | 294,277 |
| Dividends received | | 1,359,121 | | 789,298 |
| Interest paid | | (491,575) | | (534,655) |
| Income tax paid | _ | (1,254,756) | _ | (2,156,365) |
| Net cash generated from operating activities | | 1,316,155 | | 7,147,930 |
| | | | | (Continued) |



CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|---|----------------------|----------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at fair value through other | | |
| comprehensive income | (1,985,957) | (507,274) |
| Capital reduction and refund from financial assets at fair value | , , , | , , , |
| through other comprehensive income | 3,615 | - |
| Disposal of financial assets at amortized cost | 1,325,403 | 252,140 |
| Purchase of financial assets at fair value through profit or loss | - | (5,353,790) |
| Disposal of financial assets at fair value through profit or loss | 4,948,895 | - |
| Acquisition of investments accounted for using the equity method | (3,227) | - |
| Net cash flow on disposal of subsidiaries | = | 2,025,974 |
| Payments for property, plant and equipment | (6,415,398) | (8,816,415) |
| Proceeds from disposal of property, plant and equipment | 50,410 | 21,684 |
| Decrease (increase) in refundable deposits | 13,208 | (36,228) |
| Payments for intangible assets | (6,248) | (9,327) |
| Payments for right-of-use assets | (222,330) | (18,989) |
| Payments for investment properties | (2,362) | (546) |
| Other investing activities | 1,308,017 | 132,890 |
| Net cash used in investing activities | (985,974) | (12,309,881) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase (decrease) in short-term borrowings | 485,651 | (5,804,988) |
| Proceeds from bonds payable | 7,500,000 | - |
| Proceeds from long-term borrowings | 4,000,000 | 20,640,014 |
| Repayment of long-term borrowings | (6,064,196) | (6,564,196) |
| Repayment of the principal portion of lease liabilities | (89,794) | (83,862) |
| Cash dividends paid | (3,088,030) | (1,662,891) |
| Payments for buy-back of ordinary shares | = | (1,500,108) |
| Acquisition of subsidiaries | (5,003,810) | - |
| Changes in non-controlling interests | (21,666) | 586,927 |
| Other financing activities | 2,329 | (28) |
| Net cash (used in) generated from financing activities | (2,279,516) | 5,610,868 |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE | | |
| OF CASH HELD IN FOREIGN CURRENCIES | 392,508 | (257,515) |
| NET (DECREASE) INCREASE IN CASH AND CASH | | |
| EQUIVALENTS | (1,556,827) | 191,402 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 11,944,408 | 11,753,006 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 10,387,581</u> | <u>\$ 11,944,408</u> |
| The accompanying notes are an integral part of the consolidated financial | statements. | |
| WH D 1 1/4 0 M 1 1 1/4 1 1 1 1 1 1 2 2 2 2 2 2 2 2 2 2 2 2 2 | | (0 1 1 1 1 |
| (With Deloitte & Touche auditors' report dated February 22, 2022) | | (Concluded) |

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of U.S. Dollars)

| | 2021 | 2020 |
|--|------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 690,843 | \$ 334,200 |
| Adjustments for: | Ψ 0,0,0, | Ψ 334,200 |
| Depreciation expense | 101,131 | 86,904 |
| Amortization expense | 1,138 | 1,282 |
| Expected credit (reversed) loss recognized on trade receivables | (285) | 441 |
| Net gain on fair value change of financial assets and liabilities as | (200) | 111 |
| at fair value through profit or loss | (23,383) | (26,449) |
| Interest expense | 15,099 | 19,508 |
| Interest income | (3,322) | (9,448) |
| Dividend income | (20,285) | (4,010) |
| Compensation cost of employees share options | 415 | 318 |
| Share of profit of associates accounted for using the equity | - | |
| method | (173,707) | (61,283) |
| (Gain) loss on disposal of property, plant and equipment | (739) | 288 |
| (Gain) loss on disposal of investments | (24,538) | 2,743 |
| Impairment loss (reversed) recognized on non-financial assets | 25,068 | (24) |
| Unrealized loss on foreign currency exchange | 3,232 | 35 |
| Gain on lease modification | , - | (1) |
| Changes in operating assets and liabilities | | · / |
| Increase in contract assets | (46,581) | (16,124) |
| Decrease in notes receivable | 12,526 | 21,756 |
| (Increase) decrease in trade receivables | (126,252) | 11,265 |
| (Increase) decrease in other receivables | (28,016) | 16,898 |
| (Increase) decrease in inventories | (433,066) | 33,913 |
| Increase in other current assets | (1,649) | (100,975) |
| Decrease (increase) in other financial assets | 6,309 | (14,001) |
| Increase in other operating assets | (22,642) | (13,245) |
| Increase in financial liabilities held for trading | 18,537 | 2,720 |
| Increase in contract liabilities | 70 | 35 |
| Increase (decrease) in notes payable | 4,035 | (3,871) |
| Increase in trade payables | 36,107 | 19,027 |
| Increase in other payables | 24,374 | 5,496 |
| (Decrease) increase in other current liabilities | (2,176) | 19,245 |
| Increase (decrease) in net defined benefit liabilities | 6,361 | (5,503) |
| Increase (decrease) in other operating liabilities | 20,417 | (4,833) |
| Cash generated from operations | 59,021 | 316,307 |
| Interest received | 2,517 | 10,631 |
| Dividends received | 49,101 | 28,515 |
| Interest paid | (17,759) | (19,316) |
| Income tax paid | (45,331) | (77,903) |
| Net cash generated from operating activities | 47,549 | 258,234 |

(Continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of U.S. Dollars)

| | 2021 | 2020 |
|---|--------------|-------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at fair value through other | | |
| comprehensive income | (71,747) | (18,326) |
| Capital reduction and refund from financial assets at fair value | (, -,, , , , | (,) |
| through other comprehensive income | 131 | - |
| Disposal of financial assets at amortized cost | 47,883 | 9,109 |
| Purchase of financial assets at fair value through profit or loss | - | (193,417) |
| Disposal of financial assets at fair value through profit or loss | 178,790 | = |
| Acquisition of investments accounted for using the equity method | (117) | - |
| Net cash flow on disposal of subsidiaries | - | 73,193 |
| Payments for property, plant and equipment | (231,770) | (318,512) |
| Proceeds from disposal of property, plant and equipment | 1,821 | 783 |
| Decrease (increase) in refundable deposits | 477 | (1,309) |
| Payments for intangible assets | (226) | (337) |
| Payments for right-of-use assets | (8,032) | (686) |
| Payments for investment properties | (85) | (20) |
| Other investing activities | 47,255 | 4,801 |
| Net cash used in investing activities | (35,620) | (444,721) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase (decrease) in short-term borrowings | 17,545 | (209,718) |
| Proceeds from bonds payable | 270,954 | - |
| Proceeds from long-term borrowings | 144,509 | 745,665 |
| Repayment of long-term borrowings | (219,082) | (237,146) |
| Repayment of the principal portion of lease liabilities | (3,244) | (3,030) |
| Payments for buy-back of ordinary shares | - | (54,195) |
| Acquisition of subsidiaries | (180,773) | - |
| Cash dividends paid | (111,562) | (60,076) |
| Changes in non-controlling interests | (783) | 21,204 |
| Other financing activities | 84 | (1) |
| Net cash (used in) generated from financing activities | (82,352) | 202,703 |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE | | |
| OF CASH HELD IN FOREIGN CURRENCIES | 14,179 | (9,301) |
| NET (DECREASE) INCREASE IN CASH AND CASH | (56.244) | C 015 |
| EQUIVALENTS | (56,244) | 6,915 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE | 421 519 | 124 603 |
| YEAR | 431,518 | <u>424,603</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | \$ 375,274 | <u>\$ 431,518</u> |
| The accompanying notes are an integral part of the consolidated financial (With Deloitte & Touche auditors' report dated February 22, 2022) | statements. | (Concluded) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of WLC and its subsidiaries (collectively, the "Group") were approved by the board of directors of WLC on February 22, 2022.

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

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

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

b. The IFRSs endorsed by the FSC for application starting from 2022

| New IFRSs | Effective Date Announced by the IASB |
|--|--------------------------------------|
| "Annual Improvements to IFRS Standards 2018-2020" | January 1, 2022 (Note 1) |
| Amendments to IFRS 3 "Reference to the Conceptual | January 1, 2022 (Note 2) |
| Framework" Amendments to IAS 16 "Property, Plant and Equipment - | January 1, 2022 (Note 3) |
| Proceeds before Intended Use" | January 1, 2022 (Note 3) |
| Amendments to IAS 37 "Onerous Contracts - Cost of | January 1, 2022 (Note 4) |
| Fulfilling a Contract" | |

- Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.
- Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.
- 1) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 "Financial Instruments", were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

2) Amendments to IFRS 3 "Reference to the Conceptual Framework"

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 "Levies" to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

3) Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 "Inventories". Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

4) Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"

The amendments specify that when assessing whether a contract is onerous, the "cost of fulfilling a contract" includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

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

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

| New IFRSs | Effective Date Announced by IASB (Note 1) |
|--|---|
| Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture" | To be determined by IASB |
| IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information" | January 1, 2023 |
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | January 1, 2023 |
| Amendments to IAS 1 "Disclosure of Accounting Policies" | January 1, 2023 (Note 2) |
| Amendments to IAS 8 "Definition of Accounting Estimates" | January 1, 2023 (Note 3) |
| Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" | January 1, 2023 (Note 4) |

- Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.
- Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.
- 1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"

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

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

resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate, i.e., the Group's share of the gain or loss is eliminated.

2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

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

3) Amendments to IAS 1 "Disclosure of Accounting Policies"

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

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

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

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.
- 4) Amendments to IAS 8 "Definition of Accounting Estimates"

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

5) Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair

value measurement in its entirety, which are described as follows:

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

• Principle of preparation of the consolidated financial statements

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

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

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

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

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

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

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

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

e. Foreign currencies

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

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries and associates in other countries with currencies used different from the Group) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Group and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that

operation attributable to the owners of the Group are reclassified to profit or loss.

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

f. Inventories

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

Inventories include real estate and constructions-in-progress, which are stated at acquisition costs plus construction costs incurred. Interest expenses on constructions-in-progress are capitalized.

g. Investment in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

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

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

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

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investment and carrying amount of investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

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

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

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

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

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

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

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

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

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

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

j. Intangible assets

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

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

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

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

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

1. Financial instruments

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

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

Financial assets

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

1) Measurement category

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

a) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss. Fair value is determined in the manner described in Note 30.

b) Financial assets at amortized cost

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

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

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

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

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

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

c) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

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

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

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial

instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

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

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

3) Derecognition of financial assets

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

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

Equity instruments

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

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

Financial liabilities

1) Subsequent measurement

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

a) Financial liabilities at FVTPL

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

Financial liabilities held for trading are stated at fair value, with any gain or loss

arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 30.

b) Financial guarantee contracts

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

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

2) Derecognition of financial liabilities

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

Derivative financial instruments

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

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

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

m. Hedge accounting

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

1) Fair value hedges

Gain or losses on derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the

hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

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

2) Cash flow hedges

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

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

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

n. Levies

Levies imposed by a government are accrued as other liabilities when the transactions or activities that trigger the payment of such levies occur. If the obligating event occurs over a period of time, the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold, the liability is recognized when that minimum threshold is reached.

o. Provisions

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

p. Revenue recognition

The Group identifies contracts with the customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods and real estate

Revenue from the sale of goods and real estate comes from sales of wires, cables, stainless steel and real estate. Sales of wires, cables and stainless steel are recognized as revenue

when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

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

Regarding contracts relating to the sale of real estate in the course of ordinary activities, a fixed transaction price is received in instalments and recognized as a contract liability. The transaction price, after adjusting for the effect of the significant financing component, is recognized as revenue when the construction is completed and the real estate is transferred to the buyer.

2) Revenue from the others

a) Revenue from the rendering of services

Service income is recognized when services are rendered. Revenue should be recognized over time by measuring the progress toward complete satisfaction of the performance obligation. Payment for installation services is not due from the customer until the installation services are complete, and therefore, a contract asset is recognized over the period in which the installation services are performed. The contract asset is reclassified to trade receivables when installation is complete.

b) Construction contract revenue

A contract asset is recognized during construction and is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognized to date, then the Group recognizes a contract liability for the difference. Certain payments retained by the customer as specified in the contract are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligation.

When it is not able to reasonably measure the Group's progress toward satisfaction of the performance obligation but expects to recover costs, the Group recognizes revenue only to the extent of costs incurred.

q. Leases

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

a) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under finance leases, the lease payments comprise fixed payments and variable lease payments which depend on an index or a rate. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct

costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

b) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

r. Government grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), are recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

t. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all (deductible temporary differences and unused loss carry forward) to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The accounts include allowance for doubtful trade receivable accounts, inventory valuation losses, depreciation, impairment, pension, deferred tax assets, etc. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are audited on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH AND CASH EQUIVALENTS

| | December 31 | | | |
|------------------------------------|-------------|------------|-------------|------------|
| | 2021 | | 2020 | |
| Cash on hand | \$ | 2,926 | \$ | 3,216 |
| Checking accounts and cash in bank | | 8,473,267 | | 9,723,431 |
| Cash equivalents | | | | |
| Time deposits | | 1,801,526 | | 2,108,064 |
| Short-term bills | | 109,862 | | 109,697 |
| | <u>\$</u> | 10,387,581 | <u>\$ 1</u> | 11,944,408 |

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%):

| | Decem | December 31 | | | |
|------------------|--------------|--------------|--|--|--|
| | 2021 | 2020 | | | |
| Bank balance | 0.001%-2.75% | 0.001%-3.90% | | | |
| Short-term bills | 0.16% | 0.18% | | | |

As of December 31, 2021 and 2020, certain time deposits were classified and pledged as follows:

| | | Decen | iber 31 |
|----------------------------------|---|-------------------|-------------------|
| | Purpose | 2021 | 2020 |
| Other financial assets - current | | | |
| Restricted time deposits | Negotiable certificate of deposits (not expired) | \$ - | \$ 2,300 |
| Restricted deposits | To meet contract requirements for completing construction | 18,139 | 14,516 |
| | To secure short-term borrowings and letters of credit | 370,054 | 523,952 |
| | Repatriation of offshore funds and project grants | 80,493 | 85,160 |
| | 8 | 468,686 | 625,928 |
| Refundable deposits | | | |
| Other - pledged time deposits | To meet contract requirements for completing construction | 51,667 | 51,528 |
| | To meet required security deposit | 867 | 878 |
| Other non-current assets - other | To secure long-term borrowings | 52,534 | 8,730 61,136 |
| | | <u>\$ 521,220</u> | <u>\$ 687,064</u> |

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | December 31 | | |
|---|-----------------------|------------------|--|
| | 2021 | 2020 | |
| Financial assets mandatorily classified as at FVTPL | | | |
| Derivative financial assets (not under hedge accounting) Commodity futures contracts Foreign exchange forward contracts Options | \$ 1,940 14,207 | \$ 73,329 | |
| Hybrid financial assets | | | |
| Corporate bonds | _ | <u>5,683,859</u> | |
| Financial assets at FVTPL | <u>\$ 16,147</u> | \$ 5,757,188 | |
| Current | \$ 16,147 | \$ 73,329 | |
| Non-current | <u> </u> | 5,683,859 | |
| | \$ 16,147 | \$ 5,757,188 | |
| Financial liabilities held for trading | | | |
| Derivative financial liabilities (not under hedge accounting) Foreign exchange forward contracts Exchange rate swap contracts | \$ - <u>37,439</u> | \$ 8,374 | |
| Financial liabilities at FVTPL | <u>\$ 37,439</u> | <u>\$ 8,374</u> | |
| Current | \$ 37,439 | \$ 8,374 | |
| Non-current | | | |
| | <u>\$ 37,439</u> | <u>\$ 8,374</u> | |

a. As of December 31, 2021 and 2020, outstanding commodity futures not under hedge accounting were as follows:

| | Type of Transaction | Quantity (Tons) | Trade Date | Expiration Date | Exercise Price (In Thousands) | Market Price (In Thousands) | Valuation (Loss) Gain (In Thousands) |
|-----------------------------|------------------------|--------------------|---------------------------|---------------------------|----------------------------------|--------------------------------|--|
| <u>December 31, 2021</u> | | | | | | | |
| Commodity futures contracts | | | | | | | |
| Copper | Buy | 9,925 | 2021.09.01- 2021.12.31 | 2022.01.19- 2022.04.20 | US\$ 94,424 | US\$ 96,834 | US\$ 2,410 |
| Copper | Sell | 3,050 | 2021.12.10- 2021.12.31 | 2022.01.19- 2022.03.31 | US\$ 29,229 | US\$ 29,846 | US\$ (617) |
| Nickel | Sell | 2,238 | 2021.11.04- 2021.12.31 | 2022.02.04- 2022.03.31 | US\$ 44,698 | US\$ 46,459 | US\$ (1,761) |
| Copper | Buy | 1,770 | 2021.09.07- 2021.12.31 | 2022.01.31- 2022.06.30 | RMB 124,483 | RMB 124,618 | RMB 135 |
| Zinc | Buy | 275 | 2021.10.14- 2021.12.10 | 2022.03.31 | RMB 6,520 | RMB 6,630 | RMB 110 |

(Continued)

| | Type of Transaction | Quantity (Tons) | Trade Date | Expiration Date | Exercise Price (In Thousands) | Market Price (In Thousands) | Valuation (Loss) Gain (In Thousands) |
|-----------------------------|------------------------|--------------------|---------------------------|---------------------------|----------------------------------|--------------------------------|--|
| <u>December 31, 2020</u> | | | | | | | |
| Commodity futures contracts | | | | | | | |
| Copper | Buy | 10,250 | 2020.04.30- 2020.12.31 | 2021.01.20- 2021.10.20 | US\$ 76,919 | US\$ 79,276 | US\$ 2,357 |
| Nickel | Sell | 882 | 2020.10.15- 2020.12.17 | 2021.01.15- 2021.03.17 | US\$ 14,560 | US\$ 14,597 | US\$ (37) |
| Copper | Buy | 1,125 | 2020.10.12- 2020.12.30 | 2021.01.31- 2021.07.31 | RMB 63,272 | RMB 65,034 | RMB 1,762 |
| Zinc | Buy | 155 | 2020.12.09- 2020.12.30 | 2021.01.31- 2021.02.28 | RMB 3,318 | RMB 3,233 | RMB (85) |
| Stainless steel | Buy | 3,000 | 2020.12.31 | 2021.03.31 | RMB 40,121 | RMB 40,110 | RMB (11) (Concluded) |

b. At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

| | Currency | Maturity Date | Notional Amount (In Thousands) |
|--------------------------|------------|-----------------------|-----------------------------------|
| <u>December 31, 2021</u> | | | |
| Sell | EUR to USD | 2022.01.08-2022.02.17 | EUR18,000/USD20,326 |
| | USD to NTD | 2022.01.07-2022.02.10 | USD100,000/NTD2,776,800 |
| | USD to RMB | 2022.01.13-2022.07.20 | USD83,643/RMB536,528 |
| | EUR to MYR | 2022.01.14-2022.03.02 | EUR1,160/MYR5,590 |
| Buy | USD to NTD | 2022.01.06-2022.02.21 | USD129,363/NTD3,579,887 |
| | USD to JPY | 2022.01.12-2022.01.24 | USD9,430/JPY1,077,970 |
| | EUR to USD | 2022.01.10 | EUR25,405/USD28,694 |
| | USD to SGD | 2022.01.12 | USD20,207/SGD27,651 |
| | USD to RMB | 2022.01.13 | USD10,000/RMB63,611 |
| <u>December 31, 2020</u> | | | |
| Sell | EUR to MYR | 2021.01.15-2021.06.28 | EUR887/MYR4,378 |
| | USD to MYR | 2021.01.29 | USD300/MYR1,210 |
| | EUR to USD | 2021.04.08 | EUR8,180/USD10,065 |
| | USD to NTD | 2021.04.08 | USD10,000/NTD280,870 |
| | USD to RMB | 2021.01.04-2021.01.28 | USD115,000/RMB752,822 |
| Buy | USD to NTD | 2021.01.05 | USD60,000/NTD1,699,190 |
| | USD to JPY | 2021.01.28 | USD5,343/JPY553,220 |
| | USD to SGD | 2021.01.19 | USD38,781/SGD51,851 |

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

| | Currency | Maturity Date | Notional Amount (In Thousands) |
|-------------------|------------|---------------|--------------------------------|
| December 31, 2021 | USD to NTD | 2022.01.12 | USD75,000/NTD2,097,188 |
| | USD to NTD | 2022.01.12 | USD70,000/NTD1,957,375 |
| | USD to NTD | 2022.01.14 | USD40,000/NTD1,109,600 |

- d. For the years ended December 31, 2021 and 2020, the Group's strategy for commodity futures contracts, foreign exchange forward contracts and exchange rate swap contracts was to hedge exposures to fluctuations of essential materials' prices and foreign exchange rates. However, those derivative financial instruments did not meet the criteria of hedge effectiveness; therefore, they were not accounted for by hedge accounting.
- e. In January 2020, the Group bought 2-year corporate bonds of Golden Harbour International Pte. Ltd. in the amount of US\$178,500 thousand. The bonds are embedded derivative instruments that pay a fixed interest rate of 5% plus a floating spread per annum. Due to the cash flow demand, the Group communicated with Golden Harbour International Pte. Ltd. on August 27, 2021 to exercise the early redemption to pay back the bonds. Refer to Note 15.
- f. In January 2020, the Group bought an option contract for US\$50 thousand. Under the contract, the issuer of the option will make an unconditional payment to the Group for the principal and interest of the abovementioned bonds if Golden Harbour International Pte. Ltd fails to redeem the bonds at maturity.

8. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

| | December 31 | | |
|--|------------------|----------|--|
| | 2021 2020 | | |
| Financial assets - current | | | |
| Fair value hedges - exchange rate swap contracts | <u>\$ 89,232</u> | \$ 8,282 | |

The Group used exchange rate swap contracts to minimize its exposure to changes in the exchange rate of its foreign-currency trade receivable and trade payable. The exchange rate swaps and the corresponding financial assets have the same terms, and management believes that the exchange rate swaps are highly effective hedging instruments. The outstanding exchange rate swap contracts of the Group at the end of the year were as follows:

| | Currency | Maturity Date | Notional Amount (In Thousands) |
|------------------------------|--|--|---|
| <u>December 31, 2021</u> | | | |
| Exchange rate swap contracts | USD to RMB USD to RMB USD to RMB USD to RMB | 2022.01.14 2022.01.14 2022.06.08 2022.06.08 | USD75,000/RMB488,325 USD70,000/RMB455,700 USD20,000/RMB129,220 USD15,000/RMB96,921 |
| <u>December 31, 2020</u> | | | |
| Exchange rate swap contracts | USD to NTD USD to NTD USD to NTD USD to NTD USD to NTD | 2021.01.13 2021.01.13 2021.01.13 2021.01.13 2021.01.13 | USD21,000/NTD607,457 USD21,000/NTD607,467 USD30,000/NTD867,795 USD30,000/NTD867,810 USD30,000/NTD867,810 (Continued) |

| Currency | Maturity Date | Notional Amount (In Thousands) |
|------------|---------------|-----------------------------------|
| USD to NTD | 2021.01.13 | USD30,000/NTD867,810 |
| USD to NTD | 2021.01.13 | USD27,000/NTD781,029 |
| USD to NTD | 2021.01.13 | USD11,000/NTD318,197 |
| USD to RMB | 2021.01.15 | USD21,000/RMB141,259 |
| USD to RMB | 2021.01.15 | USD21,000/RMB141,246 |
| USD to RMB | 2021.01.15 | USD80,000/RMB538,128 |
| USD to RMB | 2021.01.15 | USD40,000/RMB269,040 |
| USD to RMB | 2021.01.15 | USD27,000/RMB181,607 |
| | | (Concluded) |
| | | |

| | For the Year Ended December 31 | | |
|---------------------------------|--------------------------------|------------------|--|
| | 2021 | 2020 | |
| Gain on the hedging instruments | \$ 89,232 | \$ 8,282 | |
| Loss on the hedged items | <u>\$ 52,963</u> | <u>\$ 42,075</u> | |

9. FINANCIAL ASSETS AT AMORTIZED COST

| | December 31 | | |
|---|-------------|---------------------|--|
| | 2021 | 2020 | |
| <u>Current</u> | | | |
| Foreign investments Interest rate-linked structured investment deposits | <u>\$</u> | <u>\$ 1,315,970</u> | |

The interest rates for interest rate-linked structured investment deposits was 3.2% as of December 31,2020.

10. CONTRACT ASSETS

As of December 31, 2021 and 2020, contract balances were as follows:

| | December 31 | | |
|-------------------------------------|--------------|--------------|--|
| | 2021 | 2020 | |
| Contract assets | | | |
| Cable installation | \$ 840,341 | \$ 781,196 | |
| Solar power systems installation | 4,910,003 | 3,679,796 | |
| Less: Allowance for impairment loss | _ | | |
| Contract assets - current | \$ 5,750,344 | \$ 4,460,992 | |

The changes in the balance of contract assets primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

11. NOTES RECEIVABLE AND TRADE RECEIVABLES

| | December 31 | | |
|---|---------------------------|--------------------------|--|
| | 2021 | 2020 | |
| Notes receivable | | | |
| Notes receivable | <u>\$ 2,627,411</u> | \$ 2,974,132 | |
| Trade receivables | | | |
| Trade receivables Less: Allowance for impairment loss | \$ 11,138,592 (92,903) | \$ 7,637,153 (94,022) | |
| | <u>\$ 11,045,689</u> | <u>\$ 7,543,131</u> | |

The average credit period on the sale of goods was 60 days. In determining the collectability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. In this regard, the management believes the Group's credit risk is significantly reduced.

The Group applies the simplified approach prescribed by IFRS 9 to measure the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience with the respective debtors and an analysis of the debtors' current financial positions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on the past due status of receivables is not further distinguished according to different segments of the Group's customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, they are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2021

| | Not Past Due | Less than 90 Days | 91 to 180 Days | 181 to 365 Days | More than 365 Days | Total |
|--|--------------|----------------------|-------------------|--------------------|-----------------------|--------------|
| Expected credit loss rate | 0% | 0%-2% | 0%-50% | 0%-100% | 50%-100% | |
| Gross carrying amount Loss allowance (lifetime | \$ 9,374,469 | \$ 1,373,270 | \$ 224,201 | \$ 74,105 | \$ 92,547 | \$11,138,592 |
| ECLs) | _ | (2,081) | (12,786) | (10,688) | (67,348) | (92,903) |
| Amortized cost | \$ 9,374,469 | \$ 1,371,189 | \$ 211,415 | \$ 63,417 | \$ 25,199 | \$11,045,689 |

<u>December 31, 2020</u>

| | Not Past Due | Less than 90 Days | 91 to 180 Days | 181 to 365 Days | More than 365 Days | Total |
|---|---------------------|----------------------|-------------------|--------------------|-----------------------|--------------------|
| Expected credit loss rate | 0% | 0%-2% | 0%-50% | 0%-100% | 50%-100% | |
| Gross carrying amount Loss allowance (lifetime | \$ 4,721,878 | \$2,367,951 | \$ 276,842 | \$ 153,113 | \$ 117,369 | \$7,637,153 |
| ECLs) | - | (1,937) | (8,503) | (13,451) | (70,131) | (94,022) |
| Amortized cost | <u>\$ 4,721,878</u> | \$2,366,014 | \$ 268,339 | \$ 139,662 | <u>\$ 47,238</u> | <u>\$7,543,131</u> |

The movements of the loss allowance of trade receivables were as follows:

| | For the Year Ended December 31 | | |
|---|--------------------------------|------------------|--|
| | 2021 | 2020 | |
| Balance at January 1 | \$ 94,022 | \$ 68,967 | |
| Add: Amount recovered | 8,764 | 26,688 | |
| (Less) add: Net remeasurement of loss allowance | (7,900) | 12,209 | |
| Less: Amounts written off | (508) | (13,135) | |
| Foreign exchange gains and losses | (1,475) | (707) | |
| Balance at December 31 | <u>\$ 92,903</u> | <u>\$ 94,022</u> | |

12. FINANCE LEASE RECEIVABLES

| | For the Year End | For the Year Ended December 31 | | |
|------------------------------------|-------------------|--------------------------------|--|--|
| | 2021 | 2020 | | |
| <u>Undiscounted lease payments</u> | | | | |
| Year 1 | \$ 81,359 | \$ 81,359 | | |
| Year 2 | 81,359 | 81,359 | | |
| Year 3 | 81,359 | 81,359 | | |
| Year 4 | 81,359 | 81,359 | | |
| Year 5 | 81,359 | 81,359 | | |
| Year 6 onwards | <u>450,376</u> | 531,735 | | |
| | 857,171 | 938,530 | | |
| Less: Unearned finance income | <u>(136,586</u>) | <u>(161,817</u>) | | |
| | | | | |

(Continued)

| | December 31 | |
|---|-------------------|-------------------|
| | 2021 | 2020 |
| Net investment in leases presented as finance lease | | |
| receivables | <u>\$ 720,585</u> | <u>\$ 776,713</u> |
| Current | \$ 58,042 | \$ 56,128 |
| Non-current | 662,543 | <u>720,585</u> |
| | <u>\$ 720,585</u> | <u>\$ 776,713</u> |
| | | (Concluded) |

The power supply contracts of solar power equipment are recognized in accordance with the accounting policies of finance leases. The average term of finance leases entered into was 20 years.

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The average effective interest rate contracted was approximately 3.30% per annum as of December 31, 2021 and 2020.

The finance lease receivables as of December 31, 2021 and 2020 were neither past due nor impaired.

The amounts of finance lease receivables and lease receivables pledged as collateral for bank borrowings are set out in Note 32.

13. INVENTORIES

| | December 31 | |
|--------------------------------------|----------------------|----------------------|
| | 2021 | 2020 |
| Manufacturing and trading industries | | |
| Raw materials | \$ 6,753,215 | \$ 3,804,593 |
| Raw materials in transit | 2,609,416 | 1,426,333 |
| Supplies | 1,780,788 | 1,420,645 |
| Work-in-process | 3,726,215 | 2,495,808 |
| Finished goods and merchandise | 9,435,648 | 5,493,205 |
| Contracts in progress | 229,425 | 317,612 |
| • • | 24,534,707 | 14,958,196 |
| Real estate development industry | | |
| Undeveloped land | 3,434 | 3,434 |
| Buildings and land held for sale | 211,858 | 218,402 |
| Contracts in progress | 6,909,724 | 5,900,503 |
| | 7,125,016 | 6,122,339 |
| | | |
| | <u>\$ 31,659,723</u> | <u>\$ 21,080,535</u> |

a. The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was NT\$135,868,487 thousand and NT\$99,095,630 thousand, respectively.

- b. The cost of goods sold for the years ended December 31, 2021 and 2020 included reversals of inventory write-downs of NT\$38,114 thousand and NT\$323,333 thousand, respectively. The reversals of previous write-downs for the years ended December 31, 2021 and 2020 resulted from the inventory closeout.
- c. The purchase of inventory for the real estate development industry is primarily for the land, construction costs of future construction and construction projects which are still under development of Walsin (Nanjing) Construction Co., Ltd.
- d. Walsin (Nanjing) Construction Co., Ltd. entered into an agreement with third parties for the sale of real estate as of December 31, 2021 and 2020; the selling prices for the related residential buildings and office buildings were RMB2,400 thousand and RMB1,346,175 thousand, respectively. The sales of the real estate in the amounts of NT\$9,918 thousand and NT\$5,495,319 thousand were recorded as operating revenue for the years ended December 31, 2021 and 2020, respectively.

14. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | December 31 | | |
|-----------------------------------|----------------------|--------------|--|
| | 2021 | 2020 | |
| Domestic listed ordinary shares | | | |
| HannStar Display Corp. | \$ 5,423,342 | \$ 3,685,476 | |
| HannStar Board Corp. | 2,894,429 | 2,763,734 | |
| TECO Electric & Machinery Corp. | 7,293,386 | 26,378 | |
| Global PMX Co., Ltd. | 15,928 | - | |
| Domestic unlisted ordinary shares | 560,757 | 339,955 | |
| Foreign unlisted ordinary shares | 102,745 | 95,101 | |
| | <u>\$ 16,290,587</u> | \$ 6,910,644 | |
| Current | \$ - | \$ - | |
| Non-current | 16,290,587 | 6,910,644 | |
| | <u>\$ 16,290,587</u> | \$ 6,910,644 | |

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management selected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. In the December 31, 2021 and 2020, the unrealized valuation gains resulting from these investments in equity instruments were NT\$2,594,208 thousand and NT\$1,077,834 thousand, respectively, recognized in other comprehensive income (loss).

On January 6, 2021, the Group issued 205,333 thousand shares in exchange for 171,104 thousand shares of TECO Electric & Machinery Co., Ltd. WLC and TECO agreed to build a strategic alliance to enhance competitiveness and cooperation in next generation smart grid, smart manufacturing, and green energy industry. In addition, the Group also acquired the shares of TECO Electric & Machinery Co., Ltd. from the open market. As of December 31, 2021 and December 31, 2020, the Group held a total of 230,439 thousand and 954 thousand shares, respectively, of TECO Electric & Machinery Co., Ltd.

15. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

The consolidated entities as of December 31, 2021 and 2020 were as follows:

| | | | | Ownership |
|-----------------------------|--|---|----------------|--------------|
| . | . | M . D . | | ember 31 |
| Investor | Investee | Main Business | 2021 | 2020 |
| Walsin Lihwa Corporation | Walsin Lihwa Holdings Limited (WLHL) | Investment holding | 100.00 | 100.00 |
| corporation | Concord Industries Limited (CIL) | Investment holding | 100.00 | 100.00 |
| | Ace Result Global Limited | Investment holding | 100.00 | 100.00 |
| | Energy Pilot Limited (Energy | Investment holding | - (NI (2)) | - OI (O) |
| | Pilot) Market Pilot Limited (Market | Investment holding | (Note 2) | (Note 2) |
| | Pilot) | investment notding | (Note 5) | (Note 5) |
| | Min Maw Precision Industry | Solar power systems management, | 100.00 | 100.00 |
| | Corp. (Min Maw) | design, and installation | 00.51 | 00.51 |
| | Walsin Info-Electric Corp. (Walsin Info-Electric) | Mechanical and electrical, communications, and power systems | 99.51 | 99.51 |
| | Jin-Cherng Construction Co. (Jin-Cherng) | Investment in the construction of residential and commercial buildings sold, rented design and interior decoration business contractors | 99.22 | 99.22 |
| | Joint Success Enterprises Limited | Investments | 49.05 | 49.05 |
| | P.T. Walsin Lippo Industries (P.T. Walsin) | Manufacture and sale of cables and wires | 70.00 | 70.00 |
| | PT. Walsin Lippo Kabel | Cables and wires | 70.00 | 70.00 |
| | Waltuo Green Resources Corp. | Waste disposal, resource recovery and cement products | 100.00 | 100.00 |
| | PT. Walsin Nickel Industrial | Manufacture and sale of nickel pig | 50.00 | 50.00 |
| | Indonesia | iron | (Note 1) | (Note 1) |
| | Walsin Precision Technology | Manufacture and sale of stainless steel | 100.00 | - |
| | Sdn. Bhd. | | (Note 8) | |
| | New Hono Investment Pte. Ltd. | Investment holding | 100.00 | - |
| | | | (Note 1) | |
| New Hono | PT. Walsin Nickel Industrial | Manufacture and sale of nickel pig | 42.00 | - |
| Investment Pte. Ltd. | Indonesia | iron | (Note 1) | (Note 1) |
| WLHL | Walsin (China) Investment Co., Ltd. | Investment holding | 100.00 | 100.00 |
| | Jiangyin Walsin Steel Cable Co., Ltd. (JHS) | Manufacture and sale of steel cables and wires | 100.00 | 100.00 |
| | Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. | Manufacture and sale of cables and wires | 95.71 | 95.71 |
| | Dongguan Walsin Wire & Cable Co., Ltd. | Manufacture and sale of bare copper cables and wires | 100.00 | 100.00 |
| | Renowned International Limited | Investments | _ | _ |
| | Renowned International Emilied | mvestments | (Note 3) | (Note 3) |
| | Walsin International Investments Limited | Investments | 100.00 | 100.00 |
| | Borrego Solar System, Inc. | Solar power system | 73.49 | 73.66 |
| | Nanjing Taiwan Trade Mart | Business and assets management, | 100.00 | 100.00 |
| | Management Co., Ltd. | consulting and advertising services | | |
| | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Manufacture and sale of cold-rolled stainless steel and flat-rolled | 18.37 | 18.37 |
| CIL | Walsin Specialty Steel Corp. | products Sale of specialty steel products and investment | 100.00 | 100.00 |
| | Changshu Walsin Specialty Steel Co., Ltd. | Manufacture and sale of specialized steel tubes, rods and wires | 100.00 | 100.00 |
| | Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd. | Manufacture and sale of stainless steel | 100.00 | 100.00 |
| | | | | (Continued) |

| | | | % of (| Ownership |
|--------------|--|---|---------------|-------------------------|
| | | | | ember 31 |
| Investor | Investee | Main Business | 2021 | 2020 |
| | Yantai Walsin Stainless Steel Co., Ltd. | Production and sale of new-type alloy materials | 100.00 | 100.00 |
| | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Manufacture and sale of cold-rolled stainless steel and flat-rolled products | 81.63 | 81.63 |
| | Walsin Precision Technology Sdn. Bhd. | Manufacture and sale of stainless steel | - (Note 8) | 100.00 |
| | XiAn Walsin Metal Product Co., Ltd. | Production and sale of medium and heavy specialty steel plates | 100.00 | 100.00 |
| | Walsin Lihwa (Changzhou) Investment Co., Ltd. | Commerce and investments | - (Note 6) | - (Note 6) |
| Jin-Cherng | Joint Success Enterprises Limited | Investments | 50.95 | 50.95 |
| | Walsin (Nanjing) Construction Limited | Construction, rental and sale of buildings and industrial factories | 100.00 | 100.00 |
| | Nanjing Walsin Property Management Co., Ltd. | Property management, business management and housing leasing | 100.00 | 100.00 |
| | Walsin Nanjing Culture and Arts Co., Ltd. | Organize culture and arts communication activity, cultural performance, culture and arts forwarding agency | (Note 9) | 100.00 |
| | Walsin Nanjing Commercial Management Co., Ltd. | Business management, food marketing, catering services and sale of groceries | (Note 4) | (Note 4) |
| Market Pilot | XiAn Walsin United Technology | Electronic devices and module | - | - |
| Limited | Co., Ltd. | | (Note 7) | (Note 7) (Concluded) |

- Note 1: In January 2020, the Group invested capital to establish PT. Walsin Nickel Industrial Indonesia ("WNII"). New Hono Investment Pte. Ltd ("NHI") held 42% equity of WNII. According to the joint venture agreement signed by the Group and NHI in January 2020, the Group had the right to purchase 100% of NHI's shares on the terms agreed by all parties to acquire 42% equity of WNII indirectly. On June 25, 2021, the board of directors of the Company resolved to acquire 100% of NHI's shares and the Group acquired 100% of NHI's shares at a price US\$178,500 thousand on July 30, 2021. After the transaction, the Group directly and indirectly acquired 92% of WNII's shares. The Investment Commission of the Ministry of Economic Affairs has approved the investment to pay by the Group's own foreign exchange. Therefore, the Group communicated with Golden Harbour International Pte. Ltd. to exercise the early redemption and to pay back the US-currency bonds. The Group will pay the purchase of NHI's shares by the redemption of the bonds. As of December 31, 2021, US\$178,500 thousand has been paid.
- Note 2: The liquidation of Energy Pilot Limited was completed on September 3, 2020.
- Note 3: The liquidation of Renowned International Limited was completed on August 24, 2020.
- Note 4: The liquidation of Walsin Nanjing Commercial Management Co., Ltd. was completed on December 7, 2020.
- Note 5: The liquidation of Market Pilot Limited was completed on December 9, 2020.
- Note 6: The liquidation of Walsin Lihwa (Changzhou) Investment Co., Ltd. was completed on October 19, 2020.

- Note 7: The liquidation of XiAn Walsin United Technology Co., Ltd. was completed on December 7, 2020.
- Note 8: In order to adjust the investment structure of the Group, it was transferred from CIL to WLC.
- Note 9: The liquidation of Walsin Nanjing Culture and Arts Co., Ltd. was completed on December 22, 2021.
- b. The following entities were excluded from consolidation as of December 31, 2021 and 2020:

| | | | % of Ow | nership | |
|----------|------------------------------------|---------------|-------------|---------|------|
| | | • | December 31 | | |
| Investor | Investee | Main Business | 2021 | 2020 | Note |
| WLHL | Walcom Chemical Industrial Limited | Commerce | 65.00 | 65.00 | Note |

Note: The investee has a capital of HK\$500 thousand and total assets of HK\$1 thousand. As of December 31, 2021 and 2020, the investee had no sales, and its total assets were less than 1% of the Group's consolidated total assets.

The financial statements of certain subsidiaries included in the consolidated financial statements, namely P.T. Walsin Lippo Industries (P.T. Walsin), Borrego Solar System, Inc. and Walsin Precision Technology Sdn, Bhd. were not audited by the auditor of WLC but by other auditors. As of December 31, 2021 and 2020, the combined total assets of those subsidiaries were NT\$10,292,042 thousand and NT\$10,148,841 thousand, respectively; for the years ended December 31, 2021 and 2020, the combined net operating revenues of these subsidiaries were NT\$17,799,306 thousand and NT\$18,427,711 thousand, respectively.

December 21

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates:

| | December 31 | | | |
|---|---|-------------------------|--|-------------------------|
| | 202 | 1 | 2020 | |
| Name of Associate | Carrying Value | Ownership Percentage | Carrying Value | Ownership Percentage |
| Material associates | | | | |
| Winbond Electronics Corp. Walton Advanced Engineering, Inc. Walsin Technology Corp. | \$ 18,357,864 2,322,664 8,166,415 | 22.21 21.01 18.30 | \$14,595,661 2,601,028 7,068,731 | 22.21 21.65 18.30 |
| Associates that are not individually material Others | 10,604,174 | | 8,501,671 | |
| | \$ 39,451,117 | | <u>\$32,767,091</u> | |

Refer to Table 8 "Information on Investees" and Table 9 "Information on Investments in Mainland China" for the nature of activities, principal place of business and country of incorporation of the associates.

The Group is the single largest shareholder of the abovementioned material associates in which the Group has an ownership percentage of less than 50%. Considering the relative size and wide dispersion of the voting rights owned by other shareholders, the Group has no ability to direct the relevant activities of the associates and therefore has no control over these associates.

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

| | December 31 | | | |
|-----------------------------------|----------------------|----------------------|--|--|
| Name of Associate | 2021 | 2020 | | |
| Winbond Electronics Corp. | \$ 30,050,846 | <u>\$ 25,675,797</u> | | |
| Walton Advanced Engineering, Inc. | <u>\$ 2,066,495</u> | <u>\$ 1,512,872</u> | | |
| Walsin Technology Corp. | <u>\$ 14,846,688</u> | <u>\$ 20,491,986</u> | | |

All the associates are accounted for using the equity method.

The Group's share of profit and other comprehensive income of associates for the years ended December 31, 2021 and 2020 were based on the associates' financial statements audited by independent auditors for the same period.

a. Material associates

December 31, 2021

| | Winbond Electronics Corp. | Walton Advanced Engineering, Inc. | Walsin Technology Corp. |
|--|---------------------------------|--|-------------------------------|
| Current assets Non-current assets Current liabilities Non-current liabilities Equity Non-controlling interests | \$ 72,506,733 | \$ 8,361,878 | \$ 41,187,886 |
| | 80,233,551 | 13,155,507 | 52,910,618 |
| | (28,644,931) | (5,019,961) | (21,557,433) |
| | (34,061,841) | (5,259,172) | (19,062,857) |
| | 90,033,512 | 11,238,252 | 53,478,214 |
| | (7,589,399) | (297,416) | (9,089,372) |
| Proportion of the Group's ownership Equity attributable to the Group Other adjustments | \$ 82,444,113 | \$ 10,940,836 | \$ 44,388,842 |
| | 22.21% | 21.01% | 18.30% |
| | \$ 18,310,837 | \$ 2,298,670 | \$ 8,123,158 |
| | 47,027 | 23,994 | 43,257 |
| | | | (Continued) |

| | Winbond Electronics Corp. | Walton Advanced Engineering, Inc. | Walsin Technology Corp. |
|--|---|--|---|
| Carrying amount Operating revenue | \$ 18,357,864 \$ 99,569,924 | \$ 2,322,664 \$ 8,118,256 | \$ 8,166,415 \$ 42,108,708 |
| Net profit for the year Other comprehensive income (loss) | \$ 15,000,122 4,186,931 | \$ 118,732 (892,554) | \$ 8,961,076 1,157,156 |
| Total comprehensive income for the year | <u>\$ 19,187,053</u> | \$ (773,822) | \$ 10,118,232 (Concluded) |
| <u>December 31, 2020</u> | | | |
| | Winbond Electronics Corp. | Walton Advanced Engineering, Inc. | Walsin Technology Corp. |
| Current assets Non-current assets Current liabilities Non-current liabilities Equity Non-controlling interests | \$ 47,530,801 78,512,439 (25,475,006) (29,975,547) 70,592,687 (5,143,568) \$ 65,449,119 | \$ 6,497,236 11,013,279 (3,189,422) (2,436,908) 11,884,185 | \$ 39,636,422 42,416,526 (19,714,368) (16,684,386) 45,654,194 (7,033,732) \$ 38,620,462 |
| Proportion of the Group's ownership | 22.21% | 21.65% | 18.30% |
| Equity attributable to the Group Other adjustments | \$ 14,536,249 59,412 | \$ 2,572,926 <u>28,102</u> | \$ 7,067,545 1,186 |
| Carrying amount | <u>\$ 14,595,661</u> | \$ 2,601,028 | \$ 7,068,731 |
| Operating revenue | \$ 60,683,171 | \$ 5,399,201 | \$ 35,599,197 |
| Net profit for the year Other comprehensive income (loss) | \$ 1,519,043 3,291,251 | \$ 254,887 (49,194) | \$ 7,217,645 657,013 |
| Total comprehensive income for the year | <u>\$ 4,810,294</u> | <u>\$ 205,693</u> | <u>\$ 7,874,658</u> |

b. Associates that are not individually material

| | For the Year Ended December 31 | | |
|---|--------------------------------|----------------|--|
| | 2021 | 2020 | |
| The Group's share of: Gain (loss) from continuing operations Other comprehensive income | \$ 327,147 | \$ 119,854 | |
| Total comprehensive income for the year | \$ 2,166,925 | \$ 1,929,499 | |

The Group's share of profit and other comprehensive income of the associates for the year ended December 31, 2021 and 2020 was based on the associates' financial statements audited by independent auditors for the same period. For the year ended December 31, 2021, Walsin Color Co., Ltd. was not audited by the auditor of WLC but by other auditors. As of December 31, 2021, the carrying amount of investments accounted for using the equity method was NT\$1,053,790 thousand; for the year ended December 31, 2021, the amounts of the share of loss were NT\$5,936 thousand, respectively.

17. PROPERTY, PLANT AND EQUIPMENT

| | | | | 202 | 21 | 2020 |
|--|---|---|---|--|--|---|
| Assets used by the Group | | | <u>\$ 41,4</u> | 74,488 \$ | 34,294,221 | |
| | Land | Buildings and Improvements | Machinery and Equipment | Other Equipment | Construction in Progress | Total |
| Cost | | | | | | |
| Balance at January 1, 2021 Additions Disposals Reclassified Reclassified as inventories Effect of foreign currency exchange differences | \$ 3,483,995 78,421 (1,164) 49,773 | \$ 16,545,654 90,205 (41,482) 1,463,134 682,342 (68,579) | \$ 25,806,284 1,600,733 (323,350) 8,021,006 | \$7,133,130 648,730 (178,162) 209,169 | \$ 8,576,988 7,592,258 (60) (9,743,082) | \$ 61,546,051 10,010,347 (544,218) - 682,342 (354,155) |
| Balance at December 31, 2021 Accumulated depreciation | <u>\$ 3,611,025</u> | \$ 18,671,274 | <u>\$ 34,969,055</u> | <u>\$7,783,638</u> | <u>\$ 6,305,375</u> | <u>\$ 71,340,367</u> |
| and impairment Balance at January 1, 2021 Disposals Impairment losses recognized (reversed) Depreciation expenses Reclassified Effect of foreign currency | \$ 8,067 - - - - | \$ 6,265,972 (37,511) 71,468 760,482 55,108 | \$ 15,948,131 (305,754) 630,232 1,288,451 4,583 | \$5,029,660 (171,011) (7,898) 450,632 (59,691) | \$ - - - - | \$ 27,251,830 (514,276) 693,802 2,499,565 |
| exchange differences Balance at December 31, 2021 | <u>\$ 8,067</u> | (12,753) \$ 7,102,766 | (37,899) \$_17,527,744 | (14,390) \$5,227,302 | <u> </u> | (65,042) \$ 29,865,879 (Continued) |

| | Land | Buildings and Improvements | Machinery and Equipment | Other Equipment | Construction in Progress | Total |
|---|-----------------------------------|--|--|--|--|--|
| Carrying amount at December 31, 2021 | <u>\$ 3,602,958</u> | <u>\$ 11,568,508</u> | <u>\$ 17,441,311</u> | <u>\$2,556,336</u> | <u>\$ 6,305,375</u> | <u>\$ 41,474,488</u> |
| Cost | | | | | | |
| Balance at January 1, 2020 Additions Disposals Reclassified Reclassified as inventories Effect of foreign currency exchange differences | \$ 3,453,378 30,617 - - | \$ 16,144,426 71,752 (6,290) 206,871 (20,674) 149,569 | \$ 25,268,998 250,651 (252,518) 501,545 | \$6,375,790 554,663 (132,739) 292,364 (2,782) 45,834 | \$ 2,001,693 7,840,247 (15,476) (1,000,780) | \$ 53,244,285 8,747,930 (407,023) - (23,456) (15,685) |
| Balance at December 31, 2020 Accumulated depreciation and impairment | \$ 3,483,995 | <u>\$ 16,545,654</u> | \$ 25,806,284 | <u>\$7,133,130</u> | \$ 8,576,988 | <u>\$ 61,546,051</u> |
| Balance at January 1, 2020 Disposals Impairment losses recognized (reversed) Depreciation expenses Reclassified Reclassified as inventories Effect of foreign currency exchange differences | \$ 8,067 - - - - - | \$ 5,531,108 (5,723) - 696,929 - - 43,658 | \$ 15,120,400 (243,278) - 1,021,262 (976) - 50,723 | \$4,739,601 (128,359) (691) 385,930 976 (2,086) 34,289 | \$ - - - - - | \$ 25,399,176 (377,360) (691) 2,104,121 - (2,086) |
| Balance at December 31, 2020 | <u>\$ 8,067</u> | <u>\$ 6,265,972</u> | <u>\$ 15,948,131</u> | <u>\$5,029,660</u> | <u>\$</u> | <u>\$ 27,251,830</u> |
| Carrying amount at December 31, 2020 | <u>\$ 3,475,928</u> | \$ 10,279,682 | \$ 9,858,153 | \$2,103,470 | <u>\$ 8,576,988</u> | <u>\$ 34,294,221</u> |

The property, plant, and machinery equipment of PT. Walsin Nickel Industrial Indonesia which is the subsidiary of the Group is depreciated on an accelerated basis over their estimated useful lives for 16 years.

Apart from stated above, the above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

| Buildings and improvements | 3-50 years |
|----------------------------|------------|
| Machinery and equipment | 3-20 years |
| Other equipment | 3-15 years |

The Group's main buildings and electrical and mechanical power equipment are depreciated over their estimated useful lives of 20-50 years and 18-20 years, respectively.

WLC owns parcels of land which were registered in the name of certain individuals because of certain regulatory restrictions. To secure its ownership of such parcels of land, WLC keeps in its possession the land titles with the annotation of the land being pledged to WLC. As of December 31, 2021 and 2020, the recorded total carrying amount of such parcels of land amounted to NT\$491,917 thousand.

After appropriate evaluation, the Group recognized an impairment loss on property, plant and equipment of NT\$693,801 thousand for the year ended December 31, 2021.

18. LEASE ARRANGEMENTS

a. Right-of-use assets

b.

| | Decen | nber 31 |
|---|-----------------------------------|-----------------------------------|
| | 2021 | 2020 |
| Carrying amount | | |
| Land Buildings Transportation equipment | \$ 1,643,343 124,948 35,219 | \$ 1,480,251 156,056 28,099 |
| | <u>\$ 1,803,510</u> | <u>\$ 1,664,406</u> |
| | For the Year End 2021 | ded December 31 2020 |
| Additions to right-of-use assets Disposal | \$ 291,861 \$ (7,762) | \$ 424,199 \$ (1,245) |
| Depreciation charge for right-of-use assets Land Buildings Transportation equipment | \$ 57,774 57,569 16,964 | \$ 53,383 62,564 |
| Lease liabilities | <u>\$ 132,307</u> | <u>\$ 131,416</u> |
| | Decen | ıber 31 |
| | 2021 | 2020 |
| Carrying amount | | |
| Current Non-current | \$\ 71,470 \\$\ 243,676 | \$ 75,261 \$ 274,442 |

Range of discount rates for lease liabilities was as follows:

| | December 31 | | |
|--------------------------|---------------------------|---------------------------|--|
| | 2021 2020 | | |
| Land Buildings | 0.83%-6.123% 1.409%-8% | 0.83%-6.123% 1.409%-8% | |
| Transportation equipment | 3.038%-5.75% | 3.038%-5.75% | |

c. Other lease information

| | For the Year Ended December 31 | | |
|--|--------------------------------|----------------------|--|
| | 2021 | 2020 | |
| Expenses relating to short-term leases | \$ 45,453 \$ 722 | \$ 77,768 | |
| Expenses relating to low-value asset leases Expenses relating to variable lease payments not | <u>\$ 122</u> | <u>\$ 663</u> | |
| included in the measurement of lease liabilities | <u>\$ 8,688</u> | <u>\$ 8,683</u> | |
| Total cash outflow for leases | <u>\$ (144,657</u>) | <u>\$ (170,946</u>) | |

19. INVESTMENT PROPERTIES

| | Decen | iber 31 |
|---|----------------------|---------------------------------------|
| | 2021 | 2020 |
| Completed investment properties | <u>\$ 10,431,063</u> | <u>\$ 9,874,926</u> |
| | | Completed Investment Properties |
| Cost | | |
| Balance at January 1, 2021 Additions | | \$ 12,271,365 2,362 |
| Reclassified from inventories | | 725,571 |
| Effects of foreign currency exchange differences | | (7,944) |
| Balance at December 31, 2021 | | <u>\$ 12,991,354</u> |
| Balance at January 1, 2020 | | \$ 12,248,696 |
| Additions | | 547 |
| Transferred to inventories Effects of foreign currency exchange differences | | (2,188) 24,310 |
| Effects of foreign currency exchange differences | | |
| Balance at December 31, 2020 | | <u>\$ 12,271,365</u> |
| Accumulated depreciation and impairment | | |
| Balance at January 1, 2021 | | \$ 2,396,439 |
| Depreciation expense | | 167,443 |
| Effect of foreign currency exchange differences | | (3,591) |
| Balance at December 31, 2021 | | \$ 2,560,291 |
| Balance at January 1, 2020 | | \$ 2,215,707 |
| Depreciation expense | | 169,976 |
| Effect of foreign currency exchange differences | | 10,756 |
| Balance at December 31, 2020 | | <u>\$ 2,396,439</u> |

The completed investment properties are depreciated under the straight-line method over their estimated useful lives of 20 to 50 years.

The main investment properties of the Group are Walsin Xin Yi Building and the completed investment properties of Walsin (Nanjing) Construction Co., Ltd. The building's valuation was commissioned by independent appraisal agencies (third parties). As of December 31, 2021 and 2020, the fair values of completed investment properties' were NT\$35,173,881 thousand and NT\$33,971,481 thousand, respectively.

20. BORROWINGS

| | December 31 | |
|--|--|---|
| | 2021 | 2020 |
| Short-term borrowings Current portion of long-term borrowings Long-term borrowings | \$ 7,108,766 \$ 10,719,081 \$ 24,785,952 | \$ 6,591,019 \$ 6,162,400 \$ 31,406,829 |

a. Short-term borrowings as of December 31, 2021 and 2020 were as follows:

| | December 31 | | | | | |
|---|------------------------|----|------------------------|----------------------|----|------------------------|
| | 2021 | | 20 |)20 | | |
| | Interest Rate | | | Interest Rate | | |
| | % | | Amount | % | | Amount |
| Procurement loans Bank's lines of credit | 0.64-0.70 0.69-3.50 | \$ | 2,111,447 4,997,319 | 0.70-0.90 0.65 | \$ | 5,091,019 1,500,000 |
| | | \$ | 7,108,766 | | \$ | 6,591,019 |

Refer to Notes 6 and 32 for collateral pledged for short-term borrowings as of December 31, 2021 and 2021.

b. Long-term borrowings as of December 31, 2021 and 2020 were as follows:

| | December 31 | | |
|--|---|-----------|--------------|
| | 2021 | | 2020 |
| | Significant Covenant | Amount | Amount |
| First Commercial Bank | Long-term credit loan; principal repayment at maturity, from December 28, 2018 to December 28, 2021 | \$ - | \$ 1,000,000 |
| Hua Nan Commercial Bank | Long-term credit loan; principal repayment at maturity, from March 5, 2018 to March 5, 2021 | - | 1,500,000 |
| Hua Nan Commercial Bank | Long-term credit loan; principal repayment at maturity, from December 28, 2018 to December 28, 2021 | - | 1,500,000 |
| Chinatrust Commercial Bank | Mid-term credit loan; principal repayment at maturity, from March 5, 2018 to March 5, 2021 | - | 1,000,000 |
| Mega International Commercial Bank Co., Ltd. | Long-term credit loan; principal repayment at maturity, from March 5, 2018 to March 5, 2021 | - | 1,000,000 |
| Bank of Taiwan | Long-term credit loan; principal repayment at maturity, from March 4, 2019 to March 4, 2022 | 3,000,000 | 3,000,000 |
| Cathay United Bank | Long-term credit loan; principal repayment at maturity, from March 4, 2019 to March 4, 2022 | 1,500,000 | 1,500,000 |
| | | | (Continued) |

| | December 31 |
|--|-------------|
|--|-------------|

| | December 31 | | 2020 |
|---|--|-----------------------------|------------------------------|
| | 2021 Significant Covenant | Amount | 2020 Amount |
| Taiwan Cooperative Bank | Long-term credit loan; principal repayment at maturity, from March 4, 2019 to March 4, 2022 | 1,000,000 | 1,000,000 |
| Taipei Fubon Commercial Bank | Long-term credit loan; principal repayment at maturity, from June 3, 2019 to June 3, 2022 | 1,000,000 | 1,000,000 |
| Chang Hwa Commercial Bank | Long-term credit loan; principal repayment at maturity, from June 3, 2019 to June 3, 2022 | 1,000,000 | 1,000,000 |
| KGI Bank | Long-term credit loan; principal repayment at maturity, from June 3, 2019 to June 3, 2022 | 1,500,000 | 1,500,000 |
| Chinatrust Commercial Bank | Long-term credit loan; principal repayment at maturity, from September 3, 2019 to September 3, 2022 | 1,500,000 | 1,500,000 |
| Standard Chartered Bank | Long-term credit loan; principal repayment at maturity, from January 14, 2020 to December 31, 2023 | 5,352,144 | 5,352,144 |
| DBS Bank | Long-term credit loan; principal repayment at maturity, from March 30, 2020 to March 30, 2023 | 3,028,500 | 3,028,500 |
| DBS Bank | Long-term credit loan; principal repayment at maturity, from March 31, 2020 to March 31, 2023 | 3,018,600 | 3,018,600 |
| DBS Bank | Long-term credit loan; principal repayment at maturity, from April 15, 2020 to April 15, 2023 | 3,010,000 | 3,010,000 |
| Standard Chartered Bank | Long-term credit loan; principal repayment at maturity, from September 27, 2020 to December 31, 2023 | 2,093,000 | 2,093,000 |
| Bank of Taiwan | Long-term credit loan; principal repayments at maturity, from September 22, 2020 to September 22, 2025; principal to be repaid in two phases: From the 5th year, repayments are due once every six months; | 3,000,000 | 3,000,000 |
| The Export-Import Bank of the Republic of China | at rates of 20% and 80%, respectively. Long-term credit loan from December 4, 2020 to December 4, 2027; principal to be repaid evenly in seven phases; 1st repayment due 48 months after the drawdown date, after which repayments are due | 1,137,770 | 1,137,770 |
| Hua Nan Commercial Bank | once every six months Long-term credit loan; Principal repayments at maturity, form March 29, 2021 to March 29, 2026; principal to be repaid in two phases: From the 5th | 2,000,000 | - |
| Taiwan Cooperative Bank | year, repayments are due once every six months Long-term credit loan; Principal repayments at maturity, form June 28, 2021 to June 28, 2026; principal to be repaid in two phases: 1st repayment due 48 months after the drawdown date, 2nd repayment due maturity date. | 2,000,000 | - |
| Cathay United Bank | Long-term secured loan; from December 15, 2011 to December 15, 2021; the grace period for principal is 6 months, after which repayments are due monthly | 98,203 | 117,844 |
| Cathay United Bank | Long-term secured loan; from September 27, 2012 to September 27, 2022; the grace period for principal is 6 months, after which repayments are due monthly | 104,669 | 122,844 |
| Cathay United Bank | Long-term secured loan; from February 21, 2012 to February 21, 2022; the grace period for principal is | 84,805 | 101,218 |
| Taipei Fubon Bank | 6 months, after which repayments are due monthly Long-term secured loan; from December 25, 2013 to October 11, 2023; the grace period for principal is 6 | \$ 27,500 | \$ 31,167 |
| Taipei Fubon Bank | months, after which repayments are due monthly Long-term secured loan; from February 14, 2014 to October 11, 2023; the grace period for principal is 6 | 24,267 | 27,467 |
| Taipei Fubon Bank | months, after which repayments are due monthly Long-term secured loan; from October 6, 2014 to October 11, 2023; the grace period for principal is 6 months, after which repayments are due monthly | 25,575 | <u>28,675</u> |
| Less: Current portion of long-term borrowings | | 35,505,033 _(10,719,081) | 37,569,229 (6,162,400) |
| | | <u>\$ 24,785,952</u> | \$ 31,406,829 (Concluded) |

- 1) Under the loan agreements with DBS Bank, WLC should maintain certain financial ratios during the loan term, which are based on the annual and semi-annual consolidated financial statements audited by the independent auditors. The financial ratios are as follows:
 - a) Ratio of current assets to current liabilities not less than 100%;
 - b) Ratio of total liabilities less cash and cash equivalents to tangible net worth not more than 120%;
 - c) Ratio of net income before interest expenses, taxation, depreciation and amortization to interest expenses not less than 150%; and
 - d) Tangible net worth (net worth less intangible assets) not less than NT\$55,000,000 thousand.
- 2) As of December 31, 2021 and 2020, the effective interest rate range of the credit borrowings was 0.85%-1.20% and 0.10%-1.50% per annum, respectively. As of December 31, 2021 and 2020, the effective interest rate range of the secured borrowings was 1.66%-2.07% per annum.
- 3) As of December 31, 2021 and 2020, the Group's current portion of long-term borrowings were NT\$10,719,081 thousand and NT\$6,162,400 thousand, respectively, under the loan agreements. The Group's consolidated financial statements for the years ended December 31, 2021 and 2020 showed that the Group was in compliance with the aforementioned financial ratio requirements.
- 4) Refer to Note 32 for collaterals pledged on bank borrowings as of December 31, 2021 and 2020.

21. BONDS PAYABLE

| | Decem | ber 31 |
|---------------------------------|---------------------|-----------|
| | 2021 | 2020 |
| The 1st unsecured bonds in 2021 | <u>\$ 7,500,000</u> | <u>\$</u> |

On October 8, 2021, the Company issued the first unsecured bonds for NT\$7.5 billion, each with a face value of NT\$10 million. The issuance period is 5 years, and the maturity date is on October 8, 2026. The annual interest rate is 0.7%. From the issuance date, the interest will be paid once a year, and the principal will be repaid once due.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

The total expense recognized in profit or loss for the years ended December 31, 2021 and 2020 was NT\$95,977 thousand and NT\$89,868 thousand, respectively, which represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

b. Defined benefit plans

The defined benefit plans adopted by WLC and Walsin Info-Electric in accordance with the Labor Standards Act are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. WLC and Walsin Info-Electric contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

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

| | | Decem | iber 31 |
|---|--|----------------------------------|---|
| | | 2021 | 2020 |
| Present value of defined benefit oblig Fair value of plan assets | ation | \$ 1,487,554 (1,037,916) | \$ 1,371,774 (1,083,800) |
| Net defined benefit liabilities | | <u>\$ 449,638</u> | <u>\$ 287,974</u> |
| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liability (Asset) |
| Balance at January 1, 2020 Service cost | <u>\$ 1,462,115</u> | \$ (1,003,099) | <u>\$ 459,016</u> |
| Current service cost | 12,743 | _ | 12,743 |
| Net interest expense (income) | 10,917 | (7,483) | 3,434 |
| Recognized in profit or loss | 23,660 | (7,483) | 16,177 |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net | | | |
| interest) | - | (32,941) | (32,941) |
| Actuarial loss - changes in | | | |
| demographic assumptions | 3,949 | - | 3,949 |
| Actuarial loss - changes in | | | |
| financial assumptions | \$ 30,358 | \$ - | \$ 30,358 |
| Actuarial gain - experience | (4 5 05 5 | | (4 F 0 C = |
| adjustments | (45,036) | _ | <u>(45,036)</u> |
| | | | (Continued) |

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liability (Asset) |
|--|--|----------------------------------|---|
| Recognized in other comprehensive loss | (10,729) | (32,941) | (43,670) |
| Contributions from the employer | - | (128,929) | (128,929) |
| Benefits paid | (88,652) | 88,652 | - |
| Account paid | (14,620) | | (14,620) |
| Balance at December 31, 2020 | 1,371,774 | (1,083,800) | <u>287,974</u> |
| Service cost | 10.017 | | 10.017 |
| Current service cost | 10,917 | (5.266) | 10,917 |
| Net interest expense (income) Recognized in profit or loss | <u>6,801</u> 17,718 | (5,366) (5,366) | 1,435 12,352 |
| Remeasurement | 17,710 | (3,300) | 12,332 |
| Return on plan assets (excluding amounts included in net | | | |
| interest) Actuarial loss - changes in | - | (13,584) | (13,584) |
| demographic assumptions Actuarial gain - changes in | 38,641 | - | 38,641 |
| financial assumptions Actuarial loss - experience | (15,729) | - | (15,729) |
| adjustments Recognized in other comprehensive | 151,322 | | 151,322 |
| loss | 174,234 | (13,584) | 160,650 |
| Contributions from the employer | - | (11,338) | (11,338) |
| Benefits paid | (76,172) | 76,172 | |
| Balance at December 31, 2021 | <u>\$ 1,487,554</u> | <u>\$ (1,037,916</u>) | \$ 449,638 (Concluded) |

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

| | For the Year End | ded December 31 |
|-------------------------------------|------------------|------------------|
| | 2021 | 2020 |
| Operating costs | \$ 6,240 | \$ 9,465 |
| Selling and marketing expenses | 945 | 1,286 |
| General and administrative expenses | 4,918 | 4,947 |
| Research and development expenses | 249 | <u>479</u> |
| | <u>\$ 12,352</u> | <u>\$ 16,177</u> |

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time

deposit with local banks.

- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

| | December 31 | | |
|-----------------------------------|-------------|-------|---|
| | 2021 | 2020 | _ |
| Discount rates | 0.625% | 0.50% | |
| Expected rates of salary increase | 2.25% | 2.25% | |

If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

| | December 31 | |
|-----------------------------------|---------------------|---------------------|
| | 2021 | 2020 |
| D . | | |
| Discount rates | | |
| 0.5% increase | <u>\$ (61,945</u>) | <u>\$ (59,752)</u> |
| 0.5% decrease | \$ 66,092 | <u>\$ 63,935</u> |
| Expected rates of salary increase | | |
| 0.5% increase | <u>\$ 63,726</u> | <u>\$ 61,541</u> |
| 0.5% decrease | <u>\$ (60,375)</u> | <u>\$ (58,145</u>) |

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

23. EQUITY

| | December 31 | | 31 | |
|---------------------------|-------------|-------------|----|------------|
| | | 2021 | | 2020 |
| Share capital | | | | |
| Ordinary shares | \$ | 34,313,329 | \$ | 32,260,002 |
| Capital surplus | | 18,440,875 | | 15,690,406 |
| Retained earnings | | 47,787,207 | | 36,330,187 |
| Others | | 5,342,113 | | 187,640 |
| Non-controlling interests | _ | 2,062,744 | | 2,812,595 |
| | <u>\$</u> | 107,946,268 | \$ | 87,280,830 |

a. Share capital

Ordinary shares

| | December 31 | |
|---|----------------------------|----------------------------|
| | 2021 | 2020 |
| Number of shares authorized (in thousands) | 6,500,000 | 6,500,000 |
| Amount of authorized shares Number of issued and fully paid shares (in thousands) | \$ 65,000,000 3,431,333 | \$ 65,000,000 3,226,000 |
| Amount of issued shares | \$ 34,313,329 | \$ 32,260,002 |

As of January 1, 2020, the amount of WLC's issued shares was all NT\$33,260,002 thousand, which consisted of 3,326,000 thousand shares at par value of NT\$10.

In August 2020 and November 2020, WLC reduced capital and cancelled 40,000 thousand and 60,000 thousand treasury shares, respectively. In January 2021, the Group issued 205,333 thousand shares of TECO Electric & Machinery Co., Ltd. Hence, as of December 31, 2021, the paid-in capital was NT\$34,313,329 thousand, divided into 3,431,333 thousand ordinary shares at par value of NT\$10.

As of December 31, 2021, 2 thousand GDRs of WLC were traded on the Luxemburg Stock Exchange. The number of common shares represented by the GDRs was 22 thousand shares (one GDR represents 10 common shares).

b. Capital surplus

| | December 31 | |
|--|----------------------|----------------------|
| | 2021 | 2020 |
| Issuance of ordinary shares The difference between the consideration received or | \$ 12,639,452 | \$ 9,867,654 |
| paid and the carrying amount of the subsidiaries' net | | |
| assets during actual disposal or acquisition | 3,124 | - |
| Share of changes in capital surplus of associates | 440,288 | 467,070 |
| Treasury share transactions | 2,254,074 | 2,254,074 |
| Gain on disposal of property, plant and equipment | 2,074,231 | 2,074,231 |
| Others | 1,029,706 | 1,027,377 |
| | <u>\$ 18,440,875</u> | <u>\$ 15,690,406</u> |

The premium from shares issued in excess of par (share premium from issuance of ordinary shares, conversion of bonds and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Group's capital surplus and to once a year).

The capital surplus arises from changes in capital surplus of subsidiaries accounted for using the equity method, employee share options and share warrants may not be used for any purpose.

c. Retained earnings and dividend policy

The shareholders of WLC held their regular meeting on July 15, 2021, and in that meeting, resolved the amendments to WLC's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where WLC made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit this requirement is not applicable when the legal reserve has reached the total capital, and then any remaining profit together with prior unappropriated earnings shall be appropriated for special reserve or appropriate reversal of special reserve in accordance with the laws and regulations, and then the balance shall be used by WLC's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends to shareholders. Other than the aforementioned regulations, WLC shall reserve no lesser than 40% of the balance amount as shareholders' profit after offsetting its loss and tax payments in the previous year, capital reserve, and special reserve adjusted by the accumulated net deduction of other equity. The profits shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

Before the amendments, where WLC made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit this requirement is not applicable when the legal reserve has reached the total capital, and then any remaining profit together with prior unappropriated earnings shall be appropriated for setting aside or reversing a special reserve in accordance with the laws and regulations, and then shall be used by WLC's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends to shareholders. WLC shall reserve no lesser than 40% of the balance amount as shareholders' profit after offsetting its loss and tax payments in the previous year, capital reserve and special reserve. The profits shall be distributed in cash or in form of shares; cash dividends shall not be lesser than 70% of the total dividends.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals WLC's paid-in capital. The legal reserve may be used to offset any deficits. If WLC has no deficit and the legal reserve has exceeded 25% of WLC's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by WLC.

Refer to Note 25 for the policies on the distribution of employees' compensation and remuneration of directors and supervisors.

The appropriation of earnings for 2020 and 2019, which were approved in the shareholders' meeting on July 15, 2021 and May 29, 2020, respectively, were as follows:

| | Appropriation | n of Earnings | Dividends Pe | er Share (NT\$) |
|-----------------|---------------|---------------------|--------------|-----------------|
| | 2020 | 2019 | 2020 | 2019 |
| Legal reserve | \$ 681,368 | \$ 314,968 | \$ - | \$ - |
| Special reserve | (398,160) | (932,728) | - | - |
| Cash dividends | 3,088,200 | 1,663,000 | 0.9 | 0.5 |
| | \$ 3,371,408 | <u>\$ 1,045,240</u> | | |

The appropriation of earnings for 2021, which were proposed by WLC's board of directors on February 22, 2022, were as follows:

| • | Appropriation of Earnings | Dividends Per Share (NT\$) |
|---------------------------------|---------------------------|-------------------------------|
| Legal reserve Cash dividends | \$ 1,454,522 5,490,133 | \$ - 1.6 |
| | \$ 6,944,65 <u>5</u> | |

The appropriations of earnings for 2021 are subject to the resolution of the shareholders in their meeting to be held on May 13, 2022.

d. Special reserve

| | Decem | December 31 | | |
|-----------------|---------------------|---------------------|--|--|
| | 2021 | 2020 | | |
| Special reserve | <u>\$ 2,712,250</u> | <u>\$ 3,110,410</u> | | |

Information regarding any changes to the above special reserve was as follows:

| | For the Year Ended December 31 | | |
|--|--------------------------------|---------------------------|--|
| | 2021 | 2020 | |
| Balance at January 1 Appropriations | \$ 3,110,410 (398,160) | \$ 4,043,138 (932,728) | |
| Balance at December 31 | \$ 2,712,250 | \$ 3,110,410 | |

e. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

| | For the Year Ended December 3 | |
|---|-------------------------------|-----------------------|
| | 2021 | 2020 |
| Balance at January 1 Share from subsidiaries and associates accounted | \$ (5,905,135) | \$ (5,546,359) |
| for using the equity method | (195,552) | (358,776) |
| Balance at December 31 | <u>\$ (6,100,687)</u> | <u>\$ (5,905,135)</u> |

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (the New Taiwan dollar) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

2) Unrealized valuation gain (loss) on financial assets at FVOCI

| | For the Year Ended December 31 | | | ecember 31 |
|--|--------------------------------|------------|----|------------|
| | | 2021 | | 2020 |
| Balance at January 1 | \$ | 6,092,775 | \$ | 2,435,949 |
| Unrealized gain - equity instruments Share from associates accounted for using the | | 2,594,208 | | 1,258,198 |
| equity method | | 2,847,284 | | 2,398,628 |
| Balance at December 31 | \$ | 11,534,267 | \$ | 6,092,775 |

3) Cash flow hedges

| | For the Year Ended December 3 | | |
|---|-------------------------------|-------------|--|
| | 2021 | 2020 | |
| Balance at January 1 Other equity from associates accounted for using | \$ - | \$ - | |
| the equity | <u>(91,467</u>) | | |
| Balance at December 31 | <u>\$ (91,467)</u> | <u>\$ -</u> | |

f. Treasury shares

Treasury share transactions for the year ended December 31, 2020 were summarized as follows:

| Purpose of Buy-back | Number of Shares at January 1, 2020 | Increase During the Period | Decrease During the Period | Number of Shares at December 31, 2020 |
|--|--|----------------------------------|----------------------------------|--|
| To restore credibility and preserve shareholders' rights | | 100 000 000 | 100,000,000 | |

Article 28.2 of the Securities and Exchange Act stipulates that the number of treasury shares held by WLC should not exceed 10% of the number of shares issued and that the cost of acquisition of treasury shares should not exceed the total of retained earnings, additional paid-in capital and other realized capital surplus. In addition, WLC shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

24. OPERATING REVENUE

| | For the Year Ended December 31 | | |
|------------------------------------|--------------------------------|-----------------------------|--|
| | 2021 | 2020 | |
| Sales revenue Sales of real estate | \$ 152,001,410 9,918 | \$ 105,217,487 5,495,319 | |
| Other revenue | 4,653,438 | 1,833,797 | |
| | <u>\$ 156,664,766</u> | <u>\$ 112,546,603</u> | |

25. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

Non-operating Income and Expense - Gain (Loss) on Disposal of Investment

| | For the Year Ended December 31 | | |
|--|--------------------------------|--------------------|--|
| | 2021 | 2020 | |
| Gain (loss) on disposal of investments - commodity futures Gain on disposal of investments - foreign exchange | \$ 513,703 | \$ (217,842) | |
| forward contracts Gain on disposal of investments - exchange rate swap | 167,227 | 142,504 | |
| contracts | 14,301 | 2,349 | |
| Loss on disposal of investments - commodity options | (16,024) | (2,938) | |
| | \$ 679,207 | <u>\$ (75,927)</u> | |

Non-operating Income and Expense - Impairment Loss (Recognized) Reversed

| | For the Year Ended December 31 | | |
|--|--------------------------------|---------------|--|
| | 2021 | 2020 | |
| Impairment loss (recognized) reversed on property, plant | | | |
| and equipment | \$ (693,801) | \$ 691 | |
| Others | <u>(91</u>) | <u>(17</u>) | |
| | <u>\$ (693,892</u>) | <u>\$ 674</u> | |

Employee Benefits Expense, Depreciation and Amortization

| | For the Year Ended December 31, 2021 | | | | |
|--|--|--|---|--|--|
| | Operating Costs | Operating Expenses | Non-operating Expenses and Losses | Total | |
| Short-term employment benefits Post-employment benefits Other employee benefits | \$ 3,540,027 \$ 190,141 \$ 439,493 | \$ 2,529,250 \$ 115,367 \$ 301,869 | \$ - \$ - \$ - | \$ 6,069,277 \$ 305,508 \$ 741,362 | |

(Continued)

| | For the Year Ended December 31, 2021 | | | | |
|-----------------------|--------------------------------------|--------------------|------------------------|--------------------------|--|
| | | | Non-operating | _ | |
| | Operating Costs | Operating Expenses | Expenses and Losses | Total | |
| Depreciation | | | | | |
| Property, plant and | Ф. 1.010.0 <i>c</i> 0 | Ф 577.770 | Ф 2.026 | Φ 2 400 565 | |
| equipment | \$ 1,918,969 | \$ 577,770 | \$ 2,826 | \$ 2,499,565 | |
| Right-of-use assets | 32,101 | 100,206 | - | 132,307 | |
| Investment properties | <u>165,918</u> | 1,525 | | <u>167,443</u> | |
| | \$ 2,116,988 | <u>\$ 679,501</u> | \$ 2,826 | \$ 2,799,315 | |
| Amortization | <u>\$ 4,225</u> | <u>\$ 27,273</u> | <u>\$</u> | \$ 31,498 (Concluded) | |

| | Fo | r the Year Ended | l December 31, 20 | 20 | |
|--|-------------------|-------------------|-------------------|----------------------------|--|
| | Non-operating | | | | |
| | Operating | Operating | Expenses and | | |
| | Costs | Expenses | Losses | Total | |
| Short-term employment | . | | • | * * * * * * * * * * | |
| benefits | \$ 3,132,714 | \$ 2,254,057 | <u>\$ -</u> | \$ 5,386,771 | |
| Post-employment benefits | <u>\$ 103,937</u> | <u>\$ 75,465</u> | <u>\$</u> | <u>\$ 179,402</u> | |
| Other employee benefits | <u>\$ 410,065</u> | <u>\$ 232,115</u> | <u>\$ -</u> | <u>\$ 642,180</u> | |
| Depreciation | | | | | |
| Property, plant and | | | | | |
| equipment | \$ 1,839,259 | \$ 261,784 | \$ 3,078 | \$ 2,104,121 | |
| Right-of-use assets | 31,990 | 99,426 | - | 131,416 | |
| Investment properties | 164,050 | 5,926 | _ | 169,976 | |
| The second secon | | | | | |
| | \$ 2,035,299 | <u>\$ 367,136</u> | \$ 3,078 | <u>\$ 2,405,513</u> | |
| Amortization | <u>\$ 5,664</u> | <u>\$ 29,821</u> | <u>\$</u> | <u>\$ 35,485</u> | |

According to the Company's Articles, the Company accrues employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the years ended December 31, 2021 and 2020, the compensation of employees amounted to NT\$187,000 thousand and NT\$68,500 thousand, respectively, and the remuneration of directors and supervisors amounted to NT\$75,000 thousand and NT\$34,050 thousand, respectively. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2021 and 2020 were approved by the Group's board of directors on February 22, 2022 and February 26, 2021, respectively.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual consolidated financial statements are authorized for issue are adjusted in the year the compensation and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2020 and 2019 resolved by WLC's board of directors on February 26, 2021 and February 27, 2020, respectively, and the respective amounts were recognized in the consolidated financial statements.

Information on the employees' compensation and remuneration of directors and supervisors resolved by WLC's board of directors for 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Income tax expense are as follows:

| | For the Year Ended December 31 | | |
|---|--------------------------------|--|--|
| | 2021 | 2020 | |
| Current tax In respect of the current year Income tax on unappropriated earnings | \$ 2,173,361 83,446 | \$ 1,155,082 48,843 | |
| Adjustments for prior year Land value increment tax Others | (7,968) 6,156 | (5,279) 1,375,227 <u>16,218</u> 2,590,090 | |
| Deferred tax In respect of the current year Adjustments to deferred tax attributable to changes | 1,615,411 | (280,516) | |
| in tax rates and laws | (5,222) 1,610,189 | (64,710) (345,226) | |
| Income tax expense recognized in profit or loss | <u>\$ 3,865,184</u> | <u>\$ 2,244,864</u> | |

A reconciliation of accounting profit and income tax expense is as follows:

| | For the Year End | led December 31 |
|--|---------------------|-----------------|
| | 2021 | 2020 |
| Profit before tax from continuing operations | <u>\$19,122,498</u> | \$ 9,250,665 |
| Income tax expense calculated at the statutory rate | \$ 3,931,277 | \$ 2,961,094 |
| Equity in investees' net gain | 481,251 | (1,008,704) |
| Tax-exempt dividend income | (111,889) | (21,701) |
| Loss on disposal of equity investments | - | (560,411) |
| Loss on investments | (384,000) | (495,100) |
| Tax-exempt subsidize revenue | - | (3,880) |
| Others | (23,339) | 150,520 |
| Unrecognized loss carryforwards/deductible temporary | | |
| differences | (104,528) | (131,035) |
| | | (Continued) |

| | For the Year Ended December 31 | | |
|---|--------------------------------|-----------------------------|--|
| | 2021 | 2020 | |
| Adjustments for prior years' tax | (13,190) | (69,989) | |
| Income tax on unappropriated earnings | 83,446 | 48,843 | |
| Land value increment tax | 6,156 | 1,375,227 | |
| Income tax expense recognized in profit or loss | \$ 3,865,184 | \$ 2,244,864 (Concluded) | |

In July 2019, the president of the ROC announced the amendments to the statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Current tax assets and liabilities

| | December 31 | | |
|--|---------------------|---------------------|--|
| Current tax assets Tax refund receivable (recorded under other | 2021 | 2020 | |
| non-current assets - others) | <u>\$ 28,619</u> | <u>\$ 47,864</u> | |
| Current tax liabilities Income tax payable | <u>\$ 6,082,152</u> | <u>\$ 4,557,761</u> | |

c. Deferred tax assets and liabilities

| | December 31 | | | 1 |
|--|-------------|-----------|-----------|--------------------------|
| | | 2021 | | 2020 |
| Deferred tax assets | | | | |
| Loss carryforwards | \$ | 119,774 | \$ | 300,951 |
| Pension expense not currently deductible | | 32,000 | | 32,000 |
| Provision for devaluation loss on obsolete and | | | | |
| slow-moving inventories | | 42,307 | | 34,564 |
| Provision for impairment loss on idle assets | | 10,000 | | 17,000 |
| Unrealized gross profit from intercompany transactions | | 2,000 | | 6,489 |
| Provision for devaluation loss on long-term | | | | |
| investments | | 547,000 | | 547,000 |
| Difference between financial and tax accounting of the | | | | |
| depreciation of property, plant and equipment | | 21,583 | | 400 |
| Prepaid expense | | 899,015 | | 1,173,984 |
| Loss of liquidation of investments | | 384,000 | | - |
| Others | | 760,870 | | 316,157 |
| | <u>\$</u> | 2,818,549 | <u>\$</u> | 2,428,545 (Continued) |

| | December 31 | | | |
|--|--------------|-----------|----|--------------------------|
| | | 2021 | | 2020 |
| <u>Deferred tax liabilities</u> | | | | |
| Difference between financial and tax accounting of the depreciation of property, plant and equipment | \$ | (67,388) | \$ | (60,930) |
| Reserve for land value increment tax | - | (153,214) | Ψ | (173,329) |
| Unrealized gain on investments | (2 | ,020,432) | | _ |
| Others | | 26,384 | | 19,802 |
| | <u>\$ (2</u> | ,214,650) | \$ | (214,457) (Concluded) |

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:

| | Decer | nber 31 |
|--------------------|-------------------|------------|
| Loss Carryforwards | 2021 | 2020 |
| Expiry in 2021 | \$ - | \$ 643,157 |
| Expiry in 2022 | 44,883 | 77,524 |
| Expiry in 2023 | 75,676 | 109,241 |
| Expiry in 2024 | 85,267 | 90,064 |
| Expiry in 2025 | 82,435 | 3,937 |
| Expiry in 2026 | <u>2,186</u> | |
| | <u>\$ 290,447</u> | \$ 923,923 |

e. The Group's tax loss carryforwards as of December 31, 2021 were as follows:

| Expiry Year | Tax Loss Carryforwards | |
|-------------|---------------------------|--|
| 2022 | \$ 44,883 | |
| 2023 | 152,856 | |
| 2024 | 87,057 | |
| 2025 | 95,532 | |
| 2026 | 16,392 | |
| 2031 | <u>13,501</u> | |
| | <u>\$ 410,221</u> | |

f. WLC's income tax returns through 2018 had been assessed by the tax authorities.

27. EARNINGS PER SHARE

| | For the Year Ended December 31 | | | | | |
|--|---|---|---|---|---|---|
| | | 2021 | | | 2020 | |
| | Amounts (Numerator) 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 Effect of potentially dilutive ordinary shares | \$ 14,642,629 | 3,428,520 | <u>\$ 4.27</u> | \$ 6,691,149 | 3,276,128 | <u>\$ 2.04</u> |
| Diluted earnings per share | | 7,632 | | | 4,100 | |
| Employee bonus | \$ 14,642,629 | 3,436,152 | \$ 4.26 | \$ 6,691,149 | 3,280,228 | \$ 2.04 |

28. OPERATING LEASE ARRANGEMENTS

Operating leases relate to leases of investment properties owned by the Group with lease terms between 5 and 10 years, with an option to extend for another 10 years. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to renew. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

As of December 31, 2021 and 2020, deposits received under operating leases amounted to NT\$329,321 thousand and NT\$303,187 thousand, respectively (recorded under other non-current liabilities).

As of December 31, 2021, the Group's future minimum lease receivables on non-cancelable operating lease commitments are as follows:

| 2022 | \$ 1,237,025 |
|------------|--------------|
| 2023-2027 | 2,028,375 |
| After 2027 | 232,010 |
| | \$ 3,497,410 |

29. CAPITAL MANAGEMENT

The Group's capital management objective is to ensure that it has the necessary financial resources and operational plan so that it can cope with the next 12 months working capital requirements, capital expenditures, debt repayments and dividends spending.

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

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel, consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management considers the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate the fair values.

December 31, 2021

| | Carrying | Fair Value | | | |
|---|--------------|------------|--------------|---------|--------------|
| | Amount | Level 1 | Level 2 | Level 3 | Total |
| Financial liabilities | | | | | |
| Financial liabilities at amortized cost | | | | | |
| Bonds payable | \$ 7,500,000 | <u>\$</u> | \$ 7,500,000 | \$ - | \$ 7,500,000 |

The fair values of the financial assets and financial liabilities included in the Level 2 categories above have been determined in accordance with the income approach based on a discounted cash flow analysis. The observable inputs including bond duration, bond interest rates and credit rating.

- b. Fair value of financial instruments that are measured at fair value on a recurring basis
 - 1) Fair value hierarchy

December 31, 2021

| | Level 1 | Level 2 | Level 3 | Total |
|---|------------------|----------------|---------------|-----------------------------|
| Financial assets at FVTPL | | | | |
| Derivatives not designated as hedging instruments | \$ 1,940 | \$ 14,207 | \$ - | \$ 16,147 |
| Derivatives financial assets for hedging | | 89,232 | | 89,232 |
| | \$ 1,940 | \$ 103,439 | \$ | \$ 105,379 |
| Financial assets at fair value FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Listed securities in the ROC Unlisted securities | \$ 15,627,085 | \$ <u>-</u> | \$ 663,502 | \$ 15,627,085 663,502 |

| | Level 1 \$ 15,627,085 | Level 2 <u> </u> | Level 3 \$ 663,502 | Total \$ 16,290,587 |
|---|------------------------------|------------------|---------------------------|-------------------------------|
| | | | | (Continued) |
| | Level 1 | Level 2 | Level 3 | Total |
| Financial liabilities at FVTPL | | | | |
| Derivatives not designated as hedging instruments | <u>\$</u> _ | <u>\$ 37,439</u> | <u>\$</u> _ | \$ 37,439 (Concluded) |
| <u>December 31, 2020</u> | | | | (Concluded) |
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at FVTPL | | | | |
| Derivatives not designated as hedging instruments Corporate bonds Derivatives financial assets for | \$ 73,329 | \$ - | \$ - 5,683,859 | \$ 73,329 5,683,859 |
| hedging | | 8,282 | | 8,282 |
| Financial assets at fair value FVTOCI | \$ 73,329 | \$ 8,282 | \$ 5,683,859 | \$ 5,765,470 |
| Investments in equity | | | | |
| instruments Listed securities in the ROC Unlisted securities | \$ 6,475,588 | \$ - - | \$ - 435,056 | \$ 6,475,588 435,056 |
| | <u>\$ 6,475,588</u> | <u>\$</u> | <u>\$ 435,056</u> | <u>\$ 6,910,644</u> |
| Financial liabilities at FVTPL | | | | |
| Derivatives not designated as hedging instruments | <u>\$</u> | \$ 8,374 | <u>\$</u> | \$ 8,374 |

- 2) There were no transfers between Levels 1, 2 and 3 for the years ended December 31, 2021 and 2020.
- 3) Reconciliation of Level 3 fair value measurements of financial instruments.

For the year ended December 31, 2021

Financial Assets

at FVTOCI

Equity

Instruments

Financial Assets

| Balance at January 1, 2021 | \$ 435,056 |
|--|---------------------------|
| Additions | 177,887 |
| Capital reduction and refund | (3,615) |
| | (Continued) |
| | Financial Assets |
| | at FVTOCI |
| | Equity |
| Financial Assets | Instruments |
| Recognized in other comprehensive income | \$ 54,678 |
| Effects of exchange rate changes | (504) |
| Balance at December 31, 2021 | \$ 663,502 (Concluded) |

For the year ended December 31, 2020

| | Financial Assets at FVTOCI |
|---|--|
| Financial Assets | Equity Instruments |
| Balance at January 1, 2020 Additions Recognized in other comprehensive income Effects of exchange rate changes | \$ 593,981 58,950 (222,166) 4,291 |
| Balance at December 31, 2020 | <u>\$ 435,056</u> |

4) Valuation techniques and inputs applied for Level 2 fair value measurement

| Financial Instruments | Valuation Techniques and Inputs | | |
|---|---|--|--|
| Derivatives - foreign exchange forward contracts | Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. | | |
| Derivatives - exchange rate swap contracts | Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. | | |
| 5) Valuation techniques and inputs applied for Level 3 fair value measurement | | | |
| Financial Instruments | Valuation Techniques and Inputs | | |

Unlisted equity securities

Market approach. Fair values are determined based on observable and comparable companies' fair values at the end of the reporting period, adjusted by price earnings ratio and price-to-book ratio of the investees.

(Continued)

Financial Instruments

Valuation Techniques and Inputs

Net asset method. Fair values are determined based on the book value of companies.

Discounted cash flow. Present values are determined based on future cash flows discounted at market yield.

Derivatives - options

Option pricing models. Fair values are determined using option pricing models where significant unobservable input is historical volatility.

Hybrid instruments - corporate bonds

Discounted cash flow. Future cash flows are estimated based on contract rates and discounted at a rate that reflects the credit risk of various counterparties.

(Concluded)

c. Categories of financial instruments

| - | Decem | iber 31 |
|--|---------------|---------------|
| | 2021 | 2020 |
| <u>Financial assets</u> | | |
| Financial assets at amortized cost | | |
| Cash and cash equivalents | \$ 10,387,581 | \$ 11,944,408 |
| Contract assets - current | 5,750,344 | 4,460,992 |
| Notes receivable and trade receivables (including | | |
| related parties) | 13,673,100 | 10,517,263 |
| Finance lease receivables (current and non-current) | 720,585 | 776,713 |
| Other receivables | 1,620,595 | 887,091 |
| Other financial assets | 530,650 | 705,277 |
| Refundable deposits | 207,622 | 221,314 |
| Financial assets at amortized cost - current | - | 1,315,970 |
| Derivative financial assets for hedging (current and | | |
| non-current) | 89,232 | 8,282 |
| Financial assets at FVTPL (current and non-current) | 16,147 | 5,757,188 |
| Financial assets at FVTOCI (current and non-current) | 16,290,587 | 6,910,644 |
| Financial liabilities | | |
| Financial liabilities at FVTPL (current and | | |
| non-current) | 37,439 | 8,374 |
| Financial liabilities at amortized cost | | |
| Short-term borrowings | 7,108,766 | 6,591,019 |
| Contract liabilities | 3,426 | 1,499 |
| Notes payable and trade payables | 8,840,868 | 7,729,729 |
| Other payables | 4,861,341 | 5,143,921 |
| Bonds payable | 7,500,000 | - |
| Long-term borrowings (including current portion) | 35,505,033 | 37,569,229 |
| Deposits received (accounted for as other current | | |
| and non-current liabilities) | 920,410 | 532,530 |

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and investments, borrowings, trade receivables, and trade payables. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provides written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and investments of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments for speculative purposes.

1) Market risk

The Group's activities exposed is primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into foreign exchange forward contracts and interest rate swaps contracts to hedge foreign currency risk and interest rate risk.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as follows:

| | Decemb | December 31 | | | |
|------------------|---------------|--------------|--|--|--|
| | 2021 | 2020 | | | |
| <u>Assets</u> | | | | | |
| U.S. dollar | \$ 22,471,643 | \$ 7,361,149 | | | |
| Japanese yen | 122,926 | 27,663 | | | |
| Euro | 953,435 | 487,961 | | | |
| Singapore dollar | 67,335 | - | | | |
| Hong Kong dollar | 15,903 | 8,771 | | | |
| | | (Continued) | | | |

| | Decemb | er 31 |
|--------------------|-----------|-------------|
| | 2021 | 2020 |
| Australian dollar | 31,714 | 12,493 |
| Malaysian ringgit | - | 713,350 |
| Indonesian rupiah | 3,267,147 | 111,268 |
| <u>Liabilities</u> | | |
| U.S. dollar | 6,392,384 | 14,723,112 |
| Japanese yen | - | 1,108 |
| Euro | 830 | 159 |
| Malaysian ringgit | - | 48,113 |
| Renminbi | 743 | 795,234 |
| Swiss franc | 513 | 549 |
| Indonesian rupiah | 103,634 | - |
| - | | (Concluded) |

The carrying amounts of the Group's derivatives exposed to foreign currency risk at the end of the reporting period were as follows:

| | December 31 | | | |
|---------------------|-------------|-----------------------|----|----------------------|
| | | 2021 | | 2020 |
| Assets | | | | |
| U.S. dollar Euro | \$ | 9,660,314 795,675 | \$ | 8,661,457 |
| <u>Liabilities</u> | | | | |
| U.S. dollar Euro | | 10,204,046 600,096 | | 8,951,264 317,514 |

Sensitivity analysis

The Group was mainly exposed to the U.S. dollars.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (functional currency) against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts the translation at the end of the reporting period for a 1% change in foreign currency rates.

| | U.S. Dolla | U.S. Dollar Impact For the Year Ended December 31 | | |
|----------------|------------------|---|--|--|
| | For the Year End | | | |
| | 2021 | 2020 | | |
| Profit or loss | \$ 155,355 | \$ (95,784) | | |

b) Interest rate risk

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

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

| | December 31 | | | |
|---|--------------------|----------------------------|--|--|
| | 2021 | 2020 | | |
| Fair value interest rate risk Financial liabilities | \$ 7,500,000 | <u>\$</u> | | |
| Cash flow interest rate risk Financial assets Financial liabilities | \$ - 42,613,799 | \$ 1,315,970 44,160,248 | | |

Sensitivity analysis

The sensitivity analysis below shows the possible effect on profit and loss assuming a change in was determined based on the Group's exposure to interest rates for financial instruments at the end of the reporting period. For floating liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% basis points higher and all other variables were held constant, the Group's pre-tax, net profit for the years ended December 31, 2021 and 2020 would have decreased by NT\$426,138 thousand and NT\$428,443 thousand, respectively.

Hedge accounting

For the year ended December 31, 2021

The Group's hedging strategy is to enter into exchange rate swap contracts to avoid exchange rate exposure on 100% of the fair value of its foreign currency receipts and payments and to manage exchange rate exposure. Those transactions are designated as fair value hedges. Adjustments are recognized directly in profit or loss and are presented as hedged items on the consolidated statements of comprehensive income.

| Hedging Instrument | Currency | Notional Amount | Maturity | Forwa | ard Price | Line Item in Balance Sheet | - | Carrying A | mount Liab | ility | Used Calculati | in Value d for ing Hedge iveness |
|---------------------------------|------------|--------------------------|-----------|-------|-----------|---------------------------------|-----|------------|---------------|-------|-------------------|---|
| Fair value hedges | | | | | | | | | | | | |
| Exchange rate swap contracts | USD to RMB | USD75,000/ RMB488,325 | 2022.1.14 | RMB | 498,529 | Financial assets for hedging | RMB | 10,204 | \$ | - | \$ | - |
| Exchange rate swap contracts | USD to RMB | USD70,000/ RMB455,700 | 2022.1.14 | RMB | 465,153 | Financial assets for hedging | RMB | 9,453 | | - | | - |
| Exchange rate swap contracts | USD to RMB | USD20,000/ RMB129,220 | 2022.6.08 | RMB | 129,728 | Financial assets for hedging | RMB | 508 | | - | | - |
| Exchange rate swap | USD to RMB | USD15,000/ RMB96 921 | 2022.6.08 | RMB | 97,308 | Financial assets | RMB | 387 | | - | | - |

For the year ended December 31, 2020

The Group's hedging strategy is to enter into exchange rate swap contracts to avoid exchange rate exposure on 100% of the fair value of its foreign currency denominated

receipts and payments and to manage exchange rate exposure. Those transactions are designated as fair value hedges. Adjustments are recognized directly in profit or loss and are presented as hedged items on the consolidated statements of comprehensive income.

| Used for |
|-------------------|
| Calculating Hedge |
| Effectiveness |
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2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

- 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. Also, credit exposure is controlled by setting credit limits that are reviewed and approved annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk was significantly reduced.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

a) The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods.

December 31, 2021

| | 1 Year | 1-2 Years | 2-5 Years | 5+ Years | Total |
|---|------------------------------|-----------------------------------|-------------------------------------|-------------------------|------------------------------|
| Non-derivative <u>financial liabilities</u> | | | | | |
| Variable interest rate liabilities Lease liabilities Fixed interest rate | \$ 17,827,847 83,709 | \$ 16,648,182 68,394 | \$ 7,000,000 100,609 | \$ 1,137,770 141,279 | \$ 42,613,799 393,991 |
| liabilities Non-interest bearing | | 29,024 | 7,500,000 101,825 | <u> </u> | 7,500,000 14,622,619 |
| | <u>\$ 32,403,326</u> | <u>\$ 16,745,600</u> | <u>\$ 14,702,434</u> | \$ 1,279,049 | \$ 65,130,409 |
| <u>December 31, 2020</u> | | | | | |
| | 1 Year | 1-2 Years | 2-5 Years | 5+ Years | Total |
| Non-derivative <u>financial liabilities</u> | | | | | |
| Variable interest rate liabilities Lease liabilities Non-interest bearing | \$ 12,753,419 110,061 | \$ 18,144,584 69,523 28,216 | \$ 12,124,475 129,031 115,184 | \$ 1,137,770 153,615 | \$ 44,160,248 462,230 |
| | \$ 26,126,260 | \$ 18,242,323 | \$ 12,368,690 | \$ 1,291,385 | \$ 58,028,658 |

b) The Group's derivative financial instruments with agreed upon settlement dates were as follows:

December 31, 2021

| | On Demand or Less Than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | Total |
|--|--------------------------------------|--------------------|-----------------------|--------------|------------------|
| Net settled | | | | | |
| Commodity futures contracts Foreign exchange forward | \$ 16,434 | \$ (19,571) | \$ 5,077 | \$ - | \$ 1,940 |
| contracts | 13,115 | 146 | 946 | - | 14,207 |
| Exchange rate swap contracts | 47,904 | _ | 3,889 | _ | 51,793 |
| | <u>\$ 77,453</u> | <u>\$ (19,425)</u> | <u>\$ 9,912</u> | <u>\$ -</u> | <u>\$ 67,940</u> |

December 31, 2020

| | On Demand or Less Than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | Total |
|---|--------------------------------------|-------------------|-----------------------|-------------|----------------------|
| Net settled | | | | | |
| Commodity futures contracts Foreign exchange forward contracts Exchange rate swap | \$ (617) (8,020) | \$ 62,663 (44) | \$ 11,283 (310) | \$ - | \$ 73,329 (8,374) |
| contracts | 8,282 | - | | | 8,282 |
| | <u>\$ (355)</u> | \$ 62,619 | \$ 10,973 | <u>\$ -</u> | \$ 73,237 |

e. Transfers of financial assets

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

| Counterparty | Receivables Factoring Proceeds | Amount Reclassified to Other Receivables | Advances Received - Unused | Advances Received - Used | Annual Interest Rates on Advances Received (Used) (%) |
|--------------------------|--------------------------------------|---|----------------------------------|--------------------------------|--|
| <u>December 31, 2021</u> | | | | | |
| CTBC bank | \$ 150,495 | <u>\$ 5,786</u> | <u>US\$ 2,700</u> | <u>\$</u> | - |
| <u>December 31, 2020</u> | | | | | |
| CTBC bank | \$ 137,121 | \$ 21,266 | US\$ 2,700 | \$ - | - |

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between WLC and its subsidiaries, which are related parties of WLC, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as below:

a. Related party name and category

| Related Party Name | Related Party Category | | |
|---|------------------------|--|--|
| Winbond Electronics Corp. | Associate | | |
| Walsin Technology Corp. | Associate | | |
| Walton Advanced Engineering, Inc. | Associate | | |
| Chin-Xin Investment Co., Ltd. | Associate | | |
| Changzhou China Steel Precision Materials Co., Ltd. | Associate | | |
| | (Continued) | | |

| | Related Party Name | Related Part | y Category |
|----|---|--|----------------------------------|
| | Hangzhou Walsin Power Cable & Wire Co., Ltd. Walsin Color Co., Ltd. Nuvoton Technology Corporation Prosperity Dielectrics Co., Ltd. HannStar Display Corp. Kuong Tai Metal Industrial Co., Ltd. HannStar Board Tech. (Jiangyin) Corp HannStar Board Corp. Global Brands Manufacture Ltd. Info-Tek Corp. | Associate Associate Associate Associate Substantive related process of the substantive | party party party party |
| b. | Sales | | |
| | | For the Year End 2021 | led December 31 2020 |
| | Associates Other related parties | \$ 6,458 | \$ 8,782 <u>903,376</u> |
| c. | Rental income | <u>\$ 1,758,159</u> | <u>\$ 912,158</u> |
| | | For the Year End | lad Dagambar 21 |
| | | 2021 | 2020 |
| | Associates Other related parties | \$ 46,197 1,029 \$ 47,226 | \$ 44,514 993 \$ 45,507 |
| d. | Purchases of goods | | |
| | | For the Year End 2021 | ded December 31 2020 |
| | Associates Other related parties | \$ 33,027 4,961 | \$ 30,100 3,891 |
| | | <u>\$ 37,988</u> | <u>\$ 33,991</u> |

e. Administrative expenses

| | For the Year Ended December 31 | | | |
|-------------------------------------|--------------------------------|---------------------|--|--|
| | 2021 | 2020 | | |
| Associates Other related parties | \$ 14,889 | \$ 12,955 10,725 | | |
| | <u>\$ 28,447</u> | \$ 23,680 | | |

The stock registration matters of WLC and related parties were handled together. The related fees allocated to the related parties were charged against general and administrative expenses.

| f. | Dividend income | | |
|----|---|---------------------------|---------------------|
| | | For the Year End | ed December 31 |
| | | 2021 | 2020 |
| | HannStar Display Corp. HannStar Board Corp. Other related parties | \$ 149,816 140,259 | \$ - 106,722 |
| | | <u>\$ 297,780</u> | <u>\$ 109,612</u> |
| g. | Notes receivable | | |
| | | Decem | ber 31 |
| | | 2021 | 2020 |
| | Associates | \$ 2,186 | \$ 6,312 |
| h. | Trade receivables | | |
| | | Decemb | ber 31 |
| | | 2021 | 2020 |
| | Other related parties | <u>\$ 17,229</u> | \$ 39,054 |
| i. | Notes payable | | |
| | | Decemb | ber 31 |
| | | 2021 | 2020 |
| | Associates | \$ 10,257 | <u>\$ 16,857</u> |

| J· | Trauc | payables |
|----|-------|----------|
| | | |

| | December 31 | | | |
|-----------------------|---------------|---------------|--|--|
| | 2021 | 2020 | | |
| Other related parties | <u>\$ 601</u> | <u>\$ 684</u> | | |

k. Other receivables (excluding financing provided)

| | December 31 | | |
|-------------------------------------|--------------------|-------------------|--|
| | 2021 | 2020 | |
| Associates Other related parties | \$ 19,279 2,648 | \$ 9,945 2,598 | |
| | <u>\$ 21,927</u> | <u>\$ 12,543</u> | |

1. Financing provided

Financing provided for years ended December 31, 2021 and 2020 are as follows:

| | | December 3 | 31, 2021 | |
|---|--------------------------------------|-------------------|--------------------|------------------|
| Related Parties | Highest Balance for the Period | Ending Balance | Interest Income | Interest Rate |
| Hangzhou Walsin Power Cable & Wire Co., Ltd. | <u>\$ 350,991</u> | <u>\$ 347,329</u> | <u>\$ 15,310</u> | 4.35% |
| | | December | 31, 2020 | |
| Related Parties | Highest Balance for the Period | Ending Balance | Interest Income | Interest Rate |
| Hangzhou Walsin Power Cable & Wire Co., Ltd. | \$ 350,66 <u>3</u> | \$ 349,187 | \$ 16,15 <u>9</u> | 4.35%-4.79% |

m. Guarantee deposits

| | December 31 | | |
|-------------------------------------|-----------------|-----------------|--|
| | 2021 | 2020 | |
| Associates Other related parties | \$ 7,453 | \$ 7,225 282 | |
| | <u>\$ 7,735</u> | <u>\$ 7,507</u> | |

n. Disposal of property, plant and equipment (included investment properties)

| | For the Year Ended December 31 | | | |
|----------------------------------|--------------------------------|----------------------|---------------|----------------------|
| | 20 | 021 | 20 | 020 |
| | Price | Gain on Disposals | Price | Gain on Disposals |
| Prosperity Dielectrics Co., Ltd. | <u>\$</u> | <u>\$</u> | <u>\$ 295</u> | <u>\$ 295</u> |

o. Compensation of key management personnel

The remuneration of directors and key executives was as follows:

| | December 31 | | |
|--|-------------------|---------------------|--|
| | 2021 | 2020 | |
| Short-term benefits Post-employment benefits | \$ 217,518 | \$ 127,218 1,414 | |
| | <u>\$ 218,910</u> | <u>\$ 128,632</u> | |

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collaterals for bank borrowings, the deposits for completing constructions and tariff guarantees for imported raw materials:

| | December 31 | | L | |
|---|-------------|-----------|------|-----------|
| | 2021 | | 2020 | |
| Refundable deposits (recorded under other financial assets - current) | \$ | 61,964 | \$ | 79,977 |
| Restricted deposits (recorded under other financial assets - current) | | 388,193 | | 538,468 |
| Pledged time deposits (recorded under other financial assets - current) | | 8,683 | | - |
| Pledged time deposits (recorded under other financial assets - non-current) | | - | | 8,730 |
| Finance lease receivables - current | | 58,042 | | 56,128 |
| Finance lease receivables - non-current | | 662,543 | | 720,585 |
| Other non-current assets | _ | 52,534 | | 52,406 |
| | \$ | 1,231,959 | \$ | 1,456,294 |

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, unrecognized commitments and significant contingencies of the Group at December 31, 2021 and 2020 were as follows:

a. Outstanding letters of credit not reflected in the accompanying consolidated financial statements as of December 31, 2021 and 2020 were as follows (in thousands):

| | December 31 | | |
|-------------------|-------------|-------------|--|
| | 2021 | 2020 | |
| U.S. dollar | US\$ 9,572 | US\$ 17,455 | |
| Japanese Yen | JPY 160,710 | JPY 108,812 | |
| Euro | EUR 26,852 | EUR 4,770 | |
| Renminbi | RMB 13,134 | RMB 13,134 | |
| New Taiwan dollar | NT\$ 47,575 | NT\$ 82,347 | |

b. Outstanding standby letters of credit not reflected in the consolidated financial statements as follows (in thousands):

| | December 31 | | |
|--|--|---------------------------------------|--|
| | 2021 | 2020 | |
| New Taiwan dollar U.S. dollar Renminbi | NT\$ 665,286 US\$ 30 RMB 111,504 | NT\$ 392,784 US\$ 30 RMB 41,533 | |

c. Based on the tariff and relevant regulations, the Group shall issue a letters of credit to import goods and to meet the needs of post-release duty payment. The guaranteed amount was as follows:

| | Decem | iber 31 |
|-------------------|--------------|--------------|
| | 2021 | 2020 |
| New Taiwan dollar | NT\$ 462,000 | NT\$ 434,000 |

d. Non-cancelable raw material procurement contracts were as follows:

| | Decem | December 31 | | |
|-------------------------|--|------------------------------------|--|--|
| | 2021 | 2020 | | |
| U.S. dollar Renminbi | <u>US\$ 42,595</u> <u>RMB 259,005</u> | <u>US\$ 22,681</u> <u>RMB -</u> | | |

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

| | December 31 | | |
|-------------------|---------------|--------------|--|
| | 2021 | 2020 | |
| New Taiwan dollar | NT\$2,702,350 | NT\$ - | |
| U.S. dollar | US\$ 4,362 | US\$ 115,670 | |
| Renminbi | RMB 395,368 | RMB - | |

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

| | Foreign Currency | Exchange Rate | Carrying Amount |
|--|---|---|--|
| Financial assets | | | |
| Monetary items U.S. dollar Japanese yen Euro Hong Kong dollar Australian dollar Singapore dollars Indonesian rupiah Non-monetary items U.S. dollar | \$ 811,837 511,128 30,442 4,481 1,579 3,291 1,650,074,291 | 27.6800 0.2405 31.3200 3.5490 20.0800 20.4600 0.00198 | \$ 22,471,643 122,926 953,435 15,903 31,714 67,335 3,267,147 |
| Financial liabilities | | | |
| Monetary items U.S. dollar Euro Renminbi Swiss franc Indonesian rupiah Non-monetary items U.S. dollar | 230,939 27 171 17 52,340,604 1,353 | 27.68 31.3200 4.3416 31.1750 0.00198 27.68 | 6,392,384 830 743 513 103,634 37,439 |
| <u>December 31, 2020</u> | | | |
| | Foreign Currency | Exchange Rate | Carrying Amount |
| Financial assets | | | |
| Monetary items U.S. dollar Japanese yen Euro Hong Kong dollar Australian dollar Malaysian ringgit | \$ 258,467 100,120 13,934 2,388 596 105,067 | 28.4800 0.2763 35.0200 3.6730 21.9500 6.7895 | \$ 7,361,149 27,663 487,961 8,771 12,493 713,350 (Continued) |

| | Foreign Currency | Exchange Rate | Carrying Amount |
|---|---------------------|---------------|--------------------|
| Indonesian rupiah Non-monetary items | \$ 54,811,630 | 0.0020 | \$ 111,268 |
| U.S. dollar | 201,893 | 28.4800 | 5,749,918 |
| Renminbi | 43,268 | 4.3648 | 188,857 |
| Financial liabilities | | | |
| Monetary items | | | |
| U.S. dollar | 516,963 | 28.4800 | 14,723,112 |
| Japanese yen | 4,011 | 0.2763 | 1,108 |
| Euro | 5 | 35.0200 | 159 |
| Malaysian ringgit | 7,086 | 6.7895 | 48,113 |
| Renminbi | 182,191 | 4.3648 | 795,234 |
| Swiss franc | 17 | 32.3050 | 549 |
| Non-monetary items | | | |
| U.S. dollar | 6,377 | 28.4800 | 181,613 |
| | | | (Concluded) |

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses were NT\$237,222 thousand and NT\$66,726 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies in the Group.

35. SEPARATELY DISCLOSED ITEMS

- a. Information about on significant transactions and information on investees:
 - 1) Financing provided to others (Table 1)
 - 2) Endorsements/guarantees provided (Table 2)
 - 3) Marketable securities held (Table 3)
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 5)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)

- 9) Trading in derivative instrument (Notes 7 and 8)
- 10) Information on investees (Table 8)
- 11) Intercompany relationships and significant intercompany transactions (Table 10)
- b. Information on investments in mainland China:
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 9)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 10):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period;
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period;
 - c) The amount of property transactions and the amount of the resultant gains or losses;
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes;
 - e) The highest balance, the ending period balance, the interest rate range, and total current period interest with respect to the financing of funds; and
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 11)

36. SEGMENT INFORMATION

- a. Basic information
 - 1) Classification

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

a) Wires and cables

The segment's main products include copper rods, wires, connectors and components which are sold to industries involving cables and wires, communications cable, heavy electronics, home electrical appliances and construction.

b) Stainless steel

The segment's main products included smelting, rolled stainless steel, carbon steel and precision alloy wire which are sold to industries involving construction components, crankshafts, machine tools, plumbing, heat exchange, drainage, petrochemicals and construction.

c) Real estate

Real estate is responsible for the development of commercial and real estate complexes and real estate management. Furthermore, the modes of operation are the construction of residences, offices, markets and hotels, and the offering of rental space, operating management and after-sales services.

d) Administration and investing

The segment of administration and investing refers to other investments in mainland China.

2) Estimates of operating segment income and expenses, assets and liabilities

Accounting policies of operating segments are the same with those summarized in Note 4 to the consolidated financial statements. Operating segment income and expenses are measured based on estimated future potential profit and pre-tax operating profit adjusted by hedge accounting. Sales and transfers between segments are treated as transactions with third parties and evaluated at fair value.

The Group does not allocate income tax expense (benefit), investment income (loss) recognized under equity method, foreign exchange gain (loss), net investment income (loss), gain (loss) on disposal of investments, gain (loss) on valuation of financial assets and liabilities and extraordinary items to reportable segments. The amounts reported are consistent with the report used by chief operating decision maker.

3) Identification of operating segments

The reported operating segments are classified according to the different products and services that are managed separately because they use different technology and selling strategies.

b. Financial information

1) Segment revenue and results:

(NT\$ in Thousand)

| | Wires and Cables | Stainless Steel | Resource | Real Estate | Administration and Investing | Total |
|---|----------------------------|----------------------------|---------------------------|-------------------------|------------------------------|--|
| For the year ended | | | | | | |
| External net sales and operating revenues Operating profit Net non-operating income (expenses) Net interest income (expenses) | \$ 64,422,883 2,239,742 | \$ 65,297,118 5,904,114 | \$ 8,571,368 4,009,584 | \$ 1,882,235 214,240 | \$ 16,491,162 977,872 | \$156,664,766 13,345,552 (325,999) |
| Share of profit of associates accounted for using the equity method Dividend income Gain on disposal of property, plant | | | | | | 4,808,211 561,499 |
| and equipment Gain on disposal of investments Foreign exchange gain, net Gain on financial assets and liabilities at fair value through | | | | | | 20,468 679,207 (237,222) |
| profit or loss Impairment loss Net other income | | | | | | 647,228 (693,892) 317,446 |
| Consolidated income before income tax | | | | | | \$ 19,122,498 |
| For the year endedDecember 31, 2020 | | | | | | |
| External net sales and operating | | | | | | |
| revenues Operating profit | 41,378,992 1,242,325 | 46,030,715 1,196,472 | (53,818) | 7,099,820 3,583,825 | 18,037,076 1,252,635 | \$ 112,546,603 7,221,439 |
| Net non-operating income (expenses) Net interest income (expenses) Share of profit of associates | -,- :-, | 2,223,112 | (65,610) | 2,222,222 | -,, | (278,459) |
| accounted for using the equity method Dividend income Gain on disposal of property, plant | | | | | | 1,696,319 110,990 |
| and equipment Loss on disposal of investments Foreign exchange loss, net | | | | | | (7,979) 87,696 (66,726) |
| Gain on financial assets and liabilities at fair value through | | | | | | , , |
| profit or loss Impairment loss | | | | | | 732,121 674 |
| Net other expenses | | | | | | (245,410) |
| Consolidated income before income tax | | | | | | \$ 9,250,665 |

2) Segment assets and liabilities

| | Wires and Cables | Stainless Steel | Resource | Real Estate | Administration and Investing | Total |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|----------------------------------|
| Segment assets | | | | | | |
| December 31, 2021 December 31, 2020 | \$ 15,420,471 11,208,815 | \$ 38,002,224 30,235,244 | \$ 17,042,352 15,047,662 | \$ 28,324,476 27,684,853 | \$ 84,245,375 67,387,432 | \$ 183,034,898 \$ 151,564,006 |
| Segment liabilities | | | | | | |
| December 31, 2021 December 31, 2020 | 11,025,954 3,902,905 | 16,632,104 14,463,048 | 7,578,444 11,710,614 | 12,893,795 12,371,783 | 26,958,333 21,834,826 | \$ 75,088,630 \$ 64,283,176 |

3) Geographical information

The Group's revenue from external customers and non-current assets, excluding those classified as held for sale, financial instruments, deferred tax assets, and post-employment benefit, categorized by geographical location is as follows:

| | Revenue fro | om External | Non-curr | ent Assets |
|-----------------------|-----------------------|-----------------------|---------------|---------------|
| | Custo | omers | Decem | iber 31 |
| | 2021 | 2020 | 2021 | 2020 |
| Asia United States | \$ 134,031,146 | \$ 90,763,089 | \$ 54,005,146 | \$ 46,169,318 |
| of America | 17,315,503 | 17,896,829 | 225,071 | 156,460 |
| Europe | 3,662,416 | 2,048,572 | - | - |
| Others | 1,655,701 | 1,838,113 | | |
| | <u>\$ 156,664,766</u> | <u>\$ 112,546,603</u> | \$ 54,230,217 | \$ 46,325,778 |

Note: Revenue from external customers is classified by geographical location.

4) Information about major customer

No single customer contributed 10% or more to the Group's revenue for both 2021 and 2020.

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS FOR THE YEAR ENDED DECEMBER 31, 2021 (In thousands of New Taiwan Dollars and U.S. Dollars)

| No. Lender | Borrower | Financial Statement Account | Related Party | Highest Balance for the Period | Ending Balance | Actual Amount Borrowed | Interest Rate (%) | Nature of Financing | Business Transactio n Amount | Reasons for Short-term Financing | Allowance for Impairment Loss | | llateral Value | Financing Limit for Each Borrower (Note 1) | Aggregate Financing Limit (Note 1) |
|-------------------------------|--|-----------------------------------|------------------|-----------------------------------|----------------|------------------------------|-------------------------|------------------------|------------------------------------|--|----------------------------------|---|-------------------|---|--|
| 0 Walsin Lihwa Corporation | PT. Walsin Nickel Industrial Indonesia | Other receivables | Yes | \$ 17,824,000 (US\$ 640,000) | | | 3.50 | Operating capital | \$ - | Operating capital and equipment purchase | \$ - | - | \$ - | \$ 42,353,410 (US\$ 1,530,109) | \$ 42,353,410 (US\$ 1,530,109) |

Notes:

- 1. According to the financing provided by Walsin 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 = \$105,883,524×40% = \$42,353,410 (US\$1,530,109)
 - b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = $$105,883,524 \times 40\% = $42,353,410 \text{ (US$1,530,109)}$

- 2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.
- 3. The currency exchange rate as of December 31, 2021 was as follows: US\$ to NT\$ = 1:27.68.



TABLE 1-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS FOR THE YEAR ENDED DECEMBER 31, 2021 (In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

| | | | Financial | | | | | | | Business | Reasons for | Allowance | Col | lateral | Financing | Aggregate |
|-----|----------------------|--|-------------------|------------------|--------------------------------|-----------------------------|----------------------------|----------------------|------------------------|-------------|-------------------|-------------------|------|---------|-------------------------------|-------------------------------|
| No. | Lender | Borrower | Statement | Related Party | Highest Balance for the Period | Ending Balance | Actual Amount Borrowed | Interest Rate (%) | Nature of Financing | Transaction | Short-term | for Impairment | Item | Value | Limit for Each Borrower | Financing Limit |
| | | | Account | 2 | 101 0110 1 0110 0 | | 2011064 | 111110 (70) | | Amount | Financing | Loss | | , | (Note 1) | (Note 1) |
| 1 | Walsin (China) | | Other receivables | Yes | 350,991 | 347,329 | 347,329 | 4.35 | Operating capital | - | Operating | - | - | - | 1,780,563 | 1,780,563 |
| | Investment Co., | Power Cable & Wire | | | (RMB 80,000) | (RMB 80,000) | (RMB 80,000) | | | | capital | | | | (US\$ 64,325) | (US\$ 64,325) |
| | Ltd. | Co., Ltd. Walsin (Nanjing) | Other receivables | Yes | 4.387.390 | 4,341,610 | 3,023,515 | 4.05 | Operating capital | _ | Operating | _ | _ | _ | 42.353.410 | 42.353.410 |
| | | Construction Limited | Other receivables | 103 | , , , | (RMB1,000,000) | | 4.03 | operating capital | | capital | | | | (US\$1,530,109) | (US\$1,530,109) |
| | | Yantai Walsin Stainless | Other receivables | Yes | 6,612,155 | 6,501,785 | 3,239,085 | 1.15-3.00 | Operating capital | - | Operating | - | - | - | 42,353,410 | 42,353,410 |
| | | Steel Co., Ltd. | | | , , , | (US\$ 100,000) | (US\$ 60,115) | | | | capital | | | | (US\$1,530,109) | (US\$1,530,109) |
| | | 1 | 0.1 | 37 | (RMB 860,000) | | (RMB 362,792) | 1 15 1 65 | 0 4 4 1 | | 0 " | | | | 40.252.410 | 42 252 410 |
| | | Jiangyin Walsin Specialty Alloy | Other receivables | Yes | 1,805,170 (US\$ 45,000) | 1,766,593 (US\$ 45,000) | 1,234,307 (US\$ 44,592) | 1.15-1.65 | Operating capital | - | Operating capital | - | - | - | 42,353,410 | 42,353,410 (US\$1,530,109) |
| | | Materials Co., Ltd. | | | () | (RMB 120,000) | (RMB -) | | | | Capitai | | | | (03\$1,330,107) | (03\$1,330,107) |
| | | Changshu Walsin | Other receivables | Yes | 2,393,248 | 2,343,514 | 1,543,714 | 1.15-1.65 | Operating capital | - | Operating | - | - | - | 42,353,410 | 42,353,410 |
| | | Specialty Steel Co., | | | | (US\$ 58,000) | (US\$ 55,770) | | | | capital | | | | (US\$1,530,109) | (US\$1,530,109) |
| | | Ltd. | 0.1 | 3.7 | (RMB 170,000) | , , , | (RMB -) | 1 15 1 65 | 0 | | 0 | | | | 40.050.410 | 12 252 110 |
| | | Dongguan Walsin Wire & Cable Co., Ltd. | Other receivables | Yes | 2,282,800 (US\$ 80.000) | 2,214,400 (US\$ 80,000) | 1,895,443 (US\$ 68.477) | 1.15-1.65 | Operating capital | - | Operating capital | - | - | - | 42,353,410 (US\$1,530,109) | 42,353,410 (US\$1,530,109) |
| | | | Other receivables | Yes | 2.038.856 | 2.013.444 | 1,168,579 | 1.15-3.00 | Operating capital | _ | Operating | _ | _ | _ | 42,353,410 | 42.353.410 |
| | | Cable Co., Ltd. | | | (US\$ 10,000) | , , | , , | | - F 8F | | capital | | | | | (US\$1,530,109) |
| | | | | | , , , | (RMB 400,000) | (RMB 213,640) | | | | _ | | | | | |
| | | Shanghai Walsin Lihwa | Other receivables | Yes | 256,815 | 249,120 | 247,653 | 1.15-1.65 | Operating capital | - | Operating | - | - | - | 445,141 | 1,780,563 |
| | | Power Wire & Cable Co., Ltd. | | | (US\$ 9,000) | (US\$ 9,000) | (US\$ 8,947) | | | | capital | | | | (US\$ 16,081) | (US\$ 64,325) |
| | | Co., Ltd. | | | | | | | | | | | | | | |
| 2 | Dongguan Walsin | Walsin (China) | Other receivables | Yes | 2,851,804 | 2,822,047 | 2,396,200 | 2.70 | Operating capital | - | Operating | - | - | _ | 42,353,410 | 42,353,410 |
| | Wire & Cable Co., | Investment Co., Ltd. | | | (RMB 650,000) | (RMB 650,000) | (RMB 551,915) | | | | capital | | | | (US\$1,530,109) | (US\$1,530,109) |
| | Ltd. | | | | | | | | | | | | | | | |
| 3 | Walsin International | Walsin (China) | Other receivables | Yes | 15,794,322 | 15,466,754 | 11,040,170 | 0.98-2.60 | Operating capital | _ | Operating | _ | _ | _ | 42,353,410 | 42,353,410 |
| | Investments | Investment Co., Ltd. | other receivables | 105 | , , | (US\$ 382,000) | (US\$ 242,000) | 0.90 2.00 | operating capital | | capital | | | | (US\$1,530,109) | (US\$1,530,109) |
| | Limited | | | | (RMB1,127,000) | (RMB1,127,000) | (RMB1,000,000) | | | | • | | | | | |
| | | | Other receivables | Yes | 9,844,575 | 9,549,600 | - | 0.12-0.23 | Operating capital | - | Operating | - | - | - | 42,353,410 | 42,353,410 |
| | | Corporation PT. Walsin Nickel | Other receivebles | Yes | , , , | (US\$ 345,000) 6,920,000 | (US\$ -) 6,920,000 | 2.50 | Operating somit-1 | | capital | | | | (US\$1,530,109) | (US\$1,530,109) |
| | | Industrial Indonesia | Other receivables | res | 6,920,000 (US\$ 250,000) | (US\$ 250,000) | | 3.50 | Operating capital | _ | Operating capital | - | - | _ | 7,322,605 (US\$ 264,537) | 7,322,605 (US\$ 264,537) |
| | | madata madicila | | | (554 250,000) | (554 250,000) | 250,000) | | | | cupitai | | | | (554 204,551) | (Ουψ 204,001) |
| | | | | 1 | | | | | | | | | | | | (Continued) |

(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%-owned, directly or indirectly by its parent company, cannot exceed 40% of the parent company's equity as presented in its the consolidated financial statements of a subsidiary. If the financing is an one-time funding, the amount for an individual loan shall not exceed 40 % of the financing company's most current consolidated financial statements. If it is a revolving funding, the amount for an individual loan shall not exceed 10 % of the financing company's most current consolidated financial statements.
 - a. The limit on the amount of financing provided to a single enterprise was as follows:

```
Jiangyin Walsin Steel Cable Co., Ltd. = $105,883,524 × 40% = $42,353,410 (US$1,530,109) Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. = US$160,812×10% = US$16,081 (445,141) Walsin (China) Investment Co., Ltd. = $105,883,524 × 40% = $42,353,410 (US$1,530,109) Walsin Lihwa Corporation = $105,883,524 × 40% = $42,353,410 (US$1,530,109) Walsin (Nanjing) Construction Limited = $105,883,524 × 40% = $42,353,410 (US$1,530,109) Yantai Walsin Stainless Steel Co., Ltd. = $105,883,524 × 40% = $42,353,410 (US$1,530,109) Jiangyin Walsin Specialty Alloy Materials Co., Ltd. = $105,883,524 × 40% = $42,353,410 (US$1,530,109) Changshu Walsin Specialty Steel Co., Ltd. = $105,883,524 × 40% = $42,353,410 (US$1,530,109) Dongguan Walsin Wire & Cable Co., Ltd. = $105,883,524 × 40% = $42,353,410 (US$1,530,109) Walsin Lihwa Holdings Limited = $105,883,524 × 40% = $42,353,410 (US$1,530,109) Hangzhou Walsin Power Cable & Wire Co., Ltd. = US$160,812 × 40% = US$64,325 (1,780,563) PT. Walsin Nickel Industrial Indonesia = US$661,343 × 40% = US$264,537 (7,322,605)
```

b. The limit on the amount of financing provided was as follows:

```
Walsin Lihwa Corporation = $105,883,524 \times 40\% = $42,353,410 \text{ (US$1,530,109)}
Walsin (China) Investment Co., Ltd. = US$160,812 \times 40% = US$64,325 ($1,780,563)
```

- 2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.
- 3. The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68; RMB to NT\$ = 1:4.34161; US\$ to RMB = 1:6.3757.

(Concluded)



TABLE 1-2

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CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

| No | Lender | Borrower | Financial Statement Account | Related Party | Highest Balance for the Period | Ending Balance | Actual Amount Borrowed | Interest Rate (%) | Nature of Financing | Business Transaction Amount | Reasons for Short-term Financing | Allowance for Impairment Loss | | llateral Value | Financing Limit for Each Borrower (Note 1) | Aggregate Financing Limit (Note 1) |
|----|--|---|-----------------------------------|------------------|-----------------------------------|--------------------------|---------------------------|-------------------------|------------------------|-----------------------------------|--|----------------------------------|---|-------------------|---|--|
| 4 | Concord Industries Limited | Walsin (China) Investment Co., Ltd. | Other receivables | Yes | \$ 4,387,390 (RMB 1,000,000) | · · | \$ - (RMB -) | - | Operating capital | \$ - | Operating capital | \$ - | - | \$ - | \$ 42,353,410 (US\$ 1,530,109) | \$ 42,353,410 (US\$ 1,530,109) |
| 5 | Changshu Walsin Specialty Steel Co., Ltd. | Walsin (China) Investment Co., Ltd. | Other receivables | Yes | 307,117 (RMB 70,000) | 303,913 (RMB 70,000) | 164,469 (RMB 37,882) | 2.70 | Operating capital | - | Operating capital | - | - | - | 42,353,410 (US\$ 1,530,109) | 42,353,410 (US\$ 1,530,109) |
| 6 | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Walsin (China) Investment Co., Ltd. | Other receivables | Yes | (RMB 200,000) | 868,322 (RMB 200,000) | 430,887 (RMB 99,246) | 2.70 | Operating capital | - | Operating capital | - | - | - | 42,353,410 (US\$ 1,530,109) | 42,353,410 (US\$ 1,530,109) |

Notes:

- 1. According to the financing regulations of Yantai Walsin Stainless Steel Co., Ltd., Changshu Walsin Specialty Steel Co., Ltd. and Jiangyin Walsin Specialty Alloy Materials Co., Ltd., the limit on the amount of financing provided to a single enterprise that holds directly or indirectly 100% of the voting rights of a subsidiary cannot exceed 40% of the parent company's equity presented in the consolidated financial statements of Walsin Lihwa Corporation.
 - a. The limit on the amount of financing provided to a single enterprise was as follows:

Walsin (China) Investment Co., Ltd. = \$105,883,524 × 40% = \$42,353,410 (US\$1,530,109)

b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = $$105,883,524 \times 40\% = $42,353,410 \text{ (US}$1,530,109)$

- 2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.
- 3. The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68; RMB to NT\$ = 1:4.34161; US\$ to RMB = 1:6.3757.

JIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

| | | Financial | D 1 4 1 | | | | | 27.1 | Business | Reasons for | Allowance | Col | lateral | Financing Limit | Aggregate |
|---------------------------------------|------------|----------------------|------------------|--------------------------------|-----------------------------|---------------------------|----------------------|------------------------|-----------------------|-------------------|---------------------------|------|---------|-----------------------------------|-----------------------------------|
| No. Lende | r Borrower | Statement Account | Related Party | Highest Balance for the Period | Ending Balance | Actual Amount Borrowed | Interest Rate (%) | Nature of Financing | Transaction Amount | | for Impairment Loss | Item | Value | for Each Borrower (Note 1) | Financing Limit (Note 1) |
| 7 Joint Succe Enterpris Limited | | Other receivables | Yes | \$ 755,607 (US\$ 26,480) | \$ 732,966 (US\$ 26,480) | | 2.48 | Operating capital | \$ - | Operating capital | \$ - | - | \$ - | \$ 42,353,410 (US\$ 1,530,109) | \$ 42,353,410 (US\$ 1,530,109) |
| 8 Walsin (Na Construc Limited | | Other receivables | Yes | 2,193,695 (RMB 500,000) | (RMB -) | RMB - | - | Operating capital | - | Operating capital | - | - | - | 42,353,410 (US\$ 1,530,109) | 42,353,410 (US\$ 1,530,109) |

Notes:

- 1. According to the financing regulation provided by Joint Success Enterprises Limited and Walsin (Nanjing) Development Co., Ltd., the total limit on the amount of the financing provided to a subsidiary whose equity is 100%-owned, directly or indirectly by the parent company, cannot exceed 40% of the equity of the parent company as presented in the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a subsidiary whose equity is less than 100%-owned, directly or indirectly by its parent company, cannot exceed 40% of the parent company's equity as presented in the parent company's most current consolidated financial statements. If the financing is a one-time funding, the amount for an individual loan shall not exceed 40% of the parent company's net worth in the parent company's most current consolidated financial statements. If it is a revolving fund, the amount for an individual loan shall not exceed 10 % of the parent company's net worth in the parent company's most current consolidated financial statements.
 - a. The limit on the amount of financing provided to a single enterprise was as follows:

Walsin (Nanjing) Construction Co., Ltd. = $$105,883,524 \times 40\% = $42,353,410 \text{ (US$1,530,109)}$ Walsin (China) Investment Co., Ltd. = $$105,883,524 \times 40\% = $42,353,410 \text{ (US$1,530,109)}$

b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = $$105,883,524 \times 40\% = $42,353,410 \text{ (US}$1,530,109)$

- 2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.
- 3. The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68; RMB to NT\$ = 1:4.34161; US\$ to RMB = 1:6.3757.



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TABLE 1-4

WALSIN INFO-ELECTRIC CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS FOR THE YEAR ENDED DECEMBER 31, 2021 (In Thousands of New Taiwan Dollars)

| | | | Financial | Related | Highest | Ending | Actual | Interest Rate | Nature of | Business | | Allowance for | | llateral | Financing Limit for Each | Aggregate |
|-----|-------------------------------|-----------------------------|----------------------|---------|------------------------|------------|--------------------|---------------|-------------------|-----------------------|-------------------------|--------------------|------|----------|-----------------------------|-----------------------------|
| No. | Lender | Borrower | Statement Account | Party | Balance for the Period | Balance | Amount Borrowed | (%) | Financing | Transaction Amount | Short-term Financing | Impairment Loss | Item | Value | Borrower (Note 1) | Financing Limit (Note 1) |
| 9 | Walsin Info-Electric Corp. | Walsin Lihwa Corporation | Other receivables | Yes | \$ 130,000 | \$ 130,000 | \$ 130,000 | 0.70 | Operating capital | \$ - | Operating capital | \$ - | - | \$ - | \$ 134,809 | \$ 134,809 |

Notes:

- 1. According to the financing regulation provided by Walsin Info-electric Corp. Corporation, the total limit on the amount of the financing provided to a subsidiary whose equity is 100% owned, directly or indirectly by the parent company, cannot exceed 40% of the equity of the parent company as presented in the consolidated financial statements of Walsin Lihwa Corporation. The limit on the amount of financing provided to a subsidiary whose equity is less than 100% owned, directly or indirectly by its parent company, cannot exceed 40% of the parent company's equity as presented in the parent company's most current consolidated financial statements. If the financing is a one-time funding, the amount for an individual loan shall not exceed 40% of the parent company's most current consolidated financial statements. If it is a revolving fund, the amount for an individual loan shall not exceed 10% of the parent company's most current consolidated financial statements.
 - a. The limit on the amount of financing provided to a single enterprise was as follows:

Walsin Lihwa Corporation = $$337,022 \times 40\% = $134,809$

b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = $$337,022 \times 40\% = $134,809$

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED FOR THE YEAR ENDED DECEMBER 31, 2021 (In Thousands of New Taiwan Dollars and U.S. Dollars)

| | | | Endorsee/Gu | uarantee | | | | | | Ratio of | | | | |
|-----|----------------|-----------------------------|--|----------|---|-------------------------------|-------------------------------|-------------------------------|--|---|--|--|--|--|
| (1) | No. Note 1) | Endorser/Guarantor | Name | | Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3) | | Endorsement/ | Actual Amount Borrowed | Amount Endorsed/ Guaranteed by Collateral | 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 |
| | 0 | Walsin Lihwa Corporation | PT. Walsin Nickel Industrial Indonesia | b | \$ 12,196,998 (US\$ 440,643) | \$ 2,491,200 (US\$ 90,000) | \$ 2,491,200 (US\$ 90,000) | \$ 1,107,200 (US\$ 40,000) | \$ - | - | \$ 105,883,524 | Yes | No | No |

Notes:

- 1. The information on Walsin Lihwa Corporation and its subsidiaries is listed and labeled on the entitled "No." column.
 - a. "0" represents Walsin Lihwa Corporation.
 - b. Subsidiaries are numbered consecutively starting from 1.
- 2. The relationship between Walsin Lihwa Corporation and the endorsed/guaranteed entities can be classified into the following categories
 - a. A company with which Walsin Lihwa Corporation does business.
 - b. A company in which Walsin Lihwa Corporation directly and indirectly holds more than 50% of the voting shares.
 - c. A company that directly and indirectly holds more than 50% of the voting shares in Walsin Lihwa Corporation.
 - d. A company in which Walsin Lihwa Corporation directly or indirectly holds 90% or more of the voting shares.
 - e. A company that fulfills Walsin Lihwa Corporation's contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
 - f. A company in which all capital contributing shareholders make endorsements/guarantees for it and Walsin Lihwa Corporation's joint-investment company in proportion to their shareholding percentages.
 - g. A company in the same industry as Walsin Lihwa Corporation whereby either provides among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other
- 3. According to the endorsements/guarantees provided and financing provided by Walsin Lihwa Corporation, the total limit on the amount of endorsements/guarantees cannot exceed 100% of the net value of Walsin Lihwa Corporation's current parent-company-only financial statements (including the consolidated financial statements). The limit on the amount of endorsements/guarantees provided and financing provided to a single enterprise cannot exceed the net value of the guaranteed company. The limit on the amount of guarantees provided to an investee in which over 66.67% of the common shares are held cannot exceed the amount which is 250% of the net value multiplied by the equity percentage of the guarantee provider; however, the limits mentioned above are not applicable to Walsin Lihwa Corporation's wholly-owned holding companies incorporated in duty-free areas overseas.
 - a. The limit on the amount of endorsements/guarantees provided was as follows:

 NT105,883,524 \times 100\% = $105,883,524$

- b. The limit on the amount of endorsements/guarantees provided to a single entity was as follows:
 - PT. Walsin Nickel Industrial Indonesia.: US\$191,584 × 250% × 92% = US\$440,643
- 4. The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68.



TABLE 2-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

| | Endorsee/G | uarantee | | | | | | Ratio of | | | | |
|-----------------|--|--------------------------|---|--|-----------------|------------------------------|--|---|--|--|---|--|
| No. (Note 1) | Endorser/Guaranto r Name | Relationship (Note 2) | Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3) | Maximum Amount Endorsed/ Guaranteed During the Period | Endorsement/ | Actual Amount Borrowed | Amount Endorsed/ Guaranteed by Collateral | 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 |
| 1 | Dongguan Walsin Wire & Cable Co., Ltd. Walsin (China) Investment Co., Ltd. | С | \$ 11,128,190 (US\$ 402,030) | \$ 1,362,361 (RMB 310,579) | \$ - (RMB -) | \$ - US\$ - | \$ - | 1 | \$ 105,883,524 | No | No | Yes |

Notes:

- 1. The information on Walsin Lihwa Corporation and its subsidiaries is listed and labeled on the entitled "No." column.
 - a. "0" represents Walsin Lihwa Corporation.
 - b. Subsidiaries are numbered consecutively starting from 1.
- 2. The relationship between Walsin Lihwa Corporation and the endorsed/guaranteed entities can be classified into the following categories
 - a. A company with which Walsin Lihwa Corporation does business.
 - b. A company in which Walsin Lihwa Corporation directly and indirectly holds more than 50% of the voting shares.
 - c. A company that directly and indirectly holds more than 50% of the voting shares in Walsin Lihwa Corporation.
 - d. A company in which Walsin Lihwa Corporation directly or indirectly holds 90% or more of the voting shares.
 - e. A company that fulfills Walsin Lihwa Corporation's contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
 - f. A company in which all capital contributing shareholders make endorsements/guarantees for it and Walsin Lihwa Corporation's joint-investment company in proportion to their shareholding percentages.
 - g. A company in the same industry as Walsin Lihwa Corporation whereby either provides among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other
- 3. According to the endorsements/guarantees provided and financing provided by Walsin Lihwa Corporation, the total limit on the amount of endorsements/guarantees cannot exceed 100% of the net value of Walsin Lihwa Corporation's current parent-company-only financial statements (including the consolidated financial statements). The limit on the amount of endorsements/guarantees provided and financing provided to a single enterprise cannot exceed the net value of the guaranteed company. The limit on the amount of guarantees provided to an investee in which over 66.67% of the common shares are held cannot exceed the amount which is 250% of the net value multiplied by the equity percentage of the guarantee provider; however, the limits mentioned above are not applicable to Walsin Lihwa Corporation's wholly-owned holding companies incorporated in duty-free areas overseas.
 - a. The limit on the amount of endorsements/guarantees provided was as follows:

 NT105,883,524 \times 100\% = $105,883,524$

b. The limit on the amount of endorsements/guarantees provided to a single entity was as follows:

Walsin (China) Investment Co., Ltd.: US\$160,812 × 250% × 100% = US\$402,030

4. The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68; RMB to NT\$ = 1:4.34161.

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

| | | Endorsee/0 | Guarantee | | | | | | Ratio of | | | | |
|----------------|---|---|--------------------------|---|--|-----------------|------------------------------|--|---|--|--|---|--|
| No. (Note 1 | Endorser/Guarantor | Name | Relationship (Note 2) | Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3) | Maximum Amount Endorsed/ Guaranteed During the Period | Endorsement/ | Actual Amount Borrowed | Amount Endorsed/ Guaranteed by Collateral | 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 |
| 2 | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Walsin (China) Investment Co., Ltd. | d | \$ 11,128,190 (US\$ 402,030) | \$ 1,362,631 (RMB 310,579) | \$ - (RMB -) | \$ - US\$ - | \$ - | - | \$ 105,883,524 | No | No | Yes |

Notes:

- 1. The information on Walsin Lihwa Corporation and its subsidiaries is listed and labeled on the entitled "No." column.
 - a. "0" represents Walsin Lihwa Corporation.
 - b. Subsidiaries are numbered consecutively starting from 1.
- 2. The relationship between Walsin Lihwa Corporation and the endorsed/guaranteed entities can be classified into six categories.
 - a. A company with which Walsin Lihwa Corporation does business.
 - b. A company in which Walsin Lihwa Corporation directly and indirectly holds more than 50% of the voting shares.
 - c. A company that directly and indirectly holds more than 50% of the voting shares in Walsin Lihwa Corporation.
 - d. A company in which Walsin Lihwa Corporation directly or indirectly holds 90% or more of the voting shares.
 - e. A company that fulfills Walsin Lihwa Corporation's contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
 - f. A company in which all capital contributing shareholders make endorsements/guarantees for it and Walsin Lihwa Corporation's joint-investment company in proportion to their shareholding percentages.
 - g. A company in the same industry as Walsin Lihwa Corporation whereby either provides among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other
- 3. According to the endorsements/guarantees provided and financing provided by Walsin Lihwa Corporation, the total limit on the amount of endorsements/guarantees cannot exceed 100% of the net value of Walsin Lihwa Corporation's current parent-company-only financial statements (including the consolidated financial statements). The limit on the amount of endorsements/guarantees provided and financing provided to a single enterprise cannot exceed the net value of the guaranteed company. The limit on the amount of guarantees provided to an investee in which over 66.67% of the common shares are held cannot exceed the amount which is 250% of the net value multiplied by the equity percentage of the guarantee provider; however, the limits mentioned above are not applicable to Walsin Lihwa Corporation's wholly-owned holding companies incorporated in duty-free areas overseas.
 - a. The limit on the amount of endorsements/guarantees provided was as follows:

 NT105,883,524 \times 100\% = NT$105,883,524$

b. The limit on the amount of endorsements/guarantees provided to a single entity was as follows:

Walsin (China) Investment Co., Ltd.: US160,812 \times 250\% \times 100\% = US$402,030$

4. The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68; RMB to NT\$ = 1:4.34161.



TABLE 3

WALSIN LIHWA CORPORATION

MARKETABLE SECURITIES HELD **DECEMBER 31, 2021**

(In Thousands of New Taiwan Dollars)

| Holding | Type and Name of Igguer of | Deletionship with the Holding | | | Decemb | er 31, 2021 | | T |
|-----------------------------|--|--|---|---------------------------|--------------------|--------------------------------|--------------|------|
| Company Name | Type and Name of Issuer of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | Number of Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | Note |
| Walsin Lihwa Corporation | Share | | | | | | | |
| • | HannStar Display Corp. | The holding company is a director of the issuer company | Financial assets at fair value through other comprehensive income - non-current | 299,632,180 | \$ 5,423,342 | 9.90 | \$ 5,423,342 | |
| | HannStar Board Corp. | The chairman of the holding company and the chairman of the company are second-class relatives | Financial assets at fair value through other comprehensive income - non-current | 63,753,952 | 2,894,429 | 12.06 | 2,894,429 | |
| | TECO Electric & Machinery Co., Ltd. | - | Financial assets at fair value through other comprehensive income - non-current | 230,438,730 | 7,293,386 | 10.77 | 7,293,386 | |
| | Kuong Tai Metal Industrial Co., Ltd. | The holding company is a director of the issuer company | Financial assets at fair value through other comprehensive income - non-current | 9,631,802 | 276,509 | 9.39 | 276,509 | |
| | Taiwan Submarine Cable Co., Ltd. (formerly known as One-Seven Trading Co., Ltd.) | The holding company is a director of the issuer company | | 30,000 | 149 | 6.67 | 149 | |
| | Global Investment Holdings | The holding company is a director of the issuer company | Financial assets at fair value through other comprehensive income - non-current | 5,221,228 | 60,283 | 2.97 | 60,283 | |
| | WK Technology Fund | - | Financial assets at fair value through other comprehensive income - non-current | 19,024 | 187 | 1.91 | 187 | |
| | Universal Venture Capital Investment | - | Financial assets at fair value through other comprehensive income - non-current | 1,400,000 | 12,650 | 1.16 | 12,650 | |
| | Hwa Bao Botanic Conservation Corp. | The holding company is a supervisor of the issuer company | Financial assets at fair value through other comprehensive income - non-current | 3,000,000 | 28,596 | 15.00 | 28,596 | |
| | Tung Mung Development Co., Ltd. | - | Financial assets at fair value through other comprehensive income - non-current | 14,285,000 | 149,993 | 4.01 | 149,993 | |

華新麗華110年年報

CONCORD INDUSTRIES CONSTRUCTION CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD DECEMBER 31, 2021 (In Thousands of Renminbi)

| | Type and Name of Issuer of | Relationship with the | | | Decembe | er 31, 2021 | | |
|--|---|-----------------------|---|---------------------------|--------------------|--------------------------------|------------|------|
| Holding Company Name | Marketable Securities | Holding Company | Financial Statement Account | Number of Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | Note |
| XiAn Lv Jing Technology Co., Ltd. | Certification of capital verification 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. | Certification of capital verification Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. | | Financial assets at fair value through other comprehensive income - non-current | N/A | 17,240 | 6.02 | 17,240 | |



TABLE 3-2

JIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD **DECEMBER 31, 2021** (In Thousands of New Taiwan Dollars)

| | Type and Name of Issuer of | Relationship with the | | | Decembe | er 31, 2021 | | |
|-----------------------------|-----------------------------|-----------------------|---|------------------------|--------------------|--------------------------------|------------|------|
| Holding Company Name | Marketable Securities | Holding Company | Financial Statement Account | Number of Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | Note |
| Jin-Cherng Construction Co. | Share Gsharp Corporation | - | Financial assets at fair value through other comprehensive income - non-current | 270,000 | \$ - | 2.73 | \$ - | |

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WALSIN INFO-ELECTRIC CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

| | Type and Name of Issuer of | Relationship with | | | Decembe | r 31, 2021 | | |
|-----------------------------|----------------------------|------------------------|---|------------------------|--------------------|--------------------------------|------------|------|
| Holding Company Name | Marketable Securities | the Holding Company | Financial Statement Account | Number of Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | Note |
| Walsin Info-Electric Corp. | <u>Share</u> | | | | | | | |
| | W T International Inc. | - | Financial assets at fair value through other comprehensive income - non-current | 228,000 | \$ 2,568 | 5.43 | \$ 2,568 | |
| | Ufi Space Co., Ltd. | - | Financial assets at fair value through other comprehensive income - non-current | 297,069 | 29,822 | 1.07 | 29,822 | |
| | Global PMX Co., Ltd. | - | Financial assets at fair value through other comprehensive income - non-current | 88,000 | 15,928 | 0.08 | 15,928 | |
| | Landing AI | - | Financial assets at fair value through other comprehensive income - non-current | 265,583 | 27,894 | 0.54 | 27,894 | |



TABLE 4

WALSIN LIHWA CORPORATION

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

| Compone | Type and Name of | Financial Statement | Dumaga of | | Beginnin | g Balance | Acqu | isition | | Dis | sposal | | Ending | Balance |
|-----------------|--------------------------------------|---|---------------------------|--------------|---------------------|--------------|---------------------|--------------------------|---------------------|------------|--------------------|----------------------------|---------------------|--------------|
| Company Name | Marketable Securities | Account | Purpose of Transaction | Relationship | 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 | Concord Industries Limited | Investments accounted for using the equity method | 1 | Subsidiaries | 285,903,187 | \$ 4,631,181 | 47,000,000 | \$ 1,156,955 (Note 1) | 15,398,007 | \$ 434,994 | \$434,994 | \$ - | 317,505,180 | \$ 5,353,142 |
| | Walsin Precision Technology Corp. | Investments accounted for using the equity method | | Subsidiaries | - | - | 32,178,385 | 447,963 (Note 2) | - | - | - | - | 32,178,385 | 447,963 |
| | New Hono Investment Pte. Ltd | Investments accounted for using the equity method | 1 | Subsidiaries | - | - | 42,000,000 | 5,828,396 (Note 2) | - | - | - | - | 42,000,000 | 5,828,396 |
| | TECO Electric & Machinery Corp. | | Capital investment | - | 954,000 | 26,378 | 229,484,730 | 7,267,008 (Note 3) | - | - | - | - | 230,438,730 | 7,293,386 |

Note 1: The amount included subscription for shares, investment income or loss and changes in other equity.

Note 2: The amount included the purchase amount, investment income or loss and changes in other equity.

Note 3: The amount included issuance of new shares in exchange for the shares of another company and adjustments through fair value.

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of Renminbi)

| | Type and Name of | Financial | | | Beginnir | ng Balance | Acq | uisition | | Disp | osal | | Ending 1 | Balance |
|-------------------------------------|--|--|-----------------------|--------------|---------------------|--------------|---------------------|----------------------|---------------------|-----------|--------------------|----------------------------|---------------------|--------------|
| Company Name | Marketable Securities | Statement Account | Counterparty | Relationship | Number of Shares | Amount | Number of Shares | Amount | Number of Shares | Amount | Carrying Amount | Gain (Loss) on Disposal | Number of Shares | Amount |
| Walsin Lihwa Holdings Limited | Share Walsin International Investments Limited | Investments accounted for using the equity method | Capital investment | Subsidiary | 4,303,960,202 | \$ 3,874,450 | 349,411,500 | \$ 342,076 (Note) | - | \$ - | \$ - | \$ - | 4,653,371,702 | \$ 4,216,526 |
| Walsin (China) Investment Co., Ltd. | Certificate of capital verification Fubon Bank (China) RMB structured deposits | Financial assets at amortized cost | Fubon Bank | - | N/A | 300,000 | N/A | 1,500,000 | N/A | 1,805,457 | 1,800,000 | 5,457 | N/A | - |

Note: The amount included subscription for shares and investment income or loss.



TABLE 4-2

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of Renminbi)

| | Type and Name of | Financial Statement | | | Beginning | Balance | Acquis | sition | | Dis | posal | | Ending | Balance |
|-------------------------------|---|---|--------------|--------------|---------------------|------------|---------------------|--------|---------------------|-----------|------------------------|----------------------------|---------------------|---------|
| Company Name | Marketable Securities | Account | Counterparty | Relationship | Number of Shares | Amount | Number of Shares | Amount | Number of Shares | Amount | Carrying Amount | Gain (Loss) on Disposal | Number of Shares | Amount |
| Concord Industries Limited | Share Walsin Precision Technology Corp. | Investments accounted for using the equity method | | | 32,178,385 | \$ 168,042 | - | \$ - | 32,178,385 | \$ 99,848 | \$ 123,750 (Note 1) | \$ (23,902) (Note 2) | - | \$ - |

Note 1: The amount included investment income or loss, distribution of dividends from the capital surplus and cumulative translation adjustments.

Note 2: Loss on disposal is unrealized in the consolidated report.

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

| | | | Transaction | | | | Prio | or Transaction of Ro | elated Counterpar | ty | | | |
|--------------------------|----------------------|---------------------------|--|------------------------------------|------------------------------------|----------------------------|-------|----------------------|-------------------|--------|----------------------------|-------------------------------------|----------------|
| Company Name | Types of Property | Transaction Date | Amount (Foreign Currencies in Thousands) | Payment Term | Counterparty | Nature of Relationships | Owner | Relationships | Transfer Date | Amount | Price Reference | Purpose of Acquisition | Other Terms |
| Walsin Lihwa Corporation | Plant | 2021/08/19- 2021/12/23 | \$ 521,333 | Based on the terms in the contract | Chung-Lu Construction Co., Ltd. | - | N/A | N/A | N/A | N/A | Based on the marketability | Manufacturing and operating purpose | - |



TABLE 5-1

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of Renminbi)

| | | | Transaction | | | | Pı | rior Transaction of | Related Counterpa | rty | | | |
|--|----------------------|---------------------------|--|------------------------------------|---|----------------------------|-------|---------------------|-------------------|--------|-------------------------------|-------------------------------------|----------------|
| Pro | Types of Property | Transaction Date | Amount (Foreign Currencies in Thousands) | Payment Term | Counterparty | Nature of Relationships | Owner | Relationships | Transfer Date | Amount | Price Reference | Purpose of Acquisition | Other Terms |
| Yantai Walsin Stainless Steel Co., Ltd. | Plant | 2021/07/12- 2021/09/14 | \$ 89,064 | Based on the terms in the contract | China Construction Eighth Engineering Division. Co., Ltd. | - | N/A | N/A | N/A | N/A | Based on the marketability | Manufacturing and operating purpose | - |

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WALSIN LIHWA CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

| Company | Dalated Danty | Deletionship | | 7 | Transacti | on Details | Abnormal | Transaction | Notes/Acco Receivable (Pa | | Note |
|-----------------------------|--|----------------------------------|-------------------|----------------|---------------|---|------------|------------------|------------------------------|---------------|------|
| Name | Related Party | Relationship | Purchase/ Sale | Amount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % of Total | Note |
| Walsin Lihwa Corporation | Dongguan Walsin Wire & Cable Co., Ltd. | 100% indirectly owned subsidiary | Sales | \$ (2,273,189) | (2) | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal | Normal | \$ 81,510 | 2 | |
| | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | 100% indirectly owned subsidiary | Sales | (668,583) | (1) | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal | Normal | 245,996 | 5 | |
| | Koung Tai Metal Industrial Co., Ltd. | Director of the related party | Sales | (1,743,620) | (2) | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal | Normal | 17,229 | - | |
| | Changshu Walsin Specialty Steel Co., Ltd. | 100% indirectly owned subsidiary | Sales | (595,996) | (1) | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Similar | Similar | 281,518 | 5 | |



TABLE 6-1

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars and Renminbi)

| Company Name | Doloted Douts | Nature of Deletionship | | Transaction | Details | | Abnormal 7 | Transaction | Notes/Accounts or Receiva | | Note |
|--|---|--|-------------------|--------------|---------------|------------------|------------|------------------|------------------------------|---------------|------|
| Company Name | Related Party | Nature of Relationship | Purchase/ Sale | Amount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % of Total | Note |
| Dongguan Walsin Wire & Cable Co., Ltd. | Walsin Lihwa Corporation | Parent company | Purchases | \$ 2,273,189 | 12 | Normal | Normal | Normal | \$ (81,510) | (27) | |
| | Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. | Both subsidiaries of Walsin Lihwa Corporation | Sales | RMB (49,712) | (1) | Normal | Normal | Normal | RMB 14,014 | 10 | |
| Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. | Dongguan Walsin Wire & Cable Co., Ltd. | Both subsidiaries of Walsin Lihwa Corporation | Purchases | RMB 49,712 | 6 | Normal | Normal | Normal | RMB (14,014) | (7) | |

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars and Renminbi)

| Comment Name | Dalada I Banda | Natura (Dalatian di | | | , | Transacti | on Details | Abnormal | Transaction | | Accounts I | | NI-4- |
|---|---|---|-------------------|--------|----------|---------------|---|------------|---------------|--------|------------|---------------|-------|
| Company Name | Related Party | Nature of Relationship | Purchase/ Sale | Amo | ount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending | g Balance | % of Total | Note |
| Yantai Walsin Stainless Steel Co., Ltd. | Changshu Walsin Specialty Steel Co., Ltd. | Both subsidiaries of Concord Industries Limited | Sales | RMB (2 | 242,772) | (11) | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal | Normal | RMB | 27,331 | 6 | |
| | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Both subsidiaries of Concord Industries Limited | Sales | RMB (2 | 233,251) | (11) | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal | Normal | RMB | 6,386 | 1 | |
| | Changshu Walsin Specialty Steel Co., Ltd. | Both subsidiaries of Concord Industries Limited | Purchases | RMB | 32,926 | 2 | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal | Normal | RMB | (5,739) | (2) | |
| | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Both subsidiaries of Concord Industries Limited | Purchases | RMB | 40,500 | 2 | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal | Normal | RMB | (1,213) | - | |
| Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Yantai Walsin Stainless Steel Co., Ltd. | Both subsidiaries of Concord Industries Limited | Sales | RMB | (40,500) | (10) | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal | Normal | RMB | 1,213 | 1 | |
| | Walsin Lihwa Corporation | Parent company | Purchases | (| 668,583 | 37 | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal | Normal | | (245,996) | (76) | |
| | Yantai Walsin Stainless Steel Co., Ltd. | Both subsidiaries of Concord Industries Limited | Purchases | RMB 2 | 233,251 | 57 | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal | Normal | RMB | (6,386) | (9) | |
| Changshu Walsin Specialty Steel Co., Ltd. | Yantai Walsin Stainless Steel Co., Ltd. | Both subsidiaries of Concord Industries Limited | Sales | RMB | (32,926) | (5) | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal | Normal | RMB | 5,739 | 4 | |
| | Walsin Lihwa Corporation | Parent company | Purchases | | 595,996 | 25 | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal | Normal | | (281,518) | (32) | 1 |
| | Yantai Walsin Stainless Steel Co., Ltd. | Both subsidiaries of Concord Industries Limited | Purchases | RMB 2 | 242,772 | 44 | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Normal | Normal | RMB | (27,331) | (14) | |

TABLE 7

WALSIN LIHWA CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

| | | | | | | | rdue | Amount | Allowance for | |
|-----------------------------|--|----------------------------------|----------------------------------|------------|------------------|--------|--------------|-------------------------------------|--------------------|--|
| Company Name | Related Party | Relationship | Financial Statement Ending Ba | | Turnover Rate | Amount | Action Taken | Received in Subsequent Period | Impairment Loss | |
| Walsin Lihwa Corporation | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | 100% indirectly owned subsidiary | Trade receivables | \$ 245,996 | 3.87 | \$ - | - | \$ 99,789 | \$ - | |
| * | | 100% indirectly owned subsidiary | Trade receivables | 281,518 | 4.12 | - | - | 194,308 | - | |

WALSIN LIHWA HOLDINGS LIMITED AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL DECEMBER 31, 2021

(In Thousands of Renminbi and U.S. Dollars)

| | | | | | | | Over | due | Amounts | Allowance |
|--|---|--|----------------------------|---------------------|-------------------|------------------|--------|-----------------|-------------------------------------|------------------|
| Company Name | Related Party | Nature of Relationship | Financial Statem Ending | nent Acc g Balan | | Turnover Rate | Amount | Action Taken | Received in Subsequent Period | for Bad Debts |
| Walsin Lihwa Holdings Limited | Walsin (China) Investment Co., Ltd. | 100% owned subsidiary | Other receivables | RMB | 261,794 | - | \$ - | - | \$ - | \$ - |
| Walsin (China) Investment Co., Ltd. | Walsin Lihwa Holdings Limited | Parent company | Other receivables | | 4,900 | - | - | - | - | - |
| | Yantai Walsin Stainless Steel Co., Ltd. | Both subsidiaries of Walsin Lihwa Corporation | Other receivables | US\$ RMB | 60,175 363,643 | - | - | - | - | - |
| | Changshu Walsin Specialty Steel Co., Ltd. | Both subsidiaries of Walsin Lihwa Corporation | Other receivables | US\$ | 55,825 | - | - | - | - | - |
| | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | 18.37% owned subsidiary | Other receivables | US\$ | 44,636 | - | - | - | - | - |
| | Jiangyin Walsin Steel Cable Co., Ltd. | 100% owned subsidiary | Other receivables | US\$ RMB | 8,717 214,155 | - | - | - | - | - |
| | Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. | 95.71% directly owned subsidiary | Other receivables | US\$ | 8,955 | - | - | - | - | - |
| | Walsin (Nanjing) Development Co., Ltd. | Both subsidiaries of Walsin Lihwa Corporation | Other receivables | RMB | 698,586 | - | - | - | - | - |
| | Hangzhou Walsin Power Cable & Wire Co., Ltd. | Associate | Other receivables | RMB | 81,228 | - | - | - | - | - |
| | XiAn Walsin Metal Product Co., Ltd. | Both subsidiaries of Walsin Lihwa Corporation | Other receivables | RMB | 176,213 | - | - | - | - | - |
| | Nanjing Taiwan Trade Mart Management Co., Ltd. | | Other receivables | RMB | 37,250 | - | - | - | - | - |
| | Dongguan Walsin Wire & Cable Co., Ltd. | 100% owned subsidiary | Other receivables | US\$ | 68,544 | - | - | - | - | - |
| Walsin International Investments Limited | PT. Walsin Nickel Industrial Indonesia | Both subsidiaries of Walsin Lihwa Corporation | Other receivables | RMB | 1,596,871 | - | - | - | - | - |
| Emited | Walsin (China) Investment Co., Ltd. | Both subsidiaries of Walsin Lihwa Corporation | Other receivables | RMB | 2,558,656 | - | - | - | - | - |
| Dongguan Walsin Wire & Cable Co., Ltd. | Walsin (China) Investment Co., Ltd. | Parent company | Other receivables | RMB | 553,394 | - | - | - | - | -// |
| Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. | Walsin (China) Investment Co., Ltd. | Parent company | Other receivables | RMB | 83,540 | - | - | - | - | /-/ |

Note: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars.



TABLE 7-2

CONCORD INDUSTRIES LIMITED AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL DECEMBER 31, 2021

(In Thousands of Renminbi)

| | | | | | | Over | rdue | Amounts | |
|---|--|--|-----------------------------|-----------|------------------|--------|--------------|-------------------------------------|----------------------------|
| Company Name | Related Party | Nature of Relationship | Financial Stateme Ending | | Turnover Rate | Amount | Action Taken | Received in Subsequent Period | Allowance for Bad Debts |
| Yantai Walsin Stainless Steel Co., Ltd. | Changshu Walsin Specialty Steel Co., Ltd. | Both are subsidiaries of Concord Industries Limited | Trade receivables | \$ 27,331 | 8.07 | \$ - | - | \$ - | \$ - |
| Changshu Walsin Specialty Steel Co., Ltd. | Walsin (China) Investment Co., Ltd. | Both are subsidiaries of Walsin Lihwa Corporation | Other receivables | 37,911 | - | - | - | - | - |
| Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Walsin (China) Investment Co., Ltd. | Both are subsidiaries of Walsin Lihwa Corporation | Other receivables | 99,473 | - | - | - | - | - |

JIN-CHERNG CONSTRUCTION CO. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL DECEMBER 31, 2021

(In Thousands of Renminbi)

| | | | | | Ove | rdue | Amount | Allowance for |
|--------------------------------------|--|--------------|--|------------------|--------|--------------|-------------------------------------|-----------------|
| Company Name | Related Party | Relationship | Financial Statement Account and Ending Balance | Turnover Rate | Amount | Action Taken | Received in Subsequent Period | Impairment Loss |
| Joint Success Enterprises Limited | Walsin (Nanjing) Construction Co., Ltd. | Subsidiary | Other receivables \$ 177,412 | - | \$ - | - | \$ - | \$ - |



TABLE 8

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE GROUP EXERCISES SIGNIFICANT INFLUENCE FOR THE YEAR ENDED DECEMBER 31, 2021

1. Information of investees that Walsin Lihwa Corporation has controlling power or significant influence over was as follows (in thousands of New Taiwan dollars):

| | | | | Original Inves | tment Amount | Balance a | as of Decembe | er 31, 2021 | | | |
|---------------------------------------|---|---|---|----------------------|----------------------|---------------------|------------------------|--------------------|---------------------------|---------------------------|----------|
| Investor | | | Main Businesses and | | | | Percentage | , | Net Income | Investment | |
| Investor Company | Investee Company | Location | Products | December 31, 2021 | December 31, 2020 | Number of Shares | of Ownership (%) | Carrying Amount | (Loss) of the Investee | Investment Gain (Loss) | Note |
| Walsin Lihwa Corporation | Walsin Lihwa Holdings Limited | Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands | Investments | \$ 14,495,777 | \$ 14,760,298 | 473,730,393 | 100.00 | \$ 26,803,960 | \$ 1,081,312 | \$ 1,081,391 | |
| , , , , , , , , , , , , , , , , , , , | Concord Industries Limited | Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands | Investments | 13,611,135 | 12,724,589 | 317,505,180 | 100.00 | 5,353,142 | (162,677) | (58,882) | |
| | Ace Result Global Limited | Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands | Investments | 1,587,416 | 1,587,416 | 44,739,988 | 100.00 | 383,632 | 46,062 | 46,062 | |
| | Min Maw Precision Industry Corp. | | Solar power systems management, design, and installation | 180,368 | 180,368 | 29,995,859 | 100.00 | 365,703 | 31,059 | 31,059 | |
| | Waltuo Green Resources Corporation | No. 47, Bade Rd., Yanshui District, Tainan City 73743, Taiwan, R.O.C. | Waste disposal, resource recovery and cement products | 10,000 | 10,000 | 1,000,000 | 100.00 | 19,203 | 10,366 | 10,366 | |
| | Walsin Precision Technology Corp. | 2115-1,Kawasan Perindustrian air Keroh, Fasa IV, Air Keroh, 75450 Melaka, Malaysia | Production and sale of stainless steel plates | 434,994 | - | 32,178,385 | 100.00 | 447,963 | 47,066 | 30,256 | (Note 1) |
| | New Hono Investment Pte. Ltd | 2 Battery Road, #27-01, Maybank Tower, Singapore 049907 | Investments | 5,003,810 | - | 42,000,000 | 100.00 | 5,828,396 | 953,732 | 849,748 | |
| | Jin-Cherng Construction Co. | 5th Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C. | Construction | 611,688 | 611,688 | 577,583,403 | 99.22 | 6,348,728 | (108,838) | (108,129) | |
| | Walsin Info-Electric Corp. | 25F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C. | Mechanical and electrical, communications, and power systems | 270,034 | 270,034 | 29,854,246 | 99.51 | 335,371 | (4,767) | (4,744) | |
| | PT. Walsin Lippo Industries | JI. MH. Thamrin Block A1-1, Delta Silicon Industrial Park, Lippo Cikarang, Bekasi 17550, Indonesia | | 481,663 | 481,663 | 10,500 | 70.00 | 818,205 | 90,143 | 63,100 | |
| | PT. Walsin Lippo Kabel | JI. Jati 3 Blok J7/5, Newton Techno Park, Serang, Cikarang Selatan, Bekasi, Jawa Barat | Production and sale of cables and wires | 11,656 | 11,656 | 1,050,000 | 70.00 | 12,690 | 5,705 | 3,994 | |
| | PT. Walsin Nickel Industrial Indonesia | Gedung Wisma Mulia LT. 41 JL Jend Gatot Subroto NO. 42 Kuningan Barat Mmpang Prapatan Kota ADM. Jakarta Selatan Dki Jakarta | Production and sale of nickel pig iron | 1,509,171 | 1,509,171 | 500,000 | 50.00 | 2,381,125 | 2,598,802 | 1,128,008 | |
| | Joint Success Enterprises Limited | Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands | Investments | 1,164,273 | 1,164,273 | 36,058,184 | 49.05 | 5,175,692 | (237,201) | (115,394) | |
| | Chin-Xin Investment Co., Ltd | . 26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C. | Investments | 2,237,969 | 2,237,969 | 179,468,270 | 37.00 | 8,011,194 | 528,594 | 195,580 | |
| | Walsin Color Co., Ltd. | 24F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C. | Management of investments and conglomerates | 457,610 | 457,610 | 49,831,505 | 33.97 | 1,053,790 | (17,475) | (5,936) | |
| | Concord II Venture Capital Co., Ltd. | 4F., No. 76, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106,, R.O.C. | Venture capital and consulting affairs | 257,860 | 257,860 | 26,670,699 | 26.67 | 174,332 | (16,822) | (4,486) | |
| | Winbond Electronics Corp. | | Research, development, production and sale of semiconductors and related components | 7,429,920 | 7,429,920 | 883,848,423 | 22.21 | 18,357,864 | 13,594,643 | 2,984,304 | |
| | Walton Advanced Engineering, Inc. | No. 18, Yugang N. 1st Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan, R.O.C. | Production, sale, and testing of semiconductors | 1,185,854 | 1,185,854 | 109,628,376 | 21.01 | 2,322,664 | 219,897 | 46,403 | |

| | | | | Origina | l Investm | ent A | mount | Balance | as of Decemb | per 31, 2021 | | | |
|-------------------------------------|---|--|--|-------------|----------------|---------------|---------------------|---------------------|--------------------------------------|-----------------|--------------------------------------|---------------------------|----------|
| Investor Company | Investee Company | Location | Main Businesses and Products | December 31 | 1, 2021 De | eceml | ber 31, 2020 | Number of Shares | Percentage of Ownership (%) | Carrying Amount | Net Income (Loss) of the Investee | Investment Gain (Loss) | Note |
| | Walsin Technology Corp. | 24F., No. 1, Songzhi Rd., Xinyi Dist., Taipei | | \$ 1,649 | 0,039 | \$ | 1,649,039 | 88,902,325 | 18.30 | \$ 8,166,415 | \$ 7,931,941 | \$ 1,450,358 | |
| | Powertec Electrochemical Corp.'s | City, Taiwan, R.O.C. 13 F, No. 337, Fuxing N. Rd., Songshan Dist., Taipei City 105, Taiwan, R.O.C. | ceramic capacitors Basic industrial chemical manufacturing and energy technical services | 2,945 | 5,925 | | 2,945,925 | 318,522,792 | 22.46 | - | - | - | |
| Walsin Lihwa Holding Limited | Walsin International Investments Limited | Unit 9-15, 22/F, Millennium City, 378 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong | Investments | HK\$ 4,653 | 3,372 | HK\$ | 4,303,960 | 4,653,371,702 | 100.00 | 18,306,511 | 222,439 | 222,439 | |
| Elimed | Walcom Chemicals Industrial Limited | Unit 714,7/F, Miramat Tower, 1-23 Kimberley Road, Tsimshatsui, Kowloon, Hong Kong | Commerce | US\$ 0 | 0.030 | US\$ | 0.030 | 325,000 | 65.00 | 0.829 | - | - | |
| | Borrego Solar Systems, Inc. | 6210 Lake Shore Drive, San Diego, CA92119, USA | Grid-connected solar electric systems | US\$ 15 | 5,000 | US\$ | 15,000 | 1,460,458 | 73.49 | 3,420,689 | 875,401 | 639,533 | |
| Concord Industries Limited | Walsin Specialty Steel Corp. | Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110, BVI | Commerce and investments | | ,400 ete 2) | US\$ | 101,400 (Note 2) | 101,400,000 | 100.00 | 1,016,241 | 51,770 | 51,770 | |
| Limited | Walsin Precision Technology Sdn. Bhd. | 2115-1, Kawasan Perindustrian air Keroh, Fasaiv, Air Keroh, 75450 Melaka, Malaysia | Production and sale of stainless steel plates | US\$ | - | US\$ | 8,470 | - | - | - | 47,066 | 16,810 | (Note 3) |
| Jin-Cherng Construction Co. | Joint Success Enterprises Limited | Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110, BVI | Investments | 1,202 | 2,993 | | 1,202,993 | 37,461,816 | 50.95 | 5,273,922 | (237,201) | (120,854) | |
| | Dinghsin Development Co., Ltd. | 5th Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C. | Investment of real estate and related business | 8 | 3,540 | | 8,540 | 2,119,200 | 35.32 | 39,427 | 5,282 | 1,866 | |
| | Concord II Venture Capital Co., Ltd. | 4F., No. 76, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.) | Venture capital and consulting affairs | 1 | ,603 | | 1,603 | 172,342 | 0.17 | 1,127 | (16,822) | (72) | |
| | | 26F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City, Taiwan, R.O.C. | Investments | 54 | 1,154 | | 54,154 | 3,264,092 | 0.67 | 146,794 | 528,594 | 3,546 | |
| New Hono Investment Pte. Ltd. | PT. Walsin Nickel Industrial Indonesia | Gedung Wisma Mulia LT. 41 JL Jend Gatot Subroto NO. 42 Kuningan Barat Mmpang Prapatan Kota ADM. Jakarta Selatan Dki Jakarta | Production and sale of nickel pig iron | US\$ 42 | 2,000 | J S \$ | - | 42,000 | 42.00 | 2,227,285 | 2,598,802 | 953,791 | |

- Note 1: Due to adjustments in the investment structure of the Group, it was transferred from Concord Industries Limited to Walsin Lihwa Corporation.
- Note 2: The amount included capitalization of retained earnings of US\$4,500 thousand.
- Note 3: Due to adjustments in the investment structure of the Group, it was transferred from Concord Industries Limited to Walsin Lihwa Corporation.
- Note 4: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars and Hong Kong dollars.

TABLE 9

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

A. Walsin Lihwa Corporation

1. The names of investee companies in mainland China, their main businesses and products, total amount of paid-in capital, investment type, investment flows, percentage of ownership in investment, investment gain or loss, carrying amount, accumulated inward remittance of earnings and upper limit on investment in mainland China were as follows:

| | | | | Accumulated | Investment | Flows | A con | mulated | | Percentage | | | |
|---|--|----------------------------------|-----|--|----------------------------|--------|------------------------|---|---|--|--|---|--|
| Investee Company | Main Businesses and Products | Total Amount Paid-in Capi | | Outflow of Investment from Taiwan as of January 1, 2021 | Outflow | Inflow | Out Investr Taiw | ifflow of ment from van as of per 31, 2021 | Net Income (Loss) of the Investee | of Ownership in Investment (%) | Investment Gain (Loss) (Note 16) | Carrying Amount as of December 31, 2021 | Accumulated Inward Remittance of Earnings as of December 31, 2021 |
| Jiangyin Walsin Steel Cable Co., Ltd. | Manufacture and sale of steel cables and wires | \$ 553,6 (US\$ 20,0 | | \$ 720,815 (US\$ 26,041) (Note 2) | \$ - | \$ - | \$ (US\$ | 720,815 26,041) (Note 2) | \$ 84,065 | 100.00 | \$ 84,065 | \$ 871,873 | \$ - |
| Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. | Manufacture and sale of cables and wires | 432,5 (US\$ 15,6 | | (US\$ 413,982 (US\$ 14,956) (Note 3) | | - | (US\$ | 413,982 14,956) (Note 3) | 124,098 | 95.71 | 118,774 | 1,153,271 | - |
| Hangzhou Walsin Power Cable & Wire Co., Ltd. | Manufacture and sale of cables and wires | 4,929,2 (US\$ 178,0 | | 2,335,638 (US\$ 84,380) (Note 4) | | - | (US\$ | 2,335,638 84,380) (Note 4) | 188,273 | 40.00 | 73,296 | 622,240 | - |
| Walsin (China) Investment Co., Ltd. | Investments | 2,175,6 (US\$ 78,6 | | 2,175,648 (US\$ 78,600) (Note 5) | - | - | (US\$ | 2,175,648 78,600) (Note 5) | 217,722 | 100.00 | 217,722 | 4,451,409 | - |
| Changshu Walsin Specialty Steel Co., Ltd. | Manufacture and sale of specialized steel tubes | 2,684,9 (US\$ 97,0 | | 2,684,960 (US\$ 97,000) (Note 6) | - | | (US\$ | 2,684,960 97,000) (Note 6) | 39,607 | 100.00 | 39,607 | 700,497 | - |
| Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd. | Manufacture and sale of stainless steel | 470,5 (US\$ 17,0 (Note | 00) | (US\$ 1,079,520 (US\$ 39,000) (Note 8) | - | - | (US\$ | 1,079,520 39,000) (Note 8) | 13,217 | 100.00 | 13,217 | 233,101 | - |
| Dongguan Walsin Wire & Cable Co., Ltd. | Manufacture and sale of bare copper cables and wires | 719,6 (US\$ 26,0 | | 719,680 (US\$ 26,000) (Note 9) | - | | (US\$ | 719,680 26,000) (Note 9) | 7,337 | 100.00 | 7,337 | 1,651,531 | - |
| Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Manufacture and sale of cold-rolled stainless steel and flat rolled products | 1,356,3 (US\$ 49,0 | | (US\$ 1,356,320 (US\$ 49,000) (Note 10) | | | (US\$ | 1,356,320 49,000) (Note 10) | (1,462) | 100.00 | (1,462) | 1,981,997 | - |
| XiAn Walsin Metal Product Co., Ltd. (Note 13) | | 1,532,0 (US\$ 55,3 | | (US\$ 834,552 30,150) | | | (US\$ | 834,552 30,150) | (14,119) | 100.00 | (14,119) | (766,837) | - |
| Yantai Walsin Stainless Steel Co., Ltd. | Production and sale of electronic components and new alloy materials | 9,274,5 (US\$ 335,0 (Note: | 55) | 3,679,419 (US\$ 132,927) | 2,214,400 (US\$ 80,000) | - - | (US\$ | 5,893,819 212,927) | (260,618) | 100.00 | (260,618) | 4,705,064 | - |

| | | | | A com | mulated | Investme | nt Flows | 1 000 | mulated | | Percentage | | Carrying | Accumulated |
|--|---|------------------------------------|--------------------------------|--------------------------|--|-----------|----------|-----------------------|---|---|--|--|---|---|
| Investee Company | Main Businesses and Products | Total Amount of Paid-in Capital | Investment Type (Note 1) | Outi Investn Taiwa | flow of nent from an as of ry 1, 2021 | Outflow | Inflow | Out Invest Taiw | tflow of ment from van as of per 31, 2021 | Net Income (Loss) of the Investee | of Ownership in Investment (%) | Investment Gain (Loss) (Note 16) | Amount as of December 31, 2021 | Inward Remittance of Earnings as of December 31, 2021 |
| Changzhou China Steel Precision Materials Co., Ltd. | Melting and forging of nonferrous metallic materials and composites as well as new types of alloys | \$ 1,206,848 (US\$ 43,600) | b | \$ (US\$ | 362,054 13,080) | \$ - - | \$ - | \$ (US\$ | 362,054 13,080) | \$ 210,875 | 30.00 | \$ 63,264 | \$ 441,125 | \$ 844,794 (US\$ 30,520) |
| Nanjing Taiwan Trade Mart Management Co., Ltd. | Business and asset management, consulting and advertising services | 27,680 (US\$ 1,000) | b | (US\$ | 27,680 1,000) | - | - - | (US\$ | 27,680 1,000) | 15,963 | 100.00 | 15,963 | (414,815) | - |
| Shaanxi Tianhong Silicon Industrial Corporation | Polysilicon production | 5,209,932 (RMB 1,200,000) | b | (US\$ | - -) | - | - | (US\$ | - -) | (1,132,244) | 19.00 | - | (Note 12) | - |
| Jiangsu Taiwan Trade Mart Development Co., Ltd. | Development and management of Nanjing Taiwan Trade Mart Management Co., Ltd. | (RMB 43,416 10,000) | b | (US\$ | 8,415 304) | - | - - | (US\$ | 8,415 304) | 456 | 20.00 | 91 | 9,326 | - |
| Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. (Note 14) | Communications equipment and electronic components | 675,541 (RMB 155,597) | b | (RMB | -) | - | - | (RMB | - -) | 11,768 | 6.02 | - | 74,849 | - |
| Walsin (Nanjing) Development Co., Ltd. | Construction, rental and sale of buildings and industrial factories | 1,384,000 (US\$ 50,000) | b | (US\$ | 1,378,464 49,800) (Note 15) | - | - - | (US\$ | 1,378,464 49,800) (Note 15) | (234,792) | 99.60 | (233,859) | 9,607,206 | - |
| Nanjing Walsin Property Management Co., Ltd. | Property management, business management and housing leasing | (RMB 4,342 1,000) | b | (RMB | - -) | - | - | (RMB | - -) | (6,073) | 99.60 | (6,049) | (5,206) | - |
| Walsin Nanjing Culture and Arts Co., Ltd. | Organize culture and arts communication activity, cultural performance, culture and arts forwarding agency | (RMB 6,512 (1,500) | b | (RMB | -) | - | - - | (RMB | -) | 8,676 | 99.60 | 8,643 | - | - |

2. The upper limit on investment of WLC in mainland China was as follows:

| Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (NT\$ and US\$ in Thousands) | Investment Amounts Authorized by the Investment Commission, MOEA (NT\$ and US\$ in Thousands) | Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (NT\$ in Thousands) |
|---|---|--|
| \$ 17,817,284 (US\$ 643,688) | \$ 17,646,969 (US\$ 637,535) | N/A (Note 19) |





Notes:

- 1. Investments can be classified into the following three categories:
 - a. Direct investment in mainland China.
- b. Reinvestment in mainland China through companies in a third country.
- c. Others
- 2. Including US\$15,000 thousand investment through Walsin (China) Investment Co., Ltd.
- 3. Including US\$14,950 thousand investment through Walsin (China) Investment Co., Ltd.
- 4. Including US\$13,300 thousand investment through Walsin (China) Investment Co., Ltd., US\$53,000 thousand investment through Ace Result Global Ltd. and US\$22,730 thousand dividends appropriated from Dongguan Walsin Wire & Cable Co., Ltd., Jiangying Walsin Steel Cable Co., Ltd., Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. and Hangzhou Walsin Power Cable & Wire Co., Ltd.
- 5. Capital investment of US\$28,600 thousand was contributed from the accounts payable of Walsin (China) Investment Co., Ltd. to Walsin Lihwa Holdings Limited.
- 6. Including US\$20,000 thousand investment through Walsin Specialty Steel Corp. and US\$42,000 thousand dividends appropriated from Changshu Walsin Specialty Steel Co., Ltd. and Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.
- 7. Inclusive of capital reduction to cover accumulated deficits US\$22,000 thousand.
- 8. Including US\$4,800 thousand investment through Walsin (China) Investment.
- 9. Investment through Walsin (China) Investment Co., Ltd.
- 10. Including investments through Walsin (China) Investment Co., Ltd. of US\$4,500 thousand and US\$4,500 thousand of the own capital of Walsin (China) Investment Co., Ltd.
- 11. Including investments of its own capital of RMB578,796 thousand from Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd., Changzhou Wujin NSL Co., Ltd. and Changshu Walsin Specialty Steel Co., Ltd. and RMB3,750 thousand made through Changzhou Wujin NSL Co., Ltd. Including US\$32,927 thousand investment through Yantai Huanghai Iron and Steel Co., Ltd. and Yantai Dazhong Recycling Resource Co., Ltd. which were merged.
- 12. The amount was adjusted by the capital of XiAn Lv Jing Technology Co., Ltd. of RMB228,000 thousand and by the fair value.
- 13. XiAn Walsin Metal Product Co., Ltd. merged XiAn Lv Jing Technology Co., Ltd. and XiAn Walsin Opto-electronic Limited.
- 14. Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. was formerly known as Shaanxi Optoelectronics Technology Co., Ltd.
- 15. The amount included investment through Joint Success Enterprise Limited approved in the previous years.
- 16. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and Renminbi.
- 17. The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68, RMB to NT\$ = 1:4.34161. The average exchange rates of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.976, RMB to NT\$ = 1:4.33908.
- 18. Amount was recognized based on audited financial statements.
- 19. Upper limit on investment:

WLC was approved as the operation headquarter by the Industrial Development Bureau, Ministry of Economic Affairs and is thus exempted from the related regulations of "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China".

B. Jin-Cherng Construction Co.

1. The names of investee companies in mainland China, their main businesses and products, total amount of paid-in capital, investment type, investment flows, percentage of ownership in investment, investment gain or loss, carrying amount, accumulated inward remittance of earnings and upper limit on investment in mainland China were as follows:

(In Thousands of U.S. and Renminbi)

| Investee Company | Main Businesses and Products | Total Amount of Paid-in Capital | Investment Type | Accumulated Outflow of Investment from Taiwan as of January 1, 2021 | Investme | ent Flows Inflow | Accumulated Outflow of Investment from Taiwan as of December 31, 2021 | Net Income (Loss) of the Investee | Percentage of Ownership in Investment | Investment Gain (Loss) (Note 2) | Carrying Amount as of December 31, 2021 | Accumulate Inward Remitt of Earnings a December 31, | tance is of |
|---|--|------------------------------------|--------------------|---|----------|------------------|---|--------------------------------------|---|---------------------------------------|--|--|----------------|
| Walsin (Nanjing) Development Co., Ltd. | Construction, rental and sale of buildings and industrial factories | US\$ 50,000 | Note 1 | US\$ 25,475 | \$ - | \$ - | US\$ 25,475 | \$ (54,111) | 50.95 | \$ (27,570) | \$ 1,131,931 | \$ | - |
| Nanjing Walsin Property Management Co., Ltd. | Property management, business management and housing leasing | 1,000 | Note 1 | - | - | - | - | (1,400) | 50.95 | (713) | (613) | | - |
| Walsin Nanjing Culture and Arts Co., Ltd. | Organize culture and arts communication activity, cultural performance, culture and arts forwarding agency | 1,500 | Note 1 | - | - | - | - | 1,999 | 50.95 | 1,019 | - | | - |

2. The upper limit on investment in mainland China

| Accumulated Outward Remittance for Mainland China as of December 31, 2021 (US\$ in Thousands) | Investment Amounts Authorized by the Investment Commission, MOEA (US\$ in Thousands) | Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (NT\$ in Thousands) |
|---|--|--|
| US\$25,475 | US\$25,475 | NT\$3,839,173 (Note 3) |

- Note 1: Investing in companies in mainland China through the companies already established and existing in the areas other than Taiwan and mainland China.
- Note 2: Amount was recognized based on audited financial statements.
- Note 3: The upper limit on investment in mainland China was as follows:
 - NT\$6,398,621 thousand $\times 60\% = NT$3,839,173$ thousand.
- Note 4: Amounts are stated in thousands of Renminbi, except those stated in thousands of U.S. dollars.

(Concluded)



TABLE 10

WALSIN LIHWA CORPORATION AND INVESTEES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, US Dollars and Renminbi)

| | | | | | | Transaction Details | |
|-----|-------------------------------------|--|--|------------------------------------|-------------|---|----------------------------------|
| No. | Investee Company | Counterparty | Relationship | Financial Statement Accounts | Amount | Payment Terms | % of Total Sales or Assets |
| | 2021 | | | | | | |
| 0 | 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 | - |
| | | Jianyin Walsin Specialty Alloy Materials Co., Ltd. | Transactions between parent company and subsidiaries | | 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. | company and subsidiaries | | 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 | |
| | | Changshu Walsin Specialty Steel Co., Ltd. | company and subsidiaries | | 595,996 | The terms are set by quotations on the local market and are similar to those of general customers | |
| | | Jianyin Walsin Specialty Alloy Materials Co., Ltd. | company and subsidiaries | | 668,583 | The terms are set by quotations on the local market and are similar to those of general customers | |
| | | Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. | Transactions between parent company and subsidiaries | Sales | 18,689 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Yantai Walsin Specialty Steel Co., Ltd. | Transactions between parent company and subsidiaries | | 7,723 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Dongguan Walsin Wire & Cable Co., Ltd. | Transactions between parent company and subsidiaries | Other receivables | 32,849 | The terms are set by quotations on the local market and are similar to those of general customers | |
| | | Jianyin Walsin Specialty Alloy Materials Co., Ltd. | Transactions between parent company and subsidiaries | Other receivables | 37,008 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| 1 | Walsin Lihwa Holdings Limited | Walsin (China) Investment Co., Ltd. | Transactions between parent company and subsidiaries | Other receivables | RMB 261,794 | Based on capital demand | 1 |
| | | Walsin Lihwa Corporation | Transactions between parent company and subsidiaries | Trade receivables | RMB 10,259 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| 2 | Joint Success Enterprise Limited | Walsin (Nanjing) Development Co., Ltd. | Transactions between parent company and subsidiaries | Other receivables | RMB 177,412 | Based on capital demand | - |
| | | | | | | | (Continued) |

| | | | | | | Transaction Details | |
|-----|--|--|--|------------------------------------|----------------------------|---|----------------------------------|
| No. | Investee Company | Counterparty | Relationship | Financial Statement Accounts | Amount | Payment Terms | % of Total Sales or Assets |
| 3 | Walsin (China) Investment Co., Ltd. | Walsin Lihwa Holdings Limited | Transactions between subsidiaries and parent company | Other receivables | US\$ 4,900 | Based on capital demand | - |
| | investment co., Etc. | Yantai Walsin Specialty Steel Co., Ltd. | Transactions between subsidiaries | Other receivables | US\$ 60,175 RMB 363,643 | Based on capital demand | 2 |
| | | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Transactions between subsidiaries | Other receivables | | Based on capital demand | 1 |
| | | Jiangyin Walsin Steel Cable Co., Ltd. | Transactions between parent company and subsidiaries | Other receivables | US\$ 8,717 RMB 214,155 | Based on capital demand | 1 |
| | | Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. | Transactions between parent company and subsidiaries | Other receivables | | Based on capital demand | - |
| | | Changshu Walsin Specialty Steel Co., Ltd. | Transactions between subsidiaries | Other receivables | US\$ 55,825 | Based on capital demand | 1 |
| | | Walsin (Nanjing) Development Co., Ltd. | Transactions between subsidiaries | | | Based on capital demand | 2 |
| | | XiAn Walsin Metal Product Co., Ltd. | Transactions between subsidiaries | Other receivables | RMB 176,213 | Based on capital demand | - |
| | | Nanjing Taiwan Trade Mart Management Co., Ltd. | Transactions between subsidiaries | Other receivables | RMB 37,250 | Based on capital demand | - |
| | | Dongguan Walsin Wire & Cable Co., Ltd. | Transactions between parent company and subsidiaries | Other receivables | US\$ 68,544 | Based on capital demand | 1 |
| 4 | Walsin International Investments Limited | PT. Walsin Nickel Industrial Indonesia | Transactions between subsidiaries | Other receivables | RMB 1,596,871 | Based on capital demand | 4 |
| | | Walsin (China) Investment Co., Ltd. | Transactions between subsidiaries | Other receivables | RMB 2,558,656 | Based on capital demand | 6 |
| 5 | Yantai Walsin Stainless Steel Co., Ltd. | Changshu Walsin Specialty Steel Co., Ltd. | Transactions between subsidiaries | Trade receivables | RMB 27,311 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | · | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Transactions between subsidiaries | Trade receivables | RMB 6,386 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Changshu Walsin Specialty Steel Co., Ltd. | Transactions between subsidiaries | Sales | RMB 242,772 | The terms are set by quotations on the local market and are similar to those of general customers | 1 |
| | | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Transactions between subsidiaries | Sales | RMB 233,251 | The terms are set by quotations on the local market and are similar to those of general customers | 1 |
| 6 | Jiangyin Walsin Specialty Alloy | Yantai Walsin Specialty Steel Co., Ltd. | Transactions between subsidiaries | Other receivables | RMB 10,581 | Based on capital demand | - |
| | Materials Co., Ltd. | Yantai Walsin Specialty Steel Co., Ltd. | Transactions between subsidiaries | Trade receivables | RMB 1,213 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Yantai Walsin Specialty Steel Co., Ltd. | Transactions between subsidiaries | Sales | RMB 40,500 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Walsin (China) Investment Co., Ltd. | Transactions between subsidiaries | Other receivables | RMB 99,473 | Based on capital demand | - // |
| 7 | Walsin Specialty Steel Corp. | Changshu Walsin Specialty Steel Co., Ltd. | Transactions between parent company and subsidiaries | Other receivables | RMB 8,453 | Based on capital demand | 1/ |

| | | | | | | Transaction Details | |
|-----|--|--|--|------------------------------------|-------------|---|----------------------------------|
| No. | Investee Company | Counterparty | Relationship | Financial Statement Accounts | Amount | Payment Terms | % of Total Sales or Assets |
| 8 | Changshu Walsin Specialty Steel Co., Ltd. | Jiangyin Walsin Specialty Alloy Materials Co., | Transactions between subsidiaries | Trade receivables | RMB 1,130 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | Steel Co., Etc. | Yantai Walsin Specialty Steel Co., Ltd. | Transactions between subsidiaries | Trade receivables | RMB 5,739 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Transactions between subsidiaries | Sales | | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Yantai Walsin Specialty Steel Co., Ltd. | Transactions between subsidiaries | Sales | RMB 32,926 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Walsin (China) Investment Co., Ltd. | Transactions between subsidiaries | Other receivables | RMB 37,911 | Based on capital demand | - |
| 9 | Shanghai Walsin Lihwa Powe 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 | - |
| | Whe we capie co., Etc. | Walsin (China) Investment Co., Ltd. | Transactions between subsidiaries | Other receivables | RMB 83,540 | Based on capital demand | - |
| 10 | Dongguan Walsin Wire & Cable Co., Ltd. | Walsin (China) Investment Co., Ltd. | Transactions between parent company and subsidiaries | Other receivables | RMB 553,394 | Based on capital demand | 1 |
| | Cuere Co., Etc. | 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 | - |
| | 2020 | | | | | | |
| 0 | Walsin Lihwa Corporation | Dongguan Walsin Wire & Cable Co., Ltd. | Transactions between parent company and subsidiaries | Trade receivables | \$ 207,701 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Changshu Walsin Specialty Steel Co., Ltd. | Transactions between parent company and subsidiaries | Trade receivables | 7,732 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Transactions between parent company and subsidiaries | Trade receivables | 99,820 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Dongguan Walsin Wire & Cable Co., Ltd. | Transactions between parent company and subsidiaries | Sales | 2,482,034 | The terms are set by quotations on the local market and are similar to those of general customers | 2 |
| | | Changshu Walsin Specialty Steel Co., Ltd. | Transactions between parent company and subsidiaries | Sales | 47,457 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Transactions between parent company and subsidiaries | Sales | 200,926 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. | Transactions between parent company and subsidiaries | Sales | 1,733 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Yantai Walsin Stainless Steel Co., Ltd. | Transactions between parent company and subsidiaries | Sales | 18,654 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | PT. Walsin Nickel Industrial Indonesia | Transactions between parent company and subsidiaries | Long-term receivables | 5,349,885 | Based on capital demand | 4 |
| | l | | 1 | | <u> </u> | 1 | Continued) |

| | | | | Transaction Details Financial | | | | |
|-----|---|---|--|-------------------------------------|----------------------------|---|----------------------------------|--|
| No. | Investee Company | Counterparty | Relationship | Financial Statement Accounts | Amount | Payment Terms | % of Total Sales or Assets | |
| 1 | Walsin Lihwa Holdings Limited | Walsin (China) Investment Co., Ltd. | Transactions between parent company and subsidiaries | Other receivables | RMB 321,124 | Based on capital demand | 1 | |
| | | Walsin Lihwa Corporation | Transactions between parent company and subsidiaries | Trade receivables | RMB 10,499 | The terms are set by quotations on the local market and are similar to those of general customers | - | |
| 2 | Joint Success Enterprise Limited | Walsin (Nanjing) Construction Co., Ltd. | Transactions between parent company and subsidiaries | Other receivables | RMB 177,219 | Based on capital demand | 1 | |
| 3 | Walsin (China) Investment Co., Ltd. | Walsin Lihwa Holdings Limited | Transactions between parent company and subsidiaries | Other receivables | US\$ 4,900 | Based on capital demand | - | |
| | investment co., Etd. | Yantai Walsin Specialty Steel Co., Ltd. | Transactions between subsidiaries | Other receivables | US\$ 72,407 RMB 435,970 | Based on capital demand | 3 | |
| | | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Transactions between subsidiaries | Other receivables | | Based on capital demand | 1 | |
| | | Jiangyin Walsin Steel Cable Co., Ltd. | Transactions between parent company and subsidiaries | Other receivables | US\$ 9,987 RMB 295,409 | Based on capital demand | 1 | |
| | | Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. | Transactions between parent company and subsidiaries | Other receivables | | Based on capital demand | - | |
| | | Changshu Walsin Specialty Steel Co., Ltd. Walsin (Nanjing) Construction Co., Ltd. | Transactions between subsidiaries Transactions between subsidiaries | Other receivables | RMB 250,291 | Based on capital demand Based on capital demand | 1 1 | |
| | | Hangzhou Walsin Power Cable & Wire Co., Ltd. | | Other receivables | | Based on capital demand | - | |
| | | XiAn Walsin Metal Product Co., Ltd. Nanjing Taiwan Trade Mart Management Co., | Transactions between subsidiaries Transactions between subsidiaries | | | Based on capital demand Based on capital demand | I - | |
| | | Ltd. Dongguan Walsin Wire & Cable Co., Ltd | Transactions between parent company and subsidiaries | Other receivables | US\$ 78,600 | Based on capital demand | 1 | |
| 4 | Walsin International Investments Limited | Walsin Lihwa Corporation | Transactions between parent company and subsidiaries | Other receivables | RMB 1,305,589 | Based on capital demand | 4 | |
| | mvestments Emited | Walsin (China) Investment Co., Ltd. | Transactions between subsidiaries | Other receivables | RMB 2,436,212 | Based on capital demand | 7 | |
| 5 | Yantai Walsin Stainless Steel Co., Ltd. | Changshu Walsin Specialty Steel Co., Ltd. | Transactions between subsidiaries | Trade receivables | RMB 30,471 | The terms are set by quotations on the local market and are similar to those of general customers | - | |
| | Steel Co., Etc. | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Transactions between subsidiaries | Trade receivables | RMB 26,445 | The terms are set by quotations on the local market and are similar to those of general customers | - | |
| | | Changshu Walsin Specialty Steel Co., Ltd. | Transactions between subsidiaries | Sales | RMB 234,934 | The terms are set by quotations on the local market and are similar to those of general customers | 1 | |
| | | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Transactions between subsidiaries | Sales | RMB 172,669 | The terms are set by quotations on the local market and are similar to those of general customers | 1 | |
| 6 | Jiangyin Walsin | Yantai Walsin Stainless Steel Co., Ltd. | Transaction between subsidiaries Transaction between subsidiaries | Other receivables Trade receivables | | Based on capital demand The terms are set by quotations on the legal market. | - | |
| | Specialty Alloy Materials Co., Ltd. | Yantai Walsin Stainless Steel Co., Ltd. Yantai Walsin Stainless Steel Co., Ltd. | | Sales | | The terms are set by quotations on the local market and are similar to those of general customers The terms are set by quotations on the local market | - | |
| | | Walsin (China) Investment Co., Ltd. | Transaction between subsidiaries | | | and are similar to those of general customers | 1 | |
| | | waisiii (Ciiiia) iiivestiieiit Co., Ltu. | Transaction between subsidiaries | Other receivables | RMB 174,069 | Based on capital demand | (Continued) | |

| | | | | | | | Transaction Details | |
|-----|--|--|--|------------------------------------|-----|--------|---|----------------------------------|
| No. | Investee Company | Counterparty | Relationship | Financial Statement Accounts | Am | ount | Payment Terms | % of Total Sales or Assets |
| 7 | Walsin Specialty Steel Corp. | Changshu Walsin Specialty Steel Co., Ltd. | Transactions between parent company and subsidiaries | Other receivables | RMB | 8,453 | Based on capital demand | - |
| | - | Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd. | Transactions between parent company and subsidiaries | Other receivables | RMB | 553 | Based on capital demand | - |
| 8 | Changshu Walsin Specialty Steel Co., Ltd. | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Transaction between subsidiaries | Trade receivables | RMB | 71 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | · | Yantai Walsin Stainless Steel Co., Ltd. | Transaction between subsidiaries | Trade receivables | RMB | 7,122 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Walsin Lihwa Corporation | Transactions between subsidiaries and parent company | Sales | RMB | 50 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Transaction between subsidiaries | Sales | RMB | 871 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Yantai Walsin Stainless Steel Co., Ltd. | Transaction between subsidiaries | Sales | RMB | 6,677 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Walsin (China) Investment Co., Ltd. | Transactions between subsidiaries | Other receivables | RMB | 49,075 | Based on capital demand | - |
| | | Changzhou China Steel Precision Materials Co., Ltd. | Transactions between subsidiaries | Trade receivables | RMB | 1,220 | The terms are set by quotations on the local market and are similar to those of general customers | - |
| | | Changzhou China Steel Precision Materials Co., Ltd. | Transactions between subsidiaries | Sales | RMB | 1,945 | The terms are set by quotations on the local market and are similar to those of general customers | - |

(Concluded)



WALSIN LIHWA CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS DECEMBER 31, 2021

| | Sha | ires |
|--|---------------------|-----------------------------------|
| Name of Major Shareholder | Number of Shares | Percentage of Ownership (%) |
| LGT Bank (Singapore) Investment Fund under the custody of Standard Chartered | 251,504,000 | 7.32 |
| Winbond Electronics Corp. | 222,000,000 | 6.46 |
| Chin-Xin Investment Co., Ltd. | 220,011,000 | 6.41 |
| TECO Electric & Machinery Co., Ltd. | 205,332,690 | 5.98 |

- Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.
- Note 2: If a shareholder delivers their shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

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, 2021 and 2020, 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, 2021 and 2020, 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements as of and for the year ended December 31, 2021. 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 matter of the Company's financial statements as of and for the year ended December 31, 2021:

Sales Revenue Recognition

In 2021, 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, 2021 and 2020 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\$5,587,877 thousand and NT\$4,238,472 thousand, which constituted 3.39% and 3.02% of the total assets as of December 31, 2021 and 2020, respectively; and the investment gains amounted to NT\$743,761 thousand and NT\$995,518 thousand for the years ended December 31, 2021 and 2020, 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

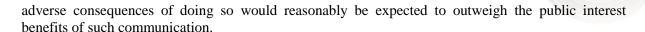
As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 1. Identify and assess the risks of material misstatement of the 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, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the



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

Deloitte & Touche Taipei, Taiwan Republic of China

February 22, 2022

Notice to Readers

The accompanying 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.

BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | 2021 | | 2020 | |
|---|--------------------------|------------|-------------------------|-------------|
| ASSETS | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 5,023,659 | 3 | \$ 4,511,090 | 3 |
| Financial assets at fair value through profit or loss - current (Notes 4 and 7) Contract assets - current (Notes 4 and 8) | 8,864 151,065 | - | 66,059 12,937 | - |
| Notes receivable from unrelated parties (Notes 4, 9 and 28) | 36,993 | - | 27,277 | - |
| Trade receivables from unrelated parties (Notes 4 and 9) | 4,488,125 | 3 | 2,243,175 | 2 |
| Trade receivables from related parties (Notes 4, 9 and 28) Other receivables (Note 28) | 630,518 985,084 | 1 | 342,552 271,722 | - |
| Inventories (Notes 4 and 10) | 15,567,272 | 10 | 8,502,797 | 6 |
| Other current assets (Note 6) | 2,051,688 | 1 | 2,443,728 | 2 |
| Total current assets | 28,943,268 | <u>18</u> | 18,421,337 | 13 |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through profit or loss - non-current (Notes 4 and 7) | - | - | 5,683,859 | 4 |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 11) Investments accounted for using equity method (Notes 4 and 12) | 16,139,524 92,360,069 | 10 56 | 6,783,229 77,247,465 | 5 55 |
| Property, plant and equipment (Notes 4 and 13) | 17,411,273 | 10 | 17,493,296 | 12 |
| Right-of-use assets (Notes 4 and 14) | 81,050 | - | 80,629 | - |
| Investment properties (Notes 4 and 15) | 8,243,668 | 5 | 8,314,798 | 6 |
| Deferred tax assets - non-current (Notes 4 and 23) | 1,291,573 | 1 | 981,573 26,913 | 1 |
| Refundable deposits Long-term receivables from related parties (Note 28) | 27,548 | - | 5,349,885 | 4 |
| Other non-current assets | 182,006 | | <u>87,872</u> | <u> </u> |
| Total non-current assets | 135,736,711 | 82 | 122,049,519 | 87 |
| TOTAL | <u>\$ 164,679,979</u> | <u>100</u> | <u>\$ 140,470,856</u> | <u>100</u> |
| | | | | |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Note 16) | \$ 5,074,632 | 3 | \$ 6,591,019 | 5 |
| Financial liabilities at fair value through profit or loss - current (Notes 4 and 7) Derivative financial liabilities hedging - current (Notes 4 and 18) | 37,439 | - | 15,839 165,774 | - |
| Trade payables to unrelated parties | 3,040,224 | 2 | 2,522,328 | 2 |
| Current tax liabilities (Notes 4 and 23) | 2,040,190 | 1 | 108,164 | - |
| Other payables to unrelated parties | 2,498,452 | 2 | 2,237,404 | 2 |
| Other payables to related parties (Note 28) Lease liabilities - current (Notes 4 and 14) | 178,362 20,564 | - | 5,772,308 20,500 | 4 |
| Current portion of long-term borrowings (Note 16) | 10,500,000 | 7 | 6,000,000 | 4 |
| Other current liabilities (Note 27) | 372,874 | | 759,039 | |
| Total current liabilities | 23,762,737 | <u>15</u> | 24,192,375 | <u>17</u> |
| NON-CURRENT LIABILITIES | | | | |
| Bonds Payable (Note 17) | 7,500,000 | 5 | - | - |
| Long-term borrowings (Note 16) | 24,640,014 | 15 | 31,140,014 | 22 |
| Deferred tax liabilities - non-current (Notes 4 and 23) Lease liabilities - non-current (Notes 4 and 14) | 2,151,564 64,580 | 1 | 131,132 61,202 | - |
| Net defined benefit liabilities (Notes 4 and 19) | 451,697 | - | 290,237 | 1 |
| Other non-current liabilities (Note 25) | 225,863 | | 187,661 | |
| Total non-current liabilities | 35,033,718 | 21_ | 31,810,246 | 23 |
| Total liabilities | 58,796,455 | <u>36</u> | 56,002,621 | <u>40</u> |
| EQUITY (Note 20) | | | | |
| Share capital | 34,313,329 | <u>21</u> | 32,260,002 | 23 |
| Capital surplus | <u>18,440,875</u> | 11 | 15,690,406 | 11 |
| Retained earnings Legal reserve | 6,109,568 | 4 | 5,428,200 | 4 |
| Special reserve | 2,712,250 | 1 | 3,110,410 | 2 |
| Unappropriated earnings | 38,965,389 | <u>24</u> | 27,791,577 | 20 |
| Total retained earnings Other equity | 47,787,207 | <u>29</u> | 36,330,187 | <u>26</u> |
| Exchange differences on translation of the financial statements of foreign operations | (6,100,687) | (4) | (5,905,135) | (4) |
| Unrealized gain (loss) on financial assets at fair value through other comprehensive income | 11,534,267 | 7 | 6,092,775 | 4 |
| Other equity-others Total other equity | (91,467) 5,342,113 | 3 | 187,640 | |
| Total equity | 105,883,524 | 64 | 84,468,235 | 60 |
| TOTAL | | | | |
| IOIAL | <u>\$ 164,679,979</u> | <u>100</u> | <u>\$ 140,470,856</u> | <u>100</u> |

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

(With Deloitte & Touche auditors' report dated February 22, 2022)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2021 | 0/ | 2020 | 0/ |
|--|---------------|-----------|---------------|-----------|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4 and 21) | \$ 97,789,648 | 100 | \$ 64,097,690 | 100 |
| OPERATING COSTS (Note 10) | (84,881,753) | (87) | (59,641,481) | (93) |
| (UNREALIZED) REALIZED GAIN ON THE | | | | |
| TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES | (13,335) | | 1,357 | |
| AND ASSOCIATES | (13,333) | | 1,337 | |
| GROSS PROFIT | 12,894,560 | 13 | 4,457,566 | 7 |
| OPERATING EXPENSES | | | | |
| Selling and marketing expenses | 1,258,609 | 1 | 745,090 | 1 |
| General and administrative expenses | 1,257,078 | 1 | 915,989 | 2 |
| Research and development expenses | 180,944 | | 115,346 | |
| | | | | |
| Total operating expenses | 2,696,631 | 2 | 1,776,425 | 3 |
| PROFIT FROM OPERATIONS | 10,197,929 | 11 | 2,681,141 | 4 |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Interest income | 225,171 | _ | 151,325 | _ |
| Dividend income | 560,552 | 1 | 110,905 | _ |
| Other income | 447,284 | - | 70,318 | _ |
| Gain (loss) on disposal of property, plant and | , , | | ,- | |
| equipment | 683 | _ | (5,483) | _ |
| Foreign exchange (losses) gains, net | (311,352) | - | 73,937 | - |
| Gain on valuation of financial assets and | , , , | | | |
| liabilities at fair value through profit or loss | 654,576 | 1 | 728,770 | 1 |
| Impairment loss (Note 22) | (557,721) | (1) | - | - |
| Other expenses | (78,196) | - | (264,156) | - |
| Gain (loss) on disposal of investments (Note | , , | | , , , | |
| 22) | 461,026 | _ | (365,451) | - |
| Interest expense | (425,367) | - | (452,964) | - |
| Share of profit of subsidiaries and associates | | | | |
| under the equity method | 7,218,874 | 7 | 3,935,768 | 6 |
| Total non-operating income and expenses | 8,195,530 | 8 | 3,982,969 | 7 |
| PROFIT BEFORE INCOME TAX FROM | | | | |
| CONTINUING OPERATIONS | 18,393,459 | 19 | 6,664,110 | 11 |
| INCOME TAX (EXPENSE) BENEFIT (Notes 4 | | | | |
| and 23) | (3,750,830) | (4) | 27,039 | _ |
| / | | <u></u> / | | |
| NET PROFIT FOR THE YEAR | 14,642,629 | <u>15</u> | 6,691,149 | <u>11</u> |
| | | | (Co | ontinued) |

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2021 | | 2020 | |
|--|-------------------------------|------------|------------------------|-------------|
| | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME (LOSS) Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans (Notes 4 and 19) Unrealized gain on investments in equity | (160,650) | - | 43,670 | - |
| instruments at fair value through other comprehensive income Share of the other comprehensive income of associates accounted for using the equity | 2,611,742 | 2 | 1,258,198 | 2 |
| method | <u>2,892,990</u> 5,344,082 | <u>3</u> 5 | 2,479,966 3,781,834 | <u>4</u> 6 |
| Items that may be reclassified subsequently to profit or loss: Exchange differences on translation of the financial statements of foreign operations Share of other comprehensive loss of associates accounted for using the equity method | (67,717) | | (276,160) | (1) |
| nethod | (195,551) | | (358,776) | <u>(1</u>) |
| Other comprehensive income for the year, net of income tax | 5,148,531 | 5 | 3,423,058 | 5 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 19,791,160</u> | | <u>\$ 10,114,207</u> | <u>16</u> |
| EARNINGS PER SHARE (Note 24) Basic Diluted | \$ 4.27 \$ 4.26 | | \$ 2.04 \$ 2.04 | |

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

(With Deloitte & Touche auditors' report dated February 22, 2022)

(Concluded)

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | | | | Retained Earnings | | Exchange Differences on Translating the Financial | Other Equity Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value through | | | |
|---|---------------|---------------|-------------------|-------------------|-------------------------------------|--|---|--------------------|--------------|-----------------------|
| | | | Unappropriated | | Statements of Foreign Operations | Other Comprehensive | | Treasury Shares | Total Equity | |
| BALANCE AT JANUARY 1, 2020 | \$ 33,260,002 | \$ 16,055,238 | \$ 5,113,232 | \$ 4,043,138 | \$ 22,023,141 | \$ (5,546,359) | \$ 2,435,949 | \$ - | \$ - | \$ 77,384,341 |
| Appropriation of 2019 earnings (Note 20) Legal reserve Special reserve Cash dividends distributed by WLC | - - - | - - - | 314,968 - - | (932,728) | (314,968) 932,728 (1,663,000) | - - - | - - - | - - - | - - - | (1,663,000) |
| Excess of the consideration received over the carrying amount of the subsidiaries' net assets during disposal | - | - | - | - | (2,481) | - | - | - | - | (2,481) |
| Change in capital surplus from investments in associates accounted for using the equity method | - | 135,304 | - | - | 97,145 | - | (97,145) | - | - | 135,304 |
| Net profit for the year ended December 31, 2020 | - | - | - | - | 6,691,149 | - | - | - | - | 6,691,149 |
| Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax | | _ | _ | <u>-</u> | 27,863 | (358,776) | 3,753,971 | | | 3,423,058 |
| Total comprehensive income (loss) for the year ended December 31, 2020 | | | | | 6,719,012 | (358,776) | 3,753,971 | | | 10,114,207 |
| Buy-back of ordinary shares | - | - | - | - | - | - | - | - | (1,500,108) | (1,500,108) |
| Cancelation of treasury shares | (1,000,000) | (500,108) | - | - | - | - | - | - | 1,500,108 | - |
| Others | | (28) | | = | = | | = | | | (28) |
| BALANCE AT DECEMBER 31, 2020 | 32,260,002 | 15,690,406 | 5,428,200 | 3,110,410 | 27,791,577 | (5,905,135) | 6,092,775 | - | - | 84,468,235 |
| Appropriation of 2020 earnings (Note 20) Legal reserve Special reserve Cash dividends distributed by WLC | : | - - - | 681,368 - - | (398,160) | (681,368) 398,160 (3,088,200) | : | - - - | - - - | - - | (3,088,200) |
| Excess of the consideration received over the carrying amount of the subsidiaries' net assets during disposal | - | 3,124 | - | - | - | - | - | - | - | 3,124 |
| Change 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 income (loss) 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) | <u>\$ 11,534,267</u> | <u>\$ (91,467)</u> | <u>\$</u> | <u>\$ 105,883,524</u> |

The accompanying notes are an integral part of the financial statements. (With Deloitte & Touche auditors' report dated February 22, 2022)



WALSIN LIHWA CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | | 2021 | | 2020 |
|---|----|-------------|----|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Income before income tax | \$ | 18,393,459 | \$ | 6,664,110 |
| Adjustments for: | _ | ,-,-, | 7 | 2,221,22 |
| Depreciation expense | | 1,343,326 | | 1,279,845 |
| Amortization expense | | 445 | | 222 |
| Net gain on fair value change of financial assets and liabilities | | | | |
| designated as at fair value through profit or loss | | (654,576) | | (728,770) |
| Interest expense | | 425,367 | | 452,964 |
| Interest income | | (225,171) | | (151,325) |
| Dividend income | | (560,552) | | (110,905) |
| Share of profit of subsidiaries and associates under the equity | | , , | | , , , |
| method | | (7,218,874) | | (3,935,768) |
| (Gain) loss on disposal of property, plant and equipment | | (683) | | 5,483 |
| (Gain) loss on disposal of investments | | (461,026) | | 365,451 |
| Impairment loss recognized on non-financial assets | | 557,721 | | - |
| Unrealized (realized) gain on the transaction with associates | | 13,335 | | (1,357) |
| Gain on lease modifications | | , - | | (38) |
| Net loss on foreign currency exchange | | 1,784 | | 130,929 |
| Changes in operating assets and liabilities | | , | | • |
| Decrease (increase) in financial assets mandatorily classified | | | | |
| as at fair value through profit or loss | | 297,214 | | (214,241) |
| (Increase) decrease in contract assets | | (138, 128) | | 318,258 |
| (Increase) decrease in notes receivable | | (9,716) | | 25,476 |
| (Increase) decrease in trade receivables | | (2,532,916) | | 19,466 |
| (Increase) decrease in other receivables | | (640,575) | | 20,229 |
| (Increase) decrease in inventories | | (7,064,475) | | 857,092 |
| Decrease (increase) in other current assets | | 406,860 | | (1,982,992) |
| Increase in other financial assets | | (14,820) | | (86,833) |
| Increase in other operating assets | | (64,888) | | (85,778) |
| Increase in trade payables | | 517,896 | | 22,352 |
| Increase in other payables | | 525,554 | | 7,471 |
| Increase (decrease) in net defined benefit liabilities | | 810 | | (128, 289) |
| (Decrease) increase in other current liabilities | | (399,500) | | 628,583 |
| Increase in other operating liabilities | | 38,202 | | 13,412 |
| Cash generated from operations | | 2,536,073 | | 3,385,047 |
| Interest received | | 235,112 | | 151,360 |
| Dividends received | | 1,358,109 | | 1,023,577 |
| Interest paid | | (498,619) | | (373,617) |
| Income tax paid | | (138,061) | | (264,356) |
| Net cash generated from operating activities | | 3,492,614 | _ | 3,922,011 |

CASH FLOWS FROM INVESTING ACTIVITIES

(Continued)

WALSIN LIHWA CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|---|--------------|--------------|
| Purchase of financial assets at fair value through other | | |
| comprehensive income | (1,944,281) | (477,574) |
| 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 | · - | (5,353,790) |
| Proceeds from sale of financial assets at fair value through profit or | | |
| loss | 4,948,895 | - |
| Acquisition of associates accounted for using the equity method | (6,760,343) | (7,181,164) |
| Repatriation through the liquidation and capital reduction of | | |
| investee companies accounted for using the equity method | 699,515 | 10,044,855 |
| Payments for property, plant and equipment | (1,729,419) | (1,025,204) |
| Proceeds from disposal of property, plant and equipment | 2,204 | 1,465 |
| (Increase) decrease in refundable deposits | (635) | 32,866 |
| Decrease (increase) in other receivables | 7,016,224 | (5,573,463) |
| Payments for investment properties | (2,362) | - |
| Other investing activities | (404,184) | (370,896) |
| Net cash generated from (used in) investing activities | 1,829,229 | (9,902,905) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Decrease in short-term borrowings | (1,559,788) | (2,708,228) |
| Proceeds from bonds payable | 7,500,000 | - |
| Proceeds from long-term borrowings | 4,000,000 | 20,640,014 |
| Repayment of long-term borrowings | (6,000,000) | (6,500,000) |
| (Decrease) increase in other payables to related parties | (5,640,652) | 962,923 |
| Repayment of the principal portion of lease | (23,133) | (24,052) |
| Cash dividends paid | (3,088,030) | (1,662,891) |
| Payments for buy-back of ordinary shares | - | (1,500,108) |
| Other financing activities | 2,329 | (28) |
| Net cash (used in) generated from financing activities | (4,809,274) | 9,207,630 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 512,569 | 3,226,736 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE | | |
| YEAR | 4,511,090 | 1,284,354 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | \$ 5,023,659 | \$ 4,511,090 |
| The accompanying notes are an integral part of the financial statements. | | |
| 2.20 accompanying notes are an integral part of the intaneous statements. | | |
| (With Deloitte & Touche auditors' report dated February 22, 2022) | | (Concluded) |

WALSIN LIHWA CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

1. GENERAL INFORMATION

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

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 shares (GDR), which are 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 Company's board of directors on February 22, 2022.

3. APPLICATION OF NEW 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 2022

| New IFRSs | Effective Date Announced by the IASB |
|---|--------------------------------------|
| "Annual Improvements to IFRS Standards 2018-2020" | January 1, 2022 (Note 1) |
| Amendments to IFRS 3 "Reference to the Conceptual | January 1, 2022 (Note 2) |
| Framework" | |
| Amendments to IAS 16 "Property, Plant and Equipment - | January 1, 2022 (Note 3) |
| Proceeds before Intended Use" | |
| Amendments to IAS 37 "Onerous Contracts - Cost of | January 1, 2022 (Note 4) |
| Fulfilling a Contract" | |

- Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.
- Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.
- 1) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 "Financial Instruments", were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

2) Amendments to IFRS 3 "Reference to the Conceptual Framework"

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 "Levies" to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

3) Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 "Inventories". Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

4) Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"

The amendments specify that when assessing whether a contract is onerous, the "cost of fulfilling a contract" includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

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

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

| New IFRSs | Effective Date Announced by IASB (Note 1) |
|--|---|
| Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture" | To be determined by IASB |
| IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information" | January 1, 2023 |
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | January 1, 2023 |
| Amendments to IAS 1 "Disclosure of Accounting Policies" | January 1, 2023 (Note 2) |
| Amendments to IAS 8 "Definition of Accounting Estimates" | January 1, 2023 (Note 3) |
| Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" | January 1, 2023 (Note 4) |

- Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.
- Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.
- 1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"

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

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate, i.e., the Company's share of the gain or loss is eliminated. Also, when the Group loses control of a

subsidiary that does not contain a business but retains significant influence over an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate, i.e., the Group's share of the gain or loss is eliminated.

2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendments clarify that for a liability to be classified as non-current, the 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 amendments also clarify 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 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 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.
- 4) Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the 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.

5) Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

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

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have 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. Basis of preparation

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

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

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

When preparing these financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same 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 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 measured at fair value that are denominated in foreign currencies 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 items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction not retranslated.

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 Company similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. 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

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 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.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the 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.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the 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 (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured 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 life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives are reported at cost less accumulated impairment loss.

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.

Financial assets

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

1) Measurement category

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

a) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

b) Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents 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 are terminated before maturity are higher than demand deposits, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

On initial recognition, the 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.

2) 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 represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

- a) Internal or external information show that the debtor is unlikely to pay its creditors.
- b) When a 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.

3) 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.

Equity instruments

Equity instruments issued by the Company entity 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.

Financial liabilities

1) Subsequent measurement

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

a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are held for trading. Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

b) 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.

2) Derecognition of financial liabilities

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

Derivative financial instruments

The 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 that is within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

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

Changes in the fair value of 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 a reliable estimate can be made of the amount of the obligation.

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.

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 it is invoiced to the customer. 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 it is not able to reasonably measure the Company progress toward satisfaction of the performance obligation but expects to recover costs, the Company recognizes revenue only to the extent of costs incurred.

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 Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in

a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

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

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

q. Government grants

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

Government grants are recognized profit and loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and return on plan assets (excluding interest), are recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

s. Income tax

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

1) Current tax

According to the Income Tax Law in ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all (deductible temporary differences and unused loss carry forward) to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the 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.

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 accounts include allowance for doubtful trade receivable accounts, inventory valuation losses, depreciation, impairment, pension, deferred tax assets, etc. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Company considers the development of the country and the economic implications of the COVID-19 when making its critical accounting estimates such as estimation of cash flow, growth rate, discount rate and profitability. The estimates and underlying assumptions are audited on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH AND CASH EQUIVALENTS

| | December 31 | | |
|--|--------------|-----------------------|--|
| | 2021 | 2020 | |
| Cash on hand Checking accounts and cash in bank | \$ 1,050 | \$ 1,050 4,510,040 | |
| | \$ 5,023,659 | \$ 4,511,090 | |

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%):

| | Decem | December 31 | | |
|--------------|--------------|--------------|--|--|
| | 2021 | 2020 | | |
| Bank balance | 0.001%-0.11% | 0.001%-0.30% | | |

As of December 31, 2021 and 2020, certain time deposits were classified and pledged as follows:

| | | Decemb | oer 31 |
|-------------------------------|---|------------------|------------------|
| | Purpose | 2021 | 2020 |
| Other current assets - other | | | |
| Refundable deposits | Negotiable certificate of deposits (not expired) | \$ - | \$ 2,300 |
| | Repatriation of offshore fund and projects grants | 80,493 | 85,160 |
| | 1 3 6 | 80,493 | <u>87,460</u> |
| Non-current assets | | | |
| Other - pledged time deposits | To meet required security deposits | 600 | 600 |
| | | <u>\$ 81,093</u> | <u>\$ 88,060</u> |

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | December 31 | | |
|---|-----------------------|------------------------|--|
| | 2021 | 2020 | |
| Financial assets mandatorily classified as at FVTPL | | | |
| Derivative financial assets (not under hedge accounting) Commodity futures contracts Foreign exchange forward contracts | \$ 873 7,991 | \$ 66,059 | |
| Hybrid financial assets Corporate bonds | _ | 5,683,859 | |
| Financial assets at FVTPL | \$ 8,864 | \$ 5,749,918 | |
| Current Non-current | \$ 8,864 | \$ 66,059 5,683,859 | |
| | \$ 8,864 | \$ 5,749,918 | |
| Financial liabilities held for trading | | | |
| Derivative financial liabilities (not under hedge accounting) Foreign exchange forward contracts Exchange rate swap contracts | \$ - <u>37,439</u> | \$ 15,839 | |
| Financial liabilities at FVTPL | \$ 37,439 | \$ 15,839 | |
| Current Non-current | \$ 37,439 | \$ 15,839 | |
| | \$ 37,439 | <u>\$ 15,839</u> | |

As of December 31, 2021 and 2020, outstanding commodity futures not under hedge accounting were as follows:

| | Type of Transaction | Quantity (Tons) | Trade Date | Expiration Date | Exercise Price (In Thousands) | Market Price (In Thousands) | Valuat (Loss) ((In Thou | Gain |
|--------------------------|------------------------|--------------------|---------------------------|---------------------------|----------------------------------|--------------------------------|--------------------------------|---------|
| <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) |
| <u>December 31, 2020</u> | | | | | | | | |
| Commodity futures | | | | | | | | |
| Copper | Buy | 10,250 | 2020.04.30- 2020.12.31 | 2021.01.20- 2021.10.20 | US\$ 76,919 | US\$ 79,276 | US\$ | 2,357 |
| Nickel | Sell | 882 | 2020.10.15- 2020.12.17 | 2021.01.15- 2021.03.17 | US\$ 14,560 | US\$ 14,597 | US\$ | (37) |

As of December 31, 2021 and 2020, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

| | Currency | Maturity Date | Notional Amount (In Thousands) |
|--------------------------|--|--|---|
| <u>December 31, 2021</u> | | | |
| Sell | EUR to USD USD to NTD | 2022.01.08-2022.02.17 2022.01.07-2022.02.10 | EUR18,000/USD20,326 USD100,000/NTD2,776,800 |
| Buy | EUR to USD USD to NTD USD to JPY | 2022.01.10 2022.01.06-2022.02.21 2022.01.12-2022.01.18 | EUR25,405/USD28,694 USD129,363/NTD3,579,887 USD4,784/JPY547,970 |
| <u>December 31, 2020</u> | | | |
| Sell | EUR to USD USD to NTD | 2021.04.08 2021.04.08 | EUR8,180/USD10,065 USD10,000/NTD280,870 |
| Buy | USD to NTD USD to JPY | 2021.04.08 2021.01.05 2021.01.28 | USD60,000/NTD1,699,190 USD5,343/JPY553,220 |

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) |
|-------------------|------------|---------------|--------------------------------|
| 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 |

For the years ended December 31, 2021 and 2020, the Company's strategy for commodity futures contracts, forward exchange contracts and exchange rate swap contracts was to hedge exposures

to fluctuations of essential materials' prices and foreign exchange rates. However, those derivative financial instruments did not meet the criteria of hedge effectiveness; therefore, they were not accounted for by hedge accounting.

In January 2020, the Company bought 2-year corporate bonds of Golden Harbour International Pte. Ltd. in the amount of US\$178,500 thousand. The bonds are embedded derivative instruments that pay a fixed interest rate of 5% plus a floating spread per annum. Due to the cash flow demand, the Company communicated with Golden Harbour International Pte. Ltd. on August 27, 2021 to exercise the early redemption to pay back the bonds. Refer to Note 12.

In January 2020, the Company bought an option contract for US\$50 thousand. Under the contract, the issuer of the option will make an unconditional payment to the Company for the principal and interest of the abovementioned bonds if Golden Harbour International Pte. Ltd fails to redeem the bonds at maturity.

8. CONTRACT ASSETS

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

| | December 31 | | |
|-------------------------------------|-------------------|------------------|--|
| | 2021 | 2020 | |
| Contract assets | | | |
| Cable installation | \$ 151,065 | \$ 12,937 | |
| Less: Allowance for impairment loss | | | |
| Contract assets - current | <u>\$ 151,065</u> | <u>\$ 12,937</u> | |

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Company's performance and the respective customer's payment.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

| | December 31 | | | |
|---------------------------------------|-------------|--------|----|------------|
| | | 2021 | | 2020 |
| Notes receivable | | | | |
| Notes receivable | \$ | 36,024 | \$ | 26,292 |
| Notes receivable - non-operating | | | | |
| Notes receivable from related parties | | 969 | | 985 |
| | <u>\$</u> | 36,993 | \$ | 27,277 |
| | | | (| Continued) |

| | December 31 | | |
|--|--------------|--------------|--|
| | 2021 | 2020 | |
| <u>Trade receivables</u> | | | |
| Trade receivables | \$ 4,488,125 | \$ 2,243,175 | |
| Less: Allowance for impairment loss | 4,488,125 | 2,243,175 | |
| Trade receivables from related parties | 630,518 | 342,552 | |
| | \$ 5,118,643 | \$ 2,585,727 | |
| | | (Concluded) | |

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 applies the simplified approach to allowances for expected credit losses prescribed by IFRS 9, which 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, 2021

| | Not Past Due | Up to 90 Days | 91 to 180 Days | 181 to 365 Days | More than 365 Days | Total |
|--|--------------|-----------------|-------------------|--------------------|--------------------|--------------|
| Expected credit loss rate | 0% | 0%-2% | 0%-50% | 0%-100% | 50%-100% | |
| Gross carrying amount Loss allowance (lifetime ECLs) | \$ 4,940,106 | \$ 178,537 | \$ - | \$ - | \$ - | \$ 5,118,643 |
| Amortized cost | \$ 4,940,106 | \$ 178,537 | <u>\$</u> - | \$ - | \$ - | \$ 5,118,643 |
| December 31, | 2020 | | | | | |
| | Not Past Due | Up to 90 Days | 91 to 180 Days | 181 to 365 Days | More than 365 Days | Total |
| Expected credit loss rate | 0% | 0%-2% | 0%-50% | 0%-100% | 50%-100% | |
| Gross carrying amount Loss allowance (lifetime ECLs) | \$ 2,576,308 | \$ 9,419 | \$ - | \$ - | \$ - | \$ 2,585,727 |
| Amortized cost | \$ 2,576,308 | <u>\$ 9,419</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | \$ 2,585,727 |

10. INVENTORIES

| | December 31 | | |
|--------------------------------|---------------------|--------------|--|
| | 2021 | 2020 | |
| Raw materials | \$ 2,852,040 | \$ 1,808,818 | |
| Raw materials in transit | 2,446,150 | 1,392,585 | |
| Supplies | 1,161,688 | 1,082,773 | |
| Work-in-process | 1,732,064 | 1,038,714 | |
| Finished goods and merchandise | 7,145,905 | 2,862,295 | |
| Construction in progress | 229,425 | 317,612 | |
| | <u>\$15,567,272</u> | \$ 8,502,797 | |

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was NT\$84,624,278 thousand and NT\$59,353,177 thousand, respectively.

The cost of goods sold for the years ended December 31, 2021 and 2020 included reversals of inventory write-downs of NT\$15,985 thousand and NT\$299,477 thousand, respectively. The reversals of previous write-downs for the years ended December 31, 2021 and 2020 resulted from the inventory closeout.

11. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | December 31 | | |
|--|-----------------------------|---------------------------|--|
| | 2021 | 2020 | |
| Domestic listed ordinary shares | ¢ 5 422 242 | Φ 2 605 456 | |
| HannStar Display Corp. HannStar Board Corp. | \$ 5,423,342 2,894,429 | \$ 3,685,476 2,763,734 | |
| Teco Electric & Machinery Co., Ltd. Domestic unlisted ordinary shares | 7,293,386 <u>528,367</u> | 26,378 307,641 | |
| | <u>\$ 16,139,524</u> | \$ 6,783,229 | |
| Current Non-current | \$ - | \$ - 6,783,229 | |
| | <u>\$ 16,139,524</u> | \$ 6,783,229 | |

These investments in equity instruments are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair values in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

On December 31, 2021 and 2020, the unrealized valuation gains resulting from these investments in equity instruments were gains of NT\$2,611,742 thousand and NT\$1,258,198 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, 2021 and December 31, 2020, the Company held a total of 230,439 thousand and 954 thousand shares, respectively, of TECO Electric & Machinery Co., Ltd.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | December 31 | | |
|--|------------------------------------|-----------------------------|--|
| | 2021 | 2020 | |
| Investments in subsidiaries Investments in associates | \$ 54,273,810 <u>38,086,259</u> | \$ 45,661,308 31,586,157 | |
| | <u>\$ 92,360,069</u> | <u>\$ 77,247,465</u> | |

a. Investments in subsidiaries

| | December 31 | | | | |
|--|----------------|-------------------------|----------------|-------------------------|--|
| | 2021 | - | 2020 | | |
| Name of Subsidiary | Carrying Value | Ownership Percentage | Carrying Value | Ownership Percentage | |
| Unlisted companies: | | | | | |
| Walsin Lihwa Holdings Ltd. | \$ 26,803,960 | 100.00 | \$ 26,135,792 | 100.00 | |
| Concord Industries Ltd. | 5,353,142 | 100.00 | 4,631,181 | 100.00 | |
| Walsin Precision | 447,963 | 100.00 | - | - | |
| Technology Sdn. Bhd. | 265 702 | (Note1) | 224 644 | 100.00 | |
| Min Maw Precision Industry Corp. | 365,703 | 100.00 | 334,644 | 100.00 | |
| Ace Result Limited | 383,632 | 100.00 | 339,349 | 100.00 | |
| Walsin Info-Electric Inc. | 335,371 | 99.51 | 340,934 | 99.51 | |
| Chin-Cherng Construction Co., Ltd. | 6,348,728 | 99.22 | 6,452,096 | 99.22 | |
| P.T Walsin Lippo Industries | 818,205 | 70.00 | 783,754 | 70.00 | |
| Joint Success Enterprises Ltd. | 5,175,692 | 49.05 | 5,319,464 | 49.05 | |
| PT. Walsin Nickel Industrial Indonesia | 2,381,125 | 50.00 | 1,306,341 | 50.00 | |
| New Hono Investment | 5,828,396 | (Note 2) 100.00 | _ | (Note 2) | |
| Pte. Ltd. | , , | (Note 2) | | | |
| Others | 31,893 | ` , | 17,753 | | |
| | \$ 54,273,810 | | \$ 45,661,308 | | |

Note 1: In order to adjust the investment structure of the Company, it was transferred from Concord Industries Ltd to Walsin Lihwa Co., Ltd.

Note 2: In January 2020, the Company invested capital to establish PT. Walsin Nickel Industrial Indonesia ("WNII"). New Hono Investment Pte. Ltd ("NHI") held 42% equity of WNII. According to the joint venture agreement signed by the Company and NHI in January 2020, the Company had the right to purchase 100% of NHI's shares on the terms agreed by all parties to acquire 42% equity of WNII indirectly. On June 25, 2021, the board of directors of the Company resolved to acquire 100% of NHI's shares and the Company acquired 100% of NHI'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 Commisson 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 NHI's shares by the redemption of the bonds. As of December 31, 2021, US\$178,500 thousand has been paid.

b. Investments in associates

| | December 31 | | | | |
|--|----------------|-------------------------|----------------|-------------------------|--|
| | 2021 | | 2020 | | |
| Name of Associate | Carrying Value | Ownership Percentage | Carrying Value | Ownership Percentage | |
| Material associates | | | | | |
| Winbond Electronics Corp. Walton Advanced | \$ 18,357,864 | 22.21 | \$ 14,595,661 | 22.21 | |
| Engineering, Inc. | 2,322,664 | 21.01 | 2,601,028 | 21.65 | |
| Walsin Technology Corp. | 8,166,415 | 18.30 | 7,068,731 | 18.30 | |
| Associates that are not Individually material | | | | | |
| Others | 9,239,316 | | 7,320,737 | | |
| | \$ 38,086,259 | | \$ 31,586,157 | | |

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 above-mentioned 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:

| | December 31 | | | |
|---|--|--|--|--|
| Name of Associate | 2021 | 2020 | | |
| Winbond Electronics Corp. Walton Advanced Engineering, Inc. Walsin Technology Corp. | \$ 30,050,846 \$ 2,066,495 \$ 14,846,688 | \$ 25,675,797 \$ 1,512,872 \$ 20,491,986 | | |

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, 2021

| | Winbond Electronics Corp. | Walton Advanced Engineering, Inc. | Walsin Technology Corp. |
|--|---|--|---|
| Current assets Non-current assets Current liabilities Non-current liabilities Equity Non-controlling interests | \$ 72,506,733 80,233,551 (28,644,931) (34,061,841) 90,033,512 (7,589,399) \$ 82,444,113 | \$ 8,361,878 13,155,507 (5,019,961) (5,259,172) 11,238,252 (297,416) \$ 10,940,836 | \$ 41,187,886 52,910,618 (21,557,433) (19,062,857) 53,478,214 (9,089,372) \$ 44,388,842 |
| Proportion of the Company's ownership | 22.21% | 21.01% | 18.30% |
| Equity attributable to the Company Other adjustments | \$ 18,310,837 <u>47,027</u> | \$ 2,298,670 23,994 | \$ 8,123,158 43,257 |
| Carrying amount | \$ 18,357,864 | \$ 2,322,664 | \$ 8,166,415 |
| Operating revenue | \$ 99,569,924 | \$ 8,118,256 | <u>\$ 42,108,708</u> |
| Net profit for the year Other comprehensive income (loss) | \$ 15,000,122 <u>4,186,931</u> | \$ 118,732 (892,554) | \$ 8,961,076 |
| Total comprehensive income for the year | <u>\$ 19,187,053</u> | <u>\$ (773,822)</u> | <u>\$ 10,118,232</u> |
| December 31, 2020 | | | |
| | Winbond Electronics Corp. | Walton Advanced Engineering, Inc. | Walsin Technology Corp. |
| Current assets Non-current assets Current liabilities Non-current liabilities Equity Non-controlling interests | \$ 47,530,801 78,512,439 (25,475,006) (29,975,547) 70,592,687 (5,143,568) | \$ 6,497,236 11,013,279 (3,189,422) (2,436,908) 11,884,185 | \$ 39,636,422 42,416,526 (19,714,368) (16,684,386) 45,654,194 (7,033,732) |
| | <u>\$ 65,449,119</u> | <u>\$ 11,884,185</u> | \$ 38,620,462 (Continued) |

| | Winbond Electronics Corp. | Walton Advanced Engineering, Inc. | Walsin Technology Corp. |
|--|---------------------------------|--|-------------------------------|
| Proportion of the Company's ownership | 22.21% | 21.65% | 18.30% |
| Equity attributable to the Company Other adjustments | \$ 14,536,249 59,412 | \$ 2,572,926 <u>28,102</u> | \$ 7,067,545 1,186 |
| Carrying amount | <u>\$ 14,595,661</u> | \$ 2,601,028 | \$ 7,068,731 |
| Operating revenue | \$ 60,683,171 | \$ 5,399,201 | \$ 35,599,197 |
| Net profit for the year | \$ 1,519,043 | \$ 254,887 | \$ 7,217,645 |
| Other comprehensive income (loss) | 3,291,251 | (49,194) | 657,013 |
| Total comprehensive income for the year | <u>\$ 4,810,294</u> | <u>\$ 205,693</u> | \$ 7,874,658 (Concluded) |

2) Associates that are not individually material

| | For the Year Ended December 31 | | |
|--|--------------------------------|------------------------|--|
| | 2021 | 2020 | |
| The Company's share of: Profit from continuing operations Other comprehensive income | \$ 185,157 | \$ 70,065 1,779,371 | |
| Total comprehensive income for the year | <u>\$ 1,979,902</u> | <u>\$ 1,849,436</u> | |

The Company's share of profit and other comprehensive income of associates for the years ended December 31, 2021 and 2020 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\$5,587,877 thousand and NT\$4,238,472 thousand as of December 31, 2021 and 2020, respectively; investment gain amounted to NT\$743,761 thousand and NT\$995,518 thousand for the years ended December 31, 2021 and 2020, respectively.

13. PROPERTY, PLANT AND EQUIPMENT

| | Land | Buildings and Improvements | Machinery and Equipment | Other Equipment | Construction in Progress | Total |
|---|--|---|--|--|--|---|
| Cost | | | | | | |
| Balance at January 1, 2021 Additions Disposals Reclassified | \$3,483,995 78,421 (1,164) 49,773 | \$ 6,898,636 54,540 (25,232) 291,068 | \$ 20,102,064 163,434 (90,497) 263,379 | \$ 4,018,641 290,573 (62,645) 36,374 | \$ 1,283,927 1,136,216 (60) (640,594) | \$ 35,787,263 1,723,184 (179,598) |
| Balance at December 31, 2021 | <u>\$ 3,611,025</u> | \$ 7,219,012 | \$ 20,438,380 | \$ 4,282,943 | <u>\$ 1,779,489</u> | \$ 37,330,849 |
| Accumulated depreciation and impairment | | | | | | |
| Balance at January 1, 2021 Disposals Impairment losses | \$ 8,067 | \$ 4,146,696 (25,232) | \$ 11,464,404 (90,296) | \$ 2,674,800 (62,549) | \$ - - | \$ 18,293,967 (178,077) |
| recognized (reversed) Depreciation expense Reclassified | - - | 24,962 164,134 55,108 | 553,609 815,930 8,231 | (20,850) 265,901 (63,339) | - - - | 557,721 1,245,965 |
| Balance at December 31, 2021 | \$ 8,067 | <u>\$ 4,365,668</u> | <u>\$ 12,751,878</u> | \$ 2,793,963 | <u>\$</u> | <u>\$ 19,919,576</u> |
| Carrying amount at December 31, 2021 | \$3,602,958 | \$ 2,853,344 | \$ 7,686,502 | <u>\$ 1,488,980</u> | <u>\$ 1,779,489</u> | <u>\$ 17,411,273</u> |
| Cost | | | | | | |
| Balance at January 1, 2020 Additions Disposals Reclassified | \$3,453,378 30,617 - - | \$ 6,656,121 47,012 (1,265) 196,768 | \$ 19,710,620 229,209 (231,033) 393,268 | \$ 3,788,415 150,553 (88,582) 168,255 | \$ 1,467,291 574,927 (758,291) | \$ 35,075,825 1,032,318 (320,880) |
| Balance at December 31, 2020 | \$3,483,995 | \$ 6,898,636 | \$ 20,102,064 | <u>\$ 4,018,641</u> | \$ 1,283,927 | \$ 35,787,263 |
| Accumulated depreciation and impairment | | | | | | |
| Balance at January 1, 2020 Disposals Depreciation expense Reclassified | \$ 8,067 - - - | \$ 3,996,520 (1,265) 151,441 | \$ 10,918,051 (224,182) 771,511 (976) | \$ 2,531,329 (88,485) 230,980 976 | \$ - - - - | \$ 17,453,967 (313,932) 1,153,932 |
| Balance at December 31, 2020 | \$ 8,067 | \$ 4,146,696 | <u>\$ 11,464,404</u> | \$ 2,674,800 | \$ | <u>\$ 18,293,967</u> |
| Carrying amount at December 31, 2020 | \$3,475,928 | \$ 2,751,940 | \$ 8,637,660 | \$ 1,343,841 | \$ 1,283,927 | \$ 17,493,296 |

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 building and electrical and mechanical power equipment are depreciated over their estimated useful lives of 50 years and 20 years, respectively.

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 being pledged to the Company. As of December 31, 2021 and 2020, the recorded total carrying value of such parcels of land amounted NT\$491,917 thousand.

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.

| | Decem | ber 31 | |
|---|------------------|-------------------|--|
| | 2021 | 2020 | |
| Carrying amount | | | |
| Land | \$ 49,464 | \$ 56,108 | |
| Buildings | 472 | 5,710 | |
| Transportation equipment | 31,114 | <u>18,811</u> | |
| | <u>\$ 81,050</u> | \$ 80,629 | |
| | For the Year End | led December 31 | |
| | 2021 | 2020 | |
| Additions to right-of-use assets | <u>\$ 24,290</u> | \$ 60,951 | |
| Disposal | <u>\$</u> | <u>\$ (1,052)</u> | |
| Depreciation charge for right-of-use assets | | | |
| Land | \$ 6,644 | \$ 7,916 | |
| Buildings | 5,238 | 5,228 | |
| Transportation equipment | 11,987 | 10,212 | |
| | <u>\$ 23,869</u> | <u>\$ 23,356</u> | |
| Lease liabilities | | | |
| | Decem | December 31 | |
| | 2021 | 2020 | |
| Carrying amount | | | |
| Current | \$ 20,564 | \$ 20,500 | |
| Non-current | \$ 64,580 | \$ 61,202 | |

15.

Range of discount rates for lease liabilities was as follows:

| | Range of discount rates for lease liabilities was as | follows: | |
|-----------|--|---|--|
| | | Decen | ıber 31 |
| | | 2021 | 2020 |
| | Land Buildings Transportation equipment | 1.75%-3.759% 1.409%-1.9% 3.038% | 1.75%-3.759% 1.409%-1.9% 3.038% |
| c. | Other lease information | | |
| | | | ded December 31 |
| | | 2021 | 2020 |
| | Expenses relating to short-term leases Expenses relating to low-value asset leases Total cash outflow for leases | \$\frac{\$ 16,203}{\$ 201}\$ \$\frac{\$ (39,537)}{\$ (39,537)} | \$\frac{\$11,370}{\$109}\$\$ \$\frac{\$109}{\$(35,531)}\$ |
| IN | VESTMENT PROPERTIES | | |
| | | | 1ber 31 |
| | | 2021 | 2020 |
| Co | ompleted investment properties | <u>\$ 8,243,668</u> | \$ 8,314,798 |
| | | | Completed Investment Properties |
| <u>Co</u> | <u>ost</u> | | |
| | lance at January 1, 2021 Iditions | | \$ 9,975,140 2,362 |
| Ba | alance at December 31, 2021 | | <u>\$ 9,977,502</u> |
| | lance at January 1, 2020 | | \$ 9,975,140 |

| Accumulated depreciation and impairment | |
|--|-------------------------|
| Balance at January 1, 2021 Depreciation expense | \$ 1,660,342 73,492 |
| Balance at December 31, 2021 | \$ 1,733,834 |
| Balance at January 1, 2020 Depreciation expense | \$ 1,557,785 102,557 |
| Balance at December 31, 2020 | \$ 1,660,342 |

\$ 9,975,140

Additions

Balance at December 31, 2020

The completed investment properties are depreciated using the straight-line method over their estimated useful lives of 20 to 50 years.

The main investment properties 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, 2021 and 2020, the fair values of completed investment properties were NT\$29,482,520 and NT\$29,252,925 thousand, respectively.

16. BORROWINGS

| | December 31 | | |
|--|--|---|--|
| | 2021 | 2020 | |
| Short-term borrowings Current portion of long-term borrowings Long-term borrowings | \$ 5,074,632 \$ 10,500,000 \$ 24,640,014 | \$ 6,591,019 \$ 6,000,000 \$ 31,140,014 | |

a. Short-term borrowings as of December 31, 2021 and 2020 were as follows:

| | December 31 | | | | | |
|-----------------------------|----------------------|--------------|----------------------|---------------------|--|--|
| | 2021 | | 20 | 2020 | | |
| | Interest Rate | _ | Interest Rate | _ | | |
| | % | Amount | 0/0 | Amount | | |
| Materials procurement loans | 0.64-0.70 | \$ 2,111,447 | 0.70-0.90 | \$ 5,091,019 | | |
| Bank line of credit | 0.69-0.91 | 2,963,185 | 0.65 | 1,500,000 | | |
| | | \$ 5,074,632 | | <u>\$ 6,591,019</u> | | |

b. Long-term borrowings as of December 31, 2021 and 2020 were as follows:

| | December 31 | | |
|---|--|-----------|--------------|
| | 2021 | | 2020 |
| | Significant Covenant | Amount | Amount |
| First Commercial Bank | Long-term credit loan; principal repayments at maturity, from December 28, 2018 to December 28, 2021 | \$ - | \$ 1,000,000 |
| Hua Nan Commercial Bank | Long-term credit loan; principal repayments at maturity, from March 5, 2018 to March 5, 2021 | - | 1,500,000 |
| Hua Nan Commercial Bank | Long-term credit loan; principal repayments at maturity, from December 28, 2018 to December 28, 2021 | - | 1,500,000 |
| Chinatrust Commercial Bank | Mid-term credit loan; principal repayments at maturity, from March 5, 2018 to March 5, 2021 | - | 1,000,000 |
| Mega International Commercial Bank Co., Ltd. | Long-term credit loan; principal repayments at maturity, from March 5, 2018 to March 5, 2021 | - | 1,000,000 |
| Bank of Taiwan | Long-term credit loan; principal repayments at maturity, from March 4, 2019 to March 4, 2022 | 3,000,000 | 3,000,000 |
| Cathay United Bank | Long-term credit loan; principal repayments at maturity, from March 4, 2019 to March 4, 2022 | 1,500,000 | 1,500,000 |
| Taiwan Cooperative Bank | Long-term credit loan; principal repayments at maturity, from March 4, 2019 to March 4, 2022 | 1,000,000 | 1,000,000 |
| | | | (Continued) |

| | December 31 | | | | |
|---|---|----|-------------------------|----|-------------------------|
| | 2021 | | | | 2020 |
| | Significant Covenant | | Amount | | Amount |
| Taipei Fubon Commercial Bank | Long-term credit loan; principal repayments at maturity, from June 3, 2019 to June 3, 2022 | \$ | 1,000,000 | \$ | 1,000,000 |
| Chang Hwa Commercial Bank | Long-term credit loan; principal repayments at maturity, from June 3, 2019 to June 3, 2022 | | 1,000,000 | | 1,000,000 |
| KGI Bank | Long-term credit loan; principal repayments at maturity, from June 3, 2019 to June 3, 2022 | | 1,500,000 | | 1,500,000 |
| Chinatrust Commercial Bank | Long-term credit loan; principal repayments at maturity, from September 3, 2019 to September 3, 2022 | | 1,500,000 | | 1,500,000 |
| Standard Chartered Bank | Long-term credit loan; principal repayments at maturity, from January 14, 2020 to December 31, 2023 | | 5,352,144 | | 5,352,144 |
| DBS Bank | Long-term credit loan; principal repayments at maturity, from March 30, 2020 to March 30, 2023 | | 3,028,500 | | 3,028,500 |
| DBS Bank | Long-term credit loan; principal repayments at maturity, from March 31, 2020 to March 31, 2023 | | 3,018,600 | | 3,018,600 |
| DBS Bank | Long-term credit loan; principal repayments at maturity, from April 15, 2020 to April 15, 2023 | | 3,010,000 | | 3,010,000 |
| Standard Chartered Bank | Long-term credit loan; principal repayments at maturity, from September 27, 2020 to December 31, 2023. | | 2,093,000 | | 2,093,000 |
| Bank of Taiwan | Long-term credit loan; principal repayments at maturity, from September 22, 2020 to September 22, 2025; principal to be repaid in two phases: From the 5th year, repayments are due once every six months; at rates of 20% and 80%, respectively. | | 3,000,000 | | 3,000,000 |
| The Export-Import Bank of the Republic of China | Long-term credit loan from December 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 |
| Hua Nan Commercial Bank | Long-term credit loan; 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 | | - |
| Taiwan Cooperative Bank | Long-term credit loan; 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 35,140,014 | | 37,140,014 |
| Less current portion of long-term borrowings | | _ | (10,500,000) | _ | (6,000,000) |
| | | \$ | 24,640,014 | | 31,140,014 oncluded) |

- 1) 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 consolidated financial statements audited by the independent auditors. The financial ratios are as follows:
 - a) Ratio of current assets to current liabilities not less than 100%;
 - b) Ratio of total liabilities less cash and cash equivalents to tangible net worth not more than 120%;
 - c) Ratio of net income before interest expenses, taxation, depreciation and amortization to interest expenses not less than 150%; and

- d) Tangible net worth (net worth less intangible assets) not less than NT\$55,000,000 thousand.
- 2) The range of weighted average effective interest rates of the credit borrowings was 0.85%-1.20% and 0.10%-1.50% per annum as of December 31, 2021 and 2020, respectively.
- 3) As of December 31, 2021 and 2020, the Company's current portion of long-term borrowings was NT\$10,500,000 thousand and NT\$6,000,000 thousand, respectively, under the loan agreement. The Company's financial statements for the years ended December 31, 2021 and 2020 showed that the Company was in compliance with these ratio requirements.

17. BONDS PAYABLE

| | December 31 | | |
|---------------------------------|--------------|-----------|--|
| | 2021 | 2020 | |
| The 1st unsecured bonds in 2021 | \$ 7,500,000 | <u>\$</u> | |

On October 8, 2021, the Company issued the first unsecured bonds for NT\$7.5 billion, each with a face value of NT\$10 million. The issuance period is 5 years, and the maturity date is on October 8, 2026. The annual interest rate is 0.7%. From the issuance date, the interest will be paid once a year, and the principal will be repaid once due.

18. FINANCIAL INSTRUMENTS FOR HEDGING

| | December 31 | |
|--|-------------|-------------------|
| | 2021 | 2020 |
| Financial liabilities for hedging - current | | |
| Fair value hedges - exchange rate swap contracts | <u>\$</u> | <u>\$ 165,774</u> |

The Company used exchange rate swap contracts to minimize its exposure to changes in the exchange rate of its foreign-currency trade receivable and trade payable. The exchange rate swaps and the corresponding financial assets have the same terms, and management believes that the exchange rate swaps are highly effective hedging instruments. The outstanding exchange rate swap contracts of the Company at the end of the reporting period were as follows:

| | Currencies | Contract Expiration Date | Contract Amount (In Thousands) |
|------------------------------|--|--|---|
| <u>December 31, 2020</u> | | | |
| Exchange rate swap contracts | USD to NTD USD to NTD USD to NTD USD to NTD USD to NTD | 2022.01.13 2022.01.13 2022.01.13 2022.01.13 2022.01.13 | USD21,000/NTD607,457 USD21,000/NTD607,467 USD30,000/NTD867,795 USD30,000/NTD867,810 USD30,000/NTD867,810 (Continued) |

| Currencies | Contract Expiration Date | Contract Amount (In Thousands) |
|------------|-----------------------------|--------------------------------|
| USD to NTD | 2022.01.13 | USD30,000/NTD867,810 |
| USD to NTD | 2022.01.13 | USD11,000/NTD318,197 |
| USD to NTD | 2022.01.13 | USD27,000/NTD781,029 |
| | | (Concluded) |

| | For the Year Ended December 31 | | |
|--|--------------------------------|-----------------------------|--|
| | 2021 | 2020 | |
| Losses on the hedging instruments Gains on the hedged items | <u>\$ -</u> <u>\$ -</u> | \$ (165,774) \$ (90,000) | |

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 expense recognized in profit or loss for the years ended December 31, 2021 and 2020 was NT\$95,977 thousand and NT\$89,868 thousand, respectively, which represents contributions payable to these plans by the Company at rates specified in the rules of the plan.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law are operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

| | December 31 | | |
|--|-----------------------------|-----------------------------|--|
| | 2021 | 2020 | |
| Present value of defined benefit obligation Fair value of plan assets | \$ 1,482,158 (1,028,335) | \$ 1,366,378 (1,074,219) | |
| Net defined benefit liabilities | <u>\$ 453,823</u> | <u>\$ 292,159</u> | |

As of December 31, 2021 and 2020, net defined benefit liabilities of NT\$2,126 thousand and NT\$1,922 thousand, respectively, were recorded as "other payables - accrued expense."

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liabilities (Assets) |
|--|--|----------------------------------|---|
| Balance at January 1, 2020 Service cost | <u>\$ 1,456,719</u> | \$ (993,518) | \$ 463,201 |
| Current service cost | 12,743 | _ | 12,743 |
| Net interest expense (income) | 10,917 | (7,483) | 3,434 |
| Recognized in profit or loss | 23,660 | (7,483) | 16,177 |
| Remeasurement | | (7,105) | 10,177 |
| Return on plan assets (excluding amounts included in net | | | |
| interest) | - | (32,941) | (32,941) |
| Actuarial (gain) loss | | | |
| Changes in demographic | | | |
| assumptions | 3,949 | - | 3,949 |
| Changes in financial | 20.250 | | 20.250 |
| assumptions | 30,358 | - | 30,358 |
| Experience adjustments | (45,036) | _ | (45,036) |
| Recognized in other comprehensive | (10.720) | (22.041) | (42.670) |
| income | (10,729) | (32,941) | (43,670) |
| Contributions from the employer | (99.652) | (128,929) | (128,929) |
| Benefits paid | (88,652) | 88,652 | (14.620) |
| Account paid Balance at December 31, 2020 | (14,620) | (1.074.210) | (14,620) 292,159 |
| Service cost | 1,366,378 | (1,074,219) | <u> </u> |
| Current service cost | 10,917 | _ | 10,917 |
| Net interest expense (income) | 6,801 | (5,366) | 1,435 |
| Recognized in profit or loss | 17,718 | (5,366) | 12,352 |
| Remeasurement | | (5,500) | 12,332 |
| 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 | 151,322 | | 151,322 |
| Recognized in other comprehensive | | | |
| income | 174,234 | (13,584) | 160,650 |
| Contributions from the employer | - | (11,138) | (11,138) |
| Benefits paid | (76,172) | 76,172 | |
| Balance at December 31, 2021 | <u>\$ 1,482,158</u> | <u>\$ (1,028,335)</u> | \$ 453,823 |

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

| | For the Year Ended December 31 | |
|-------------------------------------|--------------------------------|------------------|
| | 2021 | 2020 |
| Operating costs | \$ 6,240 | \$ 9,465 |
| Selling and marketing expenses | 945 | 1,286 |
| General and administrative expenses | 4,918 | 4,947 |
| Research and development expenses | 249 | 479 |
| | <u>\$ 12,352</u> | <u>\$ 16,177</u> |

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

| | December 31 | | |
|--|-----------------|----------------|--|
| | 2021 | 2020 | |
| Discount rate(s) Expected rate(s) of salary increase | 0.625% 2.25% | 0.50% 2.25% | |

If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

| | December 31 | |
|-------------------------------------|------------------|------------------|
| | 2021 | 2020 |
| Discount rate(s) | | |
| 0.5% increase | \$ (61,945) | \$ (59,752) |
| 0.5% decrease | \$ 66,092 | \$ 63,935 |
| Expected rate(s) of salary increase | | |
| 0.5% increase | <u>\$ 63,726</u> | <u>\$ 61,541</u> |
| 0.5% decrease | \$ (60,375) | \$ (58,145) |

The sensitivity analysis presented may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

20. EQUITY

| | December 31 | | |
|-------------------|---------------------|--------------------------|--|
| | 2021 | 2020 | |
| Share capital | | | |
| Ordinary shares | \$ 34,313,3 | 29 \$ 32,260,002 | |
| Capital surplus | 18,440,8 | 75 15,690,406 | |
| Retained earnings | 47,787,2 | 07 36,330,187 | |
| Others | 5,342,1 | <u>13</u> <u>187,640</u> | |
| | <u>\$ 105,883,5</u> | <u>\$ 84,468,235</u> | |

a. Share capital

Ordinary shares

| | December 31 | |
|---|--|--|
| | 2021 | 2020 |
| Number of authorized shares (in thousands) Amount of authorized shares, par value \$10 Number of issued and fully paid shares (in thousands) Amount of issued and fully paid shares | 6,500,000 \$ 65,000,000 3,431,333 \$ 34,313,329 | 6,500,000 \$ 65,000,000 3,226,000 \$ 32,260,002 |

As of January 1, 2020, the amount of the Company's paid-in capital was NT\$33,260,002 thousand, consisted of 3,326,000 thousand shares at par value of NT\$10.

In August 2020 and November 2020, the Company reduced capital and cancelled 40,000 thousand and 60,000 thousand treasury shares, respectively. In January 2021, the Company issued 205,333 thousand shares of TECO Electric & Machinery Co., Ltd. Hence, as of December 31, 2021, the paid-in capital was NT\$34,313,329 thousand, divided into 3,431,333 thousand ordinary shares at par value of NT\$10.

As of December 31, 2021, two thousand GDRs of the Company were traded on the Luxembourg Stock Exchange. The total number of ordinary shares represented by the GDRs was 22 thousand shares (one GDR represents 10 ordinary shares).

b. Capital surplus

| | December 31 | | 31 | |
|--|-------------|------------|----|------------|
| | | 2021 | | 2020 |
| Issuance of ordinary shares | \$ | 12,639,452 | \$ | 9,867,654 |
| The difference between the consideration received or paid and the carrying amount of the subsidiaries' net | | | | |
| assets during actual disposal or acquisition | | 3,124 | | - |
| Share of changes in capital surplus of associates | | 440,288 | | 467,070 |
| Treasury share transactions | | 2,254,074 | | 2,254,074 |
| Gain on disposal of property, plant and equipment | | 2,074,231 | | 2,074,231 |
| Others | | 1,029,706 | | 1,027,377 |
| | \$ | 18,440,875 | \$ | 15,690,406 |

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).

The capital surplus arises from changes in capital surplus of associates accounted for using the equity method, employee share options and share warrants may not be used for any purpose.

c. Retained earnings and dividend policy

The shareholders of the Company held their regular meeting on July 15, 2021, and in that meeting, 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. 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 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. 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.

An appropriation of earnings to a 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 2020 and 2019 was approved in the shareholders' meeting on July 15, 2021 and May 29, 2020, respectively. The appropriation and dividends per share were as follows:

| | Appropriation | on of Earnings | Dividends Pe | r Share (NT\$) |
|--|--------------------------------------|--------------------------------------|---------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Legal reserve Special reserve Cash dividends | \$ 681,368 (398,160) 3,088,200 | \$ 314,968 (932,728) 1,663,000 | \$ - - 0.90 | \$ - - 0.50 |
| | <u>\$ 3,371,408</u> | \$ 1,045,240 | | |

The appropriations of earnings for 2021 had been proposed by the Company's board of director on February 22, 2022 were as follows:

| | Appropriation of Earnings | Dividends Per Share (NT\$) |
|---------------------------------|---------------------------|-------------------------------|
| Legal reserve Cash dividends | \$ 1,454,522 5,490,133 | \$ - 1.6 |
| | <u>\$ 6,944,655</u> | |

The appropriation of earnings for 2021 is subject to the resolution of the shareholders in their meeting to be held on May 13, 2022.

d. Special reserve

| | Decem | December 31 | |
|-----------------|---------------------|---------------------|--|
| | 2021 | 2020 | |
| Special reserve | <u>\$ 2,712,250</u> | <u>\$ 3,110,410</u> | |

Information regarding any changes to the above special reserve was as follows:

| | For the Year Ended December 31 | |
|--|--------------------------------|---------------------------|
| | 2021 | 2020 |
| Balance at January 1 Appropriations | \$ 3,110,410 (398,160) | \$ 4,043,138 (932,728) |
| Balance at December 31 | \$ 2,712,250 | <u>\$ 3,110,410</u> |

e. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

| | 2021 | 2020 |
|--|-----------------------|------------------------|
| Balance at January 1 Recognized for the year | \$ (5,905,135) | \$ (5,546,359) |
| Share from subsidiaries and associates accounted for using the equity method | (195,552) | (358,776) |
| Balance at December 31 | <u>\$ (6,100,687)</u> | <u>\$ (5,905,135</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 foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

| | | For the Year Ended December 31 | | ecember 31 | |
|--|---|--------------------------------|------------------------|------------|-----------|
| | | | 2021 | | 2020 |
| Unrea Share | ce at January 1 lized gain - equity instruments from associates accounted for using the | \$ | 6,092,775 2,611,742 | \$ | 1,258,198 |
| equ | ity method | | 2,829,750 | | 2,398,628 |
| Balan | ce at December 31 | <u>\$</u> | 11,534,267 | \$ | 6,092,775 |
| 3) Other | equity - others | | | | |
| | | | 2021 | | 2020 |
| | ce at January 1 | ; | \$ - | 9 | - |
| Other equity from associates accounted for using the equity method | - | (91,467) | _ | <u>-</u> | |
| Balan | ce at December 31 | ļ | \$ (91 <u>,467</u>) | <u> </u> | <u>-</u> |

f. Treasury shares

Treasury shares transactions for the year ended December 31, 2020 were summarized as follows:

| Purpose of Buy-back | Number of Treasury Shares at January 1, 2020 | Treasury Shares Increase During the Year | Treasury Shares Decrease During the Year | Number of Treasury Shares as of December 31, 2020 |
|--|--|--|--|---|
| To restore credibility and preserve shareholders' rights | <u>-</u> | 100,000,000 | 100,000,000 | <u>-</u> |

Article 28.2 of the Securities and Exchange Law stipulates that the number of treasury shares held by the Company should not exceed 10% of the number of shares issued and that the cost of acquisition of treasury shares should not exceed the total of retained earnings, additional-paid-in capital and other realized capital surplus. In addition, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote, or exercise other shareholder's rights on the treasury shares.

21. REVENUE

| | For the Year Ended December 31 | |
|--------------------------------|-----------------------------------|--------------------------|
| | 2021 | 2020 |
| Sales revenue Other revenue | \$ 94,405,651 <u>3,383,997</u> | \$ 63,215,460 882,230 |
| | <u>\$ 97,789,648</u> | \$ 64,097,690 |

22. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

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

| | For the Year Ended December 31 | |
|---|--------------------------------|----------------------|
| | 2021 | 2020 |
| Gain (loss) on disposal of investments - commodity futures | \$ 431,529 | \$ (240,856) |
| Gain (loss) on disposal of investments - forward exchange contracts | 16,695 | (124,006) |
| Gain on disposal of investments - exchange rate swap contracts | 14,301 | 2,349 |
| Loss on disposal of investments - options | (1,499) | (2,938) |
| | <u>\$ 461,026</u> | <u>\$ (365,451</u>) |

Non-operating Income and Expenses - Impairment Loss

| For the Year End | led December 31 |
|------------------|-----------------|
| 2021 | 2020 |
| | |
| \$ (557,721) | <u>\$</u> |

Property, plant and equipment

Employee Benefits Expense, Depreciation and Amortization

| | Fo | r the Year Ended | l December 31, 20 | 21 |
|---|--|---|--|--|
| | Operating Costs | Operating Expenses | Non-operating Expenses and Losses | Total |
| Short-term employment benefits Post-employment benefits Other employee benefits | \$ 1,684,098 \$ 63,271 \$ 150,075 | \$ 1,214,050 \$ 45,057 \$ 79,641 | \$ - \$ - \$ - | \$ 2,898,148 \$ 108,328 \$ 229,716 |
| Depreciation Property, plant and equipment Right-of-use assets Investment properties | \$ 1,105,101 4,124 71,966 \$ 1,181,191 | \$ 140,864 19,745 1,526 \$ 162,135 | \$ - - - \$ - | \$ 1,245,965 23,869 73,492 \$ 1,343,326 |
| Amortization | <u>\$</u> | <u>\$ 445</u> | <u>\$ -</u> | <u>\$ 445</u> |
| | | | | |
| | Fo | r the Year Ended | December 31, 20 | 20 |
| | Operating | r the Year Ended Operating | Non-operating Expenses and | 20 |
| | | | Non-operating | 20 Total |
| Short-term employment benefits Post-employment benefits Other employee benefits | Operating | Operating | Non-operating Expenses and | |
| benefits Post-employment benefits Other employee benefits Depreciation Property, plant and equipment | Operating Costs \$ 1,396,553 \$ 65,415 | Operating Expenses \$ 999,715 \$ 40,630 | Non-operating Expenses and Losses | Total \$ 2,396,268 \$ 106,045 |
| benefits Post-employment benefits Other employee benefits Depreciation Property, plant and | Operating Costs \$ 1,396,553 \$ 65,415 | Operating Expenses \$ 999,715 \$ 40,630 | Non-operating Expenses and Losses | Total \$ 2,396,268 \$ 106,045 |
| benefits Post-employment benefits Other employee benefits Depreciation Property, plant and equipment Right-of-use assets | Operating Costs \$ 1,396,553 \$ 65,415 \$ 133,860 \$ 1,038,978 3,218 | Operating Expenses \$ 999,715 \$ 40,630 \$ 60,013 \$ 114,954 20,138 | Non-operating Expenses and Losses \$ \$ \$ \$ | * 2,396,268 * 106,045 * 193,873 * 1,153,932 23,356 |

According to the Company's Articles, the Company accrues employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 1%, respectively, of net

profit before income tax, employees' compensation, and remuneration of directors. For the years ended December 31, 2021 and 2020, the compensation of employees amounted to NT\$187,000 thousand and NT\$68,500 thousand, respectively, and the remuneration of directors and supervisors amounted to NT\$75,000 thousand and NT\$34,050 thousand, respectively. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2021 and 2020 were approved by the Group's board of directors on February 22, 2022 and February 26, 2021, respectively.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual financial statements are authorized for issue are adjusted in the year the compensation and remuneration were recognized. If there is a change in the proposed amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the compensation of employees and the remuneration of directors and supervisors for 2020 and 2019 that were respectively resolved by the Company's board of directors on February 26, 2021 and February 27, 2020 and the respective amounts were recognized in the financial statements.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

<u>Income tax expense (benefit) are as following:</u>

| | For the Year Ended December 31 | | |
|---|--------------------------------|--------------------|--|
| | 2021 | 2020 | |
| Current tax | | | |
| In respect of the current year | \$ 1,958,584 | \$ 28,523 | |
| Income tax on unappropriated earnings | 83,446 | 48,843 | |
| Adjustments for prior year | (1,632) | - | |
| Others | <u>-</u> | 16,217 | |
| | 2,040,398 | 93,583 | |
| Deferred tax | | | |
| In respect of the current year | 1,715,707 | (94,000) | |
| Adjustments to deferred tax attributable to changes | | | |
| in tax rates and laws | (5,275) | (26,622) | |
| | 1,710,432 | (120,622) | |
| Income tax benefit recognized in profit or loss | \$ 3,750,830 | <u>\$ (27,039)</u> | |

A reconciliation of accounting profit and income tax expense (benefit) is as follows:

| | For the Year Ended December | | |
|--|-----------------------------|--------------|--|
| | 2021 | 2020 | |
| Profit before tax from continuing operations | <u>\$ 18,393,459</u> | \$ 6,664,110 | |

| Income tax expense calculated at the statutory rate Equity in investees' net gain | \$ For | 3,678,692 495,820 the Year End | \$ led D | 1,332,822 (861,000) (Continued) December 31 |
|---|-----------|---|-------------|---|
| | | 2021 | | 2020 |
| Tax-exempt dividend income Loss on investments Tax-exempt subsidize revenue Others Income tax on unappropriated earnings Adjustments for prior years' tax | | (112,110) (384,000) - (4,111) 83,446 (6,907) | _ | (22,000) (495,100) (3,880) (102) 48,843 (26,622) |
| Income tax benefit recognized in profit or loss | <u>\$</u> | 3,750,830 | <u>\$</u> | (27,039) (Concluded) |

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Current tax assets and liabilities

| | December 31 | | |
|--|---------------------|-------------------|--|
| | 2021 | 2020 | |
| Current tax assets Tax refund receivable | <u>\$ 32,006</u> | <u>\$ 2,317</u> | |
| Current tax liabilities Income tax payable | <u>\$ 2,040,190</u> | <u>\$ 108,164</u> | |

c. Deferred tax assets and liabilities

| | December 31 | | | 1 |
|--|-------------|-----------|----|---------|
| | | 2021 | | 2020 |
| <u>Deferred tax assets</u> | | | | |
| Pension expense not currently deductible | \$ | 32,000 | \$ | 32,000 |
| Provision for permanent devaluation loss on long-term investments | | 547,000 | | 547,000 |
| Provision for devaluation loss on obsolete and slow-moving inventories | | 25,000 | | 28,000 |
| Provision for impairment loss on idle assets | | 10,000 | | 17,000 |
| Loss on liquidation of investments | | 384,000 | | - |
| Loss deduction | | - | | 254,000 |
| Others | | 293,573 | | 103,573 |
| | \$ | 1,291,573 | \$ | 981,573 |



| | Decem | December 31 | | |
|--|------------------------------|-----------------------------|--|--|
| | 2021 | 2020 | | |
| <u>Deferred tax liabilities</u> | | | | |
| Reserve for land value increment tax Unrealized gain of investments | \$ (131,132) _(2,020,432) | \$ (131,132) | | |
| | <u>\$ (2,151,564)</u> | \$ (131,132) (Concluded) | | |

d. The Company's income tax returns through 2018 had been assessed by tax authorities.

24. EARNINGS PER SHARE

| | | | For the Year End | ded December 31 | | |
|--|---|---|---|---|---|---|
| | | 2021 | | | 2020 | · |
| | 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 Effect of dilutive potential ordinary shares | \$ 14,642,629 | 3,428,520 7,632 | <u>\$ 4.27</u> | \$ 6,691,149 | 3,276,128 4,100 | \$ 2.04 |
| Diluted earnings per share Net income plus dilutive effect | \$ 14,642,629 | 3,436,152 | \$ 4.26 | \$ 6,691,149 | 3,280,228 | \$ 2.04 |

25. OPERATING LEASE ARRANGEMENTS

Operating leases are related to the investment property owned by the Company with lease terms between 5 and 10 years, with an option to extend for additional 10 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

As of December 31, 2021 and 2020, deposits received under operating leases amounted to NT\$167,217 thousand and NT\$170,228 thousand, respectively (recorded under other liabilities - non-current).

As of December 31, 2021, the Company's future minimum lease receivables on non-cancelable operating lease commitments are as follows:

Years of 2022 \$ 645,634

<u>1,049,526</u>

\$ 1,695,160

26. 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.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management considers the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate the fair values.

December 31, 2021

| | Carrying | Fair Value | | | |
|---|--------------|------------|--------------|---------|--------------|
| | Amount | Level 1 | Level 2 | Level 3 | Total |
| Financial liabilities | | | | | |
| Financial liabilities at amortized cost Bonds payable | \$ 7,500,000 | <u>\$</u> | \$ 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

<u>December 31, 2021</u>

Level 1 Level 2 Level 3 Total

Financial assets at FVTPL

| | Level 1 | Level 2 | Level 3 | Total |
|--|--|--|--|---|
| Derivatives not designated as hedging instruments | <u>\$ 873</u> | \$ 7,991 | <u>\$</u> _ | \$ 8,864 (Continued) |
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments Securities listed in ROC | \$ 15,611,157 | \$ - | \$ - | \$ 15,611,157 |
| Unlisted securities | ψ 13,011,13 <i>7</i> | <u> </u> | 528,367 | 528,367 |
| | <u>\$ 15,611,157</u> | <u>\$ -</u> | \$ 528,367 | <u>\$ 16,139,524</u> |
| Financial liabilities at FVTPL | | | | |
| Derivatives not designated as hedging instruments | <u>\$</u> | <u>\$ 37,439</u> | <u>\$</u> | \$ 37,439 (Concluded) |
| <u>December 31, 2020</u> | | | | |
| | | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at FVTPL | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at FVTPL Derivatives not designated as hedging instruments Corporate bonds | Level 1 \$ 66,059 | Level 2 | \$ - 5,683,859 | Total \$ 66,0595,683,859 |
| Derivatives not designated as hedging instruments | | | \$ - | \$ 66,059 |
| Derivatives not designated as hedging instruments | \$ 66,059 | | \$ - <u>5,683,859</u> | \$ 66,059 5,683,859 |
| Derivatives not designated as hedging instruments Corporate bonds Financial assets at FVTOCI Investments in equity instruments | \$ 66,059 \$ 66,059 | \$ - - \$ - | \$ - 5,683,859 \$ 5,683,859 | \$ 66,059 5,683,859 \$ 5,749,918 |
| Derivatives not designated as hedging instruments Corporate bonds Financial assets at FVTOCI Investments in equity | \$ 66,059 | | \$ - <u>5,683,859</u> | \$ 66,059 5,683,859 |
| Derivatives not designated as hedging instruments Corporate bonds Financial assets at FVTOCI Investments in equity instruments Securities listed in ROC | \$ 66,059 \$ 66,059 | \$ - - \$ - | \$ - 5,683,859 \$ 5,683,859 | \$ 66,059 5,683,859 \$ 5,749,918 \$ 6,475,588 |
| Derivatives not designated as hedging instruments Corporate bonds Financial assets at FVTOCI Investments in equity instruments Securities listed in ROC | \$ 66,059 \$ 66,059 \$ 6,475,588 | \$ - <u>\$</u> - | \$ - 5,683,859 \$ 5,683,859 \$ - 307,641 | \$ 66,059 5,683,859 \$ 5,749,918 \$ 6,475,588 307,641 |
| Derivatives not designated as hedging instruments Corporate bonds Financial assets at FVTOCI Investments in equity instruments Securities listed in ROC Unlisted securities Financial liabilities at FVTPL Derivatives not designated as hedging instruments | \$ 66,059 \$ 66,059 \$ 6,475,588 | \$ - <u>\$</u> - | \$ - 5,683,859 \$ 5,683,859 \$ - 307,641 | \$ 66,059 5,683,859 \$ 5,749,918 \$ 6,475,588 307,641 |
| Derivatives not designated as hedging instruments Corporate bonds Financial assets at FVTOCI Investments in equity instruments Securities listed in ROC Unlisted securities Financial liabilities at FVTPL Derivatives not designated as | \$ 66,059 \$ 66,059 \$ 6,475,588 \$ 6,475,588 | \$ - <u>\$</u> - <u>\$</u> - <u>\$</u> - <u>\$</u> - | \$ - 5,683,859 \$ 5,683,859 \$ - 307,641 \$ 307,641 | \$ 66,059 5,683,859 \$ 5,749,918 \$ 6,475,588 307,641 \$ 6,783,229 |

Financial Information .

2) There were no transfers between Levels 1 and 2 in 2021 and 2020.

3) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2021

| Financial Assets | Financial Assets at FVTOCI | | |
|---|--|--|--|
| | Equity Instruments | | |
| Balance at January 1, 2021 Additions Capital reduction and refund Recognized in other comprehensive income | \$ 307,641 149,993 (3,615) 74,348 | | |
| Balance at December 31, 2021 | <u>\$ 528,367</u> | | |
| For the year ended December 31, 2020 | | | |

| Financial Assets | Financial Assets at FVTOCI |
|---|----------------------------------|
| | Equity Instruments |
| Balance at January 1, 2020 Additions Recognized in other comprehensive income | \$ 318,073 29,250 (39,682) |
| Balance at December 31, 2020 | <u>\$ 307,641</u> |

4) Valuation techniques and inputs applied for Level 2 fair value measurement

| Financial Instruments | Valuation Techniques and Inputs |
|--|---|
| Derivatives - foreign exchange forward contracts | Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. |
| Derivatives - exchange rate swap contracts | Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. |

5) Valuation techniques and inputs applied for Level 3 fair value measurement

| Financial Instruments | Valuation Techniques and Inputs |
|--------------------------------------|---|
| Unlisted equity securities | Market approach. Fair values are determined based on the observable share prices of comparable companies at the end of the reporting period, adjusted by the price earnings ratio and price-to-book ratio of the investees. |
| | Net asset method. Fair values are determined based on the book value of companies. |
| | Discounted cash flow. Present values are determined based on future cash flows discounted at market yield. |
| Derivatives - options | Option pricing models. Fair values are determined using option pricing models where the significant unobservable input is historical volatility. |
| Hybrid instruments - corporate bonds | Discounted cash flow. Future cash flows are estimated based on contract rates and discounted at a rate that reflects the credit risk of various counterparties. |

c. Categories of financial instruments

| | December 31 | | | 31 |
|---|-------------|------------|----|------------|
| | | 2021 | | 2020 |
| <u>Financial assets</u> | | | | |
| Financial assets at amortized cost | | | | |
| Cash and cash equivalents | \$ | 5,023,659 | \$ | 4,511,090 |
| Contract assets - current | | 151,065 | | 12,937 |
| Notes receivable and trade receivables (including | | | | |
| related parties) | | 5,155,636 | | 2,613,004 |
| Other receivables | | 985,084 | | 271,722 |
| Long-term receivables (including related parties) | | - | | 5,349,885 |
| Refundable deposits | | 27,548 | | 26,913 |
| Financial assets at FVTPL (current and non-current) | | 8,864 | | 5,749,918 |
| Financial assets at FVTOCI (current and non-current) | | 16,139,524 | | 6,783,229 |
| Financial liabilities | | | | |
| Financial liabilities at FVTPL (current and non-current) | | 37,439 | | 15,839 |
| Derivative financial liabilities for hedging (current and | | | | |
| non-current) | | - | | 165,774 |
| Financial liabilities at amortized cost | | | | |
| Short-term borrowings | | 5,074,632 | | 6,591,019 |
| Trade payables | | 3,040,224 | | 2,522,328 |
| Other payables | | 2,676,814 | | 8,009,712 |
| Bonds Payable | | 7,500,000 | | - |
| Long-term borrowings (including current portion) | | 35,140,014 | | 37,140,014 |
| Deposits received (accounted for as other non-current | | | | |
| liabilities) | | 225,863 | | 186,325 |

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, borrowings, trade receivables and trade payables. 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 has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as follows:

| | December 31 | | | 31 |
|-------------------|-------------|-----------|----|-------------|
| | | 2021 | | 2020 |
| <u>Assets</u> | | | | |
| U.S. dollar | \$ | 6,038,747 | \$ | 2,098,969 |
| Japanese yen | | 122,926 | | 27,663 |
| Euro | | 926,756 | | 428,652 |
| Singapore dollar | | 1,559 | | - |
| Hong Kong dollar | | 11,515 | | 7,365 |
| Australian dollar | | 31,714 | | 12,493 |
| | | | | (Continued) |

| | Decemb | er 31 |
|--------------------|-----------|-------------|
| | 2021 | 2020 |
| Renminbi | - | 5 |
| <u>Liabilities</u> | | |
| U.S. dollar | 2,567,987 | 11,564,577 |
| Euro | 830 | 159 |
| Swiss Franc | 513 | 549 |
| Japanese yen | - | 1,108 |
| | | (Concluded) |

The carrying amounts of the Company's derivatives exposed to foreign currency risk at the end of the reporting period were as follows:

| | Decem | iber 31 |
|---------------------|-------------------------|--------------------|
| | 2021 | 2020 |
| Assets | | |
| U.S. dollar Euro | \$ 3,713,197 795,675 | \$ 7,556,970 - |
| <u>Liabilities</u> | | |
| U.S. dollar Euro | 7,888,800 563,760 | 284,800 232,966 |
| Laio | 303,700 | 232,700 |

Sensitivity analysis

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

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 1% change in foreign currency rates.

| | | U.S. Dollar Impact | | | |
|----------------|--------|--------------------------------|-------------|--|--|
| | For th | For the Year Ended December 31 | | | |
| | 2 | 021 | 2020 | | |
| Profit or loss | \$ | 7,048 | \$ (24,264) | | |

b) Interest rate risk

The Company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

| | December 31 | | | |
|--|----------------------|----------------------|--|--|
| | 2021 | 2020 | | |
| Fair value interest rate risk Financial liabilities | \$ 7,500,000 | <u>\$</u> | | |
| Cash flow interest rate risk Financial liabilities | <u>\$ 40,214,646</u> | <u>\$ 43,731,033</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 profit for the years ended December 31, 2021 and 2020 would decrease by NT\$402,146 thousand and NT\$437,310 thousand, respectively.

Hedge accounting

For the year ended December 31, 2020

The Company'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 denominated receipts and payments and to manage exchange rate exposure. Those transactions are designated as fair value hedges. Adjustments are recognized directly in profit or loss and are presented as hedged items on the statements of comprehensive income.

| Hedging Instrument | Cumonou | Notional Amount | Motorito | Forward Price | Line Item in Balance Sheet | Carryin | g Amount Liability | Change in Value Used for Calculating Hedge Effectiveness |
|------------------------------|------------|--------------------------|-----------|---------------|---|---------|-----------------------|--|
| Instrument | Currency | Amount | Maturity | Forward Price | Balance Sneet | Asset | Liability | Effectiveness |
| Exchange rate swap contracts | USD to NTD | USD21,000/ NTD607,457 | 2021.1.13 | \$ 590,058 | Financial liabilities for hedging | \$ - | \$ (17,398) | \$ - |
| | USD to NTD | USD21,000/ NTD607,467 | 2021.1.13 | 590,058 | Financial liabilities for hedging | - | (17,409) | - |
| | USD to NTD | USD30,000/ NTD867,795 | 2021.1.13 | 842,940 | Financial liabilities for hedging | - | (24,855) | - |
| | USD to NTD | USD30,000/ NTD867,810 | 2021.1.13 | 842,940 | Financial liabilities for hedging | - | (24,870) | - |
| | USD to NTD | USD30,000/ NTD867,810 | 2021.1.13 | 842,940 | Financial liabilities for hedging | - | (24,870) | - |
| | USD to NTD | USD30,000/ NTD867,810 | 2021.1.13 | 842,940 | Financial liabilities for hedging | - | (24,870) | - |
| | USD to NTD | USD11,000/ NTD318,197 | 2021.1.13 | 309,078 | Financial liabilities for hedging | - | (9,119) | - |
| | USD to NTD | USD27,000/ NTD781,029 | 2021.1.13 | 758,646 | Financial liabilities for hedging | - | (22,383) | - |

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. 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 the 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 sheet; 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 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 remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods.

December 31, 2021

| | 1 Year | 1-2 Years | 2-5 Years | 5+ Years | Total |
|--|-------------------------|-------------------------|------------------------|------------------------|-------------------------|
| Non-derivative financial liabilities | | | | | |
| Variable interest rate liabilities Lease liabilities | \$ 15,574,632 18,501 | \$ 16,502,244 15,124 | \$ 7,000,000 29,550 | \$ 1,137,770 20,125 | \$ 40,214,646 83,300 |
| Non-interest bearing Fixed interest rate | 5,812,052 | 29,024 | 101,825 | - | 5,942,901 |
| liabilities | _ | - | 7,500,000 | | 7,500,000 |
| | <u>\$ 24,405,185</u> | <u>\$ 16,546,392</u> | <u>\$ 14,631,375</u> | <u>\$ 1,157,895</u> | \$ 53,740,847 |

December 31, 2020

| | 1 Year | 1-2 Years | 2-5 Years | 5+ Years | Total |
|--|--------------------------------------|-----------------------------------|------------------------------------|------------------------|--------------------------------------|
| Non-derivative financial liabilities | | | | | |
| Variable interest rate liabilities Lease liabilities Non-interest bearing | \$ 12,591,019 21,319 4,084,602 | \$ 17,945,144 12,556 28,216 | \$ 12,057,100 22,822 115,184 | \$ 1,137,770 26,308 | \$ 43,731,033 83,005 4,228,002 |
| Fixed interest rate liabilities | 5,768,000 | | | | 5,768,000 |
| | <u>\$ 22,464,940</u> | <u>\$ 17,985,916</u> | <u>\$ 12,195,106</u> | <u>\$ 1,164,078</u> | \$ 53,810,040 |

b) The Company's derivative financial instruments with agreed settlement date were as follows:

December 31, 2021

| | On Demand or Less Than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | Total |
|--|--------------------------------------|--------------------|-----------------------|--------------|----------------------|
| Net settled | | | | | |
| Commodity futures contracts | \$ 14,706 | \$ (25,016) | \$ 11,183 | \$ - | \$ 873 |
| Foreign exchange forward contracts | 7,814 | 177 | - | - | 7,991 |
| Exchange rate swap contracts | (37,439) | | _ | | (37,439) |
| | <u>\$ (14,919)</u> | <u>\$ (24,839)</u> | <u>\$ 11,183</u> | <u>\$ -</u> | <u>\$ (28,575)</u> |
| December 31, 2020 | | | | | |
| | On Demand or Less Than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | Total |
| Net settled | | | | | |
| Commodity futures contracts Foreign exchange | \$ (5,736) | \$ 58,469 | \$ 13,326 | \$ - | \$ 66,059 |
| forward contracts Exchange rate swap | (15,524) | - | (315) | - | (15,839) |
| contracts | (165,774) | _ | _ | _ | (165,774) |
| | <u>\$(187,034)</u> | <u>\$ 58,469</u> | <u>\$ 13,011</u> | <u>\$</u> | <u>\$ (115,554</u>) |

e. Transfers of financial assets

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

| Counterparty | Proceeds from Receivables Factoring | Amount Reclassified to Other Receivables | Advances Received - Unused | Advances Received - Used | Annual Interest Rates on Advances Received (Used) (%) |
|--------------|--|---|----------------------------------|--------------------------------|--|
| <u>2021</u> | | | | | |
| CTBC bank | <u>\$ 150,495</u> | \$ 5,786 | <u>US\$ 2,700</u> | <u>\$</u> | - |
| <u>2020</u> | | | | | |
| CTBC bank | <u>\$ 137,121</u> | \$ 21,266 | <u>US\$ 2,700</u> | <u>\$</u> | - |

28. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

| Related Party Name | Related Party Category | | |
|--|---------------------------|--|--|
| Walsin Lihwa Holdings Ltd. | Subsidiary | | |
| Walsin Info-Electric Corp. | Subsidiary | | |
| Chin-Cherng Construction Co. | Subsidiary | | |
| Min Maw Precision Industry Corp. | Subsidiary | | |
| Dongguan Walsin Wire & Cable Co., Ltd. | Subsidiary | | |
| Jiangyin Walsin Specialty Alloy Materials Co., | Subsidiary | | |
| Ltd. | • | | |
| Walsin Specialty Steel Corp. | Subsidiary | | |
| Changshu Walsin Specialty Steel Co., Ltd. | Subsidiary | | |
| Yantai Walsin Stainless Steel Co., Ltd. | Subsidiary | | |
| PT. Walsin Nickel Industrial Indonesia | Subsidiary | | |
| Walsin Internation Investments Limited | Subsidiary | | |
| Walsin Technology Corp. | Associate | | |
| Walton Advanced Engineering, Inc. | Associate | | |
| Chin-Xin Investment Co., Ltd. | Associate | | |
| Walsin Color Co., Ltd. | Associate | | |
| Winbond Electronics Corp. | Associate | | |
| Prosperity Dielectrics Co., Ltd. | 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 | | |
| | | | |

b. Sales

| | For the Year Ended December 31 | | | |
|---------------------------------------|--------------------------------|-------------------------|--|--|
| | 2021 | 2020 | | |
| Subsidiaries Other related parties | \$ 3,564,180 | \$ 2,750,804 903,376 | | |
| | <u>\$ 5,307,800</u> | \$ 3,654,180 | | |

c. Rental income

| | For the Year Ended December 31 | | | | |
|---|--------------------------------|--------------------------|----|----------------------|--|
| | | 2021 | | 2020 | |
| Subsidiaries Associates Other related parties | \$ | 2,840 34,798 1,029 | \$ | 240 33,658 993 | |
| | <u>\$</u> | 38,667 | \$ | 34,891 | |

d. Purchases of goods

| | For the Year Ended December 31 | | | | |
|---------------------------------------|--------------------------------|----------------|------|----------------|--|
| | | 2021 | 2020 | | |
| Subsidiaries Other related parties | \$ | 5,478 4,961 | \$ | 8,938 3,891 | |
| | <u>\$</u> | 10,439 | \$ | 12,829 | |

e. Administrative expenses

| | For t | For the Year Ended December 31 | | | | |
|-----------------------|-----------|--------------------------------|------|--------|--|--|
| | | 2021 | 2020 | | | |
| Subsidiaries | \$ | 390 | \$ | 390 | | |
| Associates | | 14,889 | | 12,955 | | |
| Other related parties | | 13,558 | | 10,725 | | |
| | <u>\$</u> | 28,837 | \$ | 24,070 | | |

The stock registration matters of the Company and related parties were handled together. The related fees allocated to the related parties were charged against general and administrative expenses.

f. Dividend income

| | | For the Year En | ded December 31 |
|-----|---|--|---|
| | | 2021 | 2020 |
| | Other related marries | | |
| | Other related parties HannStar Display Corp. | \$ 149,816 | \$ - |
| | HannStar Board Corp. | 140,259 | 106,722 |
| | Others | 7,705 | 2,890 |
| | Chiefs | | 2,000 |
| | | \$ 297,780 | \$ 109,612 |
| | | | |
| g. | Notes receivable | | |
| | | Dogon | aber 31 |
| | | 2021 | 2020 |
| | | 2021 | 2020 |
| | Associates | | |
| | Prosperity Dielectrics Co., Ltd. | \$ 129 | \$ 129 |
| | Walsin Technology Corp. | 841 | <u>856</u> |
| | | | |
| | | <u>\$ 970</u> | <u>\$ 985</u> |
| h. | Trade receivables | | |
| 11. | Trade receivables | | |
| | | | |
| | | Decen | nber 31 |
| | | Decen 2021 | aber 31 2020 |
| | | | |
| | Subsidiaries No. 11. Co. 14.1 | 2021 | 2020 |
| | Dongguan Walsin Wire & Cable Co., Ltd. | 2021 \$ 81,510 | |
| | Dongguan Walsin Wire & Cable Co., Ltd. Changshu Walsin Specialty Steel Co., Ltd. | \$ 81,510 281,519 | 2020 |
| | Dongguan Walsin Wire & Cable Co., Ltd. Changshu Walsin Specialty Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | \$ 81,510 281,519 245,996 | \$ 207,701 |
| | Dongguan Walsin Wire & Cable Co., Ltd. Changshu Walsin Specialty Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd. Others | \$ 81,510 281,519 245,996 4,264 | \$ 207,701 - 95,797 |
| | Dongguan Walsin Wire & Cable Co., Ltd. Changshu Walsin Specialty Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | \$ 81,510 281,519 245,996 | \$ 207,701 |
| | Dongguan Walsin Wire & Cable Co., Ltd. Changshu Walsin Specialty Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd. Others | \$ 81,510 281,519 245,996 4,264 | \$ 207,701 - 95,797 |
| | Dongguan Walsin Wire & Cable Co., Ltd. Changshu Walsin Specialty Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd. Others Other related parties | \$ 81,510 281,519 245,996 4,264 17,229 | \$ 207,701 - 95,797 39,054 |
| i. | Dongguan Walsin Wire & Cable Co., Ltd. Changshu Walsin Specialty Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd. Others | \$ 81,510 281,519 245,996 4,264 17,229 | \$ 207,701 - 95,797 39,054 |
| i. | Dongguan Walsin Wire & Cable Co., Ltd. Changshu Walsin Specialty Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd. Others Other related parties | \$ 81,510 281,519 245,996 4,264 17,229 \$ 630,518 | \$ 207,701 - 95,797 39,054 \$ 342,552 |
| i. | Dongguan Walsin Wire & Cable Co., Ltd. Changshu Walsin Specialty Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd. Others Other related parties | \$ 81,510 281,519 245,996 4,264 17,229 \$ 630,518 | \$ 207,701 - 95,797 39,054 |
| i. | Dongguan Walsin Wire & Cable Co., Ltd. Changshu Walsin Specialty Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd. Others Other related parties | \$ 81,510 281,519 245,996 4,264 17,229 \$ 630,518 | \$ 207,701 |
| i. | Dongguan Walsin Wire & Cable Co., Ltd. Changshu Walsin Specialty Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd. Others Other related parties Trade payables Subsidiaries | \$ 81,510 281,519 245,996 4,264 17,229 \$ 630,518 Decem | \$ 207,701 |
| i. | Dongguan Walsin Wire & Cable Co., Ltd. Changshu Walsin Specialty Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd. Others Other related parties Trade payables Subsidiaries Yantai Walsin Stainless Steel Co., Ltd. | \$ 81,510 281,519 245,996 4,264 17,229 \$ 630,518 Decent 2021 | \$ 207,701 |
| i. | Dongguan Walsin Wire & Cable Co., Ltd. Changshu Walsin Specialty Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd. Others Other related parties Trade payables Subsidiaries | \$ 81,510 281,519 245,996 4,264 17,229 \$ 630,518 Decem | \$ 207,701 |
| i. | Dongguan Walsin Wire & Cable Co., Ltd. Changshu Walsin Specialty Steel Co., Ltd. Jiangyin Walsin Specialty Alloy Materials Co., Ltd. Others Other related parties Trade payables Subsidiaries Yantai Walsin Stainless Steel Co., Ltd. | \$ 81,510 281,519 245,996 4,264 17,229 \$ 630,518 Decent 2021 | \$ 207,701 |

j. Other receivables (excluding financing provided)

| | | December 31 | | | | |
|---|-----------|---------------------------|----|----------------|--|--|
| | | 2021 | | 2020 | | |
| Subsidiaries Associates Other related parties | \$ | 70,541 19,279 2,648 | \$ | 9,945 2,598 | | |
| | <u>\$</u> | 92,468 | \$ | 12,543 | | |

k. Other payables (included loans from related parties)

| | December 31 | | | |
|---|--------------------------|--------------------------------------|--|--|
| Related Party Category/Name | 2021 | 2020 | | |
| Walsin Lihwa Holdings Ltd. Walsin Lihwa International Investments Ltd. Walsin Info-Electric Inc. Subsidiaries | \$ 44,538 130,062 | \$ - 5,698,656 72,058 1,594 | | |
| | \$ 176,006 | \$ 5,772,308 | | |
| Related Party Category/Name | For the Year End | ded December 31 | | |
| Related Larry Category/Traine | 2021 | 2020 | | |
| <u>Interest expense</u> | | | | |
| Subsidiaries | <u>\$ 11,910</u> | <u>\$ 22,415</u> | | |

The Company obtained loans from related parties at rates comparable to market interest rates.

1. Disposals of property, plant and equipment (included investment properties)

| | Proceeds | | Gain on Disposal | | | | | |
|--|-----------------------------------|----------|------------------|-----|-----------------------------------|--------------|------|-----|
| | For the Year Ended December 31 | | | ed | For the Year Ended December 31 | | | ed |
| Related Party Category/Name | 2021 | | 2020 | | 2021 | | 2020 | |
| Walsin Info-Electric Inc. | \$ | - | \$ | 17 | \$ | - | \$ | - |
| Prosperity Dielectrics Co., Ltd. | | - | | 295 | | - | | 295 |
| Shanghai Walsin Lihwa Power Wine & Cable Co., | | | | | | | | |
| Ltd. | | <u> </u> | | 91 | | _ | | 91 |
| | \$ | <u> </u> | \$ | 403 | \$ | <u> </u> | \$ | 386 |

m. Lease arrangements - Company is lessee

| | | | December 31 | | | | |
|-------------|-------------------------------------|-----------------------------------|-------------|--------------|---------------|-----------------|--|
| | Line Item | Related Party Category/Name | 20 | 021 | 2 | 020 | |
| | Lease liabilities | Subsidiaries | <u>\$</u> | 416 | \$ | 5,361 | |
| | | | For the Y | Year End | led Dece | mber 31 | |
| | Related 1 | Party Category/Name | 202 | 1 | 20 | 2020 | |
| | <u>Interest expense</u> | | | | | | |
| | Subsidiaries | | \$ | 59 | \$ | 152 | |
| | Lease expense | | | | | | |
| | Subsidiaries | | \$ | 450 | \$ | | |
| n. | Guarantee deposits | | | | | | |
| December 31 | | | | | | | |
| | Related 1 | Party Category/Name | 202 | 1 | 20 | 020 | |
| | Associates Other related parties | | \$ | 7,453 282 | \$ | 7,225 282 | |
| | | | \$ | <u>7,735</u> | <u>\$</u> | 7,507 | |
| 0. | Loan to related partie | s | | | | | |
| | | | | Decem | ber 31 | | |
| | Related 1 | Party Category/Name | 202 | 21 | 20 | 020 | |
| | PT. Walsin Nickel Inc | lustrial Indonesia | \$ | <u>-</u> | <u>\$ 5,3</u> | 349 <u>,885</u> | |
| | | | For the Y | Year End | led Dece | mber 31 | |
| | | | 202 | | | 020 | |
| | <u>Interest revenue</u> | | | | | | |
| | Subsidiaries | | \$ 22 | <u>2,172</u> | <u>\$ 1</u> | 27,413 | |
| | The interest rate of the | e Company's loan to the above-men | tioned rela | ated parti | es is equ | ivalent to | |

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

p. Compensation of key management personnel

The remuneration of directors and key executives in 2021 and 2020 was as follows:

| | For | For the Year Ended Dece | | |
|--|-----------|-------------------------|------|------------------|
| | | 2021 | 2020 | |
| Short-term benefits Post-employment benefits | \$ | 217,470 1,392 | \$ | 126,999 1,414 |
| | <u>\$</u> | 218,862 | \$ | 128,413 |

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collaterals for construction contract and tariff guarantee for imported raw material:

| | Decem | ber 31 |
|---|---------------|---------------|
| | 2021 | 2020 |
| Refundable deposits (recorded under non-current assets) | <u>\$ 600</u> | <u>\$ 600</u> |

30. SIGNIFICANT CONTINGENCIES LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2021 and 2020 were as follows:

a. Outstanding letters of credit not reflected in the accompanying financial statements as of December 31, 2021 and 2020 were as follows (in thousands):

| | December 31 | | | | | | | | |
|-------------------|-------------|-------------|--|--|--|--|--|--|--|
| | 2021 | | | | | | | | |
| New Taiwan dollar | NT\$ 47,575 | NT\$ 82,347 | | | | | | | |
| U.S. dollar | US\$ 9,572 | US\$ 17,455 | | | | | | | |
| Renminbi | RMB 13,134 | RMB 13,134 | | | | | | | |
| Japanese yen | JPY 160,710 | JPY 108,812 | | | | | | | |
| Euro | EUR 13,946 | EUR 4,770 | | | | | | | |

b. Outstanding standby letters of credit not reflected in the accompanying financial statements were as follows (in thousands):

| | Decem | iber 31 |
|----------------------------------|-------------------------|-------------------------|
| | 2021 | 2020 |
| New Taiwan dollar U.S. dollar | NT\$ 665,286 US\$ 30 | NT\$ 392,784 US\$ 30 |

c. Based on the tariff and relevant regulations, the Company shall issue a letter of credit to import goods and to meet the needs of post-release duty payment. The guaranteed amount was as follows:

| | Decem | ber 31 |
|-------------------|--------------|--------------|
| | 2021 | 2020 |
| New Taiwan dollar | NT\$ 462,000 | NT\$ 434,000 |

d. Non-cancelable raw material procurement contracts were as follows:

| | Decem | ber 31 |
|-------------|--------------------|-------------|
| | 2021 | 2020 |
| U.S. dollar | <u>US\$ 42,595</u> | US\$ 22,681 |

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 was as follows:

| | Decem | December 31 2021 2020 | | | | |
|-------------------|---------------|--------------------------|--|--|--|--|
| | 2021 | 2020 | | | | |
| New Taiwan dollar | NT\$2,702,350 | NT\$ | | | | |

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

Unit: Foreign Currency/In Thousands of Taiwan Dollars

| | oreign ırrency | Exchange Rate | Carrying Amount | | |
|-------------------|-------------------|---------------|--------------------|-------------|--|
| Financial assets | | | | | |
| 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 | |
| | | | | (Continued) | |

| | Foreign Currency | Exchange Rate | Carrying Amount |
|--|--|---|---|
| Investments accounted for using the equity method U.S. dollar Renminbi Indonesia rupiah Malaysian ringgt | \$ 326,162 8,674,482 6,409,142 70,490 | 27.6800 4.3416 0.00198 6.3550 | \$ 9,028,163 37,661,217 12,690 447,963 |
| Financial liabilities | | | |
| Monetary items U.S. dollar Euro Swiss franc | 92,774 26 17 | 27.6800 31.3200 30.1750 | 2,567,987 830 513 (Concluded) |
| <u>December 31, 2020</u> | | | |
| | Foreign Currency | Exchange Rate | Carrying Amount |
| <u>Financial assets</u> | | | |
| Monetary items U.S. dollar Japanese yen Euro Hong Kong dollar Australian dollar Renminbi Investments accounted for using the equity method | \$ 73,700 100,120 12,240 2,005 569 | 28.4800 0.2763 35.0200 3.6730 21.9500 4.3648 | \$ 2,098,969 27,663 428,652 7,365 12,493 5 |
| U.S. dollar Renminbi Indonesia rupiah | 28,042 8,344,139 4,184,015 | 28.4800 4.3648 0.0020 | 798,648 36,420,832 8,494 |
| Financial liabilities | | | |
| Monetary items U.S. dollar Japanese yen Euro Swiss franc | 406,060 4,011 5 17 | 28.4800 0.2763 35.0200 32.3050 | 11,564,577 1,108 159 549 |

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange loss were NT\$311,352 thousand and gain NT\$73,937 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 Company entities.

32. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees:
 - 1) Financing provided to others (Table 1)
 - 2) Endorsements/guarantees provided (Table 2)
 - 3) Marketable securities held (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 (Notes 7 and 18)
 - 10) Information on investees (Table 8)
- 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 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
- 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 shareholders: List all shareholders with ownership of 5% or quarter showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10).

33. 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, 2021 (In thousands of New Taiwan Dollars and U.S. Dollars)

| | | Borrower | Financial Statement Account | D 1 . 1 | | Ending Balance | ce Actual Amount Borrowed | nount Rate | Nature of Financing | Business | | | Collateral | | Financing Limit | Aggregate |
|----|-------------------------------|--|-----------------------------------|----------------|---------------------------------|----------------|---------------------------|------------|---------------------|------------------------|--|----------------------------------|------------|-------|-----------------------------------|-----------------------------------|
| No | No. Lender | | | Party | for the Period | | | | | Transactio n Amount | | Allowance for Impairment Loss | Item | Value | for Each Borrower (Note 1) | Financing Limit (Note 1) |
| | 0 Walsin Lihwa Corporation | PT. Walsin Nickel Industrial Indonesia | Other receivables | Yes | \$ 17,824,000 (US\$ 640,000) | . , , | | 3.50 | Operating capital | \$ - | Operating capital and purchase equipment | \$ - | - | \$ - | \$ 42,353,410 (US\$ 1,530,109) | \$ 42,353,410 (US\$ 1,530,109) |

Notes:

- 1. 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 the financial statements of a subsidiary.
 - a. The limit on the amount of financing provided to a single enterprise was as follows:
 - PT. Walsin Nickel Industrial Indonesia = \$105,883,524×40% = \$42,353,410 (US\$1,530,109)
 - b. The limit on the amount of financing provided was as follows:

The limit on the amount of financing provided = $$105,883,524 \times 40\% = $42,353,410 \text{ (US$1,530,109)}$

- 2. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars.
- 3. The amounts were translated using the exchange rate as of December 31, 2021: US\$ to NT\$ = 1:27.68.

ENDORSEMENTS/GUARANTEES PROVIDED FOR THE YEAR ENDED DECEMBER 31, 2021 (In Thousands of New Taiwan Dollars and U.S. Dollars)

| No. (Note | Endorsement/ Guarantee Provider | Guaranteed | | Limits on Each Guaranteed Party's Endorsement/ Guarantee Amounts (Note 3) | Highest Balance for the Period | Ending Balance (Note 4) | Actual Borrowing Amount | Amount of Endorsement/ Guarantee Collateralized by Properties | Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statement (%) | Maximum Collateral/ Guarantee Amounts Allowable (Note 3) | • | Guarantee Provided by A Subsidiary | Guarantee Provided to Subsidiaries in Mainland China |
|--------------|---------------------------------------|---|---|--|--------------------------------------|-------------------------------|-------------------------------|---|--|--|-----|--|---|
| 0 | Walsin Lihwa Corporation | PT. Walsin Nickel Industrial Indonesia | С | \$ 12,196,998 (US\$ 440,643) | \$ 2,491,200 (US\$ 90,000) | \$ 2,491,200 (US\$ 90,000) | \$ 1,107,200 (US\$ 40,000) | \$ - | - | \$ 105,883,524 | Yes | No | No |

Notes:

- 1. The information on Walsin Lihwa Corporation and its subsidiaries is listed and labeled on the entitled "No." column.
 - a. "0" represents Walsin Lihwa Corporation.
 - b. Subsidiaries are numbered consecutively starting at 1.
- 2. The relationship between Walsin Lihwa Corporation and the endorsed/guaranteed entities can be classified into seven categories.
 - a. A company with which Walsin Lihwa Corporation does business.
 - b. A company in which Walsin Lihwa Corporation directly and indirectly holds more than 50% of the voting shares.
 - c. A company that directly and indirectly holds more than 50% of the voting shares in Walsin Lihwa Corporation.
 - d. A company in which Walsin Lihwa Corporation directly or indirectly holds 90% or more of the voting shares.
 - e. A company that fulfills Walsin Lihwa Corporation's contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
 - f. A company in which all capital contributing shareholders make endorsements/guarantees for it and Walsin Lihwa Corporation's joint-investment company in proportion to their shareholding percentages.
 - g. A company in the same industry as Walsin Lihwa Corporation whereby either provides among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other
- 3. According to the endorsements/guarantees provided and Financing provided by Walsin Lihwa Corporation, the total limit on the amount of endorsements/guarantees cannot exceed 100% of the net value of Walsin Lihwa Corporation's current financial statement (including the consolidated financial statement). The limit on the amount of endorsements/guarantees provided and financing provided to a single enterprise cannot exceed the net value of the guaranteed company. The limit on the amount of guarantees to an invested company in which over 66.67% of the common shares are held cannot exceed the amount which is 250% of the net value multiplied by the equity percentage of the guarantee provider; however, the limits mentioned above are not applicable to Walsin Lihwa Corporation's wholly-owned holding companies incorporated in duty-free areas overseas.
 - a. The limit on the amount of endorsements/guarantees provided was as follows:

 NT105,883,524 \times 100\% = NT$105,883,524.$

- b. The limit on the amount of endorsements/guarantees provided to a single entity was as follows:
 - PT. Walsin Nickel Industrial Indonesia: US\$191,584 × 250% × 92% = US\$440,643.
- 4. The currency exchange rate as of December 31, 2021 was as follows: US\$ to NT\$ = 1:27.68.



MARKETABLE SECURITIES HELD DECEMBER 31, 2021 (In Thousands of New Taiwan Dollars)

| Holding Company | Manketable Constities Type and | Deletionship of Issuer to the | | | Decembe | er 31, 2021 | | |
|-----------------------------|---|--|---|--------------|--------------------|--------------------------------|--------------|------|
| Name Name | Marketable Securities Type and Name of Issuer | Relationship of Issuer to the Holding Company | Financial Statement Account | Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | Note |
| Walsin Lihwa Corporation | <u>Share</u> | | | | | | | |
| 1 | HannStar Display Corp. | The holding company is a director of the issuing company | Financial assets at fair value through other comprehensive income - non-current | 299,632,180 | \$ 5,423,342 | 9.90 | \$ 5,423,342 | |
| | HannStar Board Corp. | The chairman of the holding company and the chairman of the company are second-class relatives | Financial assets at fair value through other comprehensive income - non-current | 63,753,952 | 2,894,429 | 12.06 | 2,894,429 | |
| | Teco Electric & Machinery Co., Ltd. | | Financial assets at fair value through other comprehensive income - non-current | 230,438,730 | 7,293,386 | 10.77 | 7,293,386 | |
| | Kuang Tai Metal Industrial Co., Ltd. | The holding company is a director of the issuing company | Financial assets at fair value through other comprehensive income - non-current | 9,631,802 | 276,509 | 9.39 | 276,509 | |
| | Taiwan Submarine Cable Corp. (One-Seven Trading Co., Ltd.) | The holding company is a director of the issuing company | Financial assets at fair value through other comprehensive income - non-current | 30,000 | 149 | 6.67 | 149 | |
| | Global Investment Holdings | The holding company is a director of the issuing company | Financial assets at fair value through other comprehensive income - non-current | 5,221,228 | 60,283 | 2.97 | 60,283 | |
| | WK Technology Fund | or the issuing company | Financial assets at fair value through other comprehensive income - non-current | 19,024 | 187 | 1.91 | 187 | |
| | Universal Venture Capital Investment | - | Financial assets at fair value through other comprehensive income - non-current | 1,400,000 | 12,650 | 1.16 | 12,650 | |
| | Hwa Bao Botanic Conservation Corp. | The holding company is a supervisor of the issuing company | Financial assets at fair value through other comprehensive income - non-current | 3,000,000 | 28,596 | 15.00 | 28,596 | |
| | Tung Mung Development Co., Ltd. | - | Financial assets at fair value through other comprehensive income - non-current | 14,285,000 | 149,993 | 4.01 | 149,993 | |

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

| Commons | Type and Name | Financial Statement | Purpose of | Nature of | Beginnir | ng Balance | Acqu | isition | Disposal | | | | Ending Balance | |
|-----------------------------|---|---|--------------------------------------|--------------|---------------------------|--------------|------------------------|--------------------------|------------------------|------------|--------------------|----------------------------|------------------------|--------------|
| Company Name | of Marketable Securities | Marketable Account | - | | Number of Shares/Units | Amount | Number of Shares/Units | Amount | Number of Shares/Units | Amount | Carrying Amount | Gain (Loss) on Disposal | Number of Shares/Units | Amount |
| Walsin Lihwa Corporation | Share Concord Industries Limited | Investments accounted for using the equity | Capital investment/capital reduction | Subsidiaries | 285,903,187 | \$ 4,631,181 | 47,000,000 | \$ 1,156,955 (Note 1) | | \$ 434,994 | \$ 434,994 | - | 317,505,180 | \$ 5,353,142 |
| | Walsin Precision Technology Corp. | method Investments accounted for using the equity method | Concord Industries Limited | Subsidiaries | - | - | 32,178,385 | 447,963 (Note 2) | | - | - | - | 32,178,385 | 447,963 |
| | New Hono Investment Pte. Ltd | Investments accounted for using the equity method | Capital investment | Subsidiaries | - | - | 42,000,000 | 5,828,396 (Note 2) | | - | - | - | 42,000,000 | 5,828,396 |
| | Teco Electric & Machinery Co., Ltd. | Financial assets at fair value through profit or loss | Capital investment | - | 954,000 | 26,378 | 229,484,730 | 7,267,008 (Note 3) | | - | - | - | 230,438,730 | 7,293,386 |

Note 1: The amount included subscription for shares, investment income or loss and changes in other equity.

Note 2: The amount included the purchase amount, investment income or loss and changes in other equity.

Note 3: The amount included the purchase amount, issuance of new shares in exchange for the shares of another company and adjustments through fair value.



TABLE 5

WALSIN LIHWA CORPORATION

ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

| | | | Transaction | | | | | Prior Transaction o | of Related Counterp | arty | | | |
|-----------------------------|----------------------|---------------------------|--|------------------------------------|---------------------------------------|----------------------------|-------|---------------------|---------------------|--------|----------------------------|-------------------------------------|-------------|
| Company Name | Types of Property | Transaction Date | Amount (Foreign Currencies in Thousands) | Payment Term | Counterparty | Nature of Relationships | Owner | Relationships | Transfer Date | Amount | Price Reference | Purpose of Acquisition | Other Terms |
| Walsin Lihwa Corporation | Plant | 2021/08/19- 2021/12/23 | \$521,333 | Based on the terms in the contract | Chung-Lu Construction Co., Ltd. | | N/A | N/A | N/A | N/A | Based on the marketability | Manufacturing and operating purpose | - |

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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 DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

| Company Name | Related Party | Nature of | | 7 | Transacti | on Details | Abnormal 7 | Fransaction | Notes/Accounts or Receiva | - | Note |
|-----------------------------|--|--|-------------------|----------------|---------------|---|------------|------------------|------------------------------|---------------|------|
| Company Name | Related Farty | Relationship | Purchase/ Sale | Amount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % of Total | Note |
| Walsin Lihwa Corporation | Dongguan Walsin Wire & Cable Co., Ltd. | 100% indirectly owned subsidiary | Sales | \$ (2,273,189) | (2) | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Similar | Similar | \$ 81,510 | 2 | |
| | Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | 100% indirectly owned subsidiary | Sales | (668,583) | (1) | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Similar | Similar | 245,996 | 5 | |
| | Koung Tai Metal Industrial Co., Ltd. | Director of the related party | Sales | (1,743,620) | (2) | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Similar | Similar | 17,229 | - | |
| | Changshu Walsin Specialty Steel Co., Ltd. | 100% indirectly owned subsidiary | Sales | (595,996) | (1) | The payment terms are set by quotations on the local market, and the transaction terms are similar to those of general customers. | Similar | Similar | 281,518 | 5 | |



TABLE 7

WALSIN LIHWA CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021 (In Thousands of New Taiwan Dollars)

| | | | | | Overdu | ie | Amounts | | |
|-----------------------------|---------------|------------------------|---|------------------|--------|-----------------|-------------------------------------|----------------------------|--|
| Company Name | Related Party | Nature of Relationship | Financial Statement Account and Ending Balance | Turnover Rate | Amount | Action Taken | Received in Subsequent Period | Allowance for Bad Debts | |
| Walsin Lihwa Corporation | Co., Ltd. | | Trade receivables \$ 245,996 Trade receivables 281,518 | 3.87 4.12 | \$ - | - | \$ 99,789 194,308 | \$ - | |

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE GROUP EXERCISES SIGNIFICANT INFLUENCE FOR THE YEAR ENDED DECEMBER 31, 2021

Information of investees that Walsin Lihwa Corporation has controlling power or significant influence was as follows (in thousands of New Taiwan dollars):

| | | | | Original Invest | ment Amount | Balance a | as of December | 31, 2021 | Net Income | | |
|-----------------------------|---|---|---|----------------------|----------------------|---------------------|-----------------------------------|--------------------|---------------------------|---------------------------|--------|
| Investor Company | Investee Company | Location | Main Businesses and Products | December 31, 2021 | December 31, 2020 | Number of Shares | Percentage of Ownership (%) | Carrying Amount | (Loss) of the Investee | Investment Gain (Loss) | Note |
| Walsin Lihwa Corporation | Walsin Lihwa Holdings Limited | Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands | Investments | \$ 14,495,777 | \$ 14,760,298 | 473,730,393 | 100.00 | \$ 26,803,960 | \$ 1,081,312 | \$ 1,081,391 | |
| Corporation | Concord Industries Limited | Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands | Investments | 13,611,135 | 12,724,589 | 317,505,180 | 100.00 | 5,353,142 | (162,677) | (58,882) | |
| | Ace Result Global Limited | Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands | Investments | 1,587,416 | 1,587,416 | 44,739,988 | 100.00 | 383,632 | 46,062 | 46,062 | |
| | Min Maw Precision Industry Corp. | 25F., No. 1, Songzhi Rd., Xinyi District, Taipei City, Taiwan, R.O.C. | Solar power systems management, design, and installation | 180,368 | 180,368 | 29,995,859 | 100.00 | 365,703 | 31,059 | 31,059 | |
| | | | | 10,000 | 10,000 | 1,000,000 | 100.00 | 19,203 | 10,366 | 10,366 | |
| | | 2115-1,Kawasan Perindustrian air Keroh, Fasa IV, Air Keroh, 75450 Melaka, Malaysia | Production and sale of stainless steel plates | 434,994 | - | 32,178,385 | 100.00 | 447,963 | 47,066 | 30,256 | (Note) |
| | | 5001 Beach Road #07-37 Golden Mile Complex Singapore (199588) | Investments | 5,003,810 | - | 42,000,000 | 100.00 | 5,828,396 | 953,732 | 849,748 | |
| | | 5th Floor, 192 Jingye 1st Road, Jhongshan District, Taipei 104, Taiwan, R.O.C. | Construction | 611,688 | 611,688 | 577,583,403 | 99.22 | 6,348,728 | (108,838) | (108,129) | , |
| | Walsin Info-Electric Corp. | 25F., No. 1, Songzhi Rd., Xinyi District, Taipei City, Taiwan, R.O.C. | Mechanical and electrical, communications, and power systems | 270,034 | 270,034 | 29,854,246 | 99.51 | 335,371 | (4,767) | (4,744) | , |
| | PT. Walsin Lippo Industries | JI. MH. Thamrin Block A1-1, Delta Silicon Industrial Park, Lippo Cikarang, Bekasi 17550, Indonesia | Steel wires | 481,663 | 481,663 | 10,500 | 70.00 | 818,205 | 90,143 | 63,100 | |
| | PT. Walsin Lippo Kabel | JI. Jati 3 Blok J7/5, Newton Techno Park, Serang, Cikarang Selatan, Bekasi, Jawa Barat | Production and sale of cables and wires | 11,656 | 11,656 | 1,050,000 | 70.00 | 12,690 | 5,705 | 3,994 | |
| | PT. Walsin Nickel Industrial Indonesia | Gedung Wisma Mulia LT. 41 JL Jend Gatot Subroto NO. 42 Kuningan Barat Mmpang Prapatan Kota ADM. Jakarta Selatan Dki Jakarta | Production and sale of nickel pig iron | 1,509,171 | 1,509,171 | 500,000 | 50.00 | 2,381,125 | 2,598,802 | 1,128,008 | |
| | Joint Success Enterprises Limited | Vistra Corporate Services Centre Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands | Investments | 1,164,273 | 1,164,273 | 36,058,184 | 49.05 | 5,175,692 | (237,201) | (115,394) | |
| | | 26F., No. 1, Songzhi Rd., Xinyi District, Taipei City, Taiwan, R.O.C. | Investments | 2,237,969 | 2,237,969 | 179,468,270 | 37.00 | 8,011,194 | 528,594 | 195,580 | |
| | Walsin Color Co., Ltd. | 1F., No. 5, Ln. 199, Liaoning St. Zhongshan District, Taipei City 104105, Taiwan, R.O.C. | Management of investments and conglomerates | 457,610 | 457,610 | 49,831,505 | 33.97 | 1,053,790 | (17,475) | (5,936) | |
| | Concord II Venture Capital Co., Ltd. | 4F., No. 76, Sec. 2, Dunhua S. Rd., Da'an District, Taipei City 106,, R.O.C. | Venture capital and consulting affairs | 257,860 | 257,860 | 26,670,699 | 26.67 | 174,332 | (16,822) | (4,486) | |
| | | No. 8, Keya 1st Rd., Daya Township, Taichung County 428, Taiwan, R.O.C. | Research, development, production and sale of semiconductors and related components | 7,429,920 | 7,429,920 | 883,848,423 | 22.21 | 18,357,864 | 13,594,643 | 2,984,304 | |
| | Walton Advanced Engineering, Inc. | No. 18, Yugang N. 1st Rd., Qianzhen District, Kaohsiung City 806, Taiwan, R.O.C. | Production, sale, and testing of semiconductors | 1,185,854 | 1,185,854 | 109,628,376 | 21.01 | 2,322,664 | 219,897 | 46,403 | 5,0 |
| | Walsin Technology Corp. | 24F., No. 1, Songzhi Rd., Xinyi District, Taipei City, Taiwan, R.O.C. | Production and sale of ceramic capacitors | 1,649,039 | 1,649,039 | 88,902,325 | 18.30 | 8,166,415 | 7,931,941 | 1,450,358 | 1 |
| | Powertec Electrochemical Corp.'s | 13 F, No. 337, Fuxing N. Rd., Songshan District, Taipei City 105, Taiwan, R.O.C. | | 2,945,925 | 2,945,925 | 318,522,792 | 22.46 | - | - | - | 1/1 |

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



WALSIN LIHWA CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

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:

| Territtance of ear | nings and upper limit on invest | ment in man | illialiu Cili | illa wele as ioli | iows. | | | Investme | 4 Flores | | | | | Domoontogo | | | | |
|--|--|------------------------|---------------------------------|--------------------------------|------------------------|---|-------|---------------------|----------|--------------------|--|------|---------------------------------|--|-------------------------------------|-----|---|--|
| Investee Company | Main Businesses and Products | Total Amo Paid-in C | | Investment Type (Note 1) | Out Investn Taiw | mulated flow of nent from an as of ry 1, 2021 | 0 | Outflow | Inflow | Ou Inves Tai | umulated utflow of tment from wan as of ber 31, 2021 | (Los | Income ss) of the evestee | Percentage of Ownership in Investment (%) | Investment G (Loss) (Note 16) | | Carrying Amount as of December 31, 2021 | Accumulated Inward Remittance of Earnings as of December 31, 2021 |
| Jiangyin Walsin Steel Cable Co., Ltd. | Manufacture and sale of steel cables and wires | | 553,600 20,000) | b | \$ (US\$ | 720,815 26,041) (Note 2) | \$ | - | \$ - | \$ (US\$ | 720,815 26,041) (Note 2) | \$ | 84,065 | 100.00 | \$ 84,0 | 65 | \$ 871,873 | \$ - |
| Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. | Manufacture and sale of cables and wires | | 32,555 15,627) | b | (US\$ | 413,982 14,956) (Note 3) | | - | | (US\$ | 413,982 14,956) (Note 3) | | 124,098 | 95.71 | 118,7 | 74 | 1,153,271 | - |
| Hangzhou Walsin Power Cable & Wire Co., Ltd. | Manufacture and sale of cables and wires | | 929,254 78,080) | b | (US\$ | 2,335,638 84,380) (Note 4) | | - | | (US\$ | 2,335,638 84,380) (Note 4) | | 188,273 | 40.00 | 73,2 | 96 | 622,240 | - |
| Walsin (China) Investment Co., Ltd. | Investments | | 75,648 78,600) | b | (US\$ | 2,175,648 78,600) (Note 5) | | - | | (US\$ | 2,175,648 78,600) (Note 5) | | 217,722 | 100.00 | 217,7 | 22 | 4,451,409 | - |
| Changshu Walsin Specialty Steel Co., Ltd. | Manufacture and sale of specialized steel tubes | | 584,960 97,000) | b | (US\$ | 2,684,960 97,000) (Note 6) | | - | | (US\$ | 2,684,960 97,000) (Note 6) | | 39,607 | 100.00 | 39,6 | 07 | 700,497 | - |
| Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd. | Manufacture and sale of stainless steel | (US\$ | 70,560 17,000) Note 7) | b | (US\$ | 1,079,520 39,000) (Note 8) | | - | - | (US\$ | 1,079,520 39,000) (Note 8) | | 13,217 | 100.00 | 13,2 | 17 | 233,101 | - |
| Dongguan Walsin Wire & Cable Co., Ltd. | Manufacture and sale of bare copper cables and wires | | 719,680 26,000) | b | (US\$ | 719,680 26,000) (Note 9) | | - | | (US\$ | 719,680 26,000) (Note 9) | | 7,337 | 100.00 | 7,3 | 37 | 1,651,531 | - |
| Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | Manufacture and sale of cold-rolled stainless steel and flat rolled products | | 356,320 49,000) | b | (US\$ | 1,356,320 49,000) (Note 10) | | - | | (US\$ | 1,356,320 49,000) (Note 10) | | (1,462) | 100.00 | (1,4 | 62) | 1,981,997 | - |
| XiAn Walsin Metal Product Co., Ltd. (Note 13) | Manufacture and sale of specialized stainless steel plates | | (32,088 (55,350) | b | (US\$ | 834,552 30,150) | | - | | (US\$ | 834,552 30,150) | | (14,119) | 100.00 | (14,1 | 19) | (766,837) | - |
| Yantai Walsin Stainless Steel Co., Ltd. | Production and sale of electronic components and new alloy materials | (US\$ 3 | 274,599 335,065) (ote 11) | b | | 3,679,419 132,927) | (US\$ | 2,214,400 80,000 | - | (US\$ | 5,893,819 212,927) | | (260,618) | 100.00 | (260,6 | 18) | 4,705,064 | - |

(Continued)

| | | | | | A 001 | ımulated | Investm | ent Flow | S | 1 000 | ımulated | | Percentage | | | | |
|---|---|---------------|-------------------------|--------------------------------|-----------------------|---|---------|----------|----|-----------------------|---|-----------------------------|--|--|---|------------------|--|
| Investee Company | Main Businesses and Products | | mount of Capital | Investment Type (Note 1) | Our Invest Taiv | tflow of ment from van as of ary 1, 2021 | Outflow | Inflo | DW | Our Invest Taiv | tflow of ment from van as of per 31, 2021 | ncome (Loss) he Investee | of Ownership in Investment (%) | Investment Gain (Loss) (Note 16) | Carrying Amount as of December 31, 2021 | Inward of Ear | mulated Remittance nings as of per 31, 2021 |
| Changzhou China Steel Precision Materials Co., Ltd. | Melting and forging of nonferrous metallic materials and composites as well as new types of alloys | \$ 1 (US\$ | 1,206,848 43,600) | b | \$ (US\$ | 362,054 13,080) | \$ - | \$ | - | \$ (US\$ | 362,054 13,080) | \$ 210,875 | 30.00 | \$ 63,264 | \$ 441,125 | \$ (US\$ | 844,794 30,520) |
| Nanjing Taiwan Trade Mart Management Co., Ltd. | Business and asset management, consulting and advertising services | (US\$ | 27,680 1,000) | b | (US\$ | 27,680 1,000) | - | | - | (US\$ | 27,680 1,000) | 15,963 | 100.00 | 15,963 | (414,815) | | - |
| Shaanxi Tianhong Silicon Industrial Corporation | Polysilicon production | | 5,209,932 1,200,000) | b | (US\$ | - -) | - | | - | (US\$ | - -) | (1,132,244) | 19.00 | - | (Note 12) | | - |
| Jiangsu Taiwan Trade Mart Development Co., Ltd. | Development and management of Nanjing Taiwan Trade Mart Management Co., Ltd. | (RMB | 43,416 10,000) | b | (US\$ | 8,415 304) | - | | - | (US\$ | 8,415 304) | 456 | 20.00 | 91 | 9,326 | | - |
| Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. (Note 14) | Communications equipment and electronic components | (RMB | 675,541 155,597) | b | RMB | - | - | | - | RMB | - | 11,768 | 6.02 | - | 74,849 | | - |
| Walsin (Nanjing) Development Co., Ltd. | Construction, rental and sale of buildings and industrial factories | (US\$ | ,384,000 50,000) | b | (US\$ | 1,378,464 49,800) (Note 15) | - | | - | (US\$ | 1,378,464 49,800) (Note 15) | (234,792) | 99.60 | (233,859) | 9,607,206 | | - |
| Nanjing Walsin Property Management Co., Ltd. | Property management, business management and housing leasing | (RMB | 4,342 1,000) | b | RMB | - | - | | - | RMB | - | (6,073) | 99.60 | (6,049) | (5,206) | | - |
| Walsin Nanjing Culture and Arts Co., Ltd. | Organize culture and arts communication activity, cultural performance, culture and arts forwarding agency | (RMB | 6,512 1,500) | b | RMB | - | - | | - | RMB | - - | 8,676 | 99.60 | 8,643 | - | | - |

B. The upper limit on investment of WLC in mainland China was as follows:

| Accumulated Investment in Mainland China as of December 31, 2021 (NT\$ and US\$ in Thousands) | Investment Amounts Authorized by the Investment Commission, MOEA (NT\$ and US\$ in Thousands) | Upper Limit on Investment (NT\$ in Thousands) |
|---|---|--|
| \$ 17,817,284 (US\$ 643,688) | \$ 17,646,969 (US\$ 637,535) | N/A (Note 19) |

(Continued)



Notes:

- 1. Investments can be classified into the following three categories:
 - a. Direct investment in mainland China.
- b. Reinvestment in mainland China through companies in a third country.
- c. Others
- 2. Including US\$15,000 thousand investment through Walsin (China) Investment Co., Ltd.
- 3. Including US\$14,950 thousand investment through Walsin (China) Investment Co., Ltd.
- 4. Including US\$13,300 thousand investment through Walsin (China) Investment Co., Ltd., US\$53,000 thousand investment through Ace Result Global Ltd. and US\$22,730 thousand dividends appropriated from Dongguan Walsin Wire & Cable Co., Ltd., Jiangying Walsin Steel Cable Co., Ltd., Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. and Hangzhou Walsin Power Cable & Wire Co., Ltd.
- 5. Capital investment of US\$28,600 thousand was contributed from the accounts payable of Walsin (China) Investment Co., Ltd. to Walsin Lihwa Holdings Limited.
- 6. Including US\$20,000 thousand investment through Walsin Specialty Steel Corp. and US\$42,000 thousand dividends appropriated from Changshu Walsin Specialty Steel Co., Ltd. and Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd.
- 7. Inclusive of capital reduction to cover accumulated deficits US\$22,000 thousand.
- 8. Including US\$4,800 thousand investment through Walsin (China) Investment.
- 9. Investment through Walsin (China) Investment Co., Ltd.
- 10. Including investments through Walsin (China) Investment Co., Ltd. of US\$4,500 thousand and US\$4,500 thousand of the own capital of Walsin (China) Investment Co., Ltd.
- 11. Including investments of its own capital of RMB578,796 thousand from Shanghai Baihe Walsin Lihwa Specialty Steel Co., Ltd., Changzhou Wujin NSL Co., Ltd. and Changshu Walsin Specialty Steel Co., Ltd. and RMB3,750 thousand made through Changzhou Wujin NSL Co., Ltd. Including US\$32,927 thousand investment through Yantai Huanghai Iron and Steel Co., Ltd. and Yantai Dazhong Recycling Resource Co., Ltd. which were merged.
- 12. The amount was adjusted by the capital of XiAn Lv Jing Technology Co., Ltd. of RMB228,000 thousand and by the fair value.
- 13. XiAn Walsin Metal Product Co., Ltd. merged XiAn Lv Jing Technology Co., Ltd. and XiAn Walsin Opto-electronic Limited.
- 14. Shaanxi Electronic Group Optoelectronics Technology Co., Ltd. was formerly known as Shaanxi Optoelectronics Technology Co., Ltd.
- 15 The amount included investment through Joint Success Enterprise Limited approved in the previous years.
- 16. Amounts are stated in thousands of New Taiwan dollars, except those stated in thousands of U.S. dollars and renminbi.
- 17. The currency exchange rates as of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.68, RMB to NT\$ = 1:4.34161. The average exchange rates of December 31, 2021 were as follows: US\$ to NT\$ = 1:27.976, RMB to NT\$ = 1:4.33908.
- 18. Amount was recognized based on audited financial statements.
- 19. Upper limit on investment:

WLC was approved as the operation 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)

| | Nature of | Transaction | | | | Transaction terms | | Notes/Accounts Receiva | | |
|--|----------------------------------|-------------|----------------|------------|---|---|---------------------------------------|---------------------------|------------|-----------------|
| Related Party | Relationship | Type | Amount | % to Total | Unit Price | Payment Terms | Compare to General Transactions | Ending Balance | % to Total | Unrealized Loss |
| Dongguan Walsin Wire & Cable Co., Ltd. | 100% indirectly owned subsidiary | Sales | \$ (2,773,189) | (2) | 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 | \$ 81,510 | 2 | \$ - |
| Jiangyin Walsin Specialty Alloy Materials Co., Ltd. | 100% indirectly owned subsidiary | Sales | (668,583) | (1) | 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 | 245,996 | 5 | (4,734) |
| Changshu Walsin Specialty Steel Co., Ltd. | 100% indirectly owned subsidiary | Sales | (595,996) | (1) | 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 | 281,518 | 5 | (11,732) |
| Shanghai Walsin Lihwa Power Wire & Cable Co., Ltd. | 100% indirectly owned subsidiary | Sales | (18,689) | - | 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 | 4,515 | - | - |
| Yantai Walsin Stainless Steel Co., Ltd. | 100% indirectly owned subsidiary | Sales | (7,723) | - | 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 | - | - | - |

(Concluded)



TABLE 10

WALSIN LIHWA CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS DECEMBER 31, 2021

| | Sha | ares |
|--|-------------|---------------|
| Name of Major Shareholder | Number of | Percentage of |
| | Shares | Ownership (%) |
| LGT Bank (Singapore) Investment Fund under the custody of Standard Chartered | 251,504,000 | 7.32 |
| Winbond Electronics Corp. | 222,000,000 | 6.46 |
| Chin-Xin Investment Co., Ltd. | 220,011,000 | 6.41 |
| Teco Electric & Machinery Co., Ltd. | 205,332,690 | 5.98 |
| | | |

- Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by 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.